



PCS Technology Limited

**29th
Annual Report
2009-10**

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PCS
TECHNOLOGY
PCS TECHNOLOGY LIMITED

BOARD OF DIRECTORS

Mr. G. K. Patni	Chairman
Mr. A. K. Patni	Vice Chairman
Mr. H. C. Tandon	Managing Director & CEO
Mr. N. K. Patni	Director
Mr. Apoorva Patni	Director
Mr. Satish Ajmera	Director
Mr. D. B. Engineer	Director
Mr. G. M. Dave	Director
Mr. P. V. Mehta	Director
Mr. K. K. Barjatya	Director
Mr. M. Y. Kulkarni	Director

COMPANY SECRETARY

Mr. Bhaskar J. Patel

AUDITORS

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

BANKERS

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

REGISTERED OFFICE

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

PLANT LOCATION

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

REGISTRAR & SHARE TRANSFER AGENT

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

29TH ANNUAL GENERAL MEETING

Day, Date & Time	:	Wednesday, 8th September, 2010 at 10.00 a.m.
Venue	:	Plot No. 148/151, Alandi Markaal Road, Village Dhanore, Alandi, Dist. Pune – 412106.

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

PCS TECHNOLOGY LIMITED

NOTICE TO MEMBERS

NOTICE is hereby given that the 29th ANNUAL GENERAL MEETING of **PCS Technology Limited** will be held at the Registered Office of the Company at 148/151, Alandi Markaal Road, Village Dhanore, Alandi, Dist. Pune 412 106 on Wednesday, 8th September, 2010 at 10.00 a.m. to transact the following business.

ORDINARY BUSINESS:

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

SPECIAL BUSINESS :

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

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

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

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

By Order of the Board
For PCS Technology Ltd.

Bhaskar J Patel
Company Secretary

Mumbai, July 31, 2010

NOTES :

- (1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL, TO VOTE INSTEAD OF HIMSELF OR HERSELF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- (2) The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, 1st September, 2010 to Wednesday, 8th September, 2010, both days inclusive.
- (3) Members are requested to:
 - (a) intimate to the Company / their Depository Participant ("DP"), changes, if any, in their registered address at an early date;
 - (b) quote their Registered Folio No. and/or DP Identity and Client Identity number in their correspondence;
 - (c) bring their copy of the Annual Report and the Attendance Slip with them at the Annual General Meeting.
 - (d) to send their queries, if any, at least 10 (ten) days in advance of the meeting so that the information can be made available at the meeting.

TWENTY NINTH ANNUAL REPORT 2009-2010



(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 K Patni	24.03.1941	22.04.1981	Patni Computer Systems Ltd. PCS Cullinet Pvt. Ltd. PCS International Ltd.	None
Mr. A K Patni	01.08.1951	22.04.1981	Patni Computer Systems Ltd. PCS Cullinet Pvt. Ltd. Ashoka Computer Systems Pvt. Ltd. PCS Finance Pvt. Ltd. PCS International Ltd., Mauritius PCS Positioning Systems (India) Ltd	None
Mr. N K Patni	09.03.1942	29.03.2001	Patni Computer Systems Ltd. Isolutions, Inc. Patni Telecom Solution, Inc. Patni Americas, Inc. Patni Technologies (P) Ltd.	None
Mr. D B Engineer	02.05.1933	25.06.1990	Atlas Copco Ltd. Forval International Services Ltd. Flora Services Ltd. Foods & Inns Ltd. Forbes & Company Ltd. Nilkamal Ltd. Protos Engineering Co. Pvt. Ltd. S.P. Sanghi Airconditioning Pvt. Ltd. Welspun India Ltd. Zoroastrian Investment Corporation Pvt. Ltd. Zuari Industries Ltd.	-Member of the Audit Committee -Chairman of Shareholders'/Investors' Grievance Committee -Member remuneration Committee -Chairman of the Audit Committee -Member of the Audit Committee -Member of the Audit Committee -Member of the Audit Committee -Member of Remuneration Committee -Chairman of the Audit Committee -Member of Shareholders'/Investors' Grievance Committee

PCS TECHNOLOGY LIMITED

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

Item no. 7

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

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

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

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

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

The perquisites are classified into three categories as under:

CATEGORY "A"

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

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

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

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

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

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

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

CATEGORY "B"

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

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

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

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

CATEGORY "C"

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

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

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

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

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

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

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

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

Your Directors recommend the Resolutions for your approval.

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

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

1) **Nature of industry :** Hardware & IT services

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

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

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

Not Applicable

4) **Financial performance based on given indicators :**

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

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

5) **Export performance and net foreign exchange collaborations**

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

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

PCS TECHNOLOGY LIMITED

6) Foreign investments or collaborators, if any.

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

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

The Company does not have any foreign collaboration.

II. Information about the appointee

1) Background details

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

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

2) Past remuneration

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

3) Recognition or awards

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

4) Job profile and his suitability

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

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

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

5) Remuneration proposed

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

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

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

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

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

III Other information

(1) Reasons of loss or inadequate profits :

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

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

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

As above

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

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

IV Disclosures

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

Given under explanatory statement in the accompanying notice.

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

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

Disclosed in the Corporate Governance Report and accompanying notice.

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

Relevant information furnished in the Corporate Governance Report.

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

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

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

- The ESOP Plan 2004 of the Company has not been implemented so far.

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

By Order of the Board
For PCS Technology Ltd.

Bhaskar J Patel
Company Secretary

Mumbai, July 31, 2010

PCS TECHNOLOGY LIMITED

DIRECTORS' REPORT

The Members,

PCS TECHNOLOGY LIMITED

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

FINANCIAL RESULTS

(Rs. In lacs)

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

CHANGE IN FINANCIAL YEAR

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

OPERATIONS

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

DIVIDEND

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

DIRECTORS

As per the Article 135 of the Articles of Association of the company, Mr. G K Patni, Mr. A K Patni, Mr. N. K. Patni and Mr. D. B. Engineer Directors of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment on the Board of your Company.

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

2. Appropriate accounting policies have been selected and applied consistently and have made judgements and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the company as at 31st March, 2010 and of the profit of the company for the period / 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 Period ended 31st March, 2010 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, 31st May, 2010

G. K. Patni
Chairman

PCS TECHNOLOGY LIMITED

ANNEXURE "A" TO THE 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 financial period/year ended 31st March, 2010

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.	Mr. H.C. Tandon	Managing Director & CEO	59	B.Sc. - Engg.	20.10.1979	1,582,200	38	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.

On behalf of the Board of Directors

Mumbai, 31st May, 2010

G.K. Patni
Chairman

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.

(B) Technology Absorption

Not applicable

(C) Foreign Exchange Earnings/Outgo

Your Company has earned foreign exchange worth Rs 732 lacs and has spent foreign exchange worth Rs.1,306 lacs under the following heads.

<u>Particulars</u>	<u>(Rs. In lacs)</u>
(i) Raw Material and Components	1,128
(ii) Capital Goods	Nil
(iii) Other expenses	178
Total	1,306

On behalf of the Board of Directors

G. K. Patni
Chairman

Mumbai 31st May, 2010

PCS TECHNOLOGY LIMITED

MANAGEMENT DISCUSSIONS AND ANALYSIS

Industry Scenario & Review

The financial period 2009-10 witnessed challenges. The average price of a PC has been dropping 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. 198 crores (9 months) as against previous year Rs 288 crores (12 months). The key contributors to the core business have been the Government segment through Rate Contracts with DGS&D, Banking and State governments. The Company continued to give more focus on IT Service Business over PC sales.

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, Video Conferencing and Telecom have begun in promoting services. The Company has captured overseas market in Africa, Philippines and UAE adding new clients and the results are encouraging.

Manufacturing Operations

The manufacturing facility at Silvassa has been shifted to the Company's own premises at Alandi, Pune. This will ensure cost saving. The facility at Alandi, Pune achieved ISO 2000 and 14000 certification thus ensuring stringent and ongoing improvements in quality and manufacturing process.

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 Solutions, Laboratory and Hospital Management solutions, Telecom, Video Conferencing and Document management over hardware business. The company feels this business is high growth area.

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 for a better bottom line in the upcoming year.

Overseas Subsidiaries

PCS International Ltd., Mauritius

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

PCS Technology USA, Inc.

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

Indian Subsidiary

PCS Positioning Systems (India) Limited

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

Internal Control and Adequacy

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

Human Resources

Human resources are a valuable assets and Company seek to attract and retain the best talent available. Systematic training, development, continuance of productivity and employee satisfactions is some of the highlight of human resources development activities during the year. Employee relations continued to be cordial. Your Directors acknowledge and 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 Period (nine months commencing from 1st July 2009 to 31st March 2010)

4 (Four) board meeting were held during the financial period/year ended on 31st March, 2010 on the following dates :

30.07.2009, 29.09.2009, 29.10.2009, 30.01.2010

- 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 09.12.2009	No. of Equity shares held in the Company *
Mr. G. K. Patni Chairman	Promoter - Non-Executive	4	No	579685
Mr. A. K. Patni Vice Chairman	Promoter - Non-Executive	4	No	575995
Mr. N. K. Patni	Promoter- Non-Executive & Non - Independent	None	No	94079
Mr. Apoorva Patni	Non - Executive & Non - Independent	3	No	500745
Mr. D. B. Engineer	Non - Executive & Independent	3	No	Nil
Mr. Satish Ajmera	Non - Executive & Independent	4	YES	236
Mr. P. V. Mehta	Non - Executive & Independent	4	No	Nil
Mr. G. M. Dave	Non - Executive & Independent	3	No	100
Mr. M. Y. Kulkarni	Non - Executive & Independent	4	YES	Nil
Mr. K. K. Barjatya	Non - Executive & Independent	4	No	316
Mr. H. C. Tandon Managing Director & CEO	Executive	4	YES	432

- * The above shareholding as at 31st March, 2010 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	8	5	3
Mr. Satish Ajmera	3	1	2
Mr. P. V. Mehta	8	8	-
Mr. G. M. Dave	6	5	2
Mr. M. Y. Kulkarni	-	-	-
Mr. K. K. Barjatya	-	-	-
Mr. N. K. Patni	1	-	-
Mr. H. C. Tandon	1	-	-
Mr. Apoorva Patni	1	-	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 PERIOD/YEAR (NINE MONTHS) ENDED 31st MARCH, 2010

During the financial period/year Four Audit Committee Meetings were held on 30.07.2009, 29.09.2009, 29.10.2009 and 30.01.2010. The attendance of the Members at these Meetings during the Financial Period/Year 2009-10 is as follows:

Name of Director	Status	No. of Meetings attended
Mr. Satish Ajmera	Non-executive/ Independent Director	4
Mr. K. K. Barjatya	Non-executive/ Independent Director	4
Mr. G. M. Dave	Non-executive Independent Director	3
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.

PCS TECHNOLOGY LIMITED

REPORT ON CORPORATE GOVERNANCE (contd.)

- Details of remuneration paid to Whole-time Directors for the financial period/year ended March 31, 2010 are as under:

Name of Director	Status	Salary	Perquisites/ Allowances	PF Contribution	Remuneration Paid (in Rs.)
Mr. H. C. Tandon	Managing Director CEO	14,08,500	22,500	1,51,200	15,82,200

- 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 period / year ended 31st March, 2010 are as under:

Name of the Director	Sitting fees Paid (Rs.)	Commission paid (Rs.)
Mr. Satish Ajmera	90,000/-	Nil
Mr. G. M. Dave	60,000/-	Nil
Mr. P. V. Mehta	40,000/-	Nil
Mr. M. Y. Kulkarni	90,000/-	Nil
Mr. K. K. Barjatya	80,000/-	Nil
Mr. D. B. Engineer	30,000/-	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 52 investor complaints/queries were received. There were NIL complaints/queries pending as on March 31, 2010. There were no share transfers pending for more than 30 days as on the said date.

6. GENERAL BODY MEETINGS

- A. 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
30-6-2007	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
30-6-2009	09.12.2009 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.

None.

- 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.

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REPORT ON CORPORATE GOVERNANCE (contd.)

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.

9. GENERAL SHAREHOLDER INFORMATION

Date, time & venue of the Annual General Meeting: September 8, 2010 at 10.00 a.m. at 148/151, Alandi Market Road, Village Dhanore, Alandi, Dist. Pune 412 106.

Financial Calendar 2010 - 11

- i Financial Year : April to March
- ii First Quarterly Results : Before 15th August 2010
- iii Half Yearly Results : Before 15th November 2010
- iv Third Quarter Results : Before 15th February 2011
- v Audited results : By end of May 2011

Date of Book Closure : 01.09.2010 to 08.09.2010 (both days inclusive)

Dividend Payment Date : Not Applicable

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

b) The Bombay Stock Exchange Limited, Mumbai-
(517118)

ISIN Number for NSDL & CDSL INE 834801012

Annual Listing Fees have been paid to Bombay stock Exchange and Pune Stock Exchange for the year 2010-2011.

Market Price Data :

High/Low of Market price of the Company's shares traded on Bombay Stock Exchange (BSE) during the financial period 2009-10 furnished below :

Year	Month	Highest (Rs.)	Lowest (Rs.)
2009	July	15.70	12.00
	August	18.95	12.50
	September	18.60	14.20
	October	18.70	15.00
	November	17.00	13.05
	December	23.70	14.75
2010	January	23.00	17.25
	February	19.95	15.75
	March	19.45	15.50

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 / 0653, 2857 3034

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 March 31, 2010 is as follows :

No. of equity shares held	No. of shareholders	%	No. of shares	%
Upto 100	28929	78.84	1394566	8.66
101 to 500	6292	18.37	1348582	6.44
501 to 1000	533	1.58	432799	2.08
1001 & Above	491	1.43	17774730	84.84
Grand Total	34245	100.00	20950677	100.00

No. of shareholders in Physical Mode : 2858015 13.64

No. of shareholders in Electronic Mode : 18092662 86.36

Shareholding pattern as on March 31, 2010 is as follows :

Category	No. of shareholders	No. of shares	% holding
Indian Promoters	46	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	261423	1.25
Domestic Companies	257	381995	1.82
Resident Individuals	33875	5385748	25.71
Clearing Member	8	1829	0.01
Total	34245	20950677	100.00

Dematerialisation of shares and liquidity : 86.36 % of the paid-up share capital has been dematerialised as on 31st March, 2010.

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 / 0653, 2857 3034
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 period / year of nine months ended on 31st March, 2010.

