

Military



Critical Infrastructure



Marine



---

Precision Electronics Limited

---

# 35<sup>th</sup> Annual Report 2013-2014

2013-2014

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

**Precision**

## Services for Turnkey Communication Projects

### Implementation of Telecom Networks



### Customer Acceptance



### Maintenance Depot



Standard  
Test equipment



Automatic test  
Equipment



### Testing Infrastructure

Integration of legacy  
sub-systems with new  
sub-systems



Entity  
Engineering



HW/SW  
development to meet  
customer specific requirements



Upgradation  
of existing  
system/equipment



### Value-Added Solutions

**PRECISION ELECTRONICS LIMITED**

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

## 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	:	17
Report of the Auditors	:	31
Balance Sheet Abstract	:	35
Profit & Loss Account	:	36
Cash Flow Statement	:	37
Notes to the Accounts	:	38



## 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

### **CORPORATE OFFICE**

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



## NOTICE OF THE 35<sup>TH</sup> ANNUAL GENERAL MEETING

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 is hereby given that the 35<sup>th</sup> Annual General Meeting of Precision Electronics Ltd. will be held on **Saturday 27<sup>th</sup> September, 2014 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 31<sup>st</sup> March, 2014 and the Profit and Loss A/c for the year ended on that date and the Auditors' Report thereon.
2. To re-appoint Mr. Rahul Goenka who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint M/s Rajendra K. Goel & Co. Chartered Accountants (F.R.N. 01457N) as Statutory Auditors of the Company from conclusion of 35<sup>th</sup> Annual General Meeting till the conclusion of 38<sup>th</sup> Annual General Meeting and authorize Board of Director's to fix their remuneration.

### SPECIAL BUSINESS:

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

**"Resolved that** pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) thereof for the time being in force) read with Schedule IV of the Companies Act, 2013, term of Mr. Anant Kanoi (DIN 00150667), who is Independent Director liable to retire by rotation and whose term expires at the Annual General Meeting, and who has submitted a declaration in writing that he meets the criteria of independence as provided in Section 149 (6) and is eligible for appointment as an Independent Director of the company be and is hereby fixed as five consecutive years with effect from 27<sup>th</sup> September 2014."

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 the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) thereof for the time being in force) read with Schedule IV of the Companies Act, 2013, terms of Mr. Suresh Vyas (DIN 00085571), who is Independent Director liable to retire by rotation and whose term expires at the Annual General Meeting, and who has submitted a declaration in writing that he meets the criteria of independence as provided in Section 149 (6) and is eligible for appointment as an Independent Director of the company be and is hereby fixed as five consecutive years with effect from 27<sup>th</sup> September 2014."

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

**"Resolved that** pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) thereof for the time being in force) read with Schedule IV of the Companies Act, 2013, term of Mr. Sharvan Kumar Kataria (DIN 03399949), who is Independent Director liable to retire by rotation and whose term expires at the Annual General Meeting, and who has submitted a declaration in writing that he meets the criteria of independence as provided in Section 149 (6) and is eligible for appointment as an Independent Director of the company be and is hereby fixed as five consecutive years with effect from 27<sup>th</sup> September 2014."



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

“RESOLVED THAT due notice in writing along with a deposit of Rs 100,000 having been received from a member under section 160 of the Companies Act, 2013 of his intention to propose Ms. Ranjna Gudoo for appointment as a Non – Executive Director; Ms. Ranjna Gudoo (DIN06956595) be and is hereby appointed as a Non – Executive Director of the Company liable to retire by rotation.”

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

RESOLVED THAT due notice in writing along with a deposit of Rs 100,000 having been received from a member under section 160 of the Companies Act, 2013 of his intention to propose Mr. Deepto Roy (DIN 01241534) for appointment as a Non – Executive Director; Mr. Deepto Roy be and is hereby appointed as a Non – Executive Director of the Company liable to retire by rotation.”

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

Place: Noida  
Date: September 2, 2014

**Sd/-  
Gurvinder Singh Monga  
Company Secretary**

### **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 35<sup>th</sup> 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 PERSON 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. 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.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from 22<sup>nd</sup> September, 2014 to 27<sup>th</sup> September, 2014 (both inclusive).
5. 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.
6. 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.





7. Members are requested to inform the Company's Registrar and Share Transfer Agent i.e. Skyline Financial Services Private Limited, D-153/A, 1<sup>st</sup> 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.
8. 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
9. 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 .
10. 35<sup>th</sup> Annual Report for the year 2013-14 is also available on the website of the Company [www.pel-india.com](http://www.pel-india.com).
11. 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 22<sup>nd</sup> August, 2014 (end of day) being the Record Date fixed for the purpose, to exercise their right to vote in respect of the resolutions to be passed at the 35<sup>th</sup> 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. Home Page of e-voting-Active Voting Cycles
    - VI. 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 close of 23<sup>rd</sup> September, 2014, whichever is earlier).
    - VII. Now you are ready for e-voting as 'Caste Vote' page opens.
    - VIII. Caste your vote by selecting appropriate option and click on "Submit" and also "confirm" when prompted.
    - IX. Once you have voted on the resolution, you will not be allowed to modify your vote.
    - X. 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](mailto:scrutinizer@pel-india.com) with a copy marked to evoting@nsdl.co.in
  - c. 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.
  - d. The e-voting period shall commence on Monday, September 22, 2014 (09:00 AM) to Tuesday, September, 23, 2014 (6:00 PM). During this period the members of the Company, holding shares either in physical form or in dematerialized form, as on 22<sup>nd</sup> August, 2014 (cut-off date) may cast their vote electronically. Thereafter, the portal shall be disabled by the NSDL for voting.



- e. The Scrutinizer will submit the report to MD after the completion of scrutiny of the e-voting on or before 26<sup>th</sup> September, 2014.
- f. The results shall be announced by the Chairman after Annual General Meeting of the Company. The results declared along with the Scrutinizers Report shall be placed on the Company's website [www.pel-india.com](http://www.pel-india.com) and on the website of the NSDL within two (2) days of passing of resolution at the Annual General Meeting and communicated to the Stock Exchanges.

**Pursuant to clause 49 of the Listing Agreement, the brief profile of Directors eligible for re-appointment/appointment vide item no. 2, 4, 5, 6, 7, and 8 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. Rahul Goenka	00002440	15-03-1976	25-09-2004	NIL

**Qualification and experience:** Mr. Rahul Goenka is a Commerce graduate and an MBA from Clark University, Worcester, USA having over 12 years of work experience, including with Consultants Inc., Boston USA one of the leading Technology Solutions Provider in the world. Presently he is a Director with Apparel & Textiles manufacturing and export company that employs over a 1000 people across 3 manufacturing sites and exports their products to some of the best known brands in the UK. Mr Rahul Goenka has in depth knowledge and experience of manufacturing and international trade, which has proved to be a tremendous asset for the Company.

**List of outside Directorships held on 31<sup>st</sup> March, 2014:**

-Kohinoor Design Pvt. Ltd.

**Item No. 4:**

Name of Director(s)	DIN	Date of Birth	Date of Appointment	Number of Shares held in the Company
Mr. Anant Kanoi	00150667	22-03-1979	08-08-2005	NIL

**Qualification and experience:** Mr. Anant Kanoi is a graduate from the University of Michigan and specializes in Industrial & Operations Engineering and has more than 10 years of work experience with various international companies like Pepsi and Ford Motors. He is an active member of the Entrepreneur's Organization (EO), New Delhi and is currently serving on the Board of the EO in a leadership position as the Learning Chair.

**List of outside Directorships held on 31<sup>st</sup> March, 2014:**

-Bhabani Pigments Pvt. Ltd.  
-Golden Pigments Pvt. Ltd.  
-Rapid Properties Pvt. Ltd.  
-Indo Leather Pvt. Ltd.  
-Dharower Financial Services Pvt. Ltd.

**Item No.5:**

Name of Director(s)	DIN	Date of Birth	Date of Appointment	Number of Shares held in the Company
Mr. Suresh Vyas	00085571	07-12-1958	03-011-2012	NIL

**Qualification and experience:** He 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.

**List of outside Directorships held on 31<sup>st</sup> March, 2014:**

- Concord Capital Management Company Pvt. Ltd.
- Bizindia Consulting Pvt. Ltd.
- Gateway Mercantile Pvt. Ltd.
- SPS Infotech Pvt. Ltd.

**Item No. 6:**

Name of Director(s)	DIN	Date of Birth	Date of Appointment	Number of Shares held in the Company
Mr. Sharvan Kumar Kataria	03399949	14-10-1958	05-02-2011	NIL

**Qualification and experience:** He is practicing as a Chartered Accountant since 1983. He is an expert in Company Law, Corporate Laws, Income Tax, Direct Taxes, Indirect Taxes, Accounts and Audit Laws, Tax Planning, Tax management and Tax Jurisprudence and has many publications to his credit in the above subjects.

**List of outside Directorships held on 31<sup>st</sup> March, 2014: NIL**

**Item No. 7:**

Name of Director(s)	DIN	Date of Birth	Date of Appointment	Number of Shares held in the Company
Ms. Ranjna Gudoo	06956595	19-10-1949	N.A.	NIL

**Qualification and experience:** Ms. Ranjna Gudoo is a graduate with BA, LLB. She has retired as DGM – Law of Power Grid Corporation of India Ltd (PGCIL) and has been an in-house lawyer for twenty seven years in the Power sector with NTPC and PGCIL. She has acted as Borrower’s Counsel to Indian Financial Institutions, International Banks, Multilateral agencies including World Bank and ADB for financial closure of the project and has drafted commercial contracts viz Procurement/Supply Contracts, Service Contracts, Joint Venture Agreements, Shareholder Agreements, Employment Contracts, Lease Agreements etc. She has conducted litigations matters including civil, commercial disputes in Courts of India and has briefed Senior Advocates including AGI/SGI/ASGI on behalf of PGCIL.

**List of outside Directorships held on 31<sup>st</sup> March, 2014: NIL**

**Item No. 8:**

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	N.A.	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.

**List of outside Directorships held on 31<sup>st</sup> March, 2014:**

- Dragages Engineering and Construction (India) Pvt. Ltd.
- Indigram Skill and Knowledge Initiatives Pvt. Ltd.



## EXPLANATORY STATEMENTS

(Pursuant to the Section 102 of the Companies Act, 2013)

### In respect of Item No. 04, 5 and 6:-

Mr. Anant Kanoi, Mr. Suresh Vyas and Mr. Sharvan Kumar Kataria are independent Directors of the Company, whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956.

Pursuant to Section 149 of the Companies Act, 2013 and Clause 49 of the Listing Agreement, it is proposed to appoint Mr. Anant Kanoi, Mr. Suresh Vyas and Mr. Sharvan Kumar Kataria as Independent Directors to hold office for five (5) consecutive years for a term up to 31<sup>st</sup> March, 2019.

Mr. Anant Kanoi, Mr. Suresh Vyas and Mr. Sharvan Kumar Kataria are not disqualified from being appointed as Directors in terms of Section 164 of the Act and have given their consent to act as Directors.

The Company has also received declarations from Mr. Anant Kanoi, Mr. Suresh Vyas and Mr. Sharvan Kumar Kataria that they meet with the criteria of independence as prescribed both under Section 149 of the Act and under Clause 49 of the Listing Agreement.

In the opinion of the Board, Mr. Anant Kanoi, Mr. Suresh Vyas and Mr. Sharvan Kumar Kataria fulfil the conditions specified in the Act and the rules made there under and they are independent of the management.

Brief resume of Mr. Anant Kanoi, Mr. Suresh Vyas and Mr. Sharvan Kumar Kataria, nature of expertise in specific functional area and names of the companies in which they hold directorships and memberships/chairmanships of Board Committees, are provided in this Notice.

Mr. Anant Kanoi, Mr. Suresh Vyas and Mr. Sharvan Kumar Kataria are interested in the resolutions set out respectively at item no. 4, 5 and 6 of the Notice with regard to their respective appointments.

None of the other Directors and/or Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in these resolutions.

The Board recommends the Ordinary Resolution set out at item no. 4, 5 and 6 of the Notice for the approval of the Shareholders.

### In respect of Item No. 07 and 8:-

The Company has received a notices under section 160(1) of the Companies Act, 2013 in writing from a member proposing the candidature of Ms. Ranjna Gudoo and Mr. Deepto Roy for the office of Non- Executive Directors liable to retire by rotation along with the deposit of Rs. 1,00,000/- (One Lakh) each as prescribed under the section. Ms. Ranjna Gudoo and Mr. Deepto Roy, have filed with the Company their consent, pursuant to the provisions of section 152(5) of the Companies Act, 2013, to act as Non-Executive Director, if appointed. The Board considers their appointment as beneficial and in the best interest of the Company to have the guidance and advice of Ms. Ranjna Gudoo and Mr. Deepto Roy and accordingly recommend their appointment as Non-Executive Director of the Company.

Brief resume of Ms. Ranjna Gudoo and Mr. Deepto Roy, nature of expertise in specific functional area and names of the companies in which they hold directorships and memberships/chairmanships of Board Committees, are provided in this Notice.

Mr. Deepto Roy advises the company on various Corporate Law aspects in his capacity as a legal adviser and receives legal fees from the Company against such services.

Ms. Ranjna Gudoo and Mr. Deepto Roy are concerned and are interested in their appointment and none of the other directors and/or Key Managerial Personnel of the Company are interested or concerned in the said appointments.

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

Place: Noida  
Date: September 2, 2014

Sd/-  
Gurvinder Singh Monga  
Company Secretary



## DIRECTORS' REPORT

To

The Members of

Precision Electronics Ltd.,

Your Directors have pleasure in presenting the 35<sup>th</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, 2014.

### 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*	134	204
Profit before Depreciation, Interest, & Tax	(26)	37
Depreciation	12	13
Finance Cost	6	11
Net profit before Tax	(44)	13
Provision for Tax	(22)	4**
Net profit / (loss) after tax	(22)	9

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

\*\*Provision for tax has decreased 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 31<sup>st</sup> March, 2014 were recorded at Rs.134 million as compared to previous Financial Year (2012-13) revenue of Rs.204 million consequently the net profit after tax was Rs.(22) million as against Rs.9 million achieved during the previous year (2012-13). The performance was poor due to programs against which the orders are in hand continue to be 'on hold'.

#### 4. INDUSTRY STRUCTURE AND DEVELOPMENTS

National Telecom Policy (NTP) 2012 seeks to make India a 'global manufacturing hub' for telecommunications hardware is the single largest growth driver for the indigenous hardware manufacturers. The new NDA Government is committed to support local manufacturing.

