

24th
Annual Report

2006-2007



PANJON LIMITED

Twenty Forth Annual Report 2006-2007

Board of Director:

Mr. Nagin Kothari	Chairman & Whole Time Director
Mr. Jay Kothari	Managing Director
Mrs. Sajjan Kothari	Director
Mr. Amit Mehta	Director
Mr. Bijay Singh Thakur	Director
Mr. Prakash Doshi	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.
246, 1st Floor, Sant Nagar, East Of Kailash
Delhi.
Ph.: 011-26292682

Date :	29/09/2007
Day :	Saturday
Time :	11 A.M.
Place :	Niranjanpur, Dewas Naka, A.B. Road, INDORE (M.P.)

PANJON LIMITED

Trilok Jain & Company,

Chartered Accountants
115, Bansi Trade Center, 581/5, M.G. Road, Indore
Off. Tele/Fax 533324/533576,

AUDITOR'S REPORT

To,
Members,
Panjon Limited,
Dawa Bazar,
INDORE-452 002

We have audited the attached Balance sheet of **PANJON LIMITED**, INDORE as at 31ST March 2007, the Profit and Loss Account and Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These Financial Statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

1. As required by Companies (Auditors Report) Order, 2003 issued by the Central Government in terms of section 227(4A) of the Companies Act, 1956, we annex hereto statement on the matter specified in the order.
2. Further to our comments in the Annexure referred to in paragraph (1) above.
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of the audit.
 - (b) In our opinion, proper books of accounts, as required by law have been kept so far, as appears from our examination of the books.
 - (c) The Balance Sheet, Profit & Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - (d) In our opinion, the Cash Flow Statement, Profit & Loss A/c and Balance Sheet dealt by this report are in compliance with the Accounting Standards referred to in section 211(3C) of the Companies Act, 1956.
 - (e) On the basis of written representation received from the directors and taken on records by board we mention that no directors of the Company are disqualified from being appointed in according with Clause (g) of sub section (i) of Section 274, as on 31st March 2007 on the said date.
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with and subject to the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view.
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2007 and
 - (ii) in the case of the Profit & Loss of the Profit of Company for the year ended on that date.
 - (iii) in the case of cash flow statement of the cash flows of the company for the year ended on that date.

PLACE: INDORE
Date: 01.08.2007

For Trilok Jain & Co.
Chartered Accountants

T.C. Jain
Partner

PANJON LIMITED

**CERTIFICATE OF STATUTORY AUDITORS
ON CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGES**

To
The Board of directors
Panjon Limited

We have examined the compliance of conditions of Corporate Governance procedures as stipulated in Clause 49 of Listing Agreement entered into by the company with the Stock Exchanges, for the financial year beginning 1st April, 2006 and ending on 31st March, 2007.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We have conducted our review on the basis of the relevant records and documents maintained by the company and furnished to us for review and the information and explanations given to us by the company. Based on such review, in our opinion, the Corporate Governance Report of the company, referred to above, reflects on a fair basis the status of compliance by the company with the Clause 49 of the Listing Agreement of the Stock Exchanges, relating to Corporate Governance, for the financial year commencing from 1st April, 2006 to 31st March, 2007 and that no investors grievances is pending for a period exceeding one months against the Company as per the records mentioned by the Share Department/Share Transfer Agent of the Company.

We further state that such compliance is neither an assurance or as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For TRILOK JAIN & CO.
Chartered Accountants

T.C.JAIN
PARTNER

Indore
1st August, 2007

PANJON LIMITED

ANNEXURE TO THE AUDITORS REPORT REFERRED TO IN PARAGRAPH 1 OF THE AUDITOR'S REPORT OF EVEN DATE TO THE MEMBERS OF PANJON LIMITED ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2007.

