

# PANAFIC INDUSTRIALS LIMITED

## BOARD OF DIRECTORS

Mr. Ashwani Salwan Director  
Mr. Sudhir Kumar Agarwal Director  
Mr. Virender Gupta Director

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## REGISTERED & ADMINISTRATIVE OFFICE

4566/13 Jai Mata Market,  
Tri Nagar,  
Delhi-110035

## BANKERS HDFC BANK

## STATUTORY AUDITORS

Saurabh Abhinaya & Co.  
102, C-224 Paryavaran Complex,  
Saket, Ignou Road  
New Delhi-110030  
E-mail: ca.abhinayaverma@gmail.com

## REGISTRAR & TRANSFER AGENT

Skyline Financial Services Pvt. Ltd.  
D-153A, Okhla Industrial Area,  
Phase-I, New Delhi-110020.

# PANAFIC INDUSTRIALS LIMITED

## Notice of the 31st Annual General Meeting

Notice is hereby given that the 31st Annual General Meeting of the Members of the Company will be held on Thursday, 29<sup>th</sup> September, 2011 at 10.30 AM at the registered office of the Company at 4566/13, Jai Mata Market, Tri Nagar, Delhi-110035 to transact the following businesses:

### **Ordinary Business**

1. To consider and adopt the Balance Sheet as on 31<sup>st</sup> March 2011. The Profit & loss account for the year ended on that date and the reports of the boards of directors and Auditors thereon.
2. To appoint a director in place of Mr. Sudhir Kumar Agarwal who is liable to retire by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual general Meeting of the Company and to fix their remuneration.

By the Order of the Board  
For Panafic Industrials Limited

Registered Office:  
4566/13, Jai Mata Market,  
Tri Nagar,  
Delhi-110035

Place: Delhi  
Dated: 25.08.2011



(Chairman)

### **NOTES:**

1. 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. PROXIES IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED WITH THE COMPANY NOT LESS THAN 48 HOURS BEFORE THAT MEETING.
2. REGISTER OF MEMBERS AND SHARE TRANSFER BOOKS WILL BE CLOSED FROM 24/09/2011 TO 29/09/2011, BOTH THE DAYS INCLUSIVE.
3. MEMBERS ARE REQUESTED TO PLEASE NOTIFY IMMEDIATELY ANY CHANGE IN THEIR ADDRESSES TO THE COMPANY.
4. MEMBERS/PROXIES SHOULD BRING THE ATTENDANCE SLIP DULY FILLED IN FOR ATTENDING THE MEETING.
5. SHAREHOLDERS SEEKING ANY INFORMATION WITH REGARD TO ACCOUNTS ARE REQUESTED TO WRITE WELL IN ADVANCE SO AS TO REACH THE COMPANY AT LEAST 7 DAYS PRIOR TO THE ANNUAL GENERAL MEETING TO ENABLE THE MANAGEMENT TO KEEP THE INFORMATION READY AT THE AGM.

**6. THE MEMBERS ARE REQUESTED TO: -**

- a. INTIMATE CHANGES IF ANY IN THEIR ADDRESS TO THE COMPANY OR TO THE REGISTRAR AND SHARE TRANSFER AGENT OF THE COMPANY.
  - b. QUOTE FOLIO NUMBER IN ALL THEIR CORRESPONDENCE WITH THE COMPANY.
  - c. BRING THEIR COPIES OF ANNUAL REPORT INCLUDING ATTENDANCE SLIP AT THE VENUE FOR THE AGM.
7. MEMBERS HOLDING SHARES IN PHYSICAL FORM ARE REQUESTED TO LODGE SHARE TRANSFER, TRANSMISSION AND INTIMATE CHANGES, IF ANY, IN THEIR REGISTERED ADDRESS, BANK ACCOUNT AND MANDATE DETAILS, RESIDENTIAL STATUS ETC. QUOTING THEIR FOLIO NUMBER(S) TO COMPANY'S SHARE TRANSFER AGENTS.

By the Order of the Board  
For Panafic Industrials Limited



(Chairman)

Place: Delhi  
Dated: 25.08.2011

# PANAFIC INDUSTRIALS LIMITED

## DIRECTORS REPORT

To  
The Members  
**Panafic Industrials Limited**

Your Directors have pleasure in presenting the 31st Annual Report on the business, operations and financial performance of the company during the financial year ended 31<sup>st</sup> March 2011.

### FINANCIAL RESULTS

Rs. (In lacs)

Particulars	For The Year Ended	
	31 <sup>st</sup> March 2011	31 <sup>st</sup> March 2010
Sales/Operating Income	609.53	478.95
Gross Profit/ (Loss) after interest but before depreciation & taxation	1.94	0.74
Less: Depreciation	NIL	NIL
Less: Income Tax/FBT	0.23	NIL
Profit/(Loss) after tax	1.71	0.74
Transfer to General Reserve/ P & L	NIL	NIL

### BUSINESS REVIEW

The year has ended with the net profit of Rs. 171157.75 in comparison of the last year's net profit of Rs. 73598.71 inclusive of long term capital gain of Rs.1217397.09. The financial result, as obvious, are up to the mark in comparison to the last year's result and the performance of the company is above expectations.

### DIVIDEND

To conserve the resources of the company, no dividend has been recommended.

### PUBLIC DEPOSITS

The company has not accepted any deposit from public within the meaning of section 58-A of the companies ACT, 1956 read with the companies (Acceptance of Deposits) rules, 1975.

### ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUT GO

Particulars with respect to conservation of energy, Technology absorption, Foreign Exchange Earnings & outgo as required under section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in the Annexure forming part of this report.

## **CORPORATE GOVERNANCE**

Your Company is committed to maintain the highest standards of Corporate Governance. Your Director adhere to the stipulations set out in the Listing Agreement with the Stock Exchanges and have implemented all the prescribed requirements.

**A separate report on Corporate Governance as stipulated, under Clause 49 of the listing Agreement, with the Stock Exchanges and have implemented all the prescribed requirements.**

**A certificate from the auditors of the company M/s Saurabh Abhinaya & Co. confirming compliance of conditions of Corporate Governance as stipulated in Clause 49 is annexed to this report.**

## **DIRECTORS**

Mr. Sudhir Kumar Agarwal who is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

The composition of the board is in conformity of Clause 49 of the Listing Agreement. Your board of directors consist of the following three directors:-

<b>S. No.</b>	<b>Name of the director</b>	<b>Status</b>
1	Mr. Ashwani Salwan	Executive Chairman
2	Mr. Sudhir Kumar Agarwal	Non Executive and Independent
3	Mr. Virender Gupta	Non Executive and Independent

## **DIRECTORS RESPONSIBILITY STATEMENT**

Pursuant to section 217 (2AA) of the companies ACT, 1956, it is hereby confirmed:

1. That in the preparation of the accounts for the financial year ended 31<sup>st</sup> March, 2011 the applicable accounting standards have been followed along with proper explanation relating to material departures.
2. That the directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for the year under review.
3. That the directors have 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 the company and for preventing and detecting fraud and other irregularities.
4. That the Directors have prepared the accounts for the financial year ended 31<sup>st</sup> March, 2011 on a going concern basis.

# PANAFIC INDUSTRIALS LIMITED

## ANNEXURE TO THE DIRECTORS REPORT

### A. CONSERVATION OF ENERGY

The operations of your Company do not consume high levels of energy. Adequate measures have been taken to conserve by using energy, efficient computers and equipment.

### B. TECHNOLOGY ABSORPTION

1. Specific areas in which R & D carried out are as follows:

- a. Review of the existing courses and evaluation of feasibility of the new courses to be launched and estimating the costing thereof.
- b. Providing technical support on existing products.

2. Benefits derived as a result of the above R & D:

As a result the organization is being able to implement current courses.

3. Future Plan of action:

R & D plans to enter the client server areas, as this is a major thrust area in the IT industry.

4. Expenditure on R & D: NIL

### C. FOREIGN EXCHANGE EARNINGS

There were no foreign exchange earnings as well as outgo of the company during the year under report.

## AUDITORS

M/s Saurabh Abhinaya & Co., Chartered Accountants holds office of the statutory auditors of the company until the conclusion of the ensuing Annual General Meeting and is eligible for re appointment.

The company has received certificate from them to the effect that their reappointment, if made, would be within the prescribed limits under Section 224 (IB) of the Companies Act, 1956 and they are not disqualified for such reappointment within the meaning of Section 226 of the said Act.

## THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

In terms of the above rules, your directors are pleased to give the particulars as prescribed therein in the annexure, which form part of the directors' reports.

### a. AUDIT COMMITTEE

As per the provisions of the Listing Agreement and pursuant to Section 292A of the Companies Act, 1956. The Committee consist of the following directors:

Mr. Sudhir Kumar Agarwal	Chairman (Non Executive & Independent)
Mr. Virender Gupta	Member
Mr. Ashwani Salwan	Member

### b. INVESTORS/SHAREHOLDERS' GRIEVANCE COMMITTEE

As per the provisions of the Listing Agreement, the members of the Committee consist of the following directors:

Mr. Virender Gupta	(Chairman),
Mr Sudhir Kumar Agarwal	(Member)
Mr. Ashwani Salwan	(Member)

## PARTICULARS OF EMPLOYEES

As required by the provisions of section 217(2A) of the Companies Act, 1956 read with the Companies (particulars of employees) Rules, 1975, as amended, no employee was in receipt of remuneration exceeding Rs. 24,00,000/- per annum or Rs. 2,00,000/- per month for any part thereof.

## APPRECIATION

The Company places on record its deep appreciation of the devoted services of executives and other staff of the company who have contributed in the performance and the Company's inherent strength. Grateful thanks are also due to the investors, the bankers, business associates & all other stakeholders for their continued support to the company from time to time. .

By the Order of the Board  
For PANAFIC INDUSTRIALS LIMITED

Place: Delhi  
Dated: 25.08.2011

  
DIRECTOR

  
DIRECTOR

# PANAFIC INDUSTRIALS LIMITED

## Report On Corporate Governance

(As required by clause 49 of the Listing Agreement of the Stock Exchanges)

### I. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Your company possesses an ethical mindset about the values of good Corporate Governance. For PANAFIC, Corporate Governance stands for responsible and value creating management and control of the Company. The company's policies and practice are not only consistent with the statutory requirement but also underline its commitment to operate in the best interest of its stakeholders.

**PANAFIC** is committed to maintain highest standards of ethical behaviour and makes an honest endeavour to uphold the attributes of transparency, independence, accountability, responsibility and growth in all aspects of its operations.

### II. BOARD OF DIRECTOR

In furtherance of its Corporate Governance policy the Company ensures that all statutory, significant material information are placed before the board/committee of directors for their approval to enable them to discharge their responsibilities as trustees.

