



**ISO 9001  
Registered**

# **PAN ELECTRONICS (INDIA) LIMITED**

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**23<sup>rd</sup>**

**ANNUAL REPORT  
2005 - 2006**



**PAN ELECTRONICS (INDIA) LIMITED**

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**BOARD OF DIRECTORS**

Mr. Nanik G Rohera	Chairman
Mr. Nitesh Rohera	Managing Director
Mr. H N Tarachandani	Director
Mr. B K Banerjee	Director

**AUDITORS:**

M/s. D. Venkataramana Rao, 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:**

69, 3<sup>rd</sup> cross, Cubbon pet, 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  
SIPCOT Industrial Complex, Phase I  
HOSUR 635 126

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**PAN ELECTRONICS (INDIA) LIMITED**

**NOTICE OF ANNUAL GENERAL MEETING**

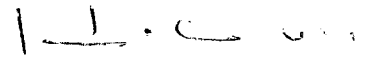
NOTICE is hereby given that the Twenty Third Annual General Meeting of the Members of PAN ELECTRONICS (INDIA) LIMITED will be held at Hotel Abhishek, Kumara Krupa Road, Bangalore on Friday, 29<sup>th</sup> September 2006 at 3.30 pm to transact the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the audited Balance Sheet as on 31.03.2006, 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 Mr. B K Banerjee, 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 authorize the Board of Directors to fix their remuneration.

**BY ORDER OF THE BOARD**

Place: Bangalore  
Date: 2 September 2006

  
**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 Shares of the Company shall remain closed from 27.09.2006 to 29.09.2006 (both days inclusive)
3. Members are requested to notify the change in address if any, immediately to M/s. Alpha Systems Private Limited, 30 Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bangalore 560 003, quoting folio number or demat particulars.
4. All documents referred to above are open for inspection. Members seeking clarification on accounts are requested to write to the Registered Office at 69 Cubbon pet, 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: 2 Sept. 2006

  
**NANIK G ROHERA**  
CHAIRMAN

## DIRECTORS REPORT

Your Directors present their Twenty Third Annual Report together with the Audited Annual Accounts for the year ended 31st March 2006

### FINANCIAL RESULTS:

Rs. in lakhs

	2006	2005
Profit / (Loss) before Depreciation	(400.48)	(337.40)
Less: Depreciation	73.26	100.99
Profit/(Loss) before Tax	(473.74)	(438.39)
Provision for Tax	7.82	4.22
Profit/(Loss) brought forward	(1441.59)	(998.97)
Disposable Profits / (Loss)	(1920.62)	(1441.59)
Deficit carried forward	(1920.62)	(1441.59)

### PERFORMANCE:

Your Company has achieved product sales of Rs 102.01 lakhs and executed Job Work of the value of Rs 97.09 lakhs during the year, resulting in decrease of Rs 314.21 lakhs as compared to the previous year. Loss of the Company has increased due to decrease in turnover and increase in manufacturing and interest costs.

Your Company sustained loss before tax and prior period adjustments of Rs.465.92 lakhs as compared to a loss of Rs.438.39 lakhs during previous year. With this the cumulative loss works out to Rs.1920.62 lakhs thereby eroding the net worth of the Company.

Production and turnover has been curtailed due to adverse market conditions, since many new comers in the market are increasing competition.

Existing working capital offered from Bank of India are operative during the current year.

Income Tax assessment for the assessment years 2003-04 & 2004-05 are completed.

The company has adequately insured all its movable & immovable assets.

### DIRECTORS

In accordance with the provisions of Companies Act 1956 and Articles of Association of the Company Shri B K Banerjee 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

Mr. D. Venkataramana Rao, Chartered Accountants, retire at the ensuing Annual General Meeting.

### FIXED DEPOSITS

Your Company has not accepted any deposits from the Public.

### LISTING

Your Company confirms the payment of Listing Fees to Stock Exchange and states that the listing arrangement is being continued at Bombay Stock Exchange.

