



PAN ELECTRONICS (INDIA) LIMITED

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


NANIK G ROHERA
Chairman

Place: Bangalore
Date 02.09.2009

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 Madaiah 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 advise 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.

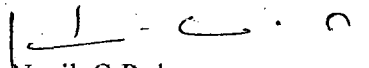
ACKNOWLEDGMENT

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	<p>Composition, name of members and Chairperson</p> <p>3 Independent Directors 1. Shri H N Tarachandani - Chairman 2. Shri B K Banerjee - Member 3. Shri G. Nagaraju Member All the Directors have financial accounting knowledge and are non executive and independent.</p>																														
	ii	<p>No. of meetings and attendance during the year</p> <p>Four on 28.04.08, 27.08.08, 27.10.08 & 19.01.09 Shri B K Banerjee – 3 Meetings Present Shri H N Tarachandani- 3 Meetings Present 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: As the Company is sustaining loss, the Chairman and Managing Director draw no remuneration.</p>																															
	i	Brief description of terms of reference																														
	ii	<p>Composition, name of members and Chairperson</p> <p>Shri G. Nagaraju – Chairman Shri H. N Tarachandani – Member</p>																														
	iii	<p>Attendance during the year</p> <p>-</p>																														
	iv	<p>Remuneration policy</p> <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>																														
		<table border="1"> <thead> <tr> <th>Particulars</th> <th>Yes / No</th> </tr> </thead> <tbody> <tr> <td>v</td> <td></td> </tr> <tr> <td>Details of remuneration to all Directors as per the format listing out the following:</td> <td></td> </tr> <tr> <td>Salary</td> <td>NA</td> </tr> <tr> <td>Benefits</td> <td>NA</td> </tr> <tr> <td>Bonus</td> <td>NA</td> </tr> <tr> <td>Stock Options</td> <td>NA</td> </tr> <tr> <td>Pension</td> <td>NA</td> </tr> <tr> <td>Others</td> <td>NA</td> </tr> <tr> <td>Break up of fixed components and performance linked incentives</td> <td>NA</td> </tr> <tr> <td>With performance criteria</td> <td>NA</td> </tr> <tr> <td>Service Contract - Notice period, severance fees</td> <td>NA</td> </tr> <tr> <td>Stock options details (if any)</td> <td>NA</td> </tr> <tr> <td>Whether issued at discount</td> <td>NA</td> </tr> <tr> <td>Period over which it is accrued and is exercisable</td> <td>NA</td> </tr> </tbody> </table>	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
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5	General Body Meetings		
	I	Location & time where last 3 AGMs were held Ashirwad Party Hall, Jaynagar, Bangalore 2008 Badami Party Hall, J P Nagar, Bangalore 2007 Hotel Abhishek, Kumara Krupa Road, Bangalore 2006	Bangalore 03.30 pm Bangalore 03.30 pm Bangalore 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
6	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	Nil
	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
7	Means of Communication		
	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	
	iv	The presentation made to institutional investors or to the analysts	Nil
	V	Whether Management Discussion & Analysis is part of Annual Report or not	Yes
8	General Shareholder information		
	I	AGM Date, time and venue	29 th September 2009, @ 3.30 pm at Vijay nagar Club, Bangalore.
	II	Financial year	31 st March 2009
	III	Book Closure	23.9.2009 to 29.9.2009
	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 2008	8.00 8.00
		May 2008	7.61 7.61
		June 2008	7.59 7.23
		July 2008	- -
		August 2008	- -
		September 2008	- -
		October 2008	- -
		November 2008	7.22 6.86
		December 2008	- -
		January 2009	- -
		February 2009	- -
		March 2009	- -
	VIII	Share Transfer System	Share transfer in physical form can be lodged with the Share Transfer Agents. The transfer is normally processed within the stipulated time from the date of receipt if the documents are complete in all respects. The Share Transfer Committee of the board approves the transfers. Insider trading norms are adhered to and reported to the Stock exchanges upon information from the concerned.

Note: There was no trading during other months

	IX	Dematerialisation of shares and liquidity	Shares in physical form can be dematerialized and dealt on NSDL.
	X	Outstanding GDR/ADR/Warrants or any convertible instruments, conversion date and impact on equity	Nil
	XI	Plant location	83 SIPCOT Complex, Hosur, TN, India
	XII	Address for correspondence	69, 3 rd Cross, Cubbon pet, Bangalore 560 002
9	i	Compliance Certificate from Auditors of the Company	YES
	ii	Any Qualification in Auditor's Report	YES

10. Shareholding pattern as on 31st March 2008.

Sl No	Category	Pre allotment of equity shares	
		Number of equity shares	Percentage
A	Promoter & Promoter Group		
	1. Indian Individuals	1908820	47.72
	2. Foreign Non Residential individuals	-	-
	Bodies Corporate	235800	5.90
B	PUBLIC SHARE HOLDING	-	-
	Institutions	3200	0.08
	Mutual Funds	-	-
	Financial Institutions / Banks	-	-
	Foreign Institutional Investors	-	-
	Non Institutions	-	-
	Bodies Corporate	-	-
	Individuals		
	1. Individual share holders holding nominal Share capital upto Rs.1,00,000/-	831080	20.78
	2. Individual share holders holding nominal capital in excess of Rs.1,00,000	979600	24.48
	Any other (NRI / OCB)	41500	1.04
	TOTAL	4000000	100

