

PCS

TECHNOLOGY

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PCS Technology Limited

**28th
Annual Report
2008-09**

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PROXY	

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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. Satish Ajmera	Director
Mr. D. B. Engineer	Director
Mr. G. M. Dave	Director
Mr. P. V. Mehta	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 LOCATION

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

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 / 4043 0200
Fax : 022-2847 5207

28TH ANNUAL GENERAL MEETING

Day, Date & Time
Venue

Wednesday, 9th December, 2009 at 10.00 a.m.
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 28th 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, 9th December, 2009 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, 2009 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. G M Dave who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. K K Barjatya who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Apoorva Patni 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 29, 2009

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 Tuesday, 1st December, 2009 to Wednesday, 9th December, 2009, 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 Identify 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 other Companies</i>
Mr. G M Dave	12.07.1938	29.09.1995	Vinati Organics Ltd. PSI Data Systems Ltd. Ultratech Cement Ltd. Grasim Bhiwani Textiles Ltd. Auto Invest Leasing and Finance (India) Pvt. Ltd. Aditya Birla Retail Ltd. Terrafirm Agroprocessing (India) Pvt. Ltd. Has Two Holdings Pvt. Ltd. Fabmall (India) Pvt. Ltd. Trinethra Superretail Pvt. Ltd. Camphor & Allied Products Ltd. Kornerinvest Capital Pvt. Ltd.	Member of the Audit Committee Member of the Audit Committee Member of the Audit Committee Member of the Share Transfer Committee Member of the Audit Committee Member of the Compensation & Remuneration Committee Member of the Compensation & Remuneration Committee Member of the Audit Committee
Mr. K K Barjatya	25.03.1938	30.10.1995	Rajshri Cinemas Pvt. Ltd. Rajshri Films Pvt. Ltd. Rajshri International Pvt. Ltd. Rajshri Pictures Pvt. Ltd. Rajshri Productions Pvt. Ltd. Sargam Pictures Pvt. Ltd.	None
Mr. Apoorva Patni	16.06.1982	28.07.2007	Patni Financial Advisors Pvt. Ltd. Bodhi Global Services Pvt. Ltd. Patni Software Services Pvt. Ltd. Vraksh Technologies Ltd.	None

PCS TECHNOLOGY LIMITED

DIRECTORS' REPORT

The Members,

PCS TECHNOLOGY LIMITED

Your Directors have the pleasure in presenting their Twenty Eighth Annual Report together with Audited Accounts for financial year ended 30th June, 2009.

FINANCIAL RESULTS

(Rs. In lacs)

Particulars	Financial Year ended 30.06.2009	Financial Year ended 30.06.2008
Gross Revenue	29,036	33,252
Gross Profit	1143	983
Depreciation	449	308
Profit for the year from Operations	694	675
Bad Debts, Remission & Exceptional items	137	63
Provision for Taxation (Net)	213	243
Profit for the year	344	369
Net Surplus available for Appropriation	2100	1,757
Balance Carried to Balance Sheet	2100	1,757

OPERATIONS

During the year under review, your Company has achieved Gross Turnover of Rs. 288 crores as against Rs 325 crores.

The Company is utilising the facilities at Pune unit for production of Computer Systems while production of Copper Clad lamination is continued to be suspended due to adverse market conditions.

REVALUATION OF FIXED ASSETS

During the year under review, the Company has re-valued its Fixed Assets consisting of Land and Building situate at various places. The total amount of addition to Revaluation Reserve is Rs.3469 Lacs

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, 2009.

DIRECTORS

As per the Article 135 of the Articles of Association of the company, Mr. G. M. Dave, Mr. K. K. Barjatya and Mr. Apoorva Patni 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, 2009 and of the profit of the company for the year on that date;

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 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, 2009 of PCS International Limited, Mauritius, PCS Technology USA, Inc. and PCS Positioning Systems (India) 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, 29th September, 2009

G. K. Patni
Chairman

PCS TECHNOLOGY LIMITED

ANNEXURE "A" to 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 Directors' Report for the year ended 30th June, 2009

Sr. No.	Name of the Employee	Designation	Age (Years)	Qualification	Date of Joining	Remuneration (Rs.)	Experience (Years)	Last Employment Held Before Joining the Co.	Period of Last Employment (Years)
A	EMPLOYED THROUGHOUT THE YEAR								
1	H.C. Tandon	Managing Director & CEO	58	B.Sc. - Engg.	20.10.1979	26,01,082	37	Hinditron Computers	2
B	EMPLOYED PART OF THE YEAR								
	NIL								

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 of Directors

G. K. Patni
Chairman

Mumbai, 29th September, 2009

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 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 832 lacs and has spent foreign exchange worth Rs.1,329 lacs under the following heads.

Particulars	(Rs. In lacs)
(i) Raw Material and Components	1,187
(ii) Capital Goods	Nil
(iii) Other expenses	142
Total	1,329

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On behalf of the Board of Directors

G. K. Patni
Chairman

Mumbai, 29th September, 2009

PCS TECHNOLOGY LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Scenario & Review

The financial year 2008-09 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. 288 crores as against previous year Rs 325 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, Enterprise Solutions and Telecom maintenance have begun in promoting services. The Company has captured overseas market in Africa, and UAE 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. In September, 2009 the existing manufacturing facility at Silvassa is being shifted to the Company's other manufacturing facility situated at Alandi, Pune. This will ensure cost saving.

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, Enterprise Business Focus, Laboratory and Hospital Management solutions, Telecom 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 Company 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.

PCS Technology USA, Inc.

The US Company offers its services to customers through facility management consulting. There was an impact of US recessionary trends on company profitability.

Indian Subsidiary

PCS Positioning Systems (India) Ltd

The plans are under way to revive the company in near future.

Copper Clad Laminates (CCL) Division

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