



## PEL NOIDA & ROORKEE BUILDING

## INFRASTRUCTURE



## SERVICES & CAPABILITIES

## PROJECTS



## PRODUCTS

Noida Office:  
D-10, Sector-3, Noida 201301,  
Uttar Pradesh, India  
Tel: +91-120-2551556 / 1557 / 5176 / 5177,  
Fax: +91-120-2524337



E-mail: [info@pelindia.com](mailto:info@pelindia.com), Website: [www.pelindia.com](http://www.pelindia.com)

*"we always know who we're working for"*

Roorkee Office:  
Plot No.9&10, K.I.E Industrial Estate,  
Roorkee 249406, (Uttarakhand), India  
Tel: +91-1332-229154/55,  
Fax: +91-1332-229155



# 32<sup>nd</sup> Annual Report

2010 - 2011

MOVING AHEAD

2011

*"we always know who we're working for"*



### Mission Statement

To become our customers preferred partner for innovative communication solutions by constantly growing the value and scope of our deliverables, expanding our capabilities through partnerships and achieving total customer satisfaction.

### Infrastructure

Precision Electronics Limited has its manufacturing facilities in Noida, U.P. having a covered area of 5000 m<sup>2</sup> and Roorkee, Uttarakhand (Covered area of 8000 m<sup>2</sup>). The strategically located plants are having state-of-art infrastructure to facilitate world class manufacturing of telecom systems.

### Quality

- ISO 9001: 2000
- ISO 27001
- Underwriters Laboratory (UL), USA
- Directorate General of Aeronautical Quality Assurance (DGAQA), Ministry of Defence
- Directorate General of Quality Assurance (DGQA), Ministry of Defence
- Electronic Component Standardization Organization (ECSO)
- Telecommunication Engineering Center (TEC), Dept. Of Telecommunications
- Research Design & Standards Organization (RDSO), Indian Railway

### Product Range

- Voice Loggers
- High Capacity Radio line of sight Radio Relay Systems
- Fixed Wireless Access
- Last Mile Wireline Solutions
- Multi-Service Platforms
- Metro Ethernet Switches
- Telephony Solutions
- Bulk Encryption Units
- Terminal End Secrecy Devices
- Network Security
- Tactical V/UHF Radios
- Ad-hoc Networked Data Radio
- Tank Harness
- Printed Circuit Boards
- Ruggedization and Containerization
- Telescopic, Pneumatic and Hydraulic Mast
- Power Supplies

### Capabilities

- Proven expertise in Design and Engineering, Manufacturing and System Integration
- Product validation, verification and accreditation as per customer's specific needs
- State-of-Art instrumentation for repair and maintenance including life cycle support and in-country repairs
- Testing and Validation

### Services

- Capability to offer overall Project co-ordination, Management and Turnkey project implementation
- Complete post-sales service support
- Systems Analysis based on customer requirement/ Request For Proposal to find solutions for system design/ System Integration
- Market survey and Product Strategizing
- Customer Product Evaluation
- Homologation
- Value Added Services
- COTS-to-MIL Engineering
- Repair and maintenance during warranty and Annual Maintenance Contracts
- Product Prototyping

### Design and Development

PEL ensures that new technologies and design applications are applied to the demands and stringent requirements of customized communication systems and solutions. To this effect PEL adds tremendous value in re-engineering, interfacing and overall customization of products at both the system and component levels, thus ensuring that innovative and quality solutions are delivered to our customers at low costs.

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**BOARD OF DIRECTORS & COMMITTEES****Board of Directors**

Mr. Ashok Kanodia	- Managing Director
Mr. Pradeep Kanodia	- Executive Director
Mr. Rahul Goenka	- Director
Mr. Anant Kanoi	- Director
Mr. S.C. Choudhary	- Director
Mr. Sharvan Kumar Kataria	- Director

**Audit Committee**

Mr. Sharvan Kumar Kataria	- Chairman
Mr. Rahul Goenka	- Member
Mr. Anant Kanoi	- Member
Mr. S.C. Choudhary	- Member

**Share Transfer & Investor Grievance Committee**

Mr. Rahul Goenka	- Chairman
Mr. Pradeep Kanodia	- Member
Mr. S.C. Choudhary	- Member
Mr. Sharvan Kumar Kataria	- Member

**Remuneration cum Selection Committee**

Mr. Sharvan Kumar Kataria	- Chairman
Mr. Rahul Goenka	- Member
Mr. Anant Kanoi	- Member
Mr. S.C. Choudhary	- Member

**PLANTS****At Noida**

D-10, Sector-3, Noida-201301, (U.P.)

