

Precision Electronics Limited

Precision

"we always know who we're working for"



36th Annual Report

2014-2015



Design

LAND



Customised Power Supplies



Integrated Vehicular Shelter

HF-DF Antenna

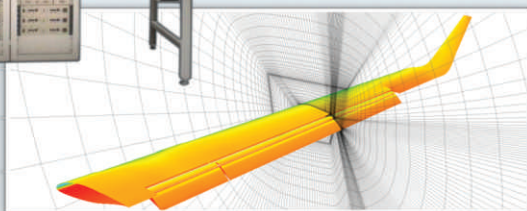


AIR

Automatic Test Equipment

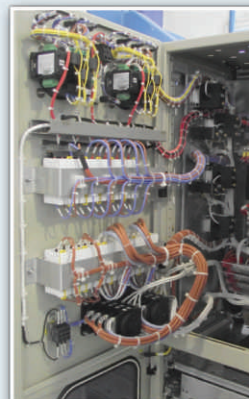


Airborne Customized Power Supply

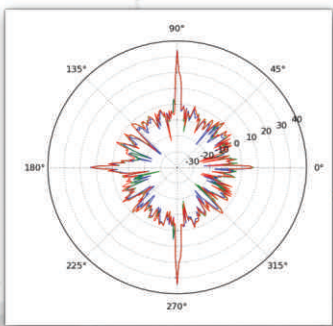


Low Noise Wing

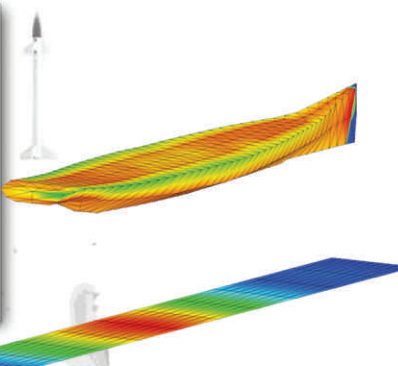
Power Distribution System



SEA



Radar Cross Section



ELF Signature of a Ship



Marine Switch Board/Rack

CONTENTS

Board of Directors & Committees	:	02
Notice of Annual General Meeting	:	03
Report of Director's	:	09
Annexure to the Report of the Directors	:	15
Report on Corporate Governance	:	28
Report of the Auditors	:	42
Balance Sheet Abstract	:	46
Profit & Loss Account	:	47
Cash Flow Statement	:	48
Notes to the Accounts	:	49

BOARD OF DIRECTORS & COMMITTEES

Board of Directors

Lt Gen (Dr) Rajesh Pant	- Chairman
Mr. Ashok K Kanodia	- Managing Director
Mr. Anant Kanoi	- Director
Mr. S. K. Kataria	- Director
Mr. Suresh Vyas	- Director
Mr. Deepto Roy	- Director
Mr. Pradeep K Kanodia	- Director
Mr. Rahul Goenka	- Director
Mrs. Ranjna Gudoo	- Director

Audit Committee

Mr. S. K. Kataria	- Chairman
Mr. Anant Kanoi	- Member
Mr. Deepto Roy	- Member
Mr. Suresh Vyas	- Member

Stakeholders Grievance Committee

Mr. Rahul Goneka	- Chairman
Mrs. Ranjna Gudoo	- Member
Mr. S. K. Kataria	- Member
Mr. Suresh Vyas	- Member

Nomination and Remuneration Committee

Mr. Anant Kanoi	- Chairman
Mr. Deepto Roy	- Member
Mr. S.K. Kataria	- 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

BANKER OF THE COMPANY

Punjab National Bank

LISTED ON

Bombay Stock Exchange

CORPORATE IDENTITY NUMBER (CIN)

