

**23<sup>rd</sup>**  
**Annual Report**



# PANJON LIMITED

## Twenty Third Annual Report 2005-2006

### **Board of Director:**

Mr. Nagin Kothari  
Mr. Jay Kothari

Chairman & Managing director  
Managing Director

### **Auditors :**

Trilokjain & Co.  
Chartered Accountants  
Indore.

### **Bankers :**

I.D.B.I. Bank  
Alankar Point, A.B. Road,

### **Registered Office**

Dawa Bazar,  
13-14, R.N.T. Marg, INDORE - 452 001  
Gram : PANJON  
Tele: 4046555-56

### **Factory:**

104, Industrial Area, Sector -1  
Pithampur - 454 775  
Dist. Dhar (M.P.)  
Tele: 09302136821

### **Share Transfer Agent:**

SKYLINE Financial Services Ltd.  
123, Vinod Puri Lajpat Nagar,  
Delhi.  
Ph.: 011-29833777

Date :	30/09/2006
Day :	Saturday
Time :	11 A.M.
Place :	Plot No.104, Industrial Area Sector - 1, Pithampur, Dist.- Dhar. (M.P.)

**PANJON LIMITED****NOTICE**

**NOTICE** is hereby given that 23rd Annual General Meeting of the Members of **PANJON LIMITED** will be held at Plot no. 104 industrial Area sector- 1 Pithampur Dist. Dhar (M.P.) on the 30th Sep., 2006 at 11.00 A.M. to transact the following businesses:

**I. ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2006 and the Profit & Loss Account of the Company for the nine months ended 31<sup>st</sup> March, 2006 and the report of the Directors' & Auditor's thereon.
2. To appoint a director in place of Shri Bijayt Signh Tahukr, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a director in place of Shri Prakash Doshi, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

**BY ORDERS OF THE BOARD  
PANJON LIMITED**

Place: INDORE  
Date : 1st August, 2006

**NAGIN KOTHARI  
MANAGING DIRECTOR**

**NOTES:**

1. A Member entitled to attend and vote at the Meeting is entitled to appoint a Proxy to attend and vote instead of himself and the proxy need not be a Member. Proxy in order to be effective must be received by the Company not less than 48 hours before the Meeting.
2. Register of Members and Share Transfer Book of the Company has been closed from 25.09.2006 to 30.09.2006 (both days inclusive)
3. The Company has obtained connectivity from the CDSL & NSDL. Equity Shares of the Company may be held in Electronic form with any Depository Participant (DP) with whom the members/ Investors have their depository account. The ISIN No. for the Equity Shares of the Company is INE-744D01019. In case of any query/difficulty in any matter may contact our electronic Share Transfer Agents M/S Skyline Financial Services Pvt. Ltd., New Delhi.
4. (a) Members are requested to notify immediately any change of address; to their Depository Participants (DPs) in respect of their electronic share accounts, and  
(b) to the Company to its Share Transfer Agents in respect of their physical share folios, if any.  
(c) In case the mailing address on this Annual Report is without the PINCODE, members are requested to kindly inform their PINCODE immediately.
5. Non-resident Indian Shareholders are requested to inform Share Transfer Agents immediately:
  - a) the change in the residential status on return to India for permanent settlement.
  - b) the particulars of NRE Account with a Bank in India, if not furnished earlier.
6. All documents referred to in the accompanying notice are open for inspection at the Registered office of the Company on all working days, except Saturdays between 11.00 A.M. to 1.00 P.M.

**PANJON LIMITED**

7. Members who are holding shares in identical order of names in more than one folio are requested to send to the Company the details of such folios together with the share certificates for consolidating their holdings in one folio. The share certificates will be returned to the members after making requisite changes thereon.
8. Members desires of obtaining any information concerning Accounts and Operations of the Company are requested to address their questions in writing to the Company at least 7 days before the date of the Meeting so that the information required may be made available at the Meeting.
9. As per the provisions of the Companies Act, 1956, facility for making nominations is now available to INDIVIDUALS holding shares in the Company. The Nomination Form-2B prescribed by the Government can be obtained from the Share Transfer Agent or may be down load from the website of the Department of Company affairs.
10. Pursuant to the recommendation of SEBI Committee on Corporate Governance for re-appointment of the retiring directors, a statement containing details of the concerned directors is attached hereto.

