



PAN ELECTRONICS (INDIA) LIMITED

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26th

ANNUAL REPORT

2008 - 2009



PAN ELECTRONICS (INDIA) LIMITED

BOARD OF DIRECTORS

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

AUDITORS:

Mr. V Ganesh, Chartered Accountant, Bangalore.

FINANCIAL INSTITUTIONS:

Industrial Development Bank of India Limited (IDBI)

BANKERS

Bank of India, Corporate Banking Branch, SKIP House, Bangalore
HDFC Bank, Darga, Hosur

REGISTERED OFFICE:

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
SIPCOT Industrial Complex Phase I,
HOSUR 635 126

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

NOTICE is hereby given that the Twenty Sixth Annual General Meeting of the Members of PAN ELECTRONICS (INDIA) LIMITED will be held on Tuesday 29th September 2009 at Vijay Nagar Club, 1st main, 2nd stage, Vijay nagar, Bangalore 560104 at 3.30 pm to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31.03.2009, 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 B K Banerjee, who retires by rotation. Though being eligible, hasn't offer himself for reappointment.
3. To appoint Shri K M Madaiah as Director liable for retirement by rotation, in place of Shri B K Banerjee.
4. To appoint a Director in place of Shri G Nagaraju, who retires by rotation and being eligible offers himself for reappointment.
5. 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 02.09.2009


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 23 Sept 2009 to 29 Sept 2009 (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.

DIRECTORS REPORT

Your Directors present their Twenty Sixth Annual Report together with the Audited Annual Accounts for the year ended 31st March, 2009.

FINANCIAL RESULTS:

Rs. in lakhs

	2009	2008
Profit / (Loss) before Depreciation	(18.60)	136.51
Less: Depreciation	81.72	81.00
Profit/(Loss) before Tax	(100.32)	55.65
Provision for Tax	0.19	0.15
Profit/(Loss) brought forward	(2356.84)	(2412.34)
Disposable Profits / (Loss)	(98.58)	55.50
Deficit carried forward	(2455.42)	(2356.84)

PERFORMANCE:

Your Company has achieved product sales of Rs 40.36 lakhs and executed Job Work of the value of Rs 1.22 lakhs during the year, which was due to decrease in Exports. However there is a loss due to increase in cost of materials sold and due to under utilization of the capacity.

Your Company sustained loss before tax of Rs. 100.32 lakhs as compared to a profit of Rs. 55.65 lakhs during previous year. With this the cumulative loss works out to Rs. 2455.42 lakhs.

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, & has not offered himself for reappointment. The Board records his valuable support & guidance given during his tenure of office as Director. The management invited Shri K M Mudaiah to join us on the Board. He has given his consent, hence the resolution for his appointment.

In accordance with the provisions of Companies Act 1956 and Articles of Association of the Company Shri G Nagaraju 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 appointment in this regard. However, we have retained the services of Shri G D Rama Rao, FCA, ACS, to advice and guide all Company's Secretarial related area and is present at every Audit Committee and Board Meetings. The company has published an advertisement for the Company Secretary on 26 July 2007 in the "The Hindu", Bangalore.

AUDITORS

Mr. V Ganesh, Chartered Accountant retires at the ensuing Annual General Meeting and is eligible for reappointment. You are requested to appoint the auditor and authorize the Board of Directors to fix his remuneration in consultation with the Auditor.

FIXED DEPOSITS

Your Company has not accepted any deposits from the Public.

LISTING

Your Company confirms the payment of Listing Fee to Stock Exchange and continues to be listed at Bombay Stock Exchange Limited, Mumbai.

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.

SECTION 212

Statement pursuant to Section 212 of the Companies Act 1956, relating to holding Company interest in the subsidiary Company

	Rs. In lacs	VENLON Metallising	VENLON Metacoat
1. Financial year of the subsidiary ending on		Mar 31, 09	Mar 31, 09
2 (a) No. of shares held by the holding company including holding through nominee		3,986,845	300,000
(b) Extent of interest on the above date		100%	100%
1. Net aggregate amount of the Subsidiary Company's Profit / (Loss) so far it concerns members of the Holding Company			
Capital		396.85	300.00
Reserves and surplus		-	20.85
Total assets		3355.62	712.24
Total liabilities		3355.62	712.24
Investment		1.21	2.35
Turn over (including other income)		NIL	0.04
Loss before Tax		79.07	11.58
Provision for taxation including FBT and deferred tax		NIL	NIL
Loss after tax.		79.07	11.58

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 and guarantee of Rs. 770 lacs of IDBI, the Board is of the opinion that consequent to the one time settlement with the financial institutions, no such provisions are necessary. Regarding provision towards guarantee of Rs. 50 lakhs given to Canara Bank, Mysore securing due repayment of term loan obtained by Dev Power Corp, the matter is pending at Arbitral Tribunal.