In terms of the information and explanations given to us and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief we state that

- (i)
 - (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - (b) As explained to us, the fixed assets have been physically verified by the management during the year. There is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
 - (c) In our opinion, the company has not disposed of substantial parts of fixed assets during the year and the going concern status of the company is not affected.
- (ii)
 - (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
 - (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - (c) The company is maintaining proper records of inventory. As informed to us the discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii)
 - (a) The Company has received Unsecured Loans and Trade Deposits from various customers, which are treated as unsecured loan. The total No. Of parties are Twelve and amount outstanding as on 31.03.07 is Rs. 2885733 /-. Distributor dep. Party Four Super Stockiest dep. Three and other Five parties. According to the informations and explanation given to us, the rate of interest and other terms and conditions of the loan are prima-facie not prejudicial to the interest of the company. The Company is regular in repayment of deposits and there are no overdue.
 - (b) The company has granted unsecured loans, advances to the Companies, Firms and Parties listed in the Register maintained under section 301. The Total No. Of Parties Two and amount outstanding as on 31.03.2007 is Rs.43,25,365 /-. According to the information and explanations given to us, the rate of interest and other terms and conditions of the loan are prima-facie, prejudicial to the interest of the Company.
 - (c) The debtors are not regular in repaying the principle amounts as stipulated and also irregular in payment of interest.
 - (d) In our opinion the company has not taken reasonable steps to recover the loan amount.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- (v)
 - (A) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
 - (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts of arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the company has not accepted deposits hence provisions of section 58A and 58AA of the Companies Act are not applicable to company. Except Business deposits.
- (vii) In our opinion, the company does not have Internal audit system commensurate with the size and nature of its business
- (viii) As informed and explained to us the Central Government has ordered for maintenance of cost records under section 209(1) of the companies Act vide order dated 16/03/2006 of the Central Government these have not been appointed due to non-receipt of approval of Central Government but these have not been regularly / properly maintained.
- (ix)
 - (a) The company is generally irregular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax custom duty, excise duty, Cess and other material statutory dues applicable to it including Sales Tax demand of Rs.21,833 /- which has not been paid till the date of Audit.
 - (b) According to the information and explanations given to us and records of the Company examined by us, the particulars of dues of Sales Tax as at 31/3/2007, which have not been deposited on account of a dispute, are as follows.

PANJON LIMITED

Name of the Statute	Nature of the Dues	Amount under dispute not yet deposited	Forum where dispute is pending
Sales Tax	2002-2003 MPCT	1,66,051 /-	Revision filled at Additional Commissioner of CT, Indore.
	2002-2003 CST	84,054 /-	Revision filed At Additional Commissioner of CT, Indore

- (x) The company has no accumulated loss, as at the end of year the company more than fifty percent of its net worth. The company has not incurred any cash losses during the financial year covered by our audit or in the immediately preceding financial year.
- (xi) Company had already made settlement with MPAKVN Bhopal and paid Full Principal amount but it has not paid Interest on delay Payment and it is under dispute.
- (xii) We are of the opinion that the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the company is not a chit fund or a *nidhi* / mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiv) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xv) As informed and explained to us the company has not given guarantees for loans taken by others from banks or financial institutions.
- (xvi) The Company has applied the funds raised by way of term loans towards the purpose for which they have been raised.
- (xvii) According to the information and explanations given to us, and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long-term investment.
- (xviii) According to the information and explanations given to us, the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- (xix) According to the informations and explanations given to us, during the period covered by our audit report, the company had not issued any debenture.
- (xx) The company has not made any Public issue of shares during the year.
- (xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

PLACE: INDORE
DATE: 01/08/2007

For Trilok Jain & Co.
Chartered Accountants

(T.C. Jain)
Partner
M.No. 12712

PANJON LIMITED

NOTICE is hereby given that 24th Annual General Meeting of the Members of **PANJON LIMITED** will be held at Niranjapur, Dewas Naka, A.B. Road, Indore (M.P.) on Saturday the 29th September, 2007 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, 2007 and the Profit & Loss Account of the Company for the year ended 31st March, 2007 and the report of the Directors' & Auditor's thereon.
2. To appoint a director in place of Shri Amit Mehta, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a director in place of Smt. Sajjan Bai Kothari 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.

