



PCS Technology Limited

**35th
Annual Report
2015-16**

PCS
TECHNOLOGY
PCS TECHNOLOGY LIMITED
CIN - L74200MH1981PLC024279

BOARD OF DIRECTORS

Mr. G. K. Patni (DIN - 00014163)	Chairman
Mr. A. K. Patni (DIN - 00014194)	Vice Chairman
Mr. H. C. Tandon (DIN - 00037611)	Managing Director & CEO
Mr. Satish Ajmera (DIN - 00208919)	Director
Mr. D. B. Engineer (DIN - 00047028)	Director (expired on 30th May, 2016)
Mr. G. M. Dave (DIN - 00036455)	Director
Mr. K. K. Barjatya (DIN - 00107064)	Director
Mrs. Vandana Gupta (DIN - 07117752)	Director
Mr. Yash Bhardwaj (DIN - 01714824)	Executive Director

CHIEF FINANCIAL OFFICER

Mr. M. P. Jain

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

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35th ANNUAL GENERAL MEETING

Day, Date & Time	:	Wednesday, 21st September, 2016, 12.00 noon
Venue	:	Hotel Celebration, Banquet Hall, Opp. New S.T. Road, Alandi Road, Pune 412 105

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

THIRTY FIFTH ANNUAL REPORT 2015-2016



NOTICE TO MEMBERS

NOTICE TO MEMBERS

NOTICE is hereby given that the **35th ANNUAL GENERAL MEETING of PCS TECHNOLOGY LIMITED** will be held at Hotel Celebration, Banquet Hall, Opp. New S.T. Road, Alandi Road, Pune 412 105 on Wednesday, 21st September, 2016 at 12:00 noon to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Standalone and Consolidated Audited Balance Sheet as at 31st March, 2016 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 (DIN - 00014194) who retires by rotation and being eligible, offers himself for re-appointment.
3. To ratify the appointment of Auditors of the Company and to fix remuneration and to pass the following resolution as an ordinary resolution thereof.

"RESOLVED THAT pursuant to section 139, 142 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, pursuant to the recommendations of the audit committee of the Board of Directors and pursuant to the resolution passed by the members at the AGM held on 17th September, 2014, for the appointment of Mr. S. C. Bandi, of S. C. Bandi & Co., Chartered Accountant (registration no. 130850W) as Statutory Auditors of the Company to hold office till the conclusion of the AGM of the financial year 2017 be and is hereby ratified and that the Board of Directors be and is hereby authorized to fix remuneration payable to them for the financial year ending 31st March, 2017 as may be determined by the audit committee in consultation with the auditors".

SPECIAL BUSINESS:

4. Appointment of Mr. Harish Chandra Tandon (Din: 00037611) as Managing Director and CEO of the Company

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

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 198, 203 read with Schedule- V of the Companies Act, 2013 and the Companies (Appointment and remuneration of Management and Personnel) Rules, 2014 (including any statutory modification or re-enactment thereof for the time being) read with Schedule- V of the Companies Act, 2013, approval of the members of the Company be and is hereby accorded for the re-appointment of Mr. Harish Chandra Tandon (Din : 00037611), as Managing Director and CEO of the Company for the period of two years with effect from November 25, 2016, upon the terms and conditions including remuneration as set out in the explanatory statement annexed to the Notice convening this meeting 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
CIN - L74200MH1981PLC024279

By Order of the Board
For PCS Technology Ltd.

Mumbai, May 16, 2016

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 Thursday, 15th September, 2016 to Wednesday, 21st September, 2016, both days inclusive.

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.
- 3) Members whose Shareholding is in electronic mode are requested to direct the change of address notifications and updates of saving bank account details to their respective Depository Participants.
 - 4) The Annual Report 2015-16 is being sent through electronic mode only to the members whose email address are registered with the Company/ depository participants, unless any members has requested for a physical copy of the Report. For the members who have not registered their email addresses, physical copies of the Annual Report 2015-16 are being sent by the permitted mode.
 - 5) Members may also note that the Notice of the 35th AGM and the Company's Annual Report 2015-16 will be available on the Company's website www.pcstech.com.

