



**PAN ELECTRONICS (INDIA)
LIMITED**

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24th

ANNUAL REPORT

2006 - 2007



PAN ELECTRONICS (INDIA) LIMITED

BOARD OF DIRECTORS

Shri Nanik G Rohera	Chairman
Shri Nitesh Rohera	Managing Director
Shri B K Banerjee	Director
Shri H N Tarachandani	Director
Shri G. Nagaraju	Director (From 25.01.2007)

AUDITORS:

M/s. D. Venkataramana Rao, Chartered Accountants, Bangalore

FINANCIAL INSTITUTIONS:

Industrial Development Bank of India Limited (IDBI)

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 Fourth Annual General Meeting of the Members of PAN ELECTRONICS (INDIA) LIMITED will be held on Friday, the 28th September 2007 at Badami Hall, No. 916, 9th Cross, JP Nagar (Diagonal to SSMRV Dental College) Bangalore 560 078 at 3.30 pm to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31.03.2007, 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 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 RESOLUTION

4. DELISTING OF SHARES FROM BANGALORE STOCK EXCHANGE LIMITED, BANGALORE.

To consider and if thought fit to pass with or without modification, the following resolution as **special** resolution:

“RESOLVED that the Company’s Equity Shares which are listed at Bangalore Stock Exchange Limited, Bangalore be and is hereby de-listed”

“Further resolved that the Board of Directors of the Company be and are hereby authorized to take all suitable and necessary actions in this regard”

5. To appoint Shri G. Nagaraju as a Director liable for retirement by rotation.

EXPLANATORY STATEMENT PURSUANT OF THE PROVISIONS OF THE SECTION 173 (2) OF THE COMPANIES ACT, 1956.

Item No. 4

SEBI has withdrawn the conditions of compulsory listing of shares at Regional Stock Exchanges. The trading of Company's shares at Bangalore Stock Exchange Limited, Bangalore has been negligible or NIL during the past few years. Hence this resolution.

None of the Director is concerned or interested in the resolution.


Item No. 5.

Shri G. Nagaraju was co-opted as Director on 25.1.2007 by the Board. He vacates Office at the ensuing Annual General Meeting. Since Shri G. Nagaraju has wide corporate exposure, the Board commends his appointment as Independent Director, liable for retirement by rotation.

None of the Director is concerned or interested in the resolution.

BY ORDER OF THE BOARD

Place: Bagalore
Date 28.07.2007


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 25 09.2007 to 28 09.2007 (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

NANIK G ROHERA
CHAIRMAN

Place : Bangalore
Date : 28.07.2007

DIRECTORS REPORT

Your Directors present their Twenty Fourth Annual Report together with the Audited Annual Accounts for the year ended 31st March, 2007.

FINANCIAL RESULTS:

Rs.in lakhs

	2007	2006
Profit / (Loss) before Depreciation	(412.04)	(400.57)
Less: Depreciation	72.51	73.26
Profit/(Loss) before Tax	(484.55)	(473.83)
Provision for Tax	0.14	7.82
Profit/(Loss) brought forward	(1920.71)	(1441.59)
Disposable Profits / (Loss)	(2422.68)	(1920.71)
Deficit carried forward	(2422.68)	(1920.71)

PERFORMANCE:

Your Company has achieved product sales of Rs 24.58 lakhs and executed Job Work of the value of Rs 0.84 lakhs during the year, resulting in decrease of Rs 173.68 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.484.55 lakhs, as compared to a loss of Rs. 473.83 lakhs during previous year. With this the cumulative loss works out to Rs. 2422.68 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 Nanik G Rohera retires by rotation at the ensuing Annual General Meeting of the Company and is eligible for re-appointment.

Shri G. Nagaraju is the erstwhile Member of Karnataka Industrial Area Development Board and is an active Businessman. His inputs at the Board level as an Independent Director will be of immense contribution to the Company. Hence re-appointment is sought.

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. However, we have retained the services of Shri G D Rama Rao, FCA, ACS to advise and guide all Company's Secretarial related area and is presenting every Audit and Board Meetings. The Company has published an Advertisement for Company Secretary on 26.07.2007 through The Hindu.

AUDITORS

Mr. D. Venkataramana Rao, Chartered Accountant, 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 Exchanges and continues to be listed at Bombay Stock Exchange Limited, Mumbai and a special resolution has been proposed for de-listing the script from Bangalore Stock Exchange Limited, Bangalore.

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.

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

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 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. 289.52 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 despite the fact that TIIC has initiated auction of immovable property at Bangalore and bid having taken place at TIIC Office at Hosur on 14.03.2007, output of which the Company is not aware in terms of documentation, no provision has been made. Regarding non-provision towards guarantee of Rs.770 lakhs given to IDBI securing due repayment of 18% NCD in favour of IDBI by Venlon Metallising Private Limited, an wholly owned subsidiary Company, the Board wishes to state that the matter is under consideration by SASF for one time settlement. Regarding provision towards guarantee of Rs.100 lakhs given to Canara Bank, Mysore securing due repayment of term loan obtained by Dev Power Corporation, the matter is pending at Debt Recovery Tribunal. Regarding non-creation of provision of doubtful advances, in respect of wholly owned subsidiary viz Venlon Metallising Private Limited, the Company has stopped its operation for the time being and a revival packaging has been 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.

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 dematerialised 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 in notes forming part of accounts.

ACKNOWLEDGMENT

The Directors place on record their sincere gratitude 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: 28.07.2007

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 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	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

PLACE: Bangalore

BY ORDER OF THE BOARD OF DIRECTORS

DATE : 28.07.2007


 NANIK G ROHERA
 CHAIRMAN