



Precision



Precision Electronics Limited

34th
Annual
Report
2012-2013

2012-2013

"we always know who we're working for"

CORPORATE PROFILE

Who we are ?

- Provider of Communication & Electronics Products and Solutions for Mission Critical and Critical Infrastructure customers
- Electronics Manufacturing Services (EMS) provider
- Turnkey Project Implementation and Support services
- Civil Infrastructure services
- A customer focussed company with domain expertise in Civil COM/Telecom, Military COM, SIGINT and C2I.
- Established in 1979 ↔ More than 150 employees ↔ Listed on BSE

OVERALL COMPETENCIES

Capture Management

- Product initiation at all levels of MoD and the User
- System conceptualization
- Develop India-specific Strategy
- Technical & Commercial Proposal
- Customer demos/ field trials
- Logistics

Product / System Development

- System design, development, prototyping, testing and analysis
- Development of customized hardware and software
- Entity Engineering/ Ruggedization of COTS modules to MIL-STDs
- Telecom Network Design

Production & Lifecycle Support

- Facilities for batch and bulk production
- Build to Spec/ Print
- Turnkey Project Implementation
- Integrated Product Support
- Obsolescence Management

CUSTOMER PROFILE

Mission Critical

- Military
- Paramilitary
- Intelligence Agencies

Critical Infrastructure

- Airports/ Airfields
- Railways
- Telecom Service Providers
- Harbour / Ports
- Medical Industry
- Oil & Gas

Licenses for Defence Production

- Transmission Systems including Line, Radio, Satellite and accessories as well as Power Supplies
- Networking Equipment including Switches, Routers, Modems, Converters, Multiplexers, Communication Gateways and accessories
- Embedded Systems for C4I2SR including Sensor Interface units, Interoperability Systems, Appliqué devices and Voice/ Video/ Data Acquisition Systems
- Electronic Support Measures (ESM) Systems for Electronic Warfare
- Antenna, Masts, Positioners, Gimbals and accessories
- Shelter/ Platform integration for MILCOM and C4I2SR systems
- Military Cable Assemblies & Harness

Quality – A Way of Life



- Inspection standards of DoT (TEC), RDSO, DGQA & DGAQA
- Traceability of every single hardware and software component throughout the life-cycle is ensured by a networked support system for Configuration Management and Integrated ERP
- In-house Test Facilities for Environmental and EMI & EMC

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BOARD OF DIRECTORS & COMMITTEES

Board of Directors

Mr. Ashok K. Kanodia	- Managing Director
Mr. Pradeep K. Kanodia	- Executive Director
Mr. Rahul Goenka	- Director
Mr. Anant Kanoi	- Director
Mr. Suresh Vyas	- Director
Mr. S. K. Kataria	- Director

Audit Committee

Mr. S. K. Kataria	- Chairman
Mr. Rahul Goenka	- Member
Mr. Anant Kanoi	- Member
Mr. Suresh Vyas	- Member

Share Transfer & Investor Grievance Committee

Mr. Rahul Goenka	- Chairman
Mr. Suresh Vyas	- Member
Mr. S. K. Kataria	- Member

Remuneration cum Selection Committee

Mr. S. K. Kataria	- Chairman
Mr. Rahul Goenka	- Member
Mr. Anant Kanoi	- Member
Mr. Suresh Vyas	- Member

COMPANY SECRETARY

Mr. Gurvinder Singh Monga

AUDITORS

M/s Rajendra K. Goel & Company,
J-288, Ground Floor,
Saket, New Delhi.-110017

REGISTRAR & TRANSFER AGENT

Skyline Financial Services Pvt. Ltd.
D-153/A First Floor,
Okhla Industrial Area, Phase-I
New Delhi-110 020
Contact No.-011-26812682-84

PLANTS

At Noida

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

At Roorkee

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

BANKER OF THE COMPANY

Punjab National Bank

LISTED ON

Bombay Stock Exchange

CORPORATE IDENTITY NUMBER (CIN)

