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**PAN ELECTRONICS (INDIA) LIMITED**



**18<sup>th</sup>**

**ANNUAL REPORT**

**2000 - 2001**

Report Junction.com

**PAN ELECTRONICS (INDIA) LIMITED**

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**BOARD OF DIRECTORS**

Shri Nanik G. Rohera	<i>Chairman</i>
Shri Nitesh Rohera	<i>Managing Director</i>
Shri M. H. Raney	<i>Director</i>
Shri B. K. Banerjee	<i>Director</i>
Shri J. T. Poonja	<i>Director</i>
Shri H. N. Tarachandani	<i>Director</i>

**AUDITORS**

M/s. K. P. Rao & Co., Chartered Accountants, Bangalore.

**FINANCIAL INSTITUTIONS**

Industrial Development Bank of India Limited (IDBI).

Tamil Nadu Industrial Investment Corporation Limited (TIIC).

**BANKERS**

Bank of India, Corporate Banking Branch, SKIP House, Bangalore.

**REGISTERED OFFICE**

Venlon House

No. 69, III Cross, Cubbonpet

BANGALORE 560 002.

**FACTORY**

Plot No. 83

Phase I

SIPCOT Industrial Complex

HOSUR 635 126.

## PAN ELECTRONICS (INDIA) LIMITED

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### NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Eighteenth Annual General Meeting of the Members of PAN ELECTRONICS (INDIA) LIMITED, will be held at Hotel Ballal Residency, No. 74/4, III Cross, Residency Road, Bangalore - 560 025 on Friday, the 28th September 2001 at 12.00 Noon to transact the following business :

#### ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Balance Sheet as at 31.3.2001, the audited Profit & Loss Account for the year ended as on that date together with schedules and notes forming part of accounts and reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Shri B. K. Banerjee who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri J. T. Poojna who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Statutory Auditors to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration.

BY ORDER OF THE BOARD

**NANIK G. ROHERA**  
CHAIRMAN

Place : Hosur  
DATE : 28-06-2001

#### **NOTES :**

1. A Member entitled to attend and vote in the above meeting is entitled to appoint one or more proxies to attend and vote instead of himself and such 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 Meeting.
2. The Register of Members and the Share Transfer Books in respect of Equity Shares of the Company shall remain closed from **16-09-2001 to 28-09-2001** (both days inclusive).
3. Members are requested to notify the change in address if any, immediately to the Registered Office of the Company at No. 69, III Cross, Cubbonpet, Bangalore - 560 002, where the Register of Members and Index of Members are kept.
4. All documents referred to above are open for inspection. Members seeking clarification on accounts are requested to write to the Registered Office at No. 69, III Cross, Cubbonpet, Bangalore 560 002 at an early date to enable the Management to keep the information ready.
5. Members / Proxies should bring the attendance slip sent herewith duly filled in for attending the Meeting and hand it over at the entrance hall.
6. Members are requested to bring their copy of the Annual Report with them to the Annual General Meeting.

BY ORDER OF THE BOARD

**NANIK G. ROHERA**  
CHAIRMAN

Place : Hosur  
DATE : 28-06-2001



## DIRECTORS' REPORT

Your Directors present their Eighteenth Annual Report together with the Audited Annual Accounts for the year ended 31st March, 2001.

## FINANCIAL RESULTS

	Rs. in lakhs	
	2001	2000
Profit / (Loss) before Depreciation	(15.85)	10.41
LESS : Depreciation	98.60	100.84
Profit / (Loss) before Tax	(114.45)	(90.43)
Provision for Tax	-	-
Prior period expenses	8.35	2.01
Transfer from State Subsidy	3.20	3.20
Profit / (Loss) brought forward	(49.63)	(14.21)
Disposable Profits/(Losses)	(169.23)	(103.45)
APPROPRIATIONS :		
Deficit carried forward	169.23	49.63

## PERFORMANCE

Your Company has achieved product sales of Rs 753.16 lakhs (Excluding Excise Duty) and executed Job Work of the value of Rs 119.74 lakhs during the year, resulting in net increase of Rs.18.02 lakhs as compared to the previous year. Your Company sustained loss before tax and prior period adjustments of Rs 114.45 lakhs as compared to a loss of Rs. 90.43 lakhs during previous year. Taking into account the loss sustained by your Company your Board of Directors could not declare any dividend.

