pcs

TECHNOLOGY

PCS Technology Limited

29th
Annual Report
2009-10

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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. 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

29TH ANNUAL GENERAL MEETING

Day, Date & Time : Wednesday, 8th September, 2010 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 29th 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, 8th September, 2010 at 10.00 a.m. to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2010 and the Profit & Loss Account of the Company for the period ended on that date and the Reports of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr. G K Patni who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. A K Patni who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. N K Patni who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. D B Engineer who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors to hold office until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS :

7. **RE-APPOINTMENT OF MR. H. C. TANDON, AS MANAGING DIRECTOR & CEO OF THE COMPANY:**

   To consider and if thought fit, to pass with or without modifications(s), the following resolution as a Special Resolution:

   "RESOLVED THAT in accordance with the provisions of Section 198, 269, 309, 311 and other applicable provisions if any, of the Companies Act, 1956, read with Schedule XIII of the said Act as amended upto date, the Company hereby approves the re-appointment of Mr. H. C. Tandon as Managing Director & CEO of the Company for a period of three years with effect from 25th November, 2010 upon the terms and conditions including remuneration as set out in the Explanatory Statement annexed to the Notice convening this meeting and as further set out in the draft Agreement submitted to this meeting which agreement is hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the said terms and conditions of the said appointment and /or agreement in such manner as may be agreed to between the Board of Directors and Mr. Tandon."

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, July 31, 2010

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 Wednesday, 1st September, 2010 to Wednesday, 8th September, 2010, 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:

Name of the Director	*Date of Birth*	*Date of Appointment*	*Directorships in other companies incorporated in India*	*Chairman/Member of Other Committees of other Companies*
Mr. G K Patni	24.03.1941	22.04.1981	Patni Computer Systems Ltd. PCS Cullinet Pvt. Ltd. PCS International Ltd.	None
Mr. A K Patni	01.08.1951	22.04.1981	Patni Computer Systems Ltd. PCS Cullinet Pvt. Ltd. Ashoka Computer Systems Pvt. Ltd. PCS Finance Pvt. Ltd. PCS International Ltd.,Mauritius PCS Positioning Systems (India) Ltd	None
Mr. N K Patni	09.03.1942	29.03.2001	Patni Computer Systems Ltd. Isolutions, Inc. Patni Telecom Solution, Inc. Patni Americas, Inc. Patni Technologies (P) Ltd.	None
Mr. D B Engineer	02.05.1933	25.06.1990	Atlas Copco Ltd. Forvol International Services Ltd. Fiora Services Ltd. Foods & Inns Ltd. Forbes & Company Ltd. Nilkamal Ltd. Protos Engineering Co. Pvt. Ltd. S.P. Sanghi Airconditioning Pvt. Ltd. Welspun India Ltd. Zoroastrian Investment Corporation Pvt. Ltd. Zuari Industries Ltd.	-Member of the Audit Committee -Chairman of Shareholders'/Investors' Grievance Committee -Member remuneration Committee -Chairman of the Audit Committee -Member of the Audit Committee -Member of the Audit Committee -Member of the Audit Committee -Member of Remuneration Committee -Chairman of the Audit Committee -Member of Shareholders'/Investors' Grievance Committee

PCS TECHNOLOGY LIMITED

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956

Item no. 7

The members of the Company at the Annual General Meeting held on 18th December, 2007 had approved the appointment of Mr H. C. Tandon as Managing Director of the Company for a period of 3 years with effect from 25th November, 2007 including remuneration as specified in the AGM notice dated September 29, 2007.

His present term of appointment as a Managing Director & CEO of the Company expires on November 25, 2010.

The Board of Directors at their meeting held on July 31, 2010 re-appointed Mr. H. C. Tandon as a Managing Director & CEO of the company for a further period of three years w.e.f. 25th November, 2010 up to 24th November 2013. Based on the recommendation of the Remuneration Committee, the Board of Directors, at its said meeting held on July 31, 2010 also approved the remuneration and other terms and conditions of appointment of Mr. H C Tandon as Managing Director & CEO of the Company. The said appointment as well as the terms.thereof is subject to the approval of the members of the company. The draft of the agreement to be entered into between the company and Mr. H C Tandon was also approved by the Board of Directors at its meeting held on July 31, 2010

(a) Salary of Rs.1,40,000/- (Rupees One lakh forty thousand only) per month with such increments as may be decided by the Board/ Committee subject to a ceiling of Rs.3,00,000/- per month.

(b) Perquisites : In addition to the salary, the Managing Director shall be entitled to the following perquisites:

The perquisites are classified into three categories as under:

CATEGORY "A"

i) **Housing I** : The expenditure incurred by the Company on hiring furnished accommodation for the Managing Director will be subject to the following ceiling 30% (Thirty percent) of the salary.

Housing II : In the case the accommodation is owned by the Company, ten per cent of the salary of the Managing Director shall be deducted by the Company.