As on year ended 31st March 2011, the Board had strength of three directors comprising a non-executive chairman and two other non-executive directors.

*The composition of board is as follows:*

S. No.	Name of the director	Status
1	Mr. Ashwani Salwan	Executive Chairman
2	Mr. Sudhir Kumar Agarwal	Non Executive and Independent
3	Mr. Virender Gupta	Non Executive and Independent

### III. COMMITTEES OF THE BOARD

#### a) Audit Committee

The Audit Committee has been constituted as per section 292A of the companies Act, 1956 and the guidelines set out in the Listing Agreement with Stock Exchanges.

The composition of the Audit Committee is as under:

Mr. Sudhir Kumar Agarwal	Chairman (Non Executive & Independent)
Mr. Virender Gupta	Member
Mr. Ashwani Salwan	Member



Four meetings of committee were held during the year on 30/4/2010, 30/07/2010, 30/10/2010, and on 29/01/2011. All the members of the committee were present in the meetings held during there respective tenure.

The Audit Committee of the Company, *inter-alia*, provides assurance to the Board on the existence and adequacy of effective internal control systems. Brief description of the terms of reference to the Audit Committee: -

- a) Oversight of the Company's financial reporting process and the disclosure of its financial information.
- b) Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment of any other services.
- c) Reviewing and recommending the appointment and removal of managerial personnel, fixation of remuneration and also approval for payment for any other services as recommended by the Remuneration Committee.
- d) Reviewing with management of the annual financial statements before submission to the board, focusing primarily on:
  - e) Any changes in accounting policies and practice.
  - f) Major accounting entries based on exercise of judgment by management.
  - g) Qualifications in draft audit report.
  - h) Significant adjustments arising out of audit.
  - i) The going concern assumption.
  - j) Compliance with accounting standard.
- k) Any related party transactions of the company of material nature, with Promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large.
- l) Reviewing with the management, external and internal auditors, and the adequacy of internal control systems.
- m) Reviewing the adequacy of internal audit functions.
- n) Discussion with internal auditors on any significant findings and follow-up there on.
- o) Reviewing the findings of any internal investigations by the internal auditors into the 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.
- p) Discussion, with external auditors before the audit commences, of nature and scope of audit as well as has post-audit discussion to ascertain any area of concern.
- q) Reviewing the Company's financial and risk management Policies.
- r) To look into the reasons for substantial defaults in the payment to the creditors.
- s) To consider and review any other matter as may be directed by the Board.

## **b) INVESTORS /SHAREHOLDERS GRIEVANCE COMMITTEE**

The Company has formed the Shareholders Grievances / Share Transfer Committee, constituted by the Board, to approve inter- alias transfer / transmission of shares, issue of duplicate share certificates, approving the split and consolidation requests and other matter including Shareholders Complaints and grievances. The Committee also reviews the periodicity and effectiveness of the Share transfer process, statutory certifications and depository related issues and activities of the Registrar and Transfer Agent.

The composition of the Shareholders Grievances / Share Transfer Committee is as under:

Mr. Virender Gupta	(Chairman)
Mr Sudhir Kumar Agarwal	(Member)
Mr. Ashwani Salwan	(Member)

The Committee meets at least twice a month to approve transfer requests received from the investor during the previous week to ensure prompt delivery of securities to the shareholders.

The Minutes of the Committee Meeting are placed at the Board meeting from time to time. The Board has authorized the Share transfer Committee and the Company Secretary severally to approve the transfer of shares. During the year, all the Complaints of the Shareholders were resolved to the satisfaction of the shareholders.

## **IV. COMPLIANCE OFFICER OF THE COMPANY**

Mr. Ashwani Salwan, Executive director is the Compliance Officer for complying with the requirements of the Listing Agreement with the Stock Exchanges.

## **V. GENERAL BODY MEETING: -**

### **a) GENERAL MEETINGS**

DETAILS OF LAST THREE ANNUAL GENERAL MEETINGS

<b>AGM</b>	<b>Financial Year</b>	<b>Date</b>	<b>Time</b>	<b>Location</b>
30 <sup>th</sup> AGM	2009-2010	29.09.2010	04.00PM	4566/13, Jai Mata Market, Tri Nagar, Delhi-110035
29 <sup>th</sup> AGM	2008-2009	29.09.2009	10.00AM	4566/13, Jai Mata Market, Tri Nagar, Delhi-110035
28 <sup>th</sup> AGM	2007-2008	29.09.2008	10.00AM	4566/13, Jai Mata Market, Tri Nagar, Delhi-110035

### **b) POSTAL BALLOT**

No resolutions were passed by postal ballot during the year ended 31<sup>st</sup> March 2011.

**c) SPECIAL RESOLUTION:**

No special resolution was passed during the year.

**VI. CODE OF CONDUCT**

The Company is committed to conduct business in accordance with the highest standards of business ethics and complying with applicable laws, rules and regulations.

The Company believes that a good corporate governance structure would not only encourage value creation but also provide accountability and control systems commensurate with risks involved.

The code has been circulated to all the members of the Board and Senior Management and the compliance of the same has been affirmed by them.

**VII. DISCLOSURES**

Transactions with related parties, as per requirements of Accounting Standard 18, are disclosed in Annexure to the Notes to Accounts. These are not in conflict with the interest of the Company in view of the following:

- a) All details relating to financial and commercial transactions wherein Directors may have a potential interest are provided to the Board and the interested Directors neither participate in the discussion nor do they vote on such matters.
- b) These are at prices which are reasonable, having regard to the prevailing market prices at the relevant time.