**At Roorkee**

Plot No. 9 & 10, KIE Industrial Estate,  
Village Mundiya (Manglore), Roorkee  
Haridwar-249406, Uttarakhand (India)

**OFFICES****REGISTERED OFFICE**

D-1081, New Friends Colony,  
New Delhi-110065

**BRANCH OFFICE**

134, Biplabi Rash Behari Basu Road,  
(Canning Street), Calcutta-700 001

**COMPANY SECRETARY**

Mrs. Neha Malik

**AUDITORS**

M/s Rajendra K. Goel & Company,  
New Delhi.

**BANKERS**

Punjab National Bank

**LISTED ON**

Bombay Stock Exchange

**REGISTRAR & TRANSFER AGENT**

Skyline Financial Services Pvt. Ltd. D-153/A First Floor, Okhla Industrial Area  
New Delhi-110 020, Contact No.-011-30857575

**NOTICE OF THE 32<sup>nd</sup> ANNUAL GENERAL MEETING**

NOTICE is hereby given that the 32<sup>nd</sup> Annual General Meeting of Precision Electronics Ltd. will be held on **Saturday, 10<sup>th</sup> September, 2011 at 11.00 a.m. at Bipin Chandra Pal Memorial Auditorium, 81, C.R Park, New Delhi** to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Directors' Report, Audited Balance Sheet as on 31<sup>st</sup> March, 2011 and the Profit and Loss A/c for the year ended on that date and the Auditors' Report thereon.
2. To re-appoint Sh. Rahul Goenka who retires by rotation and being eligible, offers himself for reappointment.
3. To re-appoint Sh. S. C. Choudhary who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors to 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 Rajendra K. Goel & Co. Chartered Accountants, the retiring Auditors hold office till conclusion of this meeting and are eligible for reappointment.

**SPECIAL BUSINESS:**

5. To Consider, and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to section 257 of the Companies Act, 1956 Sh. Sharvan Kumar Kataria be and is hereby appointed as a Director of the Company, liable to retire by rotation."

**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. Members are requested:
  - Kindly notify the change of address, if any, to the Company/The Registrar & Transfer Agent/ depository participants, as the case may be.
  - To bring their copy of Annual Report.
  - Deposit duly completed Attendance slip at the meeting.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from 5<sup>th</sup> September, 2011 to 10<sup>th</sup> September, 2011 (both inclusive).
5. 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.
6. Explanatory Statement(s) pursuant to Section 173(2) of the Companies Act, 1956 pertaining to the business contained in items 5 is annexed.
7. The particulars of directors to be re-appointed/ appointed at the meeting are given in the Corporate Governance Section of this Annual Report.

**By Order of the Board  
For Precision Electronics Limited**

**Place: New Delhi  
Date: 18.05.2011**

**Neha Malik  
Company Secretary**



## EXPLANATORY STATEMENT

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

### In respect of Item No. 5

Sh. Sharvan Kumar Kataria was appointed as an Additional Director of the Company w.e.f. 5th February, 2011 by the Board of Directors under the provisions of section 260 of the Companies Act, 1956.

Sh. Sharvan Kumar Kataria is a Law Graduate and a Practicing Chartered Accountant since 1983.

He has a expert Knowledge of Company Law, Corporate Law, Income Tax, Direct Taxes, Indirect Taxes, Accounts & Audit Laws, Tax Planning, Tax Management, Jurisprudence and Tax Practice.

Since Sh. Sharvan Kumar Kataria was appointed as Additional Director of the Company by Board of Directors at their meeting held on 5th February, 2011 under section 260 of the Companies Act 1956 and shall vacate the office of Additional Director automatically at the starting of the Annual General Meeting.

The Company has received the notice required under section 257 of the Companies Act 1956 proposing the appointment of Sh. Sharvan Kumar Kataria as Director.

The Board of Directors of your Company are of opinion that Sh. Sharvan Kumar Kataria will commensurate to his ability, qualification and experience. Hence the Board of directors of the Company proposes the above resolution.

