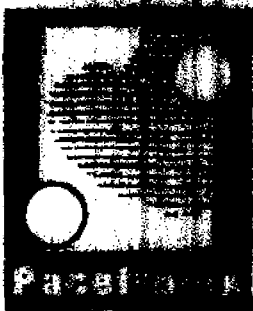


TWENTIETH ANNUAL REPORT 2007 - 2008

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Shree Pace Electronics Ltd.

Technology Serving Humanity

An ISO-9001 Company

BOARD OF DIRECTORS : Shri Atul Kumar Sethi, Managing Director
 Smt. Amita Sethi, Whole time Director
 Shri Sushil Patni Non Executive Independent Director
 Shri Bansilal Baid Non Executive Independent Director
 Shri Anil Rathi Non Executive Independent 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 - 452001

REGD. OFFICE & FACTORY : Plot No. 15, Sector II,
 Industrial Area
 Pithampur, Dist. Dhar (M.P.) 454775

SHARE TRANSFER AGENT : Ankit Consultancy Private Limited
 Alankar Point, II Floor,
 A. B. Road, INDORE - 452001

N O T I C E

NOTICE is hereby given that 20th Annual General Meeting of the Members of the SHREE PACETRONIX LIMITED will be held on Thursday, the 25th September of 2008 at 10.30 a.m. at the registered office of the company to transact the following business: -

ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 2008 and Profit and Loss Accounts for the year ended on that day together with the reports of the Auditors and Directors thereon.
2. To appoint a Director in place of Mrs. Amita Sethi, who retires by rotation and being eligible offers herself for re-appointment
3. To consider re-appointment of the Auditors and fixing up of their remuneration.

SPECIAL BUSINESS :

4. "RESOLVED THAT pursuant to the provisions of Section 257 of the Companies Act, 1956 and other applicable provisions, if any, consent of the members be and are hereby accorded for the appointment of Shri Anil Rathi as an independent non-executive director of the Company whose office shall be determined by retirement by rotation."

by order of the board of
Shree Pacetronix Limited

PLACE : Pithampur
DATE : 25.07.2008

Atul Sethi

Chairman & Managing Director

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 THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FIXED FOR THE MEETING.
2. The Members are requested to:
 - a. Intimate changes, if any, in their registered addresses immediately.
 - b. Quote their ledger folio number in all their correspondence.
 - c. Hand over the enclosed attendance slip, duly signed in accordance with their specimen signatures registered with the company for admission to the meeting place.
 - d. Bring their Annual Report and Attendance Slips with them at the AGM venue.
 - e. Encash their dividend warrants for the financial year ended March 31st 2004 and subsequent year and submit their claims to registrar and transfer agents of the company without any delay.
3. The Register of Members and Share Transfer Books of the company shall remain closed from 24/09/2008 to 25/09/2008 (both days inclusive).
4. The report on the Corporate Governance and Management Discussion and Analysis also form part to the report of the Directors.
5. Members seeking any information are requested to write to the company at least 10 days before the date of the AGM to enable the management to reply appropriately at the AGM.
6. Members are requested to notify immediately any change in their address to their respective Depository Participants (DPs) in respect of their electronic share accounts and to the Registrar and Share Transfer Agent of the Company at M/s Ankit Consultancy Pvt. Ltd., Alankar Point, A. B. Road, II Floor, A. B. Road, Indore - 452 001.
7. The Explanatory Statement in pursuance of Sec 173(2) is annexed herewith.

Explanatory Statement pursuant section 173(2) of the Companies Act, 1956**Item Nos. 4 :**

One of the Independent Directors, Shri Praveen Badjatya has resigned. In order to maintain the proper composition of the executive, non-executive and independent director, broad basing of the Board of Directors became essential. Accordingly Shri Anil Rathi have been inducted in the Board as Additional Director in terms of the provisions of Section 260 of the Companies Act, 1956 to replace the aforesaid outgoing director. In compliance with the provisions of Section 257 of the Act the Company has received a notice proposing his name for regular appointment by the members in the ensuing Annual General Meeting, hence your directors recommend this resolution. However, none of the directors except Shri Anil Rathi may be deemed as concerned or interested in the resolution.