**STATEMENT REGARDING THE DIRECTORS PROPOSED FOR APPOINTMENT**

NAME AND DESIGNATION	AGE/ YEARS	QUALIFICATIONS	EXPERTISE/ EXPERIENCE	DATE OF AP.	OTHER
<b>DIRECTORSHIPS</b>					
Shri Bijay Singh Thakur	62	Matric	—	31-07-2002	No
Shri Prakash Doshi	55	Graduate	—	31-07-2002	No

**DIRECTORS' REPORT**

To,  
The Members,  
Panjon Limited

Your Directors present their 23rd Annual Report on the business and operations of the Company along with the Audited Balance Sheet and Profit and Loss Accounts for the year ended 31st March, 2006.

**1. FINANCIAL RESULTS:**

Financial Results of the Company for the year under review along with the figures for previous year are as follows:

Amount in Rs.

Particulars	Financial Year ended on 31st March	
	2006	2005
Turnover	17,25,44,355	14,45,68,082
Other Income	16,88,804	57,26,145
Total Income from operations	17,42,33,159	15,02,94,227
Profit before interest, depreciation & tax	66,66,102	61,75,900
Less Interest	10,98,075	11,50,252
Less Depreciation	29,34,380	27,55,195
Profit Before Tax	23,33,647	22,70,453
Provision for Taxation	2,85,939	2,00,000
Deferred Income Tax	9,25,763	13,70,830
Net profit after tax	29,73,471	6,99,623
EPS	0.28	0.06

**PANJON LIMITED****2. DIVIDEND:**

Your directors propose to plough back the profit earned by the Company to strengthen its fund base and proposes to utilise the funds for its working capital needs and do not recommend any dividend for the year under review. (Previous Year: Nil).

**3. BUSINESS PERFORMANCE:**

Your directors report that during the period under review the Company has achieved the total turnover of Rs.1725.44 Lacs as compared to previous year of Rs.1445.68 Lacs. However, net profit before tax has increased to Rs.23,34 Lacs as compared to previous year figures Rs.22.70 Lacs).

**4. MANAGEMENT DISCUSSION AND ANALYSIS:**

The business operations of the Company have been reclassified based on the global nomenclature. The operational performance of the business has been reviewed by the management based on this segmentation.

**4.1 Industry structure and developments**

The company is trying to developing new range of product and ayurvedic and confectionary, swad soya, agarabatti and cosmetics and FMGC product.

**5. FINANCE & ACCOUNTS:****5.1 Cash generation:**

The company has generated substantial cash flow during the year which gear up companies development of new product range.

**5.2 Internal Control Systems and its adequacy:**

The Company has reasonably system of internal control comparing authority levels and the powers, supervision, checks, policies and the procedures are routinely tested by the management. Moreover, the company continuously upgrades these systems in the line with the best international accounting practice. The Audit Committee also reviews the adequacy of internal controls systems and the compliance thereof. Further the annual financial statement of the company are reviewed and recommended by the audit committee for the consideration and the approval of the Board of Directors. The Committee also reviewed the internal controls system, significant accounting policy, major accounting entries, etc. during the year.

**5.3 Adequate coverage of risk:**

The Company's assets are adequately insured against the loss of fire and other risk which considered necessary by the Management from time to time.

**5.4 No outstanding Deposits:**

Your Company has not accepted any public deposit within the meaning of the provisions of section 58A of the Companies Act, 1956 and there is no outstanding deposit due for re-payment.