L32104DL1979PLC009590

PLANTS

At Noida

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

At Roorkee

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

REGISTERED OFFICE

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

CORPORATE OFFICE

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

PRECISION ELECTRONICS LIMITED

CIN: L32104DL1979PLC009590

Regd. Office: D-1081, New Friends Colony, New Delhi - 110025

Phone: 120 2551556/7, Fax: 120 2524337

Email: cs@pel-india.com, Website: www.pel-india.com

NOTICE OF THE 36TH ANNUAL GENERAL MEETING

NOTICE is hereby given that the 36th Annual General Meeting of Precision Electronics Ltd. (the Company) will be held on **Saturday, 26th September, 2015 at 2:00 P.M. at Bipin Chandra Pal Memorial Auditorium, A -81, C.R Park, New Delhi** to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Directors' Report, Financial Statements for the year ended on 31st March 2015 and the Auditors' Report thereon.
2. To re-appoint Mr. Deepto Roy who retires by rotation and being eligible, offers himself for reappointment.
3. To ratify the re-appointment of M/s Rajendra K. Goel & Co. Chartered Accountants (F.R.N. 01457N) as Statutory Auditors, who was appointed at the AGM held on 27th September, 2014 for a period of three year upto the conclusion of 38th Annual General Meeting to be held in the year 2017.

SPECIAL BUSINESS:

4. **APPOINTMENT OF LT GEN (DR) RAJESH PANT PVSM, AVSM, VSM (RETD.) AS DIRECTOR CUM NON-EXECUTIVE CHAIRMAN OF THE COMPANY.**

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

"RESOLVED THAT Lt Gen (Dr) Rajesh Pant PVSM, AVSM, VSM (Retd.) (DIN:06969307), who was appointed by the Board of Directors as an Additional Director cum Non- Executive Chairman of the Company with effect from 27th July, 2015, and who holds office up to this Annual General Meeting pursuant to the provisions of section 161 of the Companies Act, 2013 ("the Act") and in respect of whom the Company has received a notice in writing and deposit of one lakh rupees from a member u/s 160 of the Act, proposing his candidature to the office of Director of the Company be and is hereby appointed as Non- Executive Director cum Chairman of the Company liable to retire by rotation"

5. **REAPPOINTMENT OF MR. ASHOK K KANODIA AS MANAGING DIRECTOR OF THE COMPANY**

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

"RESOLVED THAT pursuant to provision of Sections 196, 197 and 203 of the Companies Act 2013 (as amended or re-enacted from time to time), read with Schedule V to the Act, the Company hereby approves the appointment and terms of remuneration of Mr. Ashok Kumar Kanodia (DIN: 00002563), as Managing Director and Key Managerial Personnel of the Company with effect from 14th August 2015 for a period of 5 years on the following terms and conditions:

- i. Salary: Rs.19,68,240 per annum.

In addition to Salary, he shall be entitled to the following facilities:

- a) Medical reimbursement: Medical expenses incurred for self and his family, as per rules of the Company; however not exceeding Rs. 1,20,000/- per year.
- b) Leave Travel Allowance: For self and his family, as per rules of the Company; however not exceeding Rs. 2,50,000 once in two years.

Mr. Ashok K 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:

- i. Contribution to provident fund, superannuation fund or annuity fund to the extent these are not taxable under the Income Tax Act 1961.

- ii. Gratuity payable at the rate not exceeding half a month's salary for each completed year of service.
- iii. Encashment of leave at the end of tenure.
- iv. Provision for use of chauffeur driven Company car for official duties and cellular phone (including payment for local and overseas official calls) shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.
- v. He will be entitled for Reimbursement of expenses incurred for the business of the Company in any manner whatsoever.

For aforesaid purpose a family means the spouse, dependent children.

The perquisites to be evaluated as per Income Tax Rules wherever applicable.

10% per annum increase in Salary subject to Nomination and Remuneration Committee recommendation and Board of Directors approval.

RESOLVED FURTHER THAT the Board or a Committee thereof be and is hereby authorised to take all such steps as may be necessary, proper and expedient to give effect to this resolution."

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

**SD/-
G.S. Monga
Company Secretary**

Place: Noida

Date : 14th, August, 2015

Notes

Precision Electronics Limited, being a listed Company and having more than 1000 shareholders, is compulsorily required to provide e-voting facility to members in terms of Section 108 of the Companies Act, 2013 read with rule and Clause 35B of the Listing Agreement, voting by show of hands will not be available to the members at the 36th AGM in view of the further provisions of Section 107 read with Section 114 of the Act.

