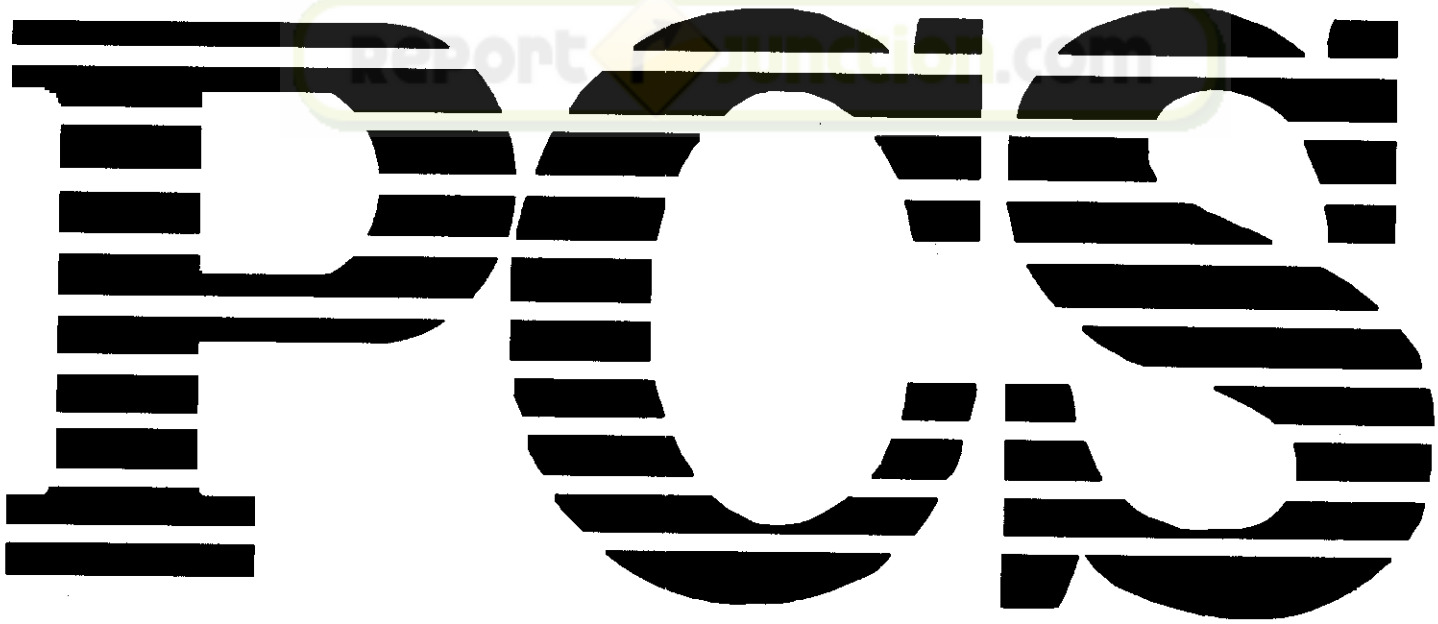
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PCS INDUSTRIES LIMITED



NINETEENTH ANNUAL REPORT

1999-2000

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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

M/s. 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

302-304, 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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'EM AT THE ANNUAL GENERAL MEETING

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NINETEENTH ANNUAL REPORT 1999-2000

NOTICE TO MEMBERS

NOTICE IS HEREBY GIVEN THAT the Nineteenth 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 Saturday the 30th day of September, 2000 at 11.00 a.m. to transact the following business:

ORDINARY BUSINESS :

1. To receive, approve and adopt the Directors' Report and Audited Profit and Loss Account for the year ended 31st March 2000 and the Balance Sheet as at that date, together with Auditors' Report thereon.