**5.5 Disclosures:**

The Company has made adequate disclosures regarding related party transactions, contingent liabilities, remuneration of directors, and significant accounting policy in the notes to the accounts as an integral part of the Balance Sheet and Profit of Loss Accounts for the year ended 31st March, 2006

**6. DIRECTORS:**

Shri Prakas Doshi, Shri Bijay Singh Thankur, the Directors retires by rotation and being eligible offered themselves for re-appointment. The Board recommends their re- appointment. There is no other change in the directorship during the year under review.

**7. AUDITORS AND THEIR REPORT:**

Comments of the Auditor's in their report and the notes forming part of the Accounts, are self explanatory and need no comments. M/s Trilok Jain & Co., has to vacate their office at the conclusion of the ensuing Annual General Meeting and being eligible offers themselves for re-appointment. The Company has received certificate from the auditors to the effect that their re- appointment if made would be in accordance with the provisions of section 224(1B) of the Companies Act, 1956.

**8. SHARE CAPITAL:**

The Company's has applied for listing of the 49,82,600 equity shares of Rs.10/- each issued on

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preferential basis on 1st June, 2002 and 5,00,000 Shares further issued at a premium of Rs. 1/- each on preferential basis on 7<sup>th</sup> Feb., 2005 Necessary approval from the Madhya Pradesh Stock Exchange & Mumbai are waited. The Company's existing Equity Shares before the preferential allotment are listed with the M.P. Stock Exchange (Regional) & the Stock Exchange, Mumbai. During the year under review there was no suspension of trading of Shares by any stock exchange.

Your Company also has connectivity with the Central Depository Services Ltd. (CDSL) and National Depository Services Ltd. (NSDL) to provide facilities to all members and investors to hold the Company's shares in Dematerialised Form.

**9. DIRECTORS' RESPONSIBILITY STATEMENT:**

In accordance with the provisions of section 217(2AA) of the Companies Act, 1956, your directors state that:

- In the preparation of accounts, the applicable accounting standards have been followed.
- Accounting policies selected were applied consistently. Reasonable and prudent judgments and estimates were made so as to give a true and fair view of the state of affairs of the company as at the end of March 31, 2006 and the profit of the company for the year ended on that date.
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities.
- The annual accounts of the company have been prepared on a going concern basis.

**10. PERSONNEL:**

The relations between the workers and the managements were remained normal and there was no loss of production on account of the labour problems.

**11. SEGMENT REPORTING:**

In terms of the Listing Agreement the Segmental business report being annexed with the report.

**12. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE:**

Information as required under section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988 have been enclosed with the Report.

**13. CORPORATE GOVERNANCE:**

Your Company is committed to good Corporate Governance practices and following to the standards prescribed by SEBI and Stock Exchanges. The Company has implemented all of its major stipulations. Your Company Statutory Auditor's Certificate dated 1st August, 2006 in line with Clause 49 of the Listing Agreement validates our claim. The Auditors' Certificate and report on Corporate Governance is annexed to and forms part of the Directors' Report.

**14. ACKNOWLEDGEMENTS:**

Your Directors acknowledge the vital role played by conscientious and hardworking employees of the company at all levels towards its overall success. Other stakeholders, bankers, business associates and members of the medical profession have continue to lend their valuable support to the company in its efforts to provide high quality products within India and Abroad. The Directors take this opportunity to record their appreciation in this regard.

By order of the Board  
For, PANJON LTD.

Place: INDORE  
Dated: 1<sup>st</sup> August, 2006

**NAGIN KOTHARI**  
**CHAIRMAN & MANAGING DIRECTOR**



**PANJON LIMITED****Annexure to the Directors' Report****Segmental Business Report:**

In terms of AS-17 and the Listing Agreement, the company has identified the necessary segments and relevant details have been given in the Notes on Accounts under the Schedule 'P' Part 'B' annexed with the Balance Sheet.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE:**

Information as required under section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988 are as under:

**A. CONSERVATION OF ENERGY**

(a) Energy conservation measures taken:

1. Efficient maintenance of traps, valves, pipe lines etc. to reduce fuel consumption in boiler.
2. Replacement of old type steam trapes by bucket traps.
3. Proper control of the bampers and safety valves.
4. Efficient control of air conditioning on and off times.
5. Use of dry process (Roll Compactor) for Panjon Tablets in place of weight process and drying in fludised bed drier which has reduced a lot of power consumption.