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME OF THE MEETING.
2. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company. A Proxy appointed by a member holding more than 10 percent of the total share capital of the Company carrying voting rights shall not act as proxy for any other member.
3. Corporate members are requested to send a duly certified copy of the Board Resolution authorizing their representative(s) to attend and vote at the Annual General Meeting.
4. Members/proxies should bring the attendance slips duly filled-in for attending the meeting and deliver the same at the entrance of the meeting place. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID number for easy identification of attendance at the meeting.
5. The Register of Members and the Share Transfer Books of the Company will remain closed from 20th September, 2015 to 26th September, 2015 (both inclusive).
6. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.
7. Members seeking further information about the accounts are requested to write at least 7 days before the date of the meeting so that it may be convenient to get the information ready at the meeting.
8. Members are requested to inform the Company's Registrar and Share Transfer Agent i.e. Skyline Financial Services Private Limited, D-153/A, 1st Floor, Okhla Industrial Area, Phase - I, New Delhi- 110020 about the changes, if any, in their registered address along with Pin Code, quoting their Folio number and DP ID. All correspondence relating to transfer of shares may be sent directly to the aforesaid Registrar and Share Transfer Agent of the Company.

9. Members are requested to bring their copies of Annual Report to the meeting, as the same will not be supplied again at the meeting as a measure of environment protection.
10. Route map of the venue of the meeting is attached herewith.
11. Pursuant to Rule 18(3)(i) of the Companies (Management and Administration) Rules, 2014, Members are requested to furnish or update their e-mail IDs with the Registrar and Share Transfer Agent for sending the soft copies of the Annual Report of the Company .
12. 36th Annual Report for the year 2014-15 is also available on the website of the Company www.pel-india.com.
13. Voting through electronics means/Postal Ballot
 - a. In Compliance with provisions of section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Clause 35B of the Listing Agreement, the Company is pleased to provide e-voting facility to the members of the Company whose name appears on the Register of Members as on 19th , September, 2015 (end of day) being the cut off date fixed for the purpose, to exercise their right to vote in respect of the resolutions to be passed at the 36th Annual General Meeting.
 - b. Instructions for e-voting are as under-
 - I. Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com>
 - II. Click on Shareholder – Login
 - III. Enter your User ID and existing password. The User-id is your Demat account number which is (DP-ID + CLENT – ID)
 - IV. Click login
 - V. Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - VI. Home Page of e-voting-Active Voting Cycles opens.
 - VII. Select E-voting Event Number (Even) of Precision Electronics Limited for casting vote in favour or against the Item(s) of business. (Kindly note that vote once caste cannot be modified. For an EVEN, you can log-in any number of times on e-voting platform of NSDL till you have voted on the resolution or till the end date of voting period i.e. up to 05:00 PM on 25th September, 2015, whichever is earlier).
 - VIII. Now you are ready for e-voting as ‘Caste Vote’ page opens.
 - IX. Caste your vote by selecting appropriate option and click on “Submit” and also “confirm” when prompted.
 - X. Upon confirmation, the message “Vote cast successfully” will be displayed.
 - XI. Once you have voted on the resolution, you will not be allowed to modify your vote.
 - XII. Institutional Shareholders (ie other than Individuals, HUF, NRI etc.) are also required to send scanned copy (PDF/JPG format) of the relevant Board resolution/ Authority letter etc. together with attested specimen signature of the duly authorised signatory (ies) who are authorized to vote, to the Scrutinizer through email scrutinizer@pel-india.com with a copy marked to evoting@nsdl.co.in.
 - XIII. In case of any queries, you may refer the Frequently Asked Question (FAQ) – Shareholders and e-voting manual on the website of e-voting agency.
 - c. The e-voting period shall commence on 22nd September, 2015 (09:00 AM) to 25th, September, 2015 (05:00 PM). During this period the members of the Company, holding shares either in physical form or in dematerialized form, as on 19th September, 2015 (cut-off date) may cast their vote electronically. Thereafter, the portal shall be disabled by the NSDL for voting.
 - d. Any person, who acquires shares of the Company and become member of the Company after dispatch of the Notice of AGM and holding shares as of the cut-off date i.e. 19th September, 2015, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or contact Registrar and Transfer Agent (Skyline Financial Services Private Limited). However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot

your password, you may generate new password by using “Forgot User Details/Password” option available on www.evoitng.nsdl.com.