The physical copies of the documents will also be available at the Company's registered office.

- 6) The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company. SEBI has also mandated that for registration of transfer of securities, the transferee(s) as well as transferor(s) shall furnish a copy of their PAN card to the Company for registration of transfer of securities.
- 7) Information on Directors, recommended for appointment/ re-appointment at the Annual General Meeting as required under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirement) Regulation, 2015.

Re-appointment of Mr. Ashok Kumar Patni (DIN : 00014194) (Item no. 3)

Ashok Kumar Patni

Mr. Ashok Kumar Patni serves as Non-Executive Vice Chairman of PCS Technology Limited and has been its Director since April 22, 1981. He has over 22 years of experience in computer hardware and systems software. Mr. Ashok Kumar Patni was a Co-founder of Patni Computer Systems Ltd. Earlier, Mr. Patni

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served as Joint Managing Director of PCS Technology Limited since December 30, 2005. Mr. Patni has contributed significantly in the past to the growth of the hardware and Software business of the Company. He is a Mechanical Engineer from IIT, Mumbai.

Disclosure of relationships between directors inter-se

Listed Companies (other than PCS Technology Limited) in which Mr. Ashok Kumar Patni holds the directorship and Committees membership:

Directorship in 11 Companies namely:

- i PCS Cullinet Pvt. Ltd
- ii Ashoka Computer Systems Pvt. Ltd
- iii PCS Finance Private Ltd.
- iv PCS Infotech Limited
- v PCS Positioning Systems (India) Ltd.
- vi Saulese Energija Ltd
- vii Gemstone Real Estate Pvt. Ltd
- viii Patni Healthcare Ltd.
- ix Kalpavruksh Systems Limited
- x Currae Capital Finance Pvt Ltd
- xi Patni Financial Advisors Pvt Ltd

Chairperson of Board Committees:

Patni Healthcare Limited

Member of Board Committee:

Member of Stakeholders Relationship Committee – PCS Technology Limited and
Member of Corporate Social Responsibility Committee- PCS Technology Limited

Shareholding in the Company:

5,75,995 shares

8. Voting through electronic means

Pursuant to the provisions of section 108 of the Companies Act, 2013 and amended Rule 20 of Companies (Management and Administration) Rules, 2014, pursuant to Regulation 44(1) of SEBI (LODR) Regulation, 2015, the Company is pleased to provide members facility to exercise their right to vote at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services provided by Central Depository Services (India) Limited (CDSL). It is hereby clarified that it is not mandatory for a member to vote using the e-voting facility, and a member may avail of the facility at his/her/it discretion, subject to compliance with the instructions prescribed below:

The instructions for members for voting electronically are as under:-

The remote e-voting period begins on Sunday, 18 th September, 2016 at 10:00 a.m and ends on at Tuesday, 20th September, 2016 at 5:00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 14th September, 2016, may cast their vote electronically. The remote e-voting module shall be disabled by CDSL for voting thereafter.

(A) In case of members receiving e-mail:

1. Log on to the e-voting website www.evotingindia.com
2. Click on "Shareholders" tab.
3. Now, select "PCS Technology Limited" from the drop down menu and click on "SUBMIT"
4. Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
5. Next enter the Image Verification as displayed and Click on Login.
6. If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
7. If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Bank Details	Enter the Bank Details as recorded in your demat account or in the company records for the said demat account or folio

*Members who have not updated their PAN with the Company / Depository Participant are requested to use the sequence number as mentioned overleaf..

Please enter any one of the details in order to login. In case both the details are not recorded with the depository or the Company, please enter the number of shares held by you in the Bank details field.

