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POS Technology Limited

27th
Annual Report
2007/08

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PCS
TECHNOLOGY
PCS TECHNOLOGY LIMITED

BOARD OF DIRECTORS

Mr. G. K. Patni	Chairman
Mr. A. K. Patni	Vice Chairman
Mr. H. C. Tandon	Managing Director & CEO
Mr. N. K. Patni	Director
Mr. Apoorva Patni	Director
Mr. D. B. Engineer	Director
Mr. Satish Ajmera	Director
Mr. P. V. Mehta	Director
Mr. G. M. Dave	Director
Mr. K. K. Barjatya	Director
Mr. M. Y. Kulkarni	Director

COMPANY SECRETARY

Mr. Bhaskar J. Patel

AUDITORS

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

BANKERS

Canara Bank
Indian Bank
IDBI Bank Limited
Dena Bank
Standard Chartered Bank
Indian Overseas Bank Limited
Union Bank of India
Central Bank of India

REGISTERED OFFICE

Plot No. 148/151, Alandi Markaal Road,
Village Dhanore, Alandi,
Dist. Pune - 412106

PLANT LOCATIONS

Plant No.1: Plot No. 148/151
Alandi Markaal Road, Village Dhanore,
Alandi, Dist. Pune - 412 106.
Plant No.2: Plot No. 110/1/111, Himalaya Ind. Estate,
Village Amli, Silvassa 396 230

REGISTRAR & SHARE TRANSFER AGENT

M/s. Bigshare Services Pvt. Ltd.
E-2/3, Ansa Industrial Estate,
Saki Vihar Road, Saki Naka,
Andheri (E), Mumbai - 400 072.
Tel. : 2847 0652/0653/2857 3034
Fax : 022-2847 5207

27TH ANNUAL GENERAL MEETING

Day, Date & Time	:	Wednesday, 10th December, 2008 at 10.00 a.m.
Venue	:	Plot No. 148/151, Alandi Markaal Road, Village Dhanore, Alandi, Dist. Pune - 412106.

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

PCS TECHNOLOGY LIMITED

NOTICE TO MEMBERS

NOTICE is hereby given that the 27th ANNUAL GENERAL MEETING of **PCS Technology Limited** will be held at the Registered Office of the Company at 148/151, Alandi Markaal Road, Village Dhanore, Alandi, Dist. Pune 412 106 on Wednesday, 10th. December, 2008 at 10.00 a. m. to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 30th June, 2008 and the Profit & Loss Account of the Company for the year ended on that date and the Reports of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr. M. Y. Kullarni who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. P. V. Mehta who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Satish Ajmera who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors to hold office until the conclusion of the next Annual General Meeting and to fix their remuneration.

Registered Office:
148/151 Alandi Markaal Road,
Village Dhanore,
Alandi Dist Pune 412 106

By Order of the Board
For PCS Technology Ltd.

Bhaskar J Patel
Company Secretary

Mumbai, September 27, 2008

NOTES :

- (1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL, TO VOTE INSTEAD OF HIMSELF OR HERSELF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- (2) The Register of Members and Share Transfer Books of the Company will remain closed from Monday, 1st December, 2008 to Wednesday, 10th December, 2008, both days inclusive.
- (3) Members are requested to:
 - (a) intimate to the Company / their Depository Participant ("DP"), changes, if any, in their registered address at an early date;
 - (b) quote their Registered Folio No. and/or DP Identity and Client Identity number in their correspondence;
 - (c) bring their copy of the Annual Report and the Attendance Slip with them at the Annual General Meeting.
 - (d) to send their queries, if any, at least 10 (ten) days in advance of the meeting so that the information can be made available at the meeting.

(4) Information pursuant to Clause 49 of the Listing Agreement for Appointment / Re-appointment of Directors:

<i>Name of the Director</i>	<i>Date of Birth</i>	<i>Date of Appointment</i>	<i>Directorships in other companies incorporated in India</i>	<i>Chairman/Member of Other Committees of Companies</i>
Mr. M Y Kulkarni	10.06.1957	29.03.2001	None	None
Mr. P. V. Mehta	12.02.1942	23.07.1987	Advani Hotels & Resort Ltd. Arthamanthan properties & Finvest Pvt. Ltd. Bharat Bijlee Ltd Ciba India Ltd. Hikal Ltd. India Safety Vaults Ltd. JBF Industries Ltd Joshuva Properties & Finvest Pvt. Ltd. Kristeel Shinwa Industries Ltd. Mukand Ltd. Mukand Engineers Ltd. Omega Management Services Ltd. Rajasvi Properties Holdings Pvt. Ltd. Riyahi Properties & Finvest Ltd. Shopping Centre Management Services Pvt. Ltd. Tulsidas Khimji Pvt. Ltd W. H. Brady & Co. Ltd. Vault India Media Services Pvt. Ltd.	-Member of Audit Committee -Member of Audit Committee -Member of Remuneration Committee -Member of Shareholders/Investors' Grievance Committee -Member of Audit Committee -Member of Shareholders/Investors' Grievance Committee -Member of Audit Committee -Member of Remuneration Committee -Member of Shareholders/Investors' Grievance Committee -Member of Remuneration Committee -Member of Shareholders/Investors' Grievance Committee -Member of Audit Committee -Member of Remuneration Committee -Member of Audit Committee
Mr. Satish Ajmera	26.10.1944	25.06.1990	FCI Aravali Gypsum & Minerals Ltd. Wires and Fabriks (S.A.) Ltd. S. Ajmera Finance Pvt. Ltd. SRP Infosystems Pvt. Ltd. Lakshmi Mills Company Ltd.	-Chairman & Member of Audit Committee -Member of Shareholders/Investors' Grievance Committee

PCS TECHNOLOGY LIMITED

DIRECTORS' REPORT

The Members,

PCS TECHNOLOGY LIMITED

Your Directors have the pleasure in presenting their Twenty Seventh Annual Report together with Audited Accounts for financial year ended 30th June, 2008.

FINANCIAL RESULTS

(Rs. In lacs)

Particulars	Financial Year ended 30.06.2008	Financial Year ended 30.06.2007
Gross Revenue	33,252	34,514
Gross Profit	983	887
Depreciation	308	218
Profit for the year from Operations	675	669
Bad Debts & Remission	63	28
Provision for Taxation (Net)	243	303
Profit for the year	369	338
Net Surplus available for Appropriation	1,757	1,388
Balance Carried to Balance Sheet	1,757	1,388

OPERATIONS

During the year under review, your Company has achieved Gross Turnover of Rs. 325.50 crores as against Rs 334.20 crores .

The production activities of Copper Clad Laminates (CCL) division of the Company at Pune, continued to be suspended due to adverse market conditions. The Company is utilising the facilities at Pune unit for production of Computer Systems.

During the current financial year an accidental fire had occurred at our production unit at Silvassa in August, 2008 and damaged the part of the Company's stock, some machinery and furniture. Necessary claim has been lodged with the Insurance. The Company suffered insignificant loss of production.

DIVIDEND

In order to conserve the resources of the Company, your Directors express their inability to recommend a dividend for the current financial year ended 30th June, 2008.

DIRECTORS

As per the Article 135 of the Articles of Association of the company, Mr. M. Y. Kulkarni, Mr. P. V. Mehta and Mr. Satish Ajmera, Directors of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment on the Board of your Company.

A brief note on Directors retiring by rotation and eligible for re-appointment is furnished in the notice convening the Annual General Meeting.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to sub section (2AA) of section 217 of the Companies Act, 1956, the Board of Directors of the Company hereby confirm that:

1. In The Preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. Appropriate accounting policies have been selected and applied consistently and have made judgements and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the company as at 30th June, 2008 and of the profit of the company for the year on that date;

TWENTY SEVENTH ANNUAL REPORT 2007-2008



3. Proper and sufficient care has been taken 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. Annual Accounts have been prepared on a going concern basis.

CORPORATE GOVERNANCE

A report on Corporate Governance and Management Discussion and Analysis is included as part of the Annual Report along with a Compliance Certificate from the Statutory Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Amended Listing Agreement.

DEPOSITS

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

SUBSIDIARY COMPANIES

As required under Section 212 of the Companies Act, 1956 the Audited Balance Sheet and Profit & Loss Account and the respective reports of the Board of Directors' and Auditors' for the Financial Year ended 30th June, 2008 of PCS International Limited, Mauritius, PCS Technology Inc., USA and PCS Positioning Systems Ltd are annexed.

AUDITORS:

The Company's auditors, M/s. S. C. Bandi & Co. Chartered Accountants, retire and are eligible for re-appointment. Your Directors recommend their re-appointment for the ensuing year.

PARTICULARS OF EMPLOYEES

The information as required by the provisions of section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, hereto as Annexure A and forms part of this report.

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 (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, are given in Annexure 'B' to this report.

ACKNOWLEDGEMENTS

Your directors express their warm appreciation to all the employees at various units for their diligence and contribution made towards the growth of the Company. The Board of Directors place on record their appreciation for the un-stinted support by the Bankers and Financial Institutions and confidence given by the Customers, Suppliers and Shareholder at all levels towards the growth and development of the Company.

