

**PCS INDUSTRIES LIMITED**



**EIGHTEENTH ANNUAL REPORT**

**₹ 1998-99**

## PCS INDUSTRIES LIMITED



## BOARD OF DIRECTORS

Mr. G. K. Patni	Joint Managing Director
Mr. A. K. Patni	Joint Managing Director
Mr. D. B. Engineer	Director
Mr. S. B. Ajmera	Director
Mr. P. V. Mehta	Director
Mr. G. M. Dave	Director
Mr. V. N. Cantol	Director
Mr. N. K. Patni	Director
Mr. Amit Patni	Wholetime Director
Mr. H. C. Tandon	Wholetime Director
Mr. B. N. Agrawal	Wholetime Director
Mr. K. K. Barjatya	Alternate Director to Mr. N. K. Patni

COMPANY SECRETARY  
CUM FINANCIAL CONTROLLER

Mr. J. T. Shah

## AUDITORS

**Mr. S. C. Bandi & Co.**  
*Chartered Accountants, Mumbai*

## BANKERS

Canara Bank  
Indian Bank  
The United Western Bank Limited  
Dena Bank  
ANZ Grindlays Bank PLC  
Bharat Overseas Bank Ltd.

REGISTERED OFFICE  
& PLANT No. 1

Plot No. 148/151  
Alandi Markaal Road  
Village Dhanore  
Alandi 412 106  
Dist. Pune

## PLANT No. 2

135-140, Pragati Industrial Estate  
Village Amli, Silvassa 396 230

## CORPORATE OFFICE

303/304, Regent Chambers  
Nariman Point, Mumbai 400 021

## SHARE DEPARTMENT

Hyfa Building No. 2,  
Safed Pool, Andheri Kurla Road,  
Andheri (East),  
Mumbai 400 072.

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MEMBERS ARE REQUESTED TO BRING THEIR COPY OF THE ANNUAL REPORT  
ALONGWITH THEM AT THE ANNUAL GENERAL MEETING

**EIGHTEENTH ANNUAL REPORT 1998-99****NOTICE TO MEMBERS**

NOTICE IS HEREBY GIVEN THAT the Eighteenth Annual General Meeting of the members of PCS INDUSTRIES LIMITED will be held at the Registered Office of the Company at 148/151, Alandi Markaal Road, Dhanore Village, Alandi, Dist. Pune-412 106, on Thursday, the 30th day of September, 1999 at 12.00 noon to transact the following business:

**ORDINARY BUSINESS**

1. To receive, approve and adopt the Director's Report and Audited Profit and Loss Account for the year ended 31st March, 1999 and the Balance Sheet as at that date, together with Auditor's Report thereon.
2. To declare a dividend.
3. To appoint a Director in place of Mr. A. K. Patni, who retires by rotation, and is eligible for reappointment.
4. To appoint a Director in place of Mr. S. B. Ajmera, who retires by rotation, and is eligible for reappointment.
5. To appoint a Director in place of Mr. V. N. Cantol, who retires by rotation, and is eligible for reappointment.
6. To appoint Auditors and to fix their remuneration.

**SPECIAL BUSINESS**

7. RE-APPOINTMENT AND REVISION IN REMUNERATION OF MR. AMIT KUMAR PATNI AS A WHOLE-TIME DIRECTOR:

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 198, 269, 309, 310, 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to any other approval as may be necessary, the Company hereby approves the terms of re-appointment and remuneration of Mr. Amit Kumar Patni as a Whole-time Director of the Company for a period of five years with effect from 1st September 1999, on the terms, conditions and remuneration as set out in the Explanatory Statement annexed hereto, with the liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment as may be agreed between the Board and Mr. Amit Kumar Patni."