The Company has complied with all the requirements of the Listing Agreements with the Stock Exchanges. There has not been any non-compliance and penalty; structure has been imposed on the company during the last three years by SEBI or Stock Exchanges and fully complied with all the mandatory requirements of Clause 49.

**VIII. MEANS OF COMMUNICATION**

Quarterly Results are published in prominent daily newspaper Hari Bhomi (Hindi) and The Pioneer/ The Financial Express (English in Delhi editions. Management Discussions and Analysis Forms part of the Annual Report in a separate section. The Company has not made any formal presentation to the Institutional Investors during the year.

**IX. GENERAL SHAREHOLDER INFORMATION**

<b>Financial Year</b>	1 <sup>st</sup> April 2010 to 31 <sup>st</sup> March 2011
<b>31st Annual General Meeting</b>	On Thursday, 29 <sup>th</sup> September, 2011, at 10:30 AM at 4566/13, Jai Mata Market, Tri Nagar, Delhi-110035

**Financial Calendar**

Financial Year	1 <sup>st</sup> April to 31 <sup>st</sup> March
1 <sup>st</sup> Quarterly Results	End July 2010
2 <sup>nd</sup> Quarterly Results	End October 2010
3 <sup>rd</sup> Quarterly Results	End January 2011
4 <sup>th</sup> Quarterly Results	End April 2011

**Date of Book Closure**

24<sup>TH</sup> September, 2011 to 29<sup>TH</sup> September, 2011 (both days inclusive)

**Dividend Date**

Not Applicable

**Listing on Stock Exchange**

The company is listed in following exchanges:

- 1) Delhi Stock Exchange**  
3 & 4/4B Asaf Ali Road,  
Near Turkman Gate,  
Delhi-110002

**X. REGISTRAR AND SHARE TRANSFER AGENT****M/s SKYLINE FINANCIAL SERVICES PRIVATE LIMITED**

D-153A, Okhla Industrial Area,  
Phase-I, New Delhi-110020  
Telephone No: 011-30857575  
E-mail Address: [viren@skylinerta.com](mailto:viren@skylinerta.com)

**XI. SHARE TRANSFER SYSTEM**

The Board of Directors have delegated the authority for approving transfers, transmission to Registrar and Transfer Agents. Share transfers are registered within maximum of 30 days from the date of lodgement of the documents which are complete in all respects. In case the shares are transferred through Demat mode, the procedure is adopted as stated in Depositories Act, 1996.

The company obtains from the Company Secretary in Practice a half yearly certificate of compliance for compliance of the share transfer formalities, as required under Clause 47 of the Listing Agreement and file copy of the certificate with stock exchanges.

# PANAFIC INDUSTRIALS LIMITED

## MANAGEMENT DISCUSSION & ANALYSIS

### BUSINESS SCENARIO

The Business segment in which your Company operate is software development and software trade. The said business is very unpredictable. Despite the recent slowdown in the software sector, this remains a fast growing area of the Indian economy. The Company is also endeavouring to expend the area of its business of software as well as of infrastructure.

Today IT touches every aspect of business, connecting customers, suppliers, and partners around the globe. Your Company is mainly into software Trade and software development. Your Company is focusing on software trade as prime area for future sustainability and growth.

### SEGEMENT WISE PERFORMANCE

The performance of the Company during the year under review has been encouraging. During the year Company has achieved turnover of Rs. 60953300.41 and after tax profits of Rs. 171157.75 as Against Turnover of Rs. 47895460.85 and after tax profits of Rs. 73598.71in the corresponding previous year.

### MANAGEMENT OF RISK

Management of risk to the business is continuous challenge for any organization growing in size and enhancing its purpose. The traditional risk factors like client risks, industry segment risks and economic risk are well understood and the means to handle them are also fairly established.

### INTERNAL CONTROLS & SYSTEMS

The company ensures existence of adequate internal control through policy and procedures to be followed by the executives at various levels in the company. The operating managers ensure compliance within their areas. The Company has internal Audit system to carry out extensive checking and test and report non-compliance/weakness, if any through internal Audit Reports on the respective areas .These reports along with reports on compliance made thereafter are reviewed by the Audit Committee of the Board.

### HUMAN RESOURCE

Management relation with the employees remains cordial. The Company's Human Resources philosophy is to establish and build a strong performance and competency drive culture with greater senses of accountability and responsibility. The industrial relations scenario remained peaceful and harmonious.

**For and On behalf of the Board of Directors**

**Place: Delhi**  
**Dated: 25.08.2011**

  
**(Ashwani Salwan)**  
**Director**

# **Saurabh Abhinaya & CO.**

Chartered Accountants

## **AUDITORS CERTIFICATION ON CORPORATE GOVERNANCE**

**TO  
THE MEMBERS OF  
M/S PANAFIC INDUSTRIALS LIMITED**

We have examined the compliance of conditions of Corporate Governance by Panafic Industrials Limited, for the year ended on March, 2011 as stipulated in clause 49 of the Listing Agreement of the said Company with the Stock Exchange.

