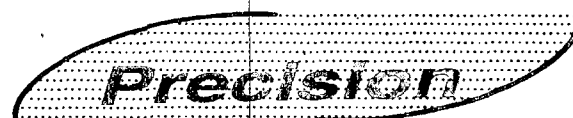


18th  
ANNUAL  
REPORT  
1996-1997

MD	✓		BKC	✓
CS	✓		DPY	NA
RO	✓		DIV	NA
TRA	NA		AC	✓
AGM	✓	✓	SHH	✓
YE	✓	✓		✓



**P**RECISION **E**LECTRONICS **L**IMITED

## PRECISION ELECTRONICS LIMITED

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<b>Board of Directors</b>	: Dr. S. S. BAIJAL	- Chairman
	SHRI M. M. SABHARWAL	
	SHRI S. N. BAGLA	
	SHRI O. P. PARASRAMPURIA	
	SHRI RAJENDRA KANODIA	
	SHRI A. K. BHAN	- Nominee IFCI
	SHRI V. M. MANOGARAN	- Nominee IDBI
	SHRI MOHAN SINGH	- Nominee RCTC
	SHRI HANS JURGEN WAGNER	
	SHRI ASHOK KANODIA	- Managing Director
	SHRI PRADEEP KANODIA	- Executive Director

**Registered Office** : D-1081, NEW FRIENDS COLONY  
NEW DELHI-110 065

**Corporate Office & Works** : D-10, SECTOR - 3,  
NOIDA - 201 301 (U.P.)

**Branch Office** : 134, BIPLABI RASH BEHARI BASU ROAD,  
(CANNING STREET), CALCUTTA - 700 001.

**Auditors** : M/S. RAJENDRA K. GOEL & COMPANY  
NEW DELHI

**Bankers** : CANARA BANK  
UNITED BANK OF INDIA

**PRECISION ELECTRONICS LIMITED**

Regd. Office : D-108], New Friends Colony, New Delhi - 110 065

**NOTICE OF THE 18TH ANNUAL GENERAL MEETING**

NOTICE is hereby given that the 18th Annual General Meeting of the Company will be held on Monday the 15th day of September, 1997 at 11 AM at Dr. M.A. Ansari Auditorium, Jamia Nagar, Okhla, New Delhi-110025 to transact the following business.

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Directors' Report, the Audited Balance Sheet at 31st March, 1997 and the Profit & Loss Account for the year ended on that date and the Auditors' Report thereon.
2. To appoint a Director in place of Shri M.M. Sabharwal who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri S.N. Bagla who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Hans Jurgen Wagner who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors to hold office until the conclusion of next Annual General Meeting and to fix their remuneration.

By Order of the Board

Place : NEW DELHI

Date : 17.07.97

**R.P. SACHDEVA****(COMPANY SECRETARY)****NOTES**

1. A member entitled to attending and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member of the Company.
2. Proxies in order to be effective should be duly completed and signed in the enclosed form and must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 05th September, 1997 to 15th September, 1997 (both days inclusive).
4. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their queries to the Managing Director/Company Secretary of the Company at least seven days before the date of the meeting so that the information required may be made available at the meeting.

**PRECISION ELECTRONICS LIMITED****DIRECTORS' REPORT**

To the Members of  
**Precision Electronics Ltd.,**

Your Directors present the 18th Annual Report of the Company together with the audited statements of accounts for the year ended March 31, 1997.

**PERFORMANCE OF THE COMPANY**

Summary of the financial results and details of appropriation of profits are as under:

	<b>CURRENT YEAR</b> <b>(Rs. in lacs)</b>	<b>PREVIOUS YEAR</b> <b>(Rs. in lacs)</b>
Total Income	<b>1014</b>	2922
Total expenditure	<b>1480</b>	3089
Net profit / (-) loss	<b>-466</b>	-167
Profit / (-) loss brought forward	<b>-137</b>	30
Balance carried forward	<b>-603</b>	-137

Problems during the year under review related mostly to the Telecom Division of the Company. The overall progress of the business was affected by the uncertain conditions prevailing in DOT due to the scam. This slow down has resulted in lack of order from DOT inspite of the Company being competitively placed in some of the tenders. Therefore capacity utilisation was extremely poor and coupled with high operating and financial costs resulted in the Company suffering further losses. The liquidity crunch in the company continued due to the above factors and also substantial amount due to the Company still remaining recoverable from Mahanagar Telephone Nigam Limited - A Government of India Enterprises, against supplies made last year.

Company's net worth has been eroded by more than 50% of its peak net worth. The provisions of section 23 of the Sick Industrial Companies (special provisions) Act, 1985, have become applicable to the company.

Due to the financial crisis and liquidity crunch the Company was unable to repay Principal & Interest payments to the Financial Institutions. The Company is making all out efforts to improve its liquidity position. In this direction the Promoters are making all out efforts to raise additional funds. Separately, the Company is also approaching the Financial Institutions and Banks for rendering help in overcoming the present crisis. With these likely developments the overall situation of the Company will improve.

**Telecom Division**

The much talked about privatisation of Telecom Services is yet to start and it is expected to be operational in the later half of the year.