## CAPACITY EXPANSION

Your Company has installed its 3rd Metalliser for manufacture of Aluminium Metallised Film. With this the installed capacity of your Company has increased to 600 Tons per annum. Your Company is now in a position to offer both Aluminum and Zinc Alloy Metallised films under one roof. In view of this, it is expected that the working results of the Company would improve during the coming years.

## JOINT WORKING ARRANGEMENTS

Exports under the long term Agreement entered in to with M/s. Livingston Industrial Co Ltd, Taiwan touched Rs.35.87 lakhs during the year, out of the total exports of Rs.36.43 lakhs registered during the year.

## DIRECTORS

In accordance with the provisions of Companies Act, 1956 and Articles of Association of the Company Shri. B. K. Banerjee and Shri. J. T. Poonja, retire by rotation at the ensuing Annual General Meeting of the Company and are eligible for re-appointment.

## COMPANY SECRETARY

Your Company is trying to appoint a qualified Company Secretary but is unable to locate a suitable candidate. Every effort is being made for suitable appointment in this regard. In the meantime, the Company has obtained the services of a Practicing Company Secretary who has issued a Secretarial Compliance Report to the Board in the Format mentioned in the Proviso to Section 383 A(1) of the Companies Act, 1956 which has been taken on record by the Board.

## AUDITORS

M/s K. P. Rao & Co., Chartered Accountants, retire at the ensuing Annual General Meeting and are eligible for reappointment.

**PAN ELECTRONICS (INDIA) LIMITED**

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**FIXED DEPOSITS**

Your Company has not accepted any deposits from the Public.

**WHOLLY OWNED SUBSIDIARY COMPANIES**

During the year, Venlon Metallising Private Limited and Venlon Metacoat Private Limited have become Wholly Owned Subsidiary Companies by virtue of transfer of the whole of the shareholding in these Companies to your Company.

Documents of the Subsidiary Companies required to be enclosed, pursuant to Section 212 (1) of the Companies Act, 1956 are attached.

**LISTING**

Your Company confirms the payment of Listing Fees to Stock Exchanges and that the listing arrangement is being continued at Bangalore and Mumbai Stock Exchanges.

**INDUSTRIAL RELATIONS**

During the year the relationship with the employees remained cordial and the Board wishes to place on record its appreciation for the unstinted support and contribution by them at all levels.

**DIRECTORS RESPONSIBILITY STATEMENT**

1. In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
2. 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 loss of the Company for the period.
3. 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.
4. The Directors have prepared the annual accounts on a going concern basis.

**AUDITORS OBSERVATIONS**

Regarding non-obtainment of confirmations, the Board does not foresee any material impact on the accounts of the Company upon reconciliations. Regarding other observations of the Auditors under item 1(f) of their Report, the Board is of the opinion that the Companies referred to are in the course of operational turnaround in view of the substantial export orders received by them and as such no provisions are required to be made in the books of accounts.

**OTHER INFORMATION**

There are no employees covered under Section 217(2)A of the Companies Act, 1956.

Information required by the Companies (Amendment) Act, 1988 is given as an Annexure to this Report.

**ACKNOWLEDGMENT**

The Directors place on record, their sincere thanks to IDBI, SIPCOT, TIIC, Bank of India, Deutsche Bank, various departments of State and Central Governments, Vendors and Trade suppliers. Your Directors also thank the valued customers of the Company for their continued patronage. Your Directors take this opportunity to express their appreciation to the Executives, Officers, Staff and Workers at all levels for their service. The Directors gratefully acknowledge the support extended by the shareholders.

FOR AND ON BEHALF OF THE BOARD

**NANIK G. ROHERA**  
CHAIRMAN

Place : Hosur  
DATE : 28-06-2001



## ANNEXURE TO DIRECTORS' REPORT

PARTICULARS AS PER COMPANIES (Disclosure of particulars in the Report of the Board of Directors in terms of Notification 1029 of 31-12-1988 issued by the Department of Company Affairs) RULES, 1988.