by order of the board of
Shree Pacetronix Limited

PLACE: Pithampur
DATE : 25.07.2008

Atul Sethi
Chairman & Managing Director

**DETAILS OF THE DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT IN THE
ENSUING ANNUAL GENERAL MEETING**

Name of Directors	Mrs. Amita Sethi	Mr. Anil Rathi
Date of Birth	01.06.1966	05.02.1954
Date of Appointment	11.01.1988	25.07.2008
Expertise / Experience in specific functional areas	12 Years Exp. in Management of Industrial Undertaking	30 Years Exp. in Marketing of Medical Instrumentation, Finances, and Management of Industrial Automation.
No. of Equity Shares held	88982	500
List of outside Company directorship held	Shree Coratomic Ltd. Sethi Resins Pvt. Ltd.	Rathi Electronic Appl. Pvt. Ltd. Magnum Distilleries Ltd. Modern Circuits Pvt. Ltd.
Chairman / Member of the Committees of the Board of Directors of the Company	NIL	Member of - Audit Committee Remuneration Committee Shareholders/Investors Grievance Committee
Chairman / Member of the Committees of the Board Directors of other Companies in which he is director	NIL	

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Twentieth Annual Report and Audited Accounts of the Company for the year ended 31st March, 2008.

FINANCIAL RESULTS

	31.03.2008	31.03.2007
Turnover including other Income	575.17	542.81
Profit before interest & depreciation	100.80	96.45
Interest & other charges	13.46	06.75
Depreciation	35.22	34.54
Profit before Tax	52.12	55.16
Less : Provision for Tax :		
Current Tax	19.94	15.96
Fringe Benefit Tax	02.81	02.69
Deferred Tax	01.89	-03.90
Net Profit after Tax	27.48	40.42

PERFORMANCE REVIEW

During the year under review, the Company has achieved a turnover of Rs. 575.17 Lacs as against Rs. 542.81 Lacs in the previous year and earned net profit after tax of Rs. 27.48 Lacs as compared to the Rs. 40.42 Lacs in the previous year, there was a pressure on the bottom line of the company due to slight increase in the overheads of the Company.

Your Directors are happy to report that the company has added substantial value addition in the intangible assets of the Company. Your company is in the process of launching new products such as mobile diagnostic X-Ray machines and Titanium Dental Implants. Your Directors are continuously striving to cut down the expenditure cost and to enhance the profitability of the company and hopeful for the better growth prospects. The company is in the process of expanding its production by more than 75%. To take care of the increasing demand from the country and from abroad. In next financial year the company hopes to increase total turn over by 50% as well as increase exports by another 50%.

EXPORTS

During the year under review, your Company has achieved Export Turnover of Rs. 50.77 Lacs which is more than 100% more than previous financial year export turn over. The company expects to again increase the export turn over from present by more than 100%.

FUTURE OUTLOOK

The Company has been manufacturing quality pacemakers over the last 15 years and has achieved substantial growth, in the domestic as well in the export market.

The R & D department of the Company is developing various new products and critical components to reduce the dependence on import. With the improved quality of pacemakers, 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. The company has developed its own indigenous hand held programmer which will totally decrease dependence on imported programmers and will be very cost effective as well as reduce the requirement of personal computer for programming the pacemakers. This development will be achieved in totality within 8 months from commencement therefore by September end 2008. The company is also commencing the development of the indigenous rate responsive pacemaker which is an advance pacemaker and presently dependent on critical imported components. The company has set a target for development of this pacemaker along with other advanced pacemakers such as biventricular pacemakers by September 2009.

DIRECTORATE

Shri Praveen Badjatya has resigned from the Board. The Board places on record its appreciation of the services rendered by the said Non executive Independent Director during their tenure as Director of the Company.

Shri Anil Rathi has been appointed as additional director of the Company in the Board Meeting held on 25th July, 2008. In terms of the requirements of Section 257 of the Companies Act, 1956, Shri Anil Rathi would be appointed as Director of the Company liable to retire by rotation, of which Notice along with a deposit of Rs. 500/- have been received from members signifying their intention to propose Shri Anil Rathi as Director of the Company, hence approval of the members is being sought for the appointment.

In terms of the provisions of the Companies Act, 1956 Smt. Amita Sethi would retire by rotation at the forthcoming Annual General Meeting of the Company and being eligible offers himself for re-appointment. There is no other change in the Board.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217 (2AA) of the Companies Act, 1956, the Board confirms that :

- (a) The financial statements are in full conformity with the requirements of the Companies Act, 1956, and applicable accounting standards have been followed along with proper explanation relating to material departure.
- (b) The directors have selected such accounting policies and applied them consistently and made judgment and estimates that were reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the company for the year under review.
- (c) The Directors have 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.
- (d) The Directors have prepared the Annual Accounts for the financial year ended 31st March 2008 on 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.