L32104DL1979PLC009590

REGISTERED OFFICE

D-1081, New Friends Colony,
New Delhi-110025

BRANCH OFFICE

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

NOTICE OF THE 34TH ANNUAL GENERAL MEETING

NOTICE is hereby given that the 34th **Annual General Meeting** of Precision Electronics Ltd. will be held on **Saturday, 21st September, 2013 at 10:30 A.M. at Bipin Chandra Pal Memorial Auditorium, A-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 31st March, 2013 and the Profit and Loss A/c for the year ended on that date and the Auditors' Report thereon.
2. To re-appoint Mr. Sharvan Kumar Kataria who retires by rotation and being eligible, offers himself for reappointment.
3. To re-appoint Mr. Rahul Goenka 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 Mr. Suresh Vyas who was appointed as an additional director of the Company w.e.f. 3rd November, 2012 by the Board of Directors under the provisions of Section 260 of the Companies Act, 1956 and who shall vacate the office of additional director automatically at the starting of the Annual General Meeting and for whose co-option a notice has been received by the Company from one the member under section 257 in writing proposing his candidature for the office of director be and is hereby elected and Co-opted as a director of the Company liable to retirement 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 16th September, 2013 to 21st September, 2013 (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. 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: Noida
Date: May 23, 2013**

**Gurvinder Singh Monga
Company Secretary**

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

In respect of Item No. 05:-

Mr. Suresh Vyas is Fellow Member of the Institute of Chartered Accountant of India. A senior member of profession, he has got about 28 years of experience in the industry and Profession of handling a number of projects and companies of national and international level. He has mastered the activities relating to corporate world such as corporate law matter, acquisitions and mergers, liaison with Government agencies etc. While in practice he has assisted a number of international companies to set up their business in India and was also associated with Indian companies acquiring projects overseas.

Mr. Suresh Vyas was appointed as an additional director of the Company w.e.f. 3rd November, 2012 by the Board of Directors under the provisions of Section 260 of the Companies Act, 1956 and who shall vacate the office of additional director automatically at the starting of the Annual General Meeting. As required by section 257 of the Act, a notice has been received by the Company from one of the member in writing signifying his intention to propose appointment of Mr. Suresh Vyas as a director along with a deposit of Rs 500. The Board considers it desirable that the Company should continue to avail itself of his services.

Directors recommend your approval of the said resolution.

None of the Directors is interested in the resolution except as a member of the Company.

DIRECTORS' REPORT

To
The Members of
Precision Electronics Ltd.,

Your Directors have pleasure in presenting the 34th Annual Report on the business and operations of the Company along with the Audited Statements of Accounts for the Financial Year ended March 31, 2013.

1. FINANCIAL RESULTS

Your Company's performance during the year as compared with that during the previous year is summarized below:

(Rs. in million)		
PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
Revenue*	204	371
Profit before Depreciation, Interest, & Tax	37	32
Depreciation	13	15
Finance Cost	11	15
Net profit before Tax	13	1
Provision for Tax	4	11**
Net profit after tax	9	(10)

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

** Provision for tax has increased 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

Overall revenue of the Company for the year ended 31st March, 2013 were recorded at Rs. 204 million as compared to previous Financial Year (2011-12) revenue of Rs. 371 million. The revenues were low due to confirmed programs being 'on hold' and delay in placement of orders. Profit before depreciation, interest and tax (PBDIT) is at Rs. 37 million as compared to Rs. 32 million and the net profit before tax was Rs. 13 million as against Rs. 1 million achieved during the previous year (2011-12).

4. INDUSTRY STRUCTURE AND DEVELOPMENTS

National Telecom Policy (NTP) 2012 seeks to make India a 'global manufacturing hub' for telecommunications hardware by creating local IPRs. It lays down a roadmap for meeting 80% the in-country requirement with minimum value addition of 65% by 2020. It provides purchase preference for domestically designed & manufactured equipment. This will be the single largest growth driver for the indigenous hardware manufacturers. However, this is dependent on the Electronics Manufacturing Policy which is under formulation.

India is one of the largest arms buyers in the international market and needs to modernize its forces to counter the threats along its borders. Recent Ministry of Defence (MoD) press releases indicate procurement policy amendments that aim to remove the bottle necks for a more meaningful private sector participation that will ensure sustained growth of the indigenous defence private industry. Your company stands to benefit being well established in the sector.