2. To appoint a Director in place of Mr. G. K. Patni, who retires by rotation, and is eligible for re-appointment.

3. To appoint a Director in place of Mr. P. V. Mehta, who retires by rotation, and is eligible for re-appointment.

4. To appoint a Director in place of Mr. G. M. Dave, who retires by rotation, and is eligible for re-appointment.

5. To appoint a Director in place of Mr. D. B. Engineer, who retires by rotation, and is eligible for re-appointment.

6. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS :

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

   "RESOLVED THAT consent, pursuant to Section 293(1)(a) of the Companies Act, 1956 or any amendment or modification thereof, be and the same is hereby accorded to the Board of Directors of the Company ('the Board') for creating mortgages and/or other charges in such form and on such terms and conditions and at such time or times as the Board may deem fit, the present and future properties whether movable or immovable belonging or to belong to the Company including the whole or substantially the whole of the undertaking(s) of the Company in favour of any Financial Institution(s), Bank(s), Insurance Companies or any other parties or person(s) for securing any loans or facilities granted or to be granted by or any obligation incurred or to be incurred towards such Financial Institution(s), Bank(s), Insurance Companies or any other parties or person(s) as the case may be, together with the interest thereon at agreed rates, compound interest, additional interest, liquidated damages, commitment charges, costs, charges, expenses and any monies payable in connection therewith and further that the Board be and is hereby authorised to finalise with any or all concerned parties aforesaid the documents in relation to or for creating the mortgages and/or charges aforesaid and to do all such acts, deeds and things including execution of any documents as may be necessary or expedient for giving effect to this resolution."

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

   "RESOLVED THAT in supersession of the Ordinary Resolution passed at the Extra Ordinary General Meeting of the Company held on October 10, 1987, the consent of the Company be and is hereby accorded under the provisions of Section 293(1)(d) of the Companies Act, 1956 to the Board of Directors of the Company borrowing from time to time all such sums of money as they may deem requisite for the purpose of the business of the Company, notwithstanding that monies to be borrowed together with the monies already borrowed by the Company (apart from the temporary loans obtained from the Company's Bankers in the ordinary course of business) will exceed the aggregate of the paid-up share capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount upto which monies may be borrowed by the Board of Directors shall not exceed the sum of Rs. 100 crores (Rupees one hundred crores only) at any time."

By Order of the Board

J. T. SHAH
Company Secretary Cum
Financial Controller

Mumbai, 29th June, 2000.

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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 September 15, 2000 to September 30, 2000 (both days inclusive).

4. 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.

5. 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.

6. 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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ANNEXURE TO THE NOTICE

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

Item No. 7

Section 293(1)(a) of the Companies Act, 1956, provides inter alia, that the Board of Directors of a public Company shall not, without the consent of the Company in General Meeting, sell, lease or otherwise, dispose of the whole or substantially the whole of the undertaking(s) of the Company.

The Company, for the purpose of its business, obtains loans and/or other facilities from Financial Institutions/Banks/ Insurance Companies or other parties or persons, which may have to be secured by mortgages and/or charges on the movable and/or immovable properties of the Company.

Since the mortgaging and/or charging by the Company of its movable and/or immovable properties may be deemed to be disposal of the whole or substantially the whole of the undertaking(s) of the Company within the meaning of Section 293(1)(a) of the Companies Act, 1956, the Boards considers it necessary for the members to pass a Resolution to this effect.

None of the Directors, in any way, are concerned or interested in passing of the said Resolution.

Item No. 8

By a resolution passed at the Extra Ordinary General Meeting held on October 10, 1987, the Board of Directors were authorised to borrow monies not exceeding Rs. 50 Crores. With the growth of the Company's business operations, the borrowing of the Company is likely to exceed Rs. 50 Crores. The shareholders' consent is sought for the new limit to the extent as set out in the resolution, pursuant to Section 293(1)(d), keeping in view the further growth in the business operation of the Company.

None of the Directors, in any way, are concerned or interested in passing of the said Resolution.

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By Order of the Board

J. T. SHAH
Company Secretary Cum
Financial Controller

Mumbai, 29th June, 2000.

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PCS INDUSTRIES LIMITED

DIRECTORS' REPORT

To,
The Members,
PCS INDUSTRIES LIMITED

Your Directors have the pleasure in presenting their Nineteenth Annual Report together with Audited Balance Sheet and Profit & Loss Account for the year ended 31st March, 2000.