- e. A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
- f. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper .
- g. The Board of Directors has appointed M/s. Munish K Sharma & Associates, Company Secretaries, as the Scrutiniser for conducting the e-voting process in a fair and transparent manner.
- h. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of “Ballot Paper” for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility. Persons who have not cast their votes shall be able to exercise their right at the meeting.
- i. The Scrutinizer shall after the conclusion of voting at the AGM, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than two days of the conclusion of the AGM, a consolidated scrutinizer’s report of the total votes cast in favour or against, if any to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- j. The results declared alongwith the report of the Scrtinizer shall be placed on the Company’s website www.pel-india.com and on the website of the NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The result shall also be immediately forwarded to the BSE Limited, Mumbai.

Pursuant to clause 49 of the Listing Agreement, the brief profile of Directors eligible for re-appointment/appointment vide item no. 2, 4, and 5 is as follows:

Item No. 2:

Name of Director(s)	DIN	Date of Birth	Date of Appointment	Number of Shares held in the Company
Mr. Deepto Roy	01241534	29-09-1980	27-09-2014	NIL

Qualification and experience: Mr. Deepto Roy is a graduate with BA, LLB Hons from the West Bengal National University of Juridical Sciences and has been admitted to the Bar Council of Maharashtra and Goa since 2005. He is a corporate lawyer specializing in projects, infrastructure, Companies Law and Foreign Direct Investment. He also hold directorship in Dragages Engineering and Construction (India) Pvt. Ltd and Indigram Skill and Knowledge Initiatives Pvt. Ltd as on 31st March, 2015

Item No. 4:-

The Board of Directors, on the recommendation of the Nomination and Remuneration committee, had appointed Lt Gen (Dr) Rajesh Pant PVSM, AVSM, VSM (Retd.) as Additional Director cum Non- Executive Chairman of the Company with effect from 27th July, 2015 pursuant to provisions of Section 161 of the Companies Act, 2013. Accordingly Lt Gen (Dr) Rajesh Pant PVSM, AVSM, VSM (Retd.) holds the office upto the date of this Annual General Meeting and being eligible, is proposed at this Annual General Meeting.

Qualification and experience: Lt Gen (Dr) Rajesh Pant PVSM, AVSM, VSM (Retd.) is Ph D in Information Security Metrics (2014), M. Tech in Telecom & Remote Sensing from IIT Kharagpur. Presented IEEE paper in UK, Master of Management Studies from Osmania University, Hyderabad, M. Phil in National Security from Chennai University, Qualified in Independent Directors Course from MDI, Gurgaon in 2014. Over forty years of unblemished and disciplined service to the Nation as a Leader and Mentor in the glorious Indian Army. Displayed outstanding integrity and superannuated after reaching highest rank of Lieutenant General in Signals on 30 June 2014. Elected on 01 Jul 2014 as Member National Governing Council of the Institution of Electronics and Telecom Engineers (IETE) India by about 20,000 eminent Scientists, Academicians and Scholars. Also nominated member of IETE Academic, eLearning, Skill Development and Publications Committee. Renowned Techno-scholar-warrior with experience of Sri Lanka & Kargil

operations. Regularly invited to chair / address events of IIT, IIM, International Conferences on Management, Technology, Electronic Warfare, GIS, Information Warfare & Systems. Seminar appearances available in Google search and You Tube. Processed three patents in previous establishment through visionary and innovative academic leadership. Possess Independent Director Number 06969307.

Last three years as **Head of National Centre of Excellence in ICT and Cyber Security** with over 2000 trainees of B Tech and M Tech levels, including from 24 foreign countries. More than 10 years experience in top level defence IT and Telecom training centre, Founder member of India's indigenous **Electronic Warfare (EW)** programme. Author of Indian Army's **Information Warfare Doctrine** (2004). Evaluated EW Systems in France, Israel, South Africa, Argentina. Trained on EW in Hungary, Earlier leadership of large Military organization for **communication networks** covering eight states of India. Also initiator of **Battlefield Management Systems** for entire Indian Army, second largest in world and managed projects of over Rs 5,000 crore value.

He has been awarded on 26 Jan 2000 - Vishisht Sewa Medal (VSM) by President of India, 26 Jan 2013 - Ati Vishisht Sewa Medal (AVSM) by President of India, 20 July 2013 - IETE National Award for ICT & Cyber Training Initiatives, 15 Jan 2014 - Unit Citation (of excellence) for leadership of previous technical training organization, Military College of Telecom Engineering, Mhow (MP), 26 Jan 2015- Awarded Param Vishisht Seva Medal (PVSM) by President for distinguished service of the most exceptional order.