India is one of the largest arms buyers in the international market. Ministry of Defence is actively pursuing promotion of indigenous design and manufacturing agenda under the new Government which 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**

With the change in Government, the SME sector is receiving special attention as this sector is well known for its contributions towards employment and balanced regional development. A committee is being formed to look into the issues related to this sector by the Government which is expected to give its recommendations within 100 days. In addition policy/procedure bottlenecks in Ministry of Telecom, Defence and Railways to support local manufacturing are being addressed earnestly. All this represents a huge opportunity for your Company.

### **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 continue to be aggressive both in pricing as well as technology release for Indian requirements due to global recession.

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. Liquidity management and retention of highly trained manpower is a challenge.

## **6. SEGMENT -WISE PERFORMANCE**

Company is structured into two businesses: Electronics & Infrastructure.

### **6.1 Electronic Division**

Telecom division revenue during the year ended 31st March, 2014 is Rs.113.71 million as against Rs.69.86 million in the previous year (2012-13) and the PBIT for the division decreased to Rs.(32.51) million in the current financial year as against Rs.33.94 million in the previous year. The division has suffered due to committed programs being held up and delays in procurement.

### **6.2 Infrastructure Division**

Infra division undertook a small work of Rs.1.8million for the DRDO lab during the year. The expected bulk order against the MAFI program was delayed and revenues under this program are expected in the current financial year i.e. 2014-15. In addition, the division booked a significant order from a foreign company that has received orders from the Ministry of Defence. This order is under implementation.

## **7. OUTLOOK**

The strategy pursued by the Company to offer a diversified product and service portfolio to a wider customer base while keeping its technical competence intact during the challenging cash crunch scenario, is bearing result. The order book is getting healthy and the Company is expected to deliver a positive result in the current Financial Year i.e. 2014-15. The outlook is further buoyed with the policy directions in the Union Budget by the NDA Government.

#### **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 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.

#### **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 high level.

#### **11. LEGAL PROCEEDINGS**

Mr. Pradeep Kanodia, along with his son and Family HUF, have filed a Company Petition before the Hon'ble Company Law Board under Ss. 397 and 398 of the Companies Act, 1956, being Pradeep Kanodia & Ors v Precision Electronics Ltd & Ors, C.P. No. 162/ND of 2013. In the Petition, the Petitioners have leveled allegations of oppression and mismanagement against the Company and its Board of Directors.

It may be noted that the Petitioners had previously filed a similar petition in 2012, being C.P. No. 123/ND/2012 raising similar allegations. That Petition was dismissed as withdrawn by Order of the Hon'ble CLB on 14.11.2012.

The allegations raised by Mr. Pradeep Kanodia in the Company Petition are totally unfounded and misplaced; the Company has sought legal advice on the issues raised in the Petition and is vigorously defending the same.

Further, given the allegations by the Petitioners that a settlement agreement was entered into between Mr. Pradeep Kanodia and Mr. Ashok Kanodia which affected the interests of the Company; and having come to the conclusion that a private arrangement between Mr. Pradeep Kanodia and Mr. Ashok Kanodia, if it exists, cannot bind the Company; the Board of Directors have empowered independent directors Mr. Suresh Vyas and Mr. S. K. Kataria to take decisions on all legal actions that are necessary to protect the best interest of the Company and its shareholders.

The hearings in the matter are ongoing.



## **12. 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.

## **13. 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.-011-26812682-83/64732681-88

## **14. ENVIRONMENTAL PROTECTION, HEALTH AND SAFETY**

During the year, the Company enhanced its efforts to address 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 2013-14. 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.

## **15. 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.

## **16. 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 Practising Company Secretary's Certificate on its compliance forms a part the Annual Report.

## **17. 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.

## **18. 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.

Section 149 warrants that an independent director shall hold office for a term up to five consecutive years on the Board of the Company. Hence, it is decided to fix the tenure of the Independent Directors of the Company in the Annual General Meeting of the Company. Following are the independent directors of the Company.

1. Mr. Anant Kanoi
2. Mr. Suresh Vyas
3. Mr. Sharvan Kumar Kataria

In accordance with the provisions of Section 152(6) of the Companies Act, 2013, Mr. Rahul Goenka, Non-Executive Director of the Company retire by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment.

Information on the particulars of Director eligible for re-appointment in terms of Clause 49 of the Listing Agreement has been provided in the notes convening the Annual General Meeting.

In order to comply with Companies Act, 2013, which came in effect from 1st April, 2013 and the amended Listing Agreement which comes into effect from 1st October, 2014, the Board of Directors of the Company need to be reconstituted by inducting three Directors under section 160. Accordingly, discussions are ongoing for such appointments.

## **19. 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, 2014, 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, 2014 on a 'going concern' basis



## 20. AUDITORS

The retiring Auditors of the Company M/s Rajendra K. Goel & Co., Chartered Accountants, retire at the conclusion of the ensuing AGM and being eligible, offer themselves for re-appointment. The Company has received a certificate under Section 141 from them that their re-appointment, if made, would be within the prescribed limits under Section 139 read with Section 141 of the Companies Act, 2013.

## 21. COST AUDITORS

Electrical & Electronic Product attract Cost Audit w.e.f. 24th January, 2012 vide Central Order No. 52/26/CAB/2010. Hence the Company is required to get its cost record audited. M/s V.K. Dube & Co., Cost Accountants, is re-appointed as Cost Auditors of the Company. Central Government has issued Companies (Cost Records and Audit) Rules, 2014 (the Rules) vide GSR 425 (E) dated 30<sup>th</sup> June 2014 published in Extra Ordinary Gazette dated 1<sup>st</sup> July 2014. Said Rules have superseded the above mentioned Order No. 52/26/CAB/2010 and the Company is not covered, either for audit or maintenance of cost records, as per extant Rules. However, Cost Auditor for the current year has already been appointed prior to notification of Rules; in light of the changed provision of the law, Board of Directors have decided not to go for cost audit of the Company.

Particulars of Cost Auditors' are mentioned below:	
Name of the Cost Auditor's Firm	V.K. Dube & Co., Cost Accountants
Membership Number of Cost Auditor	00343
Address:\	T II/206, Gulmohar Enclave, Nehru Nagar III,
	Ghaziabad, U.P

E-mail id

vkdube.costaccountant@gmail.com

## 22. LISTING OF SECURITIES

The Shares of the Company are listed with The Bombay Stock Exchange Limited, Pheroze Jeejeebhoy Towers, Dalal Street, Mumbai. (Scrip Code: 517258). It is confirmed that the Company has paid Annual Listing Fee up to the Current Financial Year to BSE.

## 23. PARTICULARS OF THE EMPLOYEES

There was no employee in the Company who if employed throughout the year was in receipt of remuneration of Rs. 60,00,000/- per annum and above and if employed for the part of year was in receipt of remuneration of Rs. 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.

## 24. ACKNOWLEDGMENTS

Your Directors express their deep appreciation and gratitude for the valuable support received from Punjab National Bank, its Customers, Business Associates, Government Departments 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.

FOR AND ON BEHALF OF THE BOARD

Place: Noida

Date: August 12<sup>th</sup>, 2014

Sd/-  
Ashok K Kanodia  
Chairman

## 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

**a) Energy conservation measures undertaken :**

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.

**b) 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 to ensure better power quality to the sensitive equipment installed.

**c) 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 immediately. The Company is making an effort to conserve and optimize the use of resources through modified operational processes.

**d) 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 Unit (KWH)	410398	141270	504683	164880
Total amount	Rs. 3668965	Rs. 1921366	Rs. 4380714	Rs. 1888138
Rate/unit	Rs. 8.94	Rs. 13.60	Rs. 8.68	Rs. 11.45
Power generated Unit (KWH)	39921.51	7399.5	51840.9	6661
Total amount	Rs. 579628	Rs. 397681	Rs. 860090	Rs. 369704
Cost per unit	Rs. 14.52	Rs. 53.74	Rs. 16.59	Rs. 55.50
Total energy cost	<b>Rs. 4248593</b>	<b>Rs. 2319047</b>	<b>Rs. 5240804</b>	<b>Rs. 2257842</b>

### (B) TECHNOLOGY ABSORPTION

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

#### FORM-B

**1) Specific areas in which Design and Development was carried out by the Company.**

While we have continued developing power solutions for our healthcare and military customers, we have also worked towards developing complex mechanical assemblies including an antenna for Electronic Warfare applications, a self-supporting motor-driven telescopic winch mast for Defence applications and an antenna pedestal to enable self-alignment of communication antennae and long range electro optic systems. PEL also made enhancements to its existing Data logger product which has



been developed for the Railways.

**2) Benefits derived as a result of the above R&D:**

- i. We have become a part of the global supply chain for Power Management Solutions of a world leading OEM of CT-SCAN and MRI machines. Our capabilities in this area have also been recognized by our Foreign Defence customers and we are to be a part of their future programs.
- ii. Prototype of telescopic mast and pedestal is being integrated by both Indian and foreign defence customers in their respective Projects.
- iii. PEL successful design of the Electronic Warfare antenna has resulted in order and has prompted the customer to initiate proceedings with us for other antennae.

**3) Future Plan of Action:**

The company will continue to pursue its initiative in the field of electrical, electronic and mechanical assemblies, with the ultimate goal of becoming a turn-key supplier. In-house competence and on ground knowledge will be leveraged to pursue Technical Service Contracts from foreign original equipment manufacturers.

**4) Expenditure on R&D:**

(a) Capital	Rs. 36.09 L
(b) Recurring	Rs. 155.21 L
(c) Total	Rs. 191.30 L

Total R&D as a Percentage of total turnover 14.19%

**(B) TECHNOLOGY ABSORPTION, ADAPTION AND INNOVATION**

**1) Efforts, in brief**

Armed with capabilities in both Manufacturing and Services, PEL is on a mission with its export customers to seek turnkey projects and the process of evaluating our vendors/partners has been initiated.

**2) Benefits**

The above efforts will enable PEL to take on assignments that requires design of complex assembly and test on a turnkey basis which will include service and repair support. This will result in increase of business volume and profitability.

**3) Information regarding technology imported during last 5 years:**

No new technology has been imported during the last five years.

**C) FOREIGN EXCHANGE EARNINGS AND OUTGO:**

The detailed information in respect of Foreign Exchange Earnings and Outgo has been given in 'Note on Accounts' forming part of "Annual Accounts 2013-14".

## CORPORATE GOVERNANCE REPORT

Corporate Governance is a code of conduct which guides and instructs the Board of Directors of the Company to govern the affairs of the Company in a manner most beneficial to the Shareholders, the Creditors, the Government and the Society at large.

### A. MANDATORY DISCLOSURES

#### 1. PRECISION'S PHILOSOPHY ON CORPORATE GOVERNANCE

As a good corporate citizen, Your Company is committed to good corporate governance and believes in attainment of highest level of transparency, accountability, integrity in all its operation and places emphasis on responsible conduct. Disclosure relating to Company's operation and financial performance are made to stakeholders.

#### 2. BOARD OF DIRECTORS

##### *Composition*

The composition of the Board of Directors of the Company is in conformity with the requirements of Clause 49 of the Listing Agreement. The Company has an optimum combination of Executive and Non-Executive Directors. As on March 31, 2014, the Board of the Company consists of Six (6) Directors comprising of two are promoter executive directors, one non-executive director and other three are non executive independent directors. The ratio between executive and non-executive director is 2:4.

None of the Directors on the Board is a Member of more than 10 Committees or Chairman of more than 5 Committees (as specified in Clause 49 of the Listing Agreement) across all the public Companies in which he is a Director. Necessary disclosures regarding Committee positions in other public Companies during March 31, 2014 have been made by the Directors.

The composition of the Board of Directors along with their brief resume as on March 31, 2014 is given as under

##### *Shri. Ashok Kumar Kanodia – Managing Director*

Shri. Ashok K Kanodia has over 36 years of experience in the field of Electronics, and has been associated with the Company since inception (1979). He is an alumnus of Massachusetts Institute of Technology (MIT), USA where he graduated in Electrical Engineering and Business Management. He has been an active member of the various policy making bodies created by the Govt. and Industry Associations like TEMA, FICCI & CII. The leadership of Ashok K Kanodia 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. 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 for greater involvement of the Private industry in National Defence capability building. 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 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 seminars, exhibitions and delegations around the world. 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.



***Shri. Pradeep Kumar Kanodia – Executive Director***

Shri. Pradeep Kanodia is a qualified graduate with Honours degree in Commerce. He has around 38 years of experience in the field of Electronics & Telecom Industry. He is also the promoter director of the Company and has been associated with the Company since inception. Besides holding the post of Executive Director in the Company, he also holds the Directorship of various other Companies.

***Shri. Rahul Goenka – Non Executive Director***

Mr. Rahul Goenka has been a Director on the Board of the Company since 25.09.2004. He is a Commerce graduate and an MBA from Clark University, Worcester, USA having over 12 years of work experience, including with Consultants Inc., Boston USA one of the leading Technology Solutions Provider in the world. Presently he is a Director with Apparel & Textiles manufacturing and export company that employs over a 1000 people across 3 manufacturing sites and exports their products to some of the best known brands in the UK. Mr. Rahul Goenka has in depth knowledge and experience of manufacturing and international trade, which has proved to be a tremendous asset for the Company.

***Shri. Anant Kanoi – Non Executive Director***

Mr. Anant Kanoi is a graduate from the University of Michigan and specializes in Industrial & Operations Engineering and has more than 10 years of work experience with various international companies like Pepsi and Ford Motors. He is an active member of the Entrepreneur's Organization (EO), New Delhi and is currently serving on the Board of the EO in a leadership position as the Learning Chair.

***Shri. Suresh Vyas – Non Executive Director***

He 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.

***Shri. Sharvan Kumar Kataria – Non Executive Director***

He is practicing as a Chartered Accountant since 1983. He is an expert in Company Law, Corporate Laws, Income Tax, Direct Taxes, Indirect Taxes, Accounts and Audit Laws, Tax Planning, Tax management and Tax Jurisprudence and has many publications to his credit in the above subjects.

***Meetings & Attendance***

Dates of Board Meetings are fixed in advance and agenda papers are circulated to Directors generally one week before the meeting.

During the financial year 2013-14 Six (6) Board Meetings were held: May 2, 2013, May 23, 2013, July 22, 2014, November 13, 2014, January 14, 2014 and February 11, 2014. The intervening period between the Board Meetings were within the maximum time gap prescribed under Companies Act, 1956 and Clause 49 of Listing Agreement.