No. of share holders	% of total	Shareholding of nominal of Rs.10/-		No. of shares	Amount Rs.	% of total
2388	86.34		Up to 5,000	416875	4168750	10.42
219	8.09	5,001	10,000	189700	1897000	4.74
84	3.10	10,001	20,000	120855	1208550	3.02
27	1.00	20,001	30,000	69750	697500	1.74
13	0.48	30,001	40,000	46100	461000	1.15
4	0.15	40,001	50,000	19800	198000	0.50
10	0.37	50,001	1,00,000	76000	760000	1.90
13	0.48	1,00,001	& above	3060920	30609200	76.52
2,708	100.00	Total		40,00,000	4,00,00,000	100.00

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

A	Industry structure and developments	Electronic Metallised Polypropylene and Polyester film industry is well organised in India. Your Company is one of the top five major players in the Country. The market domestically has been growing at about 5-10% per annum.
B	Opportunities and threats.	The Company faces excessive competition resulting in continued reduction in margins and fluctuations in export exchange costs.
C	Segment wise or product wise performance	There are no segmental operations as per Accounting Standard 17 issued by the Institute of Chartered Accountants of India.
D	The outlet & future plans	The Company has negotiated with the Financial Institutions for an one time settlement of dues. The Company looks forward towards growth oriented future through exports and diversification.
E	Risks and concerns	The opening up of the Indian economy consequent to India becoming a member of WTO has adversely impacted the market scenario.
F	Internal control system and their adequacy	The Internal Control Systems of the Company are adequate and are constantly reviewed and supported by internal audit.
G	Discussion of financial performance with respect of operational performance.	The negative financial performance of the Company is mainly due to its operational performance.
H	Material development in human resources / industrial relations front, including number of people employed	The Company continues to give thrust for human resource development and industrial relations. The Company effected reduction, maximum of its employees during the year, by paying suitable compensation as per Law.


CAUTIONARY STATEMENT:

Statements in this "Management Discussion and Analysis" contain forward looking statements which may be identified by the use of words in that direction or connoting the same. All statements that address expectations or projections about the future, including, but not limited to statements about the Company's strategy for growth, product development, market position, expenditures and financial results are forward looking statements on the basis of any subsequent development, information or events.

Affirmation of Compliance with the Code of business conduct of Directors and Senior Executives

I, Nanik G Rohera, Chairman of the Company, to the best of my knowledge and belief, declare that all the Board members & senior management have affirmed compliance with the code of conduct for the year ended 31 March 2009.

Place: Bangalore
Date: 02 Sept 2009


Nanik G Rohera
Chairman

AUDITOR'S REPORT ON CORPORATE GOVERNANCE TO THE MEMBERS OF PAN ELECTRONICS (INDIA) LIMITED.

CIN: U00309KA1982PTC004960

Nominal Capital: Rs. 4.00 CRORES

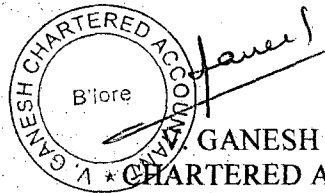
We have examined the compliance of conditions of corporate governance by the Company for the year ended 31st March 2009 as stipulated in clause 49 of the Listing Agreement with stock exchanges.

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

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

In our opinion and to the best of our information and according to the explanations given to us, the Company has taken reasonable steps to ensure implementation of the conditions of Corporate Governance, as stipulated under Clause 49 of the listing agreements.

PLACE: Bangalore
DATE : 2 Sept 2009


GANESH
* CHARTERED ACCOUNTANT

AUDITORS' REPORT

TO THE MEMBERS OF PAN ELECTRONICS (INDIA) LIMITED

We have audited the attached Balance Sheet of PAN Electronics (India) Limited as at 31st March 2009, the Profit and Loss Account and Cash Flow Statement 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 the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 financial statement presentation. We believe that our audit provides a reasonable basis for our opinion. We report that:

- 1 a) We have obtained all the information and explanations, which to the best of our knowledge and belief where necessary for the purposes of our audit;
- b) In our opinion, proper books of accounts as required by law, have been kept by the Company so far as appears from our examination of those books;
- c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement, dealt with by this report are in agreement with the books of account;
- d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956 (the Act);
- e) On the basis of written representations received from the Directors, as on 31st March 2009 and taken on record by the Board of Directors, we report that none of the Directors, are disqualified as on 31st March 2009 from being appointed as a Director in terms of Clause (g) of sub section (1) of section 274 of the Companies Act, 1956;
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts subject to

- *Note (3) of Schedule 21-II regarding non-obtainment of confirmations in respect of certain balances appearing under Secured Loans, Loans and Advances (Except wholly owned subsidiaries), Sundry Debtors and Sundry Creditors, the impact of which not being quantifiable*
- *Note (3) of Schedule 21-II regarding non-provision of penal interest and liquidated damages the impact of which is not quantifiable as the Company has not obtained the year-end confirmation of balances*
- *Non provision of Deferred Tax Liability of Rs.29.70 lakhs as per Accounting standard 22 issued by institute of Chartered Accountants of India*
- *Non-creation of provisions for doubtful advances in respect of advances disclosed vide note (13) of schedule 21 amounting to Rs 384.52 lakhs consequent to the negative net worth of the Subsidiary Companies to which the amounts have been advanced*
- *Non provision towards guarantee of Rs. 770.00 lakhs given to IDBI securing due repayment of 18% NCD issued, in favour of IDBI by Venlon Metallising Pvt Ltd (a wholly owned subsidiary company)*
- *Non provision towards guarantee of Rs.50 lakhs given to Canara Bank, Mysore securing due repayment of term loan obtained by Dev Power Corporation, Mysore*
- *Non obtainment of permission of IDBI in respect of shares of Venlon Metallising Private Limited acquired by the company from the erstwhile share holders*



and read with other Accounting Policies and notes, give the information required by the Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- i) In the case of the Balance Sheet, the state of affairs of the Company as at 31st March 2009;
- ii) In the case of the Profit and Loss Account, of the loss for the year ended on that date; and
- iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

2. As required by the Companies (Auditor's Report) Order, 2003 as amended by Companies (Auditors Report) (Amendment) order 2004 issued by the Central Government of India in terms of sub section 227 of the Companies Act, 1956 we further report that:

1a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

b) All the assets have not been physically verified by the management during the year but there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. We are unable to comment on the discrepancies if any, as all the assets have not been physically verified as aforesaid.

