

SHREE PACETRONIX LIMITED

ISO - 9001



FIFTEENTH ANNUAL REPORT 2002 - 2003

*Technology Serving Humanity
C. E. Approved Pacemakers*

BOARD OF DIRECTORS :

Shri Atul Kumar Sethi,	Managing Director
Smt. Amita Sethi,	Whole time Director
Dr. Surendra Kumar Sethi	Director
Shri N. K. Sethi	Director
Shri Sushil Patni	Director

BANKER :

BANK OF INDIA
Santha Bazar, INDORE

AUDITORS :

M/s S. R. Naredi & Co.
Chartered Accountants
204, Manas Bhawan Extn. (New Wing)
11, R. N. T. Marg.
INDORE-452 001

REGD. OFFICE & FACTORY :

Plot No. 15, Sector II,
Industrial Area
Pithampur, Dist. Dhar (M.P.) 454 775

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NOTICE

NOTICE is hereby given that the Fifteenth Annual General Meeting of the Members of **Shree Pacetronix Limited** will be held on Monday, the 29th September, 2003 at 11.00 a. m. at the registered office of the Company at Plot No. 15, Sector II, Pithampur Dist. Dhar (M.P.) to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Profit & Loss Account for the year ended 31st March, 2003 and the Balance Sheet as at that date and the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Shri N. K. Sethi who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Smt. Amita Sethi who retires by rotation and being eligible, offers herself for re-appointment.
4. To appoint Auditors of the Company and to fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and all other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII to the Companies Act, 1956 including any statutory modification or re-enactment thereof and subject to such approvals as may be necessary, approval of the members of the Company be and is hereby accorded to the re-appointment of Shri Atul Kumar Sethi as Managing Director of the Company for a period of 5 (Five) years from 1st December, 2002 to 30th November, 2007 upon the terms and conditions including remuneration as set out in the Explanatory Statement annexed to the notice.

RESOLVED FURTHER THAT Board of Directors be and is hereby authorised to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required to give effect to the aforesaid resolution".

For and on behalf of the Board

(ATUL KUMAR SETHI)

Managing Director

Place : PITHAMPUR

Dated : 11th August, 2003

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The Proxies in order to be valid and effective must be deposited at the Registered Office of the Company not less than 48 hours before commencement of the meeting.
3. The Register of Members and Share Transfer Books of the Company shall remain closed from Friday, the 26th September, 2003 to Monday, the 29th September, 2003 (both days inclusive).

4. Members are requested to bring their copy of the Annual Report with them for the meeting.
5. The Company has entered into an agreement with NSDL and CDSL for dematerialisation of its shares. The Members are requested to take the benefit of the same.

EXPLANATORY STATEMENT

(Pursuant to Section 173 (2) of the Companies Act, 1956)

ITEM NO. 5

Shri Atul K. Sethi was appointed as Managing Director of the Company for a period of 5 years from 01-12-1997, at the Extra Ordinary General Meeting held on 27-11-1997. The tenure of his appointment came to an end on 30-11-2002. The Board of Directors of the Company in their meeting held on 23-12-2002 re-appointed him for a period of 5 years with effect from 01-12-2002.

Considering the growth in the business of the Company and the increased responsibilities shouldered by Shri Atul K. Sethi, it is in the interest of the Company to re-appoint him for a further period of 5 years.

Shri Atul K. Sethi is interested in the resolution concerning his re-appointment. Except Shri S. K. Sethi and Smt. Amita Sethi being relatives, no other director is concerned or interested in the resolution.

The remuneration and the terms & conditions of re-appointment of Shri Atul K. Sethi, Managing Director as given in the Notice and Explanatory statement may be treated as an abstract of the terms of his appointment under section 302 of the Companies Act, 1956.

The terms of re-appointment are as under :

- Salary : Rs. 25,000/- (Rs. Twenty Five Thousand) per month including dearness and all other allowances.
- Perquisites : Perquisites shall be allowed in addition to salary, perquisites shall be restricted to an amount equal to the annual salary.