For PCS Technology Limited

H. C. Tandon
Managing Director & CEO

Place : Mumbai

Date : 31st May, 2010

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of
PCS TECHNOLOGY LIMITED

We have examined the Compliance of conditions of Corporate Governance by PCS Technology Limited for the financial period / year of nine months ended on 31st March, 2010 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. Our 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 our opinion and to the best of our information and explanations given to us we certify that the Company has generally complied with the conditions of Corporate Governance as stipulated in the above mentioned listing agreement.

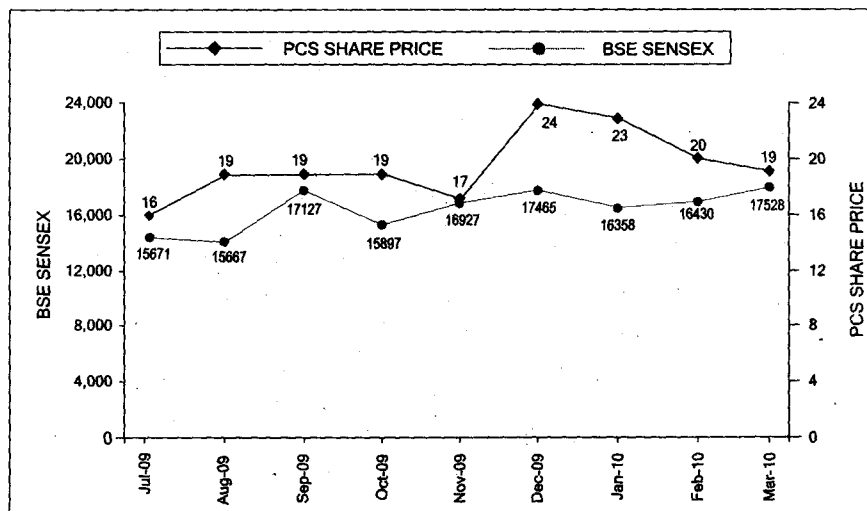
We further state that, such compliance is neither an assurance as to future viability of the Company, nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

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

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

Mumbai, 31st May, 2010

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 period 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 period 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.
 - (i) Significant changes in internal control during the period;
 - (ii) Significant changes in accounting policies during the period 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

Place : Mumbai
Date : 31st May, 2010

PCS TECHNOLOGY LIMITED

AUDITORS' REPORT

To the members of PCS TECHNOLOGY LIMITED for the period ended 31st March, 2010

- 1) I have audited the attached Balance Sheet of PCS TECHNOLOGY LIMITED, as at 31st March, 2010 and Profit and Loss Account and the Cash Flow statement of the Company for the period 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 31st March, 2010 and taken on record by the Board of Directors of the Company and the information and explanations given to me, none of the Director is, as at 31st March, 2010, 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 31st March, 2010 and
- ii) In the case of the Profit and Loss Account, of the profit of the Company for the period ended on that date.
- iii) In the case of the Cash Flow Statement, of the cash flows for the period ended on that date.

For S.C. BANDI & CO.
Chartered Accountants

S.C.BANDI
(Proprietor)

Place: Mumbai
Date : 31st May, 2010

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 period and no discrepancies were noticed on such verification.
- (ii)
 - (a) The inventory has been physically verified during the period 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 period was Rs.6,260/- lacs and the balance at the end of the period is Rs.6,110/- 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 31st March, 2010 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 period 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 raised new Term loan during the period and the said Term loan was applied for the purpose for which it was obtained.
- (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 period, 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 period covered by my audit.
- (xx) The Company has not raised any money by way of public issue during the period.
- (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: 31st May, 2010

PCS TECHNOLOGY LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2010

PARTICULARS	Schedule No.	As at 31.03.2010 (Rs.)	As at 30.06.2009 (Rs.)
1) SOURCES OF FUNDS			
a) SHAREHOLDER'S FUNDS			
i) Share Capital	[A]	210,240,188	210,240,188
ii) Reserves & Surplus	[B]	945,318,934	932,864,119
		1,155,559,122	1,143,104,307
b) LOAN FUNDS			
i) Secured Loans	[C]	368,199,010	372,712,635
ii) Unsecured Loans	[D]	611,000,000	576,000,000
		979,199,010	948,712,635
c) DEFERRED TAX LIABILITY (NET)		50,619,000	47,844,000
Total ...		2,185,377,132	2,139,660,942
2) APPLICATION OF FUNDS			
a) FIXED ASSETS			
Gross Block	[E]	1,130,340,727	1,092,527,421
Less: Depreciation		427,626,219	377,243,565
Net Block		702,714,508	715,283,856
Capital work in progress		80,147,601	5,327,181
(Including Advances on Capital account)		782,862,109	720,611,037
b) INVESTMENTS	[F]	65,724,730	65,724,730
c) CURRENT ASSETS, LOANS AND ADVANCES	[G]		
i) Inventories		103,737,353	126,309,801
ii) Sundry Debtors		1,617,184,139	1,472,428,422
iii) Cash and Bank Balances		94,402,607	103,068,708
iv) Other Current Assets		3,240,365	1,823,947
v) Loans and Advances		189,446,147	150,907,717
		2,008,010,611	1,854,538,595
LESS: CURRENT LIABILITIES & PROVISIONS	[H]		
i) Current Liabilities		659,540,780	489,257,481
ii) Provisions		11,679,538	11,955,939
		671,220,318	501,213,420
NET CURRENT ASSETS		1,336,790,293	1,353,325,175
Total ...		2,185,377,132	2,139,660,942
NOTES TO 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, 31st May, 2010

For and on behalf of the Board of Directors

B. J. Patel
Company Secretary

G. K. Patni
(Chairman)

H. C. Tandon
(Managing Director & CEO)

G. M. Dave
Satish Ajmera
Dadi B Engineer
P. V. Mehta
K. K. Barjatya

Directors

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PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH, 2010

TECHNOLOGY

PARTICULARS	Schedule No.	Period ended 31.03.2010 (Rs.)	Year ended 30.06.2009 (Rs.)
INCOME			
Sales & Services		1,977,039,502	2,884,867,284
Less: Sales Tax		45,356,883	71,817,219
		1,931,682,619	2,813,050,065
Less: Central Excise Duty		23,750,955	35,746,117
		1,907,931,664	2,777,303,948
Income from operation	[1]	6,046,811	10,235,312
Other Income	[1]	4,911,544	8,479,571
		10,958,355	18,714,883
		1,918,890,019	2,796,018,831
EXPENDITURE			
Decrease/(Increase) in stocks	[2]	(5,801,172)	7,287,045
Cost of materials consumed / sold	[3]	1,121,778,739	1,690,295,812
Manufacturing & Other Expenses	[4]	667,907,300	932,664,891
		1,783,884,867	2,630,247,748
Less: Cost Capitalised		-	4,981,160
		1,783,884,867	2,625,266,588
Profit before Interest, Depreciation & Taxation		135,005,152	170,752,243
Less : Interest paid	[5]	62,277,322	72,826,885
Depreciation		50,700,118	48,739,393
Less :Transfer from Revaluation Reserve		7,564,508	3,823,263
Profit before Taxation ...		29,592,220	53,009,228
Less: Provision for Taxation			
Current Tax		7,000,000	9,500,000
Deferred Tax		2,775,000	8,324,000
Fringe Benefit Tax		-	3,450,000
		9,775,000	21,274,000
Profit for the Year after Taxation		19,817,220	31,735,228
Add: Taxation pertaining to earlier years		202,103	2,624,349
Net Profit for the year		20,019,323	34,359,577
Add: Balance as per last Balance Sheet		210,000,229	175,640,652
Balance of Profit carried over to Balance Sheet...		230,019,552	210,000,229
Basic and diluted Earning per Share of Rs.10/- each (in Rupees)		0.96	1.64

As per my Report of even date attached

For S. C. BANDI & COMPANY
Chartered Accountants

S. C. Bandi
Proprietor
Membership no. 16932

Mumbai, 31st May, 2010

B. J. Patel
Company Secretary

G. K. Patni
(Chairman)

H. C. Tandon
(Managing Director & CEO)

G. M. Dave
Satish Ajmera
Dadi B Engineer
P. V. Mehta
K. K. Barjatya

Directors

PCS TECHNOLOGY LIMITED

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH, 2010

Particulars	Period ended 31st March, 2010 (Rs.)	Year ended 30th June, 2009 (Rs.)
Cash Flow arising from Operating Activities:		
Net Profit before Tax	29,592,220	53,009,228
Add: Depreciation	43,135,610	44,916,130
Loss/(Profit) on Sale of Fixed Assets (Net)	(33,663)	597,723
Interest received	(4,516,814)	(6,892,698)
Dividend received	(44,630)	(90,911)
Interest expenses	62,277,322	72,826,885
Operating Profit before Working Capital changes	130,410,045	164,366,356
Decrease/(Increase) in Sundry Debtors	(150,518,056)	45,017,031
Decrease/(Increase) in Inventories	22,572,447	(8,797,381)
(Decrease)/Increase in Sundry Creditors	170,764,998	(66,221,524)
Cash Generated from Operations..	42,819,389	(30,001,874)
Income Tax paid (net of refunds)	(40,332,088)	(26,239,803)
Net Cash Flow from /used Operating Activities...	132,897,346	108,124,679
Cash Flow arising from Investing Activities:		
Purchase of fixed assets including capital work-in progress and capital advances	(112,994,726)	(115,014,469)
Purchase of investments	-	890,734
Proceeds from sale of fixed assets	77,200	1,925,303
Interest received	3,100,396	7,901,301
Dividend received	44,630	90,911
Net Cash from Investing Activities...	(109,772,500)	(104,206,221)
Cash Flow arising from Financing Activities:		
Proceeds from long-term borrowings (net)	(17,155,604)	5,523,892
Proceeds from unsecured loan (net)	35,000,000	(14,995,964)
Change in working capital facilities	12,641,978	40,541,819
Interest paid	(62,277,322)	(72,826,885)
Net Cash used from Financing Activities...	(31,790,948)	(41,757,138)
Net Increase/(Decrease) in Cash/Cash Equivalents ...	(8,666,101)	(37,838,680)
Cash and Cash Equivalents at beginning of period	103,068,708	140,907,388
Cash and Cash Equivalents at end of period ended 31st March, 2010.	94,402,607	103,068,708

As per my Report of even date attached

For and on behalf of the Board of Directors

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

S. C. Bandi
Proprietor
Membership no. 16932

B. J. Patel
Company Secretary

G. K. Patni
(Chairman)

H. C. Tandon
(Managing Director & CEO)

G. M. Dave
Satish Ajmera
Dadi B Engineer
P. V. Mehta
K. K. Barjatya

Directors

Mumbai, 31st May, 2010

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SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2010

PARTICULARS	As at		As at	
	(Rs.)	31.03.2010 (Rs.)	(Rs.)	30.06.2009 (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>	
		210,240,188		210,240,188
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		196,125,611		196,125,611
REVALUATION RESERVE				
As per last Balance Sheet	425,517,695		82,405,789	
Less : Transferred to Profit & Loss a/c	<u>7,564,508</u>		<u>3,823,263</u>	
Add : Assets revalued during the year (See Note no.1(B)(iii))	-		<u>346,935,169</u>	
		417,953,187		425,517,695
GENERAL RESERVE				
		94,100,534		94,100,534
BALANCE IN PROFIT & LOSS ACCOUNT				
(As per Annexed Account)		230,019,552		210,000,229
Total		<u>945,318,934</u>		<u>932,864,119</u>

PCS TECHNOLOGY LIMITED

SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2010

PARTICULARS	As at 31.03.2010 (Rs.)	As at 30.06.2009 (Rs.)
SCHEDULE "C" - SECURED LOANS		
TERM LOANS		
Indian Bank (Secured by specific charge on the computer given on finance lease and on its Book debts)		8,746,189
HDFC Limited (Secured by hypothecation of property at Technocity, Mahape)	50,000,000	
WORKING CAPITAL FACILITIES		
FROM BANKS		
i) Cash Credit	105,672,774	253,019,517
ii) Working Capital Demand Loan	53,183,797	40,541,819
iii) Foreign Currency Loan	158,939,989	69,985,940
(Secured against hypothecation of Inventories and Book Debts of the Company as well as second charge on the fixed assets of the Company)	317,796,560	363,547,276
OTHER LOANS		
Against hypothecation of Vehicles		
i) HDFC Bank Limited	402,450	
ii) ICICI Bank Ltd		419,170
	402,450	419,170
Total	368,199,010	372,712,635
SCHEDULE "D" - UNSECURED LOANS		
From Directors	538,500,000	553,500,000
Inter-corporate Deposits	72,500,000	22,500,000
Total	611,000,000	576,000,000

SCHEDULE "E" - FIXED ASSETS

(Rupees)													
		GROSS BLOCK					DEPRECIATION / AMORTIZATION					NET BLOCK	
Sr. No.	PARTICULARS	As at 01/07/2009	Addition	On Account of Revaluation	Deduction	As at 31/03/2010	AS on 01/07/2009	Depreciation	Deduction	On Account of Revaluation	As at 31/03/2010	As at 31/03/2010	As at 30/06/2009
1	Freehold Land	80,403,834	-	-	-	80,403,834	-	-	-	-	-	80,403,834	80,403,834
2	Lease hold Land	200,609,904	-	-	-	200,609,904	365,541	2,742,938	-	-	3,108,479	197,501,426	200,244,363
3	Building	217,001,608	-	-	-	217,001,608	41,326,978	6,882,794	-	-	48,209,772	168,791,837	175,674,630
4	Plant and Machinery	278,305,254	-	-	-	278,305,254	248,744,208	8,401,556	-	-	257,145,764	21,159,490	29,561,045
5	Tools & Testing equipments	8,380,573	59,162	-	-	8,439,735	4,027,101	246,265	-	-	4,273,366	4,166,369	4,353,472
6	Electrical Installation	9,424,617	144,900	-	-	9,569,517	5,827,974	317,656	-	-	6,145,631	3,423,887	3,596,643
7	Furniture and Fixture	33,634,591	160,430	-	-	33,795,021	14,371,656	1,298,261	-	-	15,669,916	18,125,105	19,262,935
8	Vehicles	8,790,742	724,679	-	315,400	9,200,021	2,891,374	575,485	315,400	-	3,151,469	6,048,562	5,899,368
9	Computers, office & other equipments	115,394,524	29,888,169	-	45,600	145,237,093	28,739,626	12,738,452	2,064	-	41,476,014	103,761,079	86,654,897
10	Software (Intangible assets)	140,581,774	8,313,162	-	1,116,196	147,778,740	30,949,106	17,496,713	-	-	48,445,819	99,332,921	109,632,668
	TOTAL	1,092,527,421	39,290,502	-	1,477,196	1,130,340,727	377,243,564	50,700,118	317,464	-	427,626,219	702,714,508	715,283,856
	Total Previous year....	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	407,213,488	377,243,564	715,283,857	296,649,171

