

TECHNOLOGY

PCS Technology Limited

28th
Annual Report
2008-09

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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
Mr. M. Y. Kulkarni	Director

COMPANY SECRETARY

Mr. Bhaskar J. Patel

AUDITORS

S. C. Bandi & Co.
Chartered Accountants, Mumbai

BANKERS

Canara Bank
Indian Bank
IDBI Bank Limited
Dena Bank
Standard Chartered Bank
Indian Overseas Bank Limited
Union Bank of India
Central Bank of India

REGISTERED OFFICE

Plot No. 148/151, Alandi Markaal Road,
Village Dhanore, Alandi,
Dist. Pune - 412106

PLANT LOCATION

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

REGISTRAR & SHARE TRANSFER AGENT

M/s. Bigshare Services Pvt. Ltd.
E-2/3, Ansa Industrial Estate,
Saki Vihar Road, Saki Naka,
Andheri (E), Mumbai - 400 072.
Tel. : 2847 0652 / 4043 0200
Fax : 022-2847 5207

28TH ANNUAL GENERAL MEETING

Day, Date & Time
Venue

Wednesday, 9th December, 2009 at 10.00 a.m.
Plot No. 148/151, Alandi Markaal Road,
Village Dhanore, Alandi, Dist. Pune - 412106.

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

PCS TECHNOLOGY LIMITED

NOTICE TO MEMBERS

NOTICE is hereby given that the 28th ANNUAL GENERAL MEETING of PCS Technology Limited will be held at the Registered Office of the Company at 148/151, Alandi Markaal Road, Village Dhanore, Alandi, Dist. Pune 412 106 on Wednesday, 9th December, 2009 at 10.00 a. m. to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 30th June, 2009 and the Profit & Loss Account of the Company for the year ended on that date and the Reports of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr. G M Dave who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. K K Barjatya who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Apoorva Patni who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors to hold office until the conclusion of the next Annual General Meeting and to fix their remuneration.

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

By Order of the Board
For PCS Technology Ltd.

Bhaskar J Patel
Company Secretary

Mumbai, September 29, 2009

NOTES :

- (1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL, TO VOTE INSTEAD OF HIMSELF OR HERSELF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- (2) The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, 1st December, 2009 to Wednesday, 9th December, 2009, both days inclusive.
- (3) Members are requested to:
 - (a) intimate to the Company / their Depository Participant ("DP"), changes, if any, in their registered address at an early date;
 - (b) quote their Registered Folio No. and/or DP Identify and Client Identity number in their correspondence;
 - (c) bring their copy of the Annual Report and the Attendance Slip with them at the Annual General Meeting.
 - (d) to send their queries, if any, at least 10 (ten) days in advance of the meeting so that the information can be made available at the meeting.

(4) Information pursuant to Clause 49 of the Listing Agreement for Appointment / Re-appointment of Directors:

<i>Name of the Director</i>	<i>Date of Birth</i>	<i>Date of Appointment</i>	<i>Directorships in other companies incorporated in India</i>	<i>Chairman/Member of Other Committees of other Companies</i>
Mr. G M Dave	12.07.1938	29.09.1995	Vinati Organics Ltd. PSI Data Systems Ltd. Ultratech Cement Ltd. Grasim Bhiwani Textiles Ltd. Auto Invest Leasing and Finance (India) Pvt. Ltd. Aditya Birla Retail Ltd. Terraform Agroprocessing (India) Pvt. Ltd. Has Two Holdings Pvt. Ltd. Fabmall (India) Pvt. Ltd. Trinethra Superretail Pvt. Ltd. Camphor & Allied Products Ltd. Kornerinvest Capital Pvt. Ltd.	Member of the Audit Committee Member of the Audit Committee Member of the Audit Committee Member of the Share Transfer Committee Member of the Audit Committee Member of the Compensation & Remuneration Committee Member of the Compensation & Remuneration Committee Member of the Audit Committee
Mr. K K Barjatya	25.03.1938	30.10.1995	Rajshri Cinemas Pvt. Ltd. Rajshri Films Pvt. Ltd. Rajshri International Pvt. Ltd. Rajshri Pictures Pvt. Ltd. Rajshri Productions Pvt. Ltd. Sargam Pictures Pvt. Ltd.	None
Mr. Apoorva Patni	16.06.1982	28.07.2007	Patni Financial Advisors Pvt. Ltd. Bodhi Global Services Pvt. Ltd. Patni Software Services Pvt. Ltd. Vraksh Technologies Ltd.	None

PCS TECHNOLOGY LIMITED

DIRECTORS' REPORT

The Members,

PCS TECHNOLOGY LIMITED

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

FINANCIAL RESULTS

(Rs. In lacs)

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

OPERATIONS

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

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

REVALUATION OF FIXED ASSETS

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

DIVIDEND

In order to conserve the resources of the Company, your Directors express their inability to recommend a dividend for the current financial year ended 30th June, 2009.

DIRECTORS

As per the Article 135 of the Articles of Association of the company, Mr. G. M. Dave, Mr. K. K. Barjatya and Mr. Apoorva Patni Directors of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment on the Board of your Company.

A brief note on Directors retiring by rotation and eligible for re-appointment is furnished in the notice convening the Annual General Meeting.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to sub section (2AA) of section 217 of the Companies Act, 1956, the Board of Directors of the Company hereby confirm that:

1. In The Preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. Appropriate accounting policies have been selected and applied consistently and have made judgements and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the company as at 30th June, 2009 and of the profit of the company for the year on that date;

3. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
4. Annual Accounts have been prepared on a going concern basis.

CORPORATE GOVERNANCE

A report on Corporate Governance and Management Discussion Analysis is included as part of the Annual Report along with a Compliance Certificate from the Statutory Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Amended Listing Agreement.

DEPOSITS

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

SUBSIDIARY COMPANIES

As required under Section 212 of the Companies Act, 1956 the Audited Balance Sheet and Profit & Loss Account and the respective reports of the Board of Directors' and Auditors' for the Financial Year ended 30th June, 2009 of PCS International Limited, Mauritius, PCS Technology USA, Inc. and PCS Positioning Systems (India) Ltd are annexed.

AUDITORS:

The Company's auditors, M/s. S. C. Bandi & Co. Chartered Accountants, retire and are eligible for re-appointment. Your Directors recommend their re-appointment for the ensuing year.

PARTICULARS OF EMPLOYEES

The information as required by the provisions of section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, hereto as Annexure A and forms part of this report.

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

The Information required under the above heads in accordance with the provision of section 217(1) (e) of the companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, are given in Annexure 'B' to this report.

ACKNOWLEDGEMENTS

Your directors express their warm appreciation to all the employees at various units for their diligence and contribution made towards the growth of the Company. The Board of Directors place on record their appreciation for the un-stinted support by the Bankers and Financial Institutions and confidence given by the Customers, Suppliers and Shareholder at all levels towards the growth and development of the Company.

On behalf of the Board of Directors

Mumbai, 29th September, 2009

G. K. Patni
Chairman

PCS TECHNOLOGY LIMITED

ANNEXURE "A" to DIRECTORS' REPORT

Information as per Section 217(2A) of the Companies Act 1956 read with Companies [Particulars of the Employees] Rules 1975, and forming part of the Directors' Report for the year ended 30th June, 2009

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

Notes:

1. All appointments are contractual and terminable by notice on either side.
2. Remuneration includes salary allowances, benefits and provident fund.
3. None of the above employee(s) is / are related to any of the Directors.

For and on behalf of the Board of Directors

G. K. Patni
Chairman

Mumbai, 29th September, 2009

ANNEXURE "B" TO THE DIRECTORS' REPORT

Particulars required under the companies (Disclosure of Particulars in the Report of the Board of Directors) Rule, 1988.

(A) Conservation of Energy

The Computer Assembly Division of the Company uses only electricity, which is very insignificant in value while considering total volume of operations. The Copper Clad Laminate Division at Pune uses in addition to electricity, Light Diesel Oil, (LDO) which is a Furnace oil for operation the boilers and High Speed Diesel Oil (HSDO) which is a fuel for generation and production of this Division, continued to remain suspended due to adverse conditions.

(B) Technology Absorption

Not applicable

(C) Foreign Exchange Earnings/Outgo

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

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

On behalf of the Board of Directors

Mumbai, 29th September, 2009

G. K. Patni
Chairman

PCS TECHNOLOGY LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Scenario & Review

The financial year 2008-09 witnessed challenges. The average price of a PC has nearly halved over the past few years. The PC demand grew from telecom, banking, educational and financial sectors but the competition with unbranded and MNC products continued to pressurize margins.

Performance & Review

Computer Division

The Computer Division has recorded a Gross Turnover of Rs. 288 crores as against previous year Rs 325 crores. The key contributors to the core business have been the Government segment through Rate Contracts with DGS&D, Banking and State governments. IT services achieved higher sales.

The initiatives taken by the Company in new verticals such as Laboratory and Hospital management solutions, GPS, GIS based solutions, Facilities management, Document management, IT security consulting, Enterprise Solutions and Telecom maintenance have begun in promoting services. The Company has captured overseas market in Africa, and UAE adding new clients and the results are encouraging.

Manufacturing Operations

The facility at Silvassa achieved ISO 2000 and 14000 certification thus ensuring stringent and ongoing improvements in quality and manufacturing process. In September, 2009 the existing manufacturing facility at Silvassa is being shifted to the Company's other manufacturing facility situated at Alandi, Pune. This will ensure cost saving.

Opportunities, Threats & Risks

The Company is operating in an environment which is becoming more and more competitive and the margins in hardware will continue to be under pressure. In an effort to shore up margins, your company will focus more of value added IT services namely Security Consulting, Enterprise Business Focus, Laboratory and Hospital Management solutions, Telecom and Document management over hardware business. The company feels this business is ahead and this is the right time to focus on these high growth areas.

Future Outlook

Though the growth prospects of the domestic PC sales remain favourable in medium term, the industry faces price competition, technological obsolescence and thin profit margin resulting in low operating profit. With the service verticals commanding higher margins than the IT hardware business the company has started focusing more towards value added IT services to increase its profitability and better bottom line in the upcoming year.

Overseas Subsidiaries

PCS International Ltd., Mauritius

The Company has initiated into providing Consultancy in information technology services in Middle East, West Asia and African markets. The Laboratory and Hospital Solutions have evoked good enquiries from medical sector.

PCS Technology USA, Inc.

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

Indian Subsidiary

PCS Positioning Systems (India) Ltd

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

Copper Clad Laminates (CCL) Division

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

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. Your Company has appointed professional Chartered Accountants firms as internal auditors for its locations for carrying out internal audit on regular basis. The reports of internal auditors 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 thank 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 eleven members comprising one Managing Director. There are six 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

5 (Five) board meeting were held during the financial year ended on 30th June, 2009 on the following dates:

28.07.2008, 27.09.2008, 31.10.2008, 30.01.2009, 29.04.2009

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 10.12.2008	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	5	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	200
Mr. P. V. Mehta	Non – Executive & Independent	2	No	Nil
Mr. G. M. Dave	Non – Executive & Independent	5	No	100
Mr. M. Y. Kulkarni	Non – Executive & Independent	4	YES	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 30th June, 2009 is in respect of shares which are held by Directors as a first holder and in which shares they have beneficial interest

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REPORT ON CORPORATE GOVERNANCE (Contd.)



- Number of other Companies or Committees of which the Director is a Director/Member/Chairman (excluding the Company):

Name of Director	No. of other public limited Companies in which he is Director *	No. of Board Committees in which he is **	
		Member	Chairman
Mr. G. K. Patni	1	-	-
Mr. A. K. Patni	2	-	-
Mr. D. B. Engineer	9	6	3
Mr. Satish Ajmera	2	1	2
Mr. P. V. Mehta	10	10	-
Mr. G. M. Dave	7	7	-
Mr. M. Y. Kulkarni	-	-	-
Mr. K. K. Barjatya	-	-	-
Mr. N. K. Patni	1	-	-
Mr. H. C. Tandon	1	-	-
Mr. Apoorva Patni	1	-	-

- * Exclude Directorships in Indian Private Limited Companies, membership of Managing Committees of various bodies.

- ** Board Committees include Chairmanship/Membership of Audit Committees and Shareholder Grievance Committees of public limited companies whether listed or not.

CODE OF CONDUCT

The Board has laid down a code of conduct for Board members and senior management staff of the Company. The said code of conduct is posted on Company's website. The Board members and senior management staff have affirmed compliance with the said code of conduct.

3. AUDIT COMMITTEE

Audit Committee comprising of Mr. Satish Ajmera as Chairman of the Audit Committee and Mr. G. M. Dave, Mr. K. K. Barjatya and Mr. M. Y. Kulkarni, being Independent Directors is in compliance with the revised clause 49 of the listing agreement.

Audit Committee meetings are attended by General Manager - Finance and Accounts & CFO and Representative of Statutory Auditors. The Company Secretary acts as the Secretary to the Audit Committee.

TERMS OF REFERENCE

The Terms of Reference of this Committee covers the matters specified for Audit Committee under Clause 49 of the Listing Agreement as well as in Section 292A of the Companies Act, 1956.

MEETINGS AND ATTENDANCE DURING THE YEAR

During the financial year Five Audit Committee Meetings were held on 28.07.2008, 27.09.2008, 31.10.2008, 30.01.2009 and 29.04.2009. The attendance of the Members at these Meetings during the Financial Year 2008-09 is as follows:

Name of Director	Status	No. of Meetings attended
Mr. Satish Ajmera	Non-executive/ Independent Director	5
Mr. K. K. Barjatya	Non-executive/ Independent Director	5
Mr. G. M. Dave	Non-executive Independent Director	5
Mr. M. Y. Kulkarni	Non-executive Independent Director	4

4. REMUNERATION / COMPENSATION COMMITTEE

The Compensation and Remuneration Committee was set up on 28th July, 2007, by merging the Compensation Committee with Remuneration Committee. The main function of the Committee is :-

- To determine/review the Company's policy on specific remuneration packages for Executive/Whole-time Directors of the Company and also;
- To review the overall compensation structure and policies of the Company to attract, motivate and retain employees as well as to consider grant of stock options to permanent employees of the Company, its Directors (including Whole-time Directors) of the Company.

It will also administer ESOP Plan 2004. The Re-constituted Compensation and Remuneration committee comprising of three Independent Directors namely Mr. G. M. Dave, Mr. P. V. Mehta and Mr. K. K. Barjatya

The members in AGM held on 30th September, 2004 have approved ESOP Plan 2004 and has obtained in-principle approval from Bombay Stock Exchange and Pune Stock Exchanges. The said ESOP Plan 2004 has not been implemented so far.

The Company has one Whole-time Director on the Board. His appointment and remuneration has been fixed by the Board in terms of resolution passed by the Members in the Annual General Meeting.

- Details of remuneration paid to Whole-time Director for the financial year ended June 30, 2009 is as under:

Name of Director	Status	Salary	Perquisites/ Allowances	PF Contribution	Remuneration Paid (in Rs.)
Mr. H. C. Tandon	Managing Director & CEO	22,71,300/-	1,28,182/-	2,01,600/-	26,01,082/-

PCS TECHNOLOGY LIMITED

REPORT ON CORPORATE GOVERNANCE (Contd.)

- **Non-executive (except promoter) and Independent Directors are paid sitting fees for attending each Meeting of the Board and its Committee.**

Details of payments made to Non-Executive Directors for the financial year ended 30th June, 2009 are as under:

Name of the Director	Sitting fees Paid (Rs)	Commission paid (Rs)
Mr. Satish Ajmera	1,10,000/-	Nil
Mr. G. M. Dave	1,00,000/-	Nil
Mr. P. V. Mehta	20,000/-	Nil
Mr. M. Y. Kulkarni	90,000/-	Nil
Mr. K. K. Barjatya	1,00,000/-	Nil
Mr. D. B. Engineer	50,000/-	Nil

5. Shareholders'/Investors' Grievance Committee

The Shareholders'/Investors' Grievance Committee consists of four members, two Non Executive and two Non-Executive Independent Directors. Mr. Satish Ajmera, Non-Executive and Independent Director is the Chairman of this Committee. The names of the members of the Committee are as under:

Mr. G. K. Patni	Chairman
Mr. A. K. Patni	Vice Chairman
Mr. M. Y. Kulkarni	Non-executive & Independent Director
Mr. Satish Ajmera	Non-executive & Independent Director

Mr. Bhaskar J. Patel, Company Secretary is the Compliance Officer of the Company.

This Committee monitors share transfers, transmissions and other shareholders related activities including redressal of investor grievances.

During the year 24 investor complaints/queries were received. There were **NIL** complaints/queries pending as on June 30, 2009. There were no share transfers pending for more than **30 days** as on the said date.

6. GENERAL BODY MEETINGS

The details of Annual General Meetings held in the last three years are as under:

AGM for the F.Y. ended	Date & time of AGM	Place of AGM	Special Resolutions Passed
30-6-2006	20.12.2006 at 10.00 a.m.	148/151, Alandi Markaal Road, Village Dhanore, Alandi, Dist. Pune 412 106.	None
30-6-2007	18.12.2007 at 10.00 a.m.	148/151, Alandi Markaal Road, Village Dhanore, Alandi, Dist. Pune 412 106.	Yes – For increase in Remuneration and re-appointment of Mr. H.C. Tandon as Managing Director & CEO of the Company For the period of 3yrs w.e.f. 25/11/2007
30-6-2008	10.12.2008 at 10.00 a.m.	148/151, Alandi Markaal Road, Village Dhanore, Alandi, Dist. Pune 412 106.	None

All the resolutions including special resolutions set out in the respective notices calling the AGM were passed by the shareholders. No postal ballots were used for voting at these meetings.

There is no proposal to pass any Special Resolution through postal ballot at the ensuing Annual General Meeting.

7. Disclosures

- i) Disclosure on materially significant related party transactions that may have potential conflict with the interest of the Company at large.

None

Transactions with the related parties are disclosed in the notes to the accounts forming part of the Annual Report.

- ii) Details of non-compliance by the Company, penalties and strictures imposed on the Company by SEBI, ROC, Stock Exchanges or any other statutory authorities on any matter related to capital market during the last 3 financial years.

SEBI vide its order dated 6th December, 2006 has prohibited the Company restraining from acting as an intermediary in any capacity for a period of six months from the date of the order in view of their investigation revealed certain irregularities in the public issue of MAZDA in the year 1996. SEBI has opined that the Company being acting then as R & T Agent did not exercise due diligence in the public issue of MAZDA. However no penalty has been levied on the Company.

The Company had surrendered its R & T license to SEBI in the year 2002 which was accepted by them. The SEBI's order would not affect the company's operations as we do not carry out any R & T and other securities market related activities.

- iii) The Company has complied with all the mandatory requirements of Corporate Governance under Clause 49 of the Listing Agreement. The Company is yet to adopt the non-mandatory requirements of the Clause 49 of the Listing Agreement pertaining to Corporate Governance.

- iv) The CEO/CFO certification form part of this Annual Report.

8. Means of Communication

- The quarterly and half yearly results are forthwith communicated to all the Stock Exchanges with whom the Company has listing arrangements as soon as they are approved and taken on record by the Board of Directors of the Company. Further the results are published in the leading newspapers in compliance with the Listing Agreement.
- Management discussion and Analysis forms part of the Annual Report, which is posted to the Shareholders of the Company.
- The Company also issues financial results to the print media.
- Information about the Company would be available on its website.

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REPORT ON CORPORATE GOVERNANCE (Contd.)



9. GENERAL SHAREHOLDER INFORMATION

Date, time & venue of the Annual General Meeting : December 9, 2009 at 10.00 a.m. at 148/151, Alandi Markaal Road, Village Dhanore, Alandi, Dist. Pune 412 106.

Financial Calendar

- i. Financial Year : July to June
- ii First Quarterly Results : By end of October
- iii Half Yearly Results : By end of January
- iv Third Quarter Results : By end of April
- v Audited results : By end of September

Date of Book Closure : 01.12.2009 to 09.12.2009 (both days inclusive)

Dividend Payment Date : Not Applicable

Listing at Stock Exchanges (Stock Code) : a) Pune Stock Exchange Limited (11179)

b) The Bombay Stock Exchange Limited, Mumbai (517119)

ISIN Number for NSDL & CDSL : INE 834B01012

Annual Listing Fees have been paid to Bombay stock Exchange and Pune Stock Exchange for the year 2008-2009.

Market Price Data :

High/Low of Market price of the Company's shares traded on Bombay Stock Exchange (BSE) during the financial period 2008-09 furnished below :

Year	Month	Highest (Rs.)	Lowest (Rs.)
2008	July	15.60	13.16
	August	16.00	14.33
	September	15.95	12.05
	October	13.80	8.08
	November	12.95	8.17
	December	11.50	8.35
2009	January	12.80	8.55
	February	11.58	8.90
	March	9.83	7.40
	April	11.99	9.17
	May	18.22	9.76
	June	16.85	11.65

Graph of Share Price/ BSE Sensex : see Annexure A

REGISTRARS AND TRANSFER AGENT : FOR SHARES HELD IN DEMAT AS WELL AS PHYSICAL FORM

M/s. Bigshare Services Private Limited
E- 2/3, Ansa Industrial Estate, Saki Vihar Road, Saki Naka, Andheri (East), Mumbai 400 072
Tel.: 2847 0652 / 4043 0200
Fax: 022-2847 5207

Share Transfer system:

All share transfers, subject to correctness and completion of all documents would normally be registered and returned within 2 weeks from the date of receipt.

The distribution of shareholding as on June 30, 2009 is as follows :

No. of equity shares held		No. of shareholders	%	No. of shares	%
Upto	100	2510	7.18	10897	0.05
101 to	500	12787	36.60	430633	2.06
501 to	1000	12075	34.56	983015	4.69
1001 &	Above	7569	21.66	19526132	93.20
Grand Total		34941	100.00	20950677	100.00
No. of shares in Physical Mode				2884758	13.77
No. of shares in Electronic Mode				18065919	86.23

Shareholding pattern as on June 30, 2009 is as follows :

Category	No. of shareholders	No. of shares	% holding
Indian Promoters	45	14700411	70.17
Banks, FIs and Insurance Companies	12	214378	1.02
UTI and Mutual Funds	6	4893	0.02
FIs, NRIs and OCB	41	281270	1.35
Domestic Companies	258	427348	2.04
Resident Individuals	34571	5317457	25.38
Clearing Member	8	4920	0.02
Total	34941	20950677	100.00

Dematerialisation of shares and liquidity : 86.23 % of the paid-up share capital has been dematerialised as on 30th June, 2009.

Outstanding GDRs/ ADRs/warrants/ convertible instruments etc : Not applicable since none of the said instruments are ever issued.

Plant Location : Village Dhanore, Alandi, Dist. Pune.

Address for Correspondence:

Shareholders may correspond on all matters relating to transfer/dematerialisation of shares and any other query relating to shares of the Company at the below mentioned address:

M/s. Bigshare Services Private Limited
E- 2/3, Ansa Industrial Estate, Saki Vihar Road, Saki Naka, Andheri (East), Mumbai 400 072.
Tel.: 2847 0652 / 4043 0200
Fax: 022-2847 5207

PCS TECHNOLOGY LIMITED

To,
The Members of
PCS Technology Limited

It is hereby certified and confirmed that as provided in Clause 49 I (D) of the listing agreement with the stock exchanges, the Board members and the Senior Management personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the financial year ended 30th June, 2009.

For PCS Technology Limited

H. C. Tandon
Managing Director & CEO

Mumbai, 29th September, 2009

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of
PCS TECHNOLOGY LIMITED

I have examined the Compliance of conditions of Corporate Governance by PCS Technology Limited for the financial year ended on 30th June, 2009 as stipulated in Clause 49 of the Listing Agreement of the said company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. My examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and explanations given to me, I certify that the Company has generally complied with the conditions of Corporate Governance as stipulated in the above mentioned listing agreement.