**CORPORATE GOVERNANCE**

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.

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

- a. Industry structure & development: The company is a leading manufacturer in its field, but with onset of new players in the market, the company's profitability is under pressure. The company is identifying new activities to revive the company.
- b. Outlook for the Company: With implementation of the expanded / diversified products, it is expected that the outlook for the company will be positive.
- c. Risks & Concerns: Since the plants are steady, the company does not foresee any threats.
- d. Internal control systems & their adequacy: the external auditors in their report have observed hat in their opinion & according to the information & explanation given to them, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to the purchase of stores, raw materials, including components, plant 7 machinery, equipment and other assets, and for the sale of goods.
- e. 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. Number of employees – permanent: 58.

**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.

**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**

As required under section 217 (2AA) of the Companies Act, 1956, it is hereby declared:

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 reconciliation. 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 one time settlement the financial institutions are likely to waive the penal interest and liquidated damages and as such no provisions are necessary. Though the down payment for the OTS is not made, the company is making efforts to finalize the OTS and revive it. Regarding non-provision of liability of Rs.289.52 lakhs in respect of loan availed by Venlon Metacoat Private limited from Tamil nadu Industrial Investment Corporation Ltd (TIIC), the Board is of the opinion that since the one time settlement has been accepted by TIIC, the provision is not required. Regarding non-creation of provision of doubtful advances, in respect of wholly owned subsidiary viz Venlon Metallising Private Limited, the Company is in the process of implementation of revival package, 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 implemented 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. The company is making efforts to clear the statutory dues as mentioned in the Auditors Reports.

**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 dematerialized as per particulars given below:

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

The company's equity shares have been activated for dematerialization with National Security Depository Limited.

**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.

**Cautionary statement:**

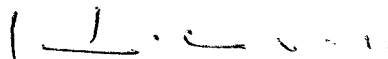
Statements in this "Management Discussion and Analysis" contain forward looking statements, which may be identified by the use of words in that direction, or connoting the same. All statements that address expectations or projections about the future, including, but not limited to statements about the 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.

These are based on certain assumptions and expectations of future events. The company cannot guarantee that these assumptions are accurate or will be realized. The company's actual results, performance or achievements could thus differ materially from those projected in any such forward looking statements on the basis of any subsequent development, information or events.

**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



Nanik G Rohera  
Chairman

Place: Bangalore

Date: 2 Sept. 06

**ANNEXURE TO DIRECTORS REPORT:**

Disclosure of particulars with respect to Conservation of Energy, Technology Absorption & foreign exchange Earnings & outgo under Companies (Disclosures of particulars in the Board of Directors Report 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.

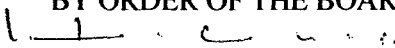
**TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:**

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

PLACE: Bangalore

DATE: 2 Sept. 06

BY ORDER OF THE BOARD OF DIRECTORS



NANIK G ROHERA  
CHAIRMAN

## PAN ELECTRONICS (India) LIMITED

Report on Corporate Governance as on 31st March 2006

### 1. 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

The names and categories of the Directors of the Board, their attendance at the Board Meetings during the year is given below:

Name	Category	Date of last AGM	Num of Board Meetings	Num of Other Directorship	Num of Other Committee Membership
Mr.		26.09.05	Attended	In Public co.s	
Nanik Rohera	Chairman Non Independent	Present	6	NIL	NIL
Nitesh Rohera	Managing Director Non Independent	Present	6	NIL	2
B K Banerjee	Non Executive Independent	Leave	4	1	1
H N Tarachandani	Non Executive Independent	Present	5	NIL	2

### Brief Résumé of retiring Directors:

Mr. B K Banerjee is a professional and has been Managing Director of ACC & Genelec companies. He is financially literate and has been part of the Management.