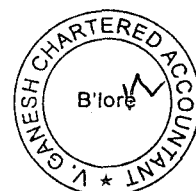
c) The company has not disposed off a substantial part of fixed assets during the year.

2a) 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 its inventories and no material discrepancies were noticed on physical verification when compared to the book records.

3. a) The company has not taken any loans, secured or unsecured from Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- b) The company has granted advance, in the nature of unsecured loans to two wholly owned subsidiary companies, covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year Rs 425.86 lakhs and the year-end balance of such loans aggregate to Rs 384.52 lakhs.
- c) i) No interest has been charged and terms and conditions for the advances have not been specified and we are of the opinion that the said advances are *prima-facie* prejudicial to the interest of the company.
- ii) In the absence of terms and conditions relating to the repayment / payment of principal and interest we are unable to comment on the regularity of the repayment/payment of principal and interest respectively.
- iii) In the absence of terms and conditions relating to the repayment / payment of principal and interest, we are unable to state the over due amount and to comment upon the reasonability of the steps taken / to be taken by the company for the recovery / payment of principal and interest respectively.
4. 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 purchase of inventory and fixed assets and for the sale of goods and service. During the course of our audit we have not observed any continuing failure to correct major weaknesses in internal controls.



5. 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, there are no transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Act and exceeding Rs five lakhs.
6. The company has not accepted deposits from the Public within the meaning of section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under.
7. The company has an adequate internal audit system commensurate with its size and nature of its business.
8. The Central Government has not prescribed maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956.
9. a) According to the information and explanations given to us and according to the books and records as produced and examined by us, in our opinion, the undisputed statutory dues in respect of provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable, have not been regularly deposited by the Company during the year with the appropriate authorities, as indicated below:

STATEMENT OF ARREARS OF STATUTORY DUES OUTSTANDING FOR MORE THAN 6 MONTHS

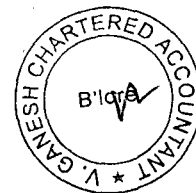
Sl. No.	Name of the Statute	Nature of dues	Amount Rs.(in lakhs)	Period to which the amount relates	Due Date (Succeeding month)	Date of Payment
1.	ESI Act	ESI	1.37	Upto Mar'09	20 th	NIL
2.	Income Tax Act	TDS	0.25	Upto Mar'09	7 th	NIL
3	Sales Tax, Tamil Nadu	CST	1.54	Upto Mar'09	20 th	NIL
4.	Sales Tax, Delhi	Local	9254	Upto Mar'09	20 th	NIL

- b) As at March 31, 2009, according to the record of the company and the information and explanations given to us, the following are the particulars of disputed dues (provided / considered contingent liability, as appropriate) on account of sales tax, income tax, customs duty, wealth tax, service tax excise duty and cess matters that have not been deposited on account of any dispute.

STATEMENT OF DISPUTED DUES:

Name of the Statute	Nature of the dues	Amount Rs. in lakhs	Period to Which amount relates	Forum where Disputes are pending
The Tamil Nadu State Sales Tax Act, 1959	Sales Tax job on Job work and Penalty	13.38	1988-89, 1992-93 & 1995-96	Commercial Tax Officer Hosur North
The Central Excise Act, 1944	Concessional rate of Excise Duty	350.00	2000	High Court Chennai

10. In our opinion, the accumulated losses of the company are more than fifty percent of its net worth. The company has incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.



11. In our opinion and according to the information and explanations given to us, the company has defaulted in repayment of dues to financial institutions as given below:

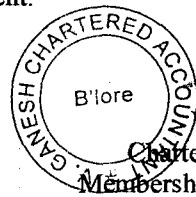
Name of the Financial Institution	Amount Default Rs.in lakhs	Commencement of year of Default from
Industrial Development -Bank of India – Loan I	808.17	1998
Industrial Development- Bank of India – Loan II	1697.89	2001

*The above amounts do not include penal interest and liquidated damages

12. The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, clause 4 (xii) of the Companies (Auditor's Report) Order 2003 as amended is not applicable.
13. The company is not a chit fund or a nidhi / mutual benefit fund / society. Accordingly clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 as amended is not applicable.
14. According to the information and explanations given to us, the company is not dealing or trading in shares, securities, debentures and other investments. Accordingly clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 as amended is not applicable.
15. In our opinion and according to the information and explanations given to us, the following guarantees given by the company are prejudicial to the interest of the company:
- a) Industrial Development Bank of India for Rs.770.00 lakhs in respect of term loan obtained by Venlon Metallising Pvt Ltd and
 - b) Canara Bank, Mysore for Rs.50 lakhs in respect of term loan obtained by Dev Power Corporation, Mysore.
16. The company has not received any term loan during the year.
17. On the basis of an overall examination of the Balance Sheet of the company, in our opinion and according to the information and explanations given to us, there are no funds raised on short-term basis, which have been used for long-term investment.
18. The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956 during the year.
19. No debentures have been issued by the company and hence the question of creating security or charge in respect thereof does not arise.
20. The company has not raised any money by public issue during the year.
21. During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor we have been informed of such case by the management.