Except Sh. Sharvan Kumar Kataria, none of the Director of the Company is concerned or interested in the said resolution.

The resolution is accordingly recommended for member's approval.

By Order of the Board  
For Precision Electronics Limited

Place: New Delhi  
Date: 18.05.2011

Neha Malik  
Company Secretary

## DIRECTORS' REPORT

To  
The Members of  
Precision Electronics Ltd.,

Your Directors have pleasure in presenting the 32<sup>nd</sup> Annual Report on the business and operations of the Company along with the Audited Statements of Accounts for the financial year ended March 31, 2011.

### 1. FINANCIAL RESULTS

Your Company's performance during the year as compared with that during the previous year is summarized below:  
(₹ in Million)

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
Revenue*	258	299
Profit before Depreciation, Interest, & Tax	28	30
Depreciation	17	18
Interest	9	11
Net Profit before Tax	2	1
Provision for Tax**	(1)	1
Net profit after Tax	3	0.02
Profit brought forward from Balance Sheet	99	99
Amount available for appropriation	102	99
Appropriation: Transfer to General Reserve	--	--
Profit Carried forward to Balance Sheet	102	99

\*Revenue is net of Excise duty, VAT, Sales tax & Service Tax.

\*\*Provision for tax is in negative due to Deferred Tax.

### 2. DIVIDEND

In view of conservation of financial resources of the Company, your directors do not recommend any dividend for the financial year under review.

### MANAGEMENT DISCUSSION AND ANALYSIS

#### 3. FINANCIAL AND OPERATIONAL PERFORMANCE

Your Company earned total revenue of ₹258 million for the year ended 31<sup>st</sup> March, 2011 compared to previous financial year (2009-10) revenue of ₹299 million. Profit before depreciation, interest and tax (PBDIT) is at ₹28 million as compared to ₹30 million and the net profit was ₹2million as against ₹1million achieved during the previous year (2009-10.) The performance during the year under review was affected due to loss of production in the PCB division due to frequent breakdown of the machineries. In addition, delays in finalization of orders and retraction of tenders wherein your Company was the lead bidder in the defence sector has further contributed to the loss of revenue. Defence sector has recently been opened for private industry participation and the system is grappling with the complexities of the procurement procedure. We believe that this is a transitory phase and the procedure will smoothen out over period of time.



#### 4. OPERATIONAL EXCELLENCE

PEL's main focus is on design, engineering and manufacturing of transmission and access equipments covering all types of media (wire-line: both copper and optical fiber, wireless and satcom) for the telecom industry including defense sector. As a Company that is focused towards creating new business verticals, we are acquiring specific skills through lateral induction of manpower suiting our new technological requirements for future opportunities.

PEL continues to upgrade its infrastructure, systems, methods & processes to comply with the requirement of International Defence customers. Company views the Offset business opportunity in the defence sector as a growth vertical. The Roorkee unit provides in-house compliance and validation testing required for ESS, Shock, Bump & Vibration and EMI/EMC. It has been validated and approved by the defence inspection agencies namely DGQA & DGAQA on behalf of the customer viz. Indian Armed Forces.

##### 4.1 Projects

PEL has created competence and has been working with the User i.e. Indian Army on projects like the Battlefield Surveillance System (BSS) and Tactical Communication System (TCS) with our Partner Raytheon Company of USA. BSS contract award has been concluded with Bharat Electronics Ltd (BEL) and your Company expects to be a part of the project. The Company is also working with Tata Power Strategic Electronics Division (TPSED) on the Indian Air Force Modernisation of Airfield Infrastructure (MAFI) project and has been shortlisted for the civil works in the airfield environment. This will be a significant diversification of the Company and will open many a new opportunities in future. In both of the projects the revenue flow is expected to begin from this financial year.

PEL in collaboration with its Israeli Partner has ventured in manufacturing of Cable Harness for use in very demanding environment like the airborne platform, ship/submarines, armoured fighting vehicles etc. The Roorkee plant has already been setup and is undergoing certification for the quality standards required by the foreign OEMs. The first export order received by your Company under offset obligation is being executed. We are hopeful that this product line will contribute significantly to the revenues of the Company and exports.