Housing III : In case no accommodation is provided by the Company, the Managing Director shall be entitled to House Rent Allowance subject to the ceiling laid down in Housing I.

City Compensatory Allowance, Adhoc Allowance, Special Allowance, Bonus/ex-gratia and other allowances, benefits as decided by the Board / Committee from time to time.

ii) Leave Travel Concession : For the Managing Director and his family, once in a year incurred in accordance with the rules specified by the Company.

iii) Medical/ Hospitalisation expenses for self and family subject to ceiling of one month's salary in a year or three months salary over a period of three years

iv) Personal Accident Insurance premium as per the rules of the Company.

CATEGORY "B"

i) Provident Fund : Company's contribution to Provident Fund shall be as per the scheme applicable to the employees of the Company.

Contribution to provident fund will not be included in the computation of perquisites.

ii) Gratuity : As per the rules of the Company.

iii) Encashment of Leave : Encashment of Leave at the end of the tenure of the appointment will not be included in the computation of perquisites.

CATEGORY "C"

i) Car : Provision of car for use on Company's business is not to be considered as perquisites. Use of car for private purpose shall be billed by the Company to the Managing Director.

ii) Telephone : Telephone at the residence of Managing Director and Cell Phone provided to him shall not be considered as perquisites. Personal long distance calls on telephone/cell phone shall be billed by the Company to the Managing Director.

1. In the event of no profit or inadequacy of profits, the Company shall pay the aforesaid remuneration by way of salary and perquisites as minimum remuneration to the Managing Director.

1. The Managing Director shall be entitled to annual privilege leave on full salary for a period of twenty one days and such leave shall be allowed to be accumulated for not more than 63 days
2. The Managing Director shall be entitled to reimbursement of entertainment expenses incurred by him for the purpose of the business of the Company.
3. The Managing Director shall exercise and perform such powers and duties as the Board shall from time to time, determine, and subject to any directions and restrictions from time to time, given and imposed by the board and further subject to the superintendence control and direction of the Board.
4. The Managing Director shall ensure complete secrecy of all confidential information entrusted to him and shall not use or attempt to use any such information in any manner which may injure or cause loss either directly or indirectly to the Company or its business other than information which is already public.

The Terms and Conditions of the said re-appointment and / or agreement may be altered and varied from time to time by the board of directors as it may, in its discretion deemed fit subject to the provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof).

The Agreement may be terminated earlier by either party giving 3 months notice in writing to the other party, or the company paying 3 months basic salary in lieu thereof.

The draft agreement between the Company and Mr. H. C. Tandon is available for inspection by the Members of the Company at its Registered Office of the Company, between 11.00 a.m. and 1.00 p. m. on any working day upto the date of this Annual General Meeting of the Company.

This may be treated as abstract of the draft Agreement to be entered into between the Company and Mr. H. C. Tandon pursuant to Section 302 of the Companies Act, 1956.

Your Directors recommend the Resolutions for your approval.

Except Mr. H. C. Tandon, Managing Director & CEO no other Director of the Company is concerned or interested in these resolutions.

I. General Information as required under Schedule XIII to the Companies Act, 1956

1) Nature of industry : Hardware & IT services

2) Date or expected date of commencement of commercial production :

The Company is already in business of manufacturing and marketing of Personal computers.

3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus :

Not Applicable

4) Financial performance based on given indicators :

For the 9 months financial period ended 31st March, 2010, the Company has earned a total income of Rs. 19,880 Lacs as against Rs. 29,036 lacs (for 12 months) for the previous financial year ended 30th June, 2009.

For the 9 months financial period ended 31st March, 2010, the Company has made a net profit of Rs.200 lacs as against Rs. 344 lacs in the previous financial year ended 30th June, 2009.

5) Export performance and net foreign exchange collaborations

Export during the 9 months financial period ended 31st March, 2010 was Rs. 732 lacs compared to exports of Rs. 832 lacs (for 12 months) during the previous financial year ended 30th June, 2009.

The Company has earned foreign exchange worth Rs. 732 lacs and spent foreign exchange worth Rs. 1306 lacs during the current 9 months financial period ended 31st March, 2010.

6) Foreign investments or collaborators, if any.

The Company has two overseas wholly owned subsidiaries companies as under :

Name of the subsidiaries	***Investment Amount***
PCS International Ltd., Mauritius	- *1,11,000 Equity shares of USD 10 each fully paid up aggregating to US$ 11,10,000*
PCS Technology USA, Inc	- *2,500 Equity shares of USD 2 each fully paid up aggregating to US $ 5,000*

The Company does not have any foreign collaboration.

II. Information about the appointee

1) Background details

Mr. H. C. Tandon has done his Engineering from Birla Institute of Technology, Pillani. He possesses very long experience in the field of Electronics and is associated with the Company since its inception and look after marketing of Computer Division. He was first inducted on the Board of PCS Data Products Limited as an Executive Director with effect from November 25, 1992 presently known as PCS Technology Limited.