Place: Bangalore

Date: 2/9/09


V. GANESH
Chartered Accountant.
Membership Number: 208181

The Board of Directors
PAN Electronics (India) Limited
No. 69 III Cubbonpet
BANGALORE 560 002

MD / CFO CERTIFICATION

- a) We have reviewed financial statements and cash flow statement for the year ended 31st March 2009 and that to the best of our knowledge and belief :
1. These statements do not contain any materially untrue statement or any material fact or statements that might be misleading.
 2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violate of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the auditors and the Audit Committee:
1. Significant changes in internal control during the year
 2. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 3. There are no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system, if any.

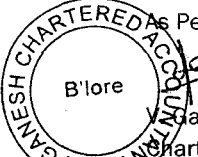


Nitesh Rohera
Managing Director

Date : 02.09.2009
Place : Bangalore

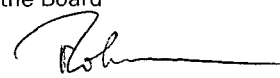
PAN ELECTRONICS (INDIA) LIMITED
BALANCE SHEET AS AT 31.03.2009

PARTICULARS		SCH NO.	31.03.2009	31.03.2008
I	SOURCE OF FUNDS			
	1.Share Holders Funds:			
	Share Capital	1	40,000,000	40,000,000
	2.Reserves and Surplus	2	11,132,936	11,326,269
	3.Secured Loans	3	257,645,306	265,761,408
4. Deferrred tax				
	TOTAL		308,778,242	317,087,677
II	APPLICATION OF FUNDS			
	1.FIXED ASSETS:			
	a.Gross Block	4	180,535,305	179,147,996
	b.Less:Depreciation		163,199,753	155,067,472
	c.Net Block		17,335,552	24,080,524
	d Capital work in Progress			
			17,335,552	24,080,524
	2. INVESTMENTS	5	2,834,520	2,834,520
	3.CURRENT ASSETS, LOANS& ADVANCES			
	a.Inventories	6	2,490,932	3,247,900
	b.Sundry debtors	7	1,827,896	4,505,866
	c.Cash & Bank Balances	8	283,062	162,357
	d.Loans & Advances	9	78,814,351	76,494,701
			83,416,241	84,410,824
	Less:Current Liabilities & Provisions			
	a. Current Liabilities	10	40,331,113	29,921,966
	b. Provison for FBT		19,225	
NET CURRENT ASSETS		43,065,903	54,488,859	
4.MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)				
5. Profit & Loss Account		245,542,267	235,683,773	
NOTES ON ACCOUNTS	20			
	TOTAL		308,778,242	317,087,677

As Per our report on even date

 Ganesh
 Chartered Accountant
 Place : Bangalore,
 Date : 2/9/09

For and on behalf of the Board

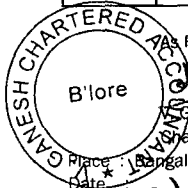

 Nanik Rohera
 Chairman


 Nitesh Rohera
 Managing Director


 H N Tarachandani
 Director

PAN ELECTRONICS (INDIA) LIMITED
Profit & Loss Account for the year ended 31.03.2009

PARTICULARS		SCH.NO	31.03.2009	31.03.2008
I	INCOME		Rs.	Rs.
	Sales	11	4,036,860	5,841,540
	Job work charges	12	122,349	7,810
	Other Income	13	344,746	16,377,647
	Increase/(Decrease in Stock)	14	826,617	(1,637,879)
			5,330,572	20,589,118
II	EXPENDITURE			
	Cost of Goods Sold	15	3,837,670	1,893,364
	Manufacturing Expenses	16	1,748,661	2,084,754
	Excise Duty on sale		165,728	773,168
	Administrative Expenses	17	1,304,965	1,661,222
	Selling Expenses	18	93,467	236,002
	Interest & Finance Charges	19	40,152	1,224,768
	Depreciation	4	8,172,531	8,100,309
	Notes on Accounts	20		
			15,363,174	15,973,586
	NET PROFIT		(10,032,602)	4,615,532
	Add: Prior Period Income /(Expense)		-	696,977
	Add: Trf from State Special Subsidy		193,333	253,333
	Less: Fringe Benefit Tax		19,225	15,521
	Profit after Tax		(9,858,494)	5,550,321
	Loss Brought Forward		235,683,773	241,234,094
	Net Loss carried to the balance sheet		245,542,267	235,683,773
	EARNINGS PER SHARE (Basic and diluted)		(2.46)	1.39



As Per our report on even date

Ganesh
Chartered Accountant

Place: Bangalore,
Date: 2/9/09

For and on behalf of the Board

Nanik Rohera
Chairman

Nitesh Rohera
Managing Director

H N Tarachandani
Director

PAN ELECTRONICS (INDIA) LIMITED

SCHEDULES ANNEXUED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31.03.2009

