



PAE LIMITED

UPS

BATTERY

ELOS

SOLAR

INVERTER

AUTOMOTIVE

59th ANNUAL REPORT 2008-2009

BOARD OF DIRECTORS



Shri Arvind R. Doshi
Chairman & Managing Director



Shri John O. Band
Director



Shri Dilip J. Thakkar
Director



Shri Karthikeyan Muthuswamy
Director



Dr. Rajendra Nath Mehrotra
Director



Shri Pritam A. Doshi
Executive Director & CEO

SENIOR EXECUTIVES

Shri Samir Roy - President & Chief Operating Officer
Shri D. Kaushik - General Manager - Marketing

COMPANY SECRETARY

Shri Nimesh S. Nandu

AUDITORS

M/s. K. S. Aiyar & Co.
Chartered Accountants

BANKERS

State Bank of India
State Bank of Indore
Corporation Bank

REGISTRAR & SHARE TRANSFER AGENTS

M/s. Link Intime India Private Limited
(Formerly known as Intime Spectrum Registry Limited)
C-13, Pannalal Silk Mills Compound
L. B. S. Marg, Bhandup (W)
Mumbai 400078.

REGISTERED & CORPORATE OFFICE

69, Tardeo Road
Mumbai - 400034.
Tel.: 022 66185799
Fax: 022 66185757
Website: www.paeltd.com

59th ANNUAL GENERAL MEETING

Thursday, the 6th day of August 2009
3.30 p.m.
M. C. Ghia Hall,
Bhogilal Hargovindas Building, 2nd floor
18/20, K. Dubhash Marg Mumbai 400001.

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NOTICE

NOTICE is hereby given that the Fifty Ninth Annual General Meeting of the Members of PAE LIMITED will be held on Thursday, the 6th day of August, 2009 at 3.30 p.m. at M.C. Ghia Hall, Bhogilal Hargovindas Bldg, 18/20, K. Dubhash Marg, Mumbai 400001 to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the Audited Balance Sheet as at 31st March, 2009 and Profit & Loss Account for the year ended as on that date together with the Reports of the Directors and Auditors thereon.
2. To declare Dividend on Equity Shares of the Company.
3. To appoint a Director in place of Shri Karthikeyan Muthuswamy, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Dr. Rajendra Nath Mehrotra, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint Statutory Auditors of the Company to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED THAT in supercession of earlier Resolution passed at the Annual General Meeting of the Company held on 25th July 1994, pursuant to the provisions of Section 309 and other applicable provisions, if any, of the Companies Act, 1956, and subject to such permissions and sanctions, if any required, a sum not exceeding 1% per annum of the Net Profits of the Company calculated in accordance with the provisions of Section 198, 349 and 350 of the Companies Act, 1956, be paid to and distributed amongst the Directors of the Company or some or any of them (other than the Executive Directors and Nominee Directors, if any) in such amounts or proportion and in such manner and in all respects as may be directed by the Board of Directors and such payments shall be made in respect of the profits of the Company for each of the period of 5 years commencing from 1st April 2008."

By Order of the Board of Directors

Nimesh S. Nandu
Company Secretary

Registered Office
69, Tardeo Road,
Mumbai-400 034

Dated: 30th May, 2009.

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FOR HOLDING THIS ANNUAL GENERAL MEETING.
2. The relevant explanatory statement pursuant to section 173(2) of the Companies Act, 1956 in respect of Special Business under item no. 6 as set out above is annexed hereto.
3. The Register of Members and Share Transfer books of the Company will remain closed from Saturday, 25th July 2009 to Thursday, 6th August 2009 (both days inclusive).
4. The dividend, as recommended by the Board, if declared at the Annual General Meeting, will be paid on or after 7th August 2009, to those persons or their mandates:
 - a) whose names appear as Beneficial Owners as at the end of the business hours on 24th July 2009 in the list of Beneficial Owners to be furnished to the Company by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) in respect of the shares held in electronic form; and
 - b) whose names appear as Members in the Register of Members of the Company as on 24th July 2009.
5. The facility of electronic credit of dividend directly to the respective bank accounts of our shareholders, through Electronic Clearing Service (ECS) is arranged by the Company. This facility is currently available at the locations specified by RBI/SBI. This facility is in addition to the Bank Mandate Facility that already exists whereby bank account details are printed on the dividend warrants. Shareholders who would like to avail of the ECS Mandate Facility or the Bank Mandate Facility (if not done earlier) are requested to complete and submit the Mandate Form, available on request with our Share Transfer Agents or on our Company's website www.paeltd.com, to Company's Share Transfer Agents (for shares held in physical form) or their Depository Participants (for shares held in electronic form) latest by 24th July 2009.
6. Members are requested to
 - (a) intimate any change in their addresses to the Company's Registrar and Share Transfer Agents, M/s. Link Intime India Private Limited (Formerly known as Intime Spectrum Registry Limited), C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (West), Mumbai 400 078
 - (b) quote client ID and DP ID numbers in respect of shares held in dematerialised form and ledger folio number in respect of shares held in physical form in all the correspondence

