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PAN ELECTRONICS (INDIA) LIMITED



19th

ANNUAL REPORT

Report 2001 - 2002.com

**PAN ELECTRONICS (INDIA) LIMITED**

BOARD OF DIRECTORS

Shri Nanik G. Rohera	<i>Chairman</i>
Shri Nitesh Rohera	<i>Managing Director</i>
Shri M. H. Raney	<i>Director (Upto 28.9.2001)</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.

REGISTRARS & SHARE TRANSFER AGENTS :

M/s. Alpha Systems Private Limited, 30 Ramana Residency, 4th cross
Sampige Road, Malleswaram, Bangalore - 560 003.

FACTORY :

Plot No. 83
Phase I
SIPCOT Industrial Complex
HOSUR 635 126.

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PAN ELECTRONICS (INDIA) LIMITED

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Nineteenth Annual General Meeting of the Members of PAN ELECTRONICS (INDIA) LIMITED, will be held at Hotel Ramanashree, No. 16, Rajaram MohanRoy Road, Bangalore - 560 025 on Wednesday the 18th September 2002 at 11-45 AM to transact the following business :

I. ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Balance Sheet as at 31.3.2002, 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 Nanik G. Rohera who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Shri H. N. Tarachandani who retires by rotation and being eligible offers himself for reappointment.
4. To appoint statutory Auditors to hold office from the conclusion of this meeting till the conclusion of next Annual General Meeting and to authorise the Board of Directors to fix their remuneration.

SPECIAL BUSINESS

5. To consider and if thought fit to pass with or without modification, the following resolution as Ordinary resolution :
"RESOLVED that approval of the Company be and is hereby accorded for appointment of Shri Nitesh Rohera as Managing Director of the Company upon the terms and conditions set out in the Explanatory statement to this resolution with power to the Board of Directors to alter or vary the period of Office as may be agreed to between the Board and Shri Nitesh Rohera".

BY ORDER OF THE BOARD

NANIK G. ROHERA
CHAIRMAN

Place : Bangalore
DATE : 27-06-2002

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 Share of the Company shall remain closed from 10-09-2002 to 18-09-2002 (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 : Bangalore
DATE : 27-06-2002

**ANNEXURE TO NOTICE**

Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the special business set out in the Notice.

ITEM NO. 5

The term of Office of Shri Nitesh Rohera as Managing Director of the Company expired on 31st January 2002. The Board of Directors at their Meeting held on 31st January 2002 appointed Shri Nitesh Rohera as Managing Director of the Company upon the terms & conditions specified below, subject to approval by a resolution of the Shareholders at a General Meeting.

1.	Period of appointment	For a period of Five years from 1st February 2002.
2.	Remuneration	Rs. Nil
3.	Perquisites	
	a) Contribution to Provident Fund, Superannuation Fund, or annuity fund to the extent either singly or put together are not taxable under the Income Tax Act, 1961	Rs. Nil
	b) Gratuity payable at a rate not exceeding half a month's salary for each completed year of services and	Rs. Nil
	c) Encashment of leave at the end of tenure	Rs. Nil
	d) Reimbursement of expenses incurred on behalf of the Company	At actuals

The Managing Director shall not be liable to retire by rotation

No Director except Shri Nitesh Rohera and Shri Nanik G. Rohera are interest in this resolution

BY ORDER OF THE BOARD

(NANIK G. ROHERA)
CHAIRMAN

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PAN ELECTRONICS (INDIA) LIMITED

DIRECTORS' REPORT

Your Directors present their Nineteenth Annual Report together with the Audited Annual Accounts for the year ended 31st March, 2002.

FINANCIAL RESULTS :

	Rs. in lakhs	
	2002	2001
Profit / (Loss) before Depreciation	(106.17)	(21.00)
LESS : Depreciation	100.27	98.60
Profit / (Loss) before Tax	(206.44)	(119.60)
Provision for Tax	-	-
Profit / (Loss) brought forward	(169.23)	(49.63)
Disposable Profits/Loss	(375.67)	(169.23)

APPROPRIATIONS :

Deficit carried forward	375.67	169.23
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PERFORMANCE :

Your Company has achieved product sales of Rs 576.53 lakhs and executed Job Work of the value of Rs 189.05 lakhs during the year, resulting in decrease of Rs.107.32 lakhs as compared to the previous year. This reduction in turnover has resulted in reduced value addition to the extent of Rs. 65.86 lakhs which is a major contributor for increase in loss during the year.

Your Company sustained loss after tax and prior period adjustments of Rs 206.44 lakhs as compared to a loss of Rs. 119.16 lakhs during previous year. Taking into account the loss sustained by your Company your Board of Directors could not declare any dividend.

JOINT WORKING ARRANGEMENTS :

Exports under the long term Agreement entered in to with M/s. Livingston Industrial Co Ltd, Taiwan touched Rs.21.96 lakhs during the year, out of the total exports of Rs.22.52 lakhs registered during the year.

DIRECTORS

In accordance with the provisions of Companies Act, 1956 and Articles of Association of the Company Shri. Shri Nanik G. Rohera and Shri H. N. Tarachandani, 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 made arrangements to obtain 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.

FIXED DEPOSITS

Your Company has not accepted any deposits from the Public.



PAN ELECTRONICS (INDIA) LIMITED

WHOLLY OWNED SUBSIDIARY COMPANIES

Venlon Metallising Private Limited and Venlon Metacoat Private Limited continue to be wholly owned Subsidiary Companies.

Documents of the Wholly-owned Subsidiary Companies required to be enclosed, pursuant to Section 212 (1) of the Companies Act, 1956 are attached together with the Consolidated Accounts as required by Accounting Standard 21 issued by the Institute of Chartered Accountants of India. The Report of the Auditors on the consolidated Accounts is also 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 the observation in respect of Financial Institutions, the Board is of the opinion that consequent to the proposed one time settlement, the financial institutions are likely to waive the penal interest and liquidated damages and as such no provisions are necessary. 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.

