

21st  
ANNUAL  
REPORT  
1999-2000



PRECISION ELECTRONICS LIMITED

**PRECISION ELECTRONICS LIMITED**

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<b>Board of Directors</b>	: SHRI MOHAN SINGH	- Nominee RCTC
	SHRI ASHOK KANODIA	- Managing Director
	SHRI PRADEEP KANODIA	- Executive Director
<b>Company Secretary</b>	: SHRI RAVI BATRA	
<b>Registered Office</b>	: D-1081, NEW FRIENDS COLONY NEW DELHI-110 065	
<b>Corporate Office &amp; Works</b>	: D-10, SECTOR - 3, NOIDA - 201 301 (U.P.)	
<b>Branch Office</b>	: 134, BIPLABI RASH BEHARI BASU ROAD, (CANNING STREET), CALCUTTA - 700 001.	
<b>Auditors</b>	: M/S. RAJENDRA K. GOEL & COMPANY NEW DELHI	

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## PRECISION ELECTRONICS LIMITED

Regd. Office : D-1081, New Friends Colony, New Delhi - 110 065

### NOTICE OF THE 21st ANNUAL GENERAL MEETING

NOTICE-is hereby given that the 21st Annual General Meeting of Precision Electronics Limited will be held on 27th day of September, 2000 at 11.00 A.M. at India International Centre, 40 Max Mueller Marg, New Delhi-110 003 to transact the following business:

#### ORDINARY BUSINESS:

1. To receive, consider and adopt the Directors' Report, Audited Balance Sheet as at 31st March, 2000 and the Profit and Loss A/c for the year ended on that date and the Auditors' Report thereon.
2. To reappoint Mr. Mohan Singh as Director who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint Auditors who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting, and to fix their remuneration. M/s. R.K. Goel & Co., Chartered Accountants, the retiring Auditors hold office till conclusion of this meeting and are eligible for reappointment.

#### SPECIAL BUSINESS :

4. To consider and, if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution :  
 "RESOLVED that the Authorised Share Capital of the Company be and is hereby increased from Rs. 15,00,00,000 at present to Rs. 20,00,00,000 by creation of 50,00,000 additional equity shares of Rs. 10 each and that clause V of the Memorandum of Association be substituted by the following :  
 "V The Authorised Share Capital of the Company is Rs. 20,00,00,000 (Rupees Twenty Crores) divided into 2,00,00,000 (Two Crore) Equity Shares of Rs. 10 (Rupees Ten) each."
5. To consider and, if thought fit, to pass, with or without modification, the following resolution as a Special Resolution :  
 "RESOLVED that pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, Article 5 of the Articles of Association of the Company be amended by substituting the following for the existing Article :  
 "5 The Authorised Share Capital of the Company is Rs. 20,00,00,000 (Rupees Twenty Crores) divided into 2,00,00,000 (Two crore) Equity Shares of Rs. 10 (Rupees Ten) each. The Company has the power from time to time to increase or reduce the share capital. Any of the said shares and any new shares hereafter to be created may from time to time be divided into shares of several classes in such manner as may be provided hereinafter. The shares of each class may have or confer such preferred or other special rights and privileges, may be issued under such restrictions and conditions whether in regard to divided voting, return of capital or otherwise as shall have been assigned thereto by or under provisions of the Articles of Association but so that the special rights or privileges belonging to holders of any shares issued with preferred or other rights shall not be varied or abrogated or affected except with such sanction as is provided for hereinafter."
6. To consider and, if thought fit, to pass, with or without modification, the following Resolution as a Special Resolution :  
 "RESOLVED that pursuant to the provisions of Section 17.18 and all other applicable provisions, if any, of the Companies Act, 1956, the following sub clauses be added after sub clause 26 in Clause III(C) of the Memorandum of Association of the Company :  
 27 To carry on the business of providing solutions and services related to Web Technologies,

## PRECISION ELECTRONICS LIMITED

Internet and E-commerce, including to design, develop, maintain, operate, own, establish, install, host, provide, create, facilitate, supply, sale, purchase, licence or otherwise deal in, Internet portals, internet networks, Media Portals, Internet solutions, Internet gateways, Internet service providers, E-commerce, Web-site designing, Web based and Web enabled services and applications, E-commerce service provider, E-commerce solutions, E-commerce platforms, E-commerce education, E-commerce technologies and E-business solutions.