SCH. NO.	PARTICULARS	31.03.2009	31.03.2008
		Rs.	Rs.
1	SHARE HOLDERS FUNDS		
	SHARE CAPITAL		
	I) AUTHORISED: 1,00,00,000 Equity shares of Rs.10/- each	100,000,000	100,000,000
	II) ISSUED, SUBSCRIBED & PAID UP		
	40,00,000 Equity shares of Rs.10/- each fully paid up (Out of which 5,47,380 Equity Shares of Rs.10/- each were allotted as fully paid up Bonus Share by capitalisation of Surplus in Profit and Loss Account	40,000,000	40,000,000
		40,000,000	40,000,000
2	RESERVES AND SURPLUS :		
	1. Central Subsidy	1,500,000	1,500,000
	2. State Subsidy II	60,000	180,000
	Less: Trf to Profit & Loss A/c	60,000	120,000
		-	60,000
	3. State Subsidy III	466,669	600,002
	Less: Trf to Profit & Loss A/c	133,333	133,333
	4. Share Premium	9,299,600	9,299,600
		11,132,936	11,326,269
3	SECURED LOANS :		
	1. Bank of India, Bangalore	7,039,810	14,839,810
	2. I D B I, Bangalore - Loan I	80,816,569	80,816,569
	3. I D B I, Bangalore - Loan II	169,788,927	169,788,927
	4. G F Country wide Finance Services - Car Loan	-	316,102
	257,645,306	265,761,408	
5	INVESTMENTS		
	1. Trade Investments - Quoted	2,824,520	2,824,520
	123120 Equity Shares of Rs.5/- each Fully paid in M/s Venion Enterprises Ltd.-Mysore (Previous year 123120 Equity Shares of Rs.5/- each)		
	2. Government & Trust Securities in Kisan vikas pathra	10,000	10,000
	2,834,520	2,834,520	

PAN ELECTRONICS INDIA LIMITED
Schedule 4 - FIXED ASSETS

SL. NO.	PARTICULARS	COST				DEPRECIATION				BALANCE	
		AS ON 01.04.2008	ADDITIONS	DELETIONS	AS ON 31.03.2009	UP TO 31.03.2008	FOR THE YEAR	WITHDRAWAL	UP TO 31.03.2009	AS ON 31.03.2009	AS ON 31.03.2008
1	LEASE HOLD LAND	136,900			136,900	-			-	136,900	136,900
2	BUILDING	13,711,918			13,711,918	6,581,768	457,978		7,039,746	6,672,172	7,130,150
3	PLANT & MACHINERY	156,035,441	1,427,709		157,463,150	140,645,304	7,450,688		148,095,992	9,367,158	15,390,137
4	ELECTRICAL INSTALLATION	3,417,741			3,417,741	3,417,736	-		3,417,736	5	5
5	FURNITURE & FIXTURES	344,435			344,435	330,074	10,907		340,981	3,454	14,361
6	OFFICE EQUIPMENT	709,837		12,500	697,337	585,737	66,247	1,500	650,484	46,853	124,100
7	COMPUTER FURNITURE	2,674,862	10,850	38,750	2,646,962	2,674,862	1,759	38,750	2,637,871	9,091	-
8	VEHICLE	1,946,862			1,946,862	831,991	184,952		1,016,943	929,919	1,114,871
9	INTANGIBLE LEASE HOLD	170,000			170,000	-	-		-	170,000	170,000
	TOTAL	179,147,996	1,438,559	51,250	180,535,305	155,067,472	8,172,531	40,250	163,199,753	17,335,552	24,080,524
	PREVIOUS	186,755,266	-	7,607,270	179,147,996	150,366,764	8,100,309	3,399,601	155,067,472	24,080,524	36,388,502

On Additions

Plant & Machinery

Orient Traders	7/23/2008	52,294	1,715	4/1/2009	252.00
Orient Traders	8/6/2008	5,499	170	4/1/2009	238.00
Royal Fabri	8/24/2008	65,325	1,870	4/1/2009	220.00
Tecvac	9/23/2008	397,557	9,830	4/1/2009	190.00
Tecvac	10/30/2008	397,557	7,916	4/1/2009	153.00
Blustar	7/11/2008	509,477	17,504	4/1/2009	264.00
			39,005		

PAN ELECTRONICS (INDIA) LIMITED

SCHEDULES ANNEXUED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31.03.2009

SCH. NO.	PARTICULARS	31.03.2009	31.03.2008
		Rs.	Rs.
6	INVENTORIES		
	<u>Stock - in - Trade</u>		
	(Valued at the lowest of Cost or Net realisable Value)		
	(As certified by the Managing Director)		
	Raw Materials	812,349	2,395,934
	Stock - in - process	-	-
	Finished Goods	1,665,326	838,709
Consumables, Stores & spares	8,513	8,513	
Packing Materials	4,744	4,744	
	2,490,932	3,247,900	
7	SUNDRY DEBTORS		
	(Unsecured - Considered Good)		
	Debts exceeding six months	731,235	481,766
	Others	1,096,662	4,024,100
	1,827,896	4,505,866	
8	CASH & BANK BALANCES		
	Cash in hand	59,428	9,958
	Balance with Schedule Bank in Current account	223,634	152,399
	283,062	162,357	
9	LOANS & ADVANCES		
	a. Advances		
	for Supplies	482,135	831,184
	Employees & Others	29,800,575	57,362
	Excise Authorities	1,073,701	659,283
	Interest Suspense A/c - On Loan		
	SIPCOT	585,868	585,868
	Tax Deducted at Source	265,414	605,348
	Prepaid Expenses		
	b. Wholly owned subsidiaries	38,454,029	71,430,774
c. Deposit with Government Department	1,152,629	1,324,882	
d. S A S F	7,000,000	1,000,000	
	78,814,351	76,494,701	
10	CURRENT LIABILITIES & PROVISIONS		
	A. Current Liabilities		
	Sundry Creditors		
	- For supplies due to SME	-	-
	- For supplies others	18,346,900	7,330,952
	- For Expenses	4906,822	4568,774
	Advances from Customers & Other Statutory payments	1,942,446	2,887,296
	B. Interest Free sales tax deferred loan: New	12,962,873	12,962,873
	Interest Free sales tax deferred loan: Expansion	2,172,071	2,172,071
		40,331,113	29,921,966