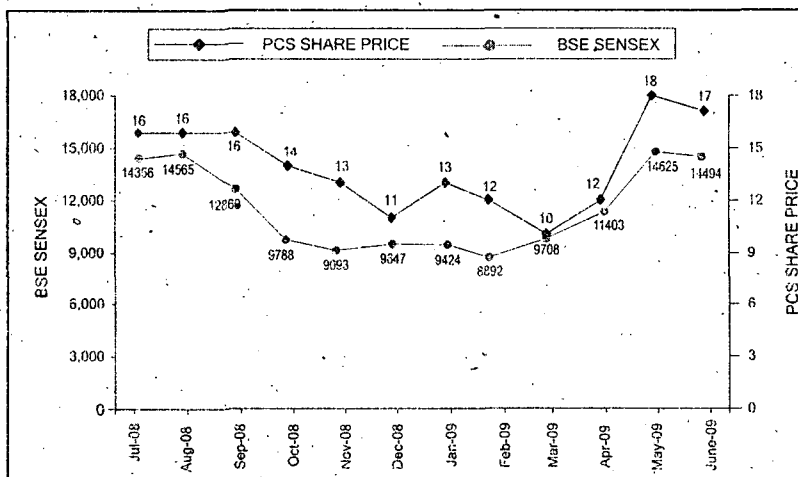
I further state that, such compliance is neither an assurance as to future viability of the Company, nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **S. C. BANDI & COMPANY**
Chartered Accountants

S. C. Bandi
(Proprietor)
M. No. 16932

Mumbai, 29th September, 2009

ANNEXURE - A



Certification by the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) on Financial Statements of the Company

We **H.C.Tandon, Managing Director & CEO** and **M. P. Jain, Chief Financial Officer**, of PCS Technology Limited, certify that:

- (a) We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
 - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws & regulations
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We are responsible for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit committee that no:
 - (i) significant changes in internal control during the year;
 - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

H. C. Tandon
Managing Director & CEO.

M. P. Jain
Chief Financial Officer

Mumbai, 29th September, 2009

PCS TECHNOLOGY LIMITED

AUDITORS' REPORT

To the members of PCS TECHNOLOGY LIMITED for the year ended 30th June, 2009

- 1) I have audited the attached Balance Sheet of **PCS TECHNOLOGY LIMITED**, as at 30th June, 2009 and Profit and Loss Account and the Cash Flow statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. My responsibility is to express an opinion on these financial statements based on audit.
- 2) I have conducted audit in accordance with the auditing standards generally accepted in India. These Standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from any material misstatement. An audit also includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. I believe that my audit provides a reasonable basis for my opinion.
- 3) As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, and on the basis of such checks of books and records of the Company as I considered necessary and appropriate and according to the information and explanations given to me during the course of the audit, enclose in the Annexure, a Statement on the matters specified in Paragraph 4 & 5 of the said order.
- 4) Further to my comments in the Annexure referred to in Paragraph 3 above, I report that:
 - a) I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of audit.
 - b) In my opinion proper books of accounts as required by Law have been kept by the Company so far as appears from my examination of such books.
 - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement referred to in this report are in agreement with the books of accounts.
 - d) In my opinion the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement complies with the mandatory Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - e) Based on the representations made by the Directors as on 30th June, 2009 and taken on record by the Board of Directors of the Company and the information and explanations given to me, none of the Directors is, as at 30th June, 2009, prima-facie disqualified from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - f) In my opinion and to the best of my information and according to the explanations given to me, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :

- i) In the case of the Balance Sheet, of the state of affairs of the Company as at 30th June, 2009 and
- ii) In the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date.
- iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **S.C. BANDI & CO.**
Chartered Accountants

Place: Mumbai
Date : 29th September, 2009

S.C.BANDI
(Proprietor)

Membership no.16932

ANNEXURE TO THE AUDITORS' REPORT

- (i) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets. The assets have been physically verified by the Management during the year and no discrepancies were noticed on such verification.
- (ii) (a) The inventory has been physically verified during the year by the management. In my opinion, the frequency of verification is reasonable.
(b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) (a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
(b) The Company has taken loans from five parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.6,050/- lacs and the balance at the end of the year is Rs.5,760/- lacs
(c) In my opinion, the rate of interest and other terms and conditions on which loans have been taken from the companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 are, not prima facie, prejudicial to the interest of the Company.
(d) There is no stipulation as to the time period for payment of the principal amount of unsecured loans and advances taken.

- (iv) In my opinion and according to the information and explanations given to me, there are adequate internal control procedures commensurate with the size of the Company and the nature of business with regard to purchases of inventory, fixed asset and with regard to the sale of goods. During the course of my audit, no major weakness has been noticed in internal control system in respect of these areas.
- (v) (a) In my opinion and according to the information and explanations given to me, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.
- (b) In my opinion, and according to the information and explanations given to me, the contracts and arrangements entered in the register maintained under section 301 of the Companies Act, 1956 have been made at prices which are reasonable having regard to the prevailing market price.
- (vi) The Company has not accepted any deposits from the public and hence, the provisions of clause 4 (vi) of the Companies (Auditor's Report) Order 2003 are not applicable to the Company.
- (vii) In my opinion and according to the information and explanations given to me, there is an adequate internal audit system commensurate with the size of the Company and the nature of its business.
- (viii) On the basis of the records, I am of the opinion that prima-facie the cost records and accounts prescribed by the Central Government under Section 209(1) (d) of the Companies Act 1956 have been made and maintained in respect of the Company's product to which the said rule are made applicable. However, I have not carried out any detailed examination of such accounts and records.
- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income tax, sales tax, wealth tax, custom duty, excise duty, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to me, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, custom duty, excise duty and cess were in arrears, as at 30th June, 2009 for a period of more than six months from the date they become payable.
- (x) The Company has no accumulated losses and has not incurred any cash losses during the financial year covered by my audit or in the immediately preceding financial year.
- (xi) According to the information and explanations given to me, the Company has not defaulted in repayment of dues to financial institutions or banks.
- (xii) According to the information and explanations given to me, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities and hence the clause (xii) of the said Order relating to maintenance of documents and records are not applicable.
- (xiii) In my opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xiv) In my opinion, the Company is not dealing in Shares, Securities and Debentures and hence, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xv) In my opinion and according to the information and explanations given to me, the Company has not given any guarantee for loans taken by others from Banks or Financial institutions.
- (xvi) The Company has not raised any new Term loan during the year and therefore clause (xvi) of the said Order relating to application of Term loan for the purpose for which it was obtained is not applicable.
- (xvii) According to the information and explanations given to me and on an overall examination of the balance sheet of the Company, I report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) The Company has not issued any Debentures during the financial year covered by my audit.
- (xx) The Company has not raised any money by way of public issue during the year.
- (xxi) According to the information and explanations given to me, no fraud on or by the company has been noticed or reported during the course of my audit.

For **S.C. BANDI & CO.**
Chartered Accountants

Place: Mumbai
Date : 29th September, 2009

S.C.BANDI
(Proprietor)
Membership no.16932

PCS TECHNOLOGY LIMITED

BALANCE SHEET AS AT 30TH JUNE, 2009

PARTICULARS	Schedules	As at 30.06.2009 (Rs.)	As at 30.06.2008 (Rs.)
1) SOURCES OF FUNDS			
a) SHAREHOLDERS' FUNDS			
i) Share Capital	[A]	210,240,188	210,240,188
ii) Reserves & Surplus	[B]	932,864,120	555,392,637
		1,143,104,308	765,632,825
b) LOAN FUNDS			
i) Secured Loans	[C]	372,712,635	326,646,924
ii) Unsecured Loans	[D]	576,000,000	590,995,964
		948,712,635	917,642,888
c) DEFERRED TAX LIABILITY (NET)		47,844,000	39,520,000
Total ...		<u>2,139,660,943</u>	<u>1,722,795,713</u>
2) APPLICATION OF FUNDS			
a) FIXED ASSETS			
Gross Block	[E]	1,092,527,421	673,932,152
Less: Depreciation		377,243,565	377,282,981
Net Block		715,283,856	296,649,171
Capital work in progress		5,327,181	13,274,648
		720,611,037	309,923,819
b) INVESTMENTS	[F]	65,724,730	66,615,464
c) CURRENT ASSETS, LOANS AND ADVANCES	[G]		
i) Inventories		126,309,801	117,512,418
ii) Sundry Debtors		1,472,428,422	1,467,305,215
iii) Cash and Bank Balances		103,068,708	140,907,389
iv) Other Current Assets		1,823,947	2,832,548
v) Loans and Advances		150,907,718	185,107,236
		1,854,538,596	1,913,664,806
LESS : CURRENT LIABILITIES & PROVISIONS	[H]		
i) Current Liabilities		489,257,481	551,242,153
ii) Provisions		11,955,939	16,166,223
		501,213,420	567,408,376
NET CURRENT ASSETS		1,353,325,176	1,346,256,430
Total ...		<u>2,139,660,943</u>	<u>1,722,795,713</u>
Notes to the Accounts	[I]		

As per my Report of even date attached

For **S. C. BANDI & COMPANY**
Chartered Accountants

S. C. Bandi
Proprietor
Membership no. 16932

Mumbai, 29th September, 2009

B. J. Patel
Company Secretary

For and on behalf of the Board of Directors

G. K. Patni
(Chairman)

A. K. Patni
(Vice Chairman)

H. C. Tandon
(Managing Director & CEO)

Apoorva Patni
Satish Ajmera
Dadi B Engineer
P. V. Mehta
K. K. Barjatya
M. Y. Kulkarni

Directors

TWENTY EIGHTH ANNUAL REPORT 2008-2009



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 2009

PARTICULARS	Schedules	Year ended 30.06.2009 (Rs.)	Year ended 30.06.2008 (Rs.)
INCOME			
Sales & Services		2,884,867,284	3,254,983,373
Less: Sales Tax		71,817,219	93,655,337
		2,813,050,065	3,161,328,036
Less: Central Excise Duty		35,746,117	77,892,628
		2,777,303,948	3,083,435,408
Income from operation	[1]	10,235,312	59,731,649
Other Income	[1]	8,479,571	10,741,008
		18,714,883	70,472,657
		2,796,018,831	3,153,908,065
EXPENDITURE			
Decrease/(Increase) in stocks	[2]	7,287,045	8,918,865
Consumption of Material	[3]	1,690,295,812	2,073,952,561
Manufacturing & Other Expenses	[4]	932,664,891	904,624,282
		2,630,247,748	2,987,495,708
Less:			
Cost Capitalised		4,981,160	8,704,986
		2,625,266,588	2,978,790,722
Profit before Interest, Depreciation & Taxation		170,752,243	175,117,343
Less : Interest paid	[5]	72,826,885	83,129,190
Depreciation		48,739,393	34,641,197
Less: Transfer from Revaluation Reserve		3,823,263	3,823,263
Profit before Taxation ...		53,009,228	61,170,219
Less: Provision for Taxation			
Current Tax		9,500,000	15,500,000
Deferred Tax		8,324,000	4,806,000
Fringe Benefit Tax		3,450,000	4,000,000
		21,274,000	24,306,000
Profit for the Year after Taxation		31,735,228	36,864,219
Add: Taxation pertaining to earlier years		2,624,349	-
Net Profit for the year		34,359,577	36,864,219
Add: Balance as per last Balance Sheet		175,640,652	138,776,433
Balance of Profit carried over to Balance Sheet...		210,000,229	175,640,652
Basic and diluted Earning per Share of Rs.10/- each (in Rupees)		1.64	1.76

As per my Report of even date attached

For **S. C. BANDI & COMPANY**
Chartered Accountants

S. C. Bandi
Proprietor
Membership no.16932

B. J. Patel
Company Secretary

Mumbai, 29th September, 2009

For and on behalf of the Board of Directors

G. K. Patni
(Chairman)

A. K. Patni
(Vice Chairman)

H. C. Tandon
(Managing Director & CEO)

Apoorva Patni
Satish Ajmera
Dadi B Engineer
P. V. Mehta
K. K. Barjatya
M. Y. Kulkarni

Directors

PCS TECHNOLOGY LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH JUNE, 2009

PARTICULARS	Year ended 30th June, 2009		Year ended 30th June, 2008	
	(Rs.)	(Rs.)	(Rs.)	(Rs.)
Cash Flow arising from Operating Activities:				
Net Profit before Tax		53,009,228		61,170,219
Add: Depreciation	44,916,130		30,817,934	
Loss/(Profit) on Sale of Fixed Assets (Net)	597,723		968,432	
Interest received	(6,892,700)		(6,360,539)	
Dividend received	(90,911)		(133,132)	
Interest expenses	72,826,885	111,357,127	83,129,190	108,421,885
Operating Profit before Working Capital changes		164,366,355		169,592,104
Decrease/(Increase) in Sundry Debtors	45,017,031		162,205,739	
Decrease/(Increase) in Inventories	(8,797,381)		40,303,132	
(Decrease)/Increase in Sundry Creditors	(66,221,524)		(300,371,377)	
Cash Generated from Operations..		(30,001,874)		(97,862,506)
Income Tax paid (net of refunds)		(26,239,803)		(28,492,279)
Net Cash Flow from /used Operating Activities...		108,124,678		43,237,319
Cash Flow arising from Investing Activities:				
Purchase of fixed assets	(115,014,469)		(97,284,596)	
Purchase of investments	890,734		(14,848,432)	
Proceeds from sale of fixed assets	1,925,303		514,000	
Interest received	7,901,300		4,986,934	
Dividend received	90,911		133,132	
Net Cash from Investing Activities...		(104,206,221)		(106,498,962)
Cash Flow arising from Financing Activities:				
Proceeds from long-term borrowings (net)	5,523,892		51,624,543	
Proceeds from unsecured loan (net)	(14,995,964)		129,088,264	
Change in working capital facilities	40,541,819		(29,888,352)	
Interest paid	(72,826,885)		(83,129,190)	
Net Cash used from Financing Activities...		(41,757,138)		67,695,265
Net Increase/(Decrease) in Cash/Cash Equivalents ...		(37,838,681)		4,433,622
Cash and Cash Equivalents at beginning of period		140,907,389		136,473,767
Cash and Cash Equivalents at end of year ended 30th June, 2009		103,068,708		140,907,389

As per my Report of even date attached

For S. C. BANDI & COMPANY
Chartered Accountants

S. C. Bandi
Proprietor
Membership no. 16932

B. J. Patel
Company Secretary

For and on behalf of the Board of Directors

G. K. Patni
(Chairman)

A. K. Patni
(Vice Chairman)

H. C. Tandon
(Managing Director & CEO)

Apoorva Patni
Satish Ajmera
Dadi B Engineer
P. V. Mehta
K. K. Barjatya
M. Y. Kulkarni

Directors

Mumbai, 29th September, 2009

TWENTY EIGHTH ANNUAL REPORT 2008-2009



SCHEDULES TO BALANCE SHEET AS AT 30TH JUNE, 2009

PARTICULARS	As at		As at	
	(Rs.)	30.06.2009 (Rs.)	(Rs.)	30.06.2008 (Rs.)
SCHEDULE "A" - SHARE CAPITAL				
AUTHORISED				
25,000,000 Equity Shares of Rs.10/- each		<u>250,000,000</u>		<u>250,000,000</u>
ISSUED, SUBSCRIBED & PAID UP				
20,950,677 Equity Shares of Rs.10/-each fully paid (Refer note)	209,506,770		209,506,770	
Add : Equity Shares forfeited amounts originally paid up	<u>733,418</u>		<u>733,418</u>	
		<u>210,240,188</u>		<u>210,240,188</u>
Total		<u>210,240,188</u>		<u>210,240,188</u>
Note: Issued & Subscribed and Paid-up Capital includes 400000 Equity Shares issued as Bonus Shares by way of Capitalisation of General reserve.				
SCHEDULE "B" - RESERVES & SURPLUS				
CAPITAL RESERVE				
As per last Balance Sheet		7,120,050		7,120,050
SECURITIES PREMIUM ACCOUNT				
As per last Balance Sheet		196,125,612		196,125,612
REVALUATION RESERVE				
As per last Balance Sheet	82,405,789		86,229,052	
Less : Transferred to Profit & Loss a/c	<u>3,823,263</u>		<u>3,823,263</u>	
Add : Assets revalued during the year (See Note no. 1 (B) (iii))	<u>346,935,169</u>			
		425,517,695		82,405,789
GENERAL RESERVE	94,100,534		96,383,855	
Less : Adjustment on adoption of Accounting Standard -15 Employee Benefits (revised)			<u>2,283,321</u>	
		94,100,534		94,100,534
BALANCE IN PROFIT & LOSS ACCOUNT		210,000,229		175,640,652
Total...		<u>932,864,120</u>		<u>555,392,637</u>

PCS TECHNOLOGY LIMITED

SCHEDULES TO BALANCE SHEET AS AT 30TH JUNE, 2009

PARTICULARS	As at 30.06.2009 (Rs.)		As at 30.06.2008 (Rs.)	
	(Rs.)	(Rs.)	(Rs.)	(Rs.)
SCHEDULE "C" - SECURED LOANS				
TERM LOANS				
Indian Bank		8,746,189		26,452,905
(Secured by specific charge on the computer given on finance lease and on its Book debts)				
WORKING CAPITAL FACILITIES				
FROM BANKS				
i) Cash Credit	253,019,517		174,838,504	
ii) Working Capital Demand Loan	40,541,819			
iii) Foreign Currency Loan	69,985,940		123,989,025	
(Secured against hypothecation of Inventories and Book Debts of the Company as well as second charge on the fixed assets of the Company)		363,547,276		298,827,529
OTHER LOANS				
Against hypothecation of Vehicles				
i) HDFC Ltd			65,860	
ii) ICICI Bank Ltd	419,170		1,300,630	
		419,170		1,366,490
Total...		372,712,635		326,646,924
SCHEDULE "D" - UNSECURED LOANS				
From Promoters		576,000,000		590,995,964
Total...		576,000,000		590,995,964

SCHEDULE "E" - FIXED ASSETS

(Rupees)												
Sr. No.	PARTICULARS	GROSS BLOCK				DEPRECIATION					NET BLOCK	
		As at 01/07/2008	Additions	On Account of Revaluation	Deductions	As at 30/06/2009	As on 01/07/2008	Depreciation	Deduction	On Account of revaluation	As at 30/06/2009	AS AT 30/06/2008
1	Freehold Land	1,448,699	-	78,955,135	-	80,403,834	-	-	-	-	80,403,834	1,448,699
2	Lease hold Land	1,177,904	-	199,432,000	-	200,609,904	334,327	31,214	-	-	365,541	843,577
3	Building	190,187,968	5,479,093	21,334,547	-	217,001,608	82,654,918	5,895,548	-	47,213,488	41,326,978	175,674,630
4	Plant and Machinery	279,729,587	7,500	-	1,431,833	278,305,253	238,345,369	11,220,746	821,907	-	248,744,208	29,561,046
5	Tools & Testing equipments	8,342,321	38,252	-	-	8,380,573	3,703,056	324,045	-	-	4,027,101	4,353,472
6	Electrical Installation	7,787,068	1,933,501	-	295,951	9,424,618	5,482,549	477,961	132,536	-	5,827,974	3,596,643
7	Furniture and Fixture	29,454,600	4,621,618	-	441,627	33,634,591	12,902,826	1,637,384	168,555	-	14,371,655	19,262,936
8	Vehicles	8,466,130	2,017,036	-	1,692,424	8,790,742	2,507,530	755,258	371,414	-	2,891,374	5,999,368
9	Computers, office & other equipments	57,915,203	57,705,833	-	226,512	115,394,524	18,430,095	10,380,442	70,910	-	28,739,627	86,654,897
10	Software (Intangible assets)	89,422,672	51,459,102	-	-	140,581,774	12,922,311	18,026,795	-	-	30,949,106	103,632,668
	TOTAL	673,932,152	122,961,934	299,721,682	4,088,347	1,092,527,421	377,282,981	48,739,393	1,565,322	47,213,488	377,243,565	715,283,856
	Total Previous year....	586,793,401	89,337,129	-	2,198,378	673,932,152	343,357,731	34,641,196	715,946	-	377,282,981	296,649,171

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SCHEDULES TO BALANCE SHEET AS AT 30TH JUNE, 2009

PARTICULARS	Nos. of Units/ Shares	Face Value in Rupees	As at 30.06.2009 (Rs.)	Nos. of Units/ Shares	Face Value in Rupees	As at 30.06.2008 (Rs.)
SCHEDULE "F" - INVESTMENTS						
(Long term, At cost, Non-trade, Unless otherwise stated)						
(a) Quoted Investments						
i) Fully paid up equity shares						
Longview Tea Ltd	200	10	13,000	200	10	13,000
Chennai Petroleum Corpn.	1,300	10	104,000	1,300	10	104,000
NEPC Micon Ltd	400	10	12,000	400	10	12,000
Nucleus Securities Ltd	5,000	10	50,000	5,000	10	50,000
Riga Sugar Co Ltd	2,200	10	110,000	2,200	10	110,000
Western India Industries Ltd	7,500	10	450,000	7,500	10	450,000
			<u>739,000</u>			<u>739,000</u>
ii) Fully paid up units of Mutual Fund						
Master Shares of UTI	14,400	10	140,430	14,400	10	140,430
			<u>140,430</u>			<u>140,430</u>
Less: Provision for Dimnution in value of Investments			<u>475,000</u>			<u>475,000</u>
			<u>404,430</u>			<u>404,430</u>
(b) Unquoted Investments						
i) Government Securities						
National Saving Certificates	4	1000	4,000	4	1000	4,000
ii) Fully paid up units of Mutual Funds (current investments)						
Chola Liquid Investment Plus				119,749	10	1,390,734
iii) Fully paid-up Equity Shares						
A) In Subsidiary companies						
PCS International Ltd., Mauritius	111,000	USD 10.00	47,088,450	111,000	USD 10.00	47,088,450
PCS Technology USA, Inc.	2,500	USD 2.00	217,850	2,500	USD 2.00	217,850
PCS Positioning Systems (India) Limited	1,750,000	INR 10.00	17,500,000	1,750,000	INR 10.00	17,500,000
B) In Others						
Saraswat Co-op. Bank Ltd	1,000	10	10,000	1,000	10	10,000
Vraksh Technology Limited	50,000	10	500,000			
			<u>65,320,300</u>			<u>66,211,034</u>
			<u>65,724,730</u>			<u>66,615,464</u>
Book value of Quoted investment			404,430			404,430
Book value of Unquoted investment			65,320,300			66,211,034
Market value of Quoted investment			971,176			1,264,637

PARTICULARS	As at 30.06.2009 (Rs.)	As at 30.06.2008 (Rs.)
SCHEDULE "G" - CURRENT ASSETS, LOANS AND ADVANCES		
INVENTORIES		
(Valued at cost or net realisable value which ever is lower and as certified by the Management)		
Raw Materials, Computer Accessories, & Spares	121,125,630	104,810,029
Work in Progress	4,349,302	8,054,181
Finished Goods	834,869	4,648,209
	<u>126,309,801</u>	<u>117,512,418</u>