On behalf of the Board of Directors

Mumbai
27th September, 2008

G. K. Patni
Chairman

PCS TECHNOLOGY LIMITED

ANNEXURE "A" TO THE DIRECTORS' REPORT

Information as per Section 217[2A] of the Companies Act 1956 read with Companies [Particulars of the Employees] Rules 1975, and forming part of the Director's Report for the year ended 30th June, 2008.

Name of the Employee	Designation	Age (Years)	Qualification	Date of Joining	Remuneration (Rs.)	Experience (Year)	Last Employment Held before Joining the Co.	Period of Last Employment (Years)
Mr. H.C. Tandon	Managing Director & CEO	57	B.Sc. - Engg.	20.10.1979	26,29,809	36	Hinditron Computers	2

Notes :

1. All appointments are contractual and terminable by notice on either side.
2. Remuneration includes salary allowances, benefits and provident fund.
3. None of the above employee(s) is/are related to any of the Directors.

For and on behalf of the Board

Mumbai, 27th September, 2008

G.K. Patni
Chairman

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ANNEXURE "B" 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 in value while considering total volume of operations. The Copper Clad Laminate Division at Pune uses in addition to electricity, Light Diesel Oil, (LDO) which is a Furnace oil for operation of the boilers and High Speed Diesel Oil (HSDO) which is a fuel for generation and production of this Division, continued to remain suspended due to adverse conditions.

(B) Technology Absorption

Not applicable

(C) Foreign Exchange Earnings/Outgo

Your Company has earned foreign exchange worth Rs 874.81 lacs and has spent foreign exchange worth Rs.3,174 lacs under the following heads.

Particulars	(Rs. in lacs)
(i) Raw Material and Components	3,068
(ii) Capital Goods	Nil
(iii) Other expenses	106
Total	3,174



On behalf of the Board of Directors

Mumbai
27th September, 2008

G. K. Patni
Chairman

PCS TECHNOLOGY LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Scenario & Review

The financial year 2007-08 witnessed challenges. The average price of a PC has nearly halved over the past few years. The PC demand grew from telecom, banking, educational and financial sectors but the competition with unbranded and MNC products continued to pressurize margins.

Performance & Review

Computer Division

The Computer Division has recorded a Gross Turnover of Rs. 325.50 crores as against previous year Rs 334.20 crores. The key contributors to the core business have been the Government segment through Rate Contracts with DGS&D, Banking and State governments. IT services achieved higher sales.

The initiatives taken by the Company in new verticals such as Laboratory and Hospital management solutions, GPS, GIS based solutions, Facilities management, Document management, IT security consulting and Enterprise Solutions have begun in promoting services. The Company has captured overseas market in Australia, Europe and Germany adding new clients and the results are encouraging.

Manufacturing Operations

The facility at Silvassa achieved ISO 2000 and 14000 certification thus ensuring stringent and ongoing improvements in quality and manufacturing process.

Opportunities, Threats & Risks

The Company is operating in an environment which is becoming more and more competitive and the margins in hardware will continue to be under pressure. In an effort to shore up margins, your company will focus more of value added IT services namely Security Consulting, ASP Software Solutions for Logistics Industry, Enterprise Business Focus, Laboratory and Hospital Management solutions, GPS & GIS solutions and Document management over hardware business. The company feels this business is ahead and this is the right time to focus on these high growth areas.

Future Outlook

Though the growth prospects of the domestic PC sales remain favourable in medium term, the industry faces price competition, technological obsolescence and thin profit margin resulting in low operating profit. With the service verticals commanding higher margins than the IT hardware business the company has started focusing more towards value added IT services to increase its profitability and better bottom line in the upcoming year.

Overseas Subsidiaries

PCS International Ltd., Mauritius

The Management has initiated into providing Consultancy in information technology services in Middle East, West Asia and African markets. The Laboratory and Hospital Solutions have evoked good enquiries from medical sector. The manpower resource is being reviewed to monitor and implement this vertical.

PCS Technology USA, Inc.

The US Company offers its services to customers through consulting GPS, Laboratory & hospital management solutions. Both the activities have given encouraging results.

PCS Positioning Systems Ltd

The GPS /GIS based solutions vertical went into complete overhaul with realignment of resources and management structure last year to ensure more focus and ready to use solutions for the domestic markets. The benefit of realignment would be seen in the upcoming year.

Copper Clad Laminates (CCL) Division

The Pune unit continues to manufacture Computer Systems while manufacturing of Copper Clad Laminates (CCL) remain suspended.