- (c) to bring their Annual Report to the Meeting and attendance slip duly filled in. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting.
7. Corporate Members are requested to send a duly certified copy of the board resolution authorizing their representatives to attend and vote at the Annual General Meeting.
8. Members who have multiple folios in identical names or joint names in the same order are requested to send all the Share Certificates to the Registrar and Transfer Agents, M/s. Link Intime India Private Limited (Formerly known as Intime Spectrum Registry Limited) for consolidation of all such folios into one to facilitate better service.
9. Queries on accounts and operations of the Company, if any, may please be sent to the Company 10 days in advance of the meeting so that the information required can be made readily available at the meeting to the extent possible.
10. Consequent upon the introduction of Section 205C by the Companies (Amendment) Act, 1999, unclaimed/unpaid dividend amount, fixed deposits, unclaimed interest and unclaimed matured fixed deposits for a period of 7 years will be transferred to the Investor Education & Protection Fund (IEPF) and no claim thereto will be entertained by the said Fund and also by the Company.
11. The facility for making nominations is available for shareholders and fixed deposit-holders in respect of the shares and fixed deposits held by them. Nomination forms can be obtained from the Company's Registrars & Transfer Agents, M/s. Link Intime India Private Limited (Formerly known as Intime Spectrum Registry Limited) or from the Company.
12. Members may refer Report on Corporate Governance for particulars of Directors' appointment/reappointment at the Annual General Meeting.

ANNEXURE TO NOTICE**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****Item No. 6**

As per the provision of Section 309(4)(b) of the Companies Act, 1956 the Company can pay commission not exceeding in the aggregate 1% of the Net Profits of the Company to Non Whole Time Directors subject to the approval of members of the Company by way of special resolution. It is proposed to pay commission to Directors (other than the Executive Directors and Nominee Directors, if any) in such amount or proportion and in such manner as may be decided by the Board subject to the ceiling of 1% of the Net Profit calculated in accordance with the provision of Section 198, 349 and 350 of the Companies Act, 1956 with effect from 1st April 2008 for a period of 5 years.

All the Directors, except Shri Arvind R. Doshi and Shri Pritam A. Doshi are concerned or interested in the resolution.

By Order of the Board of Directors

Nimesh S. Nandu
Company Secretary

Registered Office
69, Tardeo Road,
Mumbai- 400 034

Dated: 30th May, 2009.

REPORT OF THE DIRECTORS' & MANAGEMENT DISCUSSION & ANALYSIS

To the Members,

Your Directors have pleasure in presenting their Fifty Ninth Annual Report together with the Audited Statement of Accounts for the year ended March 31, 2009

1. Financial Results

	(Rs. in lacs)	
	Current Year ended 31.03.2009	Previous Year ended 31.03.2008
Total Revenue	25082.13	23191.62
Total Expenses	23951.50	22085.27
Less: Interest	193.71	149.17
Less: Depreciation	91.60	81.09
Profit before Tax	845.32	876.09
Less: Provision for tax	309.06	278.25
Profit after taxes	536.26	597.84
Profit brought forward from previous year	745.66	344.77
Balance Available for Appropriation	1281.92	942.61
APPROPRIATION		
Transfer to General Reserves	26.81	29.89
Proposed Dividend	142.79	142.79
Tax on Dividend	24.27	24.27
Balance carried forward	1088.05	745.66

2. Dividend

Your Directors are pleased to recommend dividend of Rs.1.50 (Rupee One and Paise Fifty Only) i.e.15% per Equity Share of Rs.10/-, subject to the approval of shareholders at their Annual General Meeting.

3. Management Discussion & Analysis

PAE is in the business of marketing and distribution of Lead Acid Storage Batteries to provide power storage in power back up systems. Depending on the type of application, the battery size and numbers vary. In addition to batteries, PAE also buys and/or builds power back-up systems from manufacturers and sells to OE, dealers and end users.