##### 4.2 Technology

PEL's dedicated team of embedded electronic system has developed software for new products viz: Radio modems, HDSL modems and Data Logger that are required by the Railways and Telecom Operators. These are under technical evaluation by validation agencies of the respective user for acceptance and certification. This will enhance the portfolio of the Company significantly to its long standing customers in the non-defence sector. In addition your Company has entered into an exclusive Technology Transfer Agreement with a Canadian company Ultra Electronics who is renowned for its technologically advanced radio products in the global defence market. This association is expected to provide a significant upgrade to our current radio product portfolio.

##### 4.3 Quality

Your Company continues to be ISO 9001: 2008 and ISO 14001: 2004 certified in pursuance of its philosophy of continual product quality improvement and environmental protection. Moreover, to meet the specific demands and expectations of Defence & Aerospace industry, your Company is well on course to be AS 9100 certified. This recognition by Standard Institute of Israel (SII) will place your Company in a unique position to bid for Offset businesses from the large foreign OEMs. Security is a major concern of our User - Armed Forces as well as our international defence OEMs.

Your Company has achieved ISMS ISO 27001 standards for the 'Information Security Management System'. In addition, your Company continues to be registered with the Director General Quality Assurance (DGQA) - the quality wing of the Army, DGAQA - quality wing of the Air Force, CGMQA - the quality wing of Dept of Communication (DOT) etc.

#### 4.4 INFORMATION TECHNOLOGY

PEL has looked towards Information Technology not only to manage data on inventory, returns, other product related information but also improve operational efficiency and reduce operating costs by automating and stream lining existing business processes. It has created a secure and user friendly environment. It continues to update the systems to be in line with the new developments.

#### 5. SEGMENT -WISE PERFORMANCE

##### 5.1 PCB Division

Production in the PCB division at 10408 sq. mt during the current year was about 35% less than the 16077 sq. mt achieved in the previous year (2009-10). The revenue was consequently reduced from ₹62 million during the previous year to ₹46 million in the current financial year ending 31<sup>st</sup> March, 2011. The PBIT for the division stood at ₹(5.6) million as against ₹1.7 million in the previous year. This was due to frequent break down of the plant which is old and needs replacement and refurbishing. This is a major investment decision and your Company is evaluating the pros and cons.

##### 5.2 Telecom Division

Telecom division revenue during the year ended 31<sup>st</sup> March, 2011 is ₹236 million as against ₹261 million in the previous year (2009-10). However, the PBIT increased to ₹14 million in the current year as against ₹11 million in the previous year. The increase was due to better product mix and work undertaken on behalf of our foreign partner. This will open more opportunities for the Company in future. Revenue shortfall in the current year is due to delay in placement of orders for the 2 Mb PCM MUX and radio order from CABS (DRDO) which will be delivered in the current year. Your Company views this as a temporary set back and is making all out efforts to ensure that significant orders are booked as numbers of projects are under finalization.

Your Company is aggressively marketing itself to leveraging its pan-India presence and the service network in both the non-defence and defence vertical benefits of which will be reaped by the Company from this year onwards.

#### 6. OPPORTUNITIES, THREATS, RISK & CONCERNS

##### 6.1 Opportunities

India is one of the largest users of telecom equipment in the world and is expected to import nearly \$100bn worth of equipment in the next 10 years. The National telecom network contains systems supplied by countries that may be hostile to India and therefore poses a great threat on the security of the Country. It is understood that Policy makers are alive to the situation and it is expected that a National Telecom Infrastructure Policy will be unveiled that would provide impetus to local design & manufacturing. In addition rural telecom and internet connectivity is the focus area for the government and holds a huge potential to drive the future growth of the telecom companies.

India has been a key destination for global defence contractors being one of the top defence spenders in the world. Indian Aerospace and Defence manufacturing hereto was limited by contribution of the government owned and managed Defence Public Sector Undertaking (DPSUs), Public Sector Undertakings (PSUs) and the Ordnance Factory Board; however a progressive and forward looking Defence Production Policy unveiled by MoD in Jan' 2011 is a clear statement of Government's intent to create an eco system of design and manufacturing in the country and move up the value chain. For the first time emphasis is on 'Design & Development' rather than the traditional 'manufacturing Transfer of Technology' model. The policy proposes to spur growth in the Indian Industry that would take the country towards the goal of 'self-Reliance' with active private industry participation. Further it is being conveyed to the Indian Industry that the MoD procurements will fall mostly under the categorization of Buy Indian, Buy & Make and Make which will provide a huge opportunity to the Indian Industry.