**Directors' Attendance Records and Directorships held:**

Name of Directors	Category	No. of Board Meeting Attended	Attended last AGM	No. of other Directorships	No of other Board Committees in which he is member/Chairperson.	
					Chairman	Member
Mr. Ashok Kumar Kanodia	PD (MD)	6	Yes	-	-	-
Mr. Pradeep Kumar Kanodia	PD (ED)	3	Yes	1	-	-
Mr. Rahul Goenka	NED	5	Yes	-	1	2
Mr. Sharvan Kumar Kataria	NEID	6	Yes	-	2	1
Mr. Anant Kanoi	NEID	4	Yes	2	-	2
Mr. Suresh Vyas	NEID	6	Yes	-	-	3

PD-Promoter Director, MD-Managing Director, ED-Executive Director, NED-Non-Executive Director & NEID- Non-Executive Independent Director.

The last Annual General Meeting was held on September 21, 2013.

During the year, all the relevant information required to be placed before the Board of Directors as per Clause 49 of the Listing Agreement are considered and taken on record/approved by the Board. Further, the Board periodically reviews Compliance Reports in respect of laws and regulations applicable to the Company.

**3. AUDIT COMMITTEE**
***Meetings and Attendance***

During the year, 4 (four) meetings of the Audit Committee were held i.e. May 23, 2013, July 22, 2013, November, 13, 2013 and February 11, 2014. The time gap between two meetings of the Committee was not more than four months.

***Composition and Attendance of each member at the Audit Committee Meetings***

S. No.	Name of Directors	Category	Status	Attended
1.	Mr. Sharvan Kumar Kataria	NEID	Chairman	4
2.	Mr. Rahul Goenka	NED	Member	3
3.	Mr. Anant Kanoi	NEID	Member	2
4.	Mr. Suresh Vyas	NEID	Member	4

The Company Secretary is to act as Secretary to the Committee.

The Committee is vested inter alia with following powers and terms of references as prescribed under relevant provisions of the Companies Act, 1956 and Stock Exchanges Listing Agreement::



#### **Powers**

- ✍ To investigate any activity within its terms of reference
- ✍ To seek information from any employee.
- ✍ To obtain outside legal or other professional advice.
- ✍ To secure attendance of outsiders with relevant expertise, if it considers necessary.

#### ***Terms of Reference***

The Audit Committee has been entrusted with the job of reviewing the reports of the Internal Auditors and the Statutory Auditors periodically and discussing their findings and suggesting corrective measures. The role of the Audit Committee is as follows:

- ✍ Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- ✍ Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- ✍ Approval of payment to statutory Auditors for any other services rendered by the statutory Auditors.
- ✍ Reviewing with the management, the Annual Financial Statements before submission to the Board for approval.
- ✍ Reviewing, with the management, the quarterly Financial Statements before submission to the Board for approval.
- ✍ Reviewing with the management performance of statutory and internal Auditors, adequacy of the internal control systems.
- ✍ Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of Internal Audit.
- ✍ Discussing with Internal Auditors any significant findings and follow up thereon.
- ✍ Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- ✍ Discussing with statutory Auditors before the Audit commences, about the nature and scope of Audit as well as post-audit discussion to ascertain any area of concern.
- ✍ Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- ✍ Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

#### 4. REMUNERATION CUM SELECTION COMMITTEE

The Remuneration cum Selection Committee formed to comply with and meet the requirements of the listing agreement and Schedule XIII to the Companies Act, 1956 comprises of three Non-executive Independent Directors. The committee, on behalf of the Board and the shareholders, determines, with agreed terms of reference, the Company's policy on specific remuneration packages for Executive Directors and senior management people including pension rights and any compensation payment. This Committee also acts as a Selection Committee under Section 314 of the Companies Act, 1956.

No Meeting of Remuneration cum Selection Committee was held during the year.

The Remuneration cum Selection Committee consists of following members

S. No.	Name of Directors	Category	Status
1.	Mr. Sharvan Kumar Kataria	NEID	Chairman
2.	Mr. Rahul Goenka	NED	Member
3.	Mr. Anant Kanoi	NEID	Member
4.	Mr. Suresh Vyas	NEID	Member

##### *Remuneration Policy*

The Managing and Whole Time Executive Director are paid remuneration including commission as per the agreement entered into with the company. They are also paid commission which is decided on annual basis by the Board of Directors based on the recommendation of Compensation and Remuneration Committee within the limit sanctioned by the Shareholders. The amount payable to each individual was decided on the basis of their respective assignments and performance.

The Non- Executive Directors are paid sitting fees for attending Board and Committee Meetings. During the Current Year no commission has been recommended by the Board, though in addition the Company can provide commission to those Non-Executive Directors who were in the office during the year. The amount of such commission is decided by Board of Directors on annual basis.

The Company has not offered any stock option to its Directors.

##### Details of remuneration and perquisites paid to directors for the year 2013-14

(In ₹)

Directors	Salary	Perquisites	Commission	Sitting Fees	Total
Mr. Ashok Kumar Kanodia	14,16,000	-	-	-	14,16,000
Mr. Pradeep Kumar Kanodia	14,16,000	-	-	-	14,16,000
Mr. Rahul Goenka	Nil	Nil	Nil	55,000	55,000
Mr. Anant Kanoi	Nil	Nil	Nil	16,000	16,000
Mr. Sharvan Kumar Kataria	Nil	Nil	Nil	62,000	62,000
Mr. Suresh Vyas	Nil	Nil	Nil	62,000	62,000

#### 5. SHAREHOLDER/SHARE TRANSFER AND INVESTOR GRIEVANCE COMMITTEE

During the year, 36 (Thirty Six) meetings of the Share Transfer and Investor Grievance Committee Meeting



were held The composition and Attendance of Share Transfer and Investor Grievance Committee as on March 31, 2014 is as follows:

<i>S. No.</i>	<i>Name of Directors</i>	<i>Category</i>	<i>Status</i>	<i>Meeting Attended</i>
1.	Mr. Rahul Goenka	NED	Chairman	34
2.	Mr. Sharvan Kumar Kataria	NEID	Member	36
3.	Mr. Suresh Vyas	NEID	Member	36

Transfer requests and complaints from the shareholders are attended to promptly by Company's Registrar & Transfer Agent as and when they are received.

**Name and designation of Compliance Officer:** Mr. Gurvinder Singh Monga, Company Secretary

**Analysis of Complaints:**

The Complaints received during the year are as follows:

<i>NATURE OF COMPLAINTS</i>	<i>Q1</i>	<i>Q2</i>	<i>Q3</i>	<i>Q4</i>	<i>TOTAL</i>
Non Receipt of New Shares	0	0	0	0	0
Non-receipts of New & Bonus Shares	2	2	2	3	9
Non-Receipts of New Shares Certificate	0	0	0	0	0
Transfer and Duplicate Shares	0	0	0	0	0
Deletion/ Rectification of name of Shareholders	0	0	0	0	0
Dematerialisation	0	0	0	0	0
Transmission	0	0	0	0	0
Non- Receipts of Credit	0	0	0	0	0
Non-receipt of Shares after Transfer	0	0	0	0	0
	<b>TOTAL</b>				<b>9</b>

All complaints have generally been solved to the satisfaction of the complainants within the prescribed time.

## 6. GENERAL MEETINGS OF SHAREHOLDERS

Details of the location of the last three Annual General Meeting and details of the resolutions passed or to be passed by Postal Ballot:

<b>Financial Year</b>	<b>Date</b>	<b>Time</b>	<b>Venue</b>	<b>Special Resolution Passed</b>
2010-2011	10.09.2011	11:00A.M.	B.C.Pal Memorial Auditorium, A-81, Chittaranjan Park, New Delhi - 110019	No
2011-2012	25.09.2012	10:30A.M.	B.C.Pal Memorial Auditorium, A-81, Chittaranjan Park, New Delhi - 110019	No
2012-2013	21.09.2013	10:30A.M.	B.C.Pal Memorial Auditorium, A-81, Chittaranjan Park, New Delhi - 110019	No

- No Special resolution was put through postal ballot in the previous 3 AGMs.
- No resolution included in the agenda of the ensuing AGM requires approval by postal ballot.
- No Extra-ordinary General Meeting of Shareholders was held during the year

#### 7. DISCLOSURES

- a) There is no material transaction with related parties that may have potential conflict with the interest of the Company at large.
- b) There were no instances of non-compliance by the Company or penalties, strictures imposed on the Company by the Stock exchanges or SEBI or any other statutory authority on any matter related to the capital markets during the last three years.
- c) There is no accounting treatment different from the prescribed Accounting standards.
- d) CEO/CFO Certificate has been submitted to Board of directors in terms of sub clause V of clause 49 of the Listing Agreement.
- e) The Code of Conduct applicable to all Directors and employees of the Company have been posted on the Company's website. For the year under review, all Directors and seniors management personnel of the Company have confirmed their adherence to the provision of the said Codes.
- f) The Managing Director and the Executive Director of the Company have furnished the requisite certificate to the Board of Directors under Clause 49 of the Listing Agreement.

#### 8. MEANS OF COMMUNICATION

- a) The notices of Board Meetings were published in The Business Standard (English and Vernacular Language) till December, 2013.
- b) The quarterly, half yearly and annual financial results of the Company are sent to the BSE by means of facsimile transmission and letter by courier immediately after they have been taken on record by the Board. Yearly reports of the Company are sent to the shareholders of the Company.
- c) The quarterly, half yearly and annual financial results of the Company till December, 2013 were published all editions of daily newspaper Business Standard (in both English and Vernacular Language). The results are made available on Company's website [www.pel-india.com](http://www.pel-india.com).
- d) The Company keeps on updating its website to provide comprehensive relevant information. The Company believes that all the stakeholders should have access to adequate information about the Company and in today's electronics age website is the best media for such dissemination of information. All information, which could have a material bearing on the share prices, is released at the earliest.
- e) The Company has not made any formal presentations to the institutional investors or to the analysts during the year.
- f) Management discussion & analysis report is discussed in the Directors Report.

#### 9. GENERAL SHAREHOLDER INFORMATION

##### i. Re-appointment of Directors

At the ensuing 35<sup>th</sup> Annual General Meeting (AGM) of the Company, Mr. Rahul Goenka shall be retiring by rotation and being eligible has offered himself for re- election by the shareholders at the said AGM. The brief



particular of the aforesaid Director is as required under Clause 49 of the Listing Agreement are given below:

- a) Mr. Rahul Goenka has been a Director on the Board of the Company since 25.09.2004. He is a Commerce graduate and an MBA from Clark University, Worcester, USA having over 12 years of work experience, including with Consultants Inc., Boston USA one of the leading Technology Solutions Provider in the world. Presently he is a Director with Apparel & Textiles manufacturing and export company that employs over a 1000 people across 3 manufacturing sites and exports their products to some of the best known brands in the UK. Mr. Rahul Goenka has in depth knowledge and experience of manufacturing and international trade, which has proved to be a tremendous asset for the Company.

At the ensuing 35<sup>th</sup> Annual General Meeting (AGM) of the Company, Mr. Anant Kanoi, Mr. Suresh Vyas, Mr. Sharvan Kumar Kataria, Independent Directors of the Company tenure has to be fixed. The brief particular of the aforesaid independent Directors are given below:

- a) Mr. Anant Kanoi is a graduate from the University of Michigan and specializes in Industrial & Operations Engineering and has more than 10 years of work experience with various international companies like Pepsi and Ford Motors. He is an active member of the Entrepreneur's Organization (EO), New Delhi and is currently serving on the Board of the EO in a leadership position as the Learning Chair.
- b) 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.
- c) Mr. Sharvan Kumar Kataria is practicing as a Chartered Accountant since 1983. He is an expert in Company Law, Corporate Laws, Income Tax, Direct Taxes, Indirect Taxes, Accounts and Audit Laws, Tax Planning, Tax management and Tax Jurisprudence and has many publications to his credit in the above subjects.

- ii) **AGM -Date, Time and Venue :** 27<sup>th</sup> September, 2014  
10:30 A.M. at B.C. Pal Memorial  
Auditorium, A-81, C.R. Park,  
New Delhi - 110019

- iii) **Financial Calendar (tentative and subject to Change) : 2014- 15**

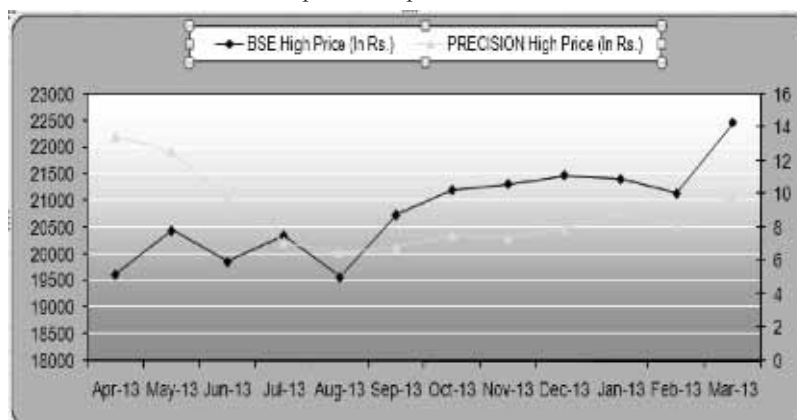
Accounting Year	April to March
First Quarter Results	Last week of July 2014
Second Quarter/ Half Yearly Results	Last week of October 2014
Third Quarter Results	Last week of January 2015
Audited Annual Results	Last week of April 2015
Annual General meeting	Last week of September 2015



- iv) **Date of Book Closure** : 22<sup>nd</sup> September, 2014 to 27<sup>th</sup> September, 2014  
(both days inclusive)
- v) **Dividend payment** : No Dividend is declared.
- vi) **Listing on Stock Exchanges** : Equity Shares are listed on The Stock Exchange, Mumbai. The Company has paid the Listing Fees for the period Apr. 1, 2014 to Mar. 31, 2015.
- vii) **Stock Code** : 517258
- viii) **Demat ISIN Number in NSDL& CDSL for Equity Shares** : ISIN No. INE143C01024
- ix) **Share Price Data** : High, Low during last year

Month	BSE		PRECISION	
	High Price (In Rs.)	Low Price (In Rs.)	High Price (In Rs.)	Low Price (In Rs.)
Apr-13	19622.68	18144.22	13.50	12.30
May-13	20443.62	19451.26	12.60	10.00
Jun-13	19860.19	18467.16	9.71	7.27
July-13	20351.06	19126.82	7.13	6.00
Aug-13	19569.20	17448.71	6.51	6.50
Sep-13	20739.69	18166.17	6.82	6.50
Oct-13	21205.44	19264.72	7.56	7.05
Nov-13	21321.53	20137.67	7.35	6.78
Dec-13	21483.74	20568.70	8.00	6.90
Jan-14	21409.66	20343.78	8.86	7.35
Feb-14	21140.51	19963.12	8.13	6.67
Mar-14	22467.21	20920.98	9.81	6.35

Share Price Performance of  
Precision Electronics Limited (PEL) in comparison with BSE Sensex  
for the period 1<sup>st</sup> April, 2013 to 31<sup>st</sup> March, 2014





- (x) **Share Transfer System:** The Company's shares are traded in the stock exchange(s) compulsorily in demat mode. All valid transfers lodged with the Company/Registrar and Transfer Agent are processed and returned to the Shareholders within the stipulated period, if the documents are complete in all respect.