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SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2010

PARTICULARS	Nos. of Units/ Shares	Face Value in Rupees	As at 31.03.2010 (Rs.)	Nos. of Units/ Shares	Face Value in Rupees	As at 30.06.2009 (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 Diminution 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 Equity Shares						
A) In Subsidiary companies						
PCS International Ltd	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	50,000	10	500,000
			<u>65,320,300</u>			<u>65,320,300</u>
			<u>65,724,730</u>			<u>65,724,730</u>
Book value of Quoted investment			<u>404,430</u>			<u>404,430</u>
Book value of Unquoted investment			<u>65,320,300</u>			<u>65,320,300</u>
Market value of Quoted investment			<u>1,767,520</u>			<u>971,176</u>

PARTICULARS	As at 31.03.2010 (Rs.)	As at 30.06.2009 (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	92,781,563	121,125,630
Work in Progress	10,955,790	4,349,302
Finished Goods		834,869
	<u>103,737,353</u>	<u>126,309,801</u>

PCS TECHNOLOGY LIMITED

SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2010

PARTICULARS	As at 31.03.2010 (Rs.)	As at 30.06.2009 (Rs.)
SUNDRY DEBTORS		
(Unsecured & considered good by the Management)		
i) Over six months	527,538,252	543,956,572
ii) Other debts	1,073,837,472	901,045,655
iii) Future finance lease receivables	15,808,415	27,426,195
	1,617,184,139	1,472,428,422
(includes Rs. 9,515,227/- due from PCS International Ltd., wholly owned subsidiary- previous year :Rs.6,647,388/- . Maximum balance outstanding Rs. 9,650,987/-, previous year : Rs.6,647,388/-)		
(includes Rs. 4,997,900/- due from PCS Technology. USA, wholly owned subsidiary- previous year :Rs.4,882,922/- . Maximum balance outstanding Rs. 4,997,900/-, previous year : Rs.26,089,945/-)		
(includes Rs. 11,764,895/- due from PCS Positioning Systems (India) Limited, subsidiary company - previous year :Rs.11,764,895/- . Maximum balance outstanding Rs.11,764,895/-, previous year : Rs. 11,764,895/-)		
CASH AND BANK BALANCES		
Cash in hand	11,611,706	12,677,825
Bank Balances		
i) In Current Account	32,812,996	38,973,648
ii) In Margin Money Deposits	49,977,905	51,417,235
	94,402,607	103,068,708
OTHER CURRENT ASSETS		
Interest accrued	3,240,365	1,823,947
LOANS & ADVANCES		
(Unsecured & considered good by the Management)		
Advances recoverable in cash - or in kind or for value to be received	67,799,427	62,951,591
Loans & Advances to Subsidiaries		
PCS Positioning System (India) Ltd	1,167,415	1,129,915
(Maximum balance outstanding Rs. 1,167,415 /-, previous year Rs. 25,976,945 /-)		
Earnest Money Deposits	27,726,248	29,197,645
Sundry Deposits	29,720,316	27,190,451
(Amount includes Rs. 38 lacs paid to relatives of Director on account of rental deposits, Previous year Rs.38 lacs)		
Advance payment of Income Tax (Net of Provision)	57,773,831	24,997,740
Balance with Central Excise Department	5,258,910	5,440,376
	189,446,147	150,907,717
Total...	2,008,010,611	1,854,538,595
SCHEDULE "H" - CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES		
Sundry Creditors - Micro and Small Enterprises	3,660,028	15,249,455
Sundry Creditors - Others	590,688,709	436,132,439
Advance from Customers	18,018,130	17,744,167
Income received in advance	30,013,743	8,746,226
Other Current Liabilities	17,160,170	11,385,194
	659,540,780	489,257,481
PROVISIONS		
For Fringe Benefit Tax (Net of advances)	3,299,361	4,057,461
For Leave Encashment	8,380,177	7,898,478
	11,679,538	11,955,939
Total...	671,220,318	501,213,420

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SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31st MARCH 2010

PARTICULARS	Period ended 31.03.2010		Year ended 30.06.2009	
	(Rs.)	(Rs.)	(Rs.)	(Rs.)
SCHEDULE "1" - OTHER INCOME				
INCOME FROM OPERATIONS				
Sale of Scrap etc.	409,170		1,086,653	
Foreign Exchange fluctuation (Gain)	657,658		-	
Commission received	26,640		540,351	
Finance Charges Lease	4,281,838		7,707,043	
Incentive from Suppliers	671,505		901,265	
		6,046,811		10,235,312
OTHER INCOME				
Profit on Sale of Fixed assets (net)	33,663		-	
Profit on Sale of Current Investments (net)	-			42,243
Dividend received				
i) On long term Investments	44,630		38,681	
ii) On current Investments	-		52,230	
	44,630			90,911
Interest received				
i) From Banks	3,294,580		4,978,068	
ii) From Income tax refund	998,186		252,424	
iii) From Others	224,048		1,662,206	
(Tax deducted at source Rs. 392,750/- previous year Rs 1078,529/-)	4,516,814			6,892,698
Sundry Balances written back	-		1,075,056	
Miscellaneous Income	316,437		378,663	
		4,911,544		1,453,719
Total...		10,958,355		18,714,883
SCHEDULE "2" - DECREASE/(INCREASE) IN VALUE OF STOCK				
Opening stock as on 1st July, 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
Less:				
Closing Stock as at 31st March, 2010				
i) Work in Progress	10,955,790		4,349,302	
ii) Finished Goods	-		834,869	
		10,955,790		5,184,171
		(5,771,619)		7,518,219
Add: Increase /(Decrease) in Excise duty on stocks				
Excise duty in Opening stock	29,553		260,727	
Excise duty in Closing stock	-	(29,553)	29,553	
				(231,174)
Total...		(5,801,172)		7,287,045
SCHEDULE "3" COST OF MATERIAL CONSUMED / SOLD				
Opening stock	121,125,630		104,810,028	
Add : Purchases	1,093,434,672		1,706,611,413	
	1,214,560,302		1,811,421,441	
Less: Closing stock	92,781,563		121,125,630	
		1,121,778,739		1,690,295,812
Total...		1,121,778,739		1,690,295,812

PCS TECHNOLOGY LIMITED

SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31st MARCH 2010

PARTICULARS	Period ended		Year ended	
	(Rs.)	31.03.2010 (Rs.)	(Rs.)	30.06.2009 (Rs.)
SCHEDULE "4"				
MANUFACTURING AND OTHER EXPENSES				
Salaries, Wages and Bonus		406,377,252		586,211,188
Gratuity to Staff		48,162		558,688
Contribution to EPF, ESIC & EDLIS		24,192,114		30,411,561
Staff Welfare		7,052,195		8,848,895
Consumable, Stores, Spares		19,412,238		27,821,227
Rent		11,608,130		20,127,537
Electricity & Power		5,290,215		6,974,833
Insurance		4,158,171		5,537,912
<u>Payment to Auditors</u>				
Audit fees	295,053		402,595	
Other services	77,210		160,929	
Tax Audit fees	55,150	427,413	55,150	618,674
Advertisement Expenses		335,333		480,649
Bank charges		20,419,708		21,178,717
Bad Debts and Remissions		27,283,148		13,700,605
Sitting fees to directors		390,000		470,000
Commission on Sales		172,679		537,264
Conveyance expenses		8,448,117		13,948,606
Legal & Professional fees		10,698,490		14,768,972
Stock destroyed in fire		-		805,448
Loss on Sale of Fixed Assets (net)		-		597,723
Foreign Exchange Difference (Net)		-		14,119,524
Miscellaneous Expenditure		29,403,087		33,210,270
Packing, Courier & Forwarding		8,716,449		10,319,075
Postage, Telephone & Telex		4,907,242		7,036,227
Printing & Stationery		7,457,462		9,497,351
Rates & Taxes		1,092,570		1,965,600
Repairs to Building		941,059		3,015,703
Sales & Work contract tax		4,410,331		7,103,675
Outsourcing Expenses paid		29,595,449		44,259,937
Travelling expenses		35,070,286		48,539,030
Total...		667,907,300		932,664,891
SCHEDULE "5" - INTEREST PAID				
Interest paid on Fixed Loan		3,894,798		2,331,970
Interest paid to Others		58,382,524		70,494,915
Total...		62,277,322		72,826,885

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/- was 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.

(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. The current accounting period is for 9 months from 01.07.2009 to 31.03.2010. Figures of previous year are for a period of 12 months ending on 30.06.2009 and hence not directly comparable with figures of current period. The figures of the previous years have been re-grouped and/or rearranged wherever necessary.

3. 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.

4. Commitments and contingent liabilities

(a) Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for Rs.346,950/- (previous year Rs 2,848,637/-), net of advances.

(b) Contingent Liabilities not provided.

i) On account of Bank guarantees - Rs. 434,340,612/- (Previous year Rs.491,240,920/-).

PCS TECHNOLOGY LIMITED

NOTES FORMING PART OF THE ACCOUNTS (Contd.)

- ii) In respect of R&T activities, Vijaya Bank has filed an application No 1827 of 2000 for Rs 4,538,000/- alongwith interest in the Debt Recovery Tribunal, Mumbai. In this litigation, the Company is second defendant. The Company has been advised that it has a good defense, accordingly; the Company has not made any provision in respect of this litigation.

5. Managerial Remuneration (Rupees)

Managing Director	Current Period ended 31.03.2010	Previous Year ended 30.08.2009
(a) Salaries	1,408,600	2,271,300
(b) Value of perquisites	18,200	120,082
(c) Provident fund	151,200	201,800
(d) Ex-gratia	6,300	8,100
Total Remuneration	1,582,200	2,801,082

6. Employee Benefits

- a) Contribution to provident Fund of Rs.14,454,121/- (previous year Rs. 18,291,024/-) 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 Period		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	14,225,384	7,898,478	13,995,325	8,540,835
Interest cost	800,909	444,895	1,189,803	555,110
Current service cost	2,283,188	2,183,973	2,859,808	3,079,118
Benefit paid	-	-	-	(4,020,289)
Actuarial (Gain)/ Loss	(3,019,117)	(2,148,969)	(3,919,153)	(258,318)
Liability at the end of the year	14,270,365	8,380,177	14,225,384	7,898,478
2. Change in Fair value of Plan Assets				
Fair value of Plan assets at the beginning of year	16,942,885	-	16,512,234	-
Expected Return on Plan assets	908,848	-	1,177,322	-
Contributions	-	-	-	-
Benefit paid	-	-	-	-
Actuarial (Gain)/ Loss on plan assets	(742,137)	-	(748,871)	-
Fair value of Plan assets at the end of year	17,107,596	-	16,942,885	-
3. Expenses recognized in the Profit & Loss a/c (Rupees)				
Current service cost	-	2,183,973	-	3,079,118
Interest cost	-	444,895	-	555,110
Expected Return on Plan assets	-	-	-	-
Actuarial (Gain)/ Loss	-	(2,148,969)	-	(258,318)
Expenses recognized in the Profit & Loss a/c	-	481,899	-	3,377,912

4. Actuarial Assumptions		
	Current Period	Previous Year
Discount rate	8.00%	8.50%
Salary escalation rate	5%	5%
Expected Return on Plan assets	7.13%	2.13%
Retirement age	58 Years	58 Years
Mortality	LIC (1994-98)	LIC (1994-98)

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.

7. The Legal and Professional fees includes payments of professional fees of Rs. 498,350/- (previous year Rs. 875,040/-) to the firms in which some of the Directors of the Company are partners.
8. Particulars of dues to Micro, Small and Medium Enterprises under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act)

Particulars	As at 31 st March, 2010	As at 30 th June, 2009
Principle amount due to suppliers under MSMED Act at the year end	3,660,028	15,429,455
Interest accrued & due to suppliers under MSMED Act on the above amount, unpaid at the year end	11,833	3829
Payment made to suppliers (other than interest) beyond the appointed day during the year	392,055	1,402,087
Interest paid to suppliers under MSMED Act during the year	Nil	Nil
Interest due & payable to suppliers under MSMED Act for payments already made.	4,809	10,134
Interest accrued & remaining unpaid at the end of the year to supplier under MSMED Act.	16,442	14,063

9. The Pune unit continues to manufacture Computer Systems while manufacturing of Copper Clad Laminates (CCL) remains suspended.
10. 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 Period Ended 31.03.2010	Previous Year Ended 30.08.2009
(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
	Paper phenolic & Composite Copper clad Laminates	5 lacs Sq.mtrs.p.a	5 lacs Sq.mtrs.p.a
	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

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NOTES FORMING PART OF THE ACCOUNTS (Contd.)



S. No.	Particulars	Current Period	Previous Year
(B)	Production		
	<i>Computer Division</i>		
	Opening Stock	42 Nos.	423 Nos.
	Production during the year	8,520 Nos.	14,223 Nos.
	Capitalized	0 Nos.	24 Nos.
	Closing Stock	11 Nos.	42 Nos.
(C)	Turnover		
			(Rupees)
(i)	<i>Computer Division</i>		
	Sales including Computers, Computer Components, Monitors, Printers, Power Supply, Services & others. (Mixed Items)	1,807,931,864	2,777,303,948
	TOTAL	1,807,931,864	2,777,303,948
(D)	Material Consumption		
	(Consumption has been arrived at by deducting closing stock from the total of Opening Stock and Purchase)		
(i)	<i>Computer Division</i>		
	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.	1,121,778,739	1,690,295,812
	TOTAL	1,121,778,739	1,690,295,812

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

	Current Period 31.03.2010		Previous Year 30.06.2009	
	Value (Rs.)	Percentage	Value (Rs.)	Percentage
Raw Material, Computers & Peripherals Accessories				
(i) Imported	108,235,285	9.65	111,842,812	6.81
(ii) Indigenous	1,013,543,454	90.35	1,578,653,200	93.39
	1,121,778,739	100.00	1,690,295,812	100.00

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

	Current Period 31.03.2010 (Rs.)	Previous Year 30.06.2009 (Rs.)
Raw Material, Computers & Peripherals Accessories	112,793,278	118,654,387

(G) Expenditure in foreign currency:

Travelling & Others	17,782,411	14,212,943
---------------------	------------	------------

(H) Earning in foreign currency:

(F.O.B. Value of Exports)		
Export Sales & Services	73,241,280	83,215,400

11. 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 31st March 2010, is as follows

S. No.	Particulars	31.03.2010	30.06.2009
a)	Gross Investment in lease	16,592,143	29,848,907
b)	Present value of minimum lease payment	15,808,414	27,426,185
c)	Total gross investment		
1)	Not later than one year	11,703,112	18,180,542
2)	later than one year but not later than five	4,889,031	13,668,365
3)	later than five year	---	---
d)	Present value of Minimum lease payment		
1)	Not later than one year	10,845,480	14,808,821
2)	later than one year but not later than five	4,862,934	13,235,633
3)	later than five year	---	---
e)	Unearned Finance Income	783,728	2,420,712

12. Particulars of Earnings per Shares:

S. No.	Particulars	31.03.2010	30.06.2009
a)	Net Profit for the period / year	20,019,323	34,359,577
b)	Number of equity shares outstanding at the beginning and at the end of the year	20,950,877	20,950,877
c)	Nominal Value of the shares (Rs.)	10	10
d)	Basic and diluted Earning per share (Rs.) (a / b)	0.95	1.64

13. 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:

S. No.	Particulars	Accumulated as at 31.03.2010	Accumulated as at 30.06.2009
A)	Deferred Tax Liability		
i)	Depreciation	51,561,000	49,326,000
B)	Deferred Tax Assets		
i)	Expenses allowable on payment basis	942,000	1,482,000
		---	---
	Net Deferred Tax Liability	50,619,000	47,844,000

14. 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.