8. INVESTMENT IN WHOLLY OWNED SUBSIDIARY FOR OPERATION IN FREE TRADE ZONE OF JEBEL ALI - DUBAI.

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

"RESOLVED THAT pursuant to provisions of Section 372 and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of Reserve Bank of India and approvals under any other law for time being in force, being obtained in that behalf, consent of the Company be and is hereby accorded to the Board of Directors of the Company to invest in Equity Share Capital of the Wholly Owned Subsidiary Company incorporated outside India under the name and style as PCS INTERNATIONAL LIMITED or such other names according to the availability as per Mauritius Laws upto an amount not exceeding Rs. 3.00 crores or equivalent in US Dollars at the exchange rate prevalent at the time of making this investment notwithstanding that such investment or such investments together with the Company's existing investments in all other bodies corporates shall be in excess of any or all the percentages prescribed by the Central Government under Section 372 of the Companies Act, 1956 and any rules framed thereunder."

"RESOLVED FURTHER THAT the aforesaid investment be made either by direct investment in PCS INTERNATIONAL LIMITED or by setting up a Wholly Owned Subsidiary in Mauritius which in turn would invest for operation in Free Trade Zone - Jebel Ali, Dubai."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised on behalf of the Company to settle all matters arising out of and incidental to the aforesaid investment and to agree to any modifications or conditions as may be suggested by the Approving Authorities at the time of granting their approval to the aforesaid investment as it may deem fit; finalise and execute all documents, deeds, agreements and writings related thereto and further to do and perform all such acts, deeds, matters and things in connection with the aforesaid investment as it may, in its absolute discretion, deem necessary for the purpose of giving effect to this Resolution."

By Order of the Board

**J. T. SHAH**

Company Secretary Cum  
Financial Controller

Mumbai, the 29th June, 1999.

## PCS INDUSTRIES LIMITED

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### Notes:

1. The relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the business under Item Nos. 7 and 8 is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND TO VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxies, in order to be effective, must be lodged at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from the 1st September 1999 to 30th September 1999 (both days inclusive).
4. The dividend on equity shares if declared will be payable on or before 10th day of November, 1999 to those Members whose names stand on the Company's Register of Members as holder of equity shares on the 30th day of September, 1999.
5. Intimation regarding change of address should be sent to the Share Department of the Company at the following address:

PCS INDUSTRIES LIMITED  
Hyfa Building No. 2, Safed Pool,  
Andheri Kurla Road, Andheri (East),  
Mumbai 400 072.
6. If the shareholders wish to incorporate the names and address of their Bank and Account Numbers on the Dividend Warrants to prevent fraudulent encashment, they are requested to intimate the Company of the same.
7. Members desiring any information on the accounts at the Annual General Meeting are requested to write to the Company atleast seven days in advance, so as to enable the Company to keep the information ready.
8. Members are requested to consolidate their share holdings, if having in different folios, into one if it is in the same order of names.

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**EIGHTEENTH ANNUAL REPORT 1998-99****ANNEXURE TO THE NOTICE**

*Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956.*

**Item No. 7:**

The Board of Directors has approved the re-appointment of Mr. Amit Kumar Patni, Whole-time Director of the Company for a further period of five years w.e.f. 1st September, 1999. Mr. Amit Kumar Patni joined as a Director of the Company in the year 1987 and was appointed as a Whole-time Director of the Company w.e.f. 1st September, 1994. His present terms of appointment expire on 31st August, 1999. The Board of Directors at their meeting held on 29th June, 1999 has re-appointed him as a Whole-time Director of the Company for a further period of five years w.e.f. 1st September, 1999 subject to obtaining the requisite approval of the members of the Company at the ensuing Annual General Meeting. The material provisions of the Agreement to be entered into with Mr. Amit Kumar Patni, for his re-appointment referred to are as under:

**Salary:**

Rs. 55,000/- per month which may be increased from time to time upto Rs. 1,00,000/- p.m. by the Board of Directors.

**Commission:**

At a rate not exceeding 1% of the net profits of the Company in addition to salary and perquisites, the actual amount to be determined by the Board of Directors or a Committee thereof for each Financial Year.

**Perquisites:**

Accommodation (furnished or otherwise) or house rent allowance in lieu thereof; reimbursement of expenditure or allowances in respect of maintenance, utilities such as gas, electricity, water, furnishings and repair of the house; medical reimbursement, medical insurance and leave travel concession, for himself and his family; personal accident insurance, club fees, etc. in accordance with the Rules of the Company or as may be agreed to by the Board of Directors and the Whole-time Director, such perquisites and allowances presently to be restricted to maximum of annual salary.