PCS TECHNOLOGY LIMITED

SCHEDULES TO BALANCE SHEET AS AT 30TH JUNE, 2009

PARTICULARS	As at 30.06.2009 (Rs.)	As at 30.06.2008 (Rs.)
SUNDRY DEBTORS		
(Unsecured & considered good by the Management)		
i) Over six months	543,956,572	544,151,235
ii) Other debts	901,045,655	886,362,872
iii) Future finance lease receivables	27,426,195	36,791,108
	1,472,428,422	1,467,305,215
(includes Rs.6,647,388 due from PCS International Ltd., wholly owned subsidiary- previous year : Rs.365,425/- Maximum balance outstanding Rs. 6,647,388/-, previous year : Rs.15,632,290/-)		
(includes Rs.4,882,922/- due from PCS Technology, USA, wholly owned subsidiary- previous year :Rs.25,106,407/- Maximum balance outstanding Rs.26,089,945/- , previous year : Rs.25,106,407/-)		
(includes Rs.11,764,895/- due from PCS Positioning Systems (India) Limited, subsidiary company - previous year :Rs.11,381,080/. Maximum balance outstanding Rs. 11,764,895/- , previous year : Rs. 11,381,080/-)		
CASH AND BANK BALANCES		
Cash in hand	12,677,825	14,906,207
Bank Balances		
i) In Current Account	38,973,648	67,371,969
ii) In Margin Money Deposits	51,417,235	58,629,213
	103,068,708	140,907,389
OTHER CURRENT ASSETS		
Interest accrued	1,823,947	2,832,548
LOANS & ADVANCES		
(Unsecured & considered good by the Management)		
Advances recoverable in cash - or in kind or for value to be received	62,951,591	85,126,032
Loans & Advances to Subsidiaries		
PCS Positioning System (India) Ltd (Maximum balance outstanding Rs. 25,976,945/-, previous year Rs. 25,976,945 /-)	1,129,915	25,976,945
PCS Technology USA Inc (Maximum balance outstanding Rs.3,096,862/-, previous year Rs. 6,405,058/-)		3,096,862
Earnest Money Deposits	29,197,645	36,782,360
Sundry Deposits	27,190,451	21,372,392
(Amount includes Rs. 37 lacs paid to relatives of Director on account of rental deposits, Previous year Rs.39 lacs)		
Advance payment of Income Tax (Net of Provision)	24,997,740	9,057,020
Balance with Central Excise Department	5,440,376	3,695,625
	150,907,718	185,107,236
Total...	1,854,538,596	1,913,664,806
SCHEDULE "H" - CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES		
Sundry Creditors - Micro and Small Enterprises	15,249,455	
Sundry Creditors - Others	436,132,439	512,790,649
Advance from Customers	17,744,167	14,555,532
Other Current Liabilities	20,131,420	23,895,971
	489,257,481	551,242,153
PROVISIONS		
For Fringe Benefit Tax (Net of advances)	4,057,461	4,030,893
For Leave Encashment	7,898,478	12,135,330
	11,955,939	16,166,223
Total...	501,213,420	567,408,376

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SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 2009

PARTICULARS	Year ended 30.06.2009		Year ended 30.06.2008	
	(Rs.)	(Rs.)	(Rs.)	(Rs.)
SCHEDULE "1" - OTHER INCOME				
INCOME FROM OPERATIONS				
Sale of Scrap etc.	1,086,653		983,053	
Commission received	540,351		713,950	
Finance Charges Lease	7,707,043		9,272,878	
Incentive from Suppliers	901,265		48,761,768	
		10,235,312		59,731,649
OTHER INCOME				
Profit on Sale of Current Investments	42,243			
Dividend received				
i) On long term Investments	38,681		52,200	
ii) On current Investments	52,230		80,932	
		90,911		133,132
Interest received				
i) From Banks	4,978,068		3,665,163	
ii) From Income tax refund	252,424			
iii) From Others	1,662,206		2,695,376	
		6,892,698		6,360,539
(Tax deducted at source Rs. 1078,529/- previous year Rs 667,205/-)				
Sundry Balances written back	1,075,056		3,864,485	
Miscellaneous Income	378,663		382,852	
		8,479,571		10,741,008
Total...		18,714,883		70,472,657
SCHEDULE "2" - DECREASE / (INCREASE) IN VALUE OF STOCK				
Opening stock as on 1st July, 2008				
i) Work in Progress	8,054,181		17,920,579	
ii) Finished Goods	4,648,209		3,814,000	
		12,702,390		21,734,579
Less:				
Closing Stock as at 30th June, 2009				
i) Work in Progress	4,349,302		8,054,181	
ii) Finished Goods	834,869		4,648,209	
		5,184,171		12,702,390
		7,518,219		9,032,189
Add : Increase / (Decrease) in Excise duty on stocks				
Excise duty in Opening stock	260,727		374,051	
Less : Excise duty in Closing stock	29,553	(231,174)	260,727	(113,324)
Total...		7,287,045		8,918,865
SCHEDULE "3" - CONSUMPTION OF MATERIAL				
COST OF MATERIAL CONSUMED / SOLD				
Opening stock	104,810,029		136,080,971	
Add : Purchases	1,706,611,413		2,042,681,619	
	1,811,421,442		2,178,762,590	
Less: Closing stock	121,125,630		104,810,029	
		1,690,295,812		2,073,952,561
Total...		1,690,295,812		2,073,952,561

PCS TECHNOLOGY LIMITED

SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 2009

PARTICULARS	Year ended 30.06.2009		Year ended 30.06.2008	
	(Rs.)	(Rs.)	(Rs.)	(Rs.)
SCHEDULE "4" - MANUFACTURING AND OTHER EXPENSES				
Salaries, Wages and Bonus		586,211,188		559,018,443
Gratuity to Staff		558,688		2,789,610
Contribution to EPF, ESIC & EDLIS		30,411,561		27,241,231
Staff Welfare		8,848,895		9,898,775
Consumable, Stores, Spares		27,821,227		25,002,880
Rent		20,127,537		26,336,665
Electricity & Power		6,974,834		8,316,617
Insurance		5,537,912		3,840,106
Payment to Auditors				
Audit fees	402,595		385,929	
Other services	160,929		187,463	
Tax Audit fees	55,150	618,674	30,899	604,291
Advertisement Expenses		480,649		1,201,257
Bank charges		21,178,717		23,108,797
Bad Debts and Remissions		13,700,605		6,250,168
Sitting fees to directors		470,000		480,000
Commission on Sales		537,264		4,290,957
Conveyance expenses		13,948,606		15,377,792
Legal & Professional fees		14,768,972		18,739,855
Stock destroyed in fire		805,448		
Loss on Sale of Fixed Assets		597,723		968,432
Foreign Exchange Difference (Net)		14,119,524		133,467
Miscellaneous Expenditure		33,210,270		31,846,440
Packing, Courier & Forwarding		10,319,075		19,066,517
Postage, Telephone & Telex		7,036,227		9,603,010
Printing & Stationery		9,497,351		14,384,188
Rates & Taxes		1,965,600		1,585,126
Repairs to Building		3,015,703		3,161,971
Sales & Work contract tax		7,103,675		6,436,969
Service charges paid		44,259,937		33,496,016
Travelling expenses		48,539,029		51,444,702
Total...		932,664,891		904,624,282
SCHEDULE "5" - INTEREST PAID				
Interest paid on Fixed Loan		8,243,205		15,176,391
Interest paid to Others		64,583,680		67,952,799
Total...		72,826,885		83,129,190

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NOTES FORMING PART OF THE ACCOUNTS

SCHEDULE "I": NOTES TO ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES:

(A) BASIS OF PREPARATION:

The financial statements of the Company are prepared under the historical cost convention, except for revaluation of certain fixed assets, and are in accordance with the applicable mandatory Accounting Standards and provisions of the Companies Act, 1956.

(B) FIXED ASSETS:

- (i) Fixed Assets other than mentioned in item no.(ii) and (iii) below, are stated at cost of acquisition or construction, including any cost attributable to bringing the assets to their working condition for their intended use less accumulated depreciation. Preoperative expenses capitalized, forms part of the cost of assets.
- (ii) On 1st January 1995, the Company had revalued some of its immovable properties on the basis of a report of Government approved valuer. Consequently, increase in value of Rs.126,947,419/- was transferred to the Revaluation Reserve Account.
- (iii) On 30th June, 2009, the Company has revalued Land and Buildings on the basis of a report of Government approved valuer. Consequently, increase in value of Rs.346,935,169/- is transferred to the Revaluation Reserve Account.

(C) DEPRECIATION:

(i) Revalued assets:

Depreciation is provided on the revalued amount at the rates calculated as per straight line method over the residual life of revalued assets, as certified by the Government approved valuer. The difference between depreciation provided on revalued amount and on historical cost is transferred from Revaluation Reserve to Profit and Loss Account.

(ii) Assets carried at historical cost:

At the rates and in the manner as specified in Schedule XIV to the Companies Act, 1956. Individual items of Fixed Assets added during the year costing upto Rs 5,000 each are fully depreciated in the first year.

(D) IMPAIRMENT OF ASSETS:

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to Profit & Loss account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

(E) INVESTMENTS:

Long-term investments are carried at cost. Provision for diminution is made to recognize a decline, other than temporary in value of long-term investments. Current investments are carried at lower of cost and fair value.

(F) REVENUE RECOGNITION:

Revenue from sale of products is recognized when risk and reward are passed on to the customer which is generally on dispatch of goods. Revenues from product sales are exclusive of excise duty and sales tax. Income from services is recognized for the work done in terms of the contract. Income from maintenance contracts is recognized on a time proportionate basis.

(G) INVENTORIES:

Inventories are valued at cost or net realizable value, whichever is lower. Cost is determined using weighted average method. Finished goods and stock in work-in-progress includes proportionate overheads. Finished goods are valued inclusive of duty payable thereon.

(H) BORROWING COSTS:

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of cost of such asset till such time as the asset is ready for its intended use or sale. All other borrowing costs are recognized as an expense in the period in which they are incurred.

(I) EMPLOYEES BENEFITS:

Short term employee benefits are recognized as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered. Company's contribution towards Provident and Pension funds vis-à-vis defined contribution plan paid/payable during the year are charged to Profit and Loss account. Post employment benefits in the form of Gratuity and Leave encashment are recognized as expense in the Profit and Loss account at present value of the amounts payable determined on the basis of actuarial valuation technique, using the projected unit credit method. Actuarial gains and losses are recognized in the Profit and Loss Account.

(J) FOREIGN CURRENCY TRANSACTIONS:

- (i) Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction. Foreign currency monetary assets and liabilities are translated at year end exchange rates. Exchange difference arising on settlement of transactions and translation of monetary items are recognized as income or expenses in the year in which they arise.
- (ii) In respect of forward exchange contracts, the difference between the forward rate and the exchange rate at the inception of the contract is recognized as income or expenses over the period of the contract.
- (iii) Gains or losses on cancellation / settlement of forward exchange contracts are recognized as income or expenses.

(K) FINANCE LEASE ACCOUNTING:

Assets given under finance lease are recognized as receivable at an amount equal to the net investment in the lease. Lease rentals are apportioned between principal and interest on the basis of internal rate of return. The principal amount is reduced from the net investment in the lease, while Finance charges are recognized as revenue.

(L) TAXES ON INCOME:

Income tax expenses comprise current tax and deferred tax charges or release. Deferred tax is recognized on timing difference subject to consideration and prudence, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent period.

(M) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:

Provisions involving substantial degree of estimation in measurement are recognized when there is present obligation as a result of past events and it is probable that there will be outflow of resources. Contingent Liabilities are not recognized but are disclosed in the Notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

- 2. In the opinion of the Board of Directors, the Current Assets, Loans and Advances are approximately of the values stated, if realized in the ordinary course of business. The provisions for depreciation and known liabilities are adequate and not in excess of the amounts reasonably necessary.

3. Commitments and contingent liabilities

(a) Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for Rs.2,848,637 /- (previous year Rs 2,545,684/-), net of advances.

(b) Contingent Liabilities not provided.

- i) On account of Bank guarantees - Rs. 491,240,920/- (Previous year Rs.587,883,198/-).

PCS TECHNOLOGY LIMITED

NOTES FORMING PART OF THE ACCOUNTS (contd.)

- ii) In respect of R&T activities undertaken by the Company in earlier years, the Company has been advised that the Company has good, valid and substantial defense in Suit No.1494 of 1997 filed by State Bank of India in the City Civil Court in Ahmedabad against the Company for Rs.50,338,289/- with interest @21.50% p.a. The Company has also been advised that it has a good defense in Application No.1627 of 2000 made in the Debt Recovery Tribunal, Mumbai by Vijaya Bank against the Company for Rs.4, 538,000/- along with interest. In none of the other litigation any claim for significant amount has been made against the Company apart from the fact that in all these litigations the Company is the second defendant. In view of the above the Company has not made any provision in respect of any of these litigations against the Company.

4. Managerial Remuneration to the (Rupees)

Managing Director		Current Year ended 30.06.2009	Previous Year ended 30.06.2008
(a)	Salaries	2,271,300	2,402,400
(b)	Value of perquisites	120,082	25,809
(c)	Provident fund	201,600	201,600
(d)	Ex-gratia	8,100	6,000
Total Remuneration		2,601,082	2,635,809

5. Employee Benefits

- a) Contribution to provident Fund of Rs. 18,291,024/- (previous year Rs. 16,151,235/-) is recognized as an expense and included in contribution to provident funds and other funds in the Profit and loss Account.
- b) Defined Benefit plans in respect of Gratuity and leave encashment - as per actuarial valuation

Particulars	Current Year		Previous Year	
	Gratuity (Funded)	Leave encashment (Non funded)	Gratuity (Funded)	Leave encashment (Non funded)
1. Change in benefit obligation (Rupees)				
Liability at the beginning of the year	13,995,325	8,540,835	12,463,395	5,973,611
Interest cost	1,189,603	555,110	885,487	1,84,434
Current service cost	2,959,609	3,079,118	2,375,388	3,914,719
Benefit paid	-	(4,020,269)	(2,789,610)	(7,336,376)
Actuarial (Gain)/ Loss	(3,919,153)	(256,316)	1,060,665	5,804,447
Liability at the end of the year	14,225,384	7,898,478	13,995,325	8,540,835
2. Change in Fair value of Plan Assets (Rupees)				
Fair value of Plan assets at the beginning of year	16,512,234	-	16,193,571	-
Expected Return on Plan assets	1,177,322	-	348,162	-
Contributions	-	-	2,789,610	-
Benefit paid	-	-	(2,789,610)	-
Actuarial (Gain)/ Loss on plan assets	(746,671)	-	(29,499)	-
Fair value of Plan assets at the end of year	16,942,885	-	16,512,234	-
3. Expenses recognized in the Profit & Loss a/c (Rupees)				
Current service cost	-	3,079,118	-	3,914,719
Interest cost	-	555,110	-	184,434
Expected Return on Plan assets	-	-	-	-

	Current Year	Previous Year
Actuarial (Gain)/ Loss	(256,316)	5,804,447
Expenses recognized in the Profit & Loss a/c	3,377,912	9,903,600
4. Actuarial Assumptions		
Discount rate	8.50%	8.50%
Salary escalation rate	5%	5%
Expected Return on Plan assets	2.13%	2.15%
Retirement age	58 Years	58 Years
Mortality	LIC (1994-96)	LIC (1994-96)

The estimate of future salary increase, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

6. The Legal and Professional fees includes payments of professional fees of Rs.875,040 /- (previous year Rs.1, 119,440/-) to the firms in which some of the Directors of the Company are partners.
7. Particulars of dues to Micro, Small and Medium Enterprises under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act)

Particulars	As at 30.06.09 (Rs.)	As at 30.06.08 (Rs.)
Principle amount due to suppliers under MSMED Act at the year end	15,429,455	Nil
Interest accrued & due to suppliers under MSMED Act on the above amount, unpaid at the year end	3929	Nil
Payment made to suppliers (other than interest) beyond the appointed day during the year	1,402,097	Nil
Interest paid to suppliers under MSMED Act during the year	Nil	Nil
Interest due & payable to suppliers under MSMED Act for payments already made.	10,134	Nil
Interest accrued & remaining unpaid at the end of the year to supplier under MSMED Act.	14,063	Nil

8. The Pune unit continues to manufacture Computer Systems while manufacturing of Copper Clad Laminates (CCL) remains suspended.
9. Additional information pursuant to the provisions of Paragraphs 3 & 4 of part II of Schedule VI of the Companies Act, 1956 are as under:-

Particulars in respect of goods manufactured, licensed capacity, installed capacity and production.

S. No.	Particulars	Current Year Ended 30.06.2009	Previous Year Ended 30.06.2008
(A)	Licensed / Installed Capacity		
(i)	Computer Division		
	Licensed capacity	Not applicable	Not applicable
	Installed capacity	Not ascertainable	Not ascertainable
(ii)	CCL Division		
	Licensed capacity		
	Glass Epoxy Copper Clad Laminates	3 lacs Sq.mtrs.p.a	3 lacs Sq.mtrs.p.a

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NOTES FORMING PART OF THE ACCOUNTS (contd.)

	Current Year		Previous Year	
	5 lacs Sq.mtrs.p.a		5 lacs Sq.mtrs.p.a	
Paper phenolic & Composite Copper clad Laminates				
Installed capacity				
Glass Epoxy Copper Clad Laminates	3 lacs Sq.mtrs.p.a		3 lacs Sq.mtrs.p.a	
Paper phenolic & Composite Copper clad Laminates	5 lacs Sq.mtrs.p.a		5 lacs Sq.mtrs.p.a	
(B) Production				
Computer Division				
Opening Stock	423 Nos.		42 Nos.	
Production during the year	14,223 Nos.		23,716 Nos.	
Capitalized	24 Nos.		41 Nos.	
Closing Stock	42 Nos.		423 Nos.	
(C) Turnover	Rupees		Rupees	
(i) Computer Division				
Sales Including Computers, Computer Components, Monitors, Printers, Power Supply, Services & others. (Mixed Items)	2,777,303,948		3,083,219,906	
(ii) Others			399,750	
TOTAL	2,777,303,948		3,083,435,408	
(D) Material Consumption				
(Consumption has been arrived at by deducting closing stock from the total of Opening Stock and Purchase)				
(i) Computer Division				
In view of considerable items, diverse in size and nature, and the fact that no item of Raw Material and component exceeds 10% of total value of consumption, it is not practicable to furnish quantitative information of Raw Material and component consumes.	1,690,295,812		2,073,402,924	
(ii) Others			549,637	
TOTAL	1,690,295,812		2,073,952,561	

(E) Value of imported and indigenous Raw Materials, Computer Accessories consumed and percentage there of:

	Current Year		Previous Year	
	Value (Rs.)	Percentage	Value (Rs.)	Percentage
Raw Material, Computers & Peripherals Accessories				
(i) Imported	111,642,612	6.61	303,524,324	14.64
(ii) Indigenous	1,578,653,200	93.39	1,770,428,237	85.36
Total	1,690,295,812	100.00	2,073,952,561	100.00

(F) Value of imported on CIF basis in respect of:

	2008-09 (Rs.)	2007-08 (Rs.)
Raw Material, Computers & Peripherals Accessories	118,654,387	306,837,429

	2008-09 (Rs.)	2007-08 (Rs.)
(G) Expenditure in foreign currency:		
Travelling & Others	14,212,943	10,645,543
(H) Earning in foreign currency:		
(F.O.B. Value of Exports)		
Export Sales & Services	83,215,400	87,481,558

10. Finance Lease Accounting:

In certain cases, the company has sold its product by way of lease arrangements with the customers. The transaction is treated as finance lease in accordance with Accounting Standard – 19. The details of lease transactions as on 30th June, 2009 is as follows (Rupees)

S.No.	Particulars	30.06.2009	30.06.2008
a)	Gross Investment in lease	29,846,907	44,105,509
b)	Present value of minimum lease payment	27,426,195	36,791,108
c)	Total gross investment		
1)	Not later than one year	16,180,542	19,105,438
2)	later than one year but not later than five	13,666,365	25,000,070
3)	later than five year	--	--
d)	Present value of Minimum lease payment		
1)	Not later than one year	14,906,621	14,969,127
2)	later than one year but not later than five	13,235,633	21,821,981
3)	later than five year	--	--
e)	Unearned Finance income	2,420,712	7,314,400

11. Particulars of Earnings per Shares:

S.No.	Particulars	30.06.2009	30.06.2008
a)	Net Profit for the year (Rs.)	34,359,577	36,864,219
b)	Number of equity shares outstanding at the beginning and at the end of the year	20,950,677	20,950,677
c)	Nominal Value of the shares (Rs.)	10	10
d)	Basic and diluted Earning per share (Rs.) (a / b)	1.51	1.76

12. Deferred Tax:

- a) Deferred tax has been provided in accordance with Accounting Standard 22 – Accounting for Taxes on income.
- b) The break up of net deferred tax liability is as under: (Rupees)

S.No.	Particulars	Accumulated as at 30.06.2009	Accumulated as at 30.06.2008
A)	Deferred Tax Liability		
i)	Depreciation	49,326,000	42,659,000
B)	Deferred Tax Assets		
i)	Expenses allowable on payment basis	1,482,000	3,139,000
	Net Deferred Tax Liability	47,844,000	39,520,000

13. Related parties disclosures:

A. Names of the related parties (where control exists) Subsidiary Companies:-

- PCS International Ltd., Mauritius
- PCS Technology USA, Inc.
- PCS Positioning Systems (India) Ltd.

PCS TECHNOLOGY LIMITED

NOTES FORMING PART OF THE ACCOUNTS (contd.)

B. Other Related parties with whom there are transactions during the year

a) Key Management Personnel

- i) Mr. G.K.Patni (Chairman)
- ii) Mr. A.K.Patni (Vice Chairman)
- iii) Mr. H C Tandon (Managing Director & CEO)

b) Relatives of key management personnel:-

- i) Mrs. Kanchanbai Patni (Mother of Mr. G. K. Patni & Mr. A. K. Patni)
- ii) Mrs. Rajnikanta Patni (Wife of Mr. G. K. Patni)
- iii) Mrs. Sadhna Patni (Wife of Mr. A. K. Patni)
- iv) Mr. Apoorva Patni (Director) (Son of Mr. A. K. Patni)
- v) Mr. Arihant Patni (Son of Mr. G. K. Patni)

- vi) Mrs. Purnima Tandon (Wife of Mr. H.C.Tandon)

- vii) Mrs. Rajarani Gangwal (Sister of Mr. G.K.Patni & Mr. A.K. Patni)

- viii) Sobhagmal M.Patni HUF
(Mr.G.K.Patni & Mr.A.K.Patni are members of HUF)

- ix) Estate of Late Sobhagmal-M Patni

c) Affiliates (Enterprises over which Key Management personnel or relatives have significant influence)

- i) Patni Computer Systems Ltd.
- ii) Ashoka Computer Systems Pvt Ltd
- iii) PCS Cullinet Pvt Ltd
- iv) PCS Finance Pvt Ltd.
- v) Vraksh Technologies Ltd.

13.2) Transactions carried out with related parties referred in 1 above, in ordinary course of business.

(Rupees)

Description	Subsidiaries Companies	Key Management Personnel	Relative of key Management Personnel	Affiliates	Total
Sales of Goods and Services	11,863,260 (22,877,984)	-	-	143,249	12,006,509 (22,877,984)
Purchase of Fixed Assets	-	-	-	(1,940,625)	(1,940,625)
Interest Paid	-	(12,775,342)	-	2,250,000 (2,250,000)	2,250,000 (15,025,342)
Rent Paid	-	-	4,907,896 (6,033,450)	1,436,450 (2,484,274)	6,344,346 (8,517,724)
Rent Received	-	-	-	2,480,000 (300,000)	2,480,000 (300,000)
Share Application Money Paid	(14,767,500)	-	-	-	(14,767,500)
Reimbursement/Recovery of Expenses received	38,121 (542,285)	-	-	6,922,842 (21,586,130)	6,960,963 (22,128,415)
Interest Received	1,167,465 (2,345,581)	-	-	-	1,167,465 (2,345,581)
Advance / Loan Given	150,000 (223,000)	-	-	-	150,000 (223,000)
Advance / Loan Refunded	25,000,000 (3,308,196)	-	-	-	25,000,000 (3,308,196)
Other Loan Taken	-	75,000,000 (280,000,000)	-	-	75,000,000 (280,000,000)
Other Loan Refunded	-	84,000,000 (137,500,000)	-	-	84,000,000 (137,500,000)
Remuneration to Directors	-	2,601,082 (2,635,809)	-	-	2,601,082 (2,635,809)
Balance outstanding - 30th June, 2003					
Receivable	23,295,205 (36,929,172)	-	-	9,623,243 (10,589,653)	32,918,448 (47,518,825)
Payable	-	(8,667,792)	-	-	(8,667,792)
Property Deposits	-	-	3,800,000 (3,900,210)	406,700 (1,546,700)	4,206,700 (5,446,910)
Other Loan Taken	-	553,500,000 (562,500,000)	-	22,500,000 (22,500,000)	576,000,000 (585,000,000)
Inter Corporate Deposit given	1,129,915 (29,073,807)	-	-	-	1,129,915 (29,073,807)
Share Application Money	(14,767,500)	-	-	-	(14,767,500)

[Note : Previous year figures are shown in brackets.]