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

In our opinion and to the best of our information and according to the explanation given to us, we certify that the Company has complied with the condition of Corporate Governance as stipulated in 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: SAURABH ABHINAYA & CO.  
Chartered Accountants**



*Abhinaya Verma*

**(C.A. Abhinaya Verma)  
(PARTNER)  
M. NO. 511290  
F.R.N. 022058N**

**Place: Delhi  
Date: 25.08.2011**

**CERTIFICATION BY CHIEF EXECUTIVE OFFICER**

To the best of knowledge and belief, we certify that:

- 1) We have reviewed financial statement and the cash flow statement for the period ended 31.03.2011 and that to the best of our knowledge and belief:
  - a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - b) 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.
- 2) There are, to the best of our knowledge and belief, no transaction entered into by the company during the period, which is fraudulent, illegal or violative of the company's code of conduct.
- 3) Further, we accept responsibility to establish and maintain internal controls for financial reporting and Accordingly, we have evaluated the effectiveness of the internal control systems of the company pertaining to financial reporting and I have disclosed to the auditors and the Audit committee, wherever applicable:
  - a) Deficiencies in the design or operation of the internal controls, if any of which we are aware and the steps have been taken or propose to take rectify these deficiencies.
  - b) Significant changes in the internal control over the financial reporting during the period;
  - c) Significant changes in accounting policies during the period and that the same have been disclosed in the notes to the financial statements;
  - d) Instances of significant fraud of which we came to know and involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

**For and On behalf of the Board of Directors**



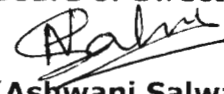
**(Ashwani Salwan)  
Director**

**Place: Delhi  
Dated: 25.08.2011**

**DECLARATION BY CHIEF EXECUTIVE OFFICER (CEO)**

I, Ashwani Salwan, Director of **Panafic Industrials Limited** hereby declare that all the board members and senior managerial personnel have affirmed for the year ended 31<sup>st</sup> March, 2011 compliance with the code of conduct of the company laid down by them.

**For and On behalf of the Board of Directors**



**(Ashwani Salwan)  
Director**

**Place: Delhi  
Dated: 25.08.2011**

## **CERTIFICATE IN TERMS OF CLAUSE 49 OF THE LISTING AGREEMENT**

In terms of clause 49 of the Listing Agreement, it is certified as under that:

- (a) The financial statements and the cash flow statement for the year have been reviewed and that to the best of our knowledge and belief :
  - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statement 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) There are, to the best of our knowledge and belief, no transaction entered into by the Company during the years which are fraudulent, illegal or volative of the Company.
- (c) We accept responsibility for establishing and maintaining internal controls and have evaluated the effectiveness of the internal control systems of the Company and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We had indicated to the Auditors and the Audit Committee :
  - (i) Significant changes in internal control during the year, if any;
  - (ii) Significant changes in accounting policies during the year, if any and the same have been disclosed in the notes to the financial statements; and
  - (iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

**Place: Delhi**  
**Dated: 25.08.2011**

  
**DIRECTOR**

  
**DIRECTOR**



# Saurabh Abhinaya & CO.

Chartered Accountants

## AUDITORS REPORT

To the Members of  
**PANAFIC INDUSTRIALS LIMITED.**

**Sub: Auditors Report for the Year Ended on 31.03.2011**

Sirs,

We have audited the attached Balance Sheet of PANAFIC INDUSTRIALS LTD. as at 31st March 2011 and the Profit and Loss Account of the Company for the year ended on that date annexed thereto and report that 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 and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

- 1) As required by the Companies (Auditors' Report) order 2003, issued by the Company Law Board in terms of section 227 (4A) of the Companies Act, 1956, we *enclose* in the annexure, a statement on the matters specified in paragraph 4 and 5 of the said Order.
- 2) Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - a) We have obtained all the information and explanations which to the best of our Knowledge and belief were necessary for the purpose of our audit:
  - b) In our opinion, proper books of account, as required by law have been kept by the Company so far as appears from our examination of such books:
  - c) The Company's Balance Sheet, Profit and Loss Account dealt with by the report are in agreement with the books of accounts and returns.



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H.O. : 102, C-224, Paryavaran Complex, Saket, IGNOU Road, New Delhi - 110030  
B.O.: Allahabad, Faridabad  
Tel : 91-9818666165, 91-9313692957 | E-mail: ca.abhinayaverma@gmail.com

- d) In our opinion, the profit & loss account and balance sheet comply with the mandatory accounting standards referred to in sub-section (3C) of section 211 of companies Act, 1956.
- e) On the basis of our examination of books and according to the information and explanations given to us, no material observations have been noticed during our audit which have any adverse effect on the functioning of the company as referred to in section 227(3)(e) of the companies act.
- f) On the basis of written representation received from the directors of the company as on 31.03.2011, we report that none of the directors of the company is disqualified from being appointed as director under clause (g) of sub section 1 of section 274 of the companies act as referred to in section 227(3)(f) of the companies act, 1956.
3. In our opinion, and to the best of our information and according to the explanations given to us, the said balance sheet and profit and loss account read together with the significant accounting policies and other notes thereon give the information required by the companies act, 1956 in the manner so required and give true and fair view: -
- i) In so far as it relates to the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2011 and;
- ii) In so far as it relates to the Profit & Loss Account, of the profit of the company for the year ended on that date.