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

a) Key Management Personnel

- Mr. G.K.Patni (Chairman)
- Mr. A.K.Patni (Vice Chairman)
- Mr. H C Tandon (Managing Director)

PCS TECHNOLOGY LIMITED

NOTES FORMING PART OF THE ACCOUNTS (Contd.)

b) Relatives of key management personnel:-

- i) Mrs. Rajnikanta Patni
(Wife of Mr. G.K.Patni)
- ii) Mrs. Sadhna Patni
(Wife of Mr. A.K.Patni)
- iii) Mr. Apoorva Patni (Director)
(Son of Mr. A.K.Patni)
- iv) Mr. Arihant Patni
(Son of Mr. G.K.Patni)
- v) Mrs. Purnima Tandon
(Wife of Mr. H.C.Tandon)
- vi) Mrs. Rajrani Gangwal
(Sister of A.K.Patni & G.K. Patni)

vii) Sobhagmal M.Patni HUF

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

viii) Estate of Late Mr. Sobhagmal M Patni

ix) Estate of Late Mrs. Kanchanbai 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) Vrakash Technologies Ltd.

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

(Rupees)

Description	Subsidiaries Companies	Key Management Personnel	Relative of key Management Personnel	Affiliates	Total
Sales of Goods and Services	5,340,743 (11,863,260)	-	-	4,300 (143,249)	5,345,043 (12,006,509)
Interest Paid	-	-	-	3,695,206 (2,250,000)	3,695,206 (2,250,000)
Rent Paid	-	-	3,014,172 (4,907,896)	435,600 (1,436,450)	3,449,772 (6,344,346)
Reimbursement of expenses paid	463,249	-	-	51,159	514,408
Rent Received	-	-	-	2,250,000 (2,480,000)	2,250,000 (2,480,000)
Recovery of expenses received	77,275 (38,121)	-	-	2,191,528 (6,922,842)	2,268,803 (6,960,963)
Interest Received	(1,167,465)	-	-	-	(1,167,465)
Advance/loan given	(150,000)	-	-	-	(150,000)
Other Loan taken	-	35,000,000 (75,000,000)	-	55,000,000	90,000,000 (75,000,000)
Advance/ Loan Refunded	-	50,000,000 (84,000,000)	-	5,000,000	55,000,000 (84,000,000)
Remuneration to Directors	-	1,582,200 (2,601,082)	-	-	1,582,200 (2,601,082)
Balance outstanding as on 31st March 2010					
Receivable	26,278,024 (23,295,205)	-	-	2,004,126 (9,623,243)	28,282,150 (32,918,448)
Payable	-	-	-	-	-
Property Deposits	-	-	3,800,000 (3,800,000)	406,700 (406,700)	4,206,700 (4,206,700)
Other Loan Taken	-	538,500,000 (553,500,000)	-	72,500,000 (22,500,000)	611,000,000 (576,000,000)
Advance Rent received	-	-	-	5,750,000	5,750,000
Inter Corporate Deposit given	1,167,415 (1,129,915)	-	-	-	1,167,415 (1,129,915)

(Note : Previous year figures are shown in brackets)

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NOTES FORMING PART OF THE ACCOUNTS (Contd.)



14.3) 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 International Ltd., Mauritius	5,340,743 (9,984,460)	-	-	-
PCS Technology USA Inc.	(1,878,800)	-	-	-
Interest paid				
Ashoka Computer Systems Pvt. Ltd.	-	-	-	1,245,120 (750,000)
PCS Finance Pvt. Ltd.	-	-	-	1,204,966 (750,000)
PCS Cullinet Pvt. Ltd.	-	-	-	1,245,120 (750,000)
Rent paid				
Estate of Kanchanbai Patni	-	-	698,040 (1,192,744)	-
Sadhana Patni	-	-	512,460 (814,208)	-
Rajnikanta Patni	-	-	403,560 (669,008)	-
PCS Finance Pvt. Ltd.	-	-	-	217,800 (610,725)
Reimbursement of expenses paid				
PCS International Ltd., Mauritius	463,249	-	-	-
Vraksh Technologies Ltd	-	-	-	51,159
Rent Received				
Vraksh Technologies Limited	-	-	-	2,250,000 (2,480,000)
Reimbursement/Recovery of expenses received				
Vraksh Technologies Limited	-	-	-	2,191,528 (6,922,842)
Interest received				
PCS Positioning Systems (India) Ltd.	(1,167,465)	-	-	-
Other Loan Taken				
A.K.Patni	-	35,000,000 (25,000,000)	-	-
G.K..Patni	-	(50,000,000)	-	-
Ashoka Computer Systems Pvt. Ltd.	-	-	-	17,000,000
PCS Finance Pvt. Ltd.	-	-	-	16,000,000
PCS Cullinet Pvt. Ltd.	-	-	-	17,000,000
Other Loan Refunded				
A.K.Patni	-	50,000,000 (84,000,000)	-	-
Remuneration to Directors				
H.C.Tandon	-	1,582,200 (2,601,082)	-	-

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 as on 31st March, 2010				
Receivable				
PCS Technology USA. INC	4,997,901 (4,882,922)	-	-	-
PCS Positioning Systems (India) Ltd.	11,764,895 (11,764,895)	-	-	-
PCS International Ltd., Mauritius	9,515,228 (6,647,388)	-	-	-
Vraksh Technologies Limited	-	-	-	1,879,724 (9,623,243)
Payable				
A.K.Patni	-	(8,667,792)	-	-
Property Deposits				
Estate of Kanchanbai Patni	-	-	1,100,000 (1,100,000)	-
Rajnikanta Patni	-	-	600,000 (600,000)	-
Sadhana Patni	-	-	700,000 (700,000)	-
Apoorva Patni	-	-	500,000 (500,000)	-
Arihant Patni	-	-	500,000 (500,000)	-
PCS Finance Pvt.Ltd	-	-	-	205,030 (205,030)
Other Loan Taken				
A.K.Patni	-	328,500,000 (343,500,000)	-	-
G.K..Patni	-	210,000,000 (210,000,000)	-	-
Advance Rent Received				
Vraksh Technologies Limited	-	-	-	5,750,000
Inter Corporate Deposit given				
PCS Positioning Systems (India) Ltd.	1,167,415 (1,129,915)	-	-	-

(Note : Previous year figures are shown in brackets)

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

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

Name of the company	Relationship	Balance as at the end of the year		Maximum Outstanding	
		Current year	Previous year	Current year	Previous year
PCS Positioning Systems (India) Ltd.	99.43% Subsidiary	1,167,415	1,129,915	1,167,415	25,976,945

15 (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.

16. 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.

17. Balance Sheet abstract and Company's general business profile pursuance to Para IV of Schedule VI to the Companies Act, 1956 is attached.

As per my Report of even date attached

For and on behalf of the Board of Directors

For S. C. BANDI & COMPANY
Chartered Accountants

S. C. Bandi
Proprietor
Membership no. 16932

B. J. Patel
Company Secretary

G. K. Patni
(Chairman)

H. C. Tandon
(Managing Director & CEO)

G. M. Dave
Satish Ajmera
Dadi B Engineer
P. V. Mehta
K. K. Barjatya

} Directors

Mumbai, 31st May, 2010

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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 31 st March, 2010
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	2185377	Total Assets	2185377
Source of Funds			
Paid-up Capital	210240	Reserves & Surplus	945319
Secured Loans	368199	Unsecured Loans	611000
Net Deferred Tax Liabilities	50619		
Application of Funds			
Net Fixed Assets	782862	Investments	65725
Net Current Assets	1336790	Miscellaneous Expenditure	-
IV. Performance of the Company (Amount in Rs. Thousands)			
Turnover (including Other Income)	1918890	Total Expenditure	1889298
Profit before Tax	29592	Profit after Tax	19817
Earnings per Share	0.96	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 attached

For and on behalf of the Board of Directors

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

S. C. Bandi
Proprietor
Membership no. 16932

B. J. Patel
Company Secretary

G. K. Patni
(Chairman)

G. M. Dave
Satish Ajmera
Dadi B Engineer
P. V. Mehta
K. K. Barjatya

} Directors

H. C. Tandon
(Managing Director & CEO)

Mumbai, 31st May, 2010

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	31st March 2010	31st March 2010	31st March 2010
No. of Equity shares held by PCS TECHNOLOGY LTD.	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.	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 period ended 31st March 2010	(1,678,348) INR	(105,638) INR	(2,090,833) INR
ii) For the previous financial year since it became a Subsidiary.	(4,952,283) INR	(2,422,063) INR	(3,396,192) INR
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 period ended 31st March 2010	Nil	Nil	Nil
ii) For the previous financial year since it became a Subsidiary.	Nil	Nil	Nil

As per my Report of even date attached

For and on behalf of the Board of Directors

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

S. C. Bandi
Proprietor
Membership no. 16932

B. J. Patel
Company Secretary

G. K. Patni
(Chairman)

G. M. Dave
Satish Ajmera
Dadi B Engineer
P. V. Mehta
K. K. Barjatya

} Directors

H. C. Tandon
(Managing Director & CEO)

Mumbai, 31st May, 2010

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 Sixth Annual Report together with Audited Accounts for the Financial Period / Year ended 31st March, 2010.

FINANCIAL RESULTS

Particulars	(Rs. In lacs)	
	Period ended 31.03.2010 (Nine months)	year ended 30.06.2009 (Twelve months)
Sales & Other Income	-	2
Profit/(Loss) before interest, depreciation & taxation	(6)	(2)
Interest	-	12
Depreciation	15	20
Profit/(Loss) before Taxation	(21)	(34)
Profit/(Loss) after Tax	(21)	(34)
Profit/(Loss) as per last Balance Sheet	(429)	(395)
Balance Carried to Balance Sheet	(450)	(429)

CHANGE IN FINANCIAL YEAR

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

OPERATIONS

During the period / year under review, your Company has not carried out any business activity; however the Company is exploring the possibility for the revival of the existing line of business and diversity in IT & ITes activities.

DIVIDEND

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

DIRECTORS

Mr. D. B. Maheshwari, and Mr. M. P. Jain, 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:

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 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 31st March, 2010 and of the loss of the Company for the period / 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; and

4. The Annual Accounts of the Company have been prepared on a going concern basis.

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 period / 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 May, 2010

A.K.Patni H.C.Tandon
Director 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 May, 2010

A.K.Patni H.C.Tandon
Director 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 Iramarket Compound,
Yerawade 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 9 months period ended on **March 31, 2010**. 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 period:

- 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 **4 (Four)** times on **14/08/2009, 17/09/2009, 10/12/2009, 5/03/2010** 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 period, as it was not required to close the same.
- The Annual General Meeting for the financial year ended on **30/06/2009** was convened and held on **27/11/2009** after giving due notice to the adoption of Annual accounts as on **30/06/2009** were duly recorded in the Minutes Book maintained for the purpose.
- No** Extra ordinary General meeting were held during the period ended March 31, 2010.
- 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 period.
- The Company has not issued any duplicate share certificates during the period.
 - 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 period.
 - The Company has not deposited any amount in a separate Bank Account as no dividend was declared during the period.
 - The Company was not required to post warrants to any members of the Company as no dividend was declared during the period.

(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.
- The Company has not appointed any managing Director or whole time Director or Manager during the period.
- The Company has not appointed any sole-selling agents during the period.
- 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 period.
- 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 period.
- The Company has not bought back any shares during the period.
- The Company has not redeemed any shares during the period.
- 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 period.
- The Company has not borrowed from Directors, members, public, financial institutions, banks and others during the period ending 31/03/2010 and that no approval as per Section 293(1)(d) is required to be obtained.
- The Company has not made loans and investments or given guarantees or provided securities to other bodies corporate.
- 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 period under scrutiny.
- The Company has not altered the provisions of the Memorandum with respect to the Objects of the Company during the period under scrutiny.
- The Company has not altered the provisions of the Memorandum with respect to name of the Company during the period scrutiny.
- The Company has not altered the provisions of the Memorandum with respect to Authorised Share Capital of the Company during the period under scrutiny.
- The Company has not altered its Articles of Association with respect to Authorised Share Capital of the Company during the period 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 period.
- Provisions of Provident Fund are not applicable.

For Bhavesh Desai & Associates
Company Secretaries

(Bhavesh Desai)
C.P.No.7711
Mumbai
Date: 17.05.2010

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 183.
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 208.
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: 17.05.2010

ANNEXURE 'B'

Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government during the financial period ending on 31st June, 2010

Sr.No	Form No/ Return	Filed under Section	For	Date of filing	Whether filed within Prescribed Time yes/no
1	Form 88	383A	Compliance Certificate	12/12/2009	Yes
2	Form 23 AC & ACA	220	Balance sheet & Profit & loss A/c	15/12/2009	Yes
3	Form 20B	159	Annual return	24/12/2009	Yes
4	Form 32	303(2), 264(2) or 286(1)(a) and 286(1)(b)(iii)	Change in designation of Director Mr. Ashok Kumar Patni	12/01/2010	No

For Bhavesh Desai & Associates
Company Secretaries

(Bhavesh Desai)
C.P.No.7711

Mumbai

Date: 17.05.2010

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PCS POSITIONING SYSTEMS (INDIA) LTD.