Six Board meetings were held during 2005-06 and the gap between two meetings did not exceed four months. The Board meetings were held on: 18/4/5, 31/7/5, 13/8/5, 17/9/5, 25/10/5, 21/1/6

### 1. AUDIT COMMITTEE

The Board constituted Audit Committee. The terms of reference of the Audit committee broadly are as under:

To hold periodic discussions with the Statutory Auditors and Internal Auditors of the company concerning the accounts of the company, internal control systems, scope of audit & observation of the Auditors

To review compliance with internal control systems

To review the quarterly, half yearly and annual financial results of the company before submission to the Board

To make recommendations to the Board on any matter relating to financial management of the company, including audit report

Recommending the statutory auditors

Others (as covered in Clause 49 (II)(D) of the listing agreement)

Four Audit Committee Meetings were held during 2005-06.

The meetings were held: 16/4/5, 13/8/5, 25/10/5, 21/1/6

The composition of the Audit Committee and details of meetings attended by the Members:

Name of Member	Category	Num of Committee Meetings	
		Held	Attended
H N Tarachandani	Independent, Non Executive	4	4
B K Banerjee	Independent, Non Executive	4	4

**1. Remuneration Committee**

As the Company is sustaining loss, the Chairman or Managing Director draws no remuneration and as such there is no Committee on remuneration.

**2. Shareholders & Grievances Committee**

An investor Grievance Committee was constituted to specifically look into the redressal of Investors Complaints.

Members: H N Tarachandani, Chairman Independent & non Executive  
Nitesh Rohera, Member Managing Director

**3. General Body Meetings**

Location and time, where last three Annual General Meetings were held:

Date of AGM	Location & Time
24.9.03	Hotel Ballal Residency, Bangalore at 11.30 am
29.9.04	Hotel Ballal Residency, Bangalore at 3.30 pm
26.9.05	Hotel Ballal Residency, Bangalore at 3.30 pm

**Investor Complaints:**

Num of complaints received from Shareholders from 1.4.05 to 31.3.05	NIL
Num of complaints not solved to satisfaction of Shareholders	NIL
Num of pending share transfers	NIL

**7. Disclosures**

Disclosures on materially significant related party transactions i.e. Transactions of the company of material nature, with its promoters, directors or management, their subsidiaries or relatives, etc that may have potential conflict with the interest of the Company at large: NIL

Details of non-Compliance by the company, penalties, and strictures imposed on the Company by the Stock Exchange or SEBI or any statutory authority on any matter related to capital markets, during the last three years: NIL

**8. Means of Communication**

Quarterly results are normally published in

Any website, where displayed - None

Whether it also displays official news release and presentation made to intuitional investors or to the analysts - N A

Whether MD & A is a part of annual report or not – Yes

9. General Shareholder Information

AGM date, time & venue: 29.9.06 at Hotel Abhishek, Kumara Krupa Road, Bangalore at 3.30pm

Financial Calendar:

Year ending: March 31<sup>st</sup>

AGM- September

Book Closure: 27/9/06 to 29/9/06 (both inclusive)

Listing of Stock Exchanges:

**The Stock Exchange, Mumbai**

Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 1

**Bangalore Stock Exchange, Bangalore**

1<sup>st</sup> cross, J C Road, Bangalore – 27

Stock Code: 517397

Stock Exchange, Mumbai

Registrar & Transfer Agents: (Common for Physical and Electronic Transfers)

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

Share Transfer system:

Share transfer in physical form can be lodged with the Share transfer Agents at the above mentioned address. The transfer is normally processed within the stipulated time from the date of receipt if the documents are complete in all respects. Share Transfer Committee of the board approves the transfers.

Insider trading norms are adhered to and reported to the stock exchanges upon information from the concerned,

Dematerialization of shares and liquidity

Shares in physical form can be dematerialized and dealt on NSDL

Outstanding GDRs / ADRs / Warrants or any convertible instruments, conversion date and likely impact on equity:

None

Plant location:

83, SIPCOT Industrial Complex, Hosur – 635126

Address for correspondence:

69, 3<sup>rd</sup> cross, Cubbon pet, Bangalore – 560 002