II. SPECIAL BUSINESS BY SPECIAL RESOLUTION:

5. To consider and if thought fit, to pass with or without modification(s) if any, the following Special Resolution:

RESOLVED THAT pursuant to the provisions of section 198, 269, 302, 309, 310 read with the provisions of Schedule XIII of the Companies Act, 1956 and other applicable provisions if any of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being in force) the consent of the members of the Company be and is hereby granted for the re-appointment of Shri Nagin Kothari as the Chairman and Whole-time Director of the Company for a period of five years w.e.f. 7th Nov., 2007 on the following terms and conditions:

- (a) Salary: Rs.50,000/- per month, with the annual increment of Rs.5,000/- only.
- (b) Perquisites: Subject to the ceiling of Rs.4,50,000/- per annum:
 - (i) House Rent Allowance subject to a maximum of 50% of the salary or house accommodation shall be provided by the Company and 10% of salary shall be recovered by way of rent.
Expenditure incurred by the Company on his electricity, water and furnishing shall be evaluated as per Income Tax Rules, 1962, subject to a ceiling of 10% of salary.
 - (ii) Re-imbursement of medical expenses of the Chairman and Whole-time Director and his family, the total cost of which to the Company shall not exceed one month's salary in the year or three months salary in a block of three years.
 - (iii) Leave travel assistance: Expenses incurred for self and family in accordance with the Rules of the Company.
 - (iv) Club Fees: subject to maximum of two clubs-this will not include admission and life membership.
 - (v) Personal accident insurance premium not exceeding Rs.4,000/- P.A.

BENEFITS-CATEGORY A

PANJON LIMITED

1. Contribution to the Provident Fund, Family Benefit Fund Superannuation Fund as per Rules of the Company.
2. Gratuity not exceeding half a month's salary for each completed year of service.
3. Earned Privilege Leave: As per the rules of the Company subject to the condition that the leave accumulated but not availed of will be allowed to be encashed for 15 days salary for every year of completed services at the end of the tenure.

CATEGORY B:

- (i) Car: The Company shall provide a car for the Company's business and, if no car is provided, reimbursement of the conveyance shall be made as per actual claims made by him.
- (ii) Telephone: Free use of telephone(s) at his residence, provided that personal long distance calls on the telephone shall be billed by the Company to the Chairman & Whole-time Director.

NOTE: For the purpose of perquisites stated in Category "A" above, "Family" means the spouse, the dependent children and dependent parents of the appointee.

FURTHER RESOLVED THAT in the event of there being loss or inadequacy of profit for any financial year, the aforesaid remuneration payable to Shri Nagin Kothari shall be the minimum remuneration payable to him in terms of the provisions of Schedule XIII to the Companies Act, 1956.

RESOLVED FURTHER THAT Shri Nagin Kothari the Chairman and Whole-time Director shall also be entitled for the reimbursement of actual entertainment, traveling, boarding and lodging expenses incurred by him in connection with the Company's business and such other benefits/ amenities and privileges, as may be from time to time, available to other Senior Executives of the Company.

RESOLVED FURTHER THAT the Board of directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as in its absolute discretion, it may consider necessary, expedient or desirable, and to settle any question, or doubt that may arise in relation thereto and the Board shall have absolute powers to withhold the increments, decide break up of the remuneration within the above said maximum permissible limit, in order to give effect to the foregoing resolution, or as may be otherwise considered by it to be in the best interest of the Company.

6. To consider and if thought fit, to pass with or without modification(s) if any, the following Special Resolution:

RESOLVED THAT pursuant to the provisions of section 198, 269, 302, 309, 310 read with the provisions of Schedule XIII of the Companies Act, 1956 and other applicable provisions if any of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being in force) the consent of the members of the Company be and is hereby granted for the appointment of Shri Jay Kothari as the managing Director of the Company for a period of five years w.e.f. 1st April, 2007 on the following terms and conditions:

- (a) Salary: Rs.50,000/- per month, with the annual increment of Rs.5,000/- only.
- (b) Perquisites: Subject to the ceiling of Rs.4,50,000/- per annum:
 - (i) House Rent Allowance subject to a maximum of 50% of the salary or house accommodation shall be provided by the Company and 10% of salary shall be recovered by way of rent.

PANJON LIMITED

Expenditure incurred by the Company on his electricity, water and furnishing shall be evaluated as per Income Tax Rules, 1962, subject to a ceiling of 10% of salary.

