

# **PAN ELECTRONICS (INDIA) LIMITED**

**28<sup>th</sup>**

**ANNUAL REPORT**

**2010 - 2011**

**PAN ELECTRONICS (INDIA) LIMITED**

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**BOARD OF DIRECTORS**

Shri Nanik G Rohera	Chairman
Shri Nitesh Rohera	Managing Director
Shri G. Nagaraju	Director
Shri K M Muddiah	Director

**AUDITORS:**

M/s. V. Ganesh, Chartered Accountant, Bangalore

**FINANCIAL INSTITUTION:**

Industrial Development Bank of India Limited (IDBI)

**BANKERS**

HDFC Bank Ltd, Dargha, Hosur, TN  
Bank of India, Corporate Banking Branch, SKIP House, Bangalore

**REGISTERED OFFICE:**

69, 3rd Cross, Cubbonpet, Bangalore 560 002

**REGISTRARS & SHARE TRANSFER AGENTS:**

M/s. Integrated Enterprises Limited (Formerly Alpha Enterprises Pvt Ltd), 30 Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bangalore 560 003

**FACTORY:**

Plot # 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 Eighty Annual General Meeting of the Members of PAN ELECTRONICS (INDIA) LIMITED will be held on 7 September 2011 at Vijay nagar Club, Stage 2, 1<sup>st</sup> main, Vijay nagar, Bangalore 560104 at 3.00 pm to transact the following business:

#### ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31 March 2011, the audited Profit & Loss Accounts 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 K M Madaiah, who retires by rotation and being eligible offers himself for reappointment
3. To appoint a Director in place of Shri G Nagaraju, who retires by rotation and being eligible offers himself for re-appointment
4. 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 BUSINESS

##### Ordinary Resolution

5. To consider and, if thought fit, pass with or without modifications an Ordinary resolution to re-appoint Shri Nitesh Rohera as Managing Director of the Company from 1 February 2012 for a period of five years and to authorise the Remuneration Committee to fix the remuneration.

*“Resolved that Shri Nitesh Rohera, be & is hereby reappointed as Managing Director of the Company for a further period of five years from 1 February 2012 at the following remuneration:*

*Salary: Rs. 50,000 per month and Perquisites: Provident Fund & Gratuity – as applicable under law. Leave encashment at the end of the tenure”*

Explanatory statement:

In accordance with the provisions of the Companies Act 1956, Shri Nitesh Rohera, retires as Managing Director on 31 January 2012. Being eligible, he offers himself for re-appointment.

#### 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 31.08.2011 to 06.09.2011 (both days inclusive)
3. Members are requested to notify the change in address if any, immediately to the Registered Office of the Company at 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 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: 21.07.2011

**DIRECTORS REPORT**

NANIK G ROHERA

CHAIRMAN

Your Directors present their Twenty Eighth Annual Report together with the Audited Annual Accounts for the year ended 31st March, 2011.

**FINANCIAL RESULTS:**

Rs.in lakhs

	2009-10	2010-11
Profit / (Loss) before Depreciation	(33.49)	14.82
<b>Less: Depreciation</b>	35.61	44.98
Profit/(Loss) before Tax	(69.10)	(30.16)
Provision for Tax	-	-
Profit/(Loss) brought forward	(2455.42)	(2523.19)
Disposable Profits / (Loss)	(67.76)	(28.83)
Deficit carried forward	(2523.19)	(2552.02)

**PERFORMANCE:**

Your Company has achieved product turnover of Rs 54.65 lakhs (previous year 43.61 lakhs) including Job Work of Rs 8.82 lakhs (previous year 12.54 lakhs) during the year. However there is a loss due to depreciation and under utilization of capacity.

**DIRECTORS**

In accordance with the provisions of Companies Act 1956 and Articles of Association of the Company, Shri K M Mudaiah & Shri G Nagaraju, retire by rotation at the ensuing Annual General Meeting of the Company and are eligible for re-appointment.

In accordance with the provisions of the Companies Act 1956, Shri Nitesh Rohera, retires as Managing Director on 31 January 2012. Being eligible, he offers himself for re-appointment. As such, a Resolution requiring his re-appointment is proposed.

**SECRETARIAL COMPLIANCE REPORT**

Secretarial compliance report dated 21 July 2011 as given by Shri S. Viswanathan, Practicing Company Secretary is available for inspection at the Registered Office of the Company.