"Family" in relation to the Whole-time Director means:

- (i) the spouse and children of the individual; and
- (ii) the parents, brothers and sisters of the individual or any of them, wholly or mainly dependent on the individual.

For the purpose of calculating the above ceilings, perquisites shall be evaluated as per Income-tax Rules, wherever applicable. In the absence of any such rules, perquisites shall be evaluated at actual costs.

Provisions of car for use on the Company's business and telephone at the Whole-time Director's residence will not be considered perquisites.

The Whole-time Director shall also be eligible for the following perquisites, which shall not be included in computation of ceiling on the Whole-time Director's remuneration as aforesaid.

- (a) The Company's Contribution to Provident Fund and Superannuation or Annuity Fund, to the extent these either singly or together are not taxable under the Income Tax Act, 1961.
- (b) Gratuity payable to the Whole-time Director as per the Rules of the Company.
- (c) Encashment of leave at the end of the Whole-time Director's tenure.

**Minimum Remuneration:**

In the event of absence or inadequacy of profits in any financial year during the tenure of the Whole-time Director, the Salary and perquisites payable to Mr. Amit Kumar Patni, Whole-time Director shall not be reduced, but at all times shall be subject to the provisions as regards minimum remuneration, notified by the Central Government and any amendments thereto.

The draft agreement between the Company and Mr. Amit Kumar Patni, Whole-time Director is available for inspection by the Members of the Company at the Registered Office of the Company, between 10.00 a.m. and 12.00 noon on any working day upto the date of the Annual General Meeting.

This may also be treated as an abstract of the draft agreements to be entered into between Mr. Amit Kumar Patni and the Company pursuant to Section 302 of the Companies Act, 1956.

Mr. Amit Kumar Patni is concerned or interested in the Resolution. Mr. G. K. Patni, Mr. N. K. Patni and Mr. A. K. Patni, being relatives, deem to be concerned or interested. No other Directors are concerned or interested in the Resolution.

**Item No. 8:**

Due to globalisation and opening up of economy, the Company has decided to encash the opportunity by marketing Company's products in overseas market by setting up manufacturing/assembling unit in Jebel Ali Free Trade Zone. The Board has decided to establish Wholly Owned Subsidiary Company and has applied for necessary permission from The Reserve Bank of India. The investment will be made by subscription to Equity Share Capital, will be either direct or routed by setting up Wholly Owned Subsidiary Company in Mauritius. The Board recommends members approval.

By Order of the Board

**J. T. SHAH**

Company Secretary Cum  
Financial Controller

Mumbai, the 29th June, 1999.

**PCS INDUSTRIES LIMITED****DIRECTORS' REPORT**

To,  
The Members,  
PCS INDUSTRIES LIMITED

Your Directors have the pleasure in presenting their Eighteenth Annual Report together with Audited Balance Sheet and Profit & Loss Account for the year ended 31st March, 1999.

**FINANCIAL RESULTS**

	<b>Year Ended 31.03.1999 (Rs. in lacs)</b>	<b>Year Ended 31.03.1998 (Rs. in lacs)</b>
Gross Revenue	<b>14,842.66</b>	11,142.64
Generating Gross Profit	<b>636.14</b>	578.46
Depreciation	<b>330.46</b>	329.58
Profit for the year from Operations	<b>305.68</b>	248.88
Bad Debts & Remission	<b>144.57</b>	103.13
Extra-Ordinary Items	<b>2.55</b>	32.04
Provisions for Taxation	<b>55.00</b>	40.00
Profit for the Year	<b>100.21</b>	42.69
Add: Investment Allowance written back	<b>—</b>	0.22
Less: Short Provisions for Taxation & Others	<b>0.98</b>	8.99
Surplus brought forward	<b>135.76</b>	180.43
Net Surplus available for Appropriation	<b>234.99</b>	214.35
<b>APPROPRIATION:</b>		
Proposed Dividend (@ 5.00% pro-rata on amount paid-up)	<b>63.93</b>	50.99
Tax on proposed Equity Dividend	<b>7.03</b>	5.09
Debenture Redemption Reserve	<b>—</b>	18.50
Transferred to General Reserve	<b>10.00</b>	4.00
Balance Carried to Balance Sheet	<b>154.03</b>	135.77
	<b>234.99</b>	214.35