PAE also provides total power solutions to end customers by doing installations, commissioning and service of large power back-up systems.

PAE's business is in the after market of auto components mainly for the passenger car and heavy vehicle segments. The manufacturers of these auto components sell to distributors, such as PAE, which in turn sells to thousands of retailers and wholesalers in India. PAE plays a role of a marketer and a distributor taking market and credit risk.

Opportunities and Threats

The lack of adequate and reliable power in India is an opportunity for the Company to grow its industrial battery and power backup systems, especially inverter business.

For this country to sustain its high growth figure, uninterrupted power is a critical requirement for several businesses that are in the service and manufacturing sectors.

However, as the power infrastructure in India develops and catches up with the demand growth, the demand for industrial batteries and inverters will reduce. There is significant new competition in this business with immense pressure on margins. However we see business in the UPS segment to continue to grow.

Increased competition and mass production has resulted in improved quality at a reduced price. Price of many products have come down substantially to be competitive in the world market.

Change in Duties, Levies and Government Policy would have impact on future market demands.

Outlook

The power segment presents new growth areas. PAE had launched power back-up devices and systems in the market under its proprietary brand name PowerZen, and has seen an excellent growth of them. However, competition from regional players and the unorganized sector will remain a challenge going forward. PAE is working towards building a nationwide, world-class service support system that will help differentiate itself from regional, unorganized players.

Segment-wise performance

Company's business is organized around the following three segments.

- Lead Acid Storage Batteries
- Power Backup Systems
- Other Auto Products

Detailed note on the segment wise performance is given at Note No. 12 in the Notes forming part of the Account.

Risks and Concerns

- Steep increase in raw materials cost, such as lead, would affect the battery market.
- Increases in interest rates will tend to slow the sales for new vehicles reducing the number of vehicles added to road population every year.
- Frequency of replacement of components has reduced due to improved design, quality and extended warranty offered by vehicle manufactures. Further, any repairs or parts replacements of new generation cars tend to be done at their authorized dealerships and workshops, reducing the demand in the aftermarket.

Internal control systems

The Company maintains a system of internal control, including suitable monitoring procedures. The internal auditors regularly conduct the audit and the quarterly

reports along with observations and suggestions are reviewed by the Audit Committee of the Board of Directors. Follow-up actions as suggested by the committee are complied with.

4. Expansion / Diversification

Looking at the current power situation, future prospects for alternative sources of energy and the synergies to the Company's existing business it was the step taken by the Company towards diversification and expansion from its current business.

As one of its major investment during the year 2008-2009 Company has invested first tranche of its investment as per the Investment Agreement entered by the Company with Shurjo Energy Private Limited to the tune of Rs.5 Crores for 51% equity stake in three tranches.

Shurjo Energy Private Limited is a Company incorporated under Companies Act, 1956 on 4th August 2003 having its registered office in State of West Bengal and is registered as 100% Export Oriented Unit.

The company manufactures solar panels using CIGS thin film technology which has "off grid" and "on grid" applications. The company has its manufacturing facility in Kalyani, West Bengal.

At present the company has a capacity to manufacture modules up to 2MW per year and plans to increase this to a capacity of 10 MW by 2009-10 subsequent to the infusion of funds by PAE Limited.

The company launched its products in the U.S. and subsequently in 2007 it launched them in East Africa, Australia and Europe and plans to expand its customer base to UK and India in the near future.

Discussion on Financial Performance with Respect to Operational Performance

Highlights on Financial Performance

(Rupees in lacs)

Particulars	2008-2009	2007-2008
1 Sales & Operating Income	27592.28	25454.40
2 Less: Value Added Tax	2572.81	2448.06
3 Net Sales & Operating Income	25019.47	23006.34
4 Other Income	62.66	185.28
5 Total Income (3 + 4)	25082.13	23191.62
6 Total Expenditure:		
a. Cost of Sales	22175.03	20436.81
b. Employees' Remuneration and Benefits	563.79	481.12
c. Establishment & Other Expenses	1212.68	1167.34
	23951.50	22085.27
7 Interest	193.71	149.17
8 Profit after interest but before depreciation & tax	936.92	957.18
9 Profit after interest but before depreciation & tax as % to Total Income	3.74%	4.13%
10 Depreciation	91.60	81.09
11 Profit before tax	845.32	876.09

