

33RD
Annual Report
2008 - 2009

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PAGE
TEXTILES LIMITED

PACE TEXTILES LIMITED

BOARD OF DIRECTORS

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

COMPLIANCE OFFICER

Ashok Bothra

AUDITORS

Jain Anil & Associates
Chartered Accountants

BANKERS

Corporation Bank
Oriental Bank of Commerce

REGISTERED OFFICE

Ramji House, B-5, Ground Floor,
Jambulwadi, Off. Girgaum Road,
Mumbai-400 002

REGISTRAR & SHARE TRANSFER AGENT

Purva Sharegistry (India) Pvt. Ltd.

No. 9, Shiv Shakti Indl. Estate
Gr. Floor, J. R. Boricha Marg
Lower Parel, Mumbai-400 011.

ANNUAL GENERAL MEETING

Date : 29th September, 2009

Time : 11.00 A.M.

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



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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 **Thirty Third Annual General Meeting** of the members of **PACE TEXTILES LIMITED** (Formerly Pace Electronics & Textile Ltd.) will be held on Tuesday, the 29th day of September, 2009 at 11.00 A.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 31st March 2009.
2. To appoint Director in place of Mr. Raj N. Sureka, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Director in place of Mr. Mohit R. Sureka, 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. Proxies, in order to be effective, must be received at the Registered Office of the Company, not less than 48 hours before the commencement of the Annual General Meeting.
2. The Register of Member and the Share Transfer Books of the Company will remain closed from 22nd September, 2009 to 29th September, 2009 (both days inclusive).
3. 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 9, Shiv Shakti Ind. Estate, Ground Floor, J. R. Boricha Marg, Lower Parel, Mumbai-400 011.
4. Members holding shares in physical form 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.
5. Members are requested to bring copies of Annual Report to the Annual General Meeting.
6. Members/Proxies should bring the attendance slip duly filed in and signed for attending the meeting.
7. Members are requested to quote Folio Number/Client ID & DP ID in their correspondence.
8. Members are requested to send their queries in regard to the accounts atleast 10 days in advance to the Registered Office of the Company.
9. The Equity shares of the Company are listed on Bombay Stock Exchange Ltd. and Listing Fees for the financial year 2009-2010 have been paid to Bombay Stock Exchange Ltd.

Mumbai, June 29, 2009

Registered Office :

Ramji House, B-5, Ground Floor,
Jambulwadi, Off. Girgaum Road,
Mumbai-400 002

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

ASHOK GUPTA
Chairman & Managing Director

DIRECTORS' REPORT, MANAGEMENT DISCUSSION & ANALYSIS

To The Members,

Your Directors have pleasure in presenting the 33rd Annual Report of your Company together with the Audited Statements of Accounts for the year ended March 31, 2009.

(Rs. in Lacs)

Financial Results	Year Ended 31.03.2009	Year Ended 31.03.2008
Income	29.48	39.21
Profit before Tax & extraordinary item	22.36	23.58
Less : Extra-ordinary Items	0.00	0.00
Less : Provision for Taxation	7.08	8.25
Profit after Tax	15.28	15.33
Add : Profit brought forward from Previous Year	89.50	74.17
Balance carried forward	104.78	89.50

DIVIDEND

In view of low profit, looking to the slow down in economy as well as in order to meet financial requirement to implement its future plans, your Directors do not propose any dividend for the year under review.

ECONOMIC SCENARIO AND OUTLOOK

The financial year 2008-09 was unparalleled, with the unfolding of an unprecedented financial crisis on Wall Street, Falling property prices, coupled with massive leveraging, sparked off the sub-prime crisis in the housing mortgage sector in the US. Due to tight integration of the financial markets across the world, this contagion has spread to the global banking sector. Finally, this has traversed from the financial to the real estate sector, and has participated into a global economic slowdown.

The Central Government of India and the Reserve Bank of India have announced fiscal and monetary measures to revive growth. The Government is seeking to boost through various stimulus packages by way of enhanced expenditure on infrastructure and through tax reductions. However, business confidence and economy may take a while to rebound due to the traditional lag effect associated with stimulus packages.

PERFORMANCE & CURRENT YEAR PROSPECTS

The Company is in the activities of manufacturing and trading of Textiles products, especially in manufacturing and trading of suiting and shirting. Beside this the Company is also doing a contract base production of textile goods which is more popularly known as Job Work. The entire year was rough & tough due to the slow down in demand and hence forced to opt for cut down in production which has affected the profit of the Company.

The slow down in global economy has not only affected the business of Company but also the entire market of textile goods, which is still continuing. The lack of demand forced Company to

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cut down prices of its products and tough competition has again worsened the situation. Now the slight demand has rose but we are unable to comment whether this will consistent or situation will be worsen because of world-wide slow down.