28. To carry on the business in India and abroad of buyers, sellers, agents, consultants, advisors, render services, programmers, system integrator and designers of software solutions, learning solutions, software integration, software installation, computer system, workstation system, system analysis, designer of computer graphics, multimedia services, industrial design, animation, simulation, molecular modelling, conversion, data storage, computer output, microfilming, software implementation, systems study, software packages, software documentation, computer aided design, computerised systems, information systems and information technology solutions based on the use of computers.
29. To establish, maintain and run data centres, technology parks, bureaus, institutions, research institutions, colleges and schools and conduct courses and programmes for providing full range of information technology and software related services, computer hardware maintenance, computer consultancy, software development, data processing, software exports, software engineering, networking, networking solutions, CAD conversion services, engineering software services, network services, computer education and training, depute personnel to develop and design software in India or abroad and hiring out men, machine and time.
30. To carry on the business of manufacture, assemble, production, design, installation, repair, recondition, maintenance, supply, export, import, sale, purchase, licence, stockist, distribution, trader or otherwise deal in all kinds of information technology systems, information technology solutions, data communication, micro-processing, data and word processing equipments, machines, systems, mainframes, superminis, mini computers, micro computers, personal computers, laptops, terminals and computer peripherals, printers, plotters, digesters, scanners, products, and units thereof both hardware and software, peripherals, accessories, components, and consumables, thereof, multi disciplinary consultancy and for that purpose furnish to the users the systems, know-how, programmers and other software relating to the use of such machines and allied peripherals, thereto.
31. To carry on the business of providing and supply of end-to-end Information Technology Solutions, including turkey solutions, including system integration of software, computers, peripherals, networking and communication components, cabling, power supply equipment, appropriate fixtures, metering and monitoring devices, conventional and board-band wireless, wireless and optical communications equipment and to undertake all other related activities thereof.

RESOLVED further that the Board of Directors and the Directors for the time being of the Company be and are hereby severally authorised to take all necessary steps and complete other necessary formalities in respect of the aforesaid additions/alterations."

7. To consider and, if thought fit, to pass, with or without modifications, the following Resolution as a Special Resolution :  
 "RESOLVED that pursuant to Section 149(2A) and all other applicable provisions, if any, of the Companies Act, 1956 the approval of the Company be and is hereby accorded to the Board of Directors for commencing and undertaking all or any of the business specified in the sub-clauses 27 to 31 of Clause III(C) of the Memorandum of Association of the Company as and when deemed fit by the Board of Directors upon the aforesaid sub-clauses becoming effective and the Company hereby confirms, approves and ratifies the initial/preparatory activities of the Company carried out before the date of this resolution."

## PRECISION ELECTRONICS LIMITED

8. To consider and, if thought fit, to pass, with or without modification, the following resolution as a Special Resolution :

"RESOLVED that in accordance with the provisions of Section 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, Mr. Ashok Kanodia be and is hereby re-appointed as Managing Director of the Company w.e.f. 5th June, 2000 for a further period of five years on the following terms and conditions :

- I. Mr. Ashok Kanodia will draw the remuneration by way of Salary and Perquisites; comprising of residential accommodation or house rent allowance, gas, electricity, water, furnishings, reimbursement of medical expenses, leave encashment and leave travel assistance for self and family, club fees, premium on personal accident/mediclinic insurance, Company car with driver and such other benefits and allowances as are applicable to the Senior-most Management Cadre of the Company and as per the Company's rules, schemes and policies from time to time, the monetary value thereof shall not exceed Rs. 75,000 per month.
- II. Mr. Ashok Kanodia shall also be eligible to the following perquisites, which shall not be included in the computation of the ceiling on remuneration specified in paragraph 1 above:
  - a) contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
  - b) gratuity payable at a rate not exceeding half a month's salary for each completed year of service, and
  - c) encashment of leave at the end of the tenure.
- III. Commission, if permitted, as may be decided by the Board of Directors.
- IV. The value of perquisites shall be determined according to the Income-Tax Rules, 1962. In the absence of any such perquisites shall be evaluated at actual cost to the Company.

In the event of loss of inadequacy of profits, the total remuneration to be paid to the Managing Director shall be continued to be paid without any reduction.

The above remuneration is subject to an overall ceiling laid down in Section 198 and 309 read with Schedule XIII to Companies Act, 1956.

Mr. Ashok Kanodia be and is hereby entrusted with substantial powers of management of the Company's business and its affairs subject to the superintendence, control and direction of the Board of Directors.