DEMATERIALISATION OF THE COMPANY'S EQUITY SHARES

The Company's equity shares have been activated for dematerialisation with NSDL with effect from 22.04.2002. The particulars of the Registrar and share Transfer Agent (RTA) where dematerialisation request forms along with physical certificates will be accepted is as follows :

Alpha Systems Private Limited, 30 Ramana Residency, 4th Cross, Sampige Road, Malleswararam, Bangalore - 560 003.

Certificate of registration granted by SEBI to RTA is INR000000791 dated 01.03.2001 BP ID of RTA is NSDL IN200248 and CDSL RTA128.

OTHER INFORMATION

There are no employees covered by 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.



PAN ELECTRONICS (INDIA) LIMITED

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 OF DIRECTORS

NANIK G. ROHERA
CHAIRMAN

Place : Bangalore
DATE : 27-06-2002

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 an R&D section to improve the quality of metallisation.
- 2. Benefits derived as a result of the above R&D. : The 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. 0.34 Lakhs.

II TECHNOLOGY ABSORPTION, ADOPTION 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

BY ORDER OF THE BOARD OF DIRECTORS

NANIK G. ROHERA
CHAIRMAN

Place : Bangalore
DATE : 27-06-2002



PAN ELECTRONICS (INDIA) LIMITED

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

We have audited the attached BALANCE SHEET of M/s. PAN ELECTRONICS (INDIA) LIMITED, as at 31st March, 2002 and also the Profit and Loss account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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 Balance Sheet and the Profit and Loss Account 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 the 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 2002, 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 (Except wholly owned subsidiaries), sundry debtors and Sundry Creditors, the impact of which not being quantifiable;
 - Note II(3) of Schedule 22 regarding non provision of penal interest and liquidated damages of Rs. 84.44 lakhs charged by the Financial Institutions;
 - Non-provision of liability in respect of Short term loan balance of Rs. 143.51 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) of Schedule 22 amounting to Rs. 620.64 lacs consequent to the negative net worth of the Companies to which the amounts has 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 in conformity with the accounting principles generally accepted in India :
 - i) In the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March, 2002; and
 - 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 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.

**PAN ELECTRONICS (INDIA) LIMITED**

- 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 or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
- h) *The Company has granted loans to companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956. No interest has been charged. Terms of repayment has not been specified. Other terms are not prima-facie prejudicial to interest of the Company except as observed note para 1(f) of this report*
- 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 vide 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 with purchase of stores, raw materials including components, plant and machinery, 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 firm companies 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 any 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) The Company is generally regular in depositing Provident Fund and Employees' State Insurance dues with the appropriate authorities except for a few instances where there have been delays.
- 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, 2002 for a period of more than six months from the date they became payable, except in respect of interest free sales tax deternal loans.*
- 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 & 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 along with a reasonable system of authorisation at proper levels with necessary controls. The allocation of materials and man hours consumed to relative job has been made by the management. In our opinion, proper control is exercised on such material and labour consumed on the jobs.

PLACE : Bangalore
DATE : 27. 06. 2002

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

G. D. RAMA RAO
(PARTNER)



PAN ELECTRONICS (INDIA) LIMITED

BALANCE SHEET AS AT 31st MARCH 2002

	SCHEDULE No.	Rs.	AS AT 31.03.2002 Rs.	AS AT 31.03.2001 Rs.
SOURCE OF FUNDS :				
SHAREHOLDERS' FUNDS :				
Share Capital	1		4,00,00,000	4,00,00,000
Reserves and Surplus	2		2,36,47,668	2,50,66,770
LOAN FUNDS :				
Secured Loans	3		13,95,81,171	12,18,88,295
Unsecured Loans	4		1,52,29,598	1,47,19,209
TOTAL			21,84,58,437	20,16,74,274
APPLICATION OF FUNDS :				
FIXED ASSETS				
Gross Block	5	18,81,52,318	18,69,35,512	
Less : Depreciation		9,74,50,985	8,52,32,602	
Net Block			9,07,01,333	10,17,02,910
CAPITAL WORK IN PROGRESS	6			
Investments	7		28,34,520	28,34,520
CURRENT ASSETS, LOANS AND ADVANCES				
Inventories	8	1,61,19,893	1,83,93,280	
Sundry Debtors	9	1,14,26,144	1,23,10,329	
Cash & Bank Balances	10	19,42,100	19,31,756	
Loans & Advances	11	6,72,77,788	5,57,69,274	
			9,67,65,925	8,84,04,639
Less : CURRENT LIABILITIES & PROVISIONS	12		1,12,34,398	1,04,55,446
NET CURRENT ASSETS			8,55,31,527	7,79,49,193
MISCELLANEOUS EXPENDITURE				
Public Issue Expenses			15,27,251	19,09,059
Development Expenses			2,96,400	3,55,680
Balance in Profit & Loss Account			3,75,67,406	1,69,22,912
TOTAL			21,84,58,437	20,16,74,274
Accounting Policies and Notes to accounts 22				

FOR AND ON BEHALF OF THE BOARD

As per our attached report of even date

(NANIK G. ROHERA)
CHAIRMAN(NITESH ROHERA)
MANAGING DIRECTOR(H. N. TARACHANDANI)
DIRECTORFor K. P. RAO & Co.,
Chartered AccountantsPlace : Bangalore
Date : 27-06-2002(G. S. SHANTHIRAJ)
EXECUTIVE DIRECTOR - FINANCE(G. D. RAMA RAO)
PARTNER