12 Provision for Tax:

a. Current Tax	292.00	246.12
b. Fringe Benefit Tax	20.00	14.00
c. Wealth Tax	0.20	0.64
d. Deferred Tax (Asset)/Liability	(3.14)	17.49

13 Net Profit/(Loss) after tax & exceptional items	536.26	597.84
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14 Expenses as a % to Net Sales & Operating Income:

a. Employee Cost	2.25%	2.09%
b. Establishment & Other Expenses	4.85%	5.07%
c. Interest	0.77%	0.65%

Gross Sales and Operating Income for the year has increased by 8.40% from Rs.25454.40 lacs the previous year to Rs.27592.28 lacs on account of improvement in volumes.

During the year, the Company has made a profit before tax of Rs.845.32 lacs as against Rs.876.09 lacs in the previous year. Employee Cost for the year is Rs.563.79 lacs and is 2.25% of the net sales & operating income as compared to Rs.481.12 lacs which was 2.09% of the net sales & operating income in the previous year, an increase of 0.16%. Establishment and Other Expenses for the year is Rs.1212.68 lacs and is 4.85% of the net sales and operating income as compared to Rs.1167.34 lacs which was 5.07% of the net sales & operating income in the previous year, a decrease of 0.22%.

Depreciation for the year is Rs.91.60 lacs as compared to Rs.81.09 lacs in the previous year due to major additions at the end of the previous year and some additions during the current year.

Interest for the year is Rs.193.71 lacs which is 0.77% of the net sales & operating income as compared to Rs.149.17 lacs and was 0.65% of the net sales & operating income in the previous year, an increase of 0.12%.

The Company has made a provision for tax of Rs.290 lacs and a provision of Rs.20.00 lacs for Fringe Benefit Tax. In accordance with AS-22, Accounting for Taxes on Income, the Deferred Tax Asset stands at Rs.3.14 lacs as on the date of Balance Sheet.

The Company has a Net Profit available for appropriation amounting to Rs.1281.92 lacs as on 31st March 2009 and has proposed a dividend of Rs.1.50 per equity share of Rs.10/- each for the year ended 31st March, 2009.

Financial Condition

Share Capital

Issued, Subscribed and Paid-up Capital as at March 31, 2009 was Rs.951.96 lacs and there is no change as compared to previous year.

Reserves and Surplus

As at March 31, 2009 Reserves and Surplus amounted to Rs.3015.33 lacs as compared to Rs.2668.45 lacs at the

end of previous year. The Company has also proposed a dividend of Rs.1.50 amounting to Rs.142.79 lacs from the net profit available for appropriation of Rs.1281.92 lacs during the current year.

Loan Funds

There has been an increase in the Loan Funds to Rs.733.46 lacs as at March 31, 2009 as compared to Rs.693.57 lacs in the previous year due to increase in working capital requirement.

Fixed Asset

Net Fixed Assets as at March 31, 2009 has decreased to Rs.1047.90 lacs as compared to Rs.1094.97 lacs in the previous year. There have been additions amounting to Rs.69.39 lacs in the current year.

Investments

Investments are at Rs.180.23 lacs as on March 31, 2009 as compared to last year Rs.17.17 lacs. The Company made an investment of Rs.175.60 lacs including attributable expenses in M/s. Shurjo Energy Private Limited.

Net Current Assets

Net Current Assets has increased to Rs.3490.85 lacs as at March 31, 2009 from Rs.3228.21 lacs as at March 31, 2008.

Human Resources

The Company believes that Human Resources are a key asset that provides a competitive edge in the current business environment. The Company's philosophy is to provide congenial work environment, performance oriented work culture, knowledge acquisition and sharing, skill building, creativity and responsibility and performance based compensation.

The employees' relations during the year under review were cordial and harmonious and the productivity improved in all the areas. Your company has a total strength of 238 employees as on March 31, 2009.

5. Fixed Deposit

The amount of Fixed Deposits accepted from the public during the year under review is Rs.214.98 lacs. At the end of the year, there were 3 matured deposits for Rs.0.42 lacs, which were not claimed by the depositors as on date of this Report. There were no deposits during the year, which were claimed but not paid by the Company.

The unclaimed deposits/interest on deposits lying with the Company for more than seven years were transferred to Investor Education & Protection Fund as per Section 205C of the Companies Act, 1956.