## 6.2 Threats, Risk & Concerns

There is no focus on in-country design & manufacturing of telecom equipment /systems by the Government. This needs Government's intervention and correction for the industry to grow. A liberal policy for R&D support and funds needs to be created for the Indian Industry to create its own IPRs. The non-defence telecommunication market in India is among the most competitive markets. The Company faces intense competition from imports from countries like China who are able to offer goods at a price that is difficult to compete. This has led to an increased pressure on margins due to customer generated competitive bidding process.

Main Business Concerns are:

- Dependent on business from the government, defense and quasi government sector – demand sporadic.
- Business is tender oriented - delays and retraction of tenders are inherent.
- Competition is from incumbent suppliers who are well entrenched in the system.
- Limited Financial Resource.
- Protective attitude of the MoD towards its own units: DPSUs and OFB.
- Rapid Technology Changes and significant investments required in the R&D.
- Retention of trained manpower.
- Limited local component base and increasing prices of Raw Material.

## 7. OUTLOOK

Your Company's focus on in-house design & engineering will bear fruit. Three products are being offered to the customer for acceptance and validation and if successful, will provide the necessary impetus to the revenues and profitability of the Company.

Introduction of the Defence Production Policy (DProP) by the Ministry of Defence is a major boost to the defence sector. Its focus on In-Country 'design & Development' is in line with your Company's competence and structure. If implemented in letter and spirit it will open the sector for Private sector participation in a more meaningful manner. The defence sector holds the greatest promise for your Company. Its work in this sector of developing its own technology, deployment of its system in all three forces and creating partnerships with major international defence equipment manufacturers has provided us with a unique opportunity. For a company of relatively small size, PEL is present in all the commands of the Army, at all the airfield of the Air Force & Army aviation and all the new builds of the Navy. This is a unique position that is not matched by its competitors.

## 8. FINANCIAL FACILITIES

The Company continues to enjoy the support of its banker Punjab National Bank (PNB) and facilities are being reviewed.

## 9. ADEQUACY OF INTERNAL CONTROL

The Company continues to have a proper and adequate internal control procedure commensurate with its size and nature of business. This control procedure ensures efficient use and protection of resources, compliance with established Company policy and guidelines and compliance of statutes.

The Company has an internal auditor, which carries out independent periodic audit. The scope of internal audit covers variety of operational and financial matters follow up and review of implementation of recommendations made for corrective action. The prime object of such audit is to test the adequacy, effectiveness and adherence of all internal control laid down by the management and to suggest improvement. Quarterly internal audit reports are reviewed in Audit Committee held from time to time.

## 10. HUMAN RESOURCE DEVELOPMENT

Employees continue to be the key driving force of the organization and remain strong source of our competitive advantage. PEL continued to make significant investments for training and has a team of experienced and competitive professionals. The employees are groomed through effective system of assessment, performance appraisal, training, including sharing of lectures/knowledge base through the local area network, training files and on line testing structured manner.

PEL frames its HR policies keeping in mind that human resource is core strength of the Company. Good HR policies not only lead to contentment of employees by providing them with equal opportunities to grow but also help in achieving the laid down objectives effectively. PEL encourages its employees to go beyond the scope of their work, undertake voluntary projects that enable them to learn and contribute innovative ideas in meeting goals of Company.

The members are also apprised that its newsletter "PEL Touch" continues to keep the employees informed about the current activities, achievements of the Company as well as its individuals.

Our HR department has conducted in-depth survey of the industry this year to establish the current compensation trends along with HR practices and bench mark the same with ours. This has resulted in a market correction in compensation at various levels and adoption of certain HR policy initiatives. We are gradually implementing these improvements to attract/ retain the best talent in the industry.

## 11. CAUTIONARY STATEMENT

Certain Statements made in Management Discussion & Analysis Report relating to the Company objectives, projections, outlook, expectations, estimates etc. may constitute 'forward looking statements' within the meaning of applicable laws & regulations. Actual results may differ from such expectations, projections etc. whether express or implied. Several factors could make significant difference to the Company's operations. These include climatic conditions and economic conditions affecting demand and supply, Government regulations and taxations, natural calamities etc. on which the Company does not have any direct control.