**YEAR UNDER REVIEW**

The Sales and Other income of the Company for the year ended 31st March, 1999 was Rs. 14,842.66 lacs as against Rs. 11,142.64 lacs for the year ended 31st March 1998 thus registering a growth of 33% over previous year. The profit from operations for the year ended 31st March, 1999 has increased to Rs. 305.68 lacs as against Rs. 248.88 lacs for the year ended 31st March, 1998 registering a growth of 23%. However, on account of extra ordinary items viz. Bad Debts and Remission of Rs. 147.12 lacs, provided in the accounts has an adverse impact on profits of the Company.

The performance of the Computer Division was satisfactory during the year. The Sales of the division grew by 43%, inspite of increased competitions, the margins remained steady. During the year under review, your Company launched Pentium III Computers, a new product which is well received in the market.

The Copper Clad Laminate Division at Pune continues to perform satisfactorily. On account of Foreign Exchange volatility and increased competition from South East Asia, the margins continue to be under pressure.

Due to continued low activity in the Capital Markets the business in Data Processing Division of your Company has remained sluggish. The Company has been constrained to reduce the manpower.

During the year under review the Company exported goods worth Rs. 202.00 lacs as against Rs. 459 lacs in the previous year.



**EIGHTEENTH ANNUAL REPORT 1998-99****DIVIDEND**

Your Directors have great pleasure in recommending dividend @ 5% on the paid-up equity share capital of the Company as against 5% declared during the previous year. On the warrant converted into equity share capital during the year, the dividend will be paid on pro-rata basis. The dividend will be tax-free in the hands of the shareholders.

**FINANCE**

During the year under review, the Company has converted 30,00,000 warrants issued to the promoters into 30,00,000 shares of Rs. 10/- (Rupees ten only) each aggregating to Rs. 3,00,00,000/- (Rupees three crores only) as per the terms of the allotment.

The Company has also repaid Rs. 1,30,00,000/- (Rupees one crore thirty lacs only) Redeemable Non-Convertible Debentures of Rs. 100/- (Rupees one hundred only) privately placed with Can Bank Mutual Fund.

**DIRECTORS**

As per Article 135 of the Articles of Association of the Company, Mr. A. K. Patni, Mr. S. B. Ajmera and Mr. V. N. Cantol retires by rotation and being eligible, offers themselves for re-appointment. The Board recommends their re-appointment.

Mr. Amit Kumar Patni, was appointed as a Whole-time Director of the Company at the Thirteenth Annual General Meeting for the Members of the Company held on 28th September, 1994 for a period of 5 years. His terms expires on 1st September, 1999. The Board recommends his re-appointment and approve remuneration.

**OVERSEAS SUBSIDIARY COMPANY/BRANCH OFFICE**

The Directors propose to establish an Overseas Venture in the Free Trade Zone in Jebel Ali – Dubai and has applied for Reserve Bank of India permission for Subscription to Equity Share Capital of the Company. They also propose to set up an International Holding Company at Mauritius. The members' approval is being sought for subscription to Equity Share Capital of the Company.

**DEPOSITS**

Your Company has neither invited nor accepted any deposits from the public so far.

**INSURANCE**

All the properties and insurable interest of your Company including buildings, plants, machineries and stocks are adequately insured.

**AUDITORS**

S. C. Bandi & Co., Chartered Accountants, the present Auditors of the Company retires and are eligible for reappointment. You are requested to reappoint auditors and fix their remuneration.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS/OUTGO**

The information required under the above heads in accordance with the provision of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are given in Annexure 'A' to this Report.

**PARTICULARS OF EMPLOYEES**

Information in accordance with the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, regarding employees is given in Annexure 'B' to this Report.

**ACKNOWLEDGEMENTS**

The Board of Directors place on record their appreciation for the unstinted support provided by the Bankers and Financial Institutions and the role played by the Customers, Suppliers, Shareholders and Employees at all levels towards the growth and development of the Company.

For and on behalf of the Board of Directors

**G. K. PATNI**  
Chairman

Mumbai, the 29th June, 1999.