6. Directors

Pursuant to the provisions of Section 256 of the Companies Act, 1956 and Article 117 of the Articles of Association of the Company, Shri Karthikeyan Muthuswamy and Dr. Rajendra Nath Mehrotra retires by

rotation but being eligible offers themselves for re-appointment.

A brief profile of the Directors is furnished as part of Corporate Governance Report.

7. Corporate Governance Report

Your Company is committed to good corporate governance practices. The Report on Corporate Governance alongwith the Auditor's Certificate regarding compliance of the conditions of Corporate Governance pursuant to clause 49 of the Listing Agreement are annexed hereto.

8. Directors' Responsibility Statement

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956 with respect to the Directors' Responsibility Statement, it is hereby confirmed:

- (i) that in the preparation of the annual accounts for the financial year ended 31st March, 2009, the applicable accounting standards had been followed along with the proper explanation relating to material departures, if any;
- (ii) that the directors had selected such accounting policies and applied them consistently and made judgements 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 or loss of the Company for the year under review;
- (iii) that the directors had 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;
- (iv) that the directors had prepared the accounts for the financial year ended 31st March, 2009 on a 'going concern' basis.

9. Auditors' Report

The Auditors' Report to the shareholders does not contain any qualifications.

10. Auditors

M/s. K. S. Aiyar & Co., Chartered Accountants, Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and being eligible offered themselves for re-appointment.

The Board of Directors recommends their re-appointment as Statutory Auditors.

11. Financial Ratings

The Company has received the "CARE A-" rating for long term bank facilities and "PR1" rating for short term bank facilities from Credit Analysis & Research Limited (CARE) which is valid for a period of 1 year.

12. Particulars as per Section 217 of the Companies Act, 1956

The particulars of employees, as required under Section 217(2A) of the Companies Act, 1956 are given in a separate statement attached to this report and forms part of it.

13. Conservation of energy, technology absorption, foreign exchange earnings and outgo

Since the Company does not own any manufacturing facility the other particulars relating to Conservation of energy and technology absorption stipulated in the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 are not applicable.

During the year the foreign exchange outgo was Rs.68.05 lacs and foreign exchange earnings were Nil.

14. Acknowledgements

Your Directors place on record their sincere appreciation for the assistance and co-operation received from the Shareholders, Consortium of Bankers, Customers, Dealers, Suppliers and Principals.

Your Directors also sincerely acknowledge the valuable contributions made by the Employees at all levels and for their dedicated services to the Company.

For and on behalf of the Board of Directors

Arvind R. Doshi
Chairman & Managing Director

Registered Office:
69, Tardeo Road
Mumbai 400 034.

Dated: 30th May 2009

ANNEXURE TO DIRECTORS' REPORT

Information as per Section 217(2A) of the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March, 2009.

Sr. No.	Name & Designation	Age (Years)	Gross Remuneration (Rs.)	Qualifications	Total Experience	Date of Commencement of Employment	Previous Employment
A	Names of Employees employed throughout the year and were in receipt of remuneration of not less than Rs.24,00,000/-						
1	*Shri Arvind R. Doshi Chairman & Managing Director	69	Rs.58.86 Lacs	Diploma in Civil & Sanitary Engg. & Business Management	45 Yrs	16.04.1994	Worked with Premier Automobiles Ltd. As Managing Director for 5 years
2	Shri Samir Roy President & Chief Operating Officer	56	Rs.40.65 Lacs	B.Sc, D.B.M	35 Yrs	05.11.1973	N.A.

Notes:

- Remuneration as shown above includes salary, allowances, leave travel assistance, Company's contribution to Provident Fund, Superannuation Fund and Gratuity Fund, Medical facilities and perquisites valued in terms of actual expenditure incurred by the Company in providing the benefits to the employee.
- *The condition of the employment of the said employee is contractual and terminable by six months notice.
- Remuneration to Shri Arvind R. Doshi, Chairman & Managing Director is paid in accordance with the approval granted by Ministry of Corporate Affairs, The Government of India vide its letter dated 11th December 2008.

ANNEXURE TO THE DIRECTORS' REPORT CORPORATE GOVERNANCE REPORT

1. Company's philosophy on the code of governance

The Company believes that Corporate Governance is the interaction of the management, shareholders and board of directors. The Company's commitment for effective Corporate Governance continues to adopt best corporate governance practices and its adherence in the true spirit, at all times.

The Company's corporate governance practices stem from an inherent desire to improve and innovate and reflects the culture of trusteeship that is deeply ingrained in our value system and form part of the strategic thought process.

