



# **PCS Technology Limited**

**30th  
Annual Report  
2010-11**

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PROXY	

**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. Satish Ajmera	Director
Mr. D. B. Engineer	Director
Mr. G. M. Dave	Director
Mr. P. V. Mehta	Director
Mr. K. K. Barjatya	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

**30TH ANNUAL GENERAL MEETING**

Day, Date & Time	:	Wednesday, 7th September, 2011 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 30<sup>th</sup> 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, 7th September, 2011 at 10.00 a.m. to transact the following business.

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2011 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. P. V. Mehta who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Satish Ajmera who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. G.M.Dave 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, 31st May, 2011

### 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 Thursday, 1st September, 2011 to Wednesday, 7th September, 2011, 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 and also their email ID.
  - (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. P. V. Mehta	12.02.1942	23.07.1987	Advani Hotels & Resorts Ltd	- Member of the Audit Committee, - Member of the Remuneration Committee,
			Bharat Bijlee Ltd.	- Member of the Audit Committee, - Member of the Remuneration Committee, - Member of the Shareholders'/Investors' Grievance Committee

# THIRTIETH ANNUAL REPORT 2010-2011

<b>Name of the Director</b>	<b>Date of Birth</b>	<b>Date of Appointment</b>	<b>Directorships in other companies incorporated in India</b>	<b>Chairman/Member of Other Committees of other Companies</b>
			Hikal Ltd.	<ul style="list-style-type: none"> <li>Member of the Audit Committee,</li> <li>Member of the Remuneration Committee,</li> <li>Member of the Shareholders'/Investors' Grievance Committee</li> </ul>
			India Safety Vault Ltd.	
			JBF Industries Ltd	<ul style="list-style-type: none"> <li>Chairman of Remuneration Committee,</li> <li>Member of the Shareholders'/Investors' Grievance Committee</li> </ul>
			Mukund Ltd.	<ul style="list-style-type: none"> <li>Member of the Audit Committee,</li> <li>Member of the Remuneration Committee,</li> </ul>
			Mukund Engineers Ltd	Member of the Audit Committee
			Rajasvi Properties Holdings Pvt. Ltd.	
			Tulsidas Khimji Pvt. Ltd.	
			W.H. Brady & Co. Ltd.	
			Shopping Centre Management Services Pvt. Ltd.	
Mr. Satish Ajmera	26.10.1944	25.06.1990	Wires and Fabriks(S.A) Ltd	<ul style="list-style-type: none"> <li>Member of the Audit Committee</li> <li>Member of the Shareholders'/Investors' Grievance Committee</li> </ul>
			The Lakshmi Mills Co. Ltd.	Chairman of the Audit Committee
			FCI Arawali Gypsum and Minerals India Ltd.	Chairman of the Audit Committee
			S.Ajmera Finance Pvt. Ltd	
			A & A Mines and Minerals Pvt. Ltd.	Member of the Audit Committee
			SRP Infosystems Pvt. Ltd.	
Mr. G.M. Dave	12.07.1938	29.09.1995	Vinati Organics Ltd.	Chairman of the Audit Committee
			Ultratech Cement Ltd.	<ul style="list-style-type: none"> <li>Member of the Audit Committee</li> <li>Member of the Shareholders'/Investors' Grievance Committee,</li> <li>Member of the Remuneration Committee,</li> </ul>
			Grasim Bhiwani Textiles Ltd	Member of the Audit Committee
			Cinemax India Ltd.	<ul style="list-style-type: none"> <li>Member of the Audit Committee,</li> <li>Member of the Remuneration Committee,</li> </ul>
			Aditya Birla Retail Ltd.	<ul style="list-style-type: none"> <li>Chairman of the Audit Committee,</li> <li>Member of the Remuneration Committee,</li> </ul>
			H A S Two Holding Pvt. Ltd.	
			Terrafirma Agroprocessing (India) Pvt. Ltd.	
			Fabmall (India) Pvt. Ltd.	
			Trinethra Superretail Pvt. Ltd.	<ul style="list-style-type: none"> <li>Chairman of the Audit Committee,</li> <li>Member of the Remuneration Committee,</li> </ul>
			Camphor & Allied Products Ltd.	<ul style="list-style-type: none"> <li>Member of the Audit Committee,</li> <li>Member of the Remuneration Committee,</li> </ul>
			Birla Family Investments Private Ltd.(formally known as Kornerinvest Capital Pvt. Ltd)	

# PCS TECHNOLOGY LIMITED

## DIRECTORS' REPORT

The Members,

**PCS TECHNOLOGY LIMITED**

Your Directors have the pleasure in presenting their Thirtieth Annual Report together with Audited Accounts for financial year ended 31st March 2011.