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NOTES FORMING PART OF THE ACCOUNTS (contd.)

13.3) Details of Significant Transactions carried out with related parties referred above, in ordinary course of business.

(Rupees)

Description	Subsidiaries Companies	Key Management Personnel	Relative of key Management Personnel	Affiliates
Sales of goods and services				
PCS Technology USA, INC	1,878,800 (22,877,984)	-	-	-
PCS International Ltd., Mauritius	9,984,460	-	-	-
Purchase of Fixed Assets				
Patni Computers Systems Ltd.	-	-	-	(1,940,625)
Interest paid				
PCS Finance Pvt. Ltd.	-	-	-	750,000 (750,000)
PCS Cullinet Pvt. Ltd.	-	-	-	750,000 (750,000)
Ashok Computers Systems Pvt. Ltd.	-	-	-	750,000 (750,000)
Mr. A. K. Patni	-	(9,775,342)	-	-
Mr. G. K. Patni	-	(3,000,000)	-	-
Rent paid				
Mrs. Kanchanbai Patni	-	-	1,192,744 (1,597,732)	-
Mrs. Sadhna Patni	-	-	814,208 (1,016,544)	-
Mrs. Rajnikanta Patni	-	-	669,008 (871,344)	-
PCS Finance Pvt. Ltd	-	-	-	610,725 (985,686)
Rent Received				
Vraksh Technologies Limited	-	-	-	2,480,000 (800,000)
Share Application Money Paid				
PCS International Ltd., Mauritius	(14,767,500)	-	-	-
Reimbursement/Recovery of Expenses received				
Vraksh Technologies Limited	-	-	-	6,922,842 (21,586,130)
Interest received				
PCS Positioning Systems (India) Ltd.	1,167,465 (2,345,581)	-	-	-
Advance / Loan Given				
PCS Positioning Systems (India) Ltd.	150,000 (Nil)	-	-	-
PCS Technology USA, Inc	Nil (223,000)	-	-	-
Advance / Loan Refunded				
PCS Technology USA, Inc	- (3,308,196)	-	-	-
PCS Positioning Systems (India) Ltd:	25,000,000	-	-	-
Other Loan Taken				
Mr. A. K. Patni	-	25,000,000 (180,000,000)	-	-
Mr. G. K. Patni	-	50,000,000 (100,000,000)	-	-
Other Loan Refunded				
Mr. A.K.Patni	-	84,000,000 (137,500,000)	-	-
Remuneration to Directors				
Mr. H.C.Tandon	-	2,601,082 (2,635,809)	-	-

PCS TECHNOLOGY LIMITED

NOTES FORMING PART OF THE ACCOUNTS (contd.)

(Rupees)				
Description	Subsidiaries Companies	Key Management Personnel	Relative of key Management Personnel	Affiliates
Balance outstanding - 30th June 2009				
Receivable				
PCS Technology USA, INC	4,882,922 (25,106,409)	-	-	-
PCS International Ltd., Mauritius	6,647,388 (365,425)	-	-	-
PCS Positioning Systems (India) Ltd.	11,764,895 (11,457,338)	-	-	-
Vraksh Technologies Limited	-	-	-	9,623,243 (10,465,251)
Payable				
Mr. A. K. Patni	-	(8,667,792)	-	-
Property Deposits				
Mrs. Kanchanbai Patni	-	-	1,100,000 (1,100,000)	-
Mrs. Rajnikanta Patni	-	-	600,000 (600,000)	-
Mrs. Sadhna Patni	-	-	700,000 (700,000)	-
Mr. Apoorva Patni	-	-	500,000 (500,000)	-
Mr. Arihant Patni	-	-	500,000 (500,000)	-
PCS Finance Pvt. Ltd.	-	-	-	205,030 (635,030)
Other Loan Taken				
Mr. A. K. Patni	-	343,500,000 (402,500,000)	-	-
Mr. G. K. Patni	-	210,000,000 (160,000,000)	-	-
Inter Corporate Deposit given				
PCS Positioning Systems (India) Ltd.	1,129,915 (25,976,945)	-	-	-
PCS Technology USA, Inc	- (3,096,862)	-	-	-
Share Application Money				
PCS International Ltd., Mauritius	- (14,767,500)	-	-	-

[Note : Previous year figures are shown in brackets.]

14 (a) Disclosure required by Clause 32 of the Listing Agreement.

Amount of loans and advances in nature of loans outstanding from subsidiaries

(Rupees)

Name of the company	Relationship	Balance as at the end of the year		Maximum Outstanding	
		Current year	Previous year	Current year	Previous year
1) PCS Positioning Systems (India) Ltd.	99.43% Subsidiary	1,129,915	25,976,945	25,979,915	25,976,945
2) PCS Technology USA, Inc	100% Subsidiary	-	3,096,862	3,096,862	6,405,058

14 (b) Details of Investment by the Loanee in the shares of the company.

None of the Loanee have made investments in the shares of the company.

- The Company is engaged mainly in Computer products and services viz., manufacture & trading of computers, peripherals, computer parts and maintenance of computers & related services and as such it is the only reportable business segment. The export sales of the company are less than 10% of the total turnover and hence there is single reportable geographical segment.
- The figures of the previous years have been re-grouped and/or rearranged wherever necessary to make them comparable with those of current year.
- Balance Sheet abstract and Company's general business profile pursuant to Para IV of Schedule VI to the Companies Act, 1956 is attached.

As per my Report of even date attached

For **S. C. BANDI & COMPANY**
Chartered Accountants

S. C. Bandi
Proprietor
Membership no.16932

B. J. Patel
Company Secretary

For and on behalf of the Board of Directors

G. K. Patni
(Chairman)

A. K. Patni
(Vice Chairman)

H. C. Tandon
(Managing Director & CEO)

Apoorva Patni
Satish Ajmera
Dadi B Engineer
P. V. Mehta
K. K. Barjatya
M. Y. Kulkarni

Directors

Mumbai, 29th September, 2009

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NOTES FORMING PART OF THE ACCOUNTS (contd.)



BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details :	Registration No. 24279	State Code 11	Balance Sheet Date 30th June, 2009
II. Capital raised during the year: (Amount in Rs. Thousands)			
Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	Nil
III. Position of Mobilisation and Deployment of Funds: (Amount in Rs. Thousands)			
Total Liabilities	2139661	Total Assets	2139661
Source of Funds			
Paid-up Capital	210240	Reserves & Surplus	932864
Secured Loans	372713	Unsecured Loans	576000
Net Deferred Tax Liabilities	47844		
Application of Funds			
Net Fixed Assets	720611	Investments	65725
Net Current Assets	1353325	Miscellaneous Expenditure	—
IV. Performance of the Company (Amount in Rs. Thousands)			
Turnover (including Other Income)	2796019	Total Expenditure	2743010
Profit before Tax	53009	Profit after Tax	31735
Earnings per Share	1.51	Dividend Rate	—
V. Generic Names of Three Principal Products of the Company			
Item Code No.(ITC Code)			
Product-Description :	Mini/Micro Computer Systems, Glass Epoxy Copper Clad Laminates		

As per my Report of even date

For **S. C. BANDI & COMPANY**
Chartered Accountants

S. C. Bandi
Proprietor
Membership no.16932

B. J. Patel
Company Secretary

For and on behalf of the Board of Directors

G. K. Patni
(Chairman)

A. K. Patni
(Vice Chairman)

H. C. Tandon
(Managing Director & CEO)

Apoorva Patni
Satish Ajmera
Dadi B Engineer
P. V. Mehta
K. K. Barjatya
M. Y. Kulkarni

Directors

Mumbai, 29th September, 2009

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES.

PARTICULARS	PCS International Ltd., Mauritius	PCS Technology USA, Inc	PCS Positioning Systems (India) Ltd.
Financial Year/ period of the subsidiaries ended on	30th June, 2009	30th June, 2009	30th June, 2009
No. of Equity shares held by PCS-TECHNOLOGY LTD. in the Subsidiary as at 30th June, 2009.	111,000 Equity shares of USD 10 each fully paid-up	2,500 Equity shares of USD 2 each fully paid-up	17,50,000 Equity shares of Rs 10 each fully paid-up
Extent of Interest of PCS TECHNOLOGY LTD. in the capital of the Subsidiary	100%	100%	99.43%
Net aggregate amount of the profit/(losses) of the Subsidiaries so far it concerns the members of PCS TECHNOLOGY LTD as it is not dealt with the Company's Accounts.			
i) For the current Financial Year ended 30th June, 2009	(107,488) USD	(2,422,063) INR	INR (3,396,192)
ii) For the previous financial year since it became a Subsidiary.	(45,692) USD	(371,195) INR	INR (3,644,431)
Net aggregate amount of the profit/(losses) of the Subsidiaries so far as dealt with or provision is made for those losses in the Accounts of PCS TECHNOLOGY LTD.			
i) For the current Financial Year ended 30th June, 2009	Nil	Nil	Nil
ii) For the previous financial year since it became a Subsidiary.	Nil	Nil	Nil

For and on behalf of the Board of Directors

G. K. Patni
(Chairman)

A. K. Patni
(Vice Chairman)

H. C. Tandon
(Managing Director & CEO)

B. J. Patel
Company Secretary

Apoorva Patni
Satish Ajmera
Dadi B Engineer
P. V. Mehta
K. K. Barjatya
M. Y. Kulkarni

Directors

Mumbai,
29th September, 2009

PCS POSITIONING SYSTEMS (INDIA) LIMITED

MANAGEMENT & ADMINISTRATION

DIRECTORS: H. C. Tandon Yash Bhardwaj A. K. Patni
D. B. Maheshwari M. P. Jain

REGISTERED OFFICE: S. No. 1-A, F-1, Irani Market, Compound Yerawada,
Pune - 411 106.

DIRECTORS' REPORT

To;

The Members,

PCS POSITIONING SYSTEMS (INDIA) LIMITED

Your Directors have pleasure in presenting the Fifth Annual Report together with Audited Accounts for the Financial Year ended 30th June 2009.

FINANCIAL RESULTS

Particulars	(Rs. In lacs)	
	year ended 30.06.2009	year ended 30.06.2008
Sales & Other Income	2	15
Profit/(Loss) before interest, depreciation & taxation	(2)	7
Interest	12	23
Depreciation	20	20
Profit/(Loss) before Taxation	(34)	(36)
Fringe Benefit Tax		
Profit/(Loss) after Tax	(34)	(36)
Profit/(Loss) as per last Balance Sheet	(395)	(358)
Balance Carried to Balance Sheet	(429)	(395)

OPERATIONS

During the year under review, your Company has achieved turnover of Rs. 1.58 Lacs as against Rs. 13.92 Lacs in the previous year.

DIVIDEND

Your Directors do not recommend any dividend in view of the losses incurred during the period under review.

DIRECTORS

With effect from 19th February, 2009 Mr. Ashok Kumar Patni was appointed as Additional Director of the Company to hold office till the ensuing Annual General Meeting and is eligible for re-appointment.

Mr. H. C. Tandon, and Mr. Yash Bhardwaj, 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.

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:

- In the Preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- Appropriate accounting policies selected were applied consistently. Reasonable and prudent judgements and estimates were made so as to give a true and fair view of the state of affairs of the Company as on 30th June, 2009 and of the loss of the Company for the year on that date;
- 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; and
- The Annual Accounts of the Company have been prepared on a going concern basis.

CHANGE OF NAME OF THE COMPANY:

Pursuant to the resolution passed by the members at the Extra Ordinary General meeting of the Company held on 7th January, 2009 for change of name of the Company from "PCS Positioning Systems Limited" to "PCS Positioning Systems (India) Limited", your company has approached the Registrar of Companies, Maharashtra, Pune for their approval.

The said Registrar of Companies, Maharashtra, Pune has approved our application for the change of name. Accordingly the Company's name has been changed to "PCS Positioning Systems (India) Limited" with effect from 22nd January, 2009.

COMPLIANCE CERTIFICATE

As required by proviso to Section 383A of the Companies Act, 1956, your Company has obtained, a Compliance Certificate from Secretary in Whole-time practice and attached the same herewith.

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 Employee) 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 Act, 1956, read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, are given in Annexure 'A' to this report

AUDITORS:

The Company auditors, M/S S.C. Bandi & Co., Chartered Accountants, retire at the ensuing Annual General Meeting and are eligible for re-appointment. Your Directors recommend their re-appointment for the ensuing year.

ACKNOWLEDGEMENTS

Your Directors take this opportunity to place on record their gratitude for the confidence reposed in and co-operation extended to the Company by the Shareholders for their support.

On behalf of the Board of Directors

Place: Mumbai

Date: 17th September, 2009

A.K. Patni

Director

H.C. Tandon

Director

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 Company uses only electricity, which is very insignificant in value while considering total volume of operation.

(B) Technology Absorption

Not applicable.

(C) Foreign Exchange Earnings/Outgo

Your Company has earned foreign exchange worth Rs Nil and has spent foreign exchange worth Rs. Nil under the following heads.

Particulars	(Rs. In lacs)
(i) Raw Material and Components	0
(ii) Capital Goods	0
(iii) Royalty	0
(iv) Other expenses	0
Total	0

On behalf of the Board of Directors

Place: Mumbai

Date: 17th September, 2009

A.K. Patni

Director

H.C. Tandon

Director

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PCS POSITIONING SYSTEMS (INDIA) LTD.



COMPLIANCE CERTIFICATE

U/S 383A of the Company Act, 1956 & Rules 3(2) of the Companies (Compliance Certificate) Rules, 2001

To,

The Members

PCS Positioning Systems (India) Limited

S No 1-A F-1 Iranmarket Compound,

Yerawada Pune - 411006

CIN	Authorised Capital	Paid up Capital
U72900PN2004PLC019448	3,00,00,000	1,76,00,000

I have examined the registers, records, books and papers of **PCS Positioning Systems (India) Limited** as required to be maintained under the Companies Act, 1956, and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on **30th June, 2009**. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year:

- The Company has kept and maintained all registers as stated in Annexure 'A' to this Certificate, as per the provisions of the Act and the rules made thereunder and all entries therein have been duly recorded.
- The Company has duly filed the forms and returns as stated in Annexure 'B' to this Certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made thereunder.
- The Company being public limited Company has the minimum prescribed paid-up capital.
- The Board of Directors of the Company duly met **6 (Six)** times on **12/07/2008, 17/09/2008, 12/12/2008, 29/01/2009, 19/02/2009 and 29/05/2009** in respect of which meetings proper notice were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
- The Company has not closed its Register of Members during the year, as it was not required to close the same.
- The Annual General Meeting for the financial year ended on 30/06/2008 was convened and held on **27/11/2008** after giving due notice to the adoption of Annual accounts as on 30/06/2008 were duly recorded in the Minutes Book maintained for the purpose.
- 2 (Two)** Extra ordinary General meeting were held during the financial year on **07/01/2009 and 21/02/2009** respectively.
- The Company has not advanced loan to any Director or the person or firm or companies referred under Section 295 of the Act.
- I have been informed that the Company has not entered into any contracts falling within the purview of section 297 of the Act.
- As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, members or Central Government.
- The Company has made necessary entries in the register maintained u/s 301 of the Act for contracts entered during the year.
- The Company has not issued any duplicate share certificates during the year.
- (i) The Company has delivered all the certificates on allotment of shares and lodgment of shares for transfer, however there were no transmission of securities during the year.
(ii) The Company has not deposited any amount in a separate Bank Account as no dividend was declared during the year.
(iii) The Company was not required to post warrants to any members of the Company as no dividend was declared during the year.

(iv) There is no unpaid dividend; application money due for refund, matured deposits, matured debentures and the interest accrued thereon, which have remained unclaimed or unpaid for a period of seven years.

(v) The Company has duly complied with the requirements of section 217 of the Act.

- The Board of Directors of the Company is duly constituted. Mr. Ashok Kumar Patni was appointed as Director to fill casual vacancy during the financial year.
- The Company has not appointed any managing Director or whole time Director or Manager during the year.
- The Company has not appointed any sole-selling agents during the year.
- The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar and/or such other authorities prescribed under the various provisions of the Act during the year.
- The Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
- The Company has not issued Equity Shares and Preference Shares during the year.
- The Company has not bought back any shares during the year.
- The Company has not redeemed any shares during the year.
- There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
- The Company has not invited/ accepted any deposits including any unsecured loans falling within the purview of sections 58A during the year.
- The amount borrowed by the Company from Directors, members, public, financial institutions, banks and others during the financial year ending 30/06/2009 are within the borrowing limits of the company and that necessary resolutions as per Section 293(1)(d) of the Act have been passed in duly convened **21/02/2009** Extraordinary General Meeting.
- The Company has made loans and investments or given guarantees or provided securities to other bodies corporate in compliance with the provisions of the Act and has made necessary entries in the register kept for the purpose.
- The Company has not altered the provisions of the Memorandum with respect to Situation of the Company's registered office from One State to another during the year under scrutiny.
- The Company has not altered the provisions of the Memorandum with respect to the Objects of the Company during the year under scrutiny.
- The Company has altered the provisions of the Memorandum with respect to name of the Company from **PCS Positioning Systems Limited** to **PCS Positioning Systems (India) Limited** during the year.
- The Company has not altered the provisions of the Memorandum with respect to Authorised Share Capital of the Company during the year under scrutiny.
- The Company has not altered its Articles of Association with respect to Authorised Share Capital of the Company during the year under scrutiny.
- As informed to me, there was no prosecutions initiated against or show cause notices received by the Company and no fines or penalties or any other punishment was imposed on the Company during the period for offences under the Act.
- The Company has not received any money as security from its employees during the year.
- Provident Fund is not applicable.

For Bhavesh Desai & Associates
Company Secretaries

(Bhavesh Desai)
C.P.No.7711

PCS POSITIONING SYSTEMS (INDIA) LIMITED

ANNEXURE 'A'

Statutory Registers as maintained by the Company under the Companies Act, 1956.

1. Register of Members u/s 150.
2. Registers & Returns u/s 163.
3. Minutes Book of Board Meetings u/s 193.
4. Minutes Book of General Meeting's u/s 193.
5. Books of Accounts u/s 209.
6. Register of Contracts u/s 301.
7. Register of particulars of Directors etc. u/s 303.
8. Register of Directors shareholding u/s 307.
9. Register of Shares Transfers.

For Bhavesh Desai & Associates
Company Secretaries

(Bhavesh Desai)
C.P.No.7711

Mumbai
Date: 27/08/2009

ANNEXURE 'B'

Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government during the financial year ending on 30th June, 2009

Sr. No.	Form No/ Return	Filed under Section	For	Date of filing	Whether filed within Prescribed Time yes/no
1	Form 66	383 A	Compliance Certificate	19/12/2008	Yes
2	Form 1A	Change of service	Availability for name	17/12/2008	Yes
3	Form 23 AC & ACA	220	Balance sheet & Profit & loss A/c	26/12/2008	Yes
4	Form 20B	159	Annual return	06/01/2009	Yes
5	Form 23	192	Change name from PCS Positioning System Ltd to PCS Positioning System India Ltd	15/01/2009	Yes
6	Form 1B	Approval of central Government	Change of name	16/01/2009	Yes
7	Form 32	303(2), 264(2) or 266(1)(a) and 266(1)(b)(iii)	Appointment of Director Mr. Ashok Kumar Patni	26/02/2009	Yes
8	Form 23	192	Approval for the borrowed money exceeds Paid Capital and Free Reserve	11/03/2009	Yes

For Bhavesh Desai & Associates
Company Secretaries

(Bhavesh Desai)
C.P.No.7711

Mumbai
Date: 27/08/2009

AUDITOR'S REPORT TO THE MEMBERS

- 1) I have audited the attached Balance Sheet of M/s. **PCS POSITIONING SYSTEMS (INDIA) LIMITED** as at 30th June, 2009 and also the Profit and Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. My responsibility is to express an opinion on these financial statements based on my audit.
- 2) I have conducted audit in accordance with the auditing standards generally accepted in India. These Standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from any material misstatement. An audit also includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. I believe that my audit provides a reasonable basis for my opinion.
- 3) As required by the Companies (Auditor's Report) Order, 2003 [CARO] issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, and on the basis of such checks of books and records as I considered necessary and appropriate and according to the information and explanations given to me during the course of the audit, I enclose in the Annexure, a statement on the matter specified in paragraph 4 & 5 of the said order.
- 4) Further to my comments in the Annexure referred to in Paragraph 3 above I report that:
 - a) I have obtained all the information and explanations, which to the best of my knowledge and belief were necessary for the purpose of my audit.
 - b) In my opinion proper Books of Accounts as required by Law have been kept by the Company so far as appears from my examination of such books.
 - c) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of Accounts.
 - d) In my opinion the Balance Sheet, the Profit and Loss Account and Cash Flow statement dealt with by this report comply with the mandatory Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - e) Based on the representations received from the Directors as on 30th June, 2009 and taken on record by the Board of Directors, I report that none of the Directors are disqualified, as at 30th June, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - f) In my opinion and to the best of my information and according to the explanations given to me, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) In the case of the Balance Sheet, of the state of affairs of the company as at 30th June, 2009 and
 - ii) In the case of the Profit and Loss Account, of the loss for the year ended on that date.
 - iii) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For **S.C. BANDI & CO.**
 Chartered Accountants

S.C. BANDI

(Proprietor)

Membership No. 16932

Place: Mumbai
 Date: 17th September 2009

ANNEXURE TO THE AUDITORS' REPORT

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
- (b) The assets have been physically verified by the Management during the year and no discrepancies were noticed on such verification.
- (c) During the year company has not disposed off any substantial part of its Fixed Assets.
- (ii) The Company does not hold any physical inventories during the current financial year covered under audit and also in immediately preceding financial year and hence clause 4 (ii) (b) of the order is not applicable.
- (iii) (a) The Company has not granted any loans, to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (b) Since the Company has not granted any loans secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956, clause 4(iii) (b), (c) & (d) of the Order are not applicable.
- (c) The Company has taken unsecured interest free loan from the parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 250.00 lacs and the balance at the end of the year is Rs. 250.00 lacs

- (d) In my opinion, the rate of interest and other terms and conditions on which loans have been taken from the companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956, are, not prima facie, prejudicial to the interest of the Company.
- (e) There is no stipulation as to the time period for payment of the principal amount of unsecured loans and advances taken.
- (iv) In my opinion and according to the information and explanations given to me, there are adequate internal control procedures commensurate with the size of the company and the nature of business with regard to purchases of inventory, fixed assets and with regard to the sale of goods.
- (v) (a) In my opinion and according to the information and explanations given to me, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.
- (b) In my opinion, and according to the information and explanations given to me, the contracts and arrangements entered in the register maintained under section 301 of the Companies Act, 1956 have been made at prices which are reasonable having regard to the prevailing market price
- (vi) The Company has not accepted any deposits from the public, accordingly, clause 4(vi) of the order is not applicable.
- (vii) In my opinion, the Company has an internal audit system commensurate with the size and nature of its business
- (viii) The Central Government has not prescribed the maintenance of cost records under Section 209(1) (d) of the Companies Act 1956 for any of the products of the Company.
- (ix) (a) According to the information and explanations given to me and on the basis of my examination of the record of the Company, the company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income tax, sales tax, wealth tax, custom duty, excise duty, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to me, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, custom duty, excise duty and cess were in arrears, as at 30th June, 2009 or a period of more than six months from the date they become payable.
- (x) The Company has accumulated losses and also it has incurred cash losses during the financial year covered by my audit. The Company had incurred cash loss during immediately preceding financial year.
- (xi) In my opinion and according to the information and explanations given to me, the company has not defaulted during the year in repayment of dues to any financial institution, banks or debentures.
- (xii) According to the information and explanations given to me, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In my opinion and according to the information and explanations given to me the company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order 2003 are not applicable to the Company.
- (xiv) The Company is not dealing or trading in Shares, Securities and Debentures or other investments. Accordingly provisions of clause (xiv) of the said order are not applicable.
- (xv) According to the information and explanations given to me, the company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) The Company has not taken any new term loans during the year.
- (xvii) According to the information and explanations given to me and on an overall examination of the balance sheet of the company, I report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) The Company has not issued any Debentures during the financial year covered by my audit.
- (xx) The company has not raised any money through a public issue during the year.
- (xxi) According to the information and explanations given to me, no fraud on or by the company has been noticed or reported during the course of my audit.