PAN ELECTRONICS (INDIA) LIMITED
SCHEDULES ANNEXED TO AND FORMING PART OF PROFIT & LOSS ACCOUNT FOR THE YEAR
ENDED 31.03.2009

SCH NO.	PARTICULARS	31-Mar-2009	31-Mar-2008
		Rs.	Rs.
11	SALES		
	State Sales	814,203	101,628
	Inter-State Sales	712,151	217,805
	Export Sales	2,345,284	4,748,939
	Excise Duty on Sales	165,222	773,168
		4,036,860	5,841,540
12	JOB WORK		
	Job work charges	122,349	7,810
		122,349	7,810
13	OTHER INCOME		
	Interest	24,796	39,359
	Rent Receipts		44,500
	Foreign Exchange Fluctuation	262,389	
	Misc Income	564	
	Interest on IT Refunds	36,997	-
	Profit on sale of Assets	20,000	16,293,788
		344,746	16,377,647
14	DECRETION TO STOCKS		
	Finished goods - Opening	838,709	2,476,588
	Work - in -Progress - Opening		-
		838,709	2,476,588
	Finished goods - Closing	1,665,326	838,709
	Work - in -Progress - Closing		-
		1,665,326	838,709
		826,617	(1,637,879)
15	COST OF GOODS SOLD :		
	CONSUMPTION OF RAW MATERIALS :		
	OPENING STOCK	2,395,934	2,433,536
	ADD : PURCHASES & CARRIAGE INWARD	2,254,085	1,855,762
		4,650,019	4,289,298
	LESS : CLOSING STOCK	812,349	2,395,934
		3,837,670	1,893,364
16	MANUFACTURING EXPENSES		
	Consumable, Stores & Spares, Packing material	322,818	632,674
	Power, Fuel & Water Charges	1,051,084	1,180,800
	Repairs - Machinery	340,599	256,408
	Repairs - Other assets	26,063	14,872
	Jobwork Charges	8,097	-
		1,748,661	2,084,754
17	ADMINISTRATIVE EXPENSES		
	Personal Costs	525,522	770,378
	Bad Debts	-	17,683
	Development Expenses	-	59,280
	Telephones	153,452	121,677

PAN ELECTRONICS (INDIA) LIMITED
SCHEDULES ANNEXED TO AND FORMING PART OF PROFIT & LOSS ACCOUNT FOR THE YEAR
ENDED 31.03.2009

SCH NO.	PARTICULARS	31-Mar-2009	31-Mar-2008
		Rs.	Rs.
	Vehicle Maintenance	19,750	10,004
	Travelling & Conveyance	87,380	34,649
	Printing & Stationery	48,099	12,221
	Loss on sale of assets	-	99,458
	Insurance Charges	-	9,154
	Miscellaneous Expenses	2,500	21,500
	Rates & Taxes	5,104	266,240
	Professional Charges	55,471	157,564
	Auditors Remuneration	10,000	10,000
	Directors siting fee & Board meeting expenses	15,969	21,000
	Share Transfer expenses	43,928	50,414
	Watch & Ward	337,790	-
		1,304,965	1,661,222
18	SELLING EXPENSES		
	Packing & Forwarding - Promotion expenses	93,467	236,002
		93,467	236,002
19	FINANCE CHARGES :		
	INTEREST ON TERM LOAN	-	1,036,306
	INTEREST OTHER THAN ON TERM LOAN	-	-
	BANK CHARGES	40,152	15,159
	EXCHANGE FLUCTUATION	-	173,303
		40,152	1,224,768

SCHEDULE 20 - Accounting policies on consolidated accounts for the year ended 31 March 2009

ACCOUNTING POLICIES:

1. ACCOUNTING CONVENTION

Accounts are maintained on an accrual basis under the historical cost convention.

2. FIXED ASSETS

Building and Plant and Machinery are stated at revalued cost less depreciation. Additions to Plant and Machinery and Building after 01.04.1993 are stated at cost of acquisition less depreciation. Other assets are stated at their original cost less depreciation.

3. DEPRECIATION

Depreciation on Fixed Assets has been provided on the Straight Line Method at the rates specified in Schedule XIV of the Companies Act, 1956.

4. INVENTORIES

Inventories, except depot stocks, are valued at lower of cost or net realizable value. Cost has been arrived at adopting the first-in-first-out cost formula. Depot stocks are valued at the proforma prices at which they are cleared from the factory on which excise duty is paid.

5. INVESTMENTS

Investments are stated at cost and no provision is made for the diminution in the market value of investments as they are intended to be held as long term investments.

6. RETIREMENT BENEFITS

The gratuity is settled as & when an employee leaves the service thru Employees Gratuity Fund A/c. Provisions for Provident Fund and Leave encashment are made based on the actual amount payable.

7. STATE SUBSIDY

State Subsidy is treated as deferred income and is recognized in the Profit and Loss Account over the period and in proportion to the depreciation on assets on which subsidy was originally granted.

8. Borrowing costs:

Borrowing costs eligible for capitalization are capitalized to the cost of qualifying assets. Other borrowing costs are treated as expensed.