5. OPPORTUNITIES, THREATS, RISK & CONCERNS

5.1 Opportunities

India's telecom sector is growing the fastest and has one of the largest user base of telecom equipment in the world. Recently announced NTP has paved the way for creating an eco system of design, development & manufacturing. Your company is well poised to take advantage of the new policy initiatives.

Defence Procurement Policy (DPP) 2013, is expected to create a level playing field for the Indian private industry in line with the Defence production policy announced in 2012. The future prospects in the sector are bright and your company, being an MSME unit, stands to benefit greatly.

5.2 Threats, Risk & Concerns

Your company is in the technology intensive sector wherein continuous investments are required to keep pace with the latest in technology. Foreign original equipment manufacturers (FOEM) continue to be very aggressive both in pricing as well as technology release in India due to global recession and pose the largest threat.

Main Business Risks and Concerns are due to the fact that your Company is dependent on business from the Government and quasi government entities which are tender oriented and takes long time to fructify. This can create cash crunch situation and retention of highly trained manpower is a challenge. Foreign exchange exposure risks in the current volatile market are significant due to dependence on imported modules & components.

6. SEGMENT-WISE PERFORMANCE

Company is structured into two businesses: Electronics & Infrastructure.

Cash crunch has been the single largest cause for your Company not being able to give better result. Non availability of non-fund-based limits (Bank Guarantees) has severely curtailed the ability of the company to participate in the tenders. This is in spite of the fact that the exposure of the banks in non-fund limits has significantly reduced from the date of company being declared a sick unit under section 15(1) of Sick Industrial Companies (Special Provisions) Act, 1985 by Board for Industrial Finance Reconstruction. In addition substantial amount due to the company still remains recoverable from its debtors. All this has resulted in company's operation being below the break-even level. Your company is trying its utmost to arrange for funds and is at an advanced stage of discussion with a prospective strategic investor.

Your company delivered the Mobile ASCON Node to the Army, which has already gone through the first phase of acceptance trials successfully. This is the first of its type of system designed and manufactured in the Country. Future orders are expected from the ASCON Working Group. This year also witnessed the supply of the prototype of the Radio relay vehicles designed and developed by the Company for the Air Force. These mobile communication systems, after extensive trials, have been approved by the Air Force and bulk supply clearance has been received. Company expects good orders in future for similar mobile system from both the Air Force and the Army.

6.1 Electronic Division

Telecom division revenue during the year ended 31st March, 2013 is Rs. 74.9 million as against Rs. 267.4 million in the previous year (2011-12) and the PBIT increased to Rs. 33.9 million in the current financial year as against Rs. 17.8 million in the previous year. The division has suffered due to committed programs being held up and delays in procurement. However, exports of electrical & electronics assemblies is picking up and is expected to contribute significantly in the coming years.

6.2 Infrastructure Division

Your company has handed over the validation airfield under the 'Modernisation of Airfield Infrastructure' (MAFI) program of the Indian Air Force to the Prime; Tata Power Strategic Electronics Division (TPSED) and is now looking forward to receive the bulk contract for other airfields. The program is delayed by more than a year. The company has created competence in this niche area and is expanding its footprint.

7. OUTLOOK

Your company strategy to offer a diversified product and service portfolio to a wider customer base with an objective to derisk its revenue streams is on track. Availability of funds to support initiatives in business development and R & D to keep pace with the changing business environment will be a major thrust area. Accordingly, the Company has taken steps to create liquidity in the system by monetizing its underutilized assets to take advantage of the business opportunities and invest in areas which will pay rich dividends in future and the organization structure has been optimized which will lead to significant savings. After negotiating a challenging year in 2012-13, your Company is now looking forward with renewed confidence to offer our expanded product and services in current and future years.

8. FINANCIAL FACILITIES

The Company continues to enjoy the support of its Banker Punjab National Bank (PNB), Noida Branch for both fund and non-fund based facilities.

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

The Company has been successful in building a performance oriented culture with high levels of engagement and empowerment in an environment of teamwork. The focus has been on creating reserves through cross functional and interdisciplinary exposure at all levels to ensure redundancy and robustness in the organization. The morale of the team is at a very high level.

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 a responsible corporate citizen your Company acts 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 2012-13. PEL also has a 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.