For **S.C. BANDI & CO.**
 Chartered Accountants

S.C. BANDI

(Proprietor)

Membership No. 16932

Place: Mumbai
 Date: 17th September, 2009

PCS POSITIONING SYSTEMS (INDIA) LIMITED

BALANCE SHEET AS AT 30TH JUNE, 2009

PARTICULARS	Schedule No.	As at 30.06.2009 (Rs)	As at 30.06.2008 (Rs)
SOURCES OF FUNDS			
SHAREHOLDER'S FUNDS			
Share Capital	(A)	17,600,000	17,600,000
LOAN FUNDS			
Unsecured Loan	(B)	25,000,000	25,920,000
Total ...		42,600,000	43,520,000
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	(E)	17,141,289	17,141,289
Less: Depreciation		9,071,614	7,085,939
Net Block		8,069,675	10,055,350
CURRENT ASSETS, LOANS AND ADVANCES			
Sundry Debtors	(C)	3,611,574	3,681,690
Cash and Bank Balances		110,083	1,183,857
Loans and Advances		1,979,340	1,928,031
		5,700,997	6,793,578
Less : Current Liabilities and Provisions	(D)		
Liabilities		14,048,495	12,810,559
		14,048,495	12,810,559
NET CURRENT ASSETS		(8,347,498)	(6,016,981)
Profit and Loss Account		42,877,823	39,481,631
Total ...		42,600,000	43,520,000
Notes to the Accounts	(F)		

As per my Report of even date attached for **S C BANDI & CO.**
(Chartered Accountants)

S C Bandi
(Proprietor)
Membership No.16932

Place : Mumbai
Date : 17th September, 2009

For and on behalf of the Board of Directors

A.K.Patni
H.C.Tandon
D B Maheshwari
Yash Bhardwaj

Director
Director
Director
Director

PROFIT AND LOSS ACCOUNTS FOR THE YEAR ENDED 30TH JUNE, 2009

PARTICULARS	Schedule No.	Year ended 30.06.2009 (Rs)	Year ended 30.06.2008 (Rs)
INCOME			
Sales & Services	(1)	158,767	1,391,951
Other Income	(2)	79,224	139,660
		237,991	1,531,611
EXPENDITURE			
Operating & Other Expenses	(3)	477,873	839,951
		477,873	839,951
Profit/(Loss) Before Interest, Depreciation, Taxation		(239,882)	691,660
Interest Others	(4)	1,170,635	2,347,060
Depreciation	(E)	1,985,675	1,989,031
		3,156,310	4,336,091
Loss before Taxation		(3,396,192)	(3,644,431)
Loss for the Year after Taxation		(3,396,192)	(3,644,431)
Balance as per last Balance sheet		(39,481,631)	(35,837,200)
Balance of Loss carried over to Balance Sheet...		(42,877,823)	(39,481,631)
Basic and diluted Earning per Shares of Rs. 10/- each (in Rs.)		(1.93)	(2.07)

As per my Report of even date attached for **S C BANDI & CO.**
(Chartered Accountants)

S C Bandi
(Proprietor)
Membership No.16932

Place : Mumbai
Date : 17th September, 2009

For and on behalf of the Board of Directors

A.K.Patni
H.C.Tandon
D B Maheshwari
Yash Bhardwaj

Director
Director
Director
Director

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PCS POSITIONING SYSTEMS (INDIA) LTD.



CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH JUNE, 2009

PARTICULARS	Year Ended 30-06-2009 (Rs.)	Year Ended 30-06-2008 (Rs.)
A. Cash Flow arising from Operating Activities:		
1. Net Profit / (Loss) before Tax	(3,396,192)	(3,644,431)
Add: Depreciation	1,985,675	1,989,031
Preliminary Expenses written off		206,280
Interest income	(6,431)	(26,842)
Interest expenses	1,170,635	2,347,060
2. Operating Profit / (Loss) before Working Capital changes	(246,313)	871,098
Decrease/(Increase) in sundry debtors and loan & advances	18,807	(157,471)
Decrease/(Increase) in sundry creditors	1,237,936	1,843,613
3. Cash Generated from Operations:	1,256,743	1,686,142
Income Tax paid (net of refunds)		-
4. Net Cash Flow from/used Operating Activities...	1,010,430	2,557,240
B. Cash Flow arising from Investing Activities:		
Interest received	6,431	26,842
Net Cash from Investing Activities...	6,431	26,842
C. Cash Flow arising from Financing Activities:		
Repayment of Unsecured Loan taken from Holding Company	(25,920,000)	-
Proceeds from Unsecured Loans from Directors	25,000,000	-
Interest paid	(1,170,635)	(2,347,060)
Net Cash from Financing Activities...	(2,090,635)	(2,347,060)
Net Increase in Cash/Cash Equivalents ...	(1,073,774)	237,022
Cash and Cash Equivalents at beginning of period	1,183,857	946,835
Cash and Cash Equivalents at end of period 30th June 2009	110,083	1,183,857

As per my Report of even date attached
for S C BANDI & CO.
(Chartered Accountants)

S C Bandi
(Proprietor)
Membership No.16932

Place : Mumbai
Date : 17th September, 2009

For and on behalf of the Board of Directors

A.K.Patni Director
H.C.Tandon Director
D B Maheshwari Director
Yash Bhardwaj Director

SCHEDULES TO BALANCE SHEET AS AT 30TH JUNE, 2009

PARTICULARS	As at 30.06.2009 (Rs.)	As at 30.06.2008 (Rs.)
SCHEDULE "A" - SHARE CAPITAL		
AUTHORISED		
3,000,000 Equity Shares of Rs.10/- each	30,000,000	30,000,000
ISSUED, SUBSCRIBED & PAID UP		
1,760,000 Equity Shares of Rs.10/- each, fully paid up (out of which 1,750,000 (previous year 1,750,000) shares are held by PCS Technology Ltd.the holding company)	17,600,000	17,600,000
Total	17,600,000	17,600,000
SCHEDULE "B" - UNSECURED LOAN		
Loans and Advance		
From Holding Company		25,920,000
From Director	25,000,000	
Total	25,000,000	25,920,000
SCHEDULE "C" - CURRENT ASSETS, LOANS AND ADVANCES		
SUNDY DEBTORS (Unsecured & considered good by the Management)		
a) Debts outstanding for a period exceeding six months	3,107,406	3,056,480
b) Others Debtors	504,168	625,210
CASH AND BANK BALANCES		
a) Cash in hand	2,000	2,000
b) Balance with Scheduled Bank		
i) In Current Account	108,883	1,015,061
ii) In Bank Deposits		166,796
	110,083	1,183,857
LOANS & ADVANCES (Unsecured & considered good by the Management)		
Advances recoverable in cash or in kind or for value to be received	613,864	567,204
Sundry Deposits	45,000	45,000
Earnest Money Deposits	870,000	870,000
Advance payment of tax	327,232	302,683
Advance Fringe benefit tax (Net of Provision)	123,144	123,144
	1,979,340	1,928,031
Total	5,700,997	6,793,576

SCHEDULE "D" - CURRENT LIABILITIES AND PROVISIONS

CURRENT LIABILITIES		
Sundry Creditors		12,458,463
Micro and Small Enterprises		
Sundry Creditors	13,855,652	189,465
Advance from Customers	189,465	12,647,928
Other Current Liabilities	3,378	162,631
	14,048,495	12,810,559
Total	14,048,495	12,810,559

PCS POSITIONING SYSTEMS (INDIA) LIMITED

SCHEDULES TO BALANCE SHEET AS AT 30TH JUNE, 2009

SCHEDULE "E" - FIXED ASSETS

(Rupees)

Sr. No.	Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK		
		As at 01/07/2008	Additions	Deductions	As at 30/06/2009	As at 01/07/2008	For the year	Deductions	As at 30/06/2009	As at 30/06/2008
1	Plant & Machinery	661,420			661,420	117,281	35,584		152,865	544,139
2	Tools & Testing Equipments	46,828			46,828	7,690	2,224		9,914	39,138
3	Electrical Installations	364,086			364,086	56,432	17,294		73,726	307,654
4	Furnitures & Fixtures	1,135,157			1,135,157	251,165	71,855		323,020	883,992
5	Office Equipments	1,804,556			1,804,556	624,298	201,964		826,262	1,180,258
6	GPRS/GPS Equipments	4,114,278			4,114,278	456,530	195,428		651,958	3,657,748
7	Software (intangible assets)	9,014,964			9,014,964	5,572,543	1,461,326		7,033,869	3,442,421
	Total ...	17,141,289			17,141,289	7,085,939	1,985,675		9,071,614	10,055,350
	Total Previous Year ...	17,141,289			17,141,289	5,096,908	1,989,031		7,085,939	12,044,381

SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 2009

PARTICULARS	Year ended 30.06.2009 (Rs.)	Year ended 30.06.2008 (Rs.)
SCHEDULE "1" - SALES		
INCOME		
Sales		
Sales & Services	158,767	1,391,951
Total	158,767	1,391,951
SCHEDULE "2" - OTHER INCOME		
Credit balance written back		19,784
Other Income		56,943
Foreign exchange difference	72,793	36,091
Interest received from bank	6,431	26,842
(Tax deducted at sources Rs.nil /- previous year 5342/-)		
Total	79,224	139,660

SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 2009

PARTICULARS	Year ended 30.06.2009 (Rs.)	Year ended 30.06.2008 (Rs.)
SCHEDULE "3" - OPERATING AND OTHER EXPENSES		
Hire charges	13,800	14,400
Insurance		14,895
Audit Fees	13,512	50,562
Bank charges	409	4,345
Conveyance expenses		3,160
Credit balance written back	26,029	
Legal & Professional fees	407,030	478,944
Postage, Telephone & Telex expenses	9,373	10,452
Roc Filing Fees	4,500	6,700
Rates & Taxes	3,220	8,157
Settlement Charges		21,502
Travelling expenses		20,554
Preliminary Expenses W/off		206,280
Total	477,873	839,951
SCHEDULE "4" INTEREST (OTHERS)		
Interest Paid		
Holding Company	1,167,465	2,345,581
Others	3,170	1,479
Total	1,170,635	2,347,060

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SCHEDULE "F" - NOTES TO ACCOUNTS

1) SIGNIFICANT ACCOUNTING POLICIES

The Financial statements of the Company are prepared under the historical cost conversation, and are in accordance with the applicable mandatory Accounting Standards and provision of the Companies Act, 1956.

(A) FIXED ASSETS

Fixed Assets are stated at cost of acquisitions net of modvat/cenvat credit. All cost relating to acquisition and installation are capitalised. Pre-operative expenses capitalised forms part of the cost of assets.

(B) DEPRECIATION

Depreciation is provided on straight line method, at the rates and in a manner prescribed in schedule XIV to the Companies Act, 1956.

(C) REVENUE RECOGNITION

Sale is recognised when risks and rewards of ownership are passed on to the customers, which is on despatch of goods. Sales are stated exclusive of excise duty and sale tax including Vat wherever applicable. Services revenues are recognised in accordance with the terms and conditions of the contract.

(D) FOREIGN EXCHANGE TRANSACTIONS

Transactions in foreign currencies are converted in rupees using the exchange rate prevailing on the date of transaction. Monetary assets and liabilities in foreign currency at the end of year are converted at the rate prevailing on the date. Exchange rate differences are recognised in the Profit and Loss account.

(E) BORROWING COST

Borrowing cost that is not directly attributable to the acquisition, construction or production of a qualifying asset is charged to profit & loss account.

2 Contingent liabilities - NIL (Previous Year Nil)

3 There is no amount due to " Micro or Small Enterprises" under Micro, Small, and Medium Enterprises Act, 2006. Further no interest is paid/payable in the terms of section 16 of the said Act.

The information regarding dues to "Micro or Small Enterprise" including that given in Schedule D - Current liabilities, has been determined to the extend such parties have been identified on the basis of the information available with the company.

4 The Company has brought forward losses and unabsorbed depreciation as per Income - Tax Act. However in view of absence of virtual certainty that the brought forward losses and unabsorbed depreciation will be utilized in future, deferred tax asset in respect of these items is not recognized.

5 In the opinion of the Board of Directors, the Current Assets, Loans and Advances are approximately of the values stated if realised in the ordinary course of business. The provisions for depreciation and known liabilities are adequate and not in excess of the amounts reasonably necessary

6 In view of nature of business of the Company, additional information pursuant to the provisions of Paragraphs 3 & 4 of Part II of Schedule VI of the Companies Act, 1956 are not applicable.

(A) TURNOVER

	2008-09		2007-08	
	Qty	Amount	Qty	Amount
Sales include Computer, Servers , GPRS/GPS Equipments & Accessories & Applications Softwares, Services & Other related income				
		158,767		1,391,951
		158,767		1,391,951

(B) Material Consumption: Nil (Previous Year Nil)

(C) Value of imported and indigenous Raw Materials, Computer Accessories and percentage thereof: Nil (Previous Year Nil)

(D) Value of import on CIF basis: Nil (Previous Year Nil)

(E) Expenditure in foreign Currency: Nil (Previous Year Nil)

(F) Earnings in foreign Exchange :

	2008-09	2007-08
	(Rs.)	(Rs.)
F.O.B. Value of Exports		
Export of Goods		380,540

7 Particulars of Earnings per Share :

(a) Net Profit / (Loss) for the year (Rs.)	(3,396,192)	(3,644,431)
(b) Number of equity shares outstanding at the beginning and at the end of the year	1,760,000	1,760,000
(c) Weighted average number of shares	1,760,000	1,760,000
(d) Nominal Value of the shares (Rs.)	10	10
(e) Basic Earning per share (Rs.) (a / c)	(1.93)	(2.07)

8 Related parties disclosures :

A. Names of related parties where control exists:

- i) Holding Company
PCS Technology Ltd

B. Other related parties with whom there are transactions during the year:

- i) Key Management Personnel
Mr. A. K. Patni
- ii) Affiliates (Enterprises over which key management personnel or relatives has significant influence) :
PCS Technology USA, Inc.

PCS POSITIONING SYSTEMS (INDIA) LIMITED

8.1) Transactions carried out with related parties referred in 1 above in ordinary course of business.

(Rupees)				
Description	PCS Technology Ltd	PCS Technology USA, Inc	Mr. A.K.Patni	Total
Interest Paid	1,167,465 (2,345,581)	-	-	1,167,465 (2,345,581)
Other Loan Taken	-	-	25,000,000	25,000,000
Repayment of Intercompany Deposits	25,920,000	-	-	25,920,000
Reimbursement of Expenses	41,091 (352,170)	-	-	41,091 (352,170)
Balance outstanding as on 30/06/2009				
Receivable	-	139,911 (123,233)	-	139,911 (123,233)
Payables	12,864,810 (11,418,712)	-	-	12,864,810 (11,418,712)
Other Loan Taken	-	-	25,000,000	25,000,000
Inter Corporate Loan	-	-	-	-
	(25,920,000)	-	-	(25,920,000)

[Note: Previous year figures are shown in brackets.]

9. The figures of the previous year have been re-grouped and/or rearranged where ever necessary to make them comparable with those of current year.

10. Balance sheet abstract and company's general business profile pursuant to para IV of schedule VI to the Companies Act, 1956 is attached.

Signatures to Schedule A to F and 1 to 4

As per my Report of even date attached for **S C BANDI & CO.**
(Chartered Accountants)

S C Bandi
(Proprietor)
Membership No.16932

Place : Mumbai
Date : 17th September, 2009

For and on behalf of the Board of Directors

A.K.Patni *Director*
H.C.Tandon *Director*
D B Maheshwari *Director*
Yash Bhardwaj *Director*

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details :

Registration No.	State Code	Balance Sheet Date
019448	11	30 th June 2009

II. Capital raised during the year:

(Amount in Rs. Thousands)

Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

III. Position of Mobilisation and Deployment of Funds:

(Amount in Rs. Thousands)

Total Liabilities	42600	Total Assets	42600
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Source of Funds

Paid-up Capital	17600	Reserves & Surplus	
Secured Loans		Unsecured Loans	25000

Application of Funds

Net Fixed Assets	8070	Investments	
Net Current Assets	(8347)	Miscellaneous Expenditure	

Profit & Loss Account Bal	42878
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IV. Performance of the Company

(Amount in Rs.Thousands)

Turnover (including Other Income)	238	Total Expenditure	3634
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Profit/(Loss) before Tax	(3396)	Profit/(Loss) after Tax	(3396)
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Earnings per Share (in Rs.)	(1.93)	Dividend Rate	
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V. Generic Names of Three Principal Products of the Company

Item Code No.(ITC Code)

Product Description : IT Solutions

As per my Report of even date attached for **S C BANDI & CO.**
(Chartered Accountants)

S C Bandi
(Proprietor)
Membership No.16932

Place : Mumbai
Date : 17th September, 2009

For and on behalf of the Board of Directors

A.K.Patni *Director*
H.C.Tandon *Director*
D B Maheshwari *Director*
Yash Bhardwaj *Director*

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PCS INTERNATIONAL LIMITED, MAURITIUS



MANAGEMENT & ADMINISTRATION

DIRECTORS:

Gajendra Kumar Patni
Ashok Kumar Patni
Amit Kumar Patni
Gyaneshwamath Gowrea
Aveenash Ramtohl

Appointed on
3rd September 1999
3rd September 1999
3rd September 1999
1st Jan 2009
23rd Dec 2008

REGISTERED OFFICE:

C/o. Multiconsult Limited
Rogers House, 5 President John Kennedy Street,
Port Louis,
MAURITIUS

COMPANY SECRETARY

: Multiconsult Limited
Rogers House, 5 President John Kennedy Street,
Port Louis,
MAURITIUS

AUDITOR: VBS Business Services
2nd Floor, Arc Building
Sir William Newton Street
Port Louis
Mauritius

BANKER: HSBC Bank (Mauritius) Limited
6th Floor, HSBC Centre
18, Cybercity
Ebene
MAURITIUS

DIRECTORS' REPORT TO THE MEMBERS

COMMENTARY OF THE DIRECTORS

The directors present their commentary, together with the audited financial statements of PCS International Limited ("the Company") for the year ended 30 June 2009.

PRINCIPAL ACTIVITY

The Company was incorporated on 3 September 1999 and its main activity is the holding of investments. The Company is also engaged in the business of setting up representative offices which would in turn be engaged in assembling computers, integrating computer systems, providing total software solutions and act as a service provider.

The Company has set up a representative office, which operates in the Jebel Ali Free Zone in the United Arab Emirates under licence issued by Jebel Ali Free Zone Authority.

RESULTS AND DIVIDEND

The Company's loss for the year ended 30 June 2009 is USD 107,408 (2008: USD 45,692).

The directors do not recommend the payment of a dividend for the year under review. (2008 USD Nil)

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs and of the profit or loss of the Company. In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2001 and International Financial Reporting Standards. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITOR

VBS Business Services have been appointed as auditors for the year ended 30 June 2009 following the resignation of Mr. Jean Louis Lamusse.

The auditors, VBS Business Services, have indicated their willingness to continue in office and will be automatically reappointed at the Annual General Meeting.

Secretary's Certificate

UNDER SECTION 166 (d) OF THE COMPANIES ACT 2001

We certify that, to the best of our knowledge and belief, the company has filed with the Registrar of Companies, all such returns as are required of the Company under the Mauritius Companies Act 2001, for the year ended 30 June 2009.

Multiconsult Limited
CORPORATE SECRETARY
Rogers House,
5 President John Kennedy Street, Port Louis,
MAURITIUS

Date: 15th September, 2009

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PCS INTERNATIONAL LIMITED

We have audited the financial statements of PCS International Limited (the "Company") on pages 6 to 23 which comprise the balance sheet as at 30th June 2009 and the income statement, statement of changes in equity and cash flow statement for the year then ended and a summary of accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The Company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and with the requirements of the Mauritius Companies Act. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements on page 6 to 23 give a true and fair view of the financial position of the Company at 30th June 2009 and of the results of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards and with the requirements of the Mauritius Companies Act.

Other matter

This report, including the opinion, has been prepared for and only for the Company's member in accordance with Section 205 of the Mauritius Companies Act and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Report on Other Legal and Regulatory Requirements

Mauritius Companies Act

We have no relationship with or interests in the Company, other than in our capacity as auditors.

We have obtained all the information and explanations we have required.

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

VBS Business Services
Chartered Certified Accountants
Port Louis

Date: 15th September, 2009

PCS INTERNATIONAL LIMITED

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 USD	2008 USD
Revenue	4	253,469	106,414
Cost of sales	5	(247,161)	(8,398)
Gross profit		6,308	98,016
Other income	6	11	7,779
Administrative expenses	7	(91,643)	(113,238)
Other expenses		(22,087)	(39,082)
Exchange difference		3	833
Loss before tax		(107,408)	(45,692)
Income tax expense	8		
Loss for the year		(107,408)	(45,692)

Gyaneshwarnath Gowrea
Director

Aveenash Ramtohol
Director

Date : 15th September, 2009

BALANCE SHEET AS AT 30 JUNE 2009

	Note	2009 USD	2008 USD
ASSETS			
Non-current assets			
Property, plant and equipment	9	7,103	7,276
Current assets			
Inventories	10	26,076	31,612
Trade and other receivables	11	526,749	430,753
Cash and cash equivalents		85,457	85,669
Total		638,282	548,034
Total assets		645,385	555,310
EQUITY AND LIABILITIES			
Capital and reserves			
Stated capital	12	1,110,000	1,110,000
Accumulated losses		(678,860)	(634,712)
Translation reserves		185	
Total capital and reserves		431,325	475,288
Non-current liabilities			
Provision for staff end of service gratuity		235	122
Current Liabilities			
Trade and other payables	13	213,825	79,900
Total liabilities		214,060	80,022
Total equity and liabilities		645,385	555,310

Gyaneshwarnath Gowrea
Director

Aveenash Ramtohol
Director

Date : 15th September, 2009

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2009

	Stated capital USD	Accumulated losses USD	Translation reserves USD	Total USD
Balance at 01 July 2007	735,000	(589,020)		146,935
Issue of share capital	375,000			375,000
Loss for the year		(45,692)		(45,692)
Balance at 30 June 2008	1,110,000	(634,712)		475,288
Prior years' adjustment (Note 14)		63,260		63,260
Movement during the year			185	185
Loss for the year		(107,408)		(107,408)
Balance at 30 June 2009	1,110,000	(678,860)	185	431,325

Gyaneshwarnath Gowrea
Director

Aveenash Ramtohol
Director

Date : 15th September, 2009

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	2009 USD	2008 USD
Cash flows from operating activities		
Loss before tax	(107,408)	(45,692)
Adjustments for:		
Prior years' adjustment	63,260	
Depreciation	176	320
Exchange difference	(3)	
Bank interests receivable	(11)	(29)
Decrease in inventories	5,536	
(Increase)/Decrease in trade and other receivables	(95,996)	11,598
Increase in provision for staff end of year gratuity	113	112
Increase / (Decrease) in trade and other payables	133,925	(317,211)
Net cash used in operating activities	(408)	(350,902)
Cash flows from investing activities		
Purchase of property, plant and equipment		(525)
Bank interests received	11	29
Net cash from / (used in) investing activities	11	(496)
Cash flows from financing activities		
Proceeds from issue of shares		375,000
Net cash from financing activities		375,000
Net (decrease) / increase in cash and cash equivalents	(397)	23,602
Cash and cash equivalents at start of year	85,669	62,067
Effects of exchange rate changes	185	
Cash and cash equivalent at end of year	85,457	85,669
Cash and cash equivalents comprise of:		
Cash in hand	761	216
Cash at bank	84,696	85,453
	85,457	85,669

Gyaneshwarnath Gowrea
Director

Aveenash Ramtohol
Director

Date : 15th September, 2009

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

1. GENERAL INFORMATION

PCS International Limited (the "Company") was incorporated in the Republic of Mauritius as a private company limited by shares on 03 September 1999 and holds a 'Category 1 Global Business Licence issued by the Financial Services Commission. The Company's registered office is at Rogers House, 5 President John Kennedy Street, Port Louis, Mauritius.