More details are set out in the explanatory statement to item nos. 7 of the accompanying notice convening the 29th AGM

2) Past remuneration

His remuneration has already been approved by the shareholders of the Company as mentioned in the Explanatory Statement in the accompanying note.

3) Recognition or awards

Mr. H. C. Tandon has been consistently ranked amongst the high potential employees throughout his career. *Mr. H. C. Tandon has held several senior Management positions in the Company*

4) Job profile and his suitability

The Managing Director is responsible for the overall operations and profitability of the Company. He is instrumental in setting and reviewing performance of all units/departments of the Company. He ensures performance compliance in accordance with the Company's stated business plans and policies as well as legal compliance of the Company.

He heads the Marketing Division of the Company and done exceptionally well to grow the Company at the present stature.

Mr. H. C. Tandon's contribution to the Company has been immense.

5) Remuneration proposed

As per the explanatory statement provided to agenda No.7 of the accompanying notice.

6) Comparative remuneration profile with respect to industry, size of the company profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin.)

The remuneration recommended to the Managing Director is in line with the industry standard of similar size companies.

Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.

Apart from holding the offices of Director and Managing Director of the Company, Mr. H. C. Tandon has no pecuniary relationship with the Company. The Company has not appointed any managerial personnel except Mr. H. C. Tandon.

III Other information

(1) Reasons of loss or inadequate profits :

The Company is operating in an environment which is becoming more and more competitive and the margin in hardware continues to be under pressure. In an effort to shore up margins, the Company has started focusing more of value added IT services namely Security Consulting, Enterprise Solutions, Laboratory and Hospital Management solutions, GPS/GIS based solutions, Telecom, Video Conferencing and Document management over hardware business.

These lines activities would bring growth and improved profit margins for the Company.

(2) Steps taken or proposed to be taken for improvement :

As above

(3) Expected increase in productivity and profits in measurable terms

With the service verticals commanding higher margins than the IT hardware business the company has started focusing more towards value added IT services for a better bottom line in the upcoming year.

IV Disclosures

1) The shareholders of the company shall be informed of the remuneration package of the managerial person.

Given under explanatory statement in the accompanying notice.

2) The following disclosures shall be mentioned in the Board of Directors' Report under the heading 'Corporate Governance', if any, attached to the annual report :-

(i) All elements of remuneration package such as salary, benefits, bonuses, stock options, pension etc. of all the directors;

Disclosed in the Corporate Governance Report and accompanying notice.

(ii) Details of fixed component and performance linked incentives along with the performance criteria;

Relevant information furnished in the Corporate Governance Report.

(iii) Service contracts, notice period, severance fees;

The remuneration and appointment is for a period of three years w. e. f. 25th November, 2010 to 24th November, 2013. The appointment is contractual and can be terminated by either party by giving 3 (three) months notice in advance.

(iv) Stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable.

- The ESOP Plan2004 of the Company has not been implemented so far.

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

By Order of the Board
For PCS Technology Ltd.

Bhaskar J Patel
Company Secretary

Mumbai, July 31, 2010

PCS TECHNOLOGY LIMITED

DIRECTORS' REPORT

The Members,

PCS TECHNOLOGY LIMITED

Your Directors have the pleasure in presenting their Twenty Ninth Annual Report together with Audited Accounts for financial period ended 31st March 2010.

FINANCIAL RESULTS (Rs. In lacs)

Particulars	(9 Months) Financial Period ended 31.03.2010	(12 Months) Financial Year ended 30.06.2009
Gross Revenue	19,880	29,036
Gross Profit	1,002	1143
Depreciation	431	449
Profit for the year from Operations	571	694
Bad Debts, Remission & Exceptional items	273	137
Provision for Taxation (Net)	98	213
Profit for the year	200	344
Net Surplus available for Appropriation	2300	2100
Balance Carried to Balance Sheet	2300	2100

CHANGE IN FINANCIAL YEAR

Pursuant to the resolution passed by the Board of Directors at its meeting held on 29th April, 2010 current financial year of the Company has been changed commencing from 1st July, 2009 to 31st March, 2010 for a period of nine months (hereinafter referred to as the "said financial period") instead of 1st July, 2009 to 30th June, 2010. Accordingly the accounts of the Company has been prepared and audited for the said financial period ended 31st March, 2010. Further it was also approved & resolved that every subsequent financial year of the Company be adopted as from April 1 to March 31 following the next calendar year.

OPERATIONS

During the Period under review, your Company has achieved Gross Turnover of Rs.198 crores (9 months) as against Rs 288 crores (12 months).

DIVIDEND

In order to conserve the resources of the Company, your Directors express their inability to recommend a dividend for the current financial period / year ended 31st March, 2010.

DIRECTORS

As per the Article 135 of the Articles of Association of the company, Mr. G K Patni, Mr. A K Patni, Mr. N. K. Patni and Mr. D. B. Engineer 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 confirms that:

1. In the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;