- (ii) Re-imburement of medical expenses of the Managing Director and his family, the total cost of which to the Company shall not exceed one month's salary in the year or three months salary in a block of three years.
- (iii) Leave travel assistance: Expenses incurred for self and family in accordance with the Rules of the Company.
- (iv) Club Fees: subject to maximum of two clubs-this will not include admission and life membership.
- (v) Personal accident insurance premium not exceeding Rs.4,000/- P.A.

BENEFITS-CATEGORY A

- 1. Contribution to the Provident Fund, Family Benefit Fund Superannuation Fund as per Rules of the Company.
- 2. Gratuity not exceeding half a month's salary for each completed year of service.
- 3. Earned Privilege Leave: As per the rules of the Company subject to the condition that the leave accumulated but not availed of will be allowed to be encashed for 15 days salary for every year of completed services at the end of the tenure.

CATEGORY B:

- 1. Car: The Company shall provide a car for the Company's business and, if no car is provided, reimbursement of the conveyance shall be made as per actual claims made by him.
- 2. Telephone: Free use of telephone(s) at his residence, provided that personal long distance calls on the telephone shall be billed by the Company to the Managing Director.

NOTE: For the purpose of perquisites stated in Category "A" above, "Family" means the spouse, the dependent children and dependent parents of the appointee.

FURTHER RESOLVED THAT in the event of there being loss or inadequacy of profit for any financial year, the aforesaid remuneration payable to Shri Jay Kothari shall be the minimum remuneration payable to him in terms of the provisions of Schedule XIII to the Companies Act, 1956.

RESOLVED FURTHER THAT Shri Jay Kothari the Managing Director shall also be entitled for the reimbursement of actual entertainment, traveling, boarding and lodging expenses incurred by him in connection with the Company's business and such other benefits/ amenities and privileges, as may be from time to time, available to other Senior Executives of the Company.

RESOLVED FURTHER THAT the Board of directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as in its absolute discretion, it may consider necessary, expedient or desirable, and to settle any question, or doubt that may arise in relation thereto and the Board shall have absolute powers to withhold the increments, decide break up of the remuneration within the above said maximum permissible limit, in order to give effect to the foregoing resolution, or as may be otherwise considered by it to be in the best interest of the Company.

PANJON LIMITED

**BY ORDERS OF THE BOARD
PANJON LIMITED**

Place: INDORE

Date : 1st August, 2007

**NAGIN KOTHARI
CHAIRMAN**

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 24.09.2007 to 29.09.2007. (both days inclusive)
3. 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.
4. 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.
5. The Company is having connectivity with 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 ISIN-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.
6. Members who are holding Equity shares in identical order of names in more than one folio are requested to write to the Registrars and Transfer Agents of the Company to enable the Company to consolidate their holdings in one folio.
7. Explanatory Statement pursuant to the provisions of section 173(2) of the Companies Act, 1956 for the special businesses being annexed to the notice of the Meeting.
8. Pursuant to the Clause 49 of the Listing Agreement brief profile of directors proposed for re-appointment of the retiring directors, is attached hereto.

**ANNEXURE TO THE NOTICE
EXPLANATORY STATEMENT IN PURSUANT TO THE PROVISIONS OF SECTION 173(2) OF
THE COMPANIES ACT, 1956 IN RESPECT TO THE SPECIAL BUSINESS:**

ITEM NO.5 & 6:

Shri Nagin Kothari has been serving the Company since its incorporation. He has been looking into the affairs of the Company as its Chairman and Managing Director for the last twenty four years. He is not only well-conversant with the working and policies of the Company but also has been instrumental in its progress. His knowledge and experience has helped the Company to achieve its present position in the market.

The tenure of the office of the Chairman Cum Managing Director held by him has been lapsed on 6th Nov., 2007 and the Board has further appointed him as the Chairman & whole-time Director for a further period of five years as per recommendation of the Remuneration Committee of the Board. It was considered that his presence in the Board is very essential for the efficient management of the Company. In terms of provisions of section 269 read with the Schedule XIII of the Companies Act, 1956, the Board recommends appointment of Shri Nagin Kothari as the Chairman Cum Whole-time Director and proposes resolution as set out in item No. 5 for approval as Special Resolution.

Shri Jay Kothari has been serving the Company since last more than 15 years. He has been looking into the affairs of the Company as its Whole-time Director and designated as the