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**PAN ELECTRONICS (INDIA) LIMITED**

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***21<sup>st</sup>***  
**ANNUAL REPORT**  
**2003 - 2004**

**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 B. K. Banerjee	<i>Director</i>
Shri J. T. Poonja	<i>Director (Upto 26.7.2003)</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**

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 Twenty First Annual General Meeting of the Members of PAN ELECTRONICS (INDIA) LIMITED, will be held at Hotel Ballal Residency, No. 74/4, 3rd Cross, Residency Road, Bangalore - 560 025 on Wednesday 29th September, 2004 at 3.30 p.m. to transact the following business :

#### I. ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Balance Sheet as at 31.3.2004, 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 Rohera who retires by rotation and being eligible offers himself for reappointment.
3. 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.

BY ORDER OF THE BOARD

**NANIK G. ROHERA**  
CHAIRMAN

Place : Bangalore  
DATE : 14-08-2004

#### 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 22.09.2004 to 29.09.2004 (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 : 14-08-2004



## PAN ELECTRONICS (INDIA) LIMITED

### DIRECTORS' REPORT

Your Directors present their Twenty First Annual Report together with the Audited Annual Accounts for the year ended 31st March, 2004.

#### FINANCIAL RESULTS :

	Rs. in lakhs	
	2004	2003
Profit / (Loss) before Depreciation	(252.27)	(160.91)
<b>LESS : Depreciation</b>	<b>103.47</b>	<b>106.65</b>
Profit / (Loss) before Tax	(355.74)	(267.56)
Provision for Tax	-	-
Profit / (Loss) brought forward	(643.23)	(375.67)
Disposable Profits/(Loss)	(998.97)	(643.23)

#### APPROPRIATIONS :

Deficit carried forward	998.97	643.23
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#### PERFORMANCE :

Your Company has achieved product sales of Rs. 547.75 lakhs and executed Job Work of the value of Rs. 144.46 lakhs during the year, resulting in decrease of Rs. 180.42 lakhs as compared to the previous year. However the loss of the Company has increased due to decrease in other income and increase in manufacturing and interest costs.

Your Company sustained loss before tax and prior period adjustments of Rs. 355.74 lakhs as compared to a loss of Rs. 267.56 lakhs during previous year. With this the cumulative loss works out to Rs. 998.97 lakhs thereby eroding the networth of the Company.

#### DIRECTORS

In accordance with the provisions of Companies Act, 1956 and Articles of Association of the Company Shri. Nanik G. Rohera retires by rotation at the ensuing Annual General Meeting of the Company and is 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.

#### AUDITORS

M/s K. P. Rao & Co., Chartered Accountants, retire at the ensuing Annual General Meeting.

#### FIXED DEPOSITS

Your Company has not accepted any deposits from the Public.

#### 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 states that the listing arrangement is being continued at Bangalore and Mumbai Stock Exchanges.



## PAN ELECTRONICS (INDIA) LIMITED

### CORPORATE GOVERNANCE, MANAGEMENT DISCUSSION AND ANALYSIS REPORT :

In terms of Clause 49 of the Listing Agreement, a Report on Corporate Governance on an annual basis and Management Discussion and Analysis Report are given as annexure to the Report.

### 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 the Companies Act, 1956 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 non-provision of penal interest and liquidated charges by 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 non-provision of liability of Rs. 187.61 lakhs in respect of loan availed by Venlon Metacoat Private Limited from Tamilnadu Industrial Investment Corporation Ltd. (TIIC) the Board is of the opinion that the one time settlement proposal being negotiated with (TIIC) will be fruitful. Regarding non-creation of provision of doubtful advances, in respect of wholly owned subsidiary viz. Venlon Metallising Private Limited, the Company is now in the course of operational turn around, as the order book position is substantial, and as regards the other wholly owned subsidiary viz Venlon Metacoat private Limited, the Company has stopped its operation for the time being and the revival package is being planned for implementation and therefore the Board is of the opinion that no such provisions are required to be made in the books of accounts. Regarding non-obtainment of permission of IDBI / TIIC in respect of shares of Venlon Metallising Private and Venlon Metacoat Private Limited acquired by the Company from its erstwhile Shareholders, the Company has complied with all necessary formalities from its side and only the formal permission is pending. Further giving guarantee and providing security to protect the interest of wholly owned subsidiaries are not prima facie prejudicial to the interest of the Company, including that of a service provider.