PART - A

I. Housing :

- (a) The expenditure by the Company on hiring furnished accommodation will be subject to the following ceilings :
50% of the salary, over and above 10% payable by Shri Atul Kumar Sethi.
- (b) If the Company does not provide accommodation to Shri Atul Kumar Sethi, he shall be entitled to House Rent Allowance subject to the ceiling laid down in (a) above.
- (c) If accommodation in the Company owned house is provided to Shri Atul Kumar Sethi, a deduction @ 10% shall be made from his salary.

Explanation : The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per Income Tax Rules, 1962. This shall, however, be subject to a ceiling of 10% of the salary of Shri Atul Kumar Sethi.

II. Medical Reimbursement :

Reimbursement of expenses incurred for self and family subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.

III. Leave Travel Concession :

Leave travel concession for self and family once in a year incurred in accordance with the rules of the Company.

IV. Club Fees :

Fees of clubs subject to a maximum of two clubs. No admission and life membership fees will be paid.

SHREE PACETRONIX LIMITED**ANNUAL REPORT****V. Personal Accident Insurance :**

Personal Accident Insurance of an amount, the annual premium of which shall not exceed Rs. 10,000/-.

NOTE : For the purposes of perquisites stated hereinabove, 'family' means the spouse, the dependent children and dependent parents of the appointee.

PART - B

Contribution to Provident Fund and Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent these, either singly or put together, are not taxable under the Income Tax Act, 1961. Gratuity payable shall not exceed half a month's salary for each completed year of service.

PART - C

Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purposes shall be billed by the Company.

In the event of loss or inadequacy of profit in any financial year, the Managing Director shall be paid remuneration by way of salary and perquisites as specified above.

The terms and conditions of the said appointment may be altered and varied from time to time by the Board of Directors as it may in its discretion, deem fit, within the maximum amounts payable to the Managing Director in accordance with Schedule XIII to the Companies Act, or any amendments made hereafter in this regard.

DETAILS OF DIRECTORS SEEKING RE-APPOINTMENT AT THE FORTHCOMING ANNUAL GENERAL MEETING

Name of Director	A.K. Sethi	N. K. Sethi	Smt. Amita Sethi
Date of Birth	17-04-1962	17-11-1935	01-06-1966
Date of Appointment	11-01-1988	08-06-1992	11-01-1988
Expertise in specific functional areas	Industrialist with rich business experience	Administrative & General experience	Industrialist with rich business experience
Directorship held in other companies	Shree Coratomic Ltd. Sethi Resins Pvt. Ltd.	Shree Coratomic Ltd.	Shree Coratomic Ltd. Sethi Resins Pvt. Ltd.
Committee position held in the Company	---	Chairman-Audit Committee Member-Investors' Grievance Committee	---

SHREE PACETRONIX LIMITED**ANNUAL REPORT****DIRECTORS' REPORT**

Dear Members,

Your Directors have pleasure in presenting the Fifteenth Annual Report and Audited Accounts of the Company for the year ended 31st March, 2003.

FINANCIAL RESULTS

Rs. In Lacs.

	31.03.2003	31.03.2002
Turnover including other Income	368.97	295.16
Profit before interest & depreciation	62.42	50.19
Interest & other charges	12.17	12.14
Depreciation	23.38	19.11
Profit before Tax	26.87	18.94
Add : Excess provision of I. T. w/back	—	0.56
Less : Provision for Tax :		
Current Tax	2.40	0.37
Deferred Tax	16.62	9.17
Net Profit after Tax	7.85	9.96

DIVIDEND

In order to plough back the resources, for expansion your Directors have decided not to recommend any dividend for the year ended 31st March, 2003.