Honestly to say, it was a big challenge for the Company in scenario, to sustain its profitability track and has made lot of efforts to be a profitable entrepreneur during the year under review.

BUSINESS SEGMENT

Your Company offers its services to customers through industry practices in Textile, both by way of manufacturing as well as rental of Trading. The Company has having its factory located at Silvassa, Union Territory. The Company has installed 36 Suzler Shuttle Lace Looms in the area of around 1050 square meters and these machines are having capacity of producing suiting product of 3000 meters in 3 Shifts and shirting product of 6000 meters in 3 Shifts.

RISK & CONCERNS

The risks that face the Company are the ones that face the industry today and there are mentioned periodically. These risks that includes are innovation of new mode machines and technology, risk of products which may be outdated if the Company is not able to sold in the market immediately, Change in Government Policy and applicable taxes, strike of workers at site, slow down in its demand due to the slow down in economy etc. Others risks are client concentration risk, competitive risk and financial risk etc.

OVERVIEW

The Company is planning to counter its challenges through focused marketing, tight control on liquidity and margins, cost effective sourcing of materials and services, improved quality of products through process automation & upgrading of sound recording equipments. The Company has also strengthened its presence in Textile industry with improved quality and variety of its products.

INTERNAL CONTROL SYSTEMS AND ADEQUACY

PACE has developed adequate Internal Control Systems in place to ensure a smooth functioning of its business. The Control System provides a reasonable assurance of recording the transactions of its operations in all material aspects and of providing protection against misuse or loss of Company's assets.

The ICS and their adequacy are frequently reviewed and improved and are documented.

MATERIAL DEVELOPMENT IN HUMAN RESOURCES

PACE's biggest assets are their employees. We are continuously working on innovative initiatives to attract, train, retain and motivate our employees. Our endeavors are driven by a strong set of values imbibed in us and policies that we abide by. Our constant goal, and indeed our biggest strength, is a healthy, happy and prosperous work environment for all our employees. Currently staff strength of the Company is 50 Workers and Employees including senior & junior category staff and workers.

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

There is no change in composition of Board during the year under review.

In accordance with the requirements of the Companies Act, 1956 and as per the provisions of Articles of Association of the Company, Mr. Raj N. Sureka and Mr. Mohit R. Sureka are liable to retire and eligible, offers himself for re-appointments in the forthcoming Annual General Meeting.

Except Mr. Raj N. Sureka and Mr. Mohit R Sureka, having relationship of Father and Son, none other Directors are interested in re-appointments of Mr. Raj N. Sureka and Mr. Mohit R Sureka.

Further, non of the Directors of the Company are disqualified under section 274(1)(g) of the Companies Act 1956.

CORPORATE GOVERNANCE

Your Company follows the principles of the effective corporate governance practices. The Clause 49 of Listing Agreement deals with the Corporate Governance requirements which every publicly listed Company has taken steps to comply with the requirements of the revised Clause 49 of the Listing Agreement with the Stock Exchange.

A separate section on Corporate Governance forming part of the Directors' Report and the certificate from the Company's Auditors on Corporate Governance as stipulated in Clause 49 of the Listing Agreement is included in the Annual Report.

HUMAN RESOURCES

The Company takes pride in the commitment, competence and dedication shown by its employees in all areas of business. Various HR initiatives are taken to align the HR policies to the growing requirements of the business.

The Company has a structured induction process and management development programmes to upgrade skills of managers. Objective appraisal systems are in place for senior management system.

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 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**

People are the backbone of our operations. It is a matter of great satisfaction for our Company that our employees have been very supportive of the Company's plan. By far the employee's relations have been cordial through out the year.

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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

- a) Energy Conservation Measures Taken:
 - Installation of pipes and traps on condensate lines for recovery of condensate.
 - Identification and control the present and potential areas of energy loss.
 - Installation of fuel efficient diesel generating set in place of scrapped one.
- b) Additional investment and proposals, if any, being implemented for reduction of consumption of energy.
 - Installation of capacitors to improve power factor from bought out power.
 - Installation of CFL lights.
- c) Impact of the measures at (a) and (b) for reduction of energy consumption and conservation impact on the cost of production of goods.
 - Savings in power and fuel cost.
- d) Total energy consumption and energy consumption per unit of production as per Form 'A'.

FORM 'A':

Form of disclosure of particulars with respect to conservation of energy.