(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy. Apart from the above mentioned measures new areas are continuously explored and identified to reduce the consumption of energy.

(c) Impact of measures at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:

The above measures have resulted in energy saving and consequent decrease in cost of production.

(d) Total energy consumption and energy consumption per unit of production:

**B. POWER AND FUEL CONSUMPTION:**

	Current Year	Previous Year
1. Electricity (Purchased) Units	97597	119870
Total Amount (Rs.)	873810/-	881527/-
Rate per Unit (Rs.)	8.95/-	7.35/-
2. Electricity (Generated) units Through Diesel Generators	No	No
Units		
Units per ltr. of Diesel oil	No	No
Cost per Unit (Rs.)	No	No
3. Coal (Specify quality & where used) Coal used in	41 M.T.	39 M.T.

**C. TECHNOLOGY ABSORPTION AND RESEARCH & DEVELOPMENT:**

(1) Research & Development:

-Successfully developed a fully in house indigenous Circular oriented printing machine which can print capsules in a circumference of 250 degrees. -Process debottlenecking at all stages of production line.

-Development in the area of trimming collection by efficient vacuum cyclone system.

-Automation in the area of physical test checking for finished product.

-Automation in the area of packing section.

R & D Expenditure: Not quantified separately.

(2) Technology absorption, adaption and innovation.

(a) Efforts in brief made towards technology absorption, adoptions innovation.

-Constant monitoring of process and technology up gradation taking place in advance countries and to offer similar products through in-house R & D as well as through progressive manufacturing activities. The Company is in the process of further improving its quality control methods and testing facilities.

-Regular interaction with equipment designers and manufacturers and major raw material suppliers For improvements to processing and operating parameters.

(b) Benefits derived as a result of above efforts: improved product quality

**D: FOREIGN EXCHANGE EARNING AND OUTGO:**

(a) Activities relating to exports, initiatives takes to increase exports, development of new export

**PANJON LIMITED**

markets for products and services and export plans.

(b) Information in respect of Foreign Exchange Earning and Outgo is Nil:

**E: PARTICULARS OF THE EMPLOYEES:**

Particulars as required under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of the Employees) Rules 1975 are not applicable, since none of the employees of the Company is drawing salary of Rs.24,00,000/- p.a. or Rs.2,00,000/- p.m. for the part of the year.

By order of the Board  
For, **PANJON LTD.**

Place : **INDORE**

Dated : 1<sup>st</sup> August, 2006

**NAGIN KOTHARI**

**CHAIRMAN & MANAGING DIRECTOR**

**CORPORATE GOVERNANCE REPORT****REPORT OF COMPLIANCE WITH CLAUSE 49  
OF THE LISTING AGREEMENT OF THE STOCK EXCHANGES****1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:**

The Company's corporate governance policies recognise the accountability of the Board and the importance of its decisions to all our constituents, including customers, investors, employees and the regulatory authorities and to demonstrate that the shareholders are the cause of and ultimate beneficiaries of the company's economic activities.

The Company believes that better corporate governance can be achieved through increased transparency in its operation and has taken and will continue to take various measures towards the fulfillment of the spirit enshrined in the amended provisions of the listing agreement. The functions of the Board and the Executive Management are well defined and are distinct from one another. The Company has taken a series of steps including the setting up of sub-committees of the Board to oversee the functions of Executive Management. These sub-committees of the Board which mainly consists of Non-Executive Directors, meet regularly to discharge their objectives.