# PCS INDUSTRIES LIMITED

## ANNEXURE "A" TO THE DIRECTORS' REPORT

Particulars required under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rule, 1988.

### (A) Conservation of Energy

The Computer Assembly Division of the Company uses only electricity which is very insignificant value wise considering the total volume of operations. The Copper Clad Laminate Division at Pune uses in addition to electricity, Light Diesel Oil (LDO) as furnace oil for operating boilers and High Speed Diesel Oil (HSDO) as fuel for generators. Due care has been taken at all levels to conserve fuel consumption. As regards electricity the necessary power saving devices have been installed. Additional information in this regard is attached herewith in Form - A.

### (B) Technology Absorption

The technology for manufacture of Composite Copper Clad Laminate is developed in house by the Company which is working satisfactorily for producing Quality Laminates.

### (C) Foreign Exchange Earnings/Outgo

Your Company has earned foreign exchange worth Rs. 202.42 lacs and has spent foreign exchange worth Rs. 3057.22 lacs under the following heads:

Particulars	(Rs. in lacs)
(i) Raw Materials and Components	2829.86
(ii) Capital Goods	0.24
(iii) Spares	31.32
(iv) Travelling and Other expenses	195.80
	<u>3057.22</u>

On behalf of the Board of Directors

**G. K. PATNI**  
Chairman

Mumbai, the 29th June, 1999.

## FORM — A

### (A) POWER & FUEL CONSUMPTION AT CCL PLANT PUNE

1998-99

#### (1) Electricity:

##### (a) Purchased:

Units	(KWH)	9,89,082
Total amount	(Rs.)	45,82,262.00
Average Rate/Unit	(Rs.)	4.63

##### (b) Own Generation:

Units through diesel Generator		2,18,820
Units	(KWH)	2.25
Units per litre of diesel oil		5.01
Average Cost/Unit	(Rs.)	

#### (2) Furnace Oil-LDO:

Quantity	(Litres)	5,68,160
Total amount	(Rs.)	48,97,543.03
Average Rate	(Rs./Litres)	8.62

#### (3) High Speed Diesel Oil (H.S.D.):

Quantity	(Litres)	97,456
Total amount	(Rs.)	10,96,625.00
Average Rate	(Rs./Litres)	11.25



**EIGHTEENTH ANNUAL REPORT 1998-99****(B) CONSUMPTION PER UNIT OF PRODUCTION:****1998-99**

(Unit of production in sq.mtrs.)

Total production in the year 1998-99		1,77,099.00 sq.mtrs.
Electricity	(KWH)	5.07 KWH/sq.mtrs.
Furnace Oil (LDO)	(Litres)	3.21 LTR/sq.mtrs.
HSD Oil	(Litres)	0.55 LTR/sq.mtrs.

**ANNEXURE — B**

**Statement of Particulars of Employees Under Section 217(2A) of the Company's Act, 1956  
forming part of Directors' Report for the year ended 31st March, 1999**

Sr. No.	Name	Designation	Age	Date of Joining	Qualification	Gross Remmu-neration	Total Experi-ence	Previous Company, worked & Designation
1.	H. C. Tandon	Wholetime Director	46 yrs	01-01-1991	B.E. (Electronics)	9,36,421	22 yrs	Patni Computer System Ltd., Sr. General Manager
2.	B. N. Agrawal	Wholetime Director	53 yrs	31-12-1982	B.E. (Hons. Elec. Engineer)	8,49,333	31 yrs	Computer Maintenance Corpn. Ltd., Consultant
3.	Amit Patni	Wholetime Director	32 yrs	28-04-1986	B.Com., M.B.A.	7,41,600	12 yrs	First Employment

**Note:**

- Gross Remuneration includes Salary, Allowances, Bonus, Medical, Leave Travel Assistance, Value of Perquisites and Company's Contribution to Provident Fund.
- The nature of Employment in all cases is contractual. Appointment of Employees other than Directors are governed by Company's Rules framed in this regard.
- Mr. Amit Patni is related to Mr. G. K. Patni, Mr. N. K. Patni and Mr. A. K. Patni, Directors of the Company.