

# **ANNUAL REPORT**

## **2005 - 2006**

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# **Pace Electronics & Textiles Limited**

# Pace Electronics & Textiles Limited

## BOARD OF DIRECTORS

Ashok Gupta	Chairman & Managing Director
Raj N Sureka	Director
Mohit Sureka	Director
Vinay B Poddar	Director
Vinod J Bansal	Director

## REGISTERED OFFICE

Show Room No. 1& 2, Concord CHS Ltd.  
N. S. Road No. 10  
JVPD, Vile Parle (W),  
Mumbai-400 049.

## BANKERS

Corporation Bank  
Oriental Bank of Commerce

## AUDITORS

Jain Anil & Associates  
Chartered Accountant

## REGISTRAR & SHARE TRANSFER AGENT

Purva Sharegistry (India) Pvt. Ltd.  
33, Printing House,  
28-D, Police Court Lane  
Fort, Mumbai - 400 001.

## ANNUAL GENERAL MEETING

Date : 29<sup>th</sup> September, 2006  
Time : 10.00 A.M.  
Venue : Show Room No. 1& 2, Concord CHS Ltd.  
N. S. Road No. 10  
JVPD, Vile Parle (W), Mumbai-400 049.

# 30<sup>th</sup> Annual Report 2005 - 2006

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**Members are requested to bring their copy of Annual Report at the time of Meeting**

## Notice

Notice is hereby given that the Thirtieth Annual General Meeting of the members of **PACE ELECTRONICS & TEXTILES LIMITED** will be held on Saturday, the 29<sup>th</sup> day of September, 2006 at 4.30 P.M. at Showroom No. 1 & 2, Concord CHS Ltd., N. S. Road No. 10, JVPD, Vile Parle (W), Mumbai-400 049 to transact the following business as :

### ORDINARY BUSINESS :

1. To receive, consider and adopt the Directors' Report and Audited Statement of Accounts for the year ended 31<sup>st</sup> March 2006.
2. To appoint Director in place of Mr. Vinay Poddar, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Director in place of Mr. Vinod Bansal, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors to hold the office from the conclusion of this Annual General Meeting and to fix their remuneration.

### 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. A proxy need not be a member. Proxy form is enclosed herewith. Proxies to be effective should be deposited at the registered office of the company not less than 48 hours before the meeting.
2. The Register of Member and the Share Transfer Books of the Company will remain closed from 25<sup>th</sup> September 2006 to 29<sup>th</sup> September 2006 (both days inclusive).
3. Members desirous of getting any information about the accounts of the Company, are requested to send their queries so as to reach at-least ten days before the meeting at the Registered Office of the Company, so that the information required can be made readily available at the meeting.
4. Members are requested to intimate change in their address immediately to M/s Purva Sharegistry (India) Pvt. Ltd., the Company's Registrar and Share Transfer Agents, at their office at 33, Printing House, 28-D, Police Court Lane, Fort, Mumbai - 400 001.
5. Members holding shares in the same set of names under different folios are requested to apply for consolidation of such folios along with relevant Share Certificates to M/s Purva Sharegistry (India) Pvt. Ltd., Registrar and Share Transfer Agents of the Company, at their address given above.
6. Members are requested to bring copies of Annual Report to the Annual General Meeting.
7. Members/Proxies should bring the attendance slip duly filed in and signed for attending the meeting.
8. Members are requested to quote Folio Number/Client ID & DP ID in their correspondence.
9. The Equity shares of the Company are listed on Bombay Stock Exchange Ltd. and Listing Fees for the financial year 2006-2007 have been paid to Bombay Stock Exchange Ltd.

Mumbai, August 10, 2006

By order of the Board  
**For PACE ELECTRONICS & TEXTILES LTD.**

### Registered Office :

Showroom No. 1 & 2, Concord CHS Ltd.  
N. S. Road No. 10, JVPD, Vile Parle (W)  
Mumbai-400 049

**ASHOK GUPTA**  
Chairman & Managing Director

## Directors' Report, Management discussion & Analysis

To The Members,

Your Directors have pleasure in presenting the Ninth Annual Report of your Company together with the Audited Statements of Accounts for the year ended March 31, 2006.