CORPORATE GOVERNANCE

A report on corporate governance is enclosed containing details as required by the listing agreement which is forming part of the report of the Board of Directors.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis report covering the matters listed in Clause 49 of the Listing Agreement for the Year under review is given as a separate statement in the Annual 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.

PARTICULARS OF EMPLOYEES

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.

For and on behalf of the Board

(ATUL KUMAR SETHI)

(Chairman & Managing Director)

Place : INDORE

Dated : 25/07/2008

ANNEXURE TO THE DIRECTORS' REPORT

(As required under section 217 (1) (e) of the Companies Act, 1956)

I. CONSERVATION OF ENERGY

The Company continued its efforts to conserve energy by installing various equipments and utilities. Regular inspection of such equipments have been carried out. The above measures have resulted in controlling of energy consumption.

FORM - A

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

31.03.2008**31.03.2007****A. POWER & FUEL CONSUMPTION****1. Electricity****(a) Purchased**

Units (Nos.)

107278

99,087

Total Amount (Rs.)

768614

6,65,488

Rate/Unit (Rs.)

7.16

6.72

(b) Own Generation**(i) Through diesel generator**

Units (Nos.)

NIL

NIL

Units/litre of

diesel oil (Nos.)

NIL

NIL

Cost/Unit (Rs.)

NIL

NIL

(ii) Through steam

Turbine/generator

NIL

NIL

2. Coal

NIL

NIL

3. Furnace Oil

NIL

NIL

B. CONSUMPTION PER UNIT OF PRODUCTION

Production of Pacemakers (Nos.)

1972

1827

Electricity (Units)

54.40

54.23

Furnace Oil

NIL

NIL

Coal

NIL

NIL

II. TECHNOLOGY ABSORPTION**FORM - B**

Form for disclosure of particulars with respect to absorption.

RESEARCH AND DEVELOPMENT (R & D)

1. Specific areas in which R & D carried out by the Company.

The Company is developing various components in-house.

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

Reducing dependence on the import and improvement in the quality.

3. Future plan of action

To continue R & D for new products & indigenisation.

4. Expenditure on R & D.

Charged to respective head of accounts

TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION

1. The efforts have been made towards Technology absorption & adoption of Technology received from M/s. Bio-Pace Technology Inc., USA for the manufacture of Cardiac Pacemakers.

2. Benefits derived as a result of above efforts i. e. product improvement, cost reduction, product development, import substitution etc. in the manufacturing of Cardiac pacemakers.

3. In case of Imported Technology (Imported during last 5 years reckoned from beginning of the financial year) following information be furnished :

(a) Technology imported

IN FULL

(b) Year of import

1992-93

(c) Has Technology been fully absorbed ?

Yes

(d) If not fully absorbed areas where this has not taken place, reasons thereof & future plan of action.

N. A.

III. FOREIGN EXCHANGE EARNINGS AND OUT GO**(Rs. in Lacs)****31/03/2008****31/03/2007****1. Foreign Exchange earned :**

- FOB Value of Exports

50.77

24.00

- Job Work

0.00

0.00

2. Foreign Exchange used : CIF Value of import of

- Raw Materials

151.65

94.83

- Capital Goods

0.00

3.95

- Traded Goods

2.20

13.99

3. Foreign Travels :

- Directors & Others

4.23

7.79

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

(a) **Industry Structure and Development**

The Company is engaged in manufacturing and marketing of different types of Pacemakers. There has been growing demand of the products manufactured by your Company.

(b) **Highlights of Performance**

The same has been given in the Directors Report under the heading performance review.

(c) **Segmentwise or productwise performance :**

The Company is engaged in pacemakers manufacturing only and there is no separate repeatable segments.

(d) **Opportunities and Threats/Risk and Concerns**

With the growing awareness about the healthcare in the country, there are vast opportunities for the products of the Company. There are some threats from the global competitors.

(e) **Internal Control System**

The Company has proper internal control system which provides adequate safeguards and effective monitoring of the transactions.

(f) **Human Resources**

Various initiatives have been taken to enhance the skills, knowledge and competency of the employees. The industrial relations remained harmonious throughout the year.