FINANCIAL RESULTS

Particulars	**Year Ended 31.03.2000 (Rs. in lacs)**	Year Ended 31.03.1999 (Rs. in lacs)
Gross Revenue	**18,167.57**	14,842.66
Generating Gross Profit	**745.99**	636.14
Depreciation	**313.62**	330.46
Profit for the year from Operations	**432.37**	305.68
Bad Debts & Remission	**151.05**	144.57
Extra-Ordinary Items	**38.87**	2.55
Provisions for Taxation	**70.00**	55.00
Profit for the Year	**172.45**	100.21
Add: Investment Allowance written back	**27.92**	—
Add/(Less): Short Provisions for Taxation & Others	**1.96**	(0.98)
Surplus brought forward	**154.03**	135.76
Net Surplus available for Appropriation	**356.36**	234.99
APPROPRIATION:		
Proposed Dividend	**—**	63.93
Tax on proposed Equity Dividend	**—**	7.03
Transferred to General Reserve	**—**	10.00
Balance Carried to Balance Sheet	**356.36**	154.03
	356.36	234.99

YEAR UNDER REVIEW

The Sales and Other income of the Company for 1999-2000 was Rs. 18,167.57 lacs as against Rs. 14,842.66 lacs in 1998-99 thus registering a growth of 22% over previous year. The profit from operations for the year 1999-2000 has increased to Rs. 432.37 lacs as against Rs. 305.68 lacs in 1998-99. However, on account of extra ordinary items viz. Bad Debts and Remission of Rs. 151.05 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. Inspite of increased competitions, the margins remained steady. During the year under review your Company launched advanced model of Pentium III Computers, a latest version of product that 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, 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 cease its operations of Data Processing Division at Calcutta.

DIVIDEND

Your Directors express their inability to recommend any Dividend for the financial year ended March 31, 2000 in order to conserve the resources for future needs.

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FINANCE

During the year under review, the Industrial Development Bank of India has sanctioned Corporate Loan for Working Capital requirements and normal Capital Expenditure for a sum of Rs. 1000 lacs and disbursed Rs. 800 lacs.

The Company has also repaid Rs. 1,30,00,000.00 (Rupees one crore thirty lacs only) Redeemable Non-Convertible Debentures of Rs. 100/- (Rupees one hundred only) privately placed with Can Bank Mutual Fund.

The Company has subscribed to 100% equity share capital of PCS INTERNATIONAL LIMITED, Mauritius.

DIRECTORS

As per Article 135 of the Articles of Association of the Company, Mr. G. K. Patni, Mr. P. V. Mehta, Mr. G. M. Dave and Mr. D. B. Engineer retire by rotation and being eligible, offer themselves for re-appointment. The Board recommends their re-appointment.

OVERSEAS SUBSIDIARY COMPANY

As required under Section 212(e) of the Companies Act, 1956, the Audited Statement of Accounts for the year ended 31st March 2000, of PCS INTERNATIONAL LIMITED, Mauritius and the Report of the Board of Directors and their Auditors thereon are annexed.

DEPOSITS

Yours 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, Mumbai, the present Auditors of the Company retires and are eligible for re-appointment. You are requested to re-appoint 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.

On behalf of the Board of Directors

A. K. PATNI
Chairman

Mumbai, June 29, 2000.

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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 valuewise 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. 58.03 lacs and has spent foreign exchange worth Rs. 3556.29 lacs under the following heads:

Particulars	(Rs. in lacs)
(i) Raw Materials and Components	3264.93
(ii) Capital Goods	0.44
(iii) Spares	18.32
(iv) Travelling and Other expenses	272.60
	3556.29

On behalf of the Board of Directors
A. K. PATNI
Chairman

Mumbai, 29th June, 2000.