The Company's principal activity is that of investment holding. The Company has also set up a representative office in the Jebel Ali Free Zone in the United Arab Emirates under the name of PCS International Limited (Jebel Ali Branch). The representative office assembles computers and also trades in computer related components.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and comply with the Mauritius Companies Act.

(b) Basis of measurement

The financial statements have been prepared on a historical cost basis.

(c) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in United States Dollar ("USD"), which is the Company's presentation currency. The Company's functional currency is United Arab Emirates Dinars ("AED"), the currency in which its representative office operates.

(d) Use of the estimates and judgement

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised and in any future period affected.

(e) Representative office

The income statement and cash flow statement of the representative office items are translated into USD at the average exchange rate for the period and balance sheet items are translated at the exchange rate ruling at the balance sheet date. The resulting exchange difference is taken to equity.

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted are as follows:

Revenue recognition

Revenue is recognised on the following bases:

Revenue: on an accrual basis based on net amount invoiced for IT services.

Interest income: on an accrual basis unless collectibility is in doubt.

Expenditure recognition

Expenditure has been accounted for on an accrual basis.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes all costs directly attributable to bringing the asset to working condition for their intended use.

Depreciation is calculated to write off the cost of the assets on a straight line basis over the expected useful lives of such assets. Additions during the year bear a due proportion of the annual depreciation charge. The annual depreciation rates used for the purpose are as follows:

Furniture, fixtures and fittings 33%

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognised.

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is arrived at using the First-In-First Out (FIFO) method and comprises of invoiced value plus applicable landing charges. Net realizable value is based on estimated selling prices less any estimated cost of completion and disposal.

Trade receivables

Trade receivables are stated at cost less any provision for doubtful debts.

Other receivables

Other receivables are stated at cost less impairment.

Trade and other payables

Trade and other payables are stated at cost.

Staff end-of-service gratuity

Provision is made for end-of-service gratuity payable to the staff at the balance sheet date in accordance with Jebel Ali Free Zone Regulations.

Income Tax expense

Income tax on the profit or loss for the year comprises of current and deferred tax. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the balance sheet date, and any adjustment to tax payable in respect of prior years.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to United States Dollar at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of transaction. Foreign exchange differences arising on translation are recognised in the income statement.

Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the recoverable amount of assets is below the carrying amount. In case that the carrying value of an asset exceeds its recoverable amount, the Company recognises the impairment in the income statement.

Financial instruments

Financial instruments carried on the balance sheet include trade and other receivables; cash and cash equivalents; provision for staff end of service gratuity and trade and other payables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Disclosures about financial instrument to which the Company is a party are provided in note 16.

Related parties

Related parties are individuals and Companies where the individual or Company has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions.

New standards, interpretations and amendments to published standards

The accounting policies are consistent with those of the previous year.

The Company has not applied any new standard or interpretation that is not yet effective for the current accounting year as set out in this note.

Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 30 June 2009

Up to the date of issue of these financial statements, the IASB has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 30 June 2009 and which have not been adopted in these financial statements.

The Company is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Company's results of operations and financial position.

These statements, where applicable, will be applied in the year when they are effective.

IAS 1 Presentation of financial statement - comprehensive revision including requiring a statement of comprehensive income (effective for annual periods beginning on or after 1 January 2009)

IAS 1 Presentation of Financial Statements -Amendments relating to disclosure of puttable instruments and obligations arising on liquidation (effective for annual periods beginning on or after 1 January 2009)

IAS 1 Presentation of Financial Statements -Amendments resulting from May 2008 Annual Improvements to IFRSs (effective for annual periods beginning on or after 1 January 2009)

PCS INTERNATIONAL LIMITED

IAS 1 Presentation of Financial Statements - Amendments resulting from April 2009 Annual Improvements to IFRSs (effective for annual periods beginning on or after 1 January 2010)

IAS 7 Statement of Cash Flows - Amendments resulting from April 2009 Annual Improvements to IFRSs (effective for annual periods beginning on or after 1 January 2010)

IAS 16 Property, Plant and Equipment - Amendments resulting from May 2008 Annual Improvements to IFRSs (effective for annual periods beginning on or after 1 January 2009)

IAS 17 Leases - Amendments resulting from April 2009 Annual Improvements to IFRSs (effective for annual periods beginning on or after 1 January 2010)

IAS 19 Employee Benefits - Amendments resulting from May 2008 Annual Improvements to IFRSs (effective for annual periods beginning on or after 1 January 2009)

IAS 20 Government Grants - Amendments resulting from May 2008 Annual Improvements to IFRSs (effective for annual periods beginning on or after 1 January 2009)

JAS 23 Borrowing costs - Comprehensive revision to prohibit immediate expensing (effective for annual periods beginning on or after 1 January 2009)

IAS 23 Borrowing costs - Amendments resulting from May 2008 Annual Improvements to IFRSs (effective for annual periods beginning on or after 1 January 2009)

IAS 27 Consolidated and Separate Financial Statements - Consequential amendments arising from amendments to IFRS 3 (effective for annual periods beginning on or after 1 July 2009)

IAS 27 Consolidated and Separate Financial Statements - Amendment relating to cost of an investment on first-time adoption (effective for annual periods beginning on or after 1 January 2009)

IAS 27 Consolidated and Separate Financial Statements - Amendments resulting from May 2008 Annual Improvements to IFRSs (effective for annual periods beginning on or after 1 January 2009)

IAS 28 Investments in Associates - Consequential amendments arising from amendments to IFRS 3 (effective for annual periods beginning on or after 1 July 2009)

IAS 28 Investments in Associates - Amendments resulting from May 2008 Annual Improvements to IFRSs (effective for annual periods beginning on or after 1 January 2009)

IAS 29 Financial Reporting in Hyperinflationary Economies - Amendments resulting from May 2008 Annual Improvements to IFRSs (effective for annual periods beginning on or after 1 January 2009)

IAS 31 Interests in Joint Ventures - Consequential amendments arising from amendments to IFRS 3 (effective for annual periods beginning on or after 1 July 2009)

IAS 31 Interests in Joint Ventures - Amendments resulting from May 2008 Annual Improvements to IFRSs (effective for annual periods beginning on or after 1 January 2009)

IAS 32 Financial Instruments: Presentation - Amendments related to puttable instruments and obligations arising on liquidation (effective for annual periods beginning on or after 1 January 2009)

IAS 36 Impairment of assets - Amendments resulting from May 2008 Annual Improvements to IFRSs (effective for annual periods beginning on or after 1 January 2009)

IAS 36 Impairment of assets - Amendments resulting from April 2009 Annual Improvements to IFRSs (effective for annual periods beginning on or after 1 January 2010)

IAS 38 Intangible assets - Amendments resulting from May 2008 Annual Improvements to IFRSs (effective for annual periods beginning on or after 1 January 2009)

IAS 38 Intangible assets - Amendments resulting from April 2009 Annual Improvements to IFRSs (effective for annual periods beginning on or after 1 January 2010)

IAS 39 Financial Instruments: Recognition and Measurement - Amendments resulting from May 2008 Annual Improvements to IFRSs (effective for annual periods beginning on or after 1 January 2009)

IAS 39 Financial Instruments: Recognition and Measurement - Amendments for eligible hedged items (effective for annual periods beginning on or after 1 July 2009)

IAS 39 Financial Instruments: Recognition and Measurement - Amendments for derivatives when reclassifying financial instruments (effective for annual periods beginning on or after 30 June 2009)

IAS 39 Financial Instruments: Recognition and Measurement - Amendments resulting from April 2009 Annual Improvements to IFRSs (effective for annual periods beginning on or after 1 January 2010)

IAS 40 Investment Property - Amendments resulting from May 2008 Annual Improvements to IFRSs (effective for annual periods beginning on or after 1 January 2009)

IAS 41 Agriculture - Amendments resulting from May 2008 Annual Improvements to IFRSs (effective for annual periods beginning on or after 1 January 2009)

IFRS 1 First-time Adoption of International Financial Reporting Standards Amendment relating to cost of an investment on first-time adoption (effective for annual periods beginning on or after 1 January 2009)

IFRS 2 Share-based Payment - Amendment relating to vesting conditions and cancellations (effective for annual periods beginning on or after 1 January 2009)

IFRS 3 Business Combinations - Comprehensive revision on applying the acquisition method (effective for annual periods beginning on or after 1 July 2009)

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations - Amendments resulting from May 2008 Annual Improvements to IFRSs (effective for annual periods beginning on or after 1 July 2009)

IFRS 7 Financial Instruments: Disclosures - Amendments enhancing disclosures about fair value and liquidity risk (effective for annual periods beginning on or after 1 January 2009)

IFRS 8 Operating Segments (effective for annual periods beginning on or after 1 January 2009)

IFRS 8 Operating Segments - Amendments resulting from April 2009 Annual Improvements to IFRSs (effective for annual periods beginning on or after 1 January 2010)

IFRIC 13 Customer Loyalty Programme (effective for annual periods beginning on or after 1 July 2008)

IFRIC 15 Agreements for the Construction of Real Estate (effective for annual periods beginning on or after 1 January 2009)

IFRIC 16 Hedges of a Net Investment in a Foreign Operation (effective for annual periods beginning on or after 1 October 2008)

IFRIC 17 Distributions of Non-cash Assets to owners (effective for annual periods beginning on or after 1 July 2009)

IFRIC 18 Transfers of Assets from Customers (effective for transfers received on or after 1 July 2009)

4. Revenue

Revenue represents net amount invoiced for IT services provided during the year.

5. Cost of sales

	2009 USD	2008 USD
Opening inventory	31,612	31,612
Purchases	241,625	8,398
Less: closing inventory	(26,076)	(31,612)
	<u>247,161</u>	<u>8,398</u>

6. Other income

Bank interests receivable	11	29
Miscellaneous income		7,750
	<u>11</u>	<u>7,779</u>

7. Administrative expenses

Rent	65,308	57,359
Staff salaries and benefits	15,712	45,088
Professional fees	2,600	2,550
Accountancy fees	2,250	2,250
Audit fee	2,070	2,250
Licence fees	1,964	1,730
Secretarial fees	1,390	1,500
Depreciation	176	323
Staff end-of-service gratuity	113	113
Disbursements	60	
Bank charges		75
Total administrative expenses	<u>91,643</u>	<u>113,238</u>

8. Income tax expense

Income tax

The Company as a Category 1 Global Business Licence holder is liable to income tax in Mauritius at the rate of 15%. However the Company is entitled to a credit equivalent to the higher of the actual foreign tax suffered and 80% of the Mauritian tax on its foreign source of income, thus reducing its maximum effective tax rate to 3%.

At 30 June 2009, the Company had accumulated tax losses of USD 709,340 (2008: USD 592,474) and is therefore not liable to income tax.

ANNUAL REPORT 2008-2009

PCS INTERNATIONAL LIMITED, MAURITIUS



<i>Recognised in the income statement</i>	2009 USD	2008 USD		
Current tax expense				
<i>Reconciliation</i>				
Loss before tax	(107,408)	(45,692)		
Income tax at 15%	(16,111)	(6,854)		
Add: depreciation	26	48		
Less: capital allowance	(1,445)	(1,445)		
Losses brought forward	(88,871)	(80,620)		
	(106,401)	(88,871)		
Foreign tax credit	85,121	71,097		
Deferred tax asset not recognised	21,280	17,774		
Income tax payable				
<i>Deferred tax</i>				
No deferred tax has been recognised in the accounts as the amount is immaterial.				
9. Property, plant and equipment				
	Furniture, fixtures and fittings USD			
<i>Cost At 01 July 2008</i>		136,500		
Exchange difference		98		
<i>At 30 June 2009</i>		136,598		
<i>Depreciation</i>				
At 01 July 2008		129,224		
Charge for the year		176		
Exchange difference		95		
<i>At 30 June 2009</i>		129,495		
<i>Net book value at 30 June 2009</i>		7,103		
<i>At 30 June 2008</i>		7,276		
10. Inventories	2009 USD	2008 USD		
Goods held for sale	26,076	31,612		
11. Trade and other receivable				
Trade receivables	482,047	374,792		
Other receivables	22,598	33,128		
Prepaid expenses	22,104	22,833		
	526,749	430,753		
12. Stated Capital				
Stated Capital				
111,000 ordinary shares of USD 10 each	1,110,000	1,110,000		
13. Trade and other payable				
Trade payable	180,777	53,533		
Accruals	5,095	8,741		
Other payable	27,953	17,626		
	213,825	79,900		
14. Prior years' adjustment				
The Company has made an over provision of expenses amounting to USD 63,260 in prior years which has been reversed during the year.				
15. Related party transactions				
During the year under review, the Company entered into the following related party transactions. All transactions were carried out at an arm's length basis.				
Name of related party	Type of relationship	Nature of transaction	2009 USD	2008 USD
<i>Balances outstanding as at year end:</i>				
PCS Technology Limited	Holding company	Trade payables	107,782	-
PCS Technology Limited	Holding company	Other payables	4,982	7,686

16. Financial risk management

Overview

The Company has exposure to the following risks from its use of financial instruments:

1. Credit Risk
2. Liquidity Risk
3. Market Risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly, to reflect changes in market conditions and the Company's activities.

Credit risk

Credit risk represents the potential loss that the Company would incur if counter parties fail to perform pursuant to the terms of their obligations to the Company. Financial assets which potentially expose the representative office of credit risk comprise of bank balances and trade and other receivables. The representative office's bank balances are placed with high credit quality institutions.

Trade and other receivables are stated net of the allowance for doubtful recoveries. At the balance sheet date, the representative office's maximum exposure to credit risk from trade and other receivables situated outside the UAE is as follows:

	2009 USD	2008 USD
Countries		
Asia & Middle East	378,679	325,748
Africa	103,323	102,332

At balance sheet date 36% of the trade receivables was due from two customers (2008: 41% was due from two customers). As part of the Company's credit risk management, where it is considered necessary, such receivables are covered by letters of credit in favour of the representative office, issued by high credit quality financial institution. There was no significant concentration of credit risk to debtors outside the industry in which the representative office operates.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Currency risk

There is no significant currency risk as substantially all financial assets and financial liabilities are denominated in UAE Dirham or US Dollars to which Dirham is fixed.

Currency profile

The currency profile of the Company's financial assets and liabilities is summarised as follows.

	Financial assets 2009	Financial liabilities 2009	Financial assets 2008	Financial liabilities 2008
United States dollar	4,942	5,095		15,280
UAE Dirham	585,160	208,95	493,589	64,742
	590,102	214,050	493,589	80,022

Values of financial Instruments

The Company's financial assets and financial liabilities include trade and other receivables, cash and cash equivalents, provision for staff end of service gratuity and trade and other payables which approximate their fair values.

17. Capital management

The Company's objectives when managing capital are to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to provide an adequate return to shareholder by pricing products and services commensurately with the level of risk.

The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

18. Comparative figures

Certain comparative figures have been reclassified to conform to changes to current year presentation. No material reclassifications have been made.

19. Holding and ultimate holding Company

The directors regard PCS Technology Limited, a company incorporated in India, as the holding and ultimate holding Company.

PCS TECHNOLOGY USA., INC

MANAGEMENT & ADMINISTRATION

		Date of Appointment
DIRECTORS:	H. C. Tandon	27 November 2004
	Yash Bhardwaj	27 November 2004
	Sunil Doshi	16 June 2008

DIRECTORS' REPORT

The Members,

PCS TECHNOLOGY USA, INC

Your Directors have the pleasure in presenting their Fifth Annual Report of your company together with Audited Balance Sheet for the Financial Year ended on 30th June, 2009.

During the financial period under review, the company has achieved turnover of Rs.1,346 lacs as against Rs.1,754 lacs in the previous year. The business has resulted in a Net loss of Rs.24.22 lacs.

DIVIDEND

To conserve the resources of the Company, your Directors do not recommend any dividend during the year under review.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to sub section (2AA) of section 217 of the Companies Act, 1956, the Board of Directors of the Company hereby confirm that:

1. In the Preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. Appropriate accounting policies have been selected and applied consistently and have made judgements and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the company as at 30th June, 2009 and of the loss 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.

PARTICULARS OF EMPLOYEES

The Company had no employees, during the year covered 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

During the Financial year under review, the Company has not carried out any manufacturing activities. Hence information required pursuant to section 217(1) (e) of the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, are not applicable.

AUDITORS

The Company's auditors, M/S S.C.Bandi & Co. Chartered Accountants, retire at the ensuing Annual General Meeting and have offered themselves for re-appointment.

By Order of the Board of Directors

H.C.Tandon
Director

Y. Bharadwaj
Director

Sunil Doshi
Director

Date : 15th September, 2009

REGISTERED OFFICE : 6705 Shadow Oaks CT,
Monmouth Junction,
NJ 08852-2228, USA

AUDITOR'S REPORT TO THE MEMBERS

Auditor's report to the members of PCS Technology USA Inc.

- 1) I have audited the attached Balance Sheet of PCS Technology USA Inc. (the 'Company') as at 30th June, 2009 and the Profit and Loss account for the year ended 30th June, 2009 annexed thereto. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on audit.
- 2) I have conducted audit in accordance with auditing standards generally accepted in India. These standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.
- 3) As required by the Companies (Auditors Report) Order, 2003, ('CARO'), issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, of such checks of books and records as considered necessary and appropriate and according to the information and explanations given to me during the course of the audit, enclose in the Annexure, a statement on the matters specified in paragraph 4 & 5 of the said Order.
- 4) Further to my comments in the Annexure referred to in Paragraph 3 above I report that:
 - a) I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purposes of audit;
 - b) In my opinion, proper books of account as required by law have been kept by the Company, so far as appears from examination of those books;
 - c) The Balance Sheet and Profit and Loss account dealt with by this report are in agreement with the books of account;
 - d) In my opinion, the financial statements comply with the accounting standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e) On the basis of the written representations received from the directors, and taken on record by the Board of Directors, I report that none of the directors are disqualified as on 30th June, 2008 from being appointed as a director under clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - f) In my opinion, and to the best of my information and according to the explanations given to me, the Balance Sheet and Profit and Loss account give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) In the case of the balance sheet, of the state of affairs of Company as at 30th June, 2009 and
 - (ii) In the case of the profit and loss account, of the loss of the Company for the year ended 30th June, 2009

For **S.C. BANDI & CO.**
(Chartered Accountant)

S.C.BANDI
(Proprietor)

Date : 15th September, 2009

Membership No. : - 16932

ANNEXURE TO AUDITORS' REPORT

(Referred to in our Report of even date)

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
- (b) The assets have been physically verified by the Management during the year and no discrepancies were noticed on such verification.
- (c) During the period company has not disposed off a substantial part of its Fixed Assets and therefore do not affect the going concern assumption.
- (ii) The Company is in the business of providing consultancy services. Hence provisions of clause (ii) (a), (b) and (c) of the said Order are not applicable.
- (iii) The Company has not taken loans neither granted any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act. Accordingly, clause 4(iii)(b), 4(iii)(c) and 4(iii)(d) of the Order are not applicable.
- (iv) In my opinion and according to the information and explanations given to me, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and sale of services. The activities of the Company do not involve purchase of inventory and the sale of goods. In my opinion and according to the information and explanations given to me there is no continuing failure to correct major weaknesses in internal control system.
- (v) (a) In my opinion and according to the information and explanations given to me, the particulars of contract or arrangements referred to in section 301 of the act have been entered in the register required to be maintained under that section.
- (b) In my opinion, and according to the information and explanations given to me, the contracts and arrangements entered in the register maintained under section 301 of the Companies Act, 1956 have been made at prices which are reasonable having regard to the prevailing market price.
- (vi) The Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and provisions of section 58A and 58AA of the Act and the rules framed there under are applicable.
- (vii) The Company did not have any internal audit system during the year under review.
- (viii) The Central Government has not prescribed the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 for any of activities of the Company.
- (ix) Since the Company is incorporated outside India, the provisions of the clause (ix) (a) and (b) of the said Order are not applicable and accordingly we have no comments to offer.
- (x) The Company has accumulated losses and it has incurred cash loss during the current financial year covered by my audit. The Company had incurred cash loss during immediately preceding financial year.

- (xi) On the basis of my examination and according to the information and explanations given to me the Company has not borrowed any amount from banks, financial institution and debentures holders; clause (xi) of the Order is not applicable.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities and hence clause (xii) of the said Order relating to maintenance of documents and records are not applicable.
- (xiii) In my opinion and according to the information and explanations given to me the Company is not a chit fund or a nidhi/mutual benefit fund/society. Hence the provisions of clause (xiii) of the said Order relating to compliance with the provisions of special statute relevant to chit fund and nidhi / mutual benefit/ societies are not applicable to the Company.
- (xiv) The Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, provisions of clause (xiv) of the said Order relating to maintenance of proper records, timely entries and holding investments in own name are not applicable.
- (xv) According to the information and explanations given to me, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) The Company has not taken any term loans and therefore clause (xvi) of the said Order relating to application of term loan for the purpose for which it was obtained is not applicable.
- (xvii) According to the information and explanations given to me and on an overall examination of the balance sheet of the Company, I report that no funds raised on short term basis have been used for long term investment and vice versa.
- (xviii) In my opinion and according to the information and explanations given to me, the Company has not made any preferential allotment of shares covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (xix) The Company has not issued any Debentures during the financial period covered under audit
- (xx) The Company has not raised any money by way of public issue during the year.
- (xxi) To the best of my knowledge and according to the information and explanations given to me, there have been no cases of fraud on or by the Company noticed or reported during the year.

For S.C. BANDI & CO.
(Chartered Accountant)

S.C. BANDI
(Proprietor)
Membership No.: 16932

Date : 15th September, 2009

PCS TECHNOLOGY USA., INC

BALANCE SHEET AS AT 30TH JUNE, 2009

(Currency: Indian Rupees)

	Schedule No	As at 30th June, 2009	As at 30th June, 2008
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	217,850	217,850
		<u>217,850</u>	<u>217,850</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block		42,440	42,440
Less: Depreciation		<u>42,440</u>	<u>42,440</u>
Current Assets, Loans and Advances			
Sundry Debtors	2	31,340,929	27,711,100
Cash and Bank Balances	3	4,030,448	18,530,807
Loans & Advances	4	2,785,082	203,885
		<u>38,156,459</u>	<u>46,445,792</u>
Current Liabilities and Provisions			
Current Liabilities	5	40,430,364	46,315,713
Provisions	6	158,881	124,178
		<u>40,589,245</u>	<u>46,439,891</u>
Net Current Assets		<u>(2,432,785)</u>	<u>5,901</u>
Profit & Loss A/c	7	2,610,610	188,547
Currency Fluctuation Reserve	7	40,026	23,402
		<u>217,850</u>	<u>217,850</u>
Notes to the Accounts	10		

As per my Report of even date attached
For S.C.Bandi & Company
Chartered Accountants

For PCS Technology USA, Inc.