2. Board of Directors

The present strength of the Company's Board is 6 Directors, of which 4 Directors are Non-Executive/ Independent Directors. The Board normally meets once in a quarter and additional meetings are held as and when required. During the year under review, the Board of Directors met five times on 27th May, 2008, 29th July, 2008, 24th October, 2008, 11th December, 2008 and 27th January, 2009.

The details as regard to attendance of Directors at Board Meeting, number of Directorships held in public limited companies and the position of Memberships/Chairmanships of Committees in such public limited companies are given below:

Name of Director	Category	No. of Meetings attended		Whether attended last AGM held on 29.07.2008	No. of Directorship in other public companies	No. of Committee positions in other public companies	
Executive Directors		Board	Committee			Chairman	Member
Shri Arvind R. Doshi	CMD	5	AUD - N.A. REM - N.A. STC - 2	Yes	1	Nil	1
Shri Pritam A. Doshi	ED	5	AUD - 4 REM - N.A. STC - 2	Yes	Nil	Nil	Nil
Non-Executive Directors							
Shri Dilip J. Thakkar	ID	5	AUD - 4 REM - 4 STC - N.A.	Yes	13	4	8
Shri John O. Band	ID	4	AUD - 3 REM - 4 STC - 2	No	Nil	Nil	Nil
Shri Karthikeyan Muthuswamy	ID	5	AUD - 4 REM - 4 STC - N.A.	Yes	Nil	Nil	Nil
Dr. Rajendra Nath Mehrotra	ID	4	AUD - N.A. REM - 4 STC - N.A.	Yes	1	1	2

CMD: Chairman & Managing Director; ED: Executive Director; ID: Independent Director; STC: Shareholders Grievance & Share Transfer Committee; AUD: Audit Committee; REM: Remuneration & Selection Committee.

As required by the Companies Act, 1956 and clause 49 of the listing agreement with stock exchanges, none of the

Directors hold Directorship in more than 15 Public Companies, membership of Board Committees (Audit & Investor Grievance Committees) in excess of 10 and Chairmanship of Board Committee in excess of 5.

3. Audit Committee

During the year 2008-09, the Audit Committee met four times on 27th May, 2008, 29th July, 2008, 24th October, 2008 and 27th January, 2009.

The Constitution of Committee and attendance of Committee Members is given below:

Name	Designation	Profession	Category	No. of Meetings attended
Shri Dilip J. Thakkar	Chairman	Chartered Accountant	ID	4
Shri John O. Band	Member	Merchant Banker, Investment Manager, Accountancy Profession	ID	3
Shri Karthikeyan Muthuswamy	Member	Portfolio Manager, Investment Manager	ID	4
Shri Pritam A. Doshi	Member	Businessman	ED	4

ID: Independent Director

ED: Executive Director

The Audit Committee amongst the areas mentioned in clause 49 of the listing agreements of stock exchanges and Section 292A of the Companies Act, 1956, covered the following:

- Recommending to the Board the appointment and removal of external auditor, fixation of audit fee etc;
- Reviewing major accounting entries based on exercise of judgement by management and reviewing significant adjustments arising out of audit;
- Reviewing of the unaudited financial results for the quarter ended 30th June, 2008, 30th September, 2008 and 31st December, 2008;
- Reviewing of the Audited financial results for the year ended 31st March, 2009;
- Reviewing with external and internal Auditors the adequacy of the internal control systems and ensuring their compliance;
- Compliance with listing and other legal requirements relating to financial statements;
- Overseeing the Company's financial reporting process and the disclosure of its financial information;
- Reviewing changes, if any, in accounting policies and practices and the reasons for the same;
- Reviewing the Company's financial and risk management policies;
- Reviewing any Qualifications in the draft audit report;
- Reviewing the statement of significant related party;
- Note the observation submitted by Internal Auditors on branches made by them during their audit for branches.

4. Code of Conduct

The Company has adopted a Code of Conduct for its directors and senior management in compliance with clause 49 of the Listing Agreement. The code is derived

from three interlinked fundamental principles; viz. good corporate governance, good corporate citizenship and exemplary personal conduct and it is applicable to all directors and senior management of the Company. The Board members and senior management personnel have affirmed their compliance with the code of conduct and a Chairman and Managing Directors certificate to the effect is annexed to this corporate governance report.