8. After entering these details appropriately, click on "SUBMIT" tab.
 9. Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential
 10. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
 11. Click on the EVSN for the relevant PCS Technology Limited on which you choose to vote.
 12. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
 13. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
 14. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
 15. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
 16. You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
 17. If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
 18. Note for Non – Individual Shareholders and Custodians
 - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.com> and register themselves as Corporates and Custodians respectively
 - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
 - After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.
- (B) In case of members whose email IDs are not registered with the Company/ Depository participant(s) and who receive Physical Postal Ballot Forms, the following instructions may be noted:
- Please follow all steps from sl. no. (1) to sl. no. (17) above to cast vote.
- In case you have any queries or issues regarding remote e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.
- (C) General:
- (a) In case of any queries regarding remote e-voting you may refer to the 'user manual for shareholders to cast their votes' available at www.evotingindia.com under 'HELP'.
 - (b) The facility for voting through polling paper shall be made available at the venue of the AGM.
 - (c) The members who will be attending the meeting and who have not cast their vote through remote e- voting shall be able to exercise their voting rights at the AGM. The members who have already cast their vote through remote e-voting may attend the meeting but shall NOT be entitled to cast their vote again at the AGM.
 - (d) Members holding shares in Physical or dematerialized form, as on the cut-off date of 14th September, 2016, shall only be entitled to avail the facility of Remote E-voting or voting through polling paper at the AGM.
 - (e) The voting rights of the shareholders shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut-off date of 14th September, 2016.
 - (f) M/s. Bhavesh Desai & Associates, Practising Company Secretary, Mumbai, has been appointed as Scrutinizer to scrutinize the remote e-voting process in a fair and transparent manner.
 - (g) The scrutinizer shall within a period of not exceeding three working days from the conclusion of the e-voting period unblock the votes in the presence of at least two witnesses not in employment of the Company and make a scrutinizer's report of the votes cast in favor or against, if any, forthwith to the Chairman of the Company.

The results of the remote e-voting and voting through poll along with the scrutinizer's report shall be placed in the Company's website www.pcstech.com within statutory period as mentioned in the Company's Act, 2013 after passing of the resolution at the AGM of the Company. The results will also be communicated to the stock exchanges where the shares of the Company are listed.

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ANNEXURE TO NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item no. 4:

The members of the Company at the 32nd Annual General Meeting held on 11th September, 2013 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, 2013 on remuneration as specified in the AGM notice dated May 25, 2013.

His present term of appointment as a Managing Director & CEO of the Company will expire on November 24, 2016.

The Board of Directors at their meeting held on May 16, 2016 re-appointed Mr. H. C. Tandon as a Managing Director & CEO of the company for a further period of two years w.e.f. 25th November, 2016 up to 24th November 2018. Based on the recommendation of the Remuneration Committee, the Board of Directors, at its said meeting held on May 16, 2016 also approved the remuneration and other terms and conditions of appointment of Mr. H C Tandon as Managing Director and CEO 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 16, 2016.

Profile of Mr. Tandon

Mr. Harish Jagdish Chandra Tandon has been Managing Director and Chief Executive Officer of PCS Technology Limited since November 25, 2007. Mr. Tandon joined the Company in 1979. He has over 37 years of experience and earlier served at Hinditron Computers for 2 years. He has been a Director of PCS Technology Usa., Inc. since November 27, 2004. He has been an Executive Director of PCS Technology Limited since December 30, 2005 and earlier served its Whole time Director since November 25, 1995. He holds a B.Sc in Engg from Birla Institute of Technology, Pillani

Disclosure of relationships between directors inter-se;

Nil

Names of listed entities in which the person also holds the directorship

Nil

Member of Board Committees

Nil

Shareholding in the Company

432 shares

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

- (a) Rs.1,40,000/- (Rupees One lakh forty thousand only) per month with such increments as may be decided by the Board subject to a ceiling of Rs.1,60,000/- 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.
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, Attire Allowances, 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/ Hospitalization expenses for self and family subject to ceiling of one month's salary in a year or two months salary over a period of two 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 with driver 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 42 days

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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, 2013 (including any statutory modifications(s) or re-enactment thereof).

The Agreement may be terminated earlier by either party giving 2(two) months notice in writing to the other party, or the company paying 2(two) 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 190 of the Companies Act, 2013.

Your Directors recommend the Resolutions for your approval.

Except Mr H. C. Tandon, Managing Director and CEO, none of the other Directors of the Company may be considered to be interested or concerned in increase in this remuneration.