- (xi) Shareholding Pattern as on March 31, 2014.

Category Code	Category of Shareholder	Number. of shareholders	Total number of shares
<b>(A)</b>	<b>Promoter and Promoter Group</b>		
<b>(1)</b>	<b>Indian</b>		
(a)	Individuals / Hindu Undivided Family	14	6830064
(b)	Central Government / State Government(s)	0	0
(c)	Bodies Corporate	6	133896
(d)	Financial Institutions / Banks	0	0
(e)	Any Other (specify)	0	0
	<b>Sub-Total (A)(1)</b>	<b>20</b>	<b>6963960</b>
<b>(2)</b>	<b>Foreign</b>		
(a)	Individuals (Non Resident Individuals / Foreign Individuals)	1	189730
(b)	Bodies Corporate	1	3179905
(c)	Institutions	0	0
(d)	Any Other (specify)	0	0
	<b>Sub-Total (A)(2)</b>	<b>2</b>	<b>3369635</b>
	<b>Total Shareholding of Promoter and Promoter group (A)= (A)(1)+(A)(2)</b>	<b>22</b>	<b>10333595</b>
<b>(B)</b>	<b>Public shareholding</b>		
<b>(1)</b>	<b>Institutions</b>		
(a)	Mutual Funds / UTI	4	8700
(b)	Financial Institutions / Banks	5	3050
(c)	Central Government / State Government(s)	0	0
(d)	Venture Capital Funds	0	0
(e)	Insurance Companies	0	0
(f)	Foreign Institutional Investors	0	0
(g)	Foreign Venture Capital Investors	0	0
(h)	Any Other (specify)	0	0
	i) Trust	0	0
	<b>Sub-Total (B)(1)</b>	<b>9</b>	<b>11750</b>

<b>2</b>	<b>Non-Institutions</b>		
(a)	Bodies Corporate	111	152954
(b)	Individuals -		
	i. Individual shareholders holding nominal share capital up to Rs. 1 lakh.	14525	855597
	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	27	2206606
(c)	Any Other (specify)		
	i. Clearing House	0	0
	ii. Market Maker	0	0
	iii. Directors other than promoters and their relatives	0	0
	iv. Foreign nationals / NRI/ NRN/ FC		
	a) Foreign Nationals	0	0
	b) NRI	20	5130
	c) NRN	0	0
	d) FC	0	0
	e) OCB	0	0
	f) HUF	80	282775
	<b>Sub-Total (B)(2)</b>	<b>14765</b>	<b>3503167</b>
	<b>Total Public Shareholding (B) = (B)(1) + (B)(2)</b>	<b>14774</b>	<b>3514917</b>
	<b>Total (A) + (B)</b>	<b>14796</b>	<b>13848512</b>

xii) As on March 31, 2014 of the total eligible shares 9044162 were held in dematerialized form and the balance 4804350 shares in physical form.

xiii) **Plant Location** :      **a) Noida Plant**  
D-10, Sector-3, Gautam Budh Nagar,  
Noida-201301, (U.P.)

**b) Roorkee Plant**  
Plot No. 9&10, KIE  
Industrial Estate, Village  
Mundiyaki (Manglore),  
Roorkee, Haridwar-249406  
Uttarakhand.

xiv) **Address for correspondence** :      **Registered Office :**  
D-1081, New Friends, Colony  
New Delhi-110025

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



xv) Registrar Transfer Agent : Skyline Financial Services Pvt. Ltd.  
D- 153/ A, First Floor  
Okhla Industrial Area Phase – 1  
New Delhi - 110020

**B. NON-MANDATORY REQUIREMENTS**

1. The Company does not have a non-executive Chairman.
2. Presently, the Company does not have a limit on the tenure of Independent Directors.
3. The details regarding the Remuneration cum Selection Committee are available in the preceding pages.
4. The Company's quarterly, half yearly and annual financial results are published in two newspapers as stated in the preceding pages and are also displayed on the Company's website i.e. [www.pel-india.com](http://www.pel-india.com). Therefore half yearly results including summary of the significant events are not separately sent to the shareholders of the Company.
5. The Company does not have any qualifications from the Auditors in the Financial Statements.
6. The Company has not yet put in place a structure to provide trainings to its Board members and /or to evaluate their performance.
7. The Company has not yet formulated any Whistle Blower Policy.



## DECLARATION ON COMPLIANCE WITH THE CODE OF CONDUCT

Dear Members,

Pursuant to revised Clause 49 of the Listing Agreement, your Directors have laid down a Code of Conduct for Directors and Senior Management. The same has been posted on the website of the Company.

It is hereby certified that the members of the Board and the Senior Management personnel have confirmed their compliance with the "Code of Conduct for members of the Board and Senior Management except Mr. Pradeep K Kanodia, Executive Director and Promoter of the Company. He has expressed as follows:

"I cannot undertake to comply with "the code" since this is total contradiction/ conflict with the Settlement Agreement dated 23.01.2013. Therefore, I request the Board to grant me the waiver from code of conduct as per Clause 16 of the Code of Conduct."

FOR AND ON BEHALF OF THE BOARD

Place: Noida  
Date: 12-08-2014

Sd/-  
ASHOK K KANODIA  
Managing Director

## CEO AND CFO CERTIFICATION UNDER CLAUSE 49 (V) OF LISTING AGREEMENT

We, Ashok K Kanodia, Managing Director and Jagjit Singh Chopra, Head of Finance, responsible for the finance function certify that:

- (a) We have reviewed financial statements and the cash flow statement for the year ended 31<sup>st</sup> March, 2014 and to the best of our knowledge and belief:
  - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) To the best of our knowledge and belief, no transactions entered into by the company during the year ended 31<sup>st</sup> March, 2014 are fraudulent, illegal or violate of the company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit Committee that:
  - i). There has not been any significant change in internal control over financial reporting during the year under reference.
  - ii). There has not been any significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii). We are not aware of any instances during the year of significant fraud with involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

FOR AND ON BEHALF OF THE BOARD

Place: Noida  
Date: 30.05.2014

Sd/-  
(ASHOK K KANODIA)  
Managing Director

Sd/-  
(JAGJIT SINGH CHOPRA)  
Head - Finance



## COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To,

The Members of

**Precision Electronics Limited**

We have examined the compliance of conditions of Corporate by Precision Electronics Limited for the year ended on 31<sup>st</sup> March, 2014 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange.

The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementations thereof, adopted by the Company for ensuring the compliances of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement except that Shri Pradeep Kumar Kanodia, Executive Director has expresses as follows:

"I cannot undertake to comply with "the code" since this is total contradiction/ conflict with the Settlement Agreement dated 23.01.2013. Therefore, I request the Board to grant me the waiver from code of conduct as per Clause 16 of the Code of Conduct."

We have to state that, no investor grievance is pending for a period exceeding one month against the Company as per the information furnished by the Company's Registrar, other than those which are a subject matter of litigation.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For Munish K Sharma & Associates**

Date: 7<sup>th</sup> August, 2014  
Place: Ghaziabad (UP)

Sd/-  
CS Munish K. Sharma  
FCS: 6031 CP: 6460





## INDEPENDENT AUDITOR'S REPORT

To  
The Members,  
**Precision Electronics Limited,**  
D-1081, New Friends Colony  
New Delhi-110025

### Report on the Financial Statements

We have audited the accompanying financial statements of “**Precision Electronics Limited**” (“the Company”), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 (“the Act”) read with the General Circular 15/2013 dated 13<sup>th</sup> September 2013 of the Ministry of Corporate affairs in respect of section 133 of the Companies Act 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- b) in the case of Statement of Profit and Loss, of the Loss for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date..

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 (“the Order”) issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;



- b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956 read with the General Circular 15/2013 dated 13<sup>th</sup> September 2013 of the Ministry of corporate affairs in respect of section 133 of the Companies Act 2013;
- e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956..

**For; Rajendra K Goel & Co.**  
**Chartered Accountants**  
**F.R.N. 001457N**

**Place: New Delhi**  
**Dated: 30<sup>th</sup> May, 2014**

**R. K. Goel**  
**(Partner)**  
**M.No. 006154**

## ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

The Annexure referred to in paragraph 1 under the heading "report on other legal & regulatory requirements" of the our report of even date

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) The Fixed Assets are physically verified by the management during the year based on a phased programme of verifying all assets over three years, which in our opinion is reasonable having regard to the size of the Company and the nature of its fixed assets. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of account;
- (c) Fixed assets disposed off during the year, are negligible so as to affect the Company as a going concern;
- (ii) (a) As explained to us, inventories have been physically verified during the year by the management at reasonable intervals;
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business;
- (c) In our opinion and on the basis of our examination of the records, the Company is generally maintaining proper records of its inventories. No material discrepancy was noticed on physical verification of stocks by the management as compared to book records;
- (iii) (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Consequently, the provisions of clauses iii (a), iii (b), iii(c) and iii (d) of the order are not applicable to the Company;
- (b) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has taken unsecured loan from directors of the company, the maximum amount during the year being Rs 5,47,97,915/- (Previous year Rs. 5,30,97,915/-) and at the year end Rs. 2,23,75,570/- (Previous year Rs. 5,30,97,915/-) covered under the register maintained under Section 301 of the Companies Act, 1956;
- (c) In our opinion and having regard to the loan taken by the company , the rate of interest and other terms and conditions wherever stipulated are not prima facie prejudicial to the interest of the company;
- (d) Payment of principal amount and interest are also regular as stipulated;
- (iv) In our opinion, there is an adequate internal control system commensurate with the size of the company and the nature of its business for the purchase of inventory and fixed assets and payment for expenses and for sale of goods. During the course of our audit we have not observed any continuing failure to correct major weaknesses in internal control system;
- (v) (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section;
- (b) Based on the audit procedures applied by us and according to the information and explanations given to us we are of the opinion that the transaction made in pursuance of contracts/ arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rs.5,00,000 in respect of each party during the year have been made at prices which appear reasonable as per information available to the company.
- (vi) The Company has not accepted any deposits from the public covered under section 58A and 58AA of the Companies Act, 1956;



- (vii) As per information & explanations given by the management, the Company has an internal audit system commensurate with its size and the nature of its business;
- (viii) We have broadly reviewed the books of accounts maintained by the company pursuant to the rule made by the Central Government for the maintenance of the cost records under section 209 (I)(d) of the Companies Act, 1956 and are of the opinion prima facie, the prescribed account and records have been made and maintained;
- (ix) (a) As per records produced before us and according to the information and explanations given to us the company is generally regular in depositing undisputed statutory dues applicable to it like provident fund, Investor Education & Protection Fund, Employees State Insurance, Income Tax, Customs duty, Excise Duty, Cess etc. with appropriate authorities, and there were no arrears of such dues at the year end which have remained outstanding for a period of more than six months from the date they became payable;  
(b) As per records produced before us and according to the information and explanations given to us there are no dues of Income Tax, Sales tax, Customs duty, Wealth Tax, Service tax, Excise Duty or Cess which have not been deposited on account of any dispute;
- (x) The Company does not have any accumulated losses at the end of the financial year and has incurred cash losses in the current year. However there is no cash loss in the immediately preceding financial year;
- (xi) Based on our audit procedures and on the information and explanation given by the management, we are of the opinion that company has not defaulted in repayment of dues to any financial institution, bank or debenture holders;
- (xii) According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities;
- (xiii) The Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provision of this clause of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company;
- (xiv) In our opinion the company is not dealing in or trading of shares, debentures and other investments. Accordingly, clause (xiv) of Para 4 of the order is not applicable;
- (xv) According to the information and explanations given to us, the Company has not given any guarantees for loan taken by others from a bank or financial institution;
- (xvi) In our opinion & according to the information & explanation given to us, the term loans have been applied for the purpose for which they were raised;
- (xvii) According to the information & explanation given to us and an overall examination of the balance sheet of the company, we find that no fund raised on short term basis have been used for long term investment;
- (xviii) Based on the audit procedures performed and the information and explanations given to us by the management, we report that the Company has not made any preferential allotment of shares during the year;
- (xix) The Company has no outstanding debentures during the period under audit;
- (xx) The Company has not raised any money by public issue during the year;
- (xxi) Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

**For; Rajendra K Goel & Co.**  
**Chartered Accountants**  
**F.R.N. 001457N**

**R. K. Goel**  
**(Partner)**  
**M.No. 006154**

**Place: New Delhi**  
**Dated: 30<sup>th</sup> May 2014**



## BALANCE SHEET AS AT MARCH 31, 2014

(Amount in Rupees)

PARTICULARS	Note No.	As at 31.03.2014	As at 31.03.2014
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2	138,487,620	138,487,620
Reserves and Surplus	3	167,546,192	191,715,671
		<u>306,033,812</u>	<u>330,203,291</u>
<b>Non Current Liabilities</b>			
Long-term borrowings	4	22,504,186	31,052,103
Long-term provisions	5	6,763,035	6,694,394
		<u>29,267,221</u>	<u>37,746,497</u>
<b>Current Liabilities</b>			
Short-term borrowings	6	8,057,890	48,089,732
Trade payables	7	54,154,376	67,675,582
Other current liabilities	8	29,588,732	20,466,002
Short-term provisions	9	909,449	702,774
		<u>92,710,447</u>	<u>136,934,090</u>
	<b>TOTAL</b>	<u>428,011,480</u>	<u>504,883,879</u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
- Tangible assets	10	215,054,304	226,858,767
- Intangible assets	10	126,785	1,433,784
- Capital work-in-progress	10	-	193,613
Deferred tax Assets (Net)	11	22,723,388	878,350
Long-term loans and advances	12	8,048,365	7,865,465
Other Non-current assets	13	218,192	728,383
		<u>246,171,034</u>	<u>237,958,361</u>
<b>Current assets</b>			
Inventories	14	114,070,095	99,145,604
Trade receivables	15	28,297,936	69,983,011
Cash and Bank balances	16	15,124,417	6,929,809
Short-term loans and advances	17	19,466,989	12,230,218
Other current assets	18	4,881,009	78,636,875
		<u>181,840,446</u>	<u>266,925,518</u>
	<b>TOTAL</b>	<u>428,011,480</u>	<u>504,883,879</u>
<b>Significant Accounting Policies and Notes on Financial Statements</b>			
	1 to 27		