### FINANCIAL RESULTS

(Rs. In lacs)

Particulars	(12 Months) Financial Year ended 31.03.2011	(9 Months) Financial Period ended 31.03.2010
Gross Revenue	19,137	19,880
Gross Profit	815	1,002
Depreciation	492	431
Profit for the year from Operations	323	571
Bad Debts, Remission & Exceptional items	222	273
Provision for Taxation (Net)	22	98
Profit for the year	79	200
Net Surplus available for Appropriation	2379	2300
Balance Carried to Balance Sheet	2379	2300

### OPERATIONS

During the year under review, your Company has achieved Gross Revenue of Rs.191 crores as against Rs 198 crores in the previous period.

The Computer Hardware business of your Company has declined over the years due to stiff competitions from MNC and unbranded products. Margin from hardware business continue to remain under pressure. The cash inflow too remains tight demanding high working capital. The Directors of your Company has been evaluating to probably discontinue the Computer Hardware manufacturing and shift its focus more on IT and IT enabled services where margins are much better.

### DIVIDEND

In order to conserve the resources of the Company, your Directors express their inability to recommend any dividend for the financial year ended 31st March 2011.

### SALE OF ASSETS

Your company has acquired new office premises being 6th and 7th Floor in the building known as "Technocity", situate at MIDC area, Mahape, Navi Mumbai and intends to shift its Mumbai operations to these premises. With this we propose to sell surplus properties at Alandi (Pune) and Sakinaka (Mumbai). The proposed sale is in the interest of shareholders and the business.

### DIRECTORS

Mr. M . Y Kulkarni has resigned as Director of the Company w. e. f. 20<sup>th</sup> April, 2011 The Board places on record its sincere appreciation for the valuable services rendered by him during the tenure of his office as the Director of the Company.

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

A brief note on Directors retiring by rotation and being 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;

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 31st March, 2011 and of the profit of the company for the said year;
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 a part of the Annual Report along with a 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 COMPANY**

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 31st March 2011 of PCS International Limited, Mauritius and PCS Technology USA, Inc. and PCS Positioning Systems (India) Limited 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**

During the financial year, there were no employees drawing remuneration in excess of the monetary ceiling prescribed under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended.

## **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 'A' 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, 31<sup>st</sup> May, 2011

**G. K. Patni**  
Chairman

# PCS TECHNOLOGY 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 in value while considering total volume of operations.

### (B) Technology Absorption

Not applicable

### (C) Foreign Exchange Earnings/Outgo

Your Company has earned foreign exchange worth Rs. 397 Lacs and has spent foreign exchange worth Rs 939 Lacs under the following heads.

<u>Particulars:</u>	<u>(Rs. In Lacs)</u>
(i) Raw Material and Components	721
(ii) Capital Goods	-
(iii) Other Expenses	218
<b>Total</b>	<b>939</b>

On behalf of the Board of Directors

**G. K. Patni**  
Chairman

Mumbai, 31<sup>st</sup> May, 2011



# THIRTIETH ANNUAL REPORT 2010-2011



## MANAGEMENT DISCUSSIONS AND ANALYSIS

### Industry Scenario & Review

The financial year 2010-11 witnessed challenges. The prices of PC and peripherals continued to drop over the past few years. The price competition continued with MNC and unbranded products putting pressure on margins.

### Performance & Review

#### **Computer Division**

The Computer Division has recorded a Gross Turnover of Rs. 191 crores (12 months) as against previous Period Rs 198 crores (9 months). The key contributors to PC business has been from the Government segment through Rate Contracts with DGS&D, Banking and State governments. The Company continued to give more focus on IT Service business over PC sales.

#### **Operations**

The computer hardware sales has declined over the years due to insufficient margins. The Management finds that hardware business is no longer contributing to profit and cash flow and it should now divert its focus more on IT and IT enabled services.

The initiatives taken by the Company in verticals such as Laboratory and Hospital management solutions, GPS, Facilities management, Document management, IT consulting, Enterprise Solutions, Video Conferencing and Telecom have begun in promoting sales. The Company has added client in overseas market of Africa, and UAE and the results are encouraging.