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FORM — A

(A) **POWER & FUEL CONSUMPTION AT CCL PLANT PUNE** **1999-2000**

(1) **Electricity:**

(a) Purchased:		
Units	(KWH)	12,09,270.00
Total amount	(Rs.)	59,49,604.16
Average Rate/Unit	(Rs.)	4.92
(b) Own Generation:		
Units through diesel Generator		
Units	(KWH)	2,02,256.00
Units per litre of diesel oil		3.08
Average Cost/Unit	(Rs.)	4.50

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

Quantity	(Litres)	8,23,930.00
Total amount	(Rs.)	76,52,823.39
Average Rate	(Rs./Litres)	9.29

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

Quantity	(Litres)	65,715.00
Total amount	(Rs.)	9,10,143.96
Average Rate	(Rs./Litres)	13.85

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(B) **CONSUMPTION PER UNIT OF PRODUCTION:**

		1999-2000 (Unit of production in sq.mtrs.)
Total production in the year 1999-2000		2,62,358.00 sq.mtrs.
Electricity	(KWH)	5.38 KWH/sq.mtrs.
Furnace Oil (LDO)	(Litres)	3.14 LTR/sq.mtrs.
HSD Oil	(Litres)	0.25 LTR/sq.mtrs.

ANNEXURE — B

Statement of Particulars of Employees Under Section 217(2A) of the Companies Act, 1956 forming part of Directors' Report for the year ended 31st March, 2000

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	48 yrs	01-01-1991	B.E. (Electronics)	8,85,456	24 yrs	Patni Computer System Pvt. Ltd. – Sr. General Manager
2.	B. N. Agrawal	Wholetime Director	55 yrs	31-12-1982	B.E. (Hons. Elect. Engineer)	7,83,202	33 yrs	Computer Maintenance Corpn. Ltd. – Consultant
3.	Amit Patni	Wholetime Director	33 yrs	28-04-1986	B.Com., M.B.A.	7,17,200	14 yrs	First Employment
4.	D. B. Maheshwari	Sr. General Manager (Works)	51 yrs	22-02-1982	B.Sc. (Elect. Engineer)	7,21,054	26 yrs	Electronic Corporation of India – Sr. Technical Officer
5.	Y. Bharadwaj	General Manager (Marketing)	45 yrs	17-12.1990	B.Sc.	7,80,265	25 yrs	GBC (Hi-Tech) India Ltd. – Operations Manager
6.	Girish Goray*	Zonal General Manager	41 yrs	09-04-1998	B.Sc.	5,92,536	17 yrs	Pertech Computers – Deputy General Manager

Note:

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

* Part of the year

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PCS INDUSTRIES LIMITED

AUDITORS' REPORT

To the members of
PCS INDUSTRIES LIMITED for the year ended 31st March, 2000.

We have audited the attached Balance Sheet of **PCS INDUSTRIES LIMITED,** as at 31st March, 2000 and Profit and Loss Account of the Company for the year ended on that date annexed thereto and report that:-

1. As required by the Manufacturing and other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956 we enclose in the Annexure, a Statement on the matters specified in paragraphs 4 and 5 of the said order, on the basis of such checks, as we considered appropriate and according to the information and explanations given to us.

2. Further to our comments in the Annexure referred to in paragraph 1 above:

   (a) We have obtained all the informations 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 such Books.

   (c) The Balance Sheet and Profit and Loss Account referred to in this report are in agreement with the Books of Account.

   (d) In our opinion the Balance Sheet and the Profit and Loss Account complies with the mandatory Accounting Standards referred in Section 211(3C) of the Companies Act, 1956.

   (e) In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and the Profit and Loss Account read together with the notes thereon, gives the information required by the Companies Act, 1956, in the manner so required and gives a true and fair view:

      (i) In so far as it relates to Balance Sheet, of the state of affairs of the Company as at 31st March, 2000.

      (ii) In so far as it relates to the Profit and Loss Account, of the profit of the Company for the year ended on that date.

For **S. C. BANDI & COMPANY**
Chartered Accountants

S. C. BANDI
Proprietor

Place : Mumbai
Date : 29th June, 2000.

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