As per our Report of even date attached to the Balance Sheet

For and on behalf of the board

For Rajendra K. Goel & Co.  
(Chartered Accountants)  
F.R.N. 001457N

(R.K. Goel)  
Partner  
M.No. 006154

Place: Noida  
Dated: 30<sup>th</sup> May, 2014

Ashok K. Kanodia  
Managing Director

Sharvan Kumar Kataria  
Director

Gurvinder Singh Monga  
Company Secretary



## STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2014

(Amount in Rupees)

PARTICULARS	Note No.	For the Year ended on 31.03.2014	For the Year ended on 31.03.2013
<b>INCOME</b>			
Revenue from Operations	19	143,504,825	208,177,907
Less: Excise duty, VAT, Sales tax and Service tax		10,850,810	5,376,521
Revenue from Operations (Net)		132,654,015	202,801,386
Other Income	20	2,165,742	1,405,102
<b>TOTAL</b>		<b>134,819,757</b>	<b>204,206,488</b>
<b>EXPENSES</b>			
Cost of material consumed	21	45,674,900	34,994,207
Purchases of Traded goods (Telecom Products)		1,995	8,104,565
Change in inventories of finished goods, work in progress and traded goods	22	(2,274,486)	(2,935,136)
Employee benefits expenses	23	61,410,054	68,106,565
Labour Charges for Infra Services		619,101	6,532,377
Finance costs	24	6,334,411	11,109,180
Depreciation and amortization expenses	10	12,257,630	12,957,627
Other expenses	25	55,004,256	52,060,163
<b>TOTAL</b>		<b>179,027,861</b>	<b>190,929,548</b>
<b>Profit before Prior period items and Tax</b>		<b>(44,208,104)</b>	<b>13,276,940</b>
Prior period items	26	254,195	-
<b>Profit before tax</b>		<b>(44,462,299)</b>	<b>13,276,940</b>
Tax expenses :			
- Current Tax		-	-
- Wealth Tax		39,100	-
- Earlier year Taxes		-	(82,761)
- Wealth Tax (Earlier year)		51,000	-
- Mat Credit Entitlement		-	252,751
- Deferred Tax	11	(21,845,038)	4,111,438
<b>Profit for the year</b>		<b>(22,707,361)</b>	<b>8,995,512</b>
Earning per equity share	27.6		
- Basic		(1.64)	0.65
- Diluted		(1.64)	0.65
<b>Significant Accounting Policies and Notes on Financial Statements</b>			
	1 to 27		

As per our Report of even date attached to the Balance Sheet

For and on behalf of the board

For Rajendra K. Goel & Co.  
(Chartered Accountants)  
F.R.N. 001457N

(R.K. Goel)  
Partner  
M.No. 006154

Ashok K. Kanodia  
Managing Director

Sharvan Kumar Kataria  
Director

Place: Noida  
Dated: 30<sup>th</sup> May, 2014

Gurvinder Singh Monga  
Company Secretary



## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

(Amount in Rupees)

PARTICULARS	Year ended on 31.03.2014	Year ended on 31.03.2013
<b>A Cash Flow from Operating Activities</b>		
Net Profit/(Loss) before Tax, extraordinary items and Prior Period items	(44,208,104)	13,276,940
Adjustment for :		
Depreciation and Amortisation	12,257,630	12,957,627
Interest Income	(2,081,024)	(473,781)
Finance Cost	6,334,411	11,109,180
(Profit)/Loss on sale of fixed assets (Net)	3,828,010	481,667
<b>Operating Profit/(Loss) before Working Capital Changes</b>	(23,869,076)	37,351,633
Adjustment for:		
(Increase)/Decrease in Trade Receivable	41,685,075	43,812,468
(Increase)/Decrease in Loans & Advances	70,651,758	(69,576,715)
(Increase)/Decrease in Inventories	(14,924,491)	(91,428)
Increase/(Decrease) in Trade Payable & other Liabilities	(3,378,455)	(33,061,371)
Cash inflow from Operation before prior period adjustment.	70,164,811	(21,565,412)
Prior period adjustment (net.)	254,195	-
Income Tax	3,445,892	156,462
<b>Net Cash inflow/(outflow) from Operating Activities (A)</b>	66,464,724	(21,721,874)
<b>B Cash Flow from Investing Activities</b>		
(Purchase) of Fixed Assets	(4,788,418)	(1,575,480)
(Purchase) of Investments	-	-
Sales of Investments	-	-
Sale of Fixed Assets	353,226	1,084,433
Interest Received	1,721,543	285,871
<b>Net Cash inflow/(outflow) from Investing Activities (B)</b>	(2,713,649)	(205,176)
<b>C Cash Flow from Financing Activities</b>		
Increase/(Decrease) in Term Borrowing & Other Borrowing	(49,222,057)	13,767,090
(Finance Charges) Paid	(6,334,411)	(11,109,180)
<b>Net Cash inflow/(outflow) from Financing Activities (C)</b>	(55,556,468)	2,657,909
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalent (A+B+C)</b>	8,194,608	(19,269,141)
Cash & Cash Equivalent at the beginning of the year	6,929,809	26,198,950
<b>Cash &amp; Cash Equivalent at the end of the year</b>	15,124,417	6,929,809

As per our Report of even date attached to the Balance Sheet

For and on behalf of the board

For Rajendra K. Goel & Co.  
(Chartered Accountants)  
F.R.N. 001457N

(R.K. Goel)  
Partner  
M.No. 006154

Place: Noida  
Dated: 30<sup>th</sup> May, 2014

Ashok K. Kanodia  
Managing Director

Sharvan Kumar Kataria  
Director

Gurvinder Singh Monga  
Company Secretary



## Note1 to the Financial Statements

### Significant Accounting Policies

#### 1.1. General

- i) The accounts are prepared on historical cost convention, on accrual basis and on the principal of going concern.
- ii) Accounting policies not specifically referred to otherwise, are consistent and in accordance with Indian generally accepted accounting practices comprising of the mandatory Accounting Standard, Guidance notes and other pronouncements issued by ICAI and the provision of the companies Act, 1956.

#### 1.2. Use of Estimates

The preparation of financial statement require estimates and assumption that affect the reported amounts of income and expenses of the period, the reported amounts of assets and liabilities and disclosers relating to contingent liabilities as on the date of financial statements. Difference between the actual result and estimated are recognized in the period in which the result are known/ materialized.

#### 1.3. Fixed Assets:

- i) Fixed Assets are stated at cost of acquisition less cenvat if any and subsequent improvements thereto including taxes, duties, freight and other incidental expenses related to acquisition and installation except in the case of Leasehold land which has been revalued as on 31.3.2006.
- ii) Fixed Assets are stated at cost less accumulated depreciation. Depreciation has been provided on the straight-line method at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956 except software having future economic benefits more than a year, to be amortized in two to three years.
- iii) Leasehold land is amortized over the years of lease.
- iv) Fixed Assets costing below Rs. 5000 is fully depreciated in year of purchase.

#### 1.4. Trade receivable:

Trade receivables are stated after making adequate provision for doubtful debts, if any.

#### 1.5. Loans & Advances:

Loans and Advances are stated after making adequate provision for doubtful advances, if any.

#### 1.6. Contingent Liabilities:

Contingent liabilities are not provided for in the accounts and are shown separately in Notes on Accounts.

#### 1.7. Revenue Recognition

##### i) Revenue from Infra activity.

Infra revenue and costs are recognized by reference to the stage of completion of the construction activity at the balance sheet date, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. Where the outcome of the infra cannot be estimated reliably, revenue is recognized to the extent of the infra costs incurred if it is probable that they will be recoverable. In the case of contracts with defined milestones and assigned prices for each milestone, it recognises revenue on transfer of significant risks and rewards which coincides with achievement of milestone and its acceptance by its customers. Provision is made for all losses incurred to the balance sheet date. Any further losses that are foreseen in bringing contracts to completion are also recognised. Variations in contract work, claims and incentive payments are recognised to the extent that it is probable that they will result in revenue and they are capable of being reliably measured. Contract revenue in excess of billing is reflected as unbilled revenue and billing in excess of contract revenue is reflected as unearned revenue.

##### ii) Revenue other than Infra activity.

Sales include excise duty, Sales Tax/ VAT and are net of usual trade discounts, rebates.

- iii) Scrap is accounted for as and when sold.
- iv) Export incentives and insurance claims are accounted for on receipt basis.

#### 1.8. Method of valuation of inventories is as under:

- i) Raw material are valued at Cost, on Weighted average basis and non-moving Items are valued at net realizable value.
- ii) Components, Stores & Spare parts are valued at cost, on FIFO basis.



- iii) Finished goods & Traded Goods are valued at cost or net realizable value, whichever is lower.
- iv) Goods-in-Process are valued at estimated cost.
- v) Cost incurred that relate to future activities on the contract are recognized as "Contract work in progress". Contract work in progress comprising infra costs and other directly attributable overheads is valued at lower of cost and net realizable value.

#### **1.9. Foreign Exchange Transactions**

- i) Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction.
- ii) Assets and liabilities relating to foreign currency transactions remaining unsettled at the end of the year are translated at contracted rates, when covered by foreign exchange contracts and at year end rates in all other cases.
- iii) Gains and Losses on foreign exchange transaction/ translation other than those relating to fixed assets are recognized in the Profit and Loss Account. Gain or loss on translation of long term liabilities incurred to acquire fixed assets is treated as an adjustment to the carrying cost of such fixed assets.

#### **1.10. Research & Development**

Revenue Expenditure on R&D is charged to revenue under the respective heads of accounts. Capital Expenditure on R&D is treated as addition to Fixed Assets.

#### **1.11. Technical know-how is accounted for on payment basis and is written-off over a period of six years from the year of payment.**

#### **1.12. Employees Benefits**

The Company has taken Group Gratuity Policy with the Life Insurance Corporation of India ('LIC') for future payment of gratuities which is a defined benefit. The gratuity liability is determined based on an actuarial valuation performed by LIC.

Provision for Leave Encashment, which is a defined benefit, is made on an actuarial valuation carried out by an independent actuary.

Contribution to Provident Fund is accrued as per the provisions of the Employees' Provident Fund and Miscellaneous Provisions Act 1952. Contribution payable to Provident fund is charged to Profit & Loss Account.

#### **1.13. Provision for Current and Deferred Tax**

Provision for current tax is made on the basis of estimated taxable income for the current accounting period and in accordance with the provisions as per Income Tax Act 1961.

Deferred tax resulting from "Timing Differences" between book and taxable profit for the year is accounted for using the tax rate and laws that have been enacted or substantively enacted as on the Balance Sheet date. The deferred tax asset is recognized and carried forward only to the extent that there is reasonable certainty that the asset will be adjusted in the future.

#### **1.14. Segment Accounting:**

- i) Segment Revenue & Expenses:  
Joint revenue & expenses of the segments are allocated among them on reasonable basis. All other segment revenue and expenses are directly attributed to the segments.
- ii) Segment Assets & liabilities:  
Segment assets include plant & machinery, Inventory, security deposit, earnest money and material-in-transit and segment liabilities include sundry creditors.
- iii) Inter Segment sales:  
Inter segment sales between operating segments are accounted for at market price. These transactions are eliminated in consolidation.

#### **1.15. Recognition of Prior Period Expenses & Prepaid Expenses:**

Prepaid expenses and prior period expenses/income of items of Rs. 10,000/- and below are charged to natural head of accounts.



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDING 31ST MARCH, 2014

Particulars	(Amount in Rs.) As at 31.03.2014	(Amount in Rs.) As at 31.03.2013
-------------	--	--

### Note 2 to the financial statements

#### SHARE CAPITAL

##### Authorised :

2,00,00,000 Equity Shares of Rs 10/- each (Previous year)		
2,00,00,000 Equity Shares of Rs 10/- each)	200,000,000	200,000,000

##### Issued, subscribed and paid up

1,38,48,512 Equity Shares (Previous year 1,38,48,512 Equity Shares)		
of Rs 10/- each fully paid up	138,485,120	138,485,120
Add: Forfeited Shares (Amount Paid up)	2,500	2,500
<b>Total</b>	<b>138,487,620</b>	<b>138,487,620</b>

#### 1. Reconciliation of no. of equity shares

	No. of Shares	No. of Shares
Balance at the beginning of the year	13,848,512	13,848,512
Add: Shares Issued during the year	-	-
Less: Bought back during the year	-	-
<b>Balance at the end of the year</b>	<b>13,848,512</b>	<b>13,848,512</b>

2. The Company has only one class of Equity Shares having at par value of Rs. 10 per equity share. The holders of the equity shares are entitled to receive dividend as declared from time to time and are entitled to voting rights proportionate to their share holding at the meeting of share holders.