PERFORMANCE REVIEW

During the year under review, the Company has achieved a turnover of Rs. 368.97 Lacs as against Rs. 295.16 Lacs in the previous year recording an impressive rise of 25% and earned net profit after current tax of Rs. 24.47 Lacs (excluding provision for deferred tax) as compared to the net profit of Rs. 19.13 Lacs in the previous year reflecting a healthy growth of 28% over the previous year.

Your Directors are pleased to report that the increase in the turnover and profitability is due to product improvement, better marketing strategy and cost controls at various levels.

EXPORTS

During the year under review, your Company has achieved an all time high Export Turnover of Rs. 87.19 Lacs as compared to Rs. 62.60 Lacs in the previous year reflecting an increase of 39% over the previous year.

The Company's alliance with Bio-Pace Technology Inc., U. S. A. for market expansion has started giving good results. The products of your Company are well received in the global market.

FUTURE OUTLOOK

Your Directors are very pleased to place on record that your Company has completed 10 years of manufacturing quality pacemakers and has achieved substantial growth, in India as well in the export market despite competition from multi-national companies.

Further, the R & D department of the Company has developed various critical components to reduce the dependence on import. With these developments, the demand of the products manufactured by your Company is expected to grow with a faster pace which will lead to higher profitability in the years to come.

EXPANSION

During the year under report, the Company has installed certain machines and balancing equipments to improve the quality of products and enhance the productivity. The construction work of second floor of the factory building is completed and the installation of new machineries and equipments is in progress.

DIRECTORS

During the year under review, Shri N. K. Sethi and Smt. Amita Sethi retire by rotation and being eligible offers themselves for re-appointment.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956, your Directors state as under :

- (i) that in the preparation of the Annual Accounts, the applicable standards have been followed and there has been no material departure;
- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgements 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;
- (iii) that the Directors have taken proper and sufficient care for the maintainance 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 to the best of their knowledge and ability;
- (iv) that the Directors have prepared the Annual Accounts on a going concern basis.

AUDITORS AND AUDITORS' REPORT

M/s S. R. Naredi & Co., Chartered Accountants, Indore retire at the conclusion of the ensuing Annual General Meeting. They have signified their willingness to accept re-appointment and have further confirmed their eligibility under section 224 (1-B) of the Companies Act, 1956. The observations of the Auditors made in their Auditors' Report are suitably explained in the Notes to the Accounts.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUT GO.

The details required under section 217 (1) (e) of The Companies Act, 1956 are given in the annexure and forms part of this report.

PUBLIC DEPOSITS

During the year, the Company has not accepted any public deposits within the meaning of section 58A of The Companies Act, 1956 and the rules made thereunder.

DEMATERIALISATION OF SHARES

Your Company has entered into agreements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for dematerialisation of its securities. You are requested to take benefit of the same. In addition, as part of the efforts to provide the best possible investors services the Company has started offering the facility of simultaneous transfer-cum-demat of physical shares on request.

LISTING & LISTING FEES

The Equity Shares of the Company are listed on the Madhya Pradesh Stock Exchange, Indore and the Stock Exchange, Mumbai. Listing fees for the year 2002-03 has been duly paid to both these stock Exchanges.

CORPORATE GOVERNANCE REPORT

As required under the Listing Agreement, Corporate Governance report is annexed which forms part of this report.

SUBSIDIARY COMPANY

As required under section 212 of the Companies Act, 1956, the Audited Accounts together with the reports of the Directors and Auditors are attached.

HUMAN RESOURCES

The relations with the employees continued to be cordial and satisfactory throughout the year. Your Directors wish to place on record their deep sense of appreciation for the devoted services of all employees of the Company for their sustained efforts in improving the operational efficiencies.

None of the employees, of the Company is covered under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and amendments thereto from time to time.

APPRECIATION

Your Directors wish to place on record their appreciation for the continued co-operation and support given to the Company by its Customers, Shareholders, Bankers, Central & State Governments including all those associated with the Company.

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For and on behalf of the Board

(ATUL KUMAR SETHI)

Chairman & Managing Director

Place : PITHAMPUR

Dated : 11th Aug., 2003