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|    |   |  |     |   |
|----|---|--|-----|---|
| ED | ✓ |  | RSC | ✓ |
| CS | ✓ |  | DPY | ✓ |
| PA | ✓ |  | DPY | ✓ |
| MA | ✓ |  | DPY | ✓ |
| WE | ✓ |  | DPY | ✓ |



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## PRECISION ELECTRONICS LIMITED

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**Board of Directors** : Dr. S. S. BAIJAL - Chairman  
SHRI RAJENDRA KANODIA  
SHRI MOHAN SINGH - Nominee RCTC  
SHRI V. M. MANOGARAN - Nominee IDBI  
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-1081, New Friends Colony, New Delhi-110 065

### NOTICE OF THE 19TH ANNUAL GENERAL MEETING

NOTICE is hereby given that the 19th Annual General Meeting of the Company will be held on Tuesday, the 1st September, 1998 at 11.00 A.M. at Dr. M.A. Ansari Auditorium, Jamia Nagar, Okhla, New Delhi-110 025 to transact the following business :

#### ORDINARY BUSINESS :

1. To receive, consider and adopt the Directors' Report, the Audited Balance Sheet at 31st March, 1998 and the Profit and Loss Account for the year ended on that date and the Auditors' Report thereon.
2. To appoint a Director in place of Shri Rajendra Kanodia who retires by rotation and does not seek reappointment.
3. To appoint a Director in place of Shri Hans Jurgen Wagner who retires by rotation and does not seek reappointment.
4. 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 : 20.07.1998

RAVI BATRA  
(COMPANY SECRETARY)

#### 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 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 on 1st September, 1998.
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 19th Annual Report of the Company together with the audited statements of accounts for the year ended March 31, 1998.

#### **PERFORMANCE OF THE COMPANY**

Summary of the financial results are as under:

|                                 | <b>CURRENT YEAR</b>  | <b>PREVIOUS YEAR</b> |
|---------------------------------|----------------------|----------------------|
|                                 | <b>(Rs. in Lacs)</b> | <b>(Rs. in Lacs)</b> |
| Total Income                    | 625                  | 1014                 |
| Total expenditure               | 2165                 | 1480                 |
| Net Profit/(-) Loss             | -1540                | -466                 |
| Profit/(-)loss brought forward, | -603                 | -137                 |
| Balance carried forward         | -2143                | -603                 |

The performance in the year under review could not be improved upon due to low plant capacity utilisation caused by:

- Continued cash crunch as money outstanding from MTNL could not be recovered and the Company had to take legal action ultimately. Resultant working capital squeeze affected normal operations in both PCB and Telecom divisions.
- Lack of order for Telecom Equipment due to adverse Govt policy and business climate.

Your Company has made an unusual high loss this year. This is attributable to amongst others, high interest cost on loans outstanding and provision of debts considered doubtful.

#### **BUSINESS PLAN**

Business Plan enunciated last year has been a success and Company's reliance on a single customer - DOT, for its Telecom Division has been done away with. Company has received orders / letters of intent for supply of Digital Microwave Radio, Digital MUX as well as integrated communication system from Defence and Utility Companies. Orders to the extent of Rs.14.0 crore are in hand/under issue.

Development of products in areas other than Telecom utilising the existing infrastructure and technical skills was a declared objective of the Company. During the year under review, Indian Railways (IR) and ADtranz of Switzerland (Traction division of ABB and Daimler Benz) selected your Company, as a vendor, for supply of Control Electronics for three phase Electric locomotives (ABB Loco's) purchased by IR and to be manufactured at Chittaranjan Locomotive Works (CLW). A technology Transfer Agreement has been signed between CLW and your Company and the work is progressing at good pace. First development order of Rs. 5.25 Crore has been received by the Company which is to be executed during later half of 1999. Company is very confident of this product developing into a profitable business line with good export potential.