Financial Results	Year Ended	(Rs. in Lacs) Year Ended
	31.03.2006	31.03.2005
Income	67.95	19.89
Profit before Tax & extraordinary item	61.81	1.11
Less : Extra-ordinary Items	0.00	0.00
Less : Provision for Taxation	3.50	0.09
Profit after Tax	58.31	1.02
Add : Profit brought forward from Previous Year	1.98	0.96
Balance carried forward	60.29	1.98

### DIVIDEND

With view to conserve resources and to meet the working capital requirement, your Directors do not propose any dividend for the year under review.

### OPERATIONS

During the year the Company has fared extremely well and has shown an excellent performance. The Company has shown significant improvement in their performance which has resulted in the rise of the net profit by about 30%.

### PUBLIC DEPOSITS

During the year under review, your Company has not accepted any deposits from the public within the meaning of section 58A of the Companies Act 1956 and the rules there under.

### DIRECTORS

As per the provisions of Articles of Association Mr. Vinay Poddar & Mr. Vinod Bansal who retires by rotation are eligible for reappointment.

### AUDITORS

The Auditors M/s Jain Anil & Associates, Chartered Accountants, Mumbai hold the office until the conclusion of ensuing Annual General Meeting. Your Company has received certificate from the Auditors U/S 224(1B) of the Companies Act, 1956 to the effect that their reappointment if made, will be within the limit prescribed.

The shareholders are requested to appoint the Auditors and fix their remuneration.

### COMMENTS ON AUDITOR'S REPORT :

The notes referred to in the Auditor's Report are self explanatory and as such they do not call for any further explanation as required under section 217(3) of the Companies Act, 1956.

### STATUTORY INFORMATION

#### Particulars of Employees

The relations remain cordial throughout the year between employees and the management.

The information as required by provisions of section 217(2A) of the Companies Act, 1956 read with the companies (Particular of employees) amendments rules, 1988 is reported to be NIL.

#### **Particulars under Section 217 (1) (e) of the Companies Act, 1956**

The Company is engaged in the business of shares and securities broking hence the information regarding conservation of energy, Technology Absorption, Adoption and innovation, the information required under section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules 1988, is reported to be NIL.

The Company has not earned or used foreign exchange earnings/outgoings during the year under review.

#### **DIRECTORS RESPONSIBILITY STATEMENT**

Pursuant to Section 217 (2AA) of the Companies (Amendment) Act, 2000 the Directors confirm that:

1. In the preparation of the annuals accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
2. The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are 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 that period.
3. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. The Directors had prepared the annual accounts on a going concern basis.

#### **REPORT ON CORPORATE GOVERNANCE**

The Company is committed to good Corporate Governance. The Company respects the rights of its Shareholders to information on the performance of the Company and its endeavor to maximize the long-term value to the Shareholders of the Company. As per Clause 49 of the listing Agreement of the Stock Exchange, a report on Corporate Governance is set out separately, which forms part of this report.

#### **ACKNOWLEDGEMENT**

The Board of Directors wishes to express their deep sense of appreciation and gratitude to all Employees, Bankers and Clients for their assistance, support and co-operation extended by them. In the end the Directors, wish to sincerely thank all shareholders for their continued support.

Mumbai, August 10, 2006

By order of the Board  
For PACE ELECTRONICS & TEXTILES LTD.

#### **Registered Office :**

Showroom No. 1 & 2, Concord CHS Ltd.  
N. S. Road No. 10, JVPD, Vile Parle (W)  
Mumbai-400 049

ASHOK GUPTA  
Chairman & Managing Director

## Annexure to the Directors' Report

### CORPORATE GOVERNANCE

Your Company believes that Corporate Governance is a powerful tool for building trust and long-term relationship with shareholders, employees and clients. Your Company is thrust on transparency, integrity, accountability and disclosure has enabled it to accomplish best corporate governance.

The Certificate of Corporate Governance from the Statutory Auditors of the Company confirming compliance of the conditions of Corporate Governance is annexed hereto.

### BOARD OF DIRECTORS

The constitution of the Board is not in conformity with the provisions of Clause 49 of the listing Agreement of the Stock Exchange. The Board consists of five Directors out of which three members are Independent Directors.

The Board of Directors met 11 times on 1<sup>st</sup> June, 23<sup>rd</sup> June, 30<sup>th</sup> June, 1<sup>st</sup> July, 30<sup>th</sup> July, 29<sup>th</sup> October, 26<sup>th</sup> September, 12<sup>th</sup> December and 30<sup>th</sup> December in year 2005 and on 30<sup>th</sup> January and 7<sup>th</sup> March in the year 2006 during the financial year 2005-2006.

