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PAN ELECTRONICS (INDIA) LIMITED

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22nd
ANNUAL REPORT
2004-2005

PAN ELECTRONICS (INDIA) LIMITED



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 H N Tarachandani	<i>Director</i>

AUDITORS

M/s. K P Rao & Co., Chartered Accountants, # 25, State Bank Road, Bangalore - 25.

FINANCIAL INSTITUTIONS

Industrial Development Bank of India Limited (IDBI)
Tamilnadu Industrial Investment Corporation Limited (TIIC)

BANKERS

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

REGISTERED OFFICE :

No.69, 3rd 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

**PAN ELECTRONICS (INDIA) LIMITED****NOTICE OF ANNUAL GENERAL MEETING**

NOTICE is hereby given that the Twenty Second 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 Monday the 26th September 2005 at 3.30 pm to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31.03.2005, 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. H N Tarachandani 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

Place : Bangalore
Date : 13.08.2005

NANIK G ROHERA
Chairman

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 20.09.2005 to 26.09.2005 (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 Cubbonpet, III Cross, 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

Place : Bangalore
Date : 13.08.2005

NANIK G ROHERA
Chairman



PAN ELECTRONICS (INDIA) LIMITED

DIRECTORS REPORT

Your Directors present their Twenty Second Annual Report together with the Audited Annual Accounts for the year ended 31st March, 2005.

PERFORMANCE:

Your Company has achieved product sales of Rs 365.04 lakhs and executed Job Work of the value of

FINANCIAL RESULTS:

Rs.in lakhs

	2005	2004
Profit / (Loss) before Depreciation	(337.40)	(252.27)
Less: Depreciation	100.99	103.47
Profit/(Loss) before Tax	(438.39)	(355.74)
Provision for Tax	4.22	-
Profit/(Loss) brought forward	(998.97)	(643.23)
Disposable Profits / (Loss)	(1441.59)	(998.97)
Deficit carried forward	(1441.59)	(998.97)

Rs149.27 lakhs during the year, resulting in decrease of Rs 180.47 lakhs as compared to the previous year. Loss of the Company has increased due to decrease in turnover and other income.

Your Company sustained loss before tax and prior period adjustments of Rs.442.61 lakhs as compared to a loss of Rs.355.74 lakhs during previous year. With this the cumulative loss works out to Rs.1441.59 lakhs thereby eroding the net worth of the Company.

DIRECTORS

In accordance with the provisions of Companies Act 1956 and Articles of Association of the Company Shri. H.N.Tarachandani 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.

**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 fee to The Stock Exchange, Mumbai and taking steps to de-list from Bangalore Stock Exchange 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 judgments 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 observation in respect of non-provision of penal interest and liquidated damages 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.250.45lakhs 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.

**PAN ELECTRONICS (INDIA) LIMITED**

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, 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 Limited 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. As regards scrapping & selling of lamination machine, the Board foresees that it will have no effect on the going concern concept of the Company despite its scrapping.

NOTE : The Company and its subsidiaries have received the letter from Industrial Development Bank of India. (IDBI) & Tamilnadu Industrial Investment Corporation Ltd. (TIIC), accepting one time settlement proposals.

SHARE TRANSFERS

In compliance of SEBI Regulations of a 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 dematerialization as per address given below:

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

ENERGY AND TECHNOLOGY ABSORPTION

Information required by the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 forming part of this report is given in the annexure.

OTHER INFORMATION

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

ACKNOWLEDGMENT

The Directors place on record, their sincere thanks to IDBI, SIPCOT, TIIC, 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

Place: Bangalore
Date: 13.08.2005

NANIK G ROHERA
Chairman.

**PAN ELECTRONICS (INDIA) LIMITED**
**PAN ELECTRONICS (INDIA) LIMITED
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 Dept. 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 & out go	The information on Foreign Exchange Earnings and outgo is furnished in the Notes to the accounts.
I RESEARCH & 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 which is well accepted by its Customers.
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	NIL

TECHNOLOGY ABSORPTION, ADAPTATION 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

PLACE: Bangalore

DATE : 13.08.2005

 NANIK G ROHERA
CHAIRMAN

PAN ELECTRONICS (INDIA) LIMITED**PAN ELECTRONICS (India) LIMITED****Report on Corporate Governance as on 31st March 2005**

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	Board of Directors								
	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 Whether: Non-executive directors-minimum 50% of total Directors		NIL						
	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 applicable						
	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	29.09.04	19.4.04	28.07.04	14.8.04	27.10.04	4.12.04	22.1.05	
01	Nanik G Rohera	Present	Present	Present	Present	Present	Present	Present	
02	Nitesh Rohera	Present	Present	Present	Present	Present	Present	Present	
04	B K Banerjee	Present	Leave of absence	Leave of absence	Present	Present	Present	Present	
05	H N Tara-chandani	Leave of absence	Present	Present	Present	Present	Present	Present	
d	Mention about other Committees in which each Director is a Member				Share Transfer Committee Shri Nanik G Rohera Chairman Shri Nitesh Rohera Member				


PAN ELECTRONICS (INDIA) LIMITED

	Whether gap between any two consecutive Board Meetings is not greater than 3 months	There is no gap of more than three months between any consecutive meeting
	Minimum four meetings in a year are held	Yes
3	AUDIT COMMITTEE	
i	Composition, name of members and Chairperson	<p>TWO Independent Directors.</p> <p>1. Shri H N Tarachandani Chairman</p> <p>2. Shri B K Banerjee Member</p> <p>All the Directors have financial accounting knowledge and are non executive and independent.</p> <p>3. Shri Nitesh Rohera Member, Non independent Executive</p>
ii	No. of meetings and attendance during the year	<p>Three on 14.8.04, 27.10.04 and 22.01.05</p> <p>Shri H N Tarachandani Present</p> <p>Shri B K Banerjee - Present</p> <p>Shri Nitesh Rohera- Present</p>
iii	Brief description 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 changes in accounting policies, qualification in audit report and adjustments arising out of audit, compliance of accounting standards, stock exchange, legal and financial statements.	
4	Remuneration Committee: As the Company is sustaining loss, no remuneration is drawn by the Chairman or Managing Director and as such there is no Committee on remuneration.	
i	Brief description of terms of reference	-
ii	Composition name of Members & 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 following:	
	Salary	NA
	Benefits	NA
	Bonus	NA
	Stock Options	NA
	Pension	NA


PAN ELECTRONICS (INDIA) LIMITED

		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	NA
5		General Body Meetings	
	i	Location & time where last 3 AGMs were held 2004 2003 2002	Bangalore 03.30 pm Bangalore 11.30 am Bangalore 11.45 am
	ii	Whether special resolutions were put through postal ballot last year, details of voting pattern	NA
	iii	Persons who conducted the postal ballot exercise	N.A
	iv	Procedure for postal ballot	N.A
		Disclosures	
	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
		Means of Communication	Post
	i	Half yearly report sent to each shareholders residence	No
	ii	In which newspapers quarterly results were normally published	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		General Shareholder information	
	i	AGM Date, time and venue	26th September 2005, Bangalore @ 3.30 pm at Hotel Ballal Residency, 74/4, III Cross, Residency Road, Bangalore.