Place: New Delhi  
Date: 25/08/2011

For M/S SAURABH ABHINAYA & CO.  
Chartered Accountants  
F.R.N.-022058N



*Abhinaya Verma*  
CA. ABHINAYA VERMA  
(PARTNER)  
M.NO.-511290

**PANAFIC INDUSTRIALS LIMITED**

ANNEXURE TO THE AUDITOR'S REPORT

- (i) (a) Whether the company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;

-NA-

- (b) Whether these fixed assets have been physically verified by the management at reasonable intervals; whether any material discrepancies were noticed on such verification and if so, whether the same have been properly dealt with in the books of account;

-NA-

- (c) If a substantial part of fixed assets have been disposed of during the year whether it has affected the going concern;

-N.A.-

- (ii) (a) Whether the physical verification of inventory has been conducted at reasonable intervals by the management.

-Yes.-

- (b) Are the procedure of physical verification of inventory followed by the management reasonable and adequate in relation to the size of the company and the nature of business -- If not, the inadequacies in such procedures should be reported;

-Yes-, No Inadequacies Noticed

- (c) Whether the company is maintaining proper records of inventory and whether any material discrepancies were noticed on physical verification and if so, whether the same have been properly dealt with in the books of account;

-Yes.-, No material discrepancies noticed

- (iii) (a) has the company either **granted** any loans, secured or unsecured to companies firms or other parties covered in the register maintained under section 301 of the Act, if so, give the number of parties and amount involved in the transaction;

-NO-



(b) Whether the rate of interest and other terms and conditions of loans given by the company, secured or unsecured are prima facie prejudicial to the interest of the company;

-N.A.

(c) Whether payment of the principal amount and interest are also regular; -

N.A.

(d) If overdue amount is more than one lakh whether reasonable steps have been taken by the company for recovery / payment of the principal and interest;

-N.A.-

(e) Has the company either *taken* any loans, secured or unsecured from companies firms or other parties covered in the register maintained under section 301 of the Act, if so, give the number of parties and amount involved in the transaction;

-NO-

(f) Whether the rate of interest and other terms and conditions of loans taken by the company, secured or unsecured are prima facie prejudicial to the interest of the company;

-N.A.-

(g) Whether payment of the principal amount and interest are also regular.

-N.A.-

(iv) Is there an adequate internal control procedure commensurate with the size of the company and nature of its business, for the purpose of the inventory and fixed assets and for the sale of goods. Whether there is a continuing failure to correct major weakness in internal control;

-Yes, No major weakness-

(v) (a) Whether transactions that need to be entered into a register in pursuance of section 301 of the Act have been so entered;

-YES-

(b) Whether each of these transactions have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time;

-Yes Wherever Applicable-



**(This information is required only in case of transactions exceeding the value of five lakh rupees in respect of any party and in any one financial year);**

- (vi) In case the company has accepted deposits from the public, whether the directives issued by the Reserve bank of India and provision section 58A and 58AA of the Act and the rules framed there under, where applicable, have been complied with. If not, the nature of contraventions should be stated; If an order has been passed by the company Law Board whether the same has been complied with or not?

-No public deposit accepted-

- (vii) Where maintenance of cost record has been prescribed by the central government under clause (d) of sub section (1) of section 209 of the Act, whether such account and records have been made and maintenance

-N.A.-

- (viii) (a) Is the company regular in depositing undisputed statutory dues including Provident Fund, investor Education and Protection Fund, Employee's State insurance, Income Tax, Sale Tax, Wealth Tax, Custom Duty, cess and any other statutory dues with the appropriate authorities and if not, the extent of the arrears of outstanding statutory dues as at the last day of the financial year concerned for a period of more than six month from the date they become payable, shall be indicated by the auditor;

Yes-, No arrears of undisputed statutory dues-

- (b) In case dues of sales tax, Income Tax, Sale Tax, Wealth Tax, Excise Duty / cess have not been deposited on account of any dispute, then the amounts involved and the forum where dispute is pending may please be mentioned.

-N.A.-

(A mere representation to the department shall not constitute the dispute);

- (ix) Whether the company has defaulted of dues to a financial institution or bank or debenture holders? If yes, the period and amount of default to be reported;

-NO

- (x) If the company is dealing or trading in shares, securities, debentures and other investments, whether proper records have been maintained of the transactions and contracts and whether timely entries have been made therein; also Whether the shares, securities, debentures and other securities have been held by the company, in its own name except to the extent of the exemption, if any, granted under section 49 of the Act; -

-N.A.-



(xi) Whether the company has given any guarantee for loan taken by others from bank or financial institutions, the terms and condition where of are prejudicial to the interest of the company:

-N.A.-

(xii) Whether term loans were applied for the purpose for which the loans where obtain

-NA.-

(xiii) Whether the funds raised on short terms basis have been used for long term investment and vice versa, the nature and amount is to be indicated;

-N.A.-

(xiv) Whether the company has made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act, and if so whether the prices at which shares have been issued is prejudicial to the interest of the company;

-N.A.-

(xv) Whether securities have been created in respect of debentures issued?

-N.A.-

(xvi) Whether the management has disclosed on the end use of money raised by the public issued and the same has been verified;

-N.A.-

(xvii) Whether any fraud on or by the company has been noticed or reported during the year; if yes, the nature and the amount involved is to be indicated.

-No fraud noticed or reported-

For M/S SAURABH ABHINAYA & CO.