### SHARE TRANSFERS

In compliance of SEBI Regulations for Common Agency for Share Transfer work in terms of both physical and electronic connectivity, the Company has appointed a common Registrar and Share Transfer Agent for physical transfer and dematerialisation of shares as per particulars given below :

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

### 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, TILC, Bank of India, and 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 : 14-08-2004

### 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.

- |  |   |   |
|--|---|---|
| <b>A. CONSERVATION OF ENERGY</b>                         | : | The Company continues to pursue its efforts to conserve the energy resources with its focus on reducing fuel and electrical energy costs. |
| <b>B. TECHNOLOGY ABSORPTION</b>                          | : | Furnished below   |
| <b>C. FOREIGN EXCHANGE EARNINGS &amp; OUTGO</b>          | : | The information on Foreign Exchange Earnings and outgo is furnished in the Notes to the accounts.   |
| <b>I RESEARCH AND DEVELOPMENT</b>                        |   |   |
| 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       | : | 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. 0.16 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 : 14-08-2004



## PAN ELECTRONICS (INDIA) LIMITED

## REPORT ON CORPORATE GOVERNANCES ON 31st MARCH, 2004

Sl. No.	Particulars	Yes/No					
1.	Brief Statement on Company's philosophy on code of governance	The Company follows a system of sound human values, creditability in matters of commercial transactions and fair view and approach in all operations					
2.	<b>Board of Directors :</b>						
a	Composition and Category of Directors i.e. break up of Directors in to the Following.						
i.	Executive	2 Members					
ii.	Non-Executive	2					
iii.	Independent non-executive	2					
iv.	Nominee Director	NIL					
v.	Institutional Director - in which capacity - Lender or Shareholder	Nil					
	Whether Non-executive directors minimum 50% of total Directors :						
	No. of independent Directors	Two					
	If Chairman is executive - 1/2 of the board	More than half of the Board is not executive					
	If Chairman is non-executive - 1/3 of the board.	Not applicalbe					
b.	Disclose whether Chairman is Executive/ Non Executive	Yes, Chairman is Executive					
c.	Attendance of each director at the time of Directors meeting and last AGM.						
Sl. No.	Name of Directors	Date of Last AGM	Dates of Board Meeting				
	Shri	24.09.03	10.05.03	28.06.03	26.07.03	27.10.03	30.01.04
01.	Naik G. Rohera	Present	Present	Present	Present	Present	Present
02.	Nitesh Rohera	Present	Present	Present	Present	Present	Present
03.	J. T. Poonja	Leave of absence	Leave of absence	Leave of absence	Resigned	--	--
04.	B. K. Banerjee	Present	Present	Leave of absence	Leave of absence	Leave of absence	Leave of absence
05.	H. N. Tarachandni	Present	Leave of absence	Present	Present	Present	Present
2.	d.	Mention about other Board Committees in which each director is a member or Chairperson of			Share Transfer Committee		
					Shri Nanik G. Rohera - Chairman		
					Shri Nitesh Rohera - Member		
		Whether Gap between any 2 consecutive Board Meetings is not greater than 4 months			There is no gap of 4 months between any consecutive meeting		
		Whether Minimum 4 meetings in a year are held			YES		
3.	<b>Audit Committee :</b>						
i.	Composition, name of members and Chairperson	3 Independent Directors					
		1. Shri H. N. Tarachandani - Chairman					
		2. Shri J. T. Poonja					
		3. Shri B. K. Banerjee					
		All the Directors have financial Accounting knowledge and are non executive and independent					



## PAN ELECTRONICS (INDIA) LIMITED

Sl. No.	Particulars	Yes/No
3.	ii. No. of meetings and attendance	One- On 26.6.2003 Shri H. N. Tarachandani - Present Shri J. T. Poonja - Absent Shri B. K. Banerjee - Present The Committee has been constituent in March 2003 and it will be ensured that 3 meetings are held and one before closing of accounts
	iii. Brief descriptions of terms of reference Scrutiny of process of financial reporting and disclosure of information, Appointment of Auditors and their remuneration and other expenses for services, Review of annual financial statements before submission to the Board regarding (i) changes in accounting entries, qualification, audit report and adjustments arising out of audit, compliance of accounting standards, stock exchange, legal and financial statements etc.	
4.	<b>Remuneration Committee :</b> As the Company is sustaining loss, no remuneration is drawn by the Chairman or Managing Directors and as such there is no committee on remuneration.	
	i. Brief description of terms of reference	-
	ii. Composition, name of members and Chairperson	-
	iii. Attendance during the year	-
	iv. Remuneration policy	-
Sl. No.	Particulars	Yes/No
v.	Details of remuneration to all Directors as per the format listing out the followings :	
	Salary	NA
	Benefits	NA
	Bonus	NA
	Stock Options	NA
	Pension	NA
	Others	NA
	Break up of fixed components and performance linked incentives	NA
	With performance criteria	NA
	Service Contract-Notice period, severance fees	NA
	Stock options details (if any)	NA
	Whether issued at discount	NA
	Period over which it is accrued and is exercisable	