## 12. REGISTRAR & TRANSFER AGENT

The Registrar and Transfer Agent is:  
M/s Skyline Financial Services Pvt. Ltd.  
D-153/A First Floor, Okhla Industrial Area  
New Delhi-110 020  
Contact No.-011-30857575



### 13. ENVIRONMENTAL PROTECTION, HEALTH AND SAFETY

During the year, the Company enhanced its efforts to address to Health, Safety and Environment matters and attain sustainable performance at all workplaces and beyond. As responsible Corporate Citizen your Company act on the belief that environment protection are not just preferred responses but our basic responsibility and the right way to do business.

The Safety & Health of employees and external stakeholders are embedded in the core organizational values of the Company. The HSE policy aims to ensure safety of public employees, plant & equipment, ensure compliance with all statutory rules and regulations, imparting training to its employees, carrying out safety audits of its facilities, and promoting eco - friendly activities.

The Company continues to maintain excellent track record on safety. The site had no accidents during the year 2010-11. PEL also has Workman Safety Committee under section 41G of Factories Act 1948. This Committee meets at regular intervals to take measures for worker's protection in order to make PEL a safe place to work.

### 14. PARTICULARS OF CONSERVATION OF ENERGY, ABSORPTION OF TECHNOLOGY AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information relating to conservation of energy, as required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Director) Rules 1988 is annexed hereto marked Annexure-I and form part of this Report.

### 15. CORPORATE GOVERNANCE

In compliance with the requirements of Clause 49 of the Listing Agreement with BSE, a separate report on Corporate Governance along with the Auditors' Certificate on its compliance forms a part the Annual Report.

### 16. FIXED DEPOSITS

The Company has not invited or accepted any fixed deposits from the public under section 58A of the Companies Act, 1956 during the year under review and hence no amount of principal or interest was outstanding as of the Balance Sheet date.

### 17. DIRECTORS

The Board consists of Executive and Non-Executive Directors including Independent Directors who have wide and varied experience in different disciplines of corporate functioning.

In accordance with the provisions of Section 256 of the Companies Act, 1956 and Article 133 of the Article of Association of the Company, Sh. Rahul Goenka and Sh. S C Choudhary, Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment. The resolution for the same has been included in the notice of Annual Report scheduled to be held on 10<sup>th</sup> September, 2011.

### 18. DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956 with respect to Directors Responsibility Statement, it is hereby confirmed:

- 1) That in the preparation of the accounts for the financial year ended 31<sup>st</sup> March, 2011 the applicable accounting standards have been followed along with proper explanations relating to material departures;
- 2) That 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 Profit of the Company for the year under review.

- 3) That 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) That the Directors have prepared the accounts for the financial year ended 31<sup>st</sup> March, 2011 on a 'going concern' basis.

### 19. AUDITORS

The Statutory Auditors of the Company, M/s Rajendra K. Goel & Co., retire at this year's Annual General Meeting and have sought their re-appointment. M/s Rajendra K. Goel & Co., Chartered Accountants, New Delhi has confirmed that their re-appointment, if made, would be within the prescribed limits under Section 224(1-B) of the Companies Act, 1956.

Their being no audit observations in Auditors' Report, no further explanations are required.

### 20. LISTING OF SECURITIES

The Shares of the Company are listed with BSE, Pheroze Jeejeebhoy Towers, Dalal Street, Mumbai. (Scrip Code: 517258). It is confirmed that the Company has paid Annual Listing Fee upto the current financial year to BSE.

### 21. PARTICULARS OF THE EMPLOYEES

There was no employee in the Company who if employed throughout the year was in receipt of remuneration of ₹ 60,00,000/- per annum and above and if employed for the part of year was in receipt of remuneration of ₹ 5,00,000/- per month and above. Thus, the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employee) Rules, 1975 are not applicable.

### 22. ACKNOWLEDGMENTS

Your Directors express their deep appreciation and gratitude for the valuable support received from Punjab National Bank, its customers, business associates and shareholders and look forward to similar support and co-operation in future. Your Directors appreciate the sincere efforts put in by the employees at all levels, which enabled the Company to achieve the performance during the year.

