



PCS Technology Limited

**32nd
Annual Report
2012-13**

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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. 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
Dena Bank
Union Bank of India

REGISTERED OFFICE

Office no.1, Gat no. 478
Alandi Markaal Road,
Tal. Khed, 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

32ND ANNUAL GENERAL MEETING

| | | |
|-----------------------------|---|--|
| Day, Date & Time | : | Wednesday, 11 th September, 2013, 10.00 A.M. |
| Venue | : | Hotel Aaradhana Garden, Gat No. 123, Alandi Markaal Road, Tal. Khed, Alandi, Dist. Pune 412 106 |

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 32nd ANNUAL GENERAL MEETING of PCS Technology Limited will be held in Meeting Hall of Hotel Aaradhana Garden situated at Tal. Khed, Alandi, Dist. Pune 412 106 on Wednesday, 11th September, 2013, 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, 2013 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. Ashok Kumar Patni who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Narendra Kumar Patni who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. D. B. Engineer 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.

SPECIAL BUSINESS

6. 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, 2013 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:

Office no.1, Gat no. 478
Alandi Markaal Road,
Tal. Khed, Alandi
Dist Pune 412 106

Mumbai, 25th May, 2013

By Order of the Board
For PCS Technology Ltd.

Bhaskar J Patel
Company Secretary

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, 4th day of September, 2013 to Wednesday, 11th day of September, 2013, 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.

THIRTY SECOND ANNUAL REPORT 2012-2013



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. A.K. Patni | 01.08.1951 | 22.01.1981 | PCS Finance Private Limited PCS Cullinet Private Limited Ashoka Computer Systems Pvt. Ltd PCS Positioning Systems (India) Limited Saulse Energija Limited RPG Farms Limited Patni Healthcare Limited Gemstone Real Estate Private Limited Kalpavruksh Systems Limited PCS Infotech Limited | None |
| Mr. Narendra Kumar Patni | 09.03.1942 | 29.09.1995 | Isolution, INC. Patni Technologies Pvt. Ltd | None |
| Mr. Dadi B. Engineer | 02.05.1933 | 29.09.1995 | Atlas Copco Limited | - Member & Chairman of Shareholders/Investors Grievance Committee -Member of Audit Committee -Member of Remuneration Committee |
| | | | Forvol International Services Ltd | |
| | | | Fiora Services Limited | |
| | | | Foods & Inns Limited | -Member & Chairman of Audit Committee |
| | | | Forbes & Company Limited | - Member of Audit Committee |
| | | | Welspun India Limited | Member of Audit Committee -Member of Remuneration Committee |
| | | | Zauri Industries Limited | -Member & Chairman of Audit Committee -Member of Shareholders/Investors Grievance Committee and Share Transfer Committee |
| | | | Nilkamal Limited | -Member of Audit Committee |
| | | | Protos Engineering Co. Pvt. Ltd | |
| | | | S.P.Sanghi Airconditioning Pvt. Ltd | |
| | | | Zoroastrian Investment Corporation Pvt. Ltd | |

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Mumbai, 25th May, 2013

By Order of the Board
For PCS Technology Ltd.

Bhaskar J Patel
Company Secretary

PCS TECHNOLOGY LIMITED

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT WITH RESPECT TO SPECIAL BUSINESS PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO. 6

The members of the Company at the 29th Annual General Meeting held on 8th September, 2010 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, 2010 on remuneration as specified in the AGM notice dated July 31, 2010.

His present term of appointment as a Managing Director & CEO of the Company will expire on November 24, 2013.

The Board of Directors at their meeting held on May 25, 2013 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, 2013 up to 24th November 2016. Based on the recommendation of the Remuneration Committee of the Board of Directors, at its said meeting held on May 25, 2013 also approved the remuneration and other terms and conditions of appointment of Mr. H C Tandon as Managing Director of the Company. The said appointment as well as the terms thereof are 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 May 25, 2013.

The said draft Agreement, inter-alia, contain the following terms and conditions:

- (a) Rs.1,40,000/- per month (Rupees One lakh forty thousand only) per month with such increments as may be decided by the Board 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 30% (Thirty percent) of the salary.
- ii) **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.
- iii) **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.
- iv) **Leave Travel Concession** : For the Managing Director and his family, once in a year incurred in accordance with the rules specified by the Company.
- v) **Medical/Hospitalization expenses** for self & family subject to ceiling of one month's salary in a year or three months salary over a period of three years
- vi) **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, payable in accordance with the Approved Gratuity Fund and which shall not exceed half a month's salary for each completed year of service.
- 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 including Mobile Phone provided to him shall not be considered as perquisites. Personal long distance calls on telephone 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.
2. 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
3. The Managing Director shall be entitled to reimbursement of entertainment expenses incurred by him for the purpose of the business of the Company.
4. 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.
5. 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 modifications(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. to 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, none of the other Directors of the Company may be considered to be interested or concerned in appointment and increase in this remuneration.