RESOLVED further that subject to the approval of the Central Government, if required, and/or such permissions as may be necessary, the Board of Directors be and is hereby authorised to alter and vary the terms and conditions of the said reappointment so as not to exceed the maximum limits for payment of managerial remuneration prescribed in Schedule XIII to the Companies Act, 1956 or any amendments thereto, or any guidelines issued by the Central Government from time to time and to accept any conditions, modifications or alterations imposed, directed or suggested by them as may be agreed to and accepted by the Board of Directors and Mr. Ashok Kanodia.

RESOLVED further that the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, and things as may be necessary to give effect to this resolution and other matters incidental thereto."

9. To consider and, if thought fit, to pass, with or without modification, the following resolution as a Special Resolution :

"RESOLVED that in accordance with the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, Mr. Pradeep Kanodia be and is hereby re-appointed as Executive Director of the Company w.e.f. 5th June, 2000 for a further period of five years on the following terms and conditions :

## PRECISION ELECTRONICS LIMITED

- I. Mr. Pradeep Kanodia will draw the remuneration by way of Salary and Perquisites: comprising of residential accommodation or house rent allowance, gas, electricity, water, furnishings, reimbursement of medical expenses, leave encashment and leave travel assistance for self and family, club fees, premium on personal accident/mediclaim insurance. Company car with driver and such other benefits and allowances as are applicable to the Senior-most Management Cadre of the Company and as per the Company's rules, schemes and policies from time to time, the monetary value thereof shall not exceed Rs. 75,000 per month.
- II. Mr. Pradeep Kanodia shall also be eligible to the following perquisites, which shall not be included in the computation of the ceiling on remuneration specified in paragraph 1 above:
  - a) contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
  - b) gratuity payable at a rate not exceeding half a month's salary for each completed year of service, and
  - c) encashment of leave at the end of the tenure.
- III. Commission, if permitted, as may be decided by the Board of Directors.
- IV. The value of perquisites shall be determined according to the Income-Tax Rules, 1962. In the absence of any such perquisites shall be evaluated at actual cost to the Company.  
 In the event of loss of inadequacy of profits, the total remuneration to be paid to the Executive Director shall be continued to be paid without any reduction.  
 The above remuneration is subject to an overall ceiling laid down in Section 198 and 309 read with Schedule XIII to Companies Act, 1956.  
 He shall carry out such functions and duties as may be assigned/delegated to him by the Board of Directors, and Managing Director. He shall assist the Managing Director to carry out the day-to-day activities. He shall also assist the Board of Directors in proper and effective exercise of power and discharge of functions.  
 RESOLVED further that subject to the approval of the Central Government, if required, and/or such permissions as may be necessary, the Board of Directors be and is hereby authorised to alter and vary the terms and conditions of the said reappointment so as not to exceed the maximum limits for payment of managerial remuneration prescribed in Schedule XIII to the Companies Act, 1956 or any amendments thereto, or any guidelines issued by the Central Government from time to time and to accept any conditions, modifications or alterations imposed, directed or suggested by them as may be agreed to and accepted by the Board of Directors and Mr. Pradeep Kanodia.  
 RESOLVED further that the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, and things as may be necessary to give effect to this resolution and other matters incidental thereto."

### Notes :

1. An explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of special business is annexed hereto.
2. 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. 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. 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.

## **PRECISION ELECTRONICS LIMITED**

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4. The Register of Members and the Share Transfer Books of the Company will remain closed on 27th September, 2000.
5. Members desiring any information as regards 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.

**By Order of the Board**

**Place : New Delhi**  
**Date : 25.08.2000**

**(Ravi Batra)**  
**Company Secretary**

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## PRECISION ELECTRONICS LIMITED

### Explanatory Statement

(Pursuant to Section 173(2) of the Companies Act, 1956)

#### ITEM NO. 4 & 5

In view of the future capital requirements of the Company, it is desirable to increase the Authorised Capital of the Company to Rs. 20,00,00,000 (Rupees Twenty crores) from existing Rs. 15,00,00,000. The amendments in Clause V of the Memorandum of Association and Clause 5 of the Article of Association of the Company are, therefore, proposed.

A copy of the Memorandum and Articles of Association is open for inspection at the registered office of the Company during office hours on all working days.

None of the Directors of the Company is concerned or interested in the said resolution.

#### ITEM NO. 6

Presently the activities of the Company consist of manufacturing, producing, circuit boards integrated circuits, electronic components, security equipment, electronic goods and their accessories. In order to expand its activities further, Company has passed Board resolution on 5th June, 2000 to commence new business which are not germane to those it is carrying on. The various business that Company proposed to start include software business as mentioned in proposed sub clause 27, 28, 29, 30 and 31 of clause III(C) of the Memorandum of Association.