Secretarial Compliance Certificate for the year ended 31 March 2011 is attached herein

**AUDITORS**

Mr. V. Ganesh, Chartered Accountant retires at the ensuing Annual General Meeting and is eligible for reappointment per Companies Act 1956. He does not hold peer review board certificate. The Company is trying to locate a Chartered Accountant holding such a Certificate. You are requested to appoint the auditor and authorize the Board of Directors to fix his remuneration in consultation with him.

**PUBLIC DEPOSITS**

Your Company has not accepted any deposits from the Public.

**LISTING**

Your Company confirms the payment of Listing Fees 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, Management Discussion and Analysis Report and Auditor's Certificate form part of the Annual Report.

## WHOLLY OWNED SUBSIDIARY COMPANIES

Venlon Metallising Private Limited and Venlon Metacoat Private Limited continue to be Wholly Owned Subsidiary Companies.

## SECTION 212 STATEMENTS:

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

	VENLON Metallising Pvt Ltd	VENLON Metacoat Pvt Ltd
1. Financial year of the subsidiary ending on	31 <sup>st</sup> March 2011	
2. a) Number of shares held by the holding company, including holding through nominee	396,845	300,000
B) Extent of interest on the above date	100%	100%
I. Net aggregate amount of the subsidiary company's profit / (Loss) so far it concerns members of the holding company	(162,207)	(38,316)
(Rs. in lacs) Capital	39,684,500	30,000,000
Reserves and surplus		20,84,553
Total assets	41,050,676	14,312,017
Total Liabilities	333,582,191	86,680,186
Investment	120,785	235,490
Turn over (including other income)		18,000
Profit / Loss before tax	(162,207)	(38,316)
Provision for taxation including FBT and deferred tax		
Profit / Loss after tax	(162,207)	(38,316)

## 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 and guarantee of Rs.770 lakhs of IDBI, the Board wishes to inform that dues with IDBI have been settled. Hence no such provisions are necessary.

Regarding non – creation of provision of doubtful advances, in respect of wholly owned subsidiary viz Venlon Metallsing Pvt Ltd and Venlon Metacoat Pvt Ltd, 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 and other means. Therefore the Board is of the opinion that no such provisions are required to be made in the books of accounts.

The tax impact of net deferred tax asset has not been recognized in the books based on the applications of principle of prudence as required by AS 22 by the Insitutute 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 dematerilised as per particulars given below:

Integrated Enterprises Limited (formerly 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/ SASF, SIPCOT, Bank of India, HDFC Bank 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

Nanik G Rohera

Date: 21 July 2011

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 to the accounts.
I	RESEARCH & DEVELOPMENT	
1.	Specific area in which R & D carried out by the Company	The Company has an on-going R&D Department to improve the quality of metallization, etc. and enhance productivity
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 pursue its R & D efforts with an objective to enhancing the quality & value 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

DATE: 21.07.2011

BY ORDER OF THE BOARD OF DIRECTORS

NANIK G ROHERA

CHAIRMAN

PAN ELECTRONICS (India) LIMITED

## Report on Corporate Governance as on 31st March 2011

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 Members
iii	Independent non-executive	2 Members

	iv	Nominee Director		NIL		
	v	Institutional Director - in which capacity - Lender or Shareholder Whether: Non-executive directors -minimum 50% of total Directors		NIL Yes		
		Number of independent Directors		Two		
		If Chairman is executive - 1/2 of the board		Not applicable		
		If Chairman is non-executive - 1/3 of the board		More than half of the Board is non-executive		
	b	Disclose whether Chairman is Executive / Non Executive		No Chairman is Non-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
			15.09.2010	Attended	In Public Co.s	
Nanik Rohera		Chairman Non-Independent	Present	Five	Nil	One
Nitesh Rohera		Managing Director, Non-Independent	Present	Five	Nil	One
G Nagaraju		Non-Executive Independent	Present	Five	Nil	Two
K M Muddaiah		Non-Executive Independent	Present	Five	Nil	Two
K M Muddaiah is a retired Senior Police Officer & G Nagaraju isretired KIADB Member. Both are financial literate						
	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 meetings	
	Minimum four meetings in a year are held				Yes	