Regarding non-creation of provision of doubtful advances, in respect of wholly owned subsidiary viz Venlon Metallising Private Limited & Venlon Metacoat Private Limited, the Companies have stopped operations for the time being and a package has been planned to clear the Debts of the company by sale of assets, etc 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 in respect of shares of Venlon Metallising 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 tax impact of net Deferred Tax Asset has not been recognized in the books based on the application of principle of prudence as required by AS 22 by the Institute of Chartered Accountants of India.

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

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.

OTHER INFORMATION

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

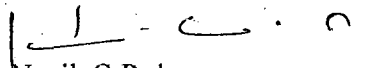
ACKNOWLEDGMENT

The Directors place on record their sincere gratitude to IDBI/ SASF, SIPCOT, 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 also gratefully acknowledge the support extended by the shareholders.

For and On behalf of the Board of Directors

Place: Bangalore

Date: 02.09.2009


Nanik G Rohera
Chairman

ANNEXURE TO DIRECTORS REPORT

PARTICULARS AS PER COMPANIES RULES 1988 (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)

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 of accounts.
D	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 metallization, etc.
2	Benefits derived as a result of the above R & D	Company has produced superior quality metallised film for various applications
3	Future plan of action	The Company would like to revamp its production & marketing strategies with an objective to improve the quality of the process and products and increase market share domestically & internationally
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

Date: 2 Sept 2009


Nanik Rohera
Chairman

PAN ELECTRONICS (India) LIMITED

Report on Corporate Governance as on 31st March 2009

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			3	
	III	Independent non-executive			3	
	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			Three	
		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				
	Name	Category	Date of AGM	Num of Board Meetings	Num of other Directorship	Num of other Committee Membership
			28.9.08		In Public Co.s	
	Nanik Rohera	Chairman Non-Independent	Present	4	Nil	1
	Nitesh Rohera	Managing Director, Non-Independent	Present	4	Nil	1
	B K Banerjee	Non—Executive, Independent	Present	4	Nil	1
	H N Tarachandani	Non-Executive Independent	Present	3	Nil	2
	G. Nagaraju	Non-Executive Independent	-	3	Nil	2
Brief resume of retiring Director: Shri G Nagaraju was a member of KIADB and his continuation as a Director is of immense support to the Company. Shri K M Mudaiah is law-literate and hence will be of enormous help						
	Whether gap between any two consecutive Board Meetings is not greater than 4 months				There is no gap of more than four months between any consecutive meeting	
	Minimum four meetings in a year are held				Yes	

3	AUDIT COMMITTEE		
	<p>The Board constituted Audit Committee. The terms of the reference of the Audit Committee broadly are as under:</p> <p>To hold period discussions with Statutory Auditors and Internal Auditors of the Company concerning the accounts of the Company, internal control systems, scope of audit & observation of the Auditors.</p> <p>To review compliance with internal control systems.</p> <p>To review the quarterly, half yearly and annual financial results of the Company before submission to the Board.</p> <p>To make recommendations to the Board on any matter relating to financial management of the Company, including audit report.</p> <p>Recommending the statutory auditors.</p> <p>Others (as covered in Clause 49 (II) (D) of the listing agreement)</p>		
	I	Composition, name of members and Chairperson	<p>3 Independent Directors</p> <p>1. Shri H N Tarachandani - Chairman</p> <p>2. Shri B K Banerjee - Member</p> <p>3. Shri G. Nagaraju Member</p> <p>All the Directors have financial accounting knowledge and are non executive and independent.</p>
	ii	No. of meetings and attendance during the year	<p>Four on 28.04.08, 27.08.08, 27.10.08 & 19.01.09</p> <p>Shri B K Banerjee – 3 Meetings Present</p> <p>Shri H N Tarachandani- 3 Meetings Present</p> <p>Shri G Nagaraju – 3 Meetings Present</p>
	iii	<p>Brief description of terms of reference:</p> <p>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.</p>	
4	<p>Remuneration Committee:</p> <p>As the Company is sustaining loss, the Chairman and Managing Director draw no remuneration.</p>		
	I	Brief description of terms of reference	
	ii	Composition, name of members and Chairperson	<p>Shri G. Nagaraju – Chairman</p> <p>Shri H. N Tarachandani – Member</p>
	iii	Attendance during the year	-
	iv	Remuneration policy	<p>The Company adhered to provisions of Schedule XIII of the Companies Act, 1956, while fixing the remuneration package to its Managing Director. The compensation to Non-Executive Directors is as decided by the Remuneration Committee and ratified by the Board / General Body.</p>
		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
		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