PCS
TECHNOLOGY

AUDITOR'S REPORT TO THE MEMBERS

- 1) I have audited the attached Balance Sheet of M/s. PCS POSITIONING SYSTEMS (INDIA) LIMITED as at 31st March, 2010 and also the Profit and Loss Account for the period 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 31st March, 2010 and taken on record by the Board of Directors, I report that none of the Directors are disqualified, as at 31st March, 2010 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 31st March, 2010 and
 - ii) In the case of the Profit and Loss Account, of the loss for the period ended on that date.
 - iii) In the case of Cash Flow Statement, of the cash flows for the period ended on that date.

For S.C. BANDI & CO.
Chartered Accountants

S.C. BANDI
(Proprietor)

Membership No. 16932

Place: Mumbai

Date: 17th May, 2010

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 period and no discrepancies were noticed on such verification.
- (c) During the period company has not disposed off any substantial part of its Fixed Assets.
- (ii) The Company do not hold any physical inventories during the current period 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 period was Rs. 250.00 lacs and the balance at the end of the period 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 31st March, 2010 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 period 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 period 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 period.
- (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 period, 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 period covered by my audit.
- (xx) The company has not raised any money through a public issue during the period.
- (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 May, 2010

PCS POSITIONING SYSTEMS (INDIA) LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2010

PARTICULARS	Schedule No.	As at 31.03.2010 (Rs.)	As at 30.06.2009 (Rs.)
SOURCES OF FUNDS			
SHAREHOLDER'S FUNDS			
Share Capital	[A]	17,600,000	17,600,000
LOAN FUNDS			
Unsecured Loan	[B]	25,000,000	25,000,000
Total ...		42,600,000	42,600,000
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	[E]	17,141,289	17,141,289
Less: Depreciation		10,557,623	9,071,614
Net Block		6,583,666	8,069,675
CURRENT ASSETS, LOANS AND ADVANCES			
Sundry Debtors	[C]	3,063,052	3,811,574
Cash and Bank Balances		61,757	110,083
Loans and Advances		1,979,383	1,979,340
		5,104,192	5,700,997
Less : Current Liabilities and Provisions	[D]		
Current Liabilities		14,056,513	14,048,495
Provision			
		14,056,513	14,048,495
NET CURRENT ASSETS		(8,952,321)	(8,347,498)
Profit and Loss Account			
Balance as per Annexed Accounts		44,968,656	42,877,823
Total ...		42,600,000	42,600,000
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 May, 2010

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 ACCOUNT FOR THE PERIOD ENDED 31ST MARCH, 2010

PARTICULARS	Schedule No.	Period ended on 31.03.2010 (Rs.)	Year ended 30.06.2009 (Rs.)
INCOME			
Sales & Services	[1]		158,767
Other Income	[2]		79,224
			237,991
EXPENDITURE			
Operating & Other Expenses	[3]	604,824	477,873
		604,824	477,873
Loss Before Interest & Depreciation		(604,824)	(239,882)
Interest Others	[4]		1,170,635
Depreciation	[E]	1,486,009	1,985,675
Loss for the period		(2,090,833)	(3,396,192)
Balance as per last Balance sheet		(42,877,823)	(39,481,631)
Balance of Loss carried over to Balance Sheet...		(44,968,656)	(42,877,823)
Basic and diluted Earning per Shares of Rs. 10/- each (in Rs.)		(1.19)	(1.93)

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 May, 2010

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 PERIOD ENDED 31ST MARCH, 2010

PARTICULARS	Period ended on 31.03.2010 (Rs.)	Year Ended 30th June, 2009 (Rs.)
A. Cash Flow arising from Operating Activities:		
1. Net Profit Loss before Tax	(2,090,833)	(3,386,182)
Add: Depreciation	1,486,009	1,985,675
Interest income	-	(6,431)
Interest expenses	-	1,170,635
2. Operating Loss before Working Capital changes	(604,824)	(246,313)
Decrease/(Increase) in Sundry Debtors and Loan & advances	548,480	18,807
(Decrease)/Increase in Sundry Creditors	8,818	1,237,936
3. Cash Generated from Operations...	(48,326)	1,010,430
B. Cash Flow arising from Investing Activities:		
Interest received	-	6,431
Net Cash from Investing Activities...	-	6,431
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)
Net Cash from Financing Activities...	-	(2,090,635)
Net increase in Cash/Cash Equivalents ...	(48,326)	(1,073,774)
Cash and Cash Equivalents at beginning of period	110,083	1,183,857
Cash and Cash Equivalents at end of period 31st March, 2010	61,757	110,083

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

For and on behalf of the Board of Directors

S C Bandi
(Proprietor)
Membership No.16932

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

Place : Mumbai
Date : 17th May, 2010

SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2010

PARTICULARS	As at 31.03.2010 (Rs.)	As at 30.06.2009 (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 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		
From Director	25,000,000	25,000,000
Total	25,000,000	25,000,000
SCHEDULE "C" - CURRENT ASSETS, LOANS AND ADVANCES		
SUNDRY DEBTORS (Unsecured & considered good by the Management)		
a) Debts outstanding for a period exceeding six months	3,063,052	3,107,406
b) Others Debts	3,063,052	504,168
3,611,574		
CASH AND BANK BALANCES		
a) Cash in hand	2,000	2,000
b) Balance with Scheduled Bank In Current Account	59,757	108,083
61,757		110,083
LOANS & ADVANCES (Unsecured & considered good by the Management)		
Advances recoverable in cash - or in kind or for value to be received	614,006	613,964
Sundry Deposits	45,000	45,000
Earnest Money Deposits	870,000	870,000
Advance payment of tax (Net of Provision)	327,233	327,232
Advance Fringe benefit tax (Net of Provision)	123,144	123,144
1,979,383		1,979,340
Total	5,104,192	5,700,997
SCHEDULE "D" - CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES		
Sundry Creditors - Micro and Small Enterprises	-	-
Sundry Creditors	13,897,048	13,855,652
Advance from Customers	159,465	189,465
14,056,513		14,045,117
Other Current Liabilities	-	3,378
Total	14,056,513	14,048,495
14,056,513		14,048,495

PCS POSITIONING SYSTEMS (INDIA) LIMITED

SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH,2010

SCHEDULE "E" - FIXED ASSETS

(Rupees)

		GROSS BLOCK				DEPRECIATION				NET BLOCK	
Sr. No.	Particulars	As at 01/07/2009	Additions	Deduction	As at 31/03/2010	As at 01/07/2009	For the Year	Deductions	As at 31/03/2010	As at 31/03/2010	As at 30/06/2009
1	Plant & Machinery	661,420	-	-	661,420	152,865	26,688	-	179,553	481,867	508,555
2	Tools & Testing Equipments	46,828	-	-	46,828	9,914	1,668	-	11,582	35,246	36,914
3	Electrical Installations	364,086	-	-	364,086	73,726	12,971	-	86,697	277,389	290,360
4	Furnitures & Fixtures	1,135,157	-	-	1,135,157	323,020	53,892	-	376,912	758,245	812,137
5	Office Equipments	1,804,556	-	-	1,804,556	826,262	148,225	-	974,487	830,069	978,294
6	GPRS/GPS equipments	4,114,278	-	-	4,114,278	651,958	146,571	-	798,529	3,315,749	3,462,320
7	Software (Intangible assets)	9,014,964	-	-	9,014,964	7,033,869	1,095,994	-	8,129,863	885,101	1,981,095
	Total ...	17,141,289	-	-	17,141,289	9,071,614	1,486,009	-	10,557,623	6,583,666	8,069,675
	Total Previous Year ...	17,141,289	-	-	17,141,289	7,085,939	1,985,675	-	9,071,614	8,069,675	10,055,350

SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED ON 31ST MARCH,2010

PARTICULARS	Period ended 31.03.2010 (Rs)	Year ended 30.06.2009 (Rs)
-------------	------------------------------	----------------------------

SCHEDULE "1" - SALES

(a) INCOME

Sales

Sales & Services 158,767

Total 158,767

SCHEDULE "2" - OTHER INCOME

Foreign exchange difference 72,793

Interest received from bank 6,431

(Tax deducted at sources Rs.nil /-previous year nil)

Total 79,224

SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED ON 31ST MARCH,2010

PARTICULARS	Period ended 31.03.2010 (Rs)	Year ended 30.06.2009 (Rs)
-------------	------------------------------	----------------------------

SCHEDULE "3" - OPERATING AND OTHER EXPENSES

Hire charges 13,800

Audit Fees 11,030 13,512

Bank charges 409

Credit balance written back 26,029

Legal & Professional fees 41,500 407,030

Postage, Telephone & Telex expenses 1,272 9,373

Roc Filing Fees 2,500 4,500

Rates & Taxes 3,220

Bad debts written off 538,416

Foreign Exchange Difference 10,106

Total 604,824 477,873

SCHEDULE "4" INTEREST (OTHERS)

Interest Paid

Holding Company 1,167,465

Others 3,170

Total 1,170,635

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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 convention, 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 capitalized. Pre-operative expenses capitalized form 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 recognized 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 revenue is recognized 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 recognized 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) The current accounting period is for 9 months from 01.07.2009 to 31.03.2010. Figures of previous year are for a period of 12 month ending on 30.06.2009 and hence not directly comparable with figures of current period. The figures of the previous year have been re-grouped and / or rearranged where ever necessary.

- 3) Contingent liabilities - NIL (Previous Year Nil)

- 4) 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 extent such parties have been identified on the basis of the information available with the company

- 5) 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.

- 6) 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

- 7) 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

	2009-10		2008-09	
	Qty	Amount	Qty	Amount
Sales include Computers, Servers, GPRS/				
GPS Equipments & Accessories &				
Application Softwares, Services &				
Other Related income	-	-	-	158,767
	-	-	-	158,767

- (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) Earning in Foreign Exchange :

F.O.B. Value of Exports	2009-10 (Rs.)	2008-09 (Rs.)
Export of Goods	-	-

- 8) Particulars of Earnings per Share:

(a) Net Loss for the year (Rs.)	(2,090,833)	(3,396,192)
(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)	(1.19)	(1.93)

- 9) 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

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

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

(Rupees)

Description	PCS Technology Ltd	PCS Technology USA, Inc	A.K.Patni	Total
Interest Paid	-	-	-	-
	(1,167,465)	-	-	(1,167,465)
Other Loan Taken	-	-	-	-
	-	-	(25,000,000)	(25,000,000)
Repayment of Intercompany Deposits	-	-	-	-
	(25,920,000)	-	-	(25,920,000)
Reimbursement of Expenses	37,500	-	-	37,500
	(41,891)	-	-	(41,891)
Balance outstanding as on 31/03/2010				
Receivable	-	139,911	-	139,911
	-	(139,911)	-	(139,911)
Payables	12,932,310	-	-	12,932,310
	(12,894,810)	-	-	(12,894,810)
Other Loan Taken	-	-	25,000,000	25,000,000
	-	-	(25,000,000)	(25,000,000)

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

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 BANER & CO.
(Chartered Accountants)

S C Bandi
(Proprietor)
Membership No.16832

Place : Mumbai
Date : 17th May, 2010

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	31 st March 2010

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	42,600	Total Assets	42,600
Source of Funds			
Paid-up Capital	17,600	Reserves & Surplus	-
Secured Loans	-	Unsecured Loans	25,000
Application of Funds			
Net Fixed Assets	6,584	Investments	-
Net Current Assets	(6,952)	Miscellaneous Expenditure	-
Profit & Loss Account Bal	44,969		

IV. Performance of the Company

(Amount in Rs.Thousands)

Turnover (including Other Income)	0	Total Expenditure	2091
Profit/(Loss) before Tax	(2091)	Profit/(Loss) after Tax	(2091)
Earnings per Share (in Rs.)	(1.19)	Dividend Rate	-

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 BANER & CO.
(Chartered Accountants)

S C Bandi
(Proprietor)
Membership No.16832

Place : Mumbai
Date : 17th May, 2010

For and on behalf of the Board of Directors

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

ANNUAL REPORT 2009-2010

PCS INTERNATIONAL LIMITED, MAURITIUS



MANAGEMENT & ADMINISTRATION

DIRECTORS:

Gajendra Kumar Patni
Ashok Kumar Patni
Amit Kumar Patni
Gyaneshwar Math Gowree
Avenash Ramtohol

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

DIRECTORS' REPORT

The Members,

PCS International Limited

Your Directors have the pleasure in presenting the Annual Report of your company together with Audited Balance Sheet for the period ended on 31st March 2010.

During the financial period under review, the Company has achieved turnover of Rs.59 lacs as against Rs.120 lacs in the previous year. The business has resulted in a Net loss of Rs.16.78 lacs.

DIVIDEND

In view of losses, your Directors do not recommend any dividend during the period 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 confirms that:

1. In the Preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. Appropriate accounting policies have been selected and applied consistently and have made judgements and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2010 and of the loss of the Company for the said period.
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 period 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 period 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

A K PATNI G K PATNI
Director Director

Place : Mumbai
Date : 15th May, 2010

REGISTERED OFFICE:

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

AUDITOR'S REPORT TO THE MEMBERS

Auditor's report to the members of PCS International Limited.