		AUDIT COMMITTEE
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	<p>The Board constituted Audit Committee. The terms of the reference of the Audit Committee are as under:          To hold periodic discussions with Statutory Auditors and Internal Auditors of the Company concerning the accounts of the Company, internal control systems, scope of audit &amp; 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 statutory auditors of the company          Others (as covered in Clause 49 (II) (D) of the listing agreement)</p>	
	i	<p>Composition, name of members and Chairperson</p> <p>Two Independent Directors          1. Shri G. Nagaraju Chairman          2. Shri K M Muddaiah Member          All the Directors have financial accounting knowledge and are non executive and independent</p>
	ii	<p>Number of meetings and attendance during the year</p> <p>FIVE on 21-4-10, 28.7.10, 29.10.10, 3.2.11 &amp; 6.5.11</p> <p>Shri H N Tarachandani- 1 Meeting Present          Shri G Nagaraju - 5 Meetings Present          Shri K M Muddaiah - 5 Meetings Present</p>
	iii	<p>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 quarter &amp; 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:          As the Company is sustaining loss, the Chairman &amp; Managing Director draw no remuneration.</p>
	i	<p>Brief description of terms of reference</p> <p>To decide &amp; fix the Remunerations of Directors, Senior managers, etc and submit necessary approvals to the Board</p>
	ii	<p>Composition, name of members and Chairperson</p> <p>Shri K M Muddaiah – Chairman          Shri G. Nagaraju – Member</p>
	iii	<p>Attendance during the year</p> <p>One meeting - 21 July 2011</p>
	iv	<p>Remuneration policy</p> <p>The Company adheres to provisions of Schedule XIII of the Companies Act, 1956, while fixing the remuneration package to its Managers, including MD. The compensation to Non-Executive Directors is as decided by the Remuneration Committee and ratified by the Board / General Body.</p>
Sl No	Particulars	
	v	Details of remuneration to all Directors as per the format listing out the following:
		Salary
		Benefits
		Bonus
		Stock Options
		Pension
		Others
		Break up of fixed components and performance linked incentives
		With performance criteria
		Service Contract - Notice period, severance fees
		Stock options details (if any)
		Whether issued at discount
		Period over which it is accrued and is exercisable
		Except that of Managing Director, which is as appearing in Draft Notice of Meeting

5		Transfer, Grievance, Remat, etc for Share holders Committee
	i	<p>Brief Description of terms of reference</p> <p>To verify &amp; approve share transfers received, to attend to grievances of share holders, to approve demat &amp; remat of shares received. Other</p>

			related matters
	ii	Composition, names of members & Chairperson	Shri Nitesh Rohera - Chairman Shri Nanik Rohera - Member
	iii	Meeting Dates	Eight - 12.4.10, 20.4.10, 26.6.10, 15.9.10, 16.11.10, 16.12.10, 25.1.11, 5.6.11
6		General Body Meetings	
	i	Location, date & time where last 3 AGMs were held Vijay Nagar Club, Vijay Nagar, Bangalore Vijay Nagar Club, Vijay Nagar, Bangalore Ashirwad Party Hall, Jayanagar, Bangalore	15 Sep 10, 03.30 pm 29 Sep 09, 03.30 pm 24 Sep 08, 03.30 pm
	ii	Whether special resolutions were put through postal ballot last year, details of voting pattern	No
	iii	Persons who conducted the postal ballot exercise	N.A
	iv	Procedure for postal ballot	N.A
7		Disclosures	
	i	Disclosures on materially significant related party transactions i.e. transaction 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	Disclosed in 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
		Particulars	Yes / No
8		Means of Communication	Post
	i	Half yearly report sent to each shareholders residence	No
	ii	In which newspapers quarterly results were normally published	
	iii	Any Website where results or official news are displayed	<a href="http://www.venlon.com/investors">http://www.venlon.com/investors</a>
	iv	The presentation made to institutional investors or to the analysts	Nil
	v	Whether Management Discussion & Analysis is part of Annual Report	Yes
9		General Shareholder information	
	i	AGM Date, time and venue	7 September 2011 @ 3.00 pm at Vijay nagar Club, Bangalore
	ii	Financial year ending	31st March 2011
	iii	Book Closure	31. 8.2011 to 6.9.2011
	iv	Dividend payment date	Dividend not declared
	v	Listing on Stock Exchange	Mumbai
	vi	Stock Code	517397
	vii	Market price data – High/low during each month of the financial year	
		Month	High (Rs.)
		Low (Rs.)	
		April 2010	6.00
		May 2010	6.30
		June 2010	
		July 2010	
		August 2010	
		September 2010	6.10
		October 2010	
		November 2010	
		December 2010	
		January 2011	
		February 2011	
		March 2011	
		No trading in other months	

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