(g) **Cautionary Statement**

Statements in the Management Discussion and Analysis Report describing the Company's objectives, expectations or predications may be forward looking within the meaning of applicable laws and regulations. Actual results may differ materially from those expressed or implied. Important factors that could influence the Company's operations include competition, government policies and regulations.

CORPORATE GOVERNANCE REPORT

The importance of Corporate Governance lies in the contribution it makes to the overall growth and direction of the business, management accountability, transparency and equity with stakeholders. In terms of Clause 49 of Listing Agreement for the continuing good governance and transparency a report in this regard is submitted hereunder:

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Corporate Governance is a system and pattern of transparent and democratic functioning by which operations and management of a business corporation is directed and controlled. The Corporate Governance structure specifies the distribution of rights and responsibilities amongst the participants in the corporation, such as, the Board, Managers, Shareholders and spells out the rules and regulations for making decisions on corporate affairs.

The Company believes that transparency, empowerment, accountability and integrity are the fundamental principles of Sound Corporate Governance. This philosophy has guided the operations and the functioning of the Company. Our Corporate Governance philosophy stems from our belief that the business strategy and plans should be consistent and growth oriented adequately taking care of welfare of all the stakeholders. The company believes that all its actions must serve the underlying goal of enhancing overall shareholder value over a sustained period of time.

The Company has complied with the requirements of the Corporate Governance Code in terms of Clause 49 of the Listing Agreement.

CEO Certification

In terms of Clause 49 of the Listing Agreement, the certification by the Managing Director on the financial statements and internal controls relating to financial reporting has been obtained.

2. BOARD OF DIRECTORS

The Board of Directors of the company consists of eminent persons with considerable professional expertise and experience of trade, commerce, profession and industry. The present composition is two directors in the whole time employment of the company and three independent professional directors. :

3. Board Procedure

The Board meets at least once in a calendar quarter to review the overall business operations including to consider the business which are related to formulation and execution of policies relating to production, finance, marketing, personnel, materials and general administration. Notice and agenda papers are sent to the directors in advance. The Board met thirteen times during the year under review on 30.04.2007, 31.07.2007, 25.08.2007, 25.09.2007, 18.10.2007, 19.10.2007, 22.10.2007, 31.10.2007, 27.11.2007, 01.12.2007, 13.12.2007, 30.01.2008, 31.03.2008.

SHREE PACETRONIX LIMITED**ANNUAL REPORT 2007-2008**

The particular of the Board with their interest in other concern is presented before you in the following table :

Name of Director	Category of Directorship	No. of Board Meeting attended	No. of other Director ship	Committee Membership	Member Chairman
Shri A. K. Sethi	Mg. Director	13	2	1	1
Smt. Amita Sethi	W. T. Director	13	2	---	---
Shri Sushil Patni	Non-Executive	13	--	3	2
Shri Bansilal Baid	Non-Executive	12	--	2	--
Shri Praveen Badjatya	Non-Executive	13	--	3	--

4. AUDIT COMMITTEE

The audit committee consists of the following directors :-

Name of Director	No. of meetings held	No. of meetings attended
1. Shri Sushil Patni (Chairman)	04	04
2. Shri Bansi Lal Baid	04	02
3. Shri Praveen Badjatya	04	04

All the members of the committee are independent and possess knowledge of finance, accounts and company law. The functions of the Audit Committee are as per the Companies Act and Listing Agreement with stock exchange(s). These include approving and implementing the audit procedures, review of financial reporting system, internal control procedures and risk management policies.

5. REMUNERATION COMMITTEE

The Company pays remuneration to the Whole-time Directors while no sitting fees is paid to non-executive directors. The remuneration of the Whole-time Directors is decided by the Board of Directors and approved by the shareholders. The aggregate amount of the remuneration paid for the financial year 2007-08 is as under :-

Shri A. K. Sethi (Managing Director) - Rs. 16.35 Lacs
Smt. Amita Sethi (Whole-time Director) - Rs. 4.11 Lacs

The committee comprises of three independent directors as members as follows :-

1. Shri Sushil Patni (Chairman)
2. Shri Bansilal Baid
3. Shri Praveen Badjatya

6. SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE :

The Company has constituted a Shareholders' / Investors' Grievances Committee. The Members of the committee are as under :

1. Shri Atul Sethi (Chairman)
2. Shri Sushil Patni
3. Shri Praveen Badjatya

The Committee is to oversee the effective redressal of the complaints of the Shareholders such as transfer of shares, dematerialisation, non-receipt of balance sheet etc. The Committee also recommends steps to be taken for further improvement in the quality of service to the investors. The Share Transfer Agent/Company has sent replies to shareholders in respect of all the complaints received during the financial year.