- 1) I have audited the attached Balance Sheet of PCS International Limited. (the 'Company') as at 31st March, 2010 and the Profit and Loss account for the period ended 31st March, 2010 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 our 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 stated in note 2(b) to schedule 12, these financial statements have been prepared by the Company for the purpose of attaching to the financial statements of its ultimate holding company, PCS Technology Limited, as prescribed under section 212 of the Indian Companies Act, 1956
- 4) 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 31st March, 2010 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 31st March, 2010 and
 - (ii) In the case of the profit and loss account, of the loss of the Company for the period ended 31st March, 2010

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

S.C.BANDI
(Proprietor)

Membership No. : 16932

Place : Mumbai
Date : 15th May, 2010

PCS INTERNATIONAL LIMITED

BALANCE SHEET AS AT 31ST MARCH 2010

	Schedule No.	As at 31st March 2010 9 months (Rs.)	As at 30th June, 2009 12 months (Rs.)
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	47,088,450	47,088,450
Reserves & Surplus	2	8,905,554	9,848,358
		<u>55,994,004</u>	<u>56,936,808</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Blocks	3	6,292,706	6,292,706
Less: Depreciation		5,657,759	5,651,575
		<u>634,947</u>	<u>641,131</u>
Current Assets, Loans and Advances			
Inventories		1,112,829	1,248,258
Sundry Debtors	4	22,198,821	23,075,590
Cash and Bank Balances	5	2,702,261	1,953,082
Loans & Advances	6	3,950,526	4,277,630
		<u>29,964,437</u>	<u>30,554,560</u>
Current Liabilities and Provisions			
Current Liabilities	7	12,271,897	10,247,053
Provisions			
		<u>12,271,897</u>	<u>10,247,053</u>
Net Current Assets		<u>17,692,540</u>	<u>20,307,508</u>
Profit & Loss A/c	8	<u>37,666,517</u>	<u>35,988,169</u>
		<u>55,994,004</u>	<u>56,936,808</u>
Notes to the Accounts	12		

As per my report of even date

For S.C.Bandi & Co.
Chartered Accountants

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

For PCS International Limited

A K Patni Director
G K Patni Director
Amit Patni Director

Place : Mumbai
Date: 15th May, 2010

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH 2010

	Schedule No.	9 months ended 31st March 2010 (Rs.)	12 months ended 30th June, 2009 (Rs.)
Income			
Consultancy services		5,905,699	12,089,204
Other Income	11	27,292	525
		<u>5,932,991</u>	<u>12,089,729</u>
Expenditure			
Cost of Sales	9	5,476,172	11,622,907
Operating Expenses	10	2,128,983	5,410,711
Depreciation	3	6,184	8,394
		<u>7,611,339</u>	<u>17,042,012</u>
(Loss) Before Tax		<u>(1,678,348)</u>	<u>(4,952,283)</u>
Less: Provision for Tax			
(Loss) After Tax		<u>(1,678,348)</u>	<u>(4,952,283)</u>
Excess provision reversed			3,014,339
		<u>(1,678,348)</u>	<u>(1,937,944)</u>
Add: Balance as per Last Balance Sheet		<u>(35,988,169)</u>	<u>(34,050,225)</u>
Balance carried down to Balance Sheet		<u>(37,666,517)</u>	<u>(35,988,169)</u>
Basic and diluted earnings per share		(15.26)	(17.62)
Number of Shares used in Computing basic and diluted earnings per share		110,000	110,000
Notes to the Accounts	12		

As per my report of even date

For S.C.Bandi & Co.
Chartered Accountants

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

For PCS International Limited

A K Patni Director
G K Patni Director
Amit Patni Director

Place : Mumbai
Date: 15th May, 2010

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PCS INTERNATIONAL LIMITED, MAURITIUS



Schedules to the Balance Sheet as at 31st March 2010

	As at 31st March 2010 9 months (Rs.)	As at 30th June, 2009 12 months (Rs.)
1 Share Capital		
Authorised share capital		
111,000 Equity Shares of Par value USD 10	47,088,450	47,088,450
Issued, Subscribed and paid-up share capital		
111,000 Equity Shares of Par value USD 10	47,088,450	47,088,450
(All the above shares are held by holding Company M/s PCS Technology Ltd.)		
2 Reserves & Surplus		
Currency Fluctuation Reserve	8,905,554	9,848,358
3 Fixed Assets		
Gross Block	6,292,706	6,292,706
Provision for Depreciation	5,851,575	5,843,181
Current depreciation	6,184	8,394
Net Book Value	634,947	641,131
4 Sundry Debtors		
(Unsecured and considered good by the management)		
Debts outstanding for a period exceeding six months	22,198,821	23,075,590
Other Debts		
	22,198,821	23,075,590
5 Cash & Bank Balances		
Cash & Bank Balances	2,702,261	1,953,082
6 Loans & Advances		
Advances	971,469	1,081,787
Prepayments	492,377	536,797
Deposit	485,981	521,321
Fixed Deposits	455,351	512,687
Margin Deposits	1,566,248	1,625,058
	3,950,526	4,277,630
7 Current Liabilities		
Advance received from customers	681,634	1,099,621
Staff end of service gratuity	12,958	11,249
Accruals	6,931	243,898
Sundry Creditors	11,570,374	8,892,285
	12,271,897	10,247,053
8 Profit & Loss Account (Dr. Balance)		
	37,666,517	35,988,169
	37,666,517	35,988,169

Schedules to Profit and Loss Account for the period ended 31st March 2010

	9 months ended 31st March 2010 (Rs.)	12 months ended 30th June, 2009 (Rs.)
9 Cost of Sales		
Opening Inventory	1,248,258	1,357,734
Purchases	5,340,743	11,513,431
	6,589,001	12,871,165
Less Closing Inventory	1,112,829	1,248,258
	5,476,172	11,622,907
10 Operating Expenses		
Salaries & wages	225,744	754,066
Rent	1,076,520	3,111,926
Electricity & Power	15,781	2,949
Insurance Exp.		69,200
Audit fees	110,125	111,628
Bank Charges	22,594	28,060
Directors fees	52,940	
Legal & Professional fees	157,214	365,590
Foreign exchange difference	4,586	18,650
Miscellaneous Expenditure	287,028	757,910
Courier, Postage, Telephone & Telex	17,857	40,547
Rates & Taxes	54,069	
Conveyance & Travelling Expenses	104,525	148,930
Printing & Stationery		1,255
	2,128,983	5,410,711
11 Other Income		
Bank Interest	532	525
Miscellaneous Income	26,760	
	27,292	525

PCS INTERNATIONAL LIMITED

SCHEDULE: 12 - Notes to Accounts

1. Background

PCS International Limited was incorporated in Port Louis on 3rd September 1999 as a wholly owned subsidiary of PCS Technology Ltd. The Financial statements are for the period from 1st July 2009 to 31st March 2010. PCS International Limited is engaged in the business of providing Consultancy services.

2. Principal Accounting Policies :

Basis 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.
3. The current accounting period is for 9 months from 01.07.2009 to 31.03.2010. Figures of previous year are for a period of 12 months ending on 30.06.2009 and hence not directly comparable with figures of current period. The figures of the previous years have been re-grouped and/or rearranged wherever necessary
4. 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.
5. Income and expenditure incurred in foreign exchange have been translated at the average conversion rate of the accounting period. Current assets and current liabilities have been translated at the conversion rate as at 31st March 2010.

6. Particulars of Earning per Share

	2009-10	2008-09
(a) Net Profit/(Loss) for the period (Rs.)	(1,678,348)	(1,937,944)
(b) Number of equity shares at the beginning of the year	111,000	111,000
(c) Number of equity shares issued during the year		
(d) Number of equity shares outstanding at the end of year	111,000	111,000
(e) Basic and diluted Earning per Share (Rs.)	(15.26)	(17.62)

As per my report of even date

For S.C.Bandi & Co.
Chartered Accountants

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

For PCS International Limited

A K Patni Director
G K Patni Director
Amit Patni Director

Place : Mumbai
Date: 15th May, 2010

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details :

Registration No.	State Code	Balance Sheet Date
	NA	31 st March 2010

II. Capital raised during the year:

(Amount in Rs. Thousands)

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

III. Position of Mobilisation and Deployment of Funds: (Amount in Rs. Thousands)

Total Liabilities	55994	Total Assets	55994
Source of Funds			
Paid-up Capital	47088	Reserves & Surplus	8906
Secured Loans	NIL	Unsecured Loans	NIL
Application of Funds			
Net Fixed Assets	634	Investments	NIL
Net Current Assets	17693	Miscellaneous Expenditure	37667

IV. Performance of the Company

(Amount in Rs.Thousands)

Turnover (including Other Income)	5933	Total Expenditure	7611
Profit/(Loss) before Tax	(1678)	Profit/(Loss) after Tax	(1678)
Earnings per Share (in Rs.)	(15.26)	Dividend Rate %	

V. Generic Names of Three Principal Products of the Company

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

For S.C.Bandi & Co.
Chartered Accountants

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

For PCS International Limited

A K Patni Director
G K Patni Director
Amit Patni Director

Place : Mumbai
Date: 15th May, 2010

ANNUAL REPORT 2009-2010

PCS TECHNOLOGY USA., INC

PCS
TECHNOLOGY

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 Sixth Annual Report of your company together with Audited Balance Sheet for the Financial Period ended on 31st March 2010.

During the financial period under review, the company has achieved turnover of Rs.130.1 lacs as against Rs.1346 lacs in the previous year. The business has resulted in a Net loss of Rs.1.08 lacs. Presently the Company is concentrating on exploring new avenues of business to establish the company in coming year.

DIVIDEND

In view of losses, your Directors do not recommend any dividend during the period 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 31st March 2010 and of the loss of the company for the said period;
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 period 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 period 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

Place : Mumbai
Date : 19th May, 2010

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 31st March, 2010 and the Profit and Loss account for the period ended 31st March, 2010 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 stated in note 2(b) to schedule 11, these financial statements have been prepared by the Company for the purpose of attaching to the financial statements of its ultimate holding company, PCS Technology Limited, as prescribed under section 212 of the Indian Companies Act, 1956.
- 4) 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 these 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 31st March, 2010 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 31st March, 2010 and
 - (ii) In the case of the profit and loss account, of the loss of the Company for the period ended 31st March, 2010

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

S.C.BANDI
(Proprietor)

Membership No. : - 16932

Place : Mumbai
Date : 19th May, 2010

PCS TECHNOLOGY USA., INC

BALANCE SHEET AS AT 31ST MARCH, 2010

(Currency: Indian Rupees)

	Schedule No.	As at 31st March 2010 9 months	As at 30th June, 2009 12 months
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	217,850	217,850
Reserves and Surplus	2	102,928	(40,026)
		<u>320,778</u>	<u>177,824</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Blocks		42,440	42,440
Less: Depreciation		<u>42,440</u>	<u>42,440</u>
Current Assets, Loans and Advances			
Sundry Debtors	3	23,787,294	31,340,929
Cash and Bank Balances	4	696,973	4,030,448
Loans & Advances	5	1,929,244	2,683,645
		<u>26,413,511</u>	<u>38,055,022</u>
Current Liabilities and Provisions			
Current Liabilities	6	28,744,656	40,430,365
Provisions	7	64,325	57,444
		<u>28,808,981</u>	<u>40,487,809</u>
Net Current Assets		(2,395,470)	(2,432,786)
Profit & Loss A/c	8	2,716,248	2,610,610
		<u>320,778</u>	<u>177,824</u>
Notes to the Accounts	11		

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

Place : Mumbai
Date: 19th May, 2010

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH, 2010

(Currency Indian Rupees)

	Schedule No.	9 months ended 31st March 2010	12 months ended 30th June, 2009
Income			
Consultancy services		13,012,105	134,583,650
Other Income	10	111,661	1,701,070
		<u>13,123,766</u>	<u>136,284,720</u>
Expenditure			
Operating Expenses	9	13,229,404	138,706,782
		<u>13,229,404</u>	<u>138,706,782</u>
(Loss) Before Tax		(105,638)	(2,422,063)
Less: Provision for Tax			
(Loss) After Tax		(105,638)	(2,422,063)
		<u>(105,638)</u>	<u>(2,422,063)</u>
Add: Balance as per Last Balance Sheet		(2,610,610)	(188,547)
Balance carried down to Balance Sheet		<u>(2,716,248)</u>	<u>(2,610,610)</u>
Basic and diluted earnings per share		(42.26)	(968.83)
Number of Shares used in Computing basic and diluted earnings per share		2,500	2,500
Notes to the Accounts	11		

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

Place : Mumbai
Date: 19th May, 2010

ANNUAL REPORT 2009-2010

PCS TECHNOLOGY USA., INC



Schedules to the Balance Sheet as at 31st March 2010 (Rs.)

	As at 31st March 2010 9 months	As at 30th June, 2009 12 months
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 Reserves and Surplus		
Currency Fluctuation reserve	102,928	(40,026)
	102,928	(40,026)
3 Sundry Debtors		
(Unsecured and considered good by the management)		
Debts outstanding for a period exceeding six months	21,081,693	17,628,658
Other Debts	2,705,601	13,712,271
	23,787,294	31,340,929
4 Cash & Bank Balances		
Cash & Bank Balances	696,973	4,030,448
5 Loans & Advances		
Advance given to Vraksh Technology Inc.	283,028	300,145
Security Deposit	13,499	14,315
Advance given to Vidhra Technology Inc.	1,444,480	2,154,150
Federal Tax (Net of Provision)	186,237	215,035
	1,929,244	2,683,645
6 Current Liabilities		
Federal Payroll Tax 941		3,027
Sundry Creditors	28,744,656	40,427,338
	28,744,656	40,430,365
7 Provisions		
Audit Fees	64,325	57,444
	64,325	57,444
8 Profit & Loss Account (Dr. Balance)		
	2,716,248	2,610,610
	2,716,248	2,610,610

Schedules to Profit and Loss Account for the period ended 31st March 2010

	9 months ended 31st March 2010	12 months ended 30th June, 2009
9 Operating Expenses		
Salaries & wages	261,528	8,849,109
Consultancy Charges	10,244,341	122,840,360
Sales Commission	-	190,600
Insurance Exp.	207,151	309,469
Audit fees	10,578	14,295
Recruitment expenses	-	476,500
Bank Charges	152,067	127,513
Legal & Professional Fees	1,588,426	1,309,517
Miscellaneous Expenditure	-	1,178,354
Courier, Postage, Telephone & Telex	-	9,692
Printing & Stationery expenses	7,172	-
Conveyance & Travelling Expenses	-	1,662,815
Membership & Subscription	240,953	1,116,725
Dice Usage Charges	517,168	621,833
	13,229,404	138,706,782
10 Income		
Other Income	111,661	1,701,070
	111,661	1,701,070

SCHEDULE: 11 - 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 period from 1st July 2009 to 31st March 2010. PCS Technology USA Inc. is engaged in the business of providing Consultancy services.