Registered Office:

Office no.1, Gat no. 478
Alandi Markaal Road,
Tal. Khed, Alandi
Dist Pune 412 106
CIN - L74200MH1981PLC024279

By Order of the Board
For PCS Technology Ltd.

Mumbai, May 16, 2016

Bhaskar J Patel
Company Secretary

PCS TECHNOLOGY LIMITED

DIRECTORS' REPORT

The Members,

PCS TECHNOLOGY LIMITED

Your Directors of the Company are pleased to present you the 35th Annual Report of the Company along with the statement of Audited Financial Statements for the financial year ended 31st March 2016.

FINANCIAL RESULTS

Key highlights of standalone Financial Results of the Company for the financial year 2015-16 are tabulated below:

Particulars	(Rs. In lakhs)	
	Financial Year ended 31.03.2016	Financial Year ended 31.03.2015
Net sales and services	6,323	10,046
Gross Profit	810	972
Depreciation	111	105
Profit for the year from Operations	699	867
Corporate Social Responsibility Expense	5	10
Provision for Taxation (Net)	140	312
Profit for the year / available for Appropriation	554	545
Balance of Profit/(Loss) available in Balance Sheet	1,983	1,545

OPERATIONS

During the year under review, your Company has achieved Net Sales of Rs. 6323 lakhs as against Rs. 10046 lakhs in the previous year.

In the current year, the Company did not solicited computer hardware business and this had the impact on the total sales and services. However, the Company has maintained the level of the Profit for the year.

Adequacy of Internal Financial Control: The Company has in place adequate internal control procedures commensurate with the size of the Company and the nature of its business.

SCHEME OF AMALGAMATION AND ARRANGEMENT

Pursuant to the Scheme of Amalgamation and Arrangement between PCS International Limited, Mauritius ('PIL Mauritius' or 'the Transferor Company') and PCS Technology Limited ('PTL' or 'the Company' or 'the Transferee Company') and their respective Shareholders under Sections 391 to 394 read with Sections 100 to 103 of the Companies Act, 1956 and Section 52 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 1956 and the Companies Act, 2013, ("the Scheme") sanctioned by the Hon'ble High Court of Bombay vide its order dated 8th May, 2015 and the approval of the Registrar of Companies, Mauritius for the removal of the name of "PCS International Limited" Mauritius (PIL) from their record on 3rd June, 2015, the Wholly Owned Subsidiary Company PIL Mauritius merged with the "PCS Technology Limited" ("the Company") with effect from **April 1, 2014** ("the appointed date"). The Scheme came into effect on 18th June, 2015, the day on which the Company has filed the Bombay High Court order with the Registrar of Companies, Pune and pursuant thereto the entire business and all the assets and liabilities, duties and obligations of PIL, Mauritius have been transferred to and vested in the Company with effect from 1st April, 2014. As the amalgamating company i. e. PIL Mauritius was Wholly Owned Subsidiary Company, no equity shares were exchanged to effect the amalgamation in respect thereof.

According to the aforesaid Scheme of Amalgamation and Arrangement, the difference between the value of net assets and liabilities of the PIL, Mauritius taken over and cancellation of inter-company balances by the Company and after adjusting for certain stressed assets of the Company totaling to Rs.6387.22 lakhs have been charged to the Security Premium, Capital Reserve and General Reserves aggregating to Rs. 5737.19 lakhs in the same sequence netting off the current and deferred tax credit of Rs. 650.03 lakhs. The necessary entries in the books of accounts of the Company have been made to this effect in current financial year.

EXTRACTS OF ANNUAL RETURN

In accordance with sub-section (3) of Section 92 in the Form MGT 9 of the Companies Act, 2013, an extracts of the Annual Return in prescribed format is annexed and marked as **Annexure 1** to the Board's Report.

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 2016.

RESERVES

Since the Company do not recommend any dividend, it is not required to transfer any amount to the General Reserve of the Company for the year under review.