Particulars	Unit	2008-2009	2007-2008
A) Power and Fuel Consumption:			
Electricity			
Purchased : Units	(KWH in Lakhs)	3.64	Nil
Total Amount	(Rs. in Lakhs)	16.73	Nil
Rate per unit	(Rs.)	4.59	Nil
Own Generation			
Through Diesel Generator : Units	(KWH in Lakhs)	0.58	Nil
Unit/Ltr of Oil	KWH	3.00	Nil
Cost per unit	(Rs.)	8.46	Nil

Form 'B':**II. Technology Absorption:****A. Research and Development:**

- a) Specific areas in which R&D is carried out by the Company.
 - *Replacement of conventional chemicals with effective and efficient chemicals.
- b) Benefits derived as a result of R&D:
 - *Reduction in the cost.
- c) Future Plan of Action:
 - *Recovery of heat from diesel generator exhaust.

d) Expenditure on R&D:

*R&D being an integral part of production is carried out in a continuous manner as an applied R&D Programme. No separate record on the expenditure incurred on R&D is therefore maintained.

B. Technology absorption, adaptation and innovation:

*Efforts are being made on continuous basis to improve the quality of finished products.

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, for the year ended 31st March 2009, all the applicable accounting standards prescribed by the Institute of Chartered Accountants of India have been followed;
2. The Directors had adopted 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 inform 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.

APPRECIATION

The Board of Directors wishes to convey their appreciation to all the Company's employees for their performance and continued support. The Directors would also like to thank all the Shareholders, Consultants, Customers, Vendors, Bankers, Service Providers, and Governmental and Statutory Authorities for their continued support.

Mumbai, June 29, 2009

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

Registered Office :

Ramji House, B-5, Ground Floor,
Jambulwadi, Off. Girgaum Road,
Mumbai-400 002

ASHOK GUPTA
Chairman & Managing Director

ANNEXURE TO THE DIRECTOR'S REPORT

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance for PACE is passion, motto and culture. To attain growth in all facets and at the same time ensuring welfare of the society at large is only possible by adhering to high standards of Corporate Governance.

We are proud that we believe in Corporate Governance not only a law but in spirit too. Our endeavor is to maximize the wealth of the stakeholders by managing the affairs of the Company with pre-eminent level of accountability, transparency and integrity.

We believe that accurate and timely disclosures improve public understanding on the activities of the Company which consequently attracts investors towards the Company. We aim to adopt best International practices in Corporate Governance and are confident of achieving it.

Pace has during its way towards growth, adopted the Pace Code of Conduct and Pace Prevention of Insider Trading Program. The Company has in place an Information Security Policy that ensures proper utilization of the IT Resources.

BOARD OF DIRECTORS

Composition of Directors

The constitution of the Board is 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 4 times on 30th June, 31st July and 31st October in year 2008 and on 30th January in the year 2009 during the financial year 2008-2009.

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	4	Yes	Nil	2	Nil
Raj N Sureka	Whole time Director	4	Yes	1	Nil	Nil
Mohit Sureka	Independent Director	4	Yes	2	Nil	Nil
Vinay A Poddar	Independent Director	4	Yes	Nil	2	Nil
Vinod J Bansal	Independent Director	4	Yes	3	Nil	Nil

* Chairman of the Board

AUDIT COMMITTEE

The Audit Committee consists of two Independent Directors & the Managing Director. All members of the Audit Committee are financially literate and they have accounting or related financial management expertise.

The primary purpose of the Audit Committee is to assist the Board of Directors (the "Board") of Pace Textiles Ltd., (the "Company") in fulfilling its oversight responsibilities with respect to (a) the accounting and financial reporting processes of the Company, including the integrity of the audited financial results and other financial information provided by the Company to its stockholders, the public, any stock exchange and others, (b) the Company's compliances with legal and regulatory requirements, (c) the Company's independent auditors' qualification and independence, (d) the audit of the Company's Financial statements, and the performance of the Company's internal audit function and its Independent Auditors.

AUTHORITY AND RESPONSIBILITIES

The Audit Committee reviews the Company's financial reporting process, disclosure of accounting treatment, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter, disclosure norms, internal control systems, risk management policies, accounting policies and practices, ensuring the quality and appropriateness of the Company's accounting and financial disclosures as well as quarterly/half yearly financial statements. It recommends appointment of Statutory Auditors fixes audit fees and reviews internal control systems, Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern, scope for observations of the auditors and adequacy of the internal audit function, discussion with internal auditors any significant findings and follow up there on etc.

In addition to the above, Audit Committee reviews the followings :

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions submitted by management;
3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the Chief internal auditor.

The members of Audit Committee met four times on 30th June, 31st July & 31st October in year 2008 and on 30th January in year 2009 during the financial year ended on 31st March 2009.

Name	Number of Meetings Held	Meetings Attended
Mr. Ashok Gupta*	4	4
Mr. Vinod J. Bansal	4	4
Mr. Mohit Sureka	4	4

*Chairman of Committee