Your Board considers that in view of the experience and expertise possessed by Lt Gen (Dr) Rajesh Pant PVSM, AVSM, VSM (Retd.), it would be in the interest of your Company to appoint Lt Gen (Dr) Rajesh Pant PVSM, AVSM, VSM (Retd.) as Director cum Non-Executive Chairman of the Company.

Notice and deposit as required under Section 160 of the Companies Act, 2013 have been received from a member proposing the candidature of Lt Gen (Dr) Rajesh Pant PVSM, AVSM, VSM (Retd.), as Director cum Non-Executive Chairman of the Company.

None of the Directors, Key Managerial Personnel, and/or their relative is concern or interested in Item 4 of the Notice.

Name of Director(s)	DIN	Date of Birth	Date of Appointment	Number of Shares held in the Company
Lt Gen (Dr) Rajesh Pant PVSM, AVSM, VSM (Retd.)	06969307	06-06-1954	27-07-2015	NIL

Item No. 5 :-

At the Annual General Meeting of the Company held on 17th September, 2010, the Members had approved the appointment and terms of Mr. Ashok K Kanodia as Managing Director for a period of 5 year from 5th June, 2010.

The Board has re-appointed Mr. Ashok K Kanodia for a further period of five years, with effect from 14.08.2015 on the terms and condition as specified in the resolution above, subject to the approval of the Members.

Ashok K Kanodia has over 36 years of experience in the field of Electronics, is the founder of Precision Electronics Ltd and has been associated since inception (1979). He completed B.Sc with Physics honours from St Xavier College, Kolkata (Calcutta University) in 1970 and thereafter went for higher education to the prestigious Massachusetts Institute of Technology (MIT), USA where he graduated in Electrical Engineering and Business Management. He is class of 1974 MIT alumni. He is actively involved in the Electronics and Telecommunication industry in India and has been an active member of the various policy making bodies created by the Govt. and Industry Associations like TEMA, FICCI & CII. He is recognized for his role in the formulation of policies related to private sector participation in the Defence industry. His leadership extends to shaping National Policies and Regulations as Member of the IT/Telecom Hardware Task Force set up by the Prime Minister of India and as President of the Telecommunication Equipment Manufacturers Association (TEMA) of India, the only Government recognized association of domestic telecom equipment manufacturers. He served back-to-back terms from 1999-2001.

He was one of the four industry representatives in the "Kelkar Committee" set up by the Defence Minister 'Towards strengthening self-reliance in Defence preparedness', where the focus of the committee was to recommend policy measures and procedures to facilitate participation of the Private industry in National Defence capability building. He contributed to the formulation and guidelines of Raksha Udyog Ratna [RUR], Defence Offset policy and Defence Procurement Procedure [DPP]. He is currently the Chairman of the Specialist group on Defence MSME in the Federation of Indian Chambers of Commerce and Industry (FICCI) and a National Defence Committee Core Group Member of the Confederation of Indian Industry (CII), both apex Forums for Industry in India and has made several contributions as industry representative in FICCI and CII-Defence international seminars, exhibitions and led



industry delegations around the world. He is an acknowledged spokesperson of the Defence MSME units in India. He is a panel member of the MSME Ministry for the “Make in India” program of the Prime Minister, member of the Joint Working Group on Electronics System design & Manufacturing [ESDM] and a Governing Council member of Technology Development Center [TDC] under the MSME Ministry. He has also been invited by foreign Governments as well as Corporations to provide insight into the Defence sector in India, and as such is highly qualified and extremely well regarded in the industry, both in India as well as internationally.

The Board recommends the resolution at Item 5 for approval by the Members.

Mr. Pradeep K Kanodia, being a relative of Mr. Ashok K Kanodia and Mr Ashok K Kanodia himself are concerned or interested in the resolution.

Name of Director(s)	DIN	Date of Birth	Date of Appointment	Number of Shares held in the Company
Mr. Ashok K Kanodia	00002563	07-01-1951	NIL	3087734

List of outside Directorships held on 31st March, 2015:

- SNK Electronics Pvt. Ltd.
- VM Farms Pvt. Ltd.

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

**Place: Noida
Date: 14th August, 2015**

**SD/-
G.S. Monga
Company Secretary**