9. Segmental reporting:

All the products / activities of the company are subject to the same risks and returns and as such, do not comprise separate segments. Hence the question of segmental reporting as required by Accounting Standard 17 issued by the Institute of Chartered Accountants of India does not arise.

10. Foreign currency transaction:

- a. All foreign currency transactions are recorded at the rates prevailing on the date of the transaction.
- b. All foreign currency assets and liabilities are restated at the exchange rate prevailing at the year end.

11. GENERAL

Accounting policies not specifically referred to conform to the requirements of generally accepted accounting principles and the accounting standards prescribed by the Institute of Chartered Accountants of India.

Schedule 21 - NOTES FORMING PART OF ACCOUNTS.

1. Claims against the Company not acknowledged as debts Rs 363.38 Lakhs towards Central Excise and sales tax. (Previous Year Rs 363.38 lacs)

2. Contingent liabilities:

- (i) For bills discounted with Banks Rs. NIL (Previous year - NIL).
- (ii) Corporate Guarantee given to Industrial Development Bank of India (IDBI guaranteeing due repayment of Non Convertible Debentures of Rs.770 lakhs (Previous year Rs.770 lakhs) by Venlon Metalising Private Limited.
- iii) Guarantee of Rs.50 lakhs given to Canara Bank, Mysore securing due repayment of term loan obtained by Dev Power Corporation, Mysore.

3. Confirmation of certain balances appearing under secured loan, unsecured loans, loans & advances, sundry advances, sundry debtors/creditors are pending and necessary adjustments, if required, will be made as and when the accounts are reconciled and settled. In respect of dues to financial institutions, the Company has not provided penal interest and liquidated damages charged by financial institution pending negotiations, amount of which is not ascertainable.

4. Managerial Remuneration under Section 198 of the Companies Act, 1956 paid to Shri Nitesh Rohera, Managing Director Rs. NIL (Previous year NIL lakhs) Provident Fund Contribution by employer is Rs. NIL (Previous year Rs.NIL lakhs). Chairman has waived his remuneration for the year 2005-06.

5. Auditors Remuneration:	Current year	Previous year
a) Audit fee	10,000	10,000
b) Out of pocket expenses	0	0
TOTAL	10,000	10,000

6. Additional information pursuant to the provisions under Part III of Schedule VI of the Companies Act, 1956

a. CAPACITY / PRODUCTION

		Polypropylene / Polyester Film (In tons)		Job work in tons	Elements (in millions)	Capacitors in millions
1	Licensed capacity	31.3.2009	600.00	-	120	3
		31.3.2008	600.00	-	120	3
2	Installed capacity	31.3.2009	600.00	-	6	
		31.3.2008	600.00	-	6	
3	Production	31.3.2009	10.908	1.22	0	0
		31.3.2008	15.160	0.00	0	0.000532

b. MATERIALS OBTAINED FROM JOB WORKER:

Capacitors (Nos)

31.3.2009
31.3.2008

-NIL-
-NIL-

7. TURN OVER AND STOCKS

TURN OVER

	Unit	Current year 2009		Previous year 2008	
		Qty	Value Rs	Qty	Value Rs
1. Polypropylene / Polyester Film	Ton	8.772	4,036,860	12.966	5,815,603
2. Capacitor Elements	Nos	0	0	532	25,937
3. Capacitors	Nos	-	-	-	-
Total			4,036,860		5,841,540

STOCKS

	Unit	Current year 2009		Previous year 2008	
		Qty	Value Rs	Qty	Value Rs
1. Polypropylene / Polyester Film	Tons	4.093	1,656,423	2.356	733,009
2. Capacitor Elements	Nos	23,533	8903	0	0
3. Capacitors	Nos	0	0	0	0
4. Excise duty payable on FG			0		105,700
Total			1,665,326		838,709

8. RAW MATERIALS CONSUMPTION

	Current year		Previous year	
	Value Rs	%	Value Rs	
Imported raw materials	2,038,590	53	2,558,395	72
Indigenous raw materials	1,799,072	47	994,932	28
TOTAL	3,837,662	100	3,553,327	100

BASIC RAW MATERIALS CONSUMED

IMPORTED

	Current year		Previous year	
	Qty (kgs)	Value Rs	Qty (kgs)	Value Rs
Polypropylene/Polyester Film	13,327	2,038,590	9,367	2,625,225
TOTAL		2,038,590		2,625,225

INDIGENOUS

	Current year		Previous year	
	Qty (kgs)	Value Rs	Qty (kgs)	Value Rs
Polypropylene/Polyester Film	-	-	-	-
Zinc Wire	100	11,200	648	424,264
Plastic Cores	-	76,376	-	189,406
Chemicals & others	-	-	-	147,679
Aluminium Wire	70	24,500	1712	144,668
TOTAL		1,799,072		906,017

STORES & SPARES CONSUMPTION

	Current year		Previous year	
	Value Rs	%	Value Rs	%
Imported		0	0	0
Indigenous	322818	100	632,674	100
TOTAL	322818	100	632,674	100

9. CIF Value of imports:

	Current year	Previous year
Raw materials	2,038,590	1,527,523
Stores & Spares	0	0
TOTAL	2,038,590	1,527,523

10. Expenditure in foreign currency Rs. NIL (Previous year - NIL)

11. Earnings in foreign currency Rs.23.45 lakhs (Previous year Rs. 11.39 lakhs)

12. The names of the SSIs to whom the amount which is outstanding for more than 30 days as on 31st March 2009 are as under:

Babu Packaging (since paid)
Techvac Engineering Pvt Ltd (since paid)

13. Loans and advances include:

Advance to wholly owned Subsidiary Company Venlon Metallising Pvt Ltd Rs. 0 Lakhs.
(Previous year Rs.330.48 lakhs)

Advance to wholly owned Subsidiary Company Venlon Metacoat Pvt Ltd Rs. 384.52 lakhs
(Previous year Rs. 383.82 lakhs)

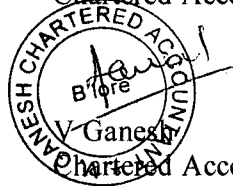
14. Related party transactions:

Particular	Rs. In lacs	VMI	VMPL	VMC
Purchases of goods		-	-	-
Sale of Goods		-	-	-
Purchase of fixed assets		-	-	-
Sale of fixed asset		-	-	-
Rendering of services				
Receiving of services				
Agency Arrangements		-	-	-
Leasing or hire purchase arrangements		-	-	-
Transfer of research & development		-	-	-
Licence agreements		-	-	-
Finance received (including loans & equity contributions in cash or in kind)				384.52
As at 31.3.2009				
Guarantees & collateral management contracts including for deputation of employees amount			870	

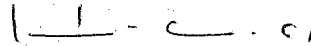
- (a) VMI- Venlon Metallica Industries- a Firm in which the Directors are interested.
- (b) VMPL- Venlon Metallising Private Limited – which is a wholly owned subsidiary
- (c) VMC- Venlon Metacoat Private Limited- which is a wholly owned subsidiary


15. Previous year's figures have been regrouped / reclassified, wherever necessary.

As per our attached report of even date


Chartered Accountants

V. Ganesh
Chartered Accountant

For and on behalf of the Board


Nanik G Rohera
Chairman


Nitesh Rohera
Managing Director

Date: 2nd September 2009


H N Tarachandani
Director

PAN ELECTRONICS (INDIA) LIMITED
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. REGISTRATION DETAILS:

Registration No	State Code No	Balance Sheet Date
U00309KA1982 PTC004960	08	31.03.2009

II. CAPITAL RAISED DURING THE YEAR (Amount in Rs. Thousands)

Public Issue	Rights Issue	Bonus Issue	Private Placement
Nil	Nil	Nil	Nil

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS: (Amount in Rs.)

Total Liabilities	Total assets
308,778,242	308,778,242

SOURCES OF FUNDS:

Paid up Capital	Reserves & Surplus	Secured Loans	Unsecured Loans
40000	11,132,936	257,645,306	-

APPLICATION OF FUNDS:

Net fixed Assets	Investments	Net Current Assets	Misc. Expenditure	Capital WIP
17,335,552	2,834,520	43,065,903	2,500	-

ACCUMULATED LOSSES: 245,542,267

IV. PERFORMANCE OF COMPANY (Amount in thousands)

Turn over	Total Expenditure	Profit/(Loss) before tax	Profit /(Loss) after tax
5,330,572	15,363,174	(10,032,602)	(9,858,494)

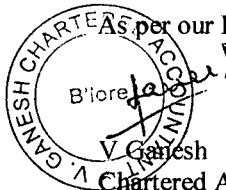
Earning per Share in Rs -2.46

Dividend Rate %: NIL

V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY (as per monetary terms)

Item Code No (ITC Code)	Product description
85321002	Electronic Capacitor Grade Metallised Polypropylene Film
85322104	Plastic Film Capacitor Elements / Capacitor
85321002	Electronic Capacitor Grade Metallised Polyester Film

As per our Report of Even date


V. Ganesh
Chartered Accountant
Date: 02.09.2009


Nanik G Rohera
Chairman


Nitesh Rohera
Managing Director


H.N. Tarachandani
Director

PAN ELECTRONICS (INDIA) LIMITED
Regd Office: 69 Cubbonpet, III Cross,
BANGALORE 560 002

TWENTY SIXTH ANNUAL GENERAL MEETING ATTENDANCE SLIP

Folio No
No. of Shares.....
(To be filled by the Shareholder)

I hereby record my presence at the TWENTY SIX ANNUAL GENERAL MEETING of the Company to be held at Vijay nagar club, 1st main, 2nd Stage, Vijay Nagar, Bangalore on Tuesday, 29th September 2009 at 3.30 pm

MEMBER'S SIGNATURE

Note:

1. A Member/Proxy attending the meeting must complete this Attendance Slip and hand it over at entrance.
2. Member intending to appoint a Proxy should complete the Proxy form and deposit it at the Company's Registered Office not later than 48 hours before the commencement of the Meeting.

Proxy's Signature

PAN ELECTRONICS (INDIA) LIMITED
Regd Office: 69 Cubbonpet, III Cross,
BANGALORE 560 002

TWENTY SIXTH ANNUAL GENERAL MEETING ATTENDANCE SLIP

PROXY FORM
Folio No
No. of Shares.....
(To be filled by the Shareholder)

I/We----- being a Member / Members of PAN ELECTRONICS (INDIA) LIMITED, hereby appoint -----of----- in the district of -----or failing him ----- of -----in the district of ----- as my / our Proxy to vote for me / us on my / our behalf at the 26th Annual General Meeting of the Company to be held on Tuesday, 29 September 2009 and at any adjournment thereof.

Signed this _____ day of _____ 2009

Name -----

Address-----

Affix Re. 1 Revenue Stamp

N.B:

The Proxy should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the Meeting.