3. The List of Share holders holding more than 5% shares in the company:

	No. of Equity Shares	Percentage of holdings
Mr. Ashok Kanodia	3,087,734	22.30%
Mr. Pradeep Kanodia	3,104,235	22.42%
Knowledge Holding and Investments Pte Ltd.	3,179,905	22.96%

Particulars	(Amount in Rs.) As at 31-03-2014	(Amount in Rs.) As at 31-03-2013
-------------	--	--

### Note 3 to the financial statements

#### Reserves & surplus

##### A) Revaluation Reserve

Balance at the beginning of the year	81,915,859	83,377,977
Addition during the year	-	-
Amortisation on Revalued lease hold land	1,462,118	1,462,118
<b>Balance at the end of the year</b>	<b>80,453,741</b>	<b>81,915,859</b>

##### B) General Reserve

Balance at the beginning of the year	8,408,930	8,408,930
Amount Transferred from Surplus	-	-
Adjustment during the year	-	-
<b>Balance at the end of the year</b>	<b>8,408,930</b>	<b>8,408,930</b>

##### C) Surplus

Balance at the beginning of the year	101,390,882	92,395,371
Amount Transferred surplus/ (Deficit) from the Statement of Profit and Loss during the year	(22,707,361)	8,995,512
<b>Balance at the end of the year</b>	<b>78,683,521</b>	<b>101,390,882</b>

<b>Total</b>	<b>167,546,192</b>	<b>191,715,671</b>
--------------	--------------------	--------------------

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDING 31ST MARCH, 2014

Particulars	(Amount in Rs.) As at 31.03.2014	(Amount in Rs.) As at 31.03.2013
-------------	--	--

### Note 4 to the financial statements

#### NON CURRENT LIABILITIES

##### Long term borrowings

##### Term Loan:

##### Secured

Loan from Bank

ICICI Bank Limited*	128,616	376,533
---------------------	---------	---------

##### Loans and advance from Related Party

##### Unsecured

Loan from Director**	22,375,570	30,675,570
----------------------	------------	------------

<b>Total</b>	<b>22,504,186</b>	<b>31,052,103</b>
--------------	-------------------	-------------------

##### Security

\*Hypothecation of Car

##### Trems of Repayment

\* The vehicle loans to be repaid upto 15<sup>th</sup> September, 2015 in equated monthly installment.

\*\* The loan from director to be repaid on demand but not before 1<sup>st</sup> April, 2015.

Particulars	(Amount in Rs.) As at 31.03.2014	(Amount in Rs.) As at 31.03.2013
-------------	--	--

### Note 5 to the financial statements

#### NON CURRENT LIABILITIES

##### Long term provisions

Provision for employee benefits*	6,763,035	6,694,394
----------------------------------	-----------	-----------

<b>Total</b>	<b>6,763,035</b>	<b>6,694,394</b>
--------------	------------------	------------------

\* Disclosure required by AS 15 on 'Employees Benefits' has been made in Note no 27.7

Particulars	(Amount in Rs.) As at 31.03.2014	(Amount in Rs.) As at 31.03.2013
-------------	--	--

### Note 6 to the financial statements

#### CURRENT LIABILITIES

##### Short Term Borrowings

##### Secured

Working Capital Loan from Punjab National Bank (Against hypothecation of stock, debtors, present and future other current assets, fixed , movable assets, equitable mortgagage of immovables of Company and personal guarantee of two directors)	8,057,890	20,667,387
---	-----------	------------

##### Unsecured

From others	-	5,000,000
-------------	---	-----------

##### From Related Party

Loan from Director	-	22,422,345
--------------------	---	------------

<b>Total</b>	<b>8,057,890</b>	<b>48,089,732</b>
--------------	------------------	-------------------



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDING 31ST MARCH, 2014

Particulars	(Amount in Rs.) As at 31.03.2014	(Amount in Rs.) As at 31.03.2013
-------------	--	--

### Note 7 to the financial statements

#### CURRENT LIABILITIES

##### Trade payables

For Goods and Services*	54,154,376	67,675,582
<b>Total</b>	<b>54,154,376</b>	<b>67,675,582</b>

\*Disclosure regarding MSMED ACT has been made in Note no 27.3

Particulars	(Amount in Rs.) As at 31.03.2014	(Amount in Rs.) As at 31.03.2013
-------------	--	--

### Note 8 to the financial statements

#### CURRENT LIABILITIES

##### Other current liabilities

##### Current maturities of Long-term debts\*

##### Term Loans:

##### Secured

##### a) Loan from Bank

i) ICICI Bank Limited	248,312	224,045
-----------------------	---------	---------

##### b) Loan from Other Party

i) Tata Capital Limited	-	666,564
-------------------------	---	---------

Payable for Capital expenditures	646,688	839,196
----------------------------------	---------	---------

##### Other Payables

Statutory dues	2,304,450	1,077,278
----------------	-----------	-----------

Others**	26,389,282	17,658,919
----------	------------	------------

<b>Total</b>	<b>29,588,732</b>	<b>20,466,002</b>
--------------	-------------------	-------------------

\* Loan is secured against hypothecation of Cars and to be repaid in 12 to 30 months in equated monthly installment.

\*\* Includes Advance from customers, payable to employees and others.

Particulars	(Amount in Rs.) As at 31.03.2014	(Amount in Rs.) As at 31.03.2013
-------------	--	--

### Note 9 to the financial statements

#### CURRENT LIABILITIES

##### Short term provisions

Provision for employee benefits*	819,349	702,774
----------------------------------	---------	---------

Provision for Wealth tax	90,100	-
--------------------------	--------	---

<b>Total</b>	<b>909,449</b>	<b>702,774</b>
--------------	----------------	----------------

\* Disclosure required by AS 15 on 'Employees Benefits' has been made in Note no 27.7

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDING 31ST MARCH, 2014

### Note No. 10 to the financial statements

#### Fixed Assets

PARTICULARS	GROSS BLOCK					DEPRECIATION			NET BLOCK	
	Cost As at 1.04.2013	Additions	Deduction/ Adjustment	Cost As at 31.03.2014	Upto 31.03.2013	For the Year	Deduction/ Adjustment	Upto 31.03.2014	As at 31.03.2014	As at 31.03.2013
<b>Tangible Assets</b>										
Land										
- Roorkee (Freehold)	13,399,442	-	-	13,399,442	-	-	-	-	13,399,442	13,399,442
	13,399,442	-	-	13,399,442	-	-	-	-	13,399,442	13,399,442
- Noida (Leasehold)*	95,024,408	-	-	95,024,408	11,055,874	1,499,438	-	12,555,312	82,469,096	83,968,534
	95,024,408	-	-	95,024,408	9,556,436	1,499,438	-	11,055,874	83,968,534	85,467,972
Buildings	69,654,864	-	-	69,654,864	21,697,003	2,326,473	-	24,023,476	45,631,388	47,957,861
	69,654,864	-	-	69,654,864	19,370,530	2,326,473	-	21,697,003	47,957,861	50,284,334
Plant & Machinery	70,162,678	257,733	3,864,501	66,555,910	21,801,570	3,471,799	2,931,572	22,341,797	44,214,113	48,361,108
	101,988,899	214,879	32,041,100	70,162,678	48,989,838	3,569,683	30,757,951	21,801,570	48,361,108	52,999,061
Lab Equipments and other Fixed Assets	2,242,119	3,626,670	-	5,868,789	938,383	120,804	-	1,059,187	4,809,602	1,303,736
	2,161,137	80,982	-	2,242,119	831,369	107,014	-	938,383	1,303,736	1,329,768
Computers	24,126,112	64,047	-	24,190,159	17,429,872	2,627,671	-	20,057,543	4,132,615	6,696,240
	23,796,452	329,660	-	24,126,112	14,412,779	3,017,093	-	17,429,872	6,696,240	9,383,673
Office Equipments	8,964,628	647,460	-	9,612,088	2,669,548	420,440	-	3,089,988	6,522,100	6,295,080
	8,516,667	447,961	-	8,964,628	2,249,236	420,312	-	2,669,548	6,295,080	6,267,431
Furniture & Fixtures	11,605,049	-	-	11,605,049	4,567,031	605,229	-	5,172,261	6,432,788	7,038,018
	11,451,842	153,207	-	11,605,049	3,958,760	608,271	-	4,567,031	7,038,018	7,493,081
Vehicles	13,920,790	-	-	13,920,790	5,323,415	1,317,822	-	6,641,237	7,279,553	8,597,375
	14,401,583	-	480,793	13,920,790	4,169,074	1,352,183	197,842	5,323,415	8,597,375	10,232,509
Moulds & Dies	204,000	-	-	204,000	17,320	23,072	-	40,392	163,608	186,680
	-	204,000	-	204,000	-	17,320	-	17,320	186,680	-
Plant & Machinery- -Obsolete & Non-Serviceable	3,054,694	-	3,054,694	-	-	-	-	-	-	3,054,694
	3,054,694	-	-	3,054,694	-	-	-	-	3,054,694	3,054,694
<b>Total</b>	<b>312,358,784</b>	<b>4,595,910</b>	<b>6,919,195</b>	<b>310,035,499</b>	<b>85,500,016</b>	<b>12,412,748</b>	<b>2,931,572</b>	<b>94,981,193</b>	<b>215,054,305</b>	<b>226,858,767</b>
Previous Year	343,449,988	1,430,689	32,521,893	312,358,784	103,538,023	12,917,787	30,955,793	85,500,016	226,858,768	239,911,966
<b>Intangible Assets</b>										
Computer software	15,544,084	-	-	15,544,084	14,110,300	1,307,000	-	15,417,300	126,785	1,433,784
	15,442,134	101,950	-	15,544,084	12,608,342	1,501,958	-	14,110,300	1,433,784	2,833,792
<b>Total</b>	<b>15,544,084</b>	<b>-</b>	<b>-</b>	<b>15,544,084</b>	<b>14,110,300</b>	<b>1,307,000</b>	<b>-</b>	<b>15,417,300</b>	<b>126,785</b>	<b>1,433,784</b>
Previous Year	15,442,134	101,950	-	15,544,084	12,608,342	1,501,958	-	14,110,300	1,433,784	2,833,792
<b>Capital Work in Progress</b>										
Capital Work in Progress (At Roorkee)	193,613	-	193,613	-	-	-	-	-	-	193,613
	193,613	-	-	193,613	-	-	-	-	193,613	193,613
<b>Total</b>	<b>193,613</b>	<b>-</b>	<b>193,613</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>193,613</b>
Previous Year	193,613	-	-	193,613	-	-	-	-	193,613	193,613
<b>Grand Total</b>	<b>328,096,481</b>	<b>4,595,910</b>	<b>7,112,808</b>	<b>325,579,583</b>	<b>99,610,316</b>	<b>13,719,748</b>	<b>2,931,572</b>	<b>110,398,493</b>	<b>215,181,089</b>	<b>228,486,164</b>
Previous Year	359,085,735	1,532,639	32,521,893	328,096,481	116,146,365	14,419,745	30,955,793	99,610,316	228,486,164	242,939,370

\*Note

Depreciation for the year

Less: Additional Depreciation on revalued assets withdrawn from Capital Reserve

Depreciation charged to Profit & Loss Account

Current Year

Previous Year

13,719,748

14,419,745

1,462,118

1,462,118

12,257,630

12,957,627

1) In view of the management there is no significant impairment envisaged in the recoverable amount of material fixed assets.



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDING 31ST MARCH, 2014

Particulars	Amount As at 01.04.2013	During the year	Amount As at 31.03.2014
<b>Note 11 to the financial statements</b>			
<b>Deferred tax assets (Net)</b>			
<b>A) Deferred Tax Assets</b>			
Provision for doubtful receivable & Advances	627,666	1,213	628,878
Gratuity Provision	1,543,954	16,938	1,560,892
Leave Encashment Provision	741,771	38,497	780,268
Accumulated losses and unabsorbed depreciation as per Income tax Act.	12,595,506	20,462,478	33,057,984
	15,508,897	20,519,125	36,028,022
<b>B) Deferred Tax Liability</b>			
Difference between WDV of Income tax and Companies Act	14,630,546	(1,325,911)	13,304,635
	14,630,546	(1,325,911)	13,304,635
<b>C) Deferred Tax Assets/(Liability) Net (A-B)</b>	878,351	21,845,036	22,723,387
<b>Particulars</b>	<b>(Amount in Rs.)</b>		<b>(Amount in Rs.)</b>
	<b>As at</b>		<b>As at</b>
	<b>31.03.2014</b>		<b>31.03.2013</b>

### Note 12 to the financial statements

#### NON CURRENT ASSETS

##### Long term loans and advances

##### (Unsecured, considered good)

a) Security Deposits	3,858,356	3,675,456
b) MAT Credit Entitlement	4,190,009	4,190,009
<b>Total</b>	<b>8,048,365</b>	<b>7,865,465</b>

<b>Particulars</b>	<b>(Amount in Rs.)</b>	<b>(Amount in Rs.)</b>
	<b>As at</b>	<b>As at</b>
	<b>31-03-2014</b>	<b>31-03-2013</b>

### Note 13 to the financial statements

#### NON CURRENT ASSETS

##### Other Non-Current Assets

Prepaid Expenses	218,192	728,383
<b>Total</b>	<b>218,192</b>	<b>728,383</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDING 31ST MARCH, 2014

Particulars	(Amount in Rs.) As at 31.03.2014	(Amount in Rs.) As at 31.03.2013
<b>Note 14 to the financial statements</b>		
<b>CURRENT ASSETS</b>		
<b>Inventories</b>		
Raw Materials & Components	50,522,925	38,055,513
Goods-in-process (Manufacturing)	52,852,058	60,195,066
Goods-in-process (Infra Services)	9,663,344	-
Finished Goods	-	-
Traded Goods	820,618	866,468
Stores & Spare Parts	211,149	28,557
<b>Total</b>	<b>114,070,094</b>	<b>99,145,604</b>

1) Inventories are valued as per Significant Accounting Policy no. 1.8.

Particulars	(Amount in Rs.) As at 31.03.2014	(Amount in Rs.) As at 31.03.2013
<b>Note 15 to the financial statements</b>		
<b>CURRENT ASSETS</b>		
<b>Trade Receivables</b>		
<b>A) Outstanding for a Period Exceeding Six months</b>		
- Unsecured - Considered good	10,221,105	47,186,160
- Unsecured - Considered doubtful	2,035,206	2,031,281
	12,256,311	49,217,441
Less : Provision for Doubtful receivables	2,035,206	2,031,281
	10,221,106	47,186,160
<b>B) Others</b>		
- Unsecured - Considered good	18,076,831	22,796,851
	18,076,831	22,796,851
<b>Total</b>	<b>28,297,936</b>	<b>69,983,011</b>



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDING 31ST MARCH, 2014

Particulars	(Amount in Rs.) As at 31.03.2014	(Amount in Rs.) As at 31.03.2013
<b>Note 16 to the financial statements</b>		
<b>CURRENT ASSETS</b>		
<b>Cash and Bank balances</b>		
<b>Cash and Cash Equivalents</b>		
Balances with Banks		
- In Current Accounts	5,873,044	788,613
Cash on Hand	128,105	565,991
<b>Other Bank Balances</b>		
- Fixed deposits pledged with bank as security for guarantees.*	9,123,268	5,575,205
<b>Total</b>	<b>15,124,417</b>	<b>6,929,809</b>

\*Includes Rs. 8,133,838/- (Previous year Rs. 1,309,738/-) with original maturity of more than 12 months.