2. Principal Accounting Policies :

Basis 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

- The current accounting period is for 9 months from 01.07.2009 to 31.03.2010. Figures of previous year are for a period of 12 months ending on 30.06.2009 and hence not directly comparable with figures of current period. The figures of the previous years have been regrouped and/or rearranged wherever necessary.
- 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 period. Current assets and current liabilities have been translated at the conversion rate as at 31st March 2010.
- Particulars of Earning per Share

	2009-10	2008-09
(a) Net Profit/(Loss) for the period) (Rs.)	(105638)	(2,422,063)
(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.)	(42.26)	(968.83)

As per my Report of even date attached

For PCS Technology USA Inc

For S.C.Bandi & Co.
Chartered Accountants

H.C. Tandon
(Director)

Y.Bhardwaj
(Director)

Sunil Doshi
(Director)

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

Place : Mumbai
Date : 19th May, 2010

PCS TECHNOLOGY USA., INC

BALANCE SHEET ABSTRACT AND COMPANY GENERAL BUSINESS PROFILE

I Registration Details

Registration No.	040074798	State Code	NA
Balance sheet date	31-03-2010		

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	321	Total Assets	321
Source of funds :			
Paid-up capital	218	Reserves and Surplus	103
Secured loans	NIL	Unsecured Loans	NIL
Application of funds:			
Net Fixed Assets	NIL	Investments	NIL
Net Current Assets	(2395)	Misc. expenditure	2716

IV Performance of Company (Amount in Rs Thousands)

Turnover	13124	Total Expenditure	13229
Profit Before Tax	(105)	Profit After Tax	(105)
Earning per Share in Rs.	(42.26)	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

Place : Mumbai
Date: 19th May, 2010

For PCS Technology USA Inc

H.C. Tandon
(Director)

Y.Bhardwaj
(Director)

Sunil Doshi
(Director)

AUDITOR'S 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 Limited and its Foreign & Indian Subsidiaries as at 31st March, 2010, and the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the period then ended.

These consolidated financial statements are the responsibility of the management of M/s PCS Technology Limited. 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 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 Limited 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 :

- (a) 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 31st March 2010 and
- (b) 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 period then ended ; and,
- (c) 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 period on that date.

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

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

Place : Mumbai
Date :31st May, 2010

PCS TECHNOLOGY LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2010

PARTICULARS	Schedule No.	(Rs.)	As at 31.03.2010 (Rs.)	(Rs.)	As at 30.06.2009 (Rs.)
1) SOURCES OF FUNDS					
a) SHAREHOLDER'S FUNDS					
i) Share Capital	[A]	210,240,188		210,240,188	
ii) Reserves & Surplus	[B]	869,075,998		863,471,237	
			1,079,316,186		1,073,711,425
b) LOAN FUNDS					
i) Secured Loans	[C]	368,199,009		372,712,635	
ii) Unsecured Loans	[D]	636,000,000		601,000,000	
			1,004,199,009		973,712,635
c) DEFERRED TAX LIABILITY (NET)			50,619,000		47,844,000
Total ...			2,134,134,195		2,095,268,060
2) APPLICATION OF FUNDS					
a) FIXED ASSETS					
Gross Block	[E]	1,152,407,621		1,114,594,316	
Less: Depreciation		442,474,500		390,599,654	
Net Block		709,933,121		723,994,662	
Capital work in progress (Including Advances on Capital account)		80,147,601		5,327,181	
			790,080,722		729,321,843
GOODWILL ON CONSOLIDATION (to the extent not written off or adjusted)					2,175,386
b) INVESTMENTS	[F]		918,430		918,430
c) CURRENT ASSETS, LOANS AND ADVANCES	[G]				
i) Inventories		104,850,182		127,558,059	
ii) Sundry Debtors		1,639,955,283		1,507,161,311	
iii) Cash and Bank Balances		99,885,197		111,300,066	
iv) Other Current Assets		3,240,365		1,823,947	
v) Loans and Advances		193,993,142		156,454,503	
		2,041,924,169		1,904,297,886	
LESS: CURRENT LIABILITIES & PROVISIONS	[H]				
i) Current Liabilities		687,219,774		529,601,441	
ii) Provisions		11,569,352		11,844,044	
		698,789,126		541,445,485	
NET CURRENT ASSETS			1,343,135,043		1,362,852,401
Total ...			2,134,134,195		2,095,268,060
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, 31st May, 2010

B. J. Patel
Company Secretary

For and on behalf of the Board of Directors

G. K. Patni
(Chairman)

H. C. Tandon
(Managing Director & CEO)

G. M. Dave
Satish Ajmera
Dadi B Engineer
P. V. Mehta
K. K. Barjatya

Directors

TWENTY NINTH ANNUAL REPORT 2009-2010



CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH 2010

PARTICULARS	Schedule No.	Period ended 31.03.2010 (Rs.)	Year ended 30.06.2009 (Rs.)
INCOME			
Sales & Services		1,990,616,563	3,019,835,645
Less: Sales Tax		45,356,883	71,817,219
		<u>1,945,259,680</u>	<u>2,948,018,426</u>
Less: Central Excise Duty		23,750,955	35,746,118
		<u>1,921,508,725</u>	<u>2,912,272,308</u>
Income from operation	[1]	6,046,811	10,613,975
Other Income	[1]	5,037,532	11,655,808
		<u>11,084,343</u>	<u>22,269,783</u>
		<u>1,932,593,068</u>	<u>2,934,542,091</u>
EXPENDITURE			
Decrease/(Increase) in stocks	[2]	(5,801,172)	7,287,045
Cost of Material consumed / sold	[3]	1,132,158,509	1,812,895,821
Manufacturing & Other Expenses	[4]	673,613,206	954,347,104
		<u>1,799,970,543</u>	<u>2,774,529,970</u>
Less:			
Cost Capitalised		-	4,981,160
		<u>1,799,970,543</u>	<u>2,769,548,810</u>
Profit before Interest, Depreciation, Taxation & Amortisation		<u>132,622,525</u>	<u>164,993,281</u>
Less Interest on Loan	[5]	62,277,322	72,830,054
Depreciation		52,192,311	50,733,463
Less :Transfer from Revaluation Reserve		7,564,508	3,823,263
		<u>44,627,803</u>	<u>46,910,200</u>
Profit before Amortisation & Taxation ...		<u>25,717,400</u>	<u>45,253,027</u>
less: Amotisation of Goodwill on consolidation		2,175,386	2,175,384
Profit Before Taxation		<u>23,542,014</u>	<u>43,077,643</u>
Less: Provision for Taxation			
Current Tax		7,000,000	9,500,000
Deferred Tax		2,775,000	8,324,000
Fringe Benefit Tax		-	3,450,000
		<u>9,775,000</u>	<u>21,274,000</u>
Profit for the year after taxation		<u>13,767,014</u>	<u>21,803,643</u>
Add: Taxation pertaining to earlier years		202,103	2,624,349
Net Profit for the year		<u>13,969,117</u>	<u>24,427,992</u>
Add: Balance as per last Balance Sheet		130,799,014	106,371,022
Balance of Profit carried over to Balance Sheet...		<u>144,768,131</u>	<u>130,799,014</u>
Basic and diluted Earning per Share of Rs.10/- each (in Rupees)		<u>0.67</u>	<u>1.17</u>

As per my Report of even date attached

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

S. C. Bandi
Proprietor
Membership no. 16932

Mumbai, 31st May, 2010

B. J. Patel
Company Secretary

G. K. Patni
(Chairman)

H. C. Tandon
(Managing Director & CEO)

G. M. Dave
Satish Ajmera
Dadi B Engineer
P. V. Mehta
K. K. Barjatya

} Directors

PCS TECHNOLOGY LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 31st MARCH, 2010

PARTICULARS	Period ended		Year ended	
	(Rs.)	31st March, 2010 (Rs.)	(Rs.)	30th June, 2009 (Rs.)
Cash Flow arising from Operating Activities:				
Net Profit before Tax		23,542,015		43,077,643
Add: Depreciation	44,627,804		46,910,200	
Loss/(Profit) on Sale of Fixed Assets (Net off)	(33,663)		597,723	
Interest received	(4,517,346)		(5,732,191)	
Miscellaneous expenses written off	-		-	
Dividend received	(44,630)		(90,911)	
Interest expenses	62,277,322		72,830,055	
Amortisation of Goodwill on consolidation	2,175,386		2,175,384	
Currency fluctuation reserve on capitalisation	(799,851)	103,685,022	2,119,476	118,809,736
Operating Profit before Working Capital changes		127,227,037		161,887,379
Decrease/(Increase) in Sundry Debtors	(137,580,293)		(7,101,918)	
Decrease/(Increase) in Inventories	22,707,877		(8,687,905)	
(Decrease)/Increase in Sundry Creditors	158,101,741		(50,572,076)	
Cash Generated from Operations..		43,229,325		(66,361,899)
Income Tax paid (net of refunds)		(40,308,316)		(26,399,759)
Net Cash Flow from /used Operating Activities...		130,148,046		69,125,721
Cash Flow arising from Investing Activities:				
Purchase of fixed assets including capital work-in progress and capital advances	(112,994,726)		(115,014,613)	
Purchase of investments	-		890,734	
Proceeds from fixed assets/disposed	77,200		1,925,303	
Interest received	3,100,928		6,740,791	
Dividend received	44,630		90,911	
Net Cash from Investing Activities...		(109,771,968)		(105,366,874)
Cash Flow arising from Financing Activities:				
Proceeds from long-term borrowings (net)	(17,155,604)		5,523,892	
Proceeds from unsecured loan (net)	35,000,000		10,004,036	
Change in working capital facilities	12,641,978		40,541,819	
Interest paid	(62,277,322)		(72,830,054)	
Net Cash used from Financing Activities...		(31,790,949)		(16,760,307)
Net Increase in Cash/Cash Equivalents ...		(11,414,871)		(53,001,460)
Cash and Cash Equivalents at beginning of period		111,300,066		164,301,526
Cash and Cash Equivalents at end of period ended 31st March 2010		99,885,195		111,300,066

As per my Report of even date attached

For and on behalf of the Board of Directors

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

S. C. Bandi
Proprietor
Membership no. 16932

B. J. Patel
Company Secretary

G. K. Patni
(Chairman)

H. C. Tandon
(Managing Director & CEO)

G. M. Dave
Satish Ajmera
Dadi B Engineer
P. V. Mehta
K. K. Barjatya } Directors

Mumbai, 31st May, 2010

TWENTY NINTH ANNUAL REPORT 2009-2010



SCHEDULES TO CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2010

PARTICULARS	As at	As at
	31.03.2010 (Rs.)	30.06.2009 (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	425,517,695	82,405,789
Less : Transferred to Profit & Loss a/c	7,564,508	3,823,263
Add : Assets revalued during the year (See note No.3)	-	346,935,169
	<u>417,953,187</u>	<u>425,517,695</u>
GENERAL RESERVE	<u>94,100,534</u>	<u>94,100,534</u>
CURRENCY FLUCTUATION RESERVE	<u>9,008,484</u>	<u>9,808,332</u>
BALANCE IN PROFIT & LOSS ACCOUNT	<u>144,768,131</u>	<u>130,799,014</u>
(As per Annexed Account)		
Total...	<u>869,075,998</u>	<u>863,471,237</u>

PCS TECHNOLOGY LIMITED

SCHEDULES TO CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2010

PARTICULARS	As at 31.03.2010 (Rs.)	As at 30.06.2009 (Rs.)
SCHEDULE "C" - SECURED LOANS		
TERM LOANS		
Indian Bank	-	8,746,189
(Secured by specific charge on the computer given on finance lease and on its Book debts)		
HDFC Limited	50,000,000	-
(Secured by hypothecation of property at Technocity , Mahape)		
WORKING CAPITAL FACILITIES		
FROM BANKS		
i) Cash Credit	105,672,774	253,019,517
ii) Working Capital Demand Loan	53,183,797	40,541,819
iii) Foreign Currency Loan	158,939,989	69,985,940
(Secured against hypothecation of Inventories and Book Debts of the Company as well as second charge on the fixed assets of the Company)	317,796,560	363,547,276
OTHER LOANS		
Against hypothecation of Vehicles		
i) HDFC Bank Limited	402,449	-
ii) ICICI Bank Limited	-	419,170
	402,449	419,170
Total...	368,199,009	372,712,635
SCHEDULE "D" - UNSECURED LOANS		
From Directors	563,500,000	578,500,000
Inter-Corporate Deposits	72,500,000	22,500,000
Total...	636,000,000	601,000,000

SCHEDULE "E" - FIXED ASSETS

(Rupees)

		GROSS BLOCK					DEPRECIATION & IMPAIRMENT					NET BLOCK	
Sr. No.	Particulars	As at 01/07/2009	Additions	On Account of Revaluation	Deductions	As at 31/03/2010	As at 01/07/2009	For the period	Deduction	On Account of Revaluation	As at 31/03/2010	As at 31/03/2010	As at 30/06/2009
1	Freehold Land	80,403,834	-	-	-	80,403,834	-	-	-	-	-	80,403,834	80,403,834
2	Lease hold Land	200,609,904	-	-	-	200,609,904	365,541	2,742,938	-	-	3,108,479	197,501,426	200,244,363
3	Building	217,001,608	-	-	-	217,001,608	41,326,578	6,882,794	-	-	48,209,772	168,791,837	175,674,630
4	Plant & Machinery	278,953,123	-	-	-	278,953,123	248,883,522	8,428,244	-	-	257,311,766	21,641,357	30,069,600
5	Tools & Testing Equipments	8,426,195	59,162	-	-	8,485,357	4,035,809	247,933	-	-	4,283,742	4,201,615	4,390,386
6	Electrical Installations	9,782,686	144,900	-	-	9,927,586	5,895,683	330,627	-	-	6,226,311	3,701,276	3,887,003
7	Computers,office & other Equipments	117,207,134	29,888,169	-	45,600	147,049,703	29,573,942	12,886,677	2,064	-	42,458,555	104,591,148	87,633,191
8	Furnitures & Fixtures	41,020,750	160,430	-	-	41,181,180	20,304,548	1,358,337	-	-	21,662,884	19,518,296	20,716,202
9	Vehicles	8,790,742	724,679	-	315,400	9,209,021	2,891,374	575,485	315,400	-	3,151,459	6,048,562	5,899,368
10	GPRS/GPS Equipments	4,114,278	-	-	-	4,114,278	651,958	146,571	-	-	798,529	3,315,749	3,462,320
11	Software (Intangible assets)	148,284,061	8,313,162	-	1,116,196	155,481,027	36,670,298	18,592,707	-	-	55,263,004	100,218,023	111,613,764
	Total ...	1,114,594,315	39,290,502	-	1,477,196	1,152,407,621	390,599,653	52,192,311	317,464	-	442,474,500	709,933,121	723,994,662
	Total Previous Year ...	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

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SCHEDULES TO CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2010

PARTICULARS	Nos. of Units/ Shares	Face Value	As at 31.03.2010 (Rs.)	Nos. of Units/ Shares	Face Value	As at 30.06.2009 (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 Diminution 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 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	50,000	10	500,000
			<u>514,000</u>			<u>514,000</u>
			<u>918,430</u>			<u>918,430</u>
Book value of Quoted investment			<u>404,430</u>			<u>404,430</u>
Book value of Unquoted investment			<u>514,000</u>			<u>514,000</u>
Market value of Quoted investment			<u>1,767,520</u>			<u>971,176</u>