- A. CONSERVATION OF ENERGY** : The Company continues to pursue its efforts to conserve the energy resources with its focus on reducing fuel and electrical energy costs.
- B. TECHNOLOGY ABSORPTION** : Furnished below
- C. FOREIGN EXCHANGE EARNINGS & OUTGO** : The information on Foreign Exchange Earnings and outgo is furnished in the Notes to the accounts.

### I RESEARCH AND DEVELOPMENT

1. Specific area in which R&D carried out by the Company : The Company has established R&D Section to improve the quality of metallisation.
2. Benefits derived as a result of the above R&D. : Company has produced metallised film for aerospace applications.
3. Future plan of action : The Company would like to pursue its R&D efforts with an objective of improvement in quality of the process and products.
4. Expenditure on R&D : Rs. 0.35 Lakhs.

### II TECHNOLOGY ABSORPTION, ADOPTATION AND INNOVATION :

1. Efforts, in brief, made towards absorption, adaptation and innovation. : NIL
2. Benefit derived as a result of the above results : NIL
3. Information on Imported Technology : NIL

FOR AND ON BEHALF OF THE BOARD

**NANIK G. ROHERA**  
CHAIRMAN

Place : Hosur  
DATE : 28-06-2001

**PAN ELECTRONICS (INDIA) LIMITED****AUDITOR'S REPORT TO SHAREHOLDERS OF PAN ELECTRONICS (INDIA) LIMITED**

We have audited the attached BALANCE SHEET of M/s. PAN ELECTRONICS (INDIA) LIMITED, as at 31st March, 2001 and the annexed Profit and Loss Account for the year ended on that date and report that :

1. a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b) In our opinion proper books of accounts as required by law have been kept by the Company so far as appears from our examination of the books of accounts.
- c) The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with books of account.
- d) In our opinion, the Profit and Loss Account and the Balance Sheet dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
- e) On the basis of legal opinion obtained by the Company and the written declarations received from the Directors taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31st March 2001 from being appointed as Directors in terms of Section 274(1)(g) of the Companies Act, 1956.
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts subject to :
 

*Note II (3) of schedule 22 regarding non-obtainment of confirmations in respect of certain balances appearing under Secured loans, Loans & Advances, Sundry debtors and Sundry Creditors, the impact of which not being quantifiable;*

*Non-provision of liability in respect of Short term loan balance of Rs. 121.91 lacs availed by M/s Venlon Metacoat Private Limited, a wholly owned subsidiary Company, from Tamilnadu Industrial Investment Corporation for which an immovable property of the Company has been offered as security;*

*Non-creation of provisions for doubtful advances in respect of Advances disclosed vide Note II(13)(a)(i) & (ii) of Schedule 22 amounting to Rs. 494.77 lacs consequent to the negative net worth of the companies to which the amounts have been advanced;*

and read with other Accounting Policies and notes, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view :

  - i) In the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March, 2001;
  - ii) In the case of the Profit and Loss Account, of the Loss for the year ended on that date.
2. As required by the Manufacturing and other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956 and on the basis of such checks of books and records of the Company as were considered appropriate and based on the information and explanations given to us during the course of our audit, we further state on the matters specified in Paras 4 & 5 of the said order that in our opinion :
  - a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets. The Fixed Assets have been physically verified by the management at reasonable intervals and no discrepancies have been noticed on such verification.
  - b) The fixed assets of the Company have not been revalued during the year.
  - c) Physical verification of finished goods, raw materials, stores & spares and work-in-process has been conducted by the Management at reasonable intervals.
  - d) The procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - e) The discrepancies noticed on physical verification of stock as compared to book records have been properly dealt with in the books of accounts.
  - f) On the basis of our examination of stock records, the Valuation of stocks is fair and proper and in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
  - g) The Company has not taken loans from Companies/Firms/Other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.