**PAN ELECTRONICS (INDIA) LIMITED**

Sl. No.	Particulars	Yes/No
5.	<b>General Body Meetings</b>	
i.	Location and time where last 3 AGMs were held. 2003 - Bangalore 11.30 a.m. 2002 - Bangalore 11.45 a.m. 2001 - Bangalore 12.00 noon	
ii.	Whether special resolutions were put through postal ballot last year, details of voting pattern.	NA
iii.	Persons who conducted the postal ballot exercise.	NA
iv.	Procedure for postal ballot.	NA
6.	<b>Disclosures :</b>	
i.	Materially significant related party transactions.	As per notes on Accounts
ii.	Details of non compliance by the Company, penalties, strictures imposed on the Company by the Stock Exchange or SEBI or any authority on any matter related to capital markets during the last 3 years.	Nil
7.	<b>Means of Communication</b>	Post
i.	Half yearly report sent to each shareholders residence.	No
ii.	In which news papers quarterly results were normally published.	Vijay Times / Business Standard
iii.	Any Website where results or official news are displayed.	NO
iv.	The presentation made to institutional investors or to the analysts.	Nil
v.	Whether Management Discussion & Analysis is part of Annual report or not.	Yes
8.	<b>General shareholder information</b>	
i.	AGM, Date, time and venue	29th September 2004, Bangalore @ 3.30 pm at Hotel Ballal Residency, 74/4, III Cross, Residency Road, Bangalore.
ii.	Financial Year	31st March, 2004.
iii.	Book Closure	22.09.2004 to 29.09.2004
iv.	Dividend payment date	Dividend not declared
v.	Listing on Stock Exchange	Bangalore & Mumbai
vi.	Stock Code	517397 Z Catagory
vii.	Market price data - High/Low during each month of the Financial Year	High - Rs. 12.00 Low - Rs. 5.00
viii.	Performance in comparison to board based indices such as BSE, Sensex, CRISIL, Index etc.	Satisfactory
ix.	Share Transfer System	Common Agency
x.	Distribution of shareholding	Enclosed
xi.	Dematerialisation of shares and liquidity	Shares are partly dematerialised
xii.	Outstanding GDR/ADR/Warrants or any convertible instruments, conversion date and impact on equity.	Nil
xiii.	Plant locations.	83, SIPCOT Complex, Hosur, Tamil Nadu, India.
xiv.	Address for correspondence	69, III Cross, Cubbonpet, Bangalore - 560 002.
9.	<b>Compliance Certificate from Auditors of the Company</b>	Yes
ii.	<b>Any Qualification in Auditor's Report.</b>	Yes



## PAN ELECTRONICS (INDIA) LIMITED

### DISTRIBUTION SCHEDULE

#### Distribution of Equity as on 31st March, 2004

Total Nominal Value of Rs. 4,00,00,000/- Nominal Value of each Share Rs. 10/-

Total Number of Share 40,00,000 Paid up Value per share Rs. 10/-

### DISTRIBUTION OF HOLDINGS

No. of Share Holders	% of Total	Shareholding of Nominal of Rs. 10/-		No. of Shares	Amount Rs.	% of Total
2,399	86.89		upto 5,000	4,28,580	42,85,800	10.71
216	7.82	5,001	10,000	1,87,600	18,76,000	4.69
85	3.08	10,001	20,000	1,23,300	12,33,000	3.08
22	0.80	20,001	30,000	56,500	5,65,000	1.41
10	0.36	30,001	40,000	36,100	3,61,000	0.90
5	0.18	40,001	50,000	23,500	2,35,000	0.59
11	0.40	50,001	1,00,000	81,100	8,11,000	2.03
13	0.47	1,00,001	& above	30,63,320	3,06,33,200	76.58
2,761	100	Total		40,00,000	4,00,00,000	100.00

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT :

- A. Industry structure and developments : Electronic Metallised Polypropylene and Polyester Film industry is well organised in India. Your Company is one of the 5 major players in the Country. The Market domestically has been growing at about 5-10% per annum.
- B. Opportunities and threats : The Company faces excessive competition resulting in continued reduction in margins and fluctuations in export exchange costs.
- C. Segment wise or product wise performance : There are no segmental operations as per Accounting Standard 17 issued by the Institute of Chartered Accountants of India.
- D. The outlet & Future Plans : The Company is in negotiation with the Financial Institutions for a one-time settlement of dues. Its conclusion will enable the Company to look forward towards high growth oriented future.
- E. Risks and Concerns : The opening up of the Indian economy consequent to India becoming a member of WTO may adversely impact the Market Scenario.
- F. Internal control system and their adequacy : The Internal Control Systems of the Company are adequate and are constantly reviewed and supported by Internal Audit.
- G. Discussion on financial performance with respect to operational performance : The negative financial performance of the Company is partly due to its operational performance and partly due to the increasing interest burden. Settlement of OTS proposal will benefit.
- H. Material development in human resources/ Industrial relations front, including number of people employed : The Company continues to give thrust for human resource development and industrial relations. The Company effected a small reduction in the number of employees during the year.

Number of people employed : 52 permanent

### Cautionary Statement

Statements in this "Management Discussion and Analysis" contain forward looking statements which may be identified by the use of words in that direction or connoting the same. All statements that address expectations or projections about the future, including, but not limited to statements about the Company's strategy for growth, product development, market position, expenditures and financial results are forward looking statements on the basis of any subsequent development, information or events.