After careful evaluation of its strengths and limitations with the available opportunities your Company has devised the following Business Plan:

1. Mobilise financial resources to:
  - realign the plant facilities, to realise optimum potential and cost effective production.
  - augment the working capital.
2. Reduction in financial cost by restructuring of existing debts and seeking requisite relief / concessions

## **PRECISION ELECTRONICS LIMITED**

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3. To undertake commercial exploitation of markets developed in recent past.:
- Commence production of Digital Microwave Radio system for Defence, Railways, Oil companies etc.
  - Completion and delivery of Mobile ASCON Node (Army Static Communication Network) to the Indian Army.
  - Prototype submission of Control Electronics, for three phase electric locomotives to Indian Railways for approval.

This strategy would make the Company more competitive and responsive to the market needs and would assure consistent growth of PCBs including exports, in the coming years.

This would also ensure better capacity utilisation of both PCB and Telecom divisions and enable timely positioning of the Company, in niche markets of Defence, Railways etc. where better product sales realisation is feasible.

### **FINANCIAL REVIVAL SCHEME**

The Company will make reference to Board for Industrial and Financial Reconstruction (BIFR) under section 15 (1) of the Sick Industrial Companies (Special Provisions) Act, 1985 for need based relief and concessions for financial reconstruction.

### **DIVIDEND**

No dividend is possible for the year.

### **R & D EXPENDITURE**

Product development is an ongoing activity of the Company. Expenditure on R & D is not separately allocated and identified.

### **TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION**

During the year under review technology absorption for Control Electronics of Three phases Electric Locomotives (ABB Loco) is in process. Production is expected to commence by second quarter next 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 is energy efficient.

### **FOREIGN EXCHANGE**

Foreign exchange equivalent to Rs. 1,48,01,903 was earned during the Year. Export sales were 1,57,47,361 during the 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 item (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 Rajendra Kanodia and Shri Hans Jurgen Wagner Directors of the Company, retire by rotation from the Board of Directors. Shri A.K. Bhan, Nominee Director of IFCI ceased to be a Director of the Company w.e.f. 22-07-97. The Board places on record its appreciation for the valuable guidance received from Shri A.K. Bhan during his tenure. Shri M.S. Acharya who was appointed Director on 08-09-97 to fill the casual vacancy caused by the resignation of Shri K.N. Memani, ceased to be a director on 14-01-98 due to his sad demise.

## PRECISION ELECTRONICS LIMITED

Shri O.P. Parasrampurua resigned from the Board of Directors w.e.f. 01-12-97. The Director placed on record in appreciation of the valuable services rendered by him during his tenure as a Director of the Company.

Shri S.N. Bagla resigned from the Board of Directors w.e.f. 24-01-98. The Directors place on record in appreciation of the valuable services rendered by him during his tenure as a Director of the Company.

Shri M.M. Sabharwal resigned from the Board of Directors w.e.f. 20-03-98. The Director place on record in appreciation of the valuable services rendered by him during his tenure as Chairman as also Director of the Company.

### **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.

The observations of the auditors and Notes on Accounts are self-explanatory.

### **ACKNOWLEDGEMENTS**

The Directors place on record their appreciation for help and co-operation extended to the Company by 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**

**DATE: 20-07-1998**

**PRADEEP KANODIA**

**Executive Director**

**ASHOK KANODIA**

**Managing Director**

**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 OF THE YEAR ENDED MARCH 31, 1998.**

| 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> |            |                    |                                      |                    |                                    |                 |
| <b>Mr. Ashok Kanodia</b><br>B.E. Electrical, MBA | 47         | Managing Director  | 8,23,013                             | 24 Years           | 01/05/79                           | Nil             |
| <b>Mr. Pradeep Kanodia</b><br>B.Com.             | 43         | Executive Director | 7,40,687                             | 23 Years           | 01/04/81                           | Nil             |
| <b>B. Employed for a part of the year</b>        |            |                    |                                      |                    |                                    |                 |
| <b>NIL</b>                                       |            |                    |                                      |                    |                                    |                 |

**NOTES :**

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