- h) The Company has granted advances in the nature of loans to Companies/Firms/Other parties listed in the Register maintained under Section 301 of the Companies Act, 1956. No interest has been charged. Terms of repayments has not been specified. Other terms are not prima facie prejudicial to the interests of the Company.
- i) *The Principal amounts and interest wherever applicable thereon in respect of loans and advances given by the Company to its employees and others have been regularly recovered wherever stipulated except as observed by us under para 1(f) of this report.*
- j) There are adequate internal control procedures commensurate with size of the Company and the nature of its business for purchase of stores, equipment and other assets and for the sale of its goods.
- k) The Company has made transactions of purchase and sale of goods, materials and services in pursuance of contracts or arrangements aggregating to Rs. 50,000/- or more during the year from firms, companies and others in which the Directors are interested as listed in the Register maintained under Section 301 of the Companies Act, 1956 at prices, which are reasonable having regard to prevailing market prices for such goods, materials & services or at prices at which transactions for similar goods or services have been made with other parties.
- l) The Company has a regular procedure for determination of unserviceable or damaged materials, stores, finished goods and adequate provision has been made in the accounts for the estimated loss arising on the items so determined.
- m) The Company has not accepted deposits from the public. Consequently the directives issued by the Reserve Bank of India, the provisions of Section 58A of the Companies Act, 1956 and the rules framed thereunder are not applicable.
- n) The Company has an adequate Internal Audit System commensurate with its size and nature of its business.
- o) The Central Government has not prescribed maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956.
- p) The Company has maintained reasonable records for sale and disposal of scrap. The Company has no by-products.
- q) *There are instances of delays in depositing Provident Fund and Employees State Insurance dues with appropriate authorities.*
- r) There were no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty and Excise Duty outstanding as on 31st March, 2001 for a period of more than six months from the date they became payable.
- s) No Personal expenses of employees or Directors have been charged to the revenue account other than those payable under contractual obligations or in accordance with generally accepted business practices.
- t) Based on the information and explanations provided by the Management and the legal opinion obtained by the Company, the Company is not a Sick Industrial Company within the meaning of Section 3(1)(o) of the Sick Industrial Companies (Special Provisions) Act, 1985.

**In respect of service activity :**

The Company has a reasonable system of recording receipts, issues and consumption of materials and stores commensurate with its size and nature of its business alongwith a reasonable system of authorisation at proper levels with necessary controls. The allocation of materials and man hours consumed to relative job is made by the management. In our opinion, proper control is exercised on such material and labour consumed on the jobs.

PLACE : Hosur  
DATE : 28. 06. 2001

For K. P. RAO & Co.,  
CHARTERED ACCOUNTANTS

G. D. RAMA RAO  
(PARTNER)



**PAN ELECTRONICS (INDIA) LIMITED****BALANCE SHEET AS AT 31st MARCH, 2001**

	SCHEDULE No.	Rs.	AS AT 31.03.2001 Rs.	Rs.	AS AT 31.03.2000 Rs.
<b>SOURCE OF FUNDS :</b>					
<b>SHAREHOLDERS' FUNDS :</b>					
Share Capital	1		4,00,00,000		4,00,00,000
Reserves and Surplus	2		2,50,66,770		2,78,00,871
<b>LOAN FUNDS :</b>					
Secured Loans	3		12,18,88,295		10,39,67,295
Unsecured Loans	4		1,36,41,209		1,43,08,277
<b>TOTAL</b>			<b>20,05,96,274</b>		<b>18,60,76,443</b>
<b>APPLICATION OF FUNDS :</b>					
<b>FIXED ASSETS</b>					
Gross Block	5	18,69,35,512		17,42,30,852	
Less : Depreciation		8,52,32,602		7,29,61,880	
Net Block			10,17,02,910		10,12,68,972
<b>CAPITAL WORK IN PROGRESS</b>	6		-		33,62,917
<b>Investments</b>	7		28,34,520		28,34,520
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>					
Inventories	8	1,83,93,280		2,07,79,186	
Sundry Debtors	9	1,23,10,329		1,73,11,609	
Cash & Bank Balances	10	19,31,756		38,61,991	
Loans & Advances	11	5,57,69,274		3,94,36,343	
			8,84,04,639		8,13,89,129
<b>Less : CURRENT LIABILITIES &amp; PROVISIONS</b>	12		1,15,33,446		1,04,48,209
<b>NET CURRENT ASSETS</b>			7,68,71,193		7,09,40,920
<b>MISCELLANEOUS EXPENDITURE</b>					
Public Issue Expenses			19,09,059		22,90,867
Development Expenses			3,55,680		4,14,960
Balance in Profit & Loss Account			1,69,22,912		49,63,287
<b>TOTAL</b>			<b>20,05,96,274</b>		<b>18,60,76,443</b>
Accounting Policies and Notes to accounts 22					