Chartered Accountants

F.R.N.-022058N



*A. Abhinaya Verma*

A. ABHINAYA VERMA

(PARTNER)

M.NO.-511290

Place: New Delhi

Date: 25/08/2011

**DANAFIC INDUSTRIALS LIMITED**  
**BALANCE SHEET AS ON 31ST MARCH, 2011**

PARTICULARS	SCH. NO.	CURRENT YEAR	PREVIOUS YEAR
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS FUNDS</b>			
SHARE CAPITAL	1	7,425,000.00	7,425,000.00
RESERVES & SURPLUS	2	3,510,870.97	3,339,713.22
<b>TOTAL</b>		<b>10,935,870.97</b>	<b>10,764,713.22</b>
<b>APPLICATION OF FUNDS</b>			
INVESTMENTS	3	-	9,117,500.00
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
LOANS & ADVANCES	4	69,185,801.25	21,337,251.51
STOCK IN HAND		30,113,455.00	18,832,636.10
CASH & BANK BALANCES	5	3,153,109.72	112,325.61
		102,452,365.97	40,282,213.22
LESS: CURRENT LIABILITIES & PROVISIONS	6	91,516,495.00	38,635,000.00
NET CURRENT ASSETS		10,935,870.97	1,647,213.22
<b>TOTAL</b>		<b>10,935,870.97</b>	<b>10,764,713.22</b>

SIGNIFICANT ACCOUNTING POLICIES &  
NOTES ON ACCOUNTS

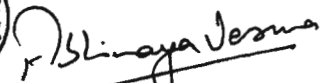
10 IN TERMS OF OUR SEPARATE  
REPORT OF EVEN DATE ATTACHED

  
(DIRECTOR)

  
(DIRECTOR)

FOR SAURABH ABHINAYA & CO.  
CHARTERED ACCOUNTANTS





ABHINAYA VERMA  
(PARTNER)  
M.NO.-511290  
F.R.N.-022058N

Date: 25.08.2011  
Place: Delhi

**PANAFIC INDUSTRIALS LIMITED**  
**PROFIT & LOSS A/C FOR THE YEAR ENDING ON 31ST MARCH, 2011**

PARTICULARS	SCH. NO.	FIGURES FOR CURRENT YEAR (Rs.)	FIGURES FOR PREVIOUS YEAR (Rs.)
<b>INCOME</b>			
SALES (INCLUDING SHARES TRADING F&O)	7	60,953,300.41	47,895,460.85
LONG TERM PROFIT ON EQUITY SHARES		-	1,217,397.09
DIVIDEND		120,026.92	78,150.00
INTEREST & OTHER INCOME		164,201.06	-
CLOSING STOCK		30,113,455.00	18,832,636.10
		<b>91,350,983.39</b>	<b>68,023,644.04</b>
<b>EXPENDITURE</b>			
OPENING STOCK		18,832,636.10	220,740.00
PURCHASES	8	71,430,382.27	67,256,228.81
ADMINISTRATIVE & SELLING EXPENSES	9	757,886.95	423,469.52
SECURITY TRANSACTION TAX		136,055.32	49,607.00
		<b>91,156,960.64</b>	<b>67,950,045.33</b>
PROFIT BEFORE DEPRECIATION & TAX		194,022.75	73,598.71
LESS: INCOME TAX/FBT		22,865.00	-
PROFIT AFTER TAX		171,157.75	73,598.71
PROFIT B/FORWARD FROM EARLIER YEARS		131,733.22	58,134.51
PROFIT TRANSFER TO GENERAL RESERVE		-	-
PROFIT CARRIED OVER TO BALANCE SHEET		302,890.97	131,733.22
BASIC EARNING PER SHARE		0.23	0.10
DILUTED EARNING PER SHARE		0.23	0.10

SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

10

IN TERMS OF OUR SEPARATE REPORT OF EVEN DATE ATTACHED

*[Signature]*

(DIRECTOR)

*[Signature]*

(DIRECTOR)

FOR SAURABH ABHINAYA & CO.  
 CHARTERED ACCOUNTANTS



*[Signature]*

ABHINAYA VERMA  
 (PARTNER)

M.NO.-511290

F.R.N.-022058N

Date: 25.08.2011

Place: Delhi



PANAFIC INDUSTRIALS LIMITED

SCHEDULES ANNEXED TO & FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS A/C FOR THE YEAR ENDED 31ST MARCH 2011

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
<b>SCHEDULE- 1</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
7,50,000(P.Y.750000) EQUITY SHARES OF RS.10/- EACH	7,500,000.00	7,500,000.00
<b>ISSUED SUBSCRIBED &amp; PAID UP CAPITAL</b>		
742500 EQUITY SHARES OF RS. 10/- EACH	7,425,000.00	7,425,000.00
FULLY PAID UP IN CASH	7,425,000.00	7,425,000.00
<b>SCHEDULE- 2</b>		
<b>RESERVE &amp; SURPLUS</b>		
GENERAL RESERVE	3,207,980.00	3,207,980.00
PROFIT & LOSS ACCOUNT	302,890.97	131,733.22
	3,510,870.97	3,339,713.22
<b>SCHEDULE- 3</b>		
<b>INVESTMENTS</b>		
<b>INVESTMENTS IN EQUITY OF BODY CORPORATE</b>		
QUOTED (AT COST)	-	9,117,500.00
UNQUOTED (AT COST)	-	-
	-	9,117,500.00
<b>SCHEDULE- 4</b>		
<b>LOANS &amp; ADVANCES</b>		
LOANS RECOVERABLE IN CASH C (UNSECURED BUT TO BE GOOD)	69,176,185.25	21,337,251.51
TAX DEDUCTED AT SOURCE	9,616.00	-
	69,185,801.25	21,337,251.51
<b>SCHEDULE-5</b>		
<b>CASH &amp; BANK BALANCES</b>		
CASH IN HAND	46,681.67	24,101.67
<b>BALANCE IN CURRENT ACCOUNTS WITH:</b>		
SCH. BANKS IN CURRENT ACCOUNTS	3,106,428.05	88,223.94
	3,153,109.72	112,325.61
<b>SCHEDULE - 6</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
OTHER LIABILITIES	91,204,767.00	38,500,000.00
PROVISION FOR TAX	22,865.00	-
EXPENSES PAYBLE	288,863.00	135,000.00
	91,516,495.00	38,635,000.00