**2. BOARD OF DIRECTORS:****2.1 Details of Directors:**

Name of Director	Executive/Non Executive/ Independent	No of out side directorship		No. of out side committee, whether member or chairman
		Public	Private	
Shri Nagin Kothari	Promoter- Executive	1	-	No
Shri Jay Kothari	Promoter- Executive	2	-	No.
Mrs. Sajjan Bai Kothari	Promoters- NED	-	-	No
Shri Amit Mehta	Independent	1	-	No
Shri Prakash Doshi	Independent	-	-	No
Shri Bijay Singh Thakur	Independent	-	-	No

**2.2 Details of Board Meetings held during the year:**

Date of Board Meeting	City	No. of directors present
31-01-2006	Indore	5
29-04-2006	do	5
31-07-2006	do	6
31-10-2006	do	5

**3. AUDIT COMMITTEE:**

(A) Brief description of terms of reference:

- (i) Review with the management the annual/half-yearly/quarterly financial statements.
- (ii) Hold separate discussion with Head-Internal Audit, Statutory Auditors and among members of the Audit Committee to find out whether the company's financial statements are fairly presented



**PANJON LIMITED**

- (iii) in conformity with the Accounting Standards issued by ICAI.
- (iii) Review the company's financial and risk management policies and the adequacy of internal control systems.
- (iv) Review the adequacy of accounting records maintained in accordance with the provisions of the Companies Act 1956.
- (v) Review the performance of Statutory Auditors and recommend their appointment & remuneration to the Board, considering their independence & effectiveness.
- (vi) Perform other activities consistent with the Company's Memorandum and Articles, the Companies Act, 1956 and other Governing Laws.

- (B) Composition of Committee and number of meetings held: Shri Amit Mehta, was appointed as the Chairman and Shri Prakash Doshi and Shri Bajay Singh Thakur as the member of the Audit Committee. During the year under review, the Audit Committee of the Board met four times to deliberate on various matters. The Chairman of the Audit Committee has also attended the Annual General Meeting.

**4. SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE:****4.1 Brief description of terms of reference:**

The Company has a 'Shareholders Grievance & Transfer Committee' at the Board level to look into the redressing of shareholders and investors complaints like:

1. Transfer of Shares, transmissions and delay in confirmation in D-mat of shares
2. Non-receipt of Annual Report, etc.

**4.2 Composition of Committee and number of meetings held:**

Shri Prakash Doshi was appointed as the Chairman and Shri Amit Mehta and Shri Bijay Singh Thakur as the member of the Committee.

S.No.	Particulars	Status
1	Name and designation of Compliance Officer	Shri Jay Kothari, Director
2	Number of shareholders complaints received during the year	41
3	Number of complaints solved during the year	41
4	Number of complaints pending at the end of the year	Nil

The Company has given powers to implement transfer, transmission and D-mat of Shares to the Share Transfer Agent and to resolve the relating problems as professional agency. The Committee meets only on specific nature of complaints not resolved within a period of 14 days from the date of its receipts.

**5. REMUNERATION COMMITTEE:****5.1 Brief description of terms of reference:**

The terms of reference of the Committee are to review and recommend compensation payable to the executive directors. The Committee also ensures that the compensation policy of the Company provides for performance oriented incentives to management.

**Composition of Committee and number of meetings held:**

Shri Bijay Singh Thakur was appointed as the Chairman and Shri Amit Mehta and Shri Prakash Doshi as the member of the Committee. During the year under review, no meeting of the committee were held as no reference was made to it by the Board.

**6. GENERAL MEETINGS;**

Location and time, where last three AGMs were held:

Financial Year	2002-03	2003-04	2004-05
Date	30/09/2003	30/09/2004	30/09/2005
Time	0.30 P.M.	11.00 A.M.	11.00 A.M.
Venue	Indore	Indore	Indore

**7. DISCLOSURES:**

1. here are no material significant related party transactions made by the Company with its