Particulars	(Amount in Rs.) As at 31-03-2014	(Amount in Rs.) As at 31-03-2013
<b>Note 17 to the financial statements</b>		
<b>CURRENT ASSETS</b>		
<b>Short term loans and advances</b>		
<b>(Unsecured, considered Good)</b>		
Advance to Employees	794,753	114,898
<b>Other Advances</b>		
Advance Tax and TDS	8,527,247	5,493,439
Excise and Cenvat Recoverable	2,380,348	1,477,065
Vat Recoverable	2,086,225	3,729,315
Others*	5,892,028	2,041,196
	19,680,600	12,855,913
Less: Provision for Income Tax	213,611	625,695
<b>Total</b>	<b>19,466,989</b>	<b>12,230,218</b>

\*Includes Advances to suppliers.



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDING 31ST MARCH, 2014

Particulars	(Amount in Rs.) For the Year ended 31-03-2014	(Amount in Rs.) For the Year ended 31-03-2013
<b>Note 18 to the financial statements</b>		
<b>CURRENT ASSETS</b>		
<b>Other current assets</b>		
Intersest Accrued on FDR'S	646,198	286,717
Security deposits - with Others (Unsecured considered good)	562,132	708,227
Un-billed Revenue**	1,300,000	1,100,000
Others*	2,372,679	76,541,931
<b>Total</b>	<b>4,881,009</b>	<b>78,636,875</b>

\*Includes prepaid expenses (previous year includes prepaid expenses and claim recoverable from MTNL).

\*\* Un-billed revenue relates to unbilled service income.

Particulars	(Amount in Rs.) For the Year ended 31-03-2014	(Amount in Rs.) For the Year ended 31-03-2013
<b>Note 19 to the financial statements</b>		
<b>Revenue from Operations*</b>		
Sales Manufactured goods	53,523,863	14,182,402
Sales traded goods	131,989	629,069
Export sales merchant trade	-	9,462,456
Export sales	9,495,167	22,336,697
Services charges	61,320,773	54,609,564
Infra Service Charges	1,899,000	8,596,011
	<b>126,370,791</b>	<b>109,816,200</b>
Less: Sales Return	-	26,281,750
	<b>126,370,791</b>	<b>83,534,450</b>
<b>Other Operating Revenue</b>		
Duty Drawback	69,692	34,706
Provision for bad and doubtful debts Written Back	-	50,351,259
Interest and other claims from MTNL	16,927,675	74,105,148
Liabilities no longer required	52,316	152,344
Sales of Scrap	84,351	-
<b>Total</b>	<b>143,504,825</b>	<b>208,177,907</b>

\* Refer to Note no. 27.11.a.



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDING 31ST MARCH, 2014

Particulars	(Amount in Rs.) For the Year ended 31-03-2014	(Amount in Rs.) For the Year ended 31-03-2013
-------------	---	---

### Note 20 to the financial statements

#### Other Income

Interest on Deposits	2,081,024	473,781
Interest on income tax refund	72,301	-
Profit on sale of Fixed Assets	12,417	884,433
Misc. Income	-	46,888
<b>Total</b>	<b>2,165,742</b>	<b>1,405,102</b>

Particulars	(Amount in Rs.) For the Year ended 31-03-2014	(Amount in Rs.) For the Year ended 31-03-2013
-------------	---	---

### Note 21 to the financial statements

#### Cost of material consumed\*

Opening Stock	38,055,513	40,339,189
Purchases	58,142,312	32,710,531
Closing Stock	50,522,925	38,055,513
<b>Material Consumed**</b>	<b>45,674,900</b>	<b>34,994,207</b>

\* Refer to Note no. 27.11.b

\*\* Includes Material Consumed for Infra Services Rs. 8,682,281/- (Previous year Rs. 4,054,679/-)

Particulars	(Amount in Rs.) For the Year ended 31-03-2014	(Amount in Rs.) For the Year ended 31-03-2013
-------------	---	---

### Note 22 to the financial statements

#### Change in inventories of finished goods, work in progress and traded good

##### Opening Stock

- Finished Goods (Manufacturing)	-	644,007
- Traded Goods	866,468	803,255
- Goods-in-process (Manufacturing)	60,195,066	54,780,906
- Goods-in-process (Infra Services)	-	1,898,230

##### Closing Stock

- Finished Goods (Manufacturing)	-	-
- Traded Goods	820,618	866,468
- Goods-in-process (Manufacturing)	52,852,058	60,195,066
- Goods-in-process (Infra Services)	9,663,344	-

<b>Total</b>	<b>(2,274,486)</b>	<b>(2,935,136)</b>
--------------	--------------------	--------------------

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDING 31ST MARCH, 2014

Particulars	(Amount in Rs.) For the Year ended 31-03-2014	(Amount in Rs.) For the Year ended 31-03-2013
-------------	---	---

### Note 23 to the financial statements

#### Employee benefits expenses

Salaries, wages and allowances	58,015,664	63,771,239
Contribution to Provident and ESI Funds	711,171	915,740
Workmen and staff welfare expenses	2,683,219	3,419,586
<b>Total</b>	<b>61,410,054</b>	<b>68,106,565</b>

Particulars	(Amount in Rs.) For the Year ended 31-03-2014	(Amount in Rs.) For the Year ended 31-03-2013
-------------	---	---

### Note 24 to the financial statements

#### Finance costs

Interest on Loans	4,969,901	9,668,176
Other Borrowing Costs	1,364,510	1,441,004
<b>Total</b>	<b>6,334,411</b>	<b>11,109,180</b>

Particulars	(Amount in Rs.) For the Year ended 31-03-2014	(Amount in Rs.) For the Year ended 31-03-2013
-------------	---	---

### Note 25 to the financial statements

#### Other expenses

Consumption of stores and spare parts	193,065	730,292
Commission on Sales	1,225,610	1,146,055
Power and fuel	6,166,565	6,596,288
Rent	300,000	420,000
Security Services	1,656,744	2,127,907

#### Repairs & Maintenance

- Building	116,198	154,273
- Plant & Machineries	827,452	1,356,234
- Others	765,143	1,241,837
Insurance	933,761	746,744
Rates and Taxes excluding tax on income	-	-
Legal and professional fee	4,586,365	2,791,332
Technical Consultancy	6,775,267	1,366,091
Testing fee	2,149,503	951,655
Foreign exchange fluctuation	4,273,948	3,188,536

#### Auditor fees

Statutory Audit	375,000	275,000
-----------------	---------	---------



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDING 31ST MARCH, 2014

Tax audit	55,000	55,000
Other matters	70,000	70,000
Reimbursement of expenses	-	-
Travelling expenses (including foreign travel)	5,975,552	5,724,845
Marketing & Distribution expenses	4,830,043	7,482,974
Loss on sales/ written off of Fixed assets	3,840,427	1,366,100
Vehicle Running Maintenance	1,850,016	2,982,203
Miscellaneous expenses	8,034,671	9,847,602
Provision for Bad and Doubtful debts	3,925	1,439,194
<b>Total</b>	<b>55,004,256</b>	<b>52,060,162</b>

Particulars	(Amount in Rs.) For the Year ended 31-03-2014	(Amount in Rs.) For the Year ended 31-03-2013
<b>Note 26 to the financial statements</b>		
<b>PRIOR PERIOD EXPENSES</b>		
Repairs & Maintenance - Plant & Machineries	11,200	-
Technical Consultancy	179,425	-
Other Borrowing Costs	63,570	-
<b>Total</b>	<b>254,195</b>	<b>-</b>

### Note no. 27 to the financial statements:

Particulars	Amount as at 31-03-2014	Amount as at 31-03-2013
27.1 Contingent Liabilities, Capital and Other Commitments		
<b>A Contingent Liabilities not provided for:</b>		
a) Claims against the Company not acknowledged as debt	-	-
b) Guarantees and LC	56,683,467	42,162,191
	<b>56,683,467</b>	<b>42,162,191</b>
<b>B Commitments</b>		
a) Capital Commitments net of Advances	-	-
b) Other Commitments	-	-
	<b>-</b>	<b>-</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDING 31ST MARCH, 2014

- 27.2** Balances of Trade Receivables, Short Term Loan & Advances, Long Term Loan & Advances, Other Current Assets and Trade Payables are subject to confirmation from the parties.
- 27.3** The Micro, Small and Medium Enterprises to whom the company owes more than Rs. 1 Lac and outstanding for more than 30 days as at March 31<sup>st</sup> 2014.

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Total outstanding dues to Micro, Small and medium enterprises	3,142,789	964,364

There is no liability for interest which would be payable as Interest on delayed payments as per the Micro, small and medium enterprises Development Act 2006. Moreover the company has also not received any claims in respect of interest.



#### 27.4 Segment Reporting:

- a) **Business Segments:** Based on guiding principles given in Accounting Standard-17 “Segment Reporting” issued by the Institute of Chartered Accountants of India, The Company’s Business Segments include: **Telecom and Infra Services.**
- b) **Geographical Segments:** Since the companies activities / operations are primarily within the Country & considering the nature of the products/services it deals in, the risk & returns are the same as such there is only one geographical segment.
- c) **Information about business segments**

	TELECOM		INFRA SERVICES		TOTAL	
Particulars	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
<b>Segment revenue</b>						
External sales*	113719981	69860464	1800000	8297465	115519981	78157929
Inter segment sales	-	-	-	-	-	-
<b>Total revenue</b>	113719981	69860464	1800000	8297465	115519981	78157929
<b>Segment results</b>	(32511831)	33941737	(3859914)	(10258719)	(36371745)	23683018
<b>Unallocated(expenses)/Income</b>					(3909468)	229321
<b>Operating(loss)/profit</b>					(40281214)	23912339
Finance expenses					6334411	11109180
Interest income					2153325	473781
<b>Profit before taxation</b>					(44462299)	13276940
Wealth tax, Earlier years tax & Mat Credit Entitlement					90100	169990
Deferred. Tax Assets					(21845038)	4111438
<b>Provision for income Tax</b>					-	-
<b>Net profit after tax</b>					(22707361)	8995512
Segment assets	379552888	489277195	25735204	14728334	405288092	504005529
Unallocated assets					22723388	878350
<b>Total assets</b>					428011480	504883879
Segment Liabilities	81545860	90523698	9621420	4124445	91167280	94648143
Share Capital					138487620	138487620
Secured & Unsecured Loans					30810388	80032444
Unallocated Liabilities						
Reserve & surplus					167546192	191715672
<b>Total liabilities</b>					428011480	504883879
Depreciation	11892241	12574545	365390	383082	12257631	12957627

\* Telecom sales include service receipts.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDING 31ST MARCH, 2014

### 27.5 Related Party Disclosure:

Information about Related Parties as required by Accounting Standard -18 issued by the Institute of Chartered Accountants of India.

#### A) List of related Party

##### i) Relative of the Key Management Personnel and their Enterprises/ Associates where the Transaction has been taken place.

- a) Dinanath Kanoria & Co.
- b) Ashok Kanodia (HUF)
- c) Vidur Kanodia
- d) Pradeep Kanodia (HUF)

##### ii) Key Management Personnel

- a) Mr. Ashok Kanodia
- b) Mr. Pradeep Kanodia
- c) Mr. Nikhil Kanodia

#### B) Transactions with Related Parties

(Fig. in '000)

i) Relative of the Key Management Personnel and their Enterprises/ Associates where the transaction have been taken place.	Current Year	Previous Year
Rent, Salary, and Reimbursement of Expenses	300	2573

ii) Key Management Personnel		
Reimbursement of expenses	45	45
Remuneration including commission	2832	2832
Interest	3638	5499
Salary	2679	1883
Unsecured loans	223576	53098

### 27.6 Earning Per Share (EPS)

A.	Before Prior Period Items:	Year Ended 31.03.2014	Year Ended 31.03.2013
i)	Number of Equity Share outstanding: (Face value of Rs.10 Each)		
	-Number of Shares at the Beginning of the period	13848512	13848512
	-Number of Shares at the Close of the period	13848512	13848512
ii)	Net Profit/(loss) after taxation as per Profit & Loss A/c	(22,453,167)	8,995,512
iii)	Basic & Diluted Earnings (in Rupees) Per Share	(1.62)	0.65

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDING 31ST MARCH, 2014

B.	After Prior Period Items:	Year Ended 31.03.2014	Year Ended 31.03.2013
i)	Number of Equity Share outstanding : (Face value of Rs.10 Each) Number of Shares at the Beginning of the period Number of Shares at the Close of the period	  <b>13848512</b> <b>13848512</b>	  13848512 13848512
ii)	Net Profit/(loss) after prior period items and taxation as per Profit & loss Account	<b>(22,707,361)</b>	8,995,512
iii)	Basic & Diluted Earnings (in Rupees) Per Share	<b>(1.64)</b>	0.65

### 27.7 Report Under AS -15 Employee Benefits (Revised 2005)

#### 1. Actuarial Assumptions

Particulars	Gratuity		Leave Encashment	
	Current year	Previous year	Current year	Previous year
Discount Rate	8.00%	8.00%	9.10%	8.15%
Salary Escalation	7.00%	7.00%	7.00%	7.00%
Mortality Table			2006-08 (IAL Ultimate)	2006-08 (IAL Ultimate)

The Present value of Obligation is as per Projected Unit Credit Method.