PANAFIC INDUSTRIALS LIMITED

FARTICULARS	CURRENT YEAR	PREVIOUS YEAR
<b>SCHEDULE- 7</b>		
<b>LONG TERM CAPITAL GAIN ON EQUITY</b>		
ON EQUITY SHARES OF QUOTED INVESTMENT WITH STT	0.00	1172397.09
ON EQUITY SHARES OF UNQUOTED INVESTMENT	0.00	45000.00
	0.00	1217397.09
<b>SCHEDULE- 8</b>		
<b>PURCHASES</b>		
PURCHASE OF SHARES	71411147.38	67251171.83
BROKERAGE,STAM DUTY,TRANCTION CHARGES	19234.89	5056.98
	71430382.27	67256228.81
<b>SCHEDULE- 9</b>		
<b>ADMINISTRATIVE &amp; SELLING EXPENSES</b>		
SALARY TO STAFF *	230000.00	240000.00
INTEREST **	338630.00	0.00
ADVERTISEMENT ***	7,500.00	7,570.00
OFFICE RENT ***	36,000.00	36,000.00
LISTING FEE ***	7,721.00	36,326.00
STAFF WELFARE *	29,520.00	27,850.00
PRINTING & STATIONERY ***	16,500.00	15,000.00
FILING FEES	2,500.00	1,530.00
AUDITOR'S REMUNERATION	15,000.00	15,000.00
LEGAL & PROFESSIONAL CHARGES	11,000.00	22,500.00
DIRECTORS MEETING FEE	-	4,500.00
BANK CHARGES	2316.42	10606.51
DIVIDEND COLLECTION EXPENDITURE	30200.00	0.00
GENERAL EXPENDITURE	11650.00	0.00
FINANCIAL CHARGES **	10445.00	0.00
TRAVELLING & CONVEYANCE	7,550.00	6,200.00
DEMAT CHARGES	1,354.53	387.01
	757886.95	423469.52



# PANAFIC INDUSTRIALS LIMITED

## Schedule-10

### Notes to Accounts & Significant Accounting Policies

#### 1. **Statement on Significant Accounting Policies:**

These financial statements are prepared on accrual basis and under historical cost convention and in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India. The significant accounting policies adopted by the company are detailed below:

##### i) **Revenue Recognition**

The Company recognizes revenue on an accrual basis.

##### ii) **Provisions and Contingencies**

The company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that probably will not require an outflow of resources or where a reliable estimate of the obligation can not be made.

##### iii) **Retirement Benefits**

There is no amount of gratuity liability or leave encashment or any other retirement benefits for which the company may be made liable to pay. Hence no provision for the same has been made as on the date of Balance sheet.

#### 2. **Cash Flow Statement:**

- a) The Statement Has been prepared under indirect method except in case of dividends, sale/purchase of investments and taxes which have been considered on the basis of actual movement of case, with corresponding adjustment in assets and liabilities as set out in the Accounting Standard- 3 issued by ICAI.
- b) Cash and cash equivalents represent cash and bank balances only.

#### 3. **Segment Reporting**

The Companies core activity is to investment, sale/purchases of Shares. This is the only business segment as per Accounting Standard-17 issued by the Institute of Chartered Accountants of India.

#### 4. **Contingent Liabilities**

As certified by the management there is no Contingent liability as on 31/03/2011

#### 5. **Related Party Disclosure:**

As per AS-18 issued by the ICAI Management identified that no Related Party Transaction made during the Year.



6.. **Earnings in Foreign Currency**

	Year ended March 31, 2011	Year ended March 31, 2010
--	------------------------------	------------------------------

Sale of Shares	Nil	Nil
Dividend and Interest	Nil	Nil
Other Income	Nil	Nil

7. **Expenditure in Foreign Currency**

Travelling Expenses	Nil	Nil
Others	Nil	Nil

8. **Payment to Auditors**

Statutory Audit Fees	15000	15000
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9. Previous years' figures have been regrouped, rearranged and recasted wherever considered necessary to make them comparable with the current year's figures.

10. In the opinion of the Board of Directors and to the best of their knowledge and belief the realizable value of Current Assets, Loans and Advances in ordinary course of business is not less than the value stated in the Balance Sheet.

11. **Earning Per Share (EPS)**

Profit computation for both Basic and Diluted earnings per share of Rs. 10/- each.

	<u>Rupees</u>	<u>Rupees</u>
Net Profit/(Loss) as per P&L Account available to shareholders	171157.75	73598.71
Weighted average No. of Equity Shares	742500	742500
Earning per Share (Basic & Diluted)	0.23	0.10

12. Due to Small Scale Undertakings exceeding Rs. 1.00 lac overdue for more than 30 days- Nil

  
(Director)

  
(Director)

As per our separate report of even date  
For SAURABH ABHINAYA & CO.

Chartered Accountants

F.R.N.-022058N



  
(Abhinaya Verma)

(Partner)

M. No. 511290

Date: 25.08.2011

Place: Delhi