FOR AND ON BEHALF OF THE BOARD

Place: New Delhi  
Date: 18.05.2011

(ASHOK KANODIA)  
Managing Director

(PRADEEP KANODIA)  
Executive Director



## ANNEXURE-I

STATEMENT OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY, ABSORPTION OF TECHNOLOGY AND FOREIGN EXCHANGE EARNINGS AND OUTGO IN ACCORDANCE WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988 ARE GIVEN BELOW:

## (A) CONSERVATION OF ENERGY

## 1) Energy conservation measure taken :

The Company continues to follow a regular schedule of preventive maintenance and servicing of all its energy intensive machines and equipment to ensure their optimum operation.

## 2) Additional Investments and proposals, if any being implemented for reduction of consumption energy.

Energy conservation measures undertaken during the year include maintaining the power factor towards unity that ensures better power quality to the sensitive equipment installed.

## 3) Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.

Since the capacity of the Roorkee unit is not fully utilized and the Company has to incur a fixed cost on the sanctioned power load, therefore there is no savings from the measures taken for reduction of power consumption. The Company is making an effort to conserve and optimize the use of resources through modified operational processes.

## 4) Total energy consumption and energy consumption per unit of production:

Information is given in prescribed FORM - A BELOW

The details of Power & Fuel consumption:

	Current Year		Previous Year	
	Noida	Roorkee	Noida	Roorkee
Electricity				
Power purchased	1,095,406	1,76,988	1,134,461	2,43,818
Unit (KWH)				
Total amount	₹65,39,348	₹31,28,770	₹56,51,413	₹29,04,931
Rate/unit	₹5.97	₹17.98	₹4.98	₹11.91
Power generated	4,36,117	7,042	6,74,524	9,942
Unit (KWH)				
Total amount	₹66,65,364	₹4,24,868	₹77,07,776	₹5,63,109
Cost per unit	₹15.28	₹60.33	₹11.43	₹56.64
Total energy cost	₹13,204,712	₹35,53,638	₹13,359,189	₹34,680,400*

\* The power utilisation is much lower than the sanctioned load/generated load due to low capacity utilisation.

## (B) TECHNOLOGY ABSORPTION

Effort made in technology absorption are given in prescribed Form - B below

## FORM-B

## (A) RESEARCH &amp; DEVELOPMENT (R&amp;D)

Your Company continue to benefit from strong foundation and great tradition of Research and development which differentiate from others.

## 1) Specific areas in which Design &amp; Development was carried out by the Company.

Design & Development activity in PEL has been accorded due importance with an aim to upgrade our existing systems as also to explore avenues for further technological growth. 34 Mbps Radio Relay has been upgraded to 155 Mbps affording a larger pipeline for the Army Trunk Communication in media. In commensurate with the 155 Mbps Radio, the Bulk Encryption System of matching capacity is under up gradation. Link enhancement has been achieved using Turbo Code Technology. Our D&E (Embedded) have, through their dedicated application, been able to develop a Data Logger which finds acceptance in number of applications in Defence, BSNL/MTNL, Railways, and Airports etc.

## 2) Benefits derived as a result of the above R&amp;D:

A range of new and superior product has been introduced due to the R & D efforts due to which our Company will be able to address the forthcoming requirements of Indian Army. In addition, Company has acquired new technological solutions which has enhanced our understanding of user and widened the product mix.

## 3) Future Plan of Action:

Design & Development activities of the Company have the potential of contributing significantly to the sales and profitability of the Company in near future. This ability is being continuously expanded and additional manpower is being inducted to strengthen the existing team to acquire technologies and domain expertise. This will develop our capabilities of System Integration and be a complete solution provider to Armed Forces.

## 4) Expenditure on R&amp;D:

(a) Capital	₹ 38.75L
(b) Recurring	₹ 94.67L
(c) Total	₹ 133.42L

Total R&D as a Percentage of total turnover 4.73%.

## (B) TECHNOLOGY ABSORPTION, ADAPTION AND INNOVATION

## 1) Efforts, in brief, made onwards Technology absorption, adaptation and innovation:

The 8/34 Mbps radio relay system designed and engineered by PEL was fielded in response to the RFP issued by army HQ in the year 2005. In parallel with trials and evaluation, we have constantly absorbed the technology and upgraded the same to keep pace with global systems.