The proposed business can be combined conveniently and advantageously with the existing business of the Company. This will also enlarge the area of operations of the Company.

The Company has requisite infrastructure to conveniently and advantageously combine the proposed business with its existing business. The alterations as proposed would be in the interest of the Company and its shareholders. No one would be prejudiced by the proposed alteration and the interest of the creditor will not be affected prejudicially.

Under these circumstances your Directors feel that it is desirable to enlarge or elaborate the objects.

As per Section 17 and 18 of the Companies Act, 1956 any alteration in the Memorandum of Association of the Company requires the approval of the Shareholders by way of a special Resolution and filing of the same with the Registrar of Companies for it to register the same and certify the registration. Hence the resolution is proposed for your consideration.

Memorandum of Association of the Company is available for inspection at the registered office of the company during business hours on all working days.

None of the Directors is interested in the proposed resolution.

#### ITEM NO. 7

As per the provisions of Section 149(2A) of the Companies Act, 1956 read with Explanation thereunder, commencement of any new activity not germane to the existing activities of the Company shall be approved by the Members by way of passing a Special Resolution in a General Meeting. The business activities enumerated in the sub-clauses 27 to 31 of Clause III(C) of the Memorandum of Association of the Company are aimed at diversifying the activities of the Company.

As a matter of expediency, approval of the shareholders is sought to enable the Board of Directors at such time or times as they may consider appropriate and in the interest of the Company to commence and undertake all or any of the business specified in the newly introduced sub-clauses 27 to 31 of the Objects Clause III(C) of the Memorandum of Association of the Company, upon the aforesaid sub-clauses becoming effective.

None of the Directors is interested in the proposed resolution.

#### ITEM NO. 8

At the Annual General Meeting of the Company held on 7th August, 1995, Mr. Ashok Kanodia was appointed as Managing Director for a period of 5 years. His present terms as Managing Director expires on 6th June, 2000.

The Board of Directors of your Company in their meeting held on 5th June, 2000 re-examined and approved, subject to the approval of the Members of the Company the re-appointment of Mr. Ashok Kanodia as Managing Director for a further period of 5 years from 5th June, 2000 to 4th June, 2005.



## PRECISION ELECTRONICS LIMITED

Mr. Ashok Kanodia is a qualified electrical engineer from MIT, USA and has brought with him vast experience of electronic industry. The operations of the Company have grown steadily over the years under his dynamic leadership.

The appointment and remuneration payable to him is within Schedule XIII to the Companies Act, 1956.

The Board of Directors of your Company recommend this resolution for your approval.

Mr. Ashok Kanodia may be regarded as interested in the proposed resolution to the extent of remuneration proposed to be paid him. The Executive Director, Mr. Pradeep Kanodia is also interested in the proposed resolution as he is related to Mr. Ashok Kanodia as brother.

None of the other Directors of the Company is, in any way, concerned or interested in the said resolutions.

### ITEM No. 9

At the Annual General Meeting of the Company held on 7th August, 1995, Mr. Pradeep Kanodia was appointed as Executive Director for a period of 5 years. His present term as Executive Director expires on 6th June, 2000.

The Board of Directors of your Company in their meeting held on 5th June, 2000 re-examined and approved, subject to the approval of the members of the Company the re-appointment of Mr. Pradeep Kanodia as Executive Director for a further period of 5 years from 5th June, 2000 to 4th June, 2005.

Mr. Pradeep Kanodia is a qualified graduate with Honours degree in commerce. He is well versed with the customs procedures have long experience in this line. Import Department plays a critical part in the due success & smooth running of a large PCB unit. All major raw materials, chemicals & consumables have to be imported and production can be hampered if any of such materials are not available. The exposure of Mr. Pradeep Kanodia in the customs procedures will go a long way in minimising the cost of Imported materials.

The appointment and remuneration payable to him is within Schedule XIII to the Companies Act, 1956.

The Board of Directors of your Company recommend this resolution for your approval.

Mr. Pradeep Kanodia may be regarded as interested in the proposed resolution to the extent of remuneration proposed to be paid to him. The Managing Director, Mr. Ashok Kanodia is also interested in the proposed to be paid him. The Managing Director, Mr. Ashok Kanodia is also interested in the proposed resolution as he is related to Mr. Pradeep Kanodia as brother.

None of the Directors of the Company is, in any way, concerned or interested in the said resolutions.

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Place : New Delhi  
Date : 25.08.2000

By Order of the Board  
(Ravi Batra)  
Company Secretary