MATERIAL CHANGES & COMMITMENTS AFFECTING THE FINANCIAL POSITIONS OF THE COMPANY

There have been no material changes and commitments, affecting the financial position of the Company which occurred during between the end of the financial year to which the financial statements relate and the date of this report.

ANNUAL PERFORMANCE EVALUATIONS

The Board evaluated the effectiveness of its functioning and that of the Committees and of individual directors by seeking their inputs on various aspects of Board/Committee Governance.

Further, the Independent Directors at their meeting, reviewed the performance of Board, Chairman of the Board and of Non-Executive Directors

The criteria for performance evaluation as laid down by the Nomination Committee, are mentioned in Corporate Governance attached to the Directors' Report of the Company.

DIRECTORS

Retirement by Rotation

As per Article 135 of the Articles of Association of the Company, Mr. A. K. Patni (Din- 00014194), Director of the Company retire by rotation at the ensuing Annual General Meeting and being eligible offer himself for re-appointment on the Board of your company.

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Declaration given by Independent Director

The Company has received necessary declaration from each independent director under Section 149 (7) of the Companies Act, 2013, that he/she meets criteria of independence laid down in Section 149 (6) of the Companies Act, 2013 and Regulation 16 (1)(b) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

None of the independent directors are due for re-appointment.

Board and Audit Meetings

During the year under review, four Board Meetings and four Audit Committee Meetings were convened and held. The details of which are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

Remuneration Policy

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy on directors' appointment and remuneration including criteria for determining qualifications, positive attributes including independence of a directors of the Company.

The Remuneration Policy is stated in the Corporate Governance Report.

COMMITTEES OF THE BOARD

Currently, the Board has four Committees, the Audit Committee, Stakeholders' Relationship Committee, Nomination and Remuneration Committee and Corporate Social Responsibility Committee (CSR Committee). The Composition of each of the committee is mentioned in the **Annexure 2** of the Boards' Report.

STATUTORY AUDITOR

Mr. S. C Bandi of Messrs S.C Bandi & Co. , Chartered Accountants (registration no. 130850W), Mumbai, who are the statutory auditors of the Company, hold office until the conclusion of the ensuing AGM and are eligible for re-appointment. Members of the Company at the AGM held on 17 September, 2014 had approved the appointment of Messrs S.C Bandi & Co as the Statutory Auditors for a period of two financial years i.e., up to 31 March, 2017. As required by the provisions of the Companies Act, 2013, their appointment should be ratified by members each year at the AGM. Accordingly, requisite resolution forms part of the notice convening the AGM

SECRETARIAL AUDITOR

Mr. Bhavesh Desai of M/s. B. Desai & Associates, Practicing Company Secretary was appointed to conduct the secretarial audit of the Company for the financial year 2015-16 as required under Section 204 of the Companies Act, 2013 and Rules thereunder. The Secretarial Audit report for FY 2015-16 forms part of the Annual report as **Annexure 3** to the Board's Report.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There have been no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to sub-section (3C) of Section 134 of the Companies Act, 2013, 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 judgments 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, 2016 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, 2013 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.
- 5 Internal Financial controls are followed by the Company in adequate manner and are operating effectively.
- 6 The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

In view of the provisions relating to CSR contained in new Companies Act, 2013, the Board of Directors of your Company has set up a CSR Committee comprising four directors viz. Mr. G M Dave, a Non-Executive Independent Director, Mr. G. K. Patni, Non-Executive Director, Mr. A. K. Patni, Non-Executive Director and Mr. H. C. Tandon, Managing Director and CEO of the Company. The Committee will oversee and monitor its CSR activities in line with the CSR policy of the Company in compliance with the provisions of the Companies Act, 2013

CSR has been integral part of the Company. The CSR policy on the Company is displayed on Company's website www.pcstech.com. CSR report along with the CSR activates are annexed herewith in the report and marked as **Annexure 4**.

Initiations taken by the Company for CSR :

During the year under review the Company has contributed Rs. 5 lakhs in the Chief Minister Public Relief Fund, Tamil Nadu in the month of December 2015. The Company has contributed in CSR activities as prescribed u/s 135 (5) of Companies Act, 2013. The Balance amount of Rs. 8,99,417 (Rupees Eight Lakhs Ninety Nine Thousand Four Hundred and Seventeen only) will be contributed by the Company in the next financial year 2016-17.