#### 2. Table showing changes in present value of obligations

Particulars	Gratuity		Leave Encashment	
	Current year	Previous year	Current year	Previous year
Present value of obligations as at beginning of year	<b>7211418</b>	6716791	<b>1697778</b>	2173583
Interest cost	<b>576913</b>	537343	<b>140715</b>	155240
Current Service Cost	<b>860299</b>	712683	<b>1052271</b>	1023534
Benefits Paid	<b>(1060385)</b>	(2217153)	<b>(302924)</b>	(537594)
Actuarial (gain)/ Loss on Obligations	<b>(201816)</b>	1461754	<b>(876234)</b>	(1116985)
Present value of obligations as at end of year	<b>7386429</b>	7211418	<b>1711606</b>	1697778

#### 3. Table showing changes in the fair value of plan assets

Particulars	Gratuity		Leave Encashment	
	Current year	Previous year	Current year	Previous year
Fair value of plan assets at beginning of years	<b>2214802</b>	3104662	-	-
Expected return on plan assets	<b>185356</b>	417760	-	-
Contributions	<b>995226</b>	909533	-	-
Benefits paid	<b>(1060385)</b>	(2217153)	<b>(302924)</b>	(537594)
Actuarial (gain)/ Loss on Plan Assets	-	-	-	-
Fair value of Plan assets as at end of year	<b>2335000</b>	2214802	-	-



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDING 31ST MARCH, 2014

### 4. Table showing fair value of plan assets

Particulars	Gratuity		Leave Encashment	
	Current year	Previous year	Current year	Previous year
Fair value of plan assets at beginning of years	2214802	3104662	-	-
Actual return on plan assets	185356	417760	-	-
Contributions	995226	909533	-	-
Benefits paid	(1060385)	(2217153)	(302924)	(537594)
Fair value of Plan assets as at end of year	2335000	2214802	-	-
Present Value of obligation at the year end	-	-	1711606	1697778
Funded Status	(5051428)	(4996616)	(1711606)	(1697778)
Excess of actual over estimated return on Plan Assets.	-	-	-	-

### 5. Actuarial Gain/Loss recognized

Particulars	Gratuity		Leave Encashment	
	Current year	Previous year	Current year	Previous year
Actuarial gain/ Loss for the year Obligations	201816	(1461754)	876234	1116985
Actuarial gain/ Loss for the year Plan assets	-	-	-	-
Total (gain) / Loss for the year	(201816)	1461754	(876234)	(1116985)
Actuarial Gain/ Loss recognized In the year	(201816)	1461754	(867234)	(1116985)
Unrecognized Actuarial (Gain)/ Loss at the end of the IVP	-	-	-	-

### 6. The amount to be recognized in the balance sheet

Particulars	Gratuity		Leave Encashment	
	Current year	Previous year	Current year	Previous year
Present value of obligations as at the end of year	7386429	7211418	1711606	1697778
Fair value of plan assets as at the end of the year	2335000	2214802	-	-
Funded status	(5051428)	(4996616)	(1711606)	(1697778)
Net assets/ (liability) recognized In the balance sheet	(5051428)	(4996616)	1711606*	1697778*

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDING 31ST MARCH, 2014

### 7. Expenses Recognized in statement of Profit & Loss

Particulars	Gratuity		Leave Encashment	
	Current year	Previous year	Current year	Previous year
Current Service cost	<b>860299</b>	712683	<b>1052271</b>	1023534
Interest Cost	<b>576913</b>	537343	<b>140715</b>	155240
Expected return on plan assets	<b>(185356)</b>	(417760)	-	-
Net Actuarial (gain)/ Loss recognized in the year	<b>(201816)</b>	1461754	<b>(876234)</b>	(1116985)
Expenses recognized in statement of Profit & Loss	<b>1050040</b>	2294020	<b>316752**</b>	61789**

\* This pertains to long term liability worked in respect of deferred leave only. Expected short term liability of **Rs. 819349/-** (Previous year Rs. 702774/-) will be added to this figure.

\*\* This pertains to long term liability only. Actual payments (under the various heads) incurred over the inter valuation period should be added to this figure.

27.8 All the figures have been rounded off to the nearest rupees other than specifically stated.

27.9 Current year figures are shown in bold letter.

27.10 Previous year's figures have been regrouped / rearranged & reclassified where ever necessary to make them comparable with the current year.

### 27.11. a) Revenue from Operations

Particulars	Sales Value	
	Current Year	Previous Year
Multiplexers	<b>12,827,211</b>	1,053,930
Interface Card	<b>18,602,253</b>	6,648,596
Converter, Modem & Routers, Digital Radio System, Digital Voice Data Recorder, Encryptors, Mast, Antenna and power supply and others	<b>22,094,398</b>	6,479,877
Export Sale Merchants Trade (Telecom)	-	9,462,456
Export Sale Telecom	<b>9,495,167</b>	22,336,697
PCM-Trading Goods	<b>131,989</b>	629,069
Services	<b>61,320,773</b>	54,609,564
Infra Service Charges	<b>1,899,000</b>	8,596,011
Total	<b>126,370,791</b>	109,816,200
Less: Sales Return	-	26,281,750
	<b>126,370,791</b>	83,534,450
<b>Other Operating Revenue</b>		
Duty Drawback	<b>69,692</b>	34,706
Provision for Bad & Doubtfull Debts Written Back	-	50,351,259
Interest & Other Claim from MTNL	<b>16,927,675</b>	74,105,148
Liabilites No Longer Required	<b>52,316</b>	152,344
Sale of Scrap	<b>84,351</b>	-
Total	<b>143,504,825</b>	208,177,907

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDING 31ST MARCH, 2014

### 27.11. b) Raw Materials Consumed

Particulars	Value	
	Current Year	Previous Year
Elect. Compo.& Modules	26,459,156	23,006,153
Mechanical H/W & Sub system	883,006	1,164,836
Others	9,650,457	6,768,539
Purchase of Infra Service -Material	8,682,281	4,054,679
<b>Total</b>	<b>45,674,900</b>	<b>34,994,207</b>

### 27.11. c) Value of imported and indigenous materials consumed

Particulars	Precentage	Current Year	Precentage	Previous Year
		Value (Rupees)		Value (Rupees)
<b>Raw Materials &amp; Components</b>				
Imported	20.68	9,444,587	52.16	18,252,978
Indigenous	79.32	36,230,313	47.84	16,741,229
<b>Stores and Spares</b>				
Imported	-	-	-	-
Indigenous	100.00	193,065	100.00	730,292
<b>Total</b>		<b>45,867,965</b>		<b>35,724,499</b>

Consumption of Imported Spares & Parts does not include spare parts amounting Rs.193,252/-

(Previous Year Rs.284,824/-) used for repairs.

### 27.11. d) Value of imports on CIF basis

Particulars	Current Year Rupees	Previous Year Rupees
Raw materials and Components	12,020,463	17,061,196
Capital Goods	3,609,330	147,156
Merchant Trading	-	7,718,832
<b>Total</b>	<b>15,629,793</b>	<b>24,927,184</b>



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDING 31ST MARCH, 2013

### 27.11. e) Earnings in Foreign Exchange

Particulars	Current Year Rupees	Previous Year Rupees
Exports of Goods of F.O.B.	9,495,167	31,799,153
<b>Others</b>		
-Export of Services	10,073,973	16,061,923
-Domestic Sales in Foreign Currency	2,789,411	629,069
-Domestic Services in Foreign Currency	14,912,519	-
<b>Total</b>	<b>37,271,070</b>	<b>48,490,145</b>

### 27.11. f) Expenditure in foreign Currency

Particulars	Current Year Rupees	Previous Year Rupees
Technical Service	7,695,967	1,911,091
<b>Others</b>		
-Travelling	987,391	2,530,184
-Interest to Supplier	50,756	-
<b>Total</b>	<b>8,734,114</b>	<b>4,441,275</b>

As per our Report of even date attached to the Balance Sheet

For and on behalf of the board

For Rajendra K. Goel & Co.  
(Chartered Accountants)  
F.R.N. 001457N

(R.K. Goel)  
Partner  
M.No. 006154

Place: Noida  
Dated: 30<sup>th</sup> May, 2014

Ashok K. Kanodia  
Managing Director

Sharvan Kumar Kataria  
Director

Gurvinder Singh Monga  
Company Secretary

## Green Initiative

Pursuant to the Rule 18(3)(i) of the Companies (Management & Administration) Rules, 2014. MCA allows paperless compliances including service of a notice/document by companies to their shareholders through electronic mode. The Company, therefore, proposes to send documents required to be sent to shareholders like Notice of General Meetings (including AGM), Audited Financial Statements, Directors' Report, Auditor Report etc, to the shareholders in electronics form to the e-mail IDs provided by them and made available to the Company. This will also ensure prompt receipt of communication and avoid loss in postal transit. These documents will also be available on the Company's website [www.pel-india.com](http://www.pel-india.com) for download by shareholders. Shareholders will be entitled to be furnished, free of cost, with a copy of the Balancesheet of the Company and all other documents required by law to be attached thereto including Profit and Loss Account and Auditors' Report, upon receipt of a requisition from the shareholders, any time as Members of the Company. In order to enable the Company to send such documents in electronics form, the members holding shares in demat form are requested to register/ update their e-mail IDs with respective Depository Participants with whom they maintain Demat Account and those holding in physical form may register their email id's with the Company on its e-mail ID: [admin@skylinerta.com](mailto:admin@skylinerta.com). The Shareholders may approach the Skyline Financial Services Private Limited for dematerialization of shares on the following address mentioned below:

Skyline Financial Services Private Limited  
D-153A, First Floor, Okhla Industrial Area,  
Phase -I, New Delhi - 110 020  
Tel: 011-26812682-83/64732681-88  
E-mail: [admin@skylinerta.com](mailto:admin@skylinerta.com)

**Form No. MGT-11: PROXY FORM**

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN	L32104DL1979PLC009590
Name of the Company	Precision Electronics Limited
Registered Office	D-1081, New Friends Colony, New Delhi - 110025
Name of the Member(s)	
Registered office	
Email Id	
Folio no./Client Id/DP Id	

I/we, being the member(s) of \_\_\_\_\_ shares of the above named company, hereby appoint

1. Name: \_\_\_\_\_ Address: \_\_\_\_\_  
Email: \_\_\_\_\_ Signature: \_\_\_\_\_ or failing him
1. Name: \_\_\_\_\_ Address: \_\_\_\_\_  
Email: \_\_\_\_\_ Signature: \_\_\_\_\_ or failing him
1. Name: \_\_\_\_\_ Address: \_\_\_\_\_  
Email: \_\_\_\_\_ Signature: \_\_\_\_\_ or failing him

As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 35<sup>th</sup> Annual General Meeting of the Company, to be held on Saturday, 27<sup>th</sup> day of September, 2014 at 10.30 AM at Bipin Chandra Pal Memorial Auditorium, A-81, C.R. Park, New Delhi 110019 and at any adjournment thereof in respect of such resolutions as are indicated below:

Number	Resolutions
Ordinary Business	
1.	Adoption of Audited Financial Statements for the year ended 31 <sup>st</sup> March, 2014 together with reports of the Auditors and Board of Directors thereon.
2.	Appointment of Mr. Rahul Goenka, who retires by rotation.
3.	Appointment of M/s Rajendra K. Goel & Co. Chartered Accountants, as Statutory Auditors from conclusion of 35 <sup>th</sup> Annual General Meeting till the conclusion of 38 <sup>th</sup> Annual General Meeting and authorize Board of Directors to fix their remuneration.
Special Business as Ordinary Resolution	
4.	Fixation of term of Mr. Anant Kanoi as an Independent Director for a period of 5 years w.e.f. 27 <sup>th</sup> September, 2014.
5.	Fixation of term of Mr. Suresh Vyas as an Independent Director for a period of 5 years w.e.f. 27 <sup>th</sup> September, 2014.
6.	Fixation of term of Mr. Sharvan Kumar Kataria as an Independent Director for a period of 5 years w.e.f. 27 <sup>th</sup> September, 2014.
7.	Appointment of Ms. Ranjna Gudoo as a Non- Executive Director of the Company under Section 160 of the Companies Act, 2013.
8.	Appointment of Mr. Deepto Roy as a Non- Executive Director of the Company under Section 160 of the Companies Act, 2013.

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2014

Signature of the Member: \_\_\_\_\_ Signature of Proxy holder: \_\_\_\_\_

Affix  
Re.1  
Revenue  
Stamp

Note: This form of Proxy in order to be effective should be duly completed and deposited at the Registered office of the Company, not less than 48 hours before the commencement of the aforesaid Meeting.

**PRECISION ELECTRONICS LIMITED**

CIN: L32104DL1979PLC009590

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

**ATTENDANCE SLIP**

DPID		Name & Address of the registered Shareholder
Client Id/Regd. Folio No.		
No. of Shares held		

I certify that I am a registered shareholder/proxy for the registered shareholder of the Company. I hereby record my presence at the 35<sup>th</sup> Annual General Meeting of the Company on Saturday the 27<sup>th</sup> day of September, 2014 at 10.30 AM at Bipin Chandra Pal Memorial Auditorium, A-81, C.R. Park, New Delhi 110019 and at any adjournment thereof.

(Signature of Member/Proxy Present)

Note:\* Please handover this attendance slip duly signed as a Member or Proxy, as the case may be, at the attendance registration counter at the meeting.

**Precision**

# Manufacturing and Integration of turnkey Systems



**PRECISION ELECTRONICS LIMITED**

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



**Noida Office:**

D-10, Sector-3, Noida 201301,  
Uttar Pradesh, India

**Tel:** + 91-120-2551556 / 1557 / 5176 / 5177,

**Fax:** + 91-120-2524337



**E-mail:** [contacts@pel-india.com](mailto:contacts@pel-india.com), **Website:** [www.pel-india.com](http://www.pel-india.com)

**Roorkee Office**

Plot No.9&10, K.I.E Industrial Estate  
Roorkee 249406, (Uttarakhand), India

**Tel:** + 91-1332-229154/55

**Fax:** + 91-1332-229155

**Hi-Tech**



**Railways**

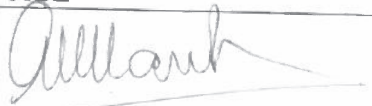
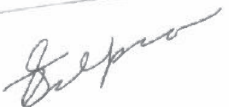

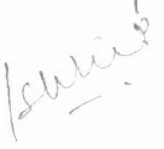


**Healthcare**





FORM A

1.	Name of the Company	Precision Electronics Limited
2	Annual Financial Statements for the year ended	31 <sup>st</sup> March, 2014
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	NIL
5.	To be signed by <ul style="list-style-type: none"> <li>• <del>CEO</del>/Managing Director (Mr. Ashok K Kanodia)</li> <li>• <del>CFO</del> {Jagjit Singh Chopra - Head of Finance</li> <li>• Auditor of the Company (M/s Rajendra K. Goel &amp; Company)</li> <li>• Audit Committee Chairman (Mr. S. K. Kataria)</li> </ul>	   

Noida Office:

D-10, Sector-3, Noida 201301,  
Uttar Pradesh, India

\*Tel: +91-120-2551556 / 1557 / 5176 / 5177

Fax: +91-120-2524337



Registered Office: D-1081, New Friends Colony, New Delhi-110065  
 E-mail: [contacts@pel-india.com](mailto:contacts@pel-india.com), Website: [www.pel-india.com](http://www.pel-india.com)

Roorkee Office:

Plot No. 9&10, K.I.E. Industrial Estate,  
Roorkee 249406, (Uttarakhand), India

Tel: +91-1332-229154/55

Fax: +91-1332-229155