H.C.Tandon
Director

S.C.Bandi
(Proprietor)
Membership No. 16932

Y.Bhardwaj
Director

Sunil Doshi
Director

Date: 15th September, 2009

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 2009

(Currency Indian Rupees)

	Schedule No	Year ended 30th June, 2009	Year ended 30th June, 2008
Income			
Consultancy services		134,583,649	175,423,152
Other Income	9	1,701,070	3,667,375
		<u>136,284,719</u>	<u>179,090,527</u>
Expenditure			
Operating Expenses	8	138,706,782	179,317,977
Depreciation			11,768
		<u>138,706,782</u>	<u>179,329,745</u>
(Loss) Before Tax		(2,422,063)	(239,218)
Less: Provision for Tax			131,977
(Loss) After Tax for the year		(2,422,063)	(371,195)
Add: Balance as per Last Balance Sheet		(188,547)	182,648
Balance carried down to Balance Sheet		<u>(2,610,610)</u>	<u>(188,547)</u>
Basic and diluted earnings per share		(968.83)	(148.48)
Number of Shares used in Computing basic and diluted earnings per share		2,500	2,500
Notes to the Accounts	10		

As per my Report of even date attached
For S.C.Bandi & Company
Chartered Accountants

For PCS Technology USA, Inc.

H.C.Tandon
Director

S.C.Bandi
(Proprietor)
Membership No. 16932

Y.Bhardwaj
Director

Sunil Doshi
Director

Date: 15th September, 2009

ANNUAL REPORT 2008-2009

PCS TECHNOLOGY USA., INC



Schedules to the Balance Sheet as at 30th June, 2009

	As at 30th June, 2009 (Rs.)	As at 30th June, 2008 (Rs.)
1 Share Capital		
Authorised share capital		
2,500 Equity Shares of Par value USD, 2	217,850	217,850
Issued, Subscribed and paid-up share capital		
2,500 Equity Shares of Par value USD, 2	217,850	217,850
(All the above shares are held by holding Company M/s PCS Technology Ltd.)		
	217,850	217,850
2 Sundry Debtors		
(Unsecured and considered good by the management)		
Debts outstanding for a period exceeding six months	17,628,658	3,241,440
Other Debts	13,712,271	24,469,660
	31,340,929	27,711,100
3 Cash & Bank Balances		
Cash & Bank Balances	4,030,448	18,530,807
4 Advances		
Advances to consultant		4,295
Other Advances	2,454,295	21,905
Security Deposit	14,315	12,844
Federal Tax	316,472	164,842
	2,785,082	203,885
5 Current Liabilities		
Federal Payroll Tax 941	3,027	2,716
Sundry Creditors	40,427,337	46,312,997
	40,430,364	46,315,713
6 Provisions		
Audit Fees	57,444	38,655
Provision for Tax	101,437	85,523
	158,881	124,178
7 Profit & Loss Account (Dr. Balance)	2,610,610	188,547
Currency Fluctuation Reserve (Dr. Balance)	40,026	23,402
	2,650,635	211,949

Schedules to Profit and Loss Account for the year ended 30th June, 2009

	Year ended 30th June, 2009	Year ended 30th June, 2008
8 Operating Expenses		
Salaries & wages	8,849,109	12,185,734
Consultancy Charges	122,840,360	160,558,049
Sales Commission	190,600	
Insurance Exp.	309,469	470,638
Audit fees	14,295	12,108
Recruitment expenses	476,500	
Bank Charges	127,513	11,058
Legal & Professional Fees	1,309,517	1,023,806
Miscellaneous Expenditure	1,178,354	530,098
Courier, Postage, Telephone & Telex	9,692	165,168
Printing & Stationery expenses		14,637
Conveyance & Travelling Expenses	1,662,815	2,495,307
Membership & Subscription	1,116,725	1,358,982
Dice Usage Charges	621,833	492,392
	138,706,782	179,317,977
9 Income		
Other Income	1,701,070	3,667,375
	1,701,070	3,667,375

SCHEDULE: 10 - Notes to Accounts

1. Background

PCS Technology USA Inc. was incorporated in the State of New Jersey USA on 29th November 2004 as a wholly owned subsidiary of PCS Technology Ltd. The Financial statement are for the year from 1st July 2008 to 30th June 2009. PCS Technology USA Inc. is engaged in the business of providing Consultancy services.

2. Principle Accounting Policies :

Basix of preparation of financial statements

- These financial statements have been prepared under the historical cost convention on the accrual basis of accounting and in accordance with the accounting standards and provisions of the Companies Act, 1956 as applicable to bodies corporate.
- These financial statements have been prepared for the purpose of compliance with the provisions of section 212 of Indian Companies Act, 1956 by the holding company PCS Technology Ltd. Accordingly these financial statements will be attached to the financial statements of PCS Technology Ltd. as prescribed under Section 212 of the Indian Companies Act, 1956. The Balance Sheet and Profit and Loss Account of the Company have been drawn up in terms of US dollars representing the functional currency of the Company. However, for purposes of Compliance with the requirements of section 212 of the Indian Companies Act 1956, these financial statements have been translated into Indian Rupees in accordance with the methodology prescribed for conversion of financial statements of a non-integral operation in the revised Accounting Standard 11 on Accounting for the effects of changes in foreign exchange rates.
- The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities at the date of financial statements and the results of operations during the reporting period. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of financial statement. Actual results may differ from the estimates and assumptions used in preparing the accompanying financial statements.
- The Fixed Assets are stated at cost less accumulated depreciation. The rate of depreciation based on the estimate useful lives of fixed assets. The useful lives of fixed assets are stated below:

Sr. no	Fixed Assets	Useful Lives
1	Computer & Computer Softwares	3 years
2	Office Equipments	5 years

- In the opinion of the management, the current assets if realized in the ordinary course of business would yield a value at least equal to that stated in Balance Sheet.
- Income and expenditure incurred in foreign exchange have been translated at the average conversion rate of the accounting year. Current assets and current liabilities have been translated at the conversion rate as at 30th June, 2009

5. Particulars of Earning per Share

	2008-09	2007-08
(a) Net (Loss) for the period (Rs.)	(2,422,063)	(3,71,195)
(b) Number of equity shares at the beginning of the year	2,500	2,500
(c) Number of equity shares issued during the year		
(d) Number of equity shares outstanding at the end of year	2,500	2,500
(e) Basic and diluted Earning per Share (Rs.)	(968.83)	(148.48)

As per my Report of even date attached

For S.C.Bandi & Co.
Chartered Accountants

For PCS Technology USA Inc

H.C. Tandon
(Director)

Y.Bhardwaj
(Director)

Sunil Doshi
(Director)

S.C.Bandi
(Proprietor)

Membership No. : - 16932

Date : 15th September, 2009

PCS TECHNOLOGY USA., INC

Balance sheet abstract and Company general business profile

I Registration Details

Registration No.	040074798	State Code	NA
Balance sheet date	30-06-2009		

II Capital raised during the year (Amount in Rs Thousands)

Public Issue	NA	Rights Issue	NA
Bonus Issue	NA	Private placement	NIL

III Position of Mobilization and deployments of funds (Amount in Rs Thousands)

Total Liabilities	218	Total Assets	218
Source of funds :			
Paid-up capital	218	Reserves and Surplus	NIL
Secured loans	NIL	Unsecured Loans	NIL
Application of funds:			
Net Fixed Assets	NIL	Investments	NIL
Net Current Assets	(2433)	Misc. expenditure	2651

IV Performance of Company (Amount in Rs Thousands)

Turnover	136284	Total Expenditure	138706
Profit Before Tax	(2422)	Profit After Tax	(2422)
Earning per Share in Rs.	(968.83)	Dividend Rate %	NIL

V Generic names of three principal products / Services of Company (As per Monetray Terms)

Item Code no (ITC Code)	Not Applicable	Product description	Consultancy Services
Item Code no (ITC Code)	Not Applicable	Product description	Not Applicable
Item Code no (ITC Code)	Not Applicable	Product description	Not Applicable

As per my Report of even date attached

For S.C.Bandi & Co.
Chartered Accountants

S.C.Bandi
(Proprietor)

Membership No. : - 16932

Date : 15th September, 2009

For PCS Technology USA Inc

H.C. Tandon
(Director)

Y.Bhardwaj
(Director)

Sunil Doshi
(Director)

TWENTY EIGHTH ANNUAL REPORT 2008-2009



AUDITORS' REPORT (CONSOLIDATED ACCOUNTS)

AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF PCS TECHNOLOGY LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF PCS TECHNOLOGY LIMITED AND ITS FOREIGN & INDIAN SUBSIDIARIES.

I have examined the attached Consolidated Balance Sheet of PCS Technology Ltd. and its Subsidiaries as at 30th June, 2009, and the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year then ended.

These consolidated financial statements are the responsibility of the management of M/s. PCS Technology Ltd. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free from material misstatement. An audit also includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements. I believe that my audit provides a reasonable basis for my opinion.

I did not audit the financial statements of the following Subsidiary :

Foreign Subsidiary	Country	% of holding
1. PCS International Ltd.	Mauritius	100.00 %

These financial statements of PCS International Ltd have been audited by other auditors, whose reports have been furnished to me, and my opinion, in so far as it relates to the amounts included in respect of the subsidiaries, is based solely on the report of the other auditors.

I report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21 – Consolidated Financial Statements, issued by The Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of PCS Technology Ltd. and its Subsidiaries included in the consolidated financial statements.

On the basis of the information and explanation given to me, I am of the opinion, that for the effect, if any, on account of possible adjustments stated above :

- the Consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of PCS Technology Limited and its Subsidiaries as at 30th June, 2009 and
- the Consolidated Profit and Loss Account gives a true and fair view of the consolidated results of operations of PCS Technology Limited and its Subsidiaries for the year then ended ; and,
- the Consolidated Cash Flow Statement gives a true and fair view of the consolidated cash flow of PCS Technology Limited and its Subsidiaries for the year on that date.

For **S.C. BANDI & CO.**
Chartered Accountants

S.C.BANDI
(Proprietor)
Membership No.16932

Place : Mumbai

Date : 29th September, 2009

PCS TECHNOLOGY LIMITED

CONSOLIDATED BALANCE SHEET AS AT 30TH JUNE, 2009

PARTICULARS	Schedules	As at 30.06.2009 (Rs.)	As at 30.06.2008 (Rs.)
1) SOURCES OF FUNDS			
a) SHAREHOLDER'S FUNDS			
i) Share Capital	[A]	210,240,188	210,240,188
ii) Reserves & Surplus	[B]	863,471,238	493,811,862
		1,073,711,426	704,052,050
b) LOAN FUNDS			
i) Secured Loans	[C]	372,712,635	326,646,924
ii) Unsecured Loans	[D]	601,000,000	590,995,964
		973,712,635	917,642,888
c) DEFERRED TAX LIABILITY (NET)		47,844,000	39,520,000
Total ...		2,095,268,061	1,661,214,938
2) APPLICATION OF FUNDS			
a) FIXED ASSETS			
Gross Block	[E]	1,114,594,316	695,994,353
Less: Depreciation		390,599,654	388,640,453
Net Block		723,994,662	307,353,900
Capital work in progress		5,327,181	13,274,648
		729,321,843	320,628,548
GOODWILL ON CONSOLIDATION (to the extent not written off or adjusted)		2,175,386	4,350,770
b) INVESTMENTS	[F]	918,430	1,809,164
c) CURRENT ASSETS, LOANS AND ADVANCES	[G]		
i) Inventories		127,558,059	118,870,154
ii) Sundry Debtors		1,507,161,311	1,480,055,731
iii) Cash and Bank Balances		111,300,066	164,301,526
iv) Other Current Assets		1,823,947	2,832,548
v) Loans and Advances		156,454,503	160,357,488
		1,904,297,886	1,926,417,446
LESS: CURRENT LIABILITIES & PROVISIONS	[H]		
i) Current Liabilities		529,601,441	575,942,672
ii) Provisions		11,844,044	16,048,319
		541,445,485	591,990,991
NET CURRENT ASSETS		1,362,852,401	1,334,426,456
Total ...		2,095,268,061	1,661,214,938
Notes to the Accounts	[I]		

As per my Report of even date attached

For **S. C. BANDI & COMPANY**
Chartered Accountants

S. C. Bandi
Proprietor
Membership no. 16932

Mumbai, 29th September, 2009

B. J. Patel
Company Secretary

For and on behalf of the Board of Directors.

G. K. Patni
(Chairman)

A. K. Patni
(Vice Chairman)

H. C. Tandon
(Managing Director & CEO)

Apoorva Patni
Satish Ajmera
Dadi B Engineer
P. V. Mehta
K. K. Barjatya
M. Y. Kulkarni

Directors

TWENTY EIGHTH ANNUAL REPORT 2008-2009



CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 2009

PARTICULARS	Schedules	Year ended 30.06.2009 (Rs.)	Year ended 30.06.2008 (Rs.)
INCOME			
Sales & Services		3,019,835,645	3,413,215,361
Less: Sales Tax		71,817,219	93,655,337
		<u>2,948,018,426</u>	<u>3,319,560,024</u>
Less: Central Excise Duty		35,746,118	77,892,628
		<u>2,912,272,308</u>	<u>3,241,667,396</u>
Income from operation	[1]	10,613,975	59,731,648
Other Income	[1]	11,655,810	12,480,331
		<u>22,269,785</u>	<u>72,211,979</u>
		<u>2,934,542,093</u>	<u>3,313,879,375</u>
EXPENDITURE			
Decrease/(Increase) in stocks	[2]	7,287,045	8,918,865
Consumption of Material & Services	[3]	1,812,895,821	2,211,902,024
Manufacturing & Other Expenses	[4]	954,347,104	930,289,162
		<u>2,774,529,970</u>	<u>3,151,110,051</u>
Less:			
Cost Capitalised		4,981,160	8,704,986
		<u>2,769,548,810</u>	<u>3,142,405,065</u>
Profit before Interest, Depreciation, Taxation & Amortisation		164,993,283	171,474,310
Less : Interest on Loan	[5]	72,830,055	83,130,669
Depreciation		50,733,463	36,654,910
Less :Transfer from Revaluation Reserve		3,823,263	3,823,263
		<u>46,910,200</u>	<u>32,831,647</u>
Profit before Amortisation & Taxation		45,253,028	55,511,994
less: Amortisation of Goodwill on consolidation		2,175,384	2,175,384
Profit Before Taxation		43,077,644	53,336,610
Less: Provision for Taxation			
Current Tax		9,500,000	15,631,977
Deferred Tax		8,324,000	4,806,000
Fringe Benefit Tax		3,450,000	4,000,000
		<u>21,274,000</u>	<u>24,437,977</u>
Profit for the year after taxation		21,803,644	28,898,633
Add: Taxation pertaining to earlier years		2,624,349	
Net Profit for the year		24,427,993	28,898,633
Add: Balance as per last Balance Sheet		106,371,022	77,472,389
Balance of Profit carried over to Balance Sheet...		130,799,015	106,371,022
Basic and diluted Earning per Share of Rs.10/- each (in Rupees)		1.17	1.38

As per my Report of even date attached

For **S. C. BANDI & COMPANY**
Chartered Accountants

S. C. Bandi
Proprietor
Membership no. 16932

B. J. Patel
Company Secretary

Mumbai, 29th September, 2009

For and on behalf of the Board of Directors

G. K. Patni
(Chairman)

A. K. Patni
(Vice Chairman)

H. C. Tandon
(Managing Director & CEO)

Apoorva Patni
Satish Ajmera
Dadi B Engineer
P. V. Mehta
K. K. Barjatya
M. Y. Kulkarni

Directors

PCS TECHNOLOGY LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH JUNE, 2009

PARTICULARS	Year ended 30th June, 2009		Year ended 30th June, 2008	
	(Rs.)	(Rs.)	(Rs.)	(Rs.)
Cash Flow arising from Operating Activities:				
Net Profit before Tax		43,077,644		53,336,610
Add: Depreciation	46,910,200		32,831,647	
Loss/(Profit) on Sale of Fixed Assets (Net off)	597,723		968,432	
Interest received	(5,732,191)		(4,042,970)	
Miscellaneous expenses written off			206,280	
Dividend received	(90,911)		(133,132)	
Interest expenses	72,830,055		83,130,669	
Amortisation of Goodwill on consolidation	2,175,384		2,175,384	
Currency fluctuation reserve on capitalisation	2,119,476	118,809,736	1,457,672	116,593,982
Operating Profit before Working Capital changes		161,887,380		169,930,591
Decrease/(Increase) in Sundry Debtors	(7,101,918)		156,664,667	
Decrease/(Increase) in Inventories	(8,687,905)		40,233,586	
(Decrease)/Increase in Sundry Creditors	(50,572,076)		(297,484,247)	
Cash Generated from Operations...		(66,361,899)		(100,585,995)
Income Tax paid (net of refunds)		(26,399,759)		(28,957,713)
Net Cash Flow from /used Operating Activities...		69,125,722		40,386,883
Cash Flow arising from Investing Activities:				
Purchase of fixed assets	(115,014,614)		(97,305,545)	
Purchase of investments	890,734		(80,931)	
Proceeds from fixed assets/disposed	1,925,303		514,000	
Interest received	6,740,791		2,669,365	
Dividend received	90,911		133,132	
Net Cash from Investing Activities...		(105,366,875)		(94,069,979)
Cash Flow arising from Financing Activities:				
Proceeds from long-term borrowings (net)	5,523,892		51,624,542	
Proceeds from unsecured loan (net)	10,004,036		129,088,264	
Change in working capital facilities	40,541,819		(29,888,352)	
Interest paid	(72,830,055)		(83,130,669)	
Net Cash used from Financing Activities...		(16,760,307)		67,693,785
Net Increase in Cash/Cash Equivalents ...		(53,001,460)		14,010,689
Cash and Cash Equivalents at beginning of period		164,301,526		150,290,837
Cash and Cash Equivalents at end of year ended 30th June, 2009		111,300,066		164,301,526

As per my Report of even date attached

For **S. C. BANDI & COMPANY**
Chartered Accountants

S. C. Bandi
Proprietor
Membership no. 16932

Mumbai, 29th September, 2009

B. J. Patel
Company Secretary

For and on behalf of the Board of Directors

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(Chairman)

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P. V. Mehta
K. K. Barjatya
M. Y. Kulkarni

Directors

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SCHEDULES TO CONSOLIDATED BALANCE SHEET AS AT 30TH JUNE, 2009

PARTICULARS	As at 30.06.2009 (Rs.)	As at 30.06.2008 (Rs.)
SCHEDULE "A" - SHARE CAPITAL		
AUTHORISED		
25,000,000 Equity Shares of Rs.10/- each	<u>250,000,000</u>	<u>250,000,000</u>
ISSUED, SUBSCRIBED & PAID UP		
20,950,677 Equity Shares of Rs.10/- each fully paid (Refer note)	209,506,770	209,506,770
Add : Equity Shares forfeited amounts originally paid up	<u>733,418</u>	<u>733,418</u>
	<u>210,240,188</u>	<u>210,240,188</u>
Total	<u>210,240,188</u>	<u>210,240,188</u>
Note: Issued & Subscribed and Paid-up Capital includes 400000 Equity Shares issued as Bonus Shares by way of Capitalisation of General reserve.		
SCHEDULE "B" - RESERVES & SURPLUS		
CAPITAL RESERVE		
As per last Balance Sheet	7,120,050	7,120,050
SECURITIES PREMIUM ACCOUNT		
As per last Balance Sheet	196,125,612	196,125,612
REVALUATION RESERVE		
As per last Balance Sheet	82,405,789	86,229,052
Less : Transferred to Profit & Loss a/c	3,823,263	3,823,263
Add : Assets revalued during the year (See note No.3)	<u>346,935,169</u>	<u>-</u>
	425,517,695	82,405,789
GENERAL RESERVE		
As per last Balance Sheet	94,100,534	96,383,855
Less: Adjustment on adoption of Accounting Standard-15 Employee Benefits (revised)	<u>94,100,534</u>	<u>2,283,321</u>
		94,100,534
CURRENCY FLUCTUATION RESERVE ON CONSOLIDATION	9,808,332	7,688,856
BALANCE IN PROFIT & LOSS ACCOUNT	<u>130,799,015</u>	<u>106,371,022</u>
Total...	<u>863,471,238</u>	<u>493,811,862</u>

PCS TECHNOLOGY LIMITED

SCHEDULES TO CONSOLIDATED BALANCE SHEET AS AT 30TH JUNE, 2009

PARTICULARS	As at 30.06.2009 (Rs.)	As at 30.06.2008 (Rs.)
SCHEDULE "C" - SECURED LOANS		
TERM LOANS		
Indian Bank	8,746,189	26,452,905
(Secured by specific charge on the computer given on finance lease and on its Book debts)		
WORKING CAPITAL FACILITIES		
FROM BANKS		
i) Cash Credit	253,019,517	174,838,504
ii) Working Capital Demand Loan	40,541,819	
iii) Foreign Currency Loan	69,985,940	123,989,025
(Secured against hypothecation of Inventories and Book Debts of the Company as well as second charge on the fixed assets of the Company)	363,547,276	298,827,529
OTHER LOANS		
Against hypothecation of Vehicles		
i) HDFC Ltd		65,860
ii) ICICI Bank Ltd	419,170	1,300,630
	419,170	1,366,490
Total...	372,712,635	326,646,924
SCHEDULE "D" - UNSECURED LOANS		
From Promoters	601,000,000	590,995,964
Total...	601,000,000	590,995,964

SCHEDULE "E" - FIXED ASSETS

(Rupees)

Sr. No.	Particulars	GROSS BLOCK				DEPRECIATION & IMPAIRMENT					NET BLOCK		
		As at 01/07/2008	Additions	On account of Revaluation	Deductions	As at 30/06/2009	As at 01/07/2008	Depreciation for the year	Deductions	On account of Revaluation	As at 30/06/2009	As at 30/06/2009	As at 30/06/2008
1	Freehold Land	1,448,699	-	78,955,135	-	80,403,834	-	-	-	-	-	80,403,834	1,448,699
2	Lease hold Land	1,177,904	-	199,432,000	-	200,609,904	334,327	31,214	-	-	365,541	200,244,363	843,576
3	Building	190,187,968	5,479,093	21,334,547	-	217,001,608	82,654,918	5,885,548	-	47,213,488	41,326,978	175,674,630	107,533,050
4	Plant & Machinery	280,377,456	7,500	-	1,431,834	278,953,122	238,449,099	11,256,330	821,907	-	248,883,522	30,069,600	41,928,357
5	Tools & Testing Equipments	8,387,943	38,252	-	-	8,426,195	3,709,540	326,269	-	-	4,035,809	4,390,386	4,678,403
6	Electrical Installations	8,145,137	1,933,501	-	295,951	9,782,687	5,532,964	495,255	132,536	-	5,895,683	3,887,004	2,612,173
7	Computers, office & other Equipments	59,727,813	57,705,833	-	226,512	117,207,135	19,062,446	10,582,406	70,910	-	29,573,942	87,633,193	40,665,367
8	Furnitures & Fixtures	36,836,066	4,626,309	-	441,627	41,020,749	18,750,922	1,722,181	168,555	-	20,304,548	20,716,201	18,085,146
9	Vehicles	8,466,130	2,017,036	-	1,692,424	8,790,742	2,507,530	755,258	371,414	-	2,891,374	5,899,368	5,958,600
10	GPRS/GPS Equipments	4,114,278	-	-	-	4,114,278	456,530	195,428	-	-	651,958	3,462,320	3,657,748
11	Software (Intangible assets)	97,124,959	51,159,102	-	-	148,284,061	17,182,177	19,488,121	-	-	36,670,298	111,613,763	79,942,782
	Total ...	695,994,353	122,966,626	299,721,682	4,088,348	1,114,594,316	388,640,453	50,738,012	1,565,322	47,213,488	390,599,654	723,994,662	307,353,902
	Total Previous Year ...	608,834,654	89,358,077	-	2,198,378	695,994,353	352,701,488	36,654,911	715,946	-	388,640,453	307,353,900	256,133,165