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 Regulation 27 of SEBI (LODR) Regulation, 2015. Corporate Governance report annexed herewith and marked as **Annexure 5**.

SUBSIDIARY COMPANY

In accordance with Section 129(3) of the Companies Act, 2013, a statement containing salient features of the financial statements of the subsidiary companies for the financial year ended 31st March 2016 of PCS Technology USA., Inc., PCS Positioning Systems (India) Limited and PCS Infotech Limited in Form AOC-1 is annexed an marked as **Annexure-6(A)** of the Annual Report.

PCS TECHNOLOGY LIMITED

In accordance with third proviso to Section 136(1) of the Companies Act, 2013, the Annual Report of your Company, containing therein its audited financial statements together with related information and other reports of each of the subsidiary companies, have also been placed on the website of the Company at www.pcstech.com

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES REFERRED TO IN SUB-SECTION (1) OF SECTION 188 IN THE PRESCRIBED FORM

The particulars of contracts or arrangements with related parties referred to in Section 188(1), as prescribed in Form AOC-2 of the rules prescribed under Chapter IX relating to Accounts of Companies under the Companies Act, 2013 of the Annual Report is annexed and marked as **Annexure- 6(B)**.

DISCLOSURE AS PER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has put in place a Policy on Prevention of Sexual Harassment in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made thereunder.

Internal Complaints Committee (ICC) has been set up to redress complaints, if any, received regarding sexual harassment. All employees whether permanent, contractual, temporary, etc have been covered under this Policy.

The Policy is gender neutral. During the year under review, no complaints alleging sexual harassment were received by the Company.

RELATED PARTY TRANSACTIONS

All transactions entered into with Related Parties as defined under the Companies Act, 2013 and pursuant to Regulation 23 of Securities and Exchange Board of India (listing obligations and disclosure requirements) regulations, 2015 during the financial year were in compliance to the provisions of Section 188 of the Companies Act, 2013. There were no materially significant transactions with related parties during the financial year which were in conflict with the interest of the Company. Suitable disclosure as required by the Accounting Standards (AS18) has been made in the notes to the Financial Statements.

The Board has approved a policy for related party transactions which has been uploaded on the Company's website.

DEPOSITS

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

CODE OF CONDUCT

The Board of Directors has approved a Code of Business Conduct which is applicable to the Members of the Board and all employees. The Code has been posted on the Company's website www.pcstech.com. The Code lays down the standard of conduct which is expected to be followed by the Directors and the designated employees in their business dealings and in particular on matters relating to integrity in the work place, in business practices and in dealing with stakeholders. The Code gives guidance through examples on the expected behavior from an employee in a given situation and the reporting structure. All the Board Members and the Senior Management personnel have confirmed compliance with the Code.

CONSOLIDATED FINANCIAL STATEMENT

The consolidated Financial Statements have been prepared in accordance with the provisions of Section 129 of the Companies Act, 2013, applicable Accounting Standards and the provisions of the LODR, Regulation, 2015 with Stock Exchanges and forms part of this Annual Report.

PARTICULARS OF EMPLOYEES

The table containing the names and other particulars of employees in accordance with the provisions of Section 197 (12) of the Companies Act, 2013 read with Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is appended as **Annexure 7** to the Board's Report.

During the financial year, there were no employees drawing remuneration in excess of the monetary ceiling prescribed under Section 197 read with Rule 5 (2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS/OUTGO

The Information required under the above heads in accordance with the provision of section 134(3) (m) of the Companies Act, 2013 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, are given in **Annexure '8'** to this report.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The particulars of loans, guarantees given and Investments made during the year under review under Section 186 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are annexed to this report and marked as **Annexure 9**

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 Shareholders at all levels towards the growth and development of the Company.

On behalf of the Board of Directors

A.K. Patni
Vice Chairman

Mumbai, May 16, 2016