The Company has a Code of Conduct for prevention of insider trading in the shares and securities of the Company pursuant to SEBI (Prohibition of Insider Trading) Regulations, 1992. The code of conduct for prevention of insider trading, *inter alia*, prohibits purchase / sale of shares of the Company by employees while in possession of unpublished price sensitive information in relation to the Company.

The said code of conduct is posted on the web site of the Company (www.paeltd.com)

5. CEO / CFO Certification

As required under Clause 49 of the Listing Agreement with the Stock Exchanges, the Executive Director & CEO and Vice President-Finance of the Company have certified to the Board the financial statements for the year ended 31st March, 2009.

6. Remuneration

Remuneration and Selection Committee

The Remuneration & Selection Committee constitutes of Shri John O. Band as Chairman and Shri Dilip J. Thakkar, Shri Karthikeyan Muthuswamy and Dr. Rajendra Nath Mehrotra as its members. During 2008-09, Committee met on 27th May, 2008, 23rd October, 2008, 11th December, 2008 and 27th January, 2009. The term of reference of Remuneration & Selection Committee involves determination on the Company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment. It also includes recommendation on revision of remuneration of top executives below the Board of Directors, granting and administration of Employees Stock Options, etc.

Remuneration to Directors

Non-Executive Directors are paid a sitting fee within the ceiling prescribed by Central Government for attending meetings of the Board, Audit and other committee meetings.

Details of remuneration paid/payable to the Directors during the Financial Year 2008-09.

Director	* Sitting Fees (Rs.)	Salaries, Perquisites & Contribution to funds (Rs.)	Commission (Rs.)
Shri Arvind R. Doshi	Nil	₹58,85,679	Nil
Shri Pritam A. Doshi	Nil	17,28,166	4,30,891
Shri Dilip J. Thakkar	78000	-	*1,50,000
Shri John O. Band	67000	-	*1,50,000
Shri Karthikeyan Muthuswamy	78000	-	*1,00,000
Dr. Rajendra Nath Mehrotra	48000	-	*1,00,000

* Sitting Fees includes payment to the Directors for attending Board Meetings and Committee Meetings.

\$ Remuneration to Shri Arvind R. Doshi, Chairman & Managing Director is paid in accordance with the approval granted by Ministry of Corporate Affairs, The Government of India vide its letter dated 11th December 2008.

Commission upto maximum of 1% of Net Profit as per Section 198, 349 & 350 of the Companies Act, 1956 payable to Non Executive Directors for F.Y. 2008-2009 as determined by Board of Directors subject to the approval of shareholders at their Meeting.

None of the Non-Executive Directors hold any shares in the Company.

7. Shareholders' Grievances & Share Transfer Committee

The Committee comprises of Shri John O. Band as its Chairman, Shri Arvind R. Doshi and Shri Pritam A. Doshi as its members. The Company Secretary, Shri Nimesh S. Nandu is appointed as the Compliance Officer w.e.f. 1st April 2008.

During the year under review, the Committee met on 27th May, 2008, and 24th October, 2008.

The Shareholders' Grievances & Share Transfer Committee deals with the matters relating to delay in transfer of shares, demat, non-receipt of annual account, split, duplicate, transmission etc. of the shares issued by the Company.

Statement of the various complaints received and cleared during 2008-2009:

Sr. No.	Subject	Received (Nos.)	Cleared (Nos.)	Pending
1	Non receipt of Share Certificates	15	15	Nil
2	Non- receipt of Int./Div. Warrants	17	17	Nil
3	Non-receipt of Annual Report	1	1	Nil
4	Non-receipt of Demat/Remat Certificate	16	16	Nil
5	Rejected DRN	9	9	Nil
6	Miscellaneous	7	7	Nil
	TOTAL	65	65	Nil

All the complaints have been resolved and as on 31st March, 2009 no complaint from shareholder is pending. At the end of the year, no requests for shares transfers were pending for registration.

8. General Body Meetings

Details of previous General Meetings

Financial Year	Category	Date	Time	Location
2005-06	EGM	27 th Feb. 2006	2.00 p.m.	Babasaheb Dahanukar Sabhagriha, Orion House, 6th Floor, 12, K. Dubhash Marg, Fort, Mumbai.
2005-06	AGM	26 th Dec. 2006	3.30 p.m.	M. C. Ghia Hall Bhogilal Hargovindas Bldg. 2nd floor, 18/20, K. Dubhash Marg, Mumbai 400 001