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SCHEDULES TO CONSOLIDATED BALANCE SHEET AS AT 30TH JUNE, 2009

PARTICULARS	Nos. of Units/ Shares	Face Value	As at 30.06.2009 (Rs)	Nos. of Units/ Shares	Face Value	As at 30.06.2008 (Rs)
SCHEDULE "F" - INVESTMENTS						
(Long term, At cost, Non-trade, Unless otherwise Stated)						
(a) Quoted Investments						
i) Fully paid up equity shares						
Longview Tea Ltd	200	10	13,000	200	10	13,000
Chennai Petroleum Corpn.	1,300	10	104,000	1,300	10	104,000
NEPC Micon Ltd	400	10	12,000	400	10	12,000
Nucleus Securities Ltd	5,000	10	50,000	5,000	10	50,000
Riga Sugar Co Ltd	2,200	10	110,000	2,200	10	110,000
Western India Industries Ltd	7,500	10	450,000	7,500	10	450,000
			<u>739,000</u>			<u>739,000</u>
ii) Fully paid up units of Mutual Fund						
Master Shares of UTI	14,400	10	140,430	14,400	10	140,430
			<u>140,430</u>			<u>140,430</u>
Less: Provision for Dimnution in value of Investments			<u>475,000</u>			<u>475,000</u>
			<u>404,430</u>			<u>404,430</u>
(b) Unquoted Investments						
i) Government Securities						
National Saving Certificates	4	1000	4,000	4	1000	4,000
ii) Fully paid up units of Mutual Funds (current investments)						
Chola Liquid Investment Plus			-	119,749	10	1,390,734
iii) Fully paid-up Equity Shares						
Saraswat Co-op. Bank Ltd	1,000	10	10,000	1,000	10	10,000
Vraksh Technology Limited	50,000	10	500,000			-
			<u>514,000</u>			<u>1,404,734</u>
			<u>918,430</u>			<u>1,809,164</u>
Book value of Quoted investment			404,430			404,430
Book value of Unquoted investment			514,000			1,404,734
Market value of Quoted investment			971,176			1,264,637

PARTICULARS	As at 30.06.2009 (Rs.)	As at 30.06.2008 (Rs.)
SCHEDULE "G" - CURRENT ASSETS, LOANS AND ADVANCES		
INVENTORIES		
(Valued at cost or net realisable value which ever is lower and as certified by the Management)		
Raw Materials ,Computer Accessories & Spares	122,373,888	106,167,764
Work in Progress	4,349,302	8,054,181
Finished Goods	834,869	4,648,209
	<u>127,558,059</u>	<u>118,870,154</u>
SUNDRY DEBTORS		
(Unsecured & considered good by the Management)		
i) Over six months	564,692,637	547,207,715
ii) Other debts	915,042,479	896,056,908
iii) Future finance lease receivables	27,426,195	36,791,108
	<u>1,507,161,311</u>	<u>1,480,055,731</u>

PCS TECHNOLOGY LIMITED

SCHEDULES TO CONSOLIDATED BALANCE SHEET AS AT 30TH JUNE, 2009

PARTICULARS	As at 30.06.2009 (Rs.)	As at 30.06.2008 (Rs.)
CASH AND BANK BALANCES		
Cash in hand	12,723,184	14,921,699
Bank Balances		
i) In Current Account	45,021,902	88,777,384
ii) In Margin Money Deposits	53,554,980	60,602,443
	111,300,066	164,301,526
OTHER CURRENT ASSETS		
Interest accrued	1,823,947	2,832,548
	1,823,947	2,832,548
LOANS & ADVANCES		
(Unsecured & considered good by the Management)		
Advances recoverable in cash - or in kind or for value to be received	67,338,268	87,725,819
Earnest Money Deposits	30,067,645	37,652,360
Sundry Deposits	28,071,232	21,847,378
(Amount includes Rs. 39 lacs paid to relatives of Director on account of rental deposits, Previous year Rs.39 lacs)		
Advance payment of Income Tax (Net of Provision)	25,536,982	9,436,306
Balance with Central Excise Department	5,440,376	3,695,625
	156,454,503	160,357,488
Total...	1,904,297,886	1,926,417,446
SCHEDULE "H" - CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES		
Sundry Creditors - Micro and Small Enterprises	15,249,455	
Sundry Creditors - Others	475,183,935	537,139,073
Advance from Customers	19,033,253	14,744,997
Other Current Liabilities	20,134,798	24,058,602
	529,601,441	575,942,672
PROVISIONS		
For Fringe Benefit Tax (Net of advances)	3,934,317	3,907,749
For Gratuity	11,249	5,240
For Leave Encashment	7,898,478	12,135,330
	11,844,044	16,048,319
Total...	541,445,485	591,990,991

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SCHEDULES TO CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 2009

PARTICULARS	Year ended 30.06.2009 (Rs.)	Year ended 30.06.2008 (Rs.)
SCHEDULE "1" - OTHER INCOME		
INCOME FROM OPERATIONS		
Sale of Scrap etc.	1,086,653	983,053
Commission received	540,351	713,950
Finance Charges Lease	7,707,043	9,272,878
Incentive from Suppliers	1,279,928	48,761,768
	10,613,975	59,731,648
OTHER INCOME		
Profit on Sale of Current Investments	42,243	
Dividend received		
i) On long term Investments	38,681	52,200
ii) On current Investments	52,230	80,932
	90,911	133,132
Interest received (Banks & Others)		
i) From Banks	4,985,024	3,693,175
ii) From Income tax refund	252,424	
iii) From Others	494,743	349,795
	5,732,191	4,042,970
(Tax deducted at source Rs. 813,981/- previous year Rs 345851/-)		
Sundry Balances written back	1,075,056	3,884,269
Excess provision written back	3,014,339	
Miscellaneous Income	1,701,070	4,419,960
	11,655,810	12,480,331
Total...	22,269,785	72,211,979
SCHEDULE "2" - DECREASE/(INCREASE) IN VALUE OF STOCK		
Opening stock as on 1st July, 2008		
i) Work in Progress	8,054,181	17,920,579
ii) Finished Goods	4,648,209	3,814,000
	12,702,390	21,734,579
Less:		
Closing Stock as at 30th June, 2009		
i) Work in Progress	4,349,302	8,054,181
ii) Finished Goods	834,869	4,648,209
	5,184,171	12,702,390
	7,518,219	9,032,189
Add: Increase /(Decrease) in Excise duty on stocks		
Excise duty in Opening stock	260,727	374,051
Less: Excise duty in Closing stock	29,553	260,727
	(231,174)	(113,324)
Total...	7,287,045	8,918,865
SCHEDULE "3" - CONSUMPTION OF MATERIAL		
COST OF MATERIAL CONSUMED / SOLD		
Opening stock	106,167,764	137,369,161
Add : Purchases	1,829,101,945	2,180,700,627
	1,935,269,709	2,318,069,788
Less: Closing stock	122,373,888	106,167,764
	1,812,895,821	2,211,902,024
Total...	1,812,895,821	2,211,902,024

PCS TECHNOLOGY LIMITED

SCHEDULES TO CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 2009

PARTICULARS	Year ended 30.06.2009		Year ended 30.06.2008	
	(Rs)	(Rs)	(Rs)	(Rs)
SCHEDULE "4" - MANUFACTURING AND OTHER EXPENSES				
Salaries, Wages and Bonus		595,808,974		573,023,929
Gratuity to Staff		564,078		2,794,162
Contribution to EPF, ESIC & EDLIS		30,411,561		27,241,231
Staff Welfare		8,848,895		9,898,775
Consumable, Stores, Spares		27,821,227		25,023,681
Rent		23,239,463		28,651,674
Electricity & Power		6,977,783		8,358,329
Insurance		5,916,580		4,356,735
Payment to Auditors				
Audit fees	542,030		550,397	
Other services	160,929		187,463	
Tax Audit fees	55,150	758,109	30,899	768,759
Advertisement Expenses		957,149		1,201,257
Bank charges		21,334,700		23,140,755
Bad Debts and Remissions		13,700,605		6,250,168
Sitting fees to directors		470,000		480,000
Commission on Sales		727,864		4,290,957
Conveyance expenses		13,968,705		15,380,952
Legal & Professional fees		16,851,109		20,686,313
Loss on Sale of Fixed Assets		597,723		968,432
Stock destroyed in fire		805,448		-
Foreign Exchange Difference		14,065,381		149,231
Miscellaneous Expenditure		36,932,640		35,084,843
Packing, Courier & Forwarding		10,319,075		19,066,517
Postage, Telephone & Telex		7,095,839		10,065,825
Printing & Stationery		9,498,605		14,428,190
Rates & Taxes		1,965,600		1,585,126
Repairs to Building		3,015,703		3,161,971
Sales & Work contract tax		7,103,675		6,436,969
Service charges paid		44,259,937		33,496,016
Travelling expenses		50,330,676		54,298,366
Total...		954,347,104		930,289,162
SCHEDULE "5" - INTEREST PAID				
Interest paid on Fixed Loan		8,243,205		15,176,391
Interest paid to Others		64,586,850		67,954,278
Total...		72,830,055		83,130,669

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SCHEDULE "I" - CONSOLIDATED NOTES TO ACCOUNTS



SCHEDULE "I" - CONSOLIDATED NOTES TO ACCOUNTS

1) Consolidation of Accounts

The consolidated Financial Statement are prepared in accordance with Accounting Standard (AS) 21 on Consolidated Financial Statement issued by the Institute of Chartered Accountants of India. The consolidated Financial Statements present the consolidated Accounts of PCS Technology Ltd. with its following Subsidiaries:

Name of the Subsidiary	Country of Incorporation	Percentage of Holding
PCS International Ltd.	Mauritius	100%
PCS Technology Inc.	United States	100%
PCS Positioning System (India) Ltd	India	99.43%

2) Principles of Consolidation

The consolidated Financial Statement relate to PCS Technology Ltd. (the Company) and its Subsidiary Companies. The consolidated Financial Statements have been prepared on the following basis:

The Financial Statements of the company and its Subsidiary Companies have been combined on a line-by-line basis by adding together the book value of like items of assets, liabilities, income and expenses, after fully eliminating intra group balances and intra group transactions resulting in unrealised profits or losses.

Figures pertaining to the Subsidiary Companies have been reclassified wherever necessary to bring them in line with the Parent Company's Financial Statements.

3) Fixed Assets

On 30th June, 2009, the Company has revalued Land and Buildings on the basis of a report of Government approved valuer. Consequently, increase in value of Rs.346,935,169/- is transferred to the Revaluation Reserve Account.

4) Other Accounting Policies

These are set out in the Notes to Accounts under Significant Accounting Policies for financial statements of the Company and its Subsidiary Companies.

5) Contingent liability not provided

(a) on account of Bank guarantees - Rs.491,240,920/- (Previous year Rs.587,883,198/-)

(b) In respect of R&T activities undertaken by the Company in earlier years, the Company has been advised that the Company has good, valid and substantial defence in Suit No.1494 of 1997 filed by State Bank of India in the City Civil Court in Ahmedabad against the Company for Rs.50,338,289/- with interest @21.50% p.a. The Company has also been advised that it has a good defence in Application No.1627 of 2000 made in the Debt Recovery Tribunal, Mumbai by Vijaya Bank against the Company for Rs.4,538,000/- along with interest. In none of the other litigation any claim for significant amount has been made against the Company apart from the fact that in all these litigations the Company is the second defendant. In view of the above the Company has not made any provision in respect of any of these litigations against the Company.

6) Employee Benefits:

a) Contribution to Provident fund of Rs. 18,291,024/- (previous year Rs.16,151,235/-) is recognized as an expense and included in contribution to Provident funds and other funds in the Profit and Loss account

b) Defined Benefit plans in respect of Gratuity and Leave encashment - as per actuarial valuation on 30th June, 2009

(Rupees)

Particulars	Current Year		Previous Year	
	Gratuity (funded)	Leave encashment (Non funded)	Gratuity (funded)	Leave encashment (Non funded)
1. Change in benefit obligation				
Liability at the beginning of the year	13,995,325	8,540,835	12,463,395	5,973,611
Interest cost	1,189,603	555,110	885,487	184,434
Current service cost	2,959,609	3,079,118	2,375,388	3,914,719
Benefit paid		(4,020,269)	(2,789,610)	(7,336,376)
Actuarial (Gain)/ Loss	(3,919,153)	(256,316)	1,060,665	5,804,447
Liability at the end of the year	14,225,384	7,898,478	13,995,325	8,540,835
2. Change in Fair value of Plan Assets				
Fair value of Plan assets at the beginning of year	16,512,234	--	16,193,571	--
Expected Return on Plan assets	1,177,322	--	348,162	--
Contributions		--	2,789,610	--
Benefit paid		--	(2,789,610)	--
Actuarial (Gain)/ Loss on plan assets	(746,671)	--	(29,499)	--
Fair value of Plan assets at the end of year	16,942,885	--	16,512,234	--
3. Expenses recognized in the Profit & Loss a/c				
Current service cost		3,079,118		3,914,719
Interest cost		555,110		184,434
Benefit paid			2,789,610	
Actuarial (Gain)/ Loss		(256,316)		5,804,447
Expenses recognized in the Profit & Loss a/c		3,377,912	2,789,610	9,903,600
4. Actuarial Assumptions				
Discount rate	8.50%		8.50%	
Salary escalation rate	5%		5%	
Expected Return on Plan assets	2.15%		2.15%	
Retirement age	58 years		58 years	
Mortality	LIC (1994-96) Ult		LIC (1994-96) Ult	

The estimate of future salary increase, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

PCS TECHNOLOGY LIMITED

CONSOLIDATED NOTES TO ACCOUNTS (Contd....)

7) Particulars of Earnings per Share :	2008-09	2007-08
(a) Net profit for the year (Rs.)	24,427,933	28,898,634
(b) Number of equity shares outstanding at the beginning and at end of the year	20,950,677	20,950,677
(c) Nominal Value of the shares (Rs.)	10.00	10.00
(d) Basic and diluted Earning per share (Rs.)	1.17	1.38

8) Deferred Tax

(a) Deferred tax has been provided in accordance with Accounting Standard 22- Accounting for Taxes on income issued by the Institute of Chartered Accountants of India.

(b) The break up of net deferred tax liability is as under :

	Accumulated as at 30-06-2009 (Rs.)	Accumulated as at 30-06-2008 (Rs.)
Deferred Tax Liability		
i) Depreciation	49,326,000	42,659,000
	49,326,000	42,659,000
*Deferred Tax Assets		
i) Expenses allowable on payment basis	1,482,000	3,139,000
ii) Business Loss	1,482,000	3,139,000
Net Deferred Tax Liability	47,844,000	39,520,000

9) Finance Lease Accounting

In certain cases, the company has sold its product by way of lease arrangements with the customers. The transaction is treated as finance lease in accordance with Accounting Standard-19. The details of lease transactions as at 30th June, 2009 is as follows

	As at 30th June, 2009 (Rs.)	As at 30th June, 2008 (Rs.)
A) Gross Investment in Lease	29,846,907	44,105,509
B) Present value of minimum lease payment	27,426,195	36,791,108
C) Total gross Investment		
1) Not later than one year	16,180,542	19,105,438
2) Later than one year but not later than five years	13,666,365	25,000,070
3) Later than five years		
D) Present value of minimum lease payment		
1) Not later than one year	14,906,621	14,969,127
2) Later than one year but not later than five years	13,235,633	21,821,981
3) Later than five years		
E) Unearned Finance income	2,420,712	7,314,400

10) Related parties disclosures :

1. Names of Related parties :

(a) Key Management Personnel :

Mr. G. K. Patni (Chairman)

Mr. A. K. Patni (Vice Chairman)

Mr. H. C. Tandon (Managing Director & CEO)

(b) Relatives of key management personnel:

Mrs. Kanchanbai Patni
(Mother of Mr. G. K. Patni & Mr. A. K. Patni)

Mrs. Rajnikanta Patni
(Wife of Mr. G. K. Patni)

Mrs. Sadhna Patni
(Wife of Mr. A. K. Patni)

Mr. Apoorva Patni (Director)
(Son of Mr. A. K. Patni)

Mr. Arihant Patni
(Son of Mr. G. K. Patni)

Mrs. Purnima Tandon
(Wife of Mr. H. C. Tandon)

Sobhagmal M. Patni, HUF
(Mr. G. K. Patni & Mr. A. K. Patni are members of HUF)

Estate of Late Sobhagmal M Patni

(c) Affiliates (Enterprises over which key management personnel or relatives has significant influence) :

Patni Computer Systems Ltd.

Ashoka Computers System Pvt. Ltd.

PCS Cullinet Pvt. Ltd.

PCS Finance Pvt. Ltd.

Vraksh Technology Ltd.

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CONSOLIDATED NOTES TO ACCOUNTS (Contd....)

10.2) Transactions carried out with related parties referred in 1 above, in ordinary course of business.

(Rupees)

Description	Key Management Personnel	Relative of key Management Personnel	Affiliates	Total
Sales of Goods and Services	-	-	143,249	143,249
Purchase of Fixed Assets	-	-	(1,940,625)	(1,940,625)
Interest Paid	(12,775,342)	-	2,250,000	2,250,000
Rent Paid	-	4,907,896	1,436,450	6,344,346
Rent Received	-	(6,033,450)	(2,484,274)	(8,517,724)
Reimbursement/Recovery of Expenses received	-	-	6,922,842	6,922,842
Other Loan Taken	75,000,000	-	-	75,000,000
Other Loan Refunded	84,000,000	-	-	84,000,000
Remuneration to Directors	2,601,082	-	-	2,601,082
Balance outstanding - 30th June, 2009	-	-	9,623,243	9,623,243
Receivable	-	-	(10,589,653)	(10,589,653)
Payable	(8,667,792)	-	-	(8,667,792)
Property Deposits	-	3,800,000	406,700	4,206,700
Other Loan Taken	553,500,000	-	22,500,000	576,000,000
	(562,500,000)	-	(22,500,000)	(585,000,000)

[Note: Previous year figures are shown in brackets]

10.3) Details of Significant Transactions carried out with related parties referred above, in ordinary course of business.

(Rupees)

Description	Key Management Personnel	Relative of key Management Personnel	Affiliates
Sales of goods and services			
Vraksh Technology Limited	-	-	143,249
Purchase of Fixed Assets			
Patni Computers Systems Ltd.	-	-	(1,940,625)
Interest paid			
PCS Finance Pvt. Ltd.	-	-	750,000
PCS Cullinet Pvt. Ltd.	-	-	(750,000)
Ashok Computers Systems Pvt. Ltd.	-	-	750,000
Mr. A. K. Patni	(9,775,342)	-	-
Mr. G. K. Patni	(3,000,000)	-	-
Rent paid			
Mrs. Kanchanbai Patni	-	1,192,744	-
Mrs. Sadhna Patni	-	(1,597,732)	-
	-	814,208	-
	-	(1,016,544)	-

PCS TECHNOLOGY LIMITED

CONSOLIDATED NOTES TO ACCOUNTS (Contd....)

Description	Key Management Personnel	Relative of key Management Personnel	(Rupees) Affiliates
Mrs. Rajnikanta Patni	-	669,008	-
PCS Finance Pvt. Ltd.	-	(871,344)	-
	-	-	610,725
	-	-	(985,686)
Rent Received			
Vraksh Technologies Limited	-	-	2,480,000
	-	-	(800,000)
Reimbursement/Recovery of Expenses received			
Vraksh Technologies Limited	-	-	6,922,842
	-	-	(21,586,130)
Other Loan Taken			
Mr. A. K. Patni	25,000,000	-	-
	(180,000,000)	-	-
Mr. G. K. Patni	50,000,000	-	-
	(100,000,000)	-	-
Other Loan Refunded			
Mr. A. K. Patni	84,800,000	-	-
	(137,500,000)	-	-
Remuneration to Directors			
Mr. H. C. Tandon	2,601,082	-	-
	(2,635,809)	-	-
Balance outstanding - 30th June 2009			
Receivable			
Vraksh Technologies Limited	-	-	9,623,243
	-	-	(10,465,251)
Payable			
Mr. A. K. Patni	-	-	-
	(8,667,792)	-	-
Property Deposits			
Mrs. Kanchanbai Patni	-	1,100,000	-
	-	(1,100,000)	-
Mrs. Rajnikanta Patni	-	600,000	-
	-	(600,000)	-
Mrs. Sadhna Patni	-	700,000	-
	-	(700,000)	-
Mr. Apoorva Patni	-	500,000	-
	-	(500,000)	-
Mr. Arihant Patni	-	500,000	-
	-	(500,000)	-
PCS Finance Pvt. Ltd.	-	-	205,030
	-	-	(635,030)
Other Loan Taken			
Mr. A. K. Patni	343,500,000	-	-
	(402,500,000)	-	-
Mr. G. K. Patni	210,000,000	-	-
	(160,000,000)	-	-

[Note : Previous year figures are shown in bracket]

11) The figures of the previous year have been re-grouped and/or rearranged wherever necessary to make them comparable with those of current year.

As per my Report of even date attached

For **S. C. BANDI & COMPANY**
Chartered Accountants

S. C. Bandi
Proprietor
Membership no.16932

Mumbai, 29th September, 2009

B. J. Patel
Company Secretary

For and on behalf of the Board of Directors

G. K. Patni
(Chairman)

A. K. Patni
(Vice Chairman)

H. C. Tandon
(Managing Director & CEO)

Apoorva Patni
Satish Ajmera
Dadi B Engineer
P. V. Mehta
K. K. Barjatya
M. Y. Kulkarni

} Directors

PCS TECHNOLOGY LIMITED

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

PCS
TECHNOLOGY

PROXY

DP. Id	
--------	--

Folio No.	
-----------	--

Client Id	
-----------	--

No. of Shares held	
--------------------	--

I/We _____
of _____ in the district of _____
being a member/members of the above named Company

hereby appoint _____
of _____ in the district of _____
or failing him _____
of _____ in the district of _____

as my/our proxy to vote for me/us, on my/our behalf at the TWENTY EIGHTH ANNUAL GENERAL MEETING of the members of PCS Technology Limited to be held at the Registered Office of the Company at 148/151, Alandi Markaal Road, Village Dhanore, Alandi, Dist. Pune 412 106, on Wednesday the 9th day of December, 2009 at 10.00 a.m. and at any adjournment thereof.

Signed by the said _____

Signed this _____ day of _____ 2009.

Affix a
15 paise
Revenue
Stamp

Note : The Proxy and the Power of Attorney (if any) under which it is signed or a notariially certified copy of the same must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the Meeting. The proxy need not be a member of the Company.

PCS TECHNOLOGY LIMITED

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

PCS
TECHNOLOGY

ATTENDANCE SLIP

THIS ATTENDANCE SLIP DULY FILLED IN TO BE HANDED OVER AT THE ENTRANCE OF THE MEETING HALL.

Name of the Shareholder(s) (In Block Letters) _____

DP. Id	
--------	--

Folio No.	
-----------	--

Client Id	
-----------	--

Name of the Proxy (in Block Letters to be filled in, if the Proxy attends instead of the member) or Company Representative _____

No. of Shares held _____

I hereby record my presence at the TWENTY EIGHTH ANNUAL GENERAL MEETING of the members of PCS Technology Limited held at the Registered Office of the Company at 148/151, Alandi Markaal Road, Village Dhanore, Alandi, Dist. Pune 412 106, on Wednesday the 9th day of December, 2009 at 10.00 a.m.

Signature of the Shareholder or Proxy or Company Representative

BOOK-POST

To

If undelivered please return to :

M/s. Bigshare Services Pvt. Ltd.

UNIT : PCS Technology Limited

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