7. COMPLIANCE OFFICER

Shri Hari Mohan Jha is the Compliance Officer in the company.

8. GENERAL BODY MEETINGS

The last three AGMs were held as per detail below :

Date of AGM Relevant Venue/location Time of meeting

Date of AGM	Relevant Financial year	Venue/location where held	Time of meeting
30-09-2005	2004-05	Registered office	11.00 a. m.
29-09-2006	2005-06	Registered office	11.00 a. m.
17-11-2007	2006-07	Registered office	04.00 a. m.

No special resolutions were passed through postal ballot in the last AGMs. No special resolutions requiring postal ballot are placed before the shareholders for approval at the forthcoming AGM.

9. DISCLOSURES

(a) Related parties and transactions with them as required under Accounting Standard 18 (AS-18) are furnished under Paragraph No. 9 of the Notes to the Accounts attached with the financial statement for the year ended March 31, 2008. The transactions with the related parties do not have potential conflict with the interests of the Company at large.

(b) There were no penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets during the last three years.

(c) Auditors Certificate on corporate governance is enclosed herewith.

10. MEANS OF COMMUNICATIONS

The Company publishes its quarterly results in accordance with the Stock Exchange Listing Agreement in newspapers viz. "Free Press" (English) and "Choutha Sansar" (Hindi).

11. SHAREHOLDERS INFORMATION

(a) ANNUAL GENERAL MEETING

Date : 25th September, 2008
Day : Thursday
Time & Venue : 10.30 a.m. at the registered office of the company at Plot No. 15, Sector II, Industrial Area, Pithampur (M. P.)

(b) FINANCIAL CALENDAR

		(Tentative)
(i)	Results for the quarter ending 30-06-2008	July, 2008
(ii)	Results for the quarter ending 30-09-2008	October, 2008
(iii)	Results for the quarter ending 31-12-2008	January, 2009
(iv)	Results for the quarter ending 31-03-2009	April, 2009

(c) DATES OF BOOK CLOSURE

24-09-2008 to 25-09-2008 (Both days inclusive)

(d) LISTING OF SHARES ON STOCK EXCHANGES

The equity shares of the Company are listed at Bombay Stock Exchange Ltd., Mumbai and the application has been made to the Madhya Pradesh Stock Exchange Limited for delisting. Listing fees as prescribed, has been paid to the Stock Exchange.

(e) STOCK CODE : Scrip Code : BSE 527005
Demat ISIN No. in NSDL & CDSL : INE 847D01010

(f) REGISTRAR AND TRANSFER AGENT : Ankit Consultancy Pvt. Ltd.
Alankar Point, II Floor,
A. B. Road, Indore - 452001

(g) SHARE TRANSFER SYSTEM :

Share Transfers are registered and returned/Demat confirmed within 30 days from the date of receipt, if the documents are in order in all respects. The share transfer committee of the Board of Directors of the Company meets frequently to approve the transfer of shares.

(h) DISTRIBUTION OF SHAREHOLDING AS ON 31-03-2008

No. of Shares held	FOLIOS Numbers	%	SHARES Numbers
Upto 1000	5555	79.7	548579
1001- 2000	631	9.05	124772
2001- 3000	159	2.28	46822
3001- 4000	81	1.16	31985
4001- 5000	275	3.95	137132
5001- 10000	143	2.05	115194
10001- 20000	56	0.79	82360
20001- 30000	16	0.23	40172
30001- 40000	10	0.14	37395
40001- 50000	11	0.16	49565
50001- 100000	15	0.22	112503
100001 and above	19	0.27	2272921
	6970	100.00	3599400

(i) SHAREHOLDING PATTERN AS ON 31-03-2008

Sr. No.	Category	No. of Shares held	Percentage of Shareholding
1.	Promoters	700622	19.46
2.	Private Corporate Bodies	700622	5.46
3.	Indian Public	1975462	54.89
4.	NRIs/OCBs	726795	20.19
		3599400	100.00