As per our attached report of even date

FOR AND ON BEHALF OF THE BOARD

For K. P. RAO & Co.,  
Chartered Accountants(NANIK G. ROHERA)  
CHAIRMAN(NITESH ROHERA)  
MANAGING DIRECTOR(M. H. RANEY)  
DIRECTOR(G. D. RAMA RAO)  
PARTNER(J. T. POOJNA)  
DIRECTOR(H. N. TARACHANDANI)  
DIRECTOR(G. S. SHANTHIRAJ)  
EXECUTIVE DIRECTOR - FINANCE

Place : Hosur

Date : 28-06-2001



## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2001

	SCHEDULE No.	CURRENT YEAR ENDED 31.03.2001 Rs.	PREVIOUS YEAR ENDED 31.03.2000 Rs.
<b>I. INCOME</b>			
Sales (Includes Excise Duty of Rs. 1,0942,542)	13	8,62,58,350	7,76,62,201
Job work Charges	14	1,19,74,542	1,92,78,936
Other Income	15	41,61,991	39,39,240
<b>TOTAL</b>		<b>10,23,94,883</b>	<b>10,08,80,377</b>
<b>II. EXPENDITURE</b>			
Raw Materials Consumed	16	3,31,79,341	3,11,49,242
Decretion of Stocks	17	18,99,727	7,93,600
Manufacturing Expenses	18	2,27,11,109	24,35,51,802
Administrative Expenses	19	1,28,38,052	1,22,02,913
Selling Expenses	20	88,55,818	1,01,05,878
Interest & Finance Charges	21	239,60,243	2,07,94,710
Ammortisation Expenses		4,41,088	4,41,088
Doubtful Debts provision		93,706	-
Depreciation	1,22,74,032	5	1,25,88,557
Less : Transfer from Revaluation Reserve	24,14,101	98,59,931	25,04,562
<b>TOTAL</b>		<b>11,38,39,015</b>	<b>10,99,23,228</b>
<b>III. PROFIT / (LOSS) FOR THE YEAR</b>		<b>(1,14,44,132)</b>	<b>(90,42,851)</b>
ADD : Prior Period Expenses		8,35,493	2,01,428
LESS : Transfer from State Subsidy		3,20,000	3,20,000
		<b>(1,19,59,625)</b>	<b>(89,24,279)</b>
Profit / (Loss) brought forward		<b>(49,63,287)</b>	<b>(14,21,008)</b>
Profit / (Loss) available for appropriations		<b>(1,69,22,912)</b>	<b>(1,03,45,287)</b>
Less : Transfer from General Reserve		-	53,82,000
<b>Profit / (Loss) carried forward to Balance Sheet</b>		<b>(1,69,22,912)</b>	<b>(49,63,287)</b>
Accounting Policies and Notes to accounts	22		

As per our attached report of even date

FOR AND ON BEHALF OF THE BOARD

For K. P. RAO & Co.,  
Chartered Accountants(NANIK G. ROHERA)  
CHAIRMAN(NITESH ROHERA)  
MANAGING DIRECTOR(M. H. RANEY)  
DIRECTOR(G. D. RAMA RAO)  
PARTNER(J. T. POOJNA)  
DIRECTOR(H. N. TARACHANDANI)  
DIRECTOR(G. S. SHANTHIRAJ)  
EXECUTIVE DIRECTOR - FINANCEPlace : Hosur  
Date : 28-06-2001