Details of Composition of Board, category of the Directors and their attendance at Board Meetings and last Annual General Meeting, number of other directorship are given below :-

Name	Designation	Board Meetings Attended	Whether Attended AGM	Committee Membership	Committee Chairmanship	No. of Directorship in other Public Ltd. Co.
Ashok Gupta*	Chairman & Managing Director	11	Yes	3	2	Nil
Raj N Sureka	Whole time Director	11	Yes	2	1	Nil
Mohit Sureka	Whole time Director	11	Yes	1	0	Nil
Vinay A Poddar	Independent Director	10	Yes	4	0	Nil
Vinod J Bansal	Independent Director	10	Yes	2	1	Nil

\*Chairman of the Board

### AUDIT COMMITTEE

The Audit Committee consists of three Independent Directors.

The Audit Committee reviews the Company's financial reporting process, disclosure norms, internal control systems, risk management policies, accounting policies and practices as well as quarterly/half yearly financial statements. It recommends appointment of Statutory Auditors fixes audit fees and reviews internal control systems, scope for observations of the auditors and adequacy of the internal audit function.

The members of Audit Committee met three times on 30<sup>th</sup> July & 29<sup>th</sup> October in year 2005 and on 30<sup>th</sup> January in year 2006 during the financial year ended on 31<sup>st</sup> March 2006.

Name	Number of Meetings Held	Meetings Attended
Mr. Ashok Gupta*	3	3
Mr. Vinay Poddar	3	3
Mr. Mohit Sureka	3	3

\*Chairman of Committee

**INVESTORS' GRIEVANCE COMMITTEE**

The Board of Directors has constituted Investors Grievance Committee under the Chairmanship of Mr. Raj Sureka, whole-time Director with other Independent Director namely Mr. Vinod Bansal and Mr. Vinay Poddar.

The members of Investors Grievance Committee met two times on 1<sup>st</sup> June and 26<sup>th</sup> September in year 2005 during the financial year ended on 31<sup>st</sup> March 2006.

During the year the Company did not receive any complaint from shareholders and there were no pending complaint at the close of the financial year.

The Company has appointed a Compliance Officer within the meaning of Listing Agreement.

**REMUNERATION COMMITTEE**

The Remuneration Committee consists of two Independent Directors and one Executive Director. It is setup to review the remuneration of Executive Directors.

Name	Number of Meetings Held	Meetings Attended
Mr. Vinod Bansal*	2	2
Mr. Vinay Poddar	2	2
Mr. Ashok Gupta	2	2

\*Chairman of Committee

**DETAILS OF REMUNERATION PAID TO DIRECTORS :**

The payment of salary to Directors was Nil during the financial year 2005-2006.

No Stock option has been allotted to any of the Directors during the financial year 2005-2006.

**SHARE TRANSFER COMMITTEE**

Name	Number of Meetings Held	Meetings Attended
Mr. Ashok Gupta*	6	6
Mr. Raj Sureka	6	6
Mr. Vinay Poddar	6	6

\*Chairman of Committee

**GENERAL BODY MEETINGS**

Location & time for the last three Annual General Meetings :

Annual General Meeting	Date & Time	Venue
29 <sup>th</sup> Annual General Meeting	24 <sup>th</sup> September 2005, 10.30 AM	Registered Office
28 <sup>th</sup> Annual General Meeting	30 <sup>th</sup> September 2004, 10.00 AM	Registered Office
27 <sup>th</sup> Annual General Meeting	30 <sup>th</sup> September 2003, 10.30 AM	Registered Office

Location and time of last Extra-Ordinary General Meetings :

Extra-Ordinary General Meeting	Date & Time	Venue
Extra-Ordinary General Meeting	18 <sup>th</sup> May 2005, 10.30 A.M.	Registered Office
Extra-Ordinary General Meeting	11 <sup>th</sup> January 2006, 11.00 A.M.	Registered Office

**MEANS OF COMMUNICATIONS**

The Company regularly provides information to the Stock Exchange as per the requirements of the listing Agreement.

The Quarterly/Half Yearly/Annual Results have been submitted to The Stock exchange, Mumbai and published in the leading English Newspapers and in vernacular language Newspaper.