Company's marketing effort initiated last year covering the non-DOT segment of the market is expected to bear fruit in the present year and orders of about Rs.10 crores are expected during this year.

Last two years hard work by the Company's development department has resulted in the Digital Microwave Radio - DXR 222 being approved by DOT. This product is in the forefront of Company's increased sales activity during the year and has features which are much superior and desired for by the customers.

**PCB Division**

PCB business is continuously showing an improvement and has registered a growth of 75.3% over last year by value. Company's marketing effort in the export front has been encouraging and the growth in export of PCBs have been four and a half times (451.6%) over last year. The company expects substantial growth in this division during the current year.

**Business Plan**

Company has taken several corrective measures to improve its operations during the year 1997-98. The business plan is :

## PRECISION ELECTRONICS LIMITED

- \* Increase PCB business in general with emphasis on exports.
- \* Market PCBs with value addition i.e. sell PC Assemblies rather than bare PCBs
- \* Development of new products in areas other than Telecom, utilising the existing infrastructure and skills.
- \* Bulk production of Digital Microwave Radio System which has potential in all segments of Telecom market.
- \* Dependence on DOT to be significantly reduced by extensive marketing of the existing Telecom products of the company to other non-DOT Telecom users viz. Defence, Railways, Utilities Companies and other potential users.

### R & D EXPENDITURE

Research, development and improvement of products is an inbuilt ongoing activity within the existing manufacturing operations of the Company. Expenditure on R & D is not separately allocated and identified.

### TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

Company has fully absorbed technologies for PCM Primary Multiplexers and Multi layer PCBs.

Digital Microwave Radio technology obtained from MAS Technology Ltd., New Zealand has been adapted for use in India by the inhouse Radio group of the Company. The product DXR-222 is now approved for procurement of the Department of Telecommunication for use in their network. Bulk production is anticipated to begin during the current year.

### CONSERVATION OF ENERGY

The Company follows a strict schedule of preventive maintenance and servicing of all its energy intensive machines and equipment to ensure that they operate at optimum energy consumption levels. The Company also takes due care while procuring new machines and equipment to ensure that the same are energy efficient.

### FOREIGN EXCHANGE

Foreign exchange equivalent to Rs. 141.52 lacs was earned during the year. Exports sales were more than five times as compared to last year and are expected to increase further in future. The Company has identified export business as its thrust area.

Information relating foreign exchange outgo is given under items (g) and (h) of schedule 15 of the Balance Sheet and Profit & Loss account.

### FIXED DEPOSITS

No deposit falling within the purview of Section 58A of the Companies Act, 1956 has been accepted by the Company.

### DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association Shri M.M. Sabharwal, Shri S.N. Bagla and Shri Hans Jurgen Wagner Directors of the Company, retire by rotation from the Board of Directors and, being eligible, offer themselves for reappointment.

Shri K.N. Memani resigned from the Board of Directors due to his preoccupation w.e.f. 26.11.96. The Directors place on record their appreciation of the valuable services rendered by him during his tenure as a Director of the Company.

Shri A.K. Bhan was appointed as nominee director of Industrial Finance Corporation of India Ltd., on the board with effect from 27.9.96 in place of Shri R.G. Nirmal. The board places on record its appreciation for the valuable guidance received from Shri R.G. Nirmal during his tenure. Shri V.M. Manogaran was appointed as nominee director of Industrial Development Bank of India, on the board with effect from 23.10.96.

### AUDITORS

M/s. Rajendra K. Goel & Co. the auditors of the Company, retire at this year's annual general meeting and being eligible offer themselves for reappointment.

## **PRECISION ELECTRONICS LIMITED**

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### **ACKNOWLEDGEMENTS**

The Directors place on record their appreciation for help and cooperation extended to the Company by Government, financial institutions, banks, business associates and the shareholders. The Directors also acknowledge the dedication and hard work of Company's employees at all levels.

Statement of employees falling within the purview of Section 217 (2A) of the Companies Act, 1956 is annexed.

### **FOR AND ON BEHALF OF THE BOARD**

**Place : NEW DELHI**

**M.M. Sabharwal**

**Ashok Kanodia**

**Date : 17th July, 1997**

**Director**

**Managing Director**

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**PRECISION ELECTRONICS LIMITED****ANNEXURE TO THE DIRECTORS' REPORT**

1. STATEMENT OF PARTICULARS OF EMPLOYEES PURSUANT TO THE PROVISIONS OF SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 1997.

Name & Qualification of the Employee	Age (Year)	Designation	Gross Remuneration Received (Rupees)	Experience (Years)	Date of Commencement of Employment	Last Employment
<b>A. Employed throughout the Financial Year</b>						
Mr. Ashok Kanodia B.E. Electrical, MBA	46	Managing Director	8,38,647	23 Years	01/05/79	Nil
Mr. Pradeep Kanodia B.Com.	42	Executive Director	7,39,770	22 Years	01/04/81	Nil
<b>B. Employed for a part of the year</b>						
NIL						

**NOTES :**

1. Remuneration as above includes Salary, Medical and Club Fees.
2. Both the Employees are Directors of the Company.

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