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

1) Nature of industry : Hardware & software

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

The Company is already in the business of Information Technology & Facility Management Services.

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 financial year ended 31st March, 2013, the Company has earned a total income of Rs. 9753 Lacs as against Rs. 13346 lacs for the previous financial year.

For the financial year ended 31st March, 2013, the Company has made a net profit of Rs. 354 lacs as against Rs. 144 lacs in the previous financial year.

5) Export performance and net foreign exchange collaborations

Export during the financial year was Rs. 95.72 lacs compared to exports of Rs. 30.27 lacs during the previous financial year.

The Company has earned foreign exchange worth Rs. 95.72 lacs and spent foreign exchange worth Rs. 66.89 lacs during the current financial year.

PCS TECHNOLOGY LIMITED

6) Foreign investments or collaborators, if any.

The Company has two overseas subsidiaries companies as under :

| Name of the subsidiaries | Investment Amount |
|-----------------------------------|---|
| PCS International Ltd., Mauritius | - 111,000 Equity shares of USD 10 each fully paid up aggregating to US\$1,110,000 |
| PCS Technology USA, Inc | - 2,500 Equity shares of USD 2 each fully paid up aggregating to US\$ 5,000. |

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.

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 position 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.

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.6 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.

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

None.

III. Other information

1) Reasons of loss or inadequate profits :

The Desktop Market continued to face cutthroat competition from branded Indian and MNC Products, the margin of the Company was under pressure and it was unable to deploy its resources for other productive business, therefore the Company has discontinued its computer manufacturing assembly line of activities and started focusing more on IT and Facility Management Services. The Company is currently in the phase of consolidating its presence in the IT, IT infrastructure and Facility Management Services. These lines of activities would bring growth and improved profit margins of the Company.

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

As above

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

It is expected that from the financial year ending 31st March, 2014 and onwards, the Company's top line would increase marginally and the net profit shall improve handsomely.

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,, 2013 to 24th November, 2016. 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.

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Mumbai, 25th May, 2013

*By Order of the Board
For PCS Technology Ltd.*

*Bhaskar J Patel
Company Secretary*

PCS TECHNOLOGY LIMITED

DIRECTORS' REPORT

The Members,

PCS TECHNOLOGY LIMITED

The Directors of your Company are pleased to present the 32nd Annual Report with the statement of audited financial accounts for the year ended 31st March 2013.

FINANCIAL RESULTS

(Rs. In lacs)

| Particulars | Financial Year ended 31.03.2013 | Financial Year ended 31.03.2012 |
|---|------------------------------------|------------------------------------|
| Net sales and services | 9817 | 13619 |
| Gross Profit | 565 | 622 |
| Depreciation | 73 | 391 |
| Profit for the year from Operations | 491 | 231 |
| Provision for Taxation (Net) | 138 | 73 |
| Profit for the year | 354 | 158 |
| Less: Extraordinary items | - | 13 |
| Net Surplus available for Appropriation | 354 | 144 |
| Balance of Profit/(Loss) available in Balance Sheet | 598 | 244 |

OPERATIONS

In the year under review the Company continued to witness the challenges in the price competition.

During the year under review, your Company has achieved Gross Sales of Rs.9,817 lacs as against Rs.13,619 lacs in the previous year.

As planned in the interest of the Company, the Company has started focusing more on expanding IT & Facility Management Services which is now a major key driver over IT Hardware business operations, for improvement of margins & profitability.

In view of the above restructuring of the business operations, the sales turnover of the Company of the current year will not be comparable with previous year's sales turnover.

SHARE CAPITAL

Pursuant to the resolution passed by the members at the Annual General Meeting (AGM) held on 21st December 2012 the Company has Re-classified it's Authorised Share Capital comprising 2,10,25,000 Equity shares of Rs.10 each and 39,75,000 Redeemable, Non convertible and Non-Cumulative Preference Shares of Rs.10 each, aggregating Rs.25,00,00,000. At the said AGM, the members had also passed a resolution for issue on private placement basis of 39,75,000; 9% Redeemable, Non convertible and Non-Cumulative Preference Shares of Rs.10 each for cash at a Premium not exceeding Rs.125 per share, together with premium aggregating not exceeding Rs.53,66,25,000 to the Promoters and Promoter companies of the Company.

Accordingly, during the year under review the Company has allotted 39,75,000; 9% Redeemable, Non convertible and Non-Cumulative Preference Shares of Rs.10 each for cash at a Premium of Rs.125 per share (Preference shares) to the Promoters and Promoter companies of the Company. The premium amounting to Rs.49,68,75,000 collected on the issue of said preference shares has been credited to Securities Premium Account.

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 2013.

DIRECTORS

As per Article 135 of the Articles of Association of the Company, 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 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.