#### **Opportunities, Threats & Risks**

The Company is operating its hardware business in an environment which is more competitive and declining margins. The growth prospects of the domestic PC sales remain subdued as company faces price competition, technological obsolescence and thin profit margin resulting in low operating profit. The Management is evaluating to probably discontinue hardware manufacturing.

#### **Future Outlook**

In an effort to shore up margins, the company will focus more on value added IT services namely IT Consulting, Enterprise Solutions, Laboratory and Hospital Management solutions, Telecom, Video Conferencing and Document management. The company feels that margins are much better in this area. 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.

#### **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 IT facility management. There was an impact of US recessionary trends on company's sales and profitability.

#### **Indian Subsidiary**

##### **PCS Positioning Systems (India) Limited**

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

#### **Internal Control and Adequacy**

The Company has a proper and adequate system of internal control to ensure that all the assets are safeguard, protected against loss from unauthorised use or disposition and those transactions are authorised, recorded and reported correctly. The internal audit reports are reviewed for corrective actions wherever required. The views of statutory auditors are also considered to ascertain the adequacy of the internal control system.

#### **Human Resources**

Human resources are a valuable assets and Company seek to attract and retain the best talent available. Systematic training, development, continuance of productivity and employee satisfactions is some of the highlight of human resources development activities during the year. Employee relations continued to be cordial. Your Directors acknowledge and thanks employees for their continued contribution.

#### **Cautionary Statement**

*Statement in this Management Discussions and Analysis describing company's objective and predictions may be "forward looking statement" within the meaning of applicable laws and regulations. Actual results may differ from those expressed herein. Important factors that could make difference to the operations include Government regulations, tax structures, and country's economic development, availability of input and their prices and other incidental factors.*

# PCS TECHNOLOGY LIMITED

## REPORT ON CORPORATE GOVERNANCE

### Pursuant to Clause 49 of the Listing Agreement with Stock Exchanges

The following is a report on the ongoing implementation of the Code by your Company.

#### 1. Company's philosophy on Corporate Governance

The Company firmly believes in good Corporate Governance and has endeavored to practice and improve its focus on it by increasing transparency and accountability to its shareholders in particular and other stakeholders in general.

#### 2. Board of Directors (Board)

The Board of Directors has an optimum mix of Executive and Non-Executive Independent Directors. The present strength of Board is Ten members comprising one Managing Director. There are Five Non-Executive Independent Directors on the Board, which is in conformity with the amended Clause 49(1) (A) of the

Listing Agreement. The Non-Executive Directors bring independent judgment in the Board's deliberations and decisions. Independent Directors are Directors, who apart from receiving Director's Sitting Fees and Professional Fees paid to the firm in which some of the Directors are Partners as disclosed in the Notes to Accounts, do not have any other material pecuniary relationship or transactions with the Company, its promoters, its management or its subsidiaries, which in the judgment of the Board may affect the independence of the judgment of the Director.

- Board Meetings held during the financial Year ended 31st March 2011

5(Five) board meeting were held during the financial year ended on 31<sup>st</sup> March, 2011 on the following dates:

29.04.2010, 31.05.2010, 31.07.2010, 30.10.2010, 09.02.2011

- Details of attendance at the Board meetings, Annual General meeting and shareholding of each Director are as follows:

Name of the Director	Category	No. of board meetings attended	Attendance at last AGM held on 08.09.2010	No. of Equity shares held in the Company *
Mr. G. K. Patni Chairman	Promoter - Non-Executive	5	YES	579685
Mr. A. K. Patni Vice Chairman	Promoter - Non-Executive	4	NO	575995
Mr. N. K. Patni	Promoter- Non-Executive & Non - Independent	None	NO	94079
Mr. Apoorva Patni	Non - Executive & Non - Independent	2	NO	500745
Mr. D. B. Engineer	Non - Executive & Independent	5	NO	Nil
Mr. Satish Ajmera	Non - Executive & Independent	5	YES	236
Mr. P. V. Mehta	Non - Executive & Independent	4	NO	Nil
Mr. G. M. Dave	Non - Executive & Independent	5	NO	100
Mr. M. Y. Kulkarni **	Non - Executive & Independent	3	NO	Nil
Mr. K. K. Barjatya	Non - Executive & Independent	5	NO	316
Mr. H. C. Tandon Managing Director & CEO	Executive	5	YES	432

\* The above shareholding as at 31<sup>st</sup> March, 2011 is in respect of shares which are held by Directors as a first holder and in which shares they have beneficial interest

\*\* Resigned as Director w.e.f 20/04/2011 and also ceased to be a member of the committees