PARTICULARS	As at 31.03.2010 (Rs.)	As at 30.06.2009 (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	93,894,392	122,373,888
Work in Progress	10,955,790	4,349,302
Finished Goods		834,869
	<u>104,850,182</u>	<u>127,558,059</u>
SUNDRY DEBTORS		
(Unsecured & considered good by the Management)		
i) Over six months	551,682,997	564,692,637
ii) Other debts	1,072,463,871	915,042,479
iii) Future finance lease receivables	<u>15,808,415</u>	<u>27,426,195</u>
	<u>1,639,955,283</u>	<u>1,507,161,311</u>

PCS TECHNOLOGY LIMITED

SCHEDULES TO CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2010

PARTICULARS	As at		As at	
	(Rs.)	31.03.2010 (Rs.)	(Rs.)	30.06.2009 (Rs.)
CASH AND BANK BALANCES				
Cash in hand	11,627,889		12,723,184	
Bank Balances				
i) In Current Account	36,257,804		45,021,902	
ii) In Margin Money Deposits	51,999,504		53,554,980	
		99,885,197		111,300,066
OTHER CURRENT ASSETS				
Interest accrued	3,240,365		1,823,947	
		3,240,365		1,823,947
LOANS & ADVANCES				
(Unsecured & considered good by the Management)				
Advances recoverable in cash -				
or in kind or for value to be received	71,321,759		67,338,268	
Earnest Money Deposits	28,596,248		30,067,645	
Sundry Deposits	30,526,924		28,071,232	
(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)	58,289,301		25,536,982	
Balance with Central Excise Department	5,258,910		5,440,376	
		193,993,142		156,454,503
Total...		2,041,924,169		1,904,297,886
SCHEDULE "H" - CURRENT LIABILITIES AND PROVISIONS				
CURRENT LIABILITIES				
Sundry Creditors - Micro and Small Enterprises	3,660,027		15,249,455	
Sundry Creditors - Others	617,526,605		475,183,935	
Advance from Customers	18,859,229		19,033,253	
Income received in advance	30,013,743		8,746,226	
Other Current Liabilities	17,160,170		11,388,572	
		687,219,774		529,601,441
PROVISIONS				
For Fringe Benefit Tax (Net of advances)	3,176,217		3,934,317	
For Gratuity	12,958		11,249	
For Leave Encashment	8,380,177		7,898,478	
		11,569,352		11,844,044
Total...		698,789,126		541,445,485

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SCHEDULES TO CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH 2010

PARTICULARS	Period ended		Year ended	
	(Rs.)	31.03.2010 (Rs.)	(Rs.)	30.06.2009 (Rs.)
SCHEDULE "1" - OTHER INCOME				
<u>INCOME FROM OPERATIONS</u>				
Sale of Scrap etc.	409,170		1,086,653	
Foreign Exchange Fluctuation Gain (Net)	657,658		-	
Commission received	26,640		540,351	
Finance Charges Lease	4,281,838		7,707,043	
Incentive from Suppliers	671,505		1,279,928	
		6,046,811		10,613,975
<u>OTHER INCOME</u>				
Profit on Sale of Fixed assets (Net)		33,663		-
Profit on Sale of Current Investments (Net)		-		42,243
Dividend received				
i) On long term Investments	44,630		38,681	
ii) On current Investments	-		52,230	
	44,630			90,911
Interest received (Banks & Others)				
From Banks	3,295,112		4,985,024	
From Income tax refund	998,186		252,424	
From Others	224,048		494,743	
(Tax deducted at source Rs. 392750/- previous year Rs 813981/-)	4,517,346			5,732,191
Sundry Balances written back	-		1,075,056	
Provision written back	-		3,014,339	
Miscellaneous Income	441,893		1,701,070	
		5,037,532		5,790,465
Total...		11,084,343		22,269,784
SCHEDULE "2" - DECREASE/(INCREASE) IN VALUE OF STOCK				
<u>Opening stock as on 1st July, 2009</u>				
i) Work in Progress	4,349,302		8,054,181	
ii) Finished Goods	834,869		4,648,209	
		5,184,171		12,702,390
Less:				
<u>Closing Stock as at 31st March 2010</u>				
i) Work in Progress	10,955,790		4,349,302	
ii) Finished Goods	-		834,869	
		10,955,790		5,184,171
		(5,771,619)		7,518,219
Add: Increase /(Decrease) in Excise duty on stocks				
Excise duty in Opening stock	29,553		260,727	
Excise duty in Closing stock	-		29,553	
		(29,553)		(231,174)
Total...		(5,801,172)		7,287,045

PCS TECHNOLOGY LIMITED

SCHEDULES TO CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH 2010

PARTICULARS	Period ended		Year ended	
	(Rs.)	31.03.2010 (Rs.)	(Rs.)	30.06.2009 (Rs.)
SCHEDULE "3" - COST OF MATERIAL CONSUMED / SOLD				
Opening stock		122,373,888		106,167,764
Add : Purchases		1,103,679,013		1,829,101,945
		1,226,052,901		1,935,269,709
Less: Closing stock		93,894,392		122,373,888
		1,132,158,509		1,812,895,821
Total...		1,132,158,509		1,812,895,821
SCHEDULE "4" - MANUFACTURING AND OTHER EXPENSES				
Salaries, Wages and Bonus		406,862,847		595,808,974
Gratuity to Staff		49,839		564,078
Contribution to EPF, ESIC & EDLIS		24,192,114		30,411,561
Staff Welfare		7,052,195		8,848,895
Consumable, Stores, Spares		19,412,238		27,821,227
Rent		12,684,650		23,239,463
Electricity & Power		5,305,997		6,977,783
Insurance		4,365,322		5,916,580
Payment to Auditors		-		-
Audit fees	426,786	-	542,030	-
Other services	77,210	-	160,929	-
Tax Audit fees	55,150	559,146	55,150	758,109
Advertisement Expenses		335,333		957,149
Bank charges		20,594,389		21,334,700
Bad Debts and Remissions		27,821,565		13,700,605
Sitting fees to directors		442,940		470,000
Commission on Sales		172,679		727,864
Conveyance expenses		8,501,940		13,968,705
Legal & Professional fees		12,485,630		16,851,109
Loss on Sale of Fixed Assets (Net)		-		597,723
Stock destroyed in fire		-		805,448
Foreign Exchange Difference		14,692		14,065,381
Miscellaneous Expenditure		30,450,735		36,932,640
Packing, Courier & Forwarding		8,716,449		10,319,075
Postage, Telephone & Telex		4,926,371		7,095,839
Printing & Stationery		7,464,634		9,498,605
Rates & Taxes		1,146,638		1,965,600
Repairs to Building		941,059		3,015,703
Sales & Work contract tax		4,410,331		7,103,675
Outsourcing Expenses paid		29,595,449		44,259,937
Travelling expenses		35,108,024		50,330,676
Total...		673,613,206		954,347,104
SCHEDULE "5" - INTEREST PAID				
Interest paid on Fixed Loan		3,894,798		7,065,089
Interest paid to Others		58,382,524		64,586,850
Total...		62,277,322		71,651,939

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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 had revalued Land and Buildings on the basis of a report of Government approved valuer. Consequently, increase in value of Rs.346,935,169/- was 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.434,340,612/-- (Previous year Rs.491,240,920/-)

(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) The current accounting period is for 9 months from 01.07.2009 to 31.03.2010. Figures of previous year are for a period of 12 months ending on 30.06.2009 and hence not directly comparable with figures of current period. The figures of the previous years have been re-grouped and/or rearranged wherever necessary

7) Employee Benefits:

a) Contribution to Provident fund of Rs. 14,454,121/- (previous year Rs.18,291,024/-) 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

(Rupees)

Particulars	Current Period		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	14,225,384	7,898,478	13,995,325	8,540,835
Interest cost	800,909	444,695	1,189,603	555,110
Current service cost	2,263,189	2,183,973	2,959,609	3,079,118
Benefit paid	-	-	-	(4,020,269)
Actuarial (Gain)/ Loss	(3,019,117)	(2,146,969)	(3,919,153)	(256,316)
Liability at the end of the year	14,270,365	8,380,177	14,225,384	7,898,478
2. Change in Fair value of Plan Assets				
Fair value of Plan assets at the beginning of year	16,942,885	--	16,512,234	--
Expected Return on Plan assets	906,848	--	1,177,322	--
Contributions	-	--	-	--
Benefit paid	-	--	-	--
Actuarial (Gain)/ Loss on plan assets	(742,137)	--	(746,671)	--
Fair value of Plan assets at the end of year	17,107,596	--	16,942,885	--

PCS TECHNOLOGY LIMITED

CONSOLIDATED NOTES TO ACCOUNTS (Contd.)

3. Expenses recognized in the Profit & Loss a/c				
Current service cost	-	2,183,973	-	3,079,118
Interest cost	-	444,695	-	555,110
Benefit paid		-		-
Actuarial (Gain)/ Loss	-	(2,146,969)	-	(256,316)
Expenses recognized in the Profit & Loss a/c		481,699	-	3,377,912

4. Actuarial Assumptions		
Discount rate	8.00%	8.50%
Salary escalation rate	5%	5%
Expected Return on Plan assets	7.13%	2.13%
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.

8. Particulars of Earnings per Share :

	2009-10	2008-09
(a) Net profit for the period / year (Rs.)	13,969,117	24,427,933
(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.)	0.67	1.17

9) 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 31-03-2010 (Rs.)	Accumulated as at 30-06-2009 (Rs.)
<u>Deferred Tax Liability</u>		
i) Depreciation	51,561,000	49,326,000
	51,561,000	49,326,000
<u>Deferred Tax Assets</u>		
i) Expenses allowable on payment basis	942,000	1,482,000
ii) Business Loss	942,000	1,482,000
Net Deferred Tax Liability	50,619,000	47,844,000

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 a at 31st March, 2010 is as follows

	31st March, 2010 (Rs.)	30th June, 2009 (Rs.)
A) Gross Investment in Lease	16,592,143	29,846,907
B) Present value of minimum lease payment	15,808,414	27,426,195
C) Total gross Investment		
1) Not later than one year	11,703,112	16,180,542
2) Later than one year but not later than five years	4,889,031	13,666,365
3) Later than five years	-	-
D) Present value of minimum lease payment		
1) Not later than one year	10,845,480	14,906,621
2) Later than one year but not later than five years	4,962,934	13,235,633
3) Later than five years	-	-
E) Unearned Finance income	783,729	2,420,712

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CONSOLIDATED NOTES TO ACCOUNTS (Contd.)



11) 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. 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 Mr. Sobhagmal M Patni
Estate of Late Mrs. Kanchanbai 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.

11.2) 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	-	-	4,300	4,300
	-	-	(143,249)	(143,249)
Interest Paid	-	-	3,695,206	3,695,206
	-	-	(2,250,000)	(2,250,000)
Rent Paid	-	3,014,172	435,600	3,449,772
	-	(4,907,896)	(1,436,450)	(6,344,346)
Reimbursement of expenses to be paid	-	-	51,159	51,159
	-	-	-	-
Rent Received	-	-	2,250,000	2,250,000
	-	-	(2,480,000)	(2,480,000)
Recovery of expenses received	-	-	2,191,528	2,191,528
	-	-	(6,922,842)	(6,922,842)
Other Loan taken	35,000,000	-	55,000,000	90,000,000
	(75,000,000)	-	-	(75,000,000)
Advance/ Loan Refunded	50,000,000	-	5,000,000	55,000,000
	(84,000,000)	-	-	(84,000,000)
Remuneration to Directors	1,582,200	-	-	1,582,200
	(2,601,082)	-	-	(2,601,082)

PCS TECHNOLOGY LIMITED

CONSOLIDATED NOTES TO ACCOUNTS (Contd.)

				(Rupees)
Description	Key Management Personnel	Relative of key Management Personnel	Affiliates	Total
Balance outstanding as on 31st March 2010				
Receivable	-	-	2,004,126	2,004,126
	-	-	(9,623,243)	(9,623,243)
Payable	-	-	-	-
	-	-	-	-
Property Deposits	-	3,800,000	406,700	4,206,700
	-	(3,800,000)	(406,700)	(4,206,700)
Other Loan Taken	538,500,000	-	72,500,000	611,000,000
	(553,500,000)	-	(22,500,000)	(576,000,000)
Advance Rent received	-	-	5,750,000	5,750,000
	-	-	-	-

[Note: Previous year figures are shown in brackets]

11.3) 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	
Interest paid				
Ashoka Computer Systems Pvt. Ltd.	-	-	1,245,120	1,245,120
	-	-	(750,000)	(750,000)
PCS Finance Pvt. Ltd.	-	-	1,204,966	1,204,966
	-	-	(750,000)	(750,000)
PCS Cullinet Pvt. Ltd.	-	-	1,245,120	1,245,120
	-	-	(750,000)	(750,000)
Rent paid				
Estate of Kanchanbai Patni	-	698,040	-	698,040
	-	(1,192,744)	-	(1,192,744)
Sadhna Patni	-	512,460	-	512,460
	-	(814,208)	-	(814,208)
Rajnikanta Patni	-	403,560	-	403,560
	-	(669,008)	-	(669,008)
PCS Finance Pvt. Ltd	-	-	217,800	217,800
	-	-	(610,725)	(610,725)
Reimbursement of expenses paid				
PCS International Ltd., Mauritius	-	-	-	-
Vraksh Technologies Ltd	-	-	51,159	51,159
	-	-	-	-
Rent Received				
Vraksh Technologies Limited	-	-	2,250,000	2,250,000
	-	-	(2,480,000)	(2,480,000)
Reimbursement/Recovery of expenses received				
Vraksh Technologies Limited	-	-	2,191,528	2,191,528
	-	-	(6,922,842)	(6,922,842)
Other Loan Taken				
A.K.Patni	35,000,000	-	-	35,000,000
	(25,000,000)	-	-	(25,000,000)
G.K. Patni	-	-	-	-
	(50,000,000)	-	-	(50,000,000)
Ashoka Computer Systems Pvt. Ltd.	-	-	17,000,000	17,000,000
	-	-	-	-
PCS Finance Pvt. Ltd.	-	-	16,000,000	16,000,000
	-	-	-	-
PCS Cullinet Pvt. Ltd.	-	-	17,000,000	17,000,000
	-	-	-	-

TWENTY NINTH ANNUAL REPORT 2009-2010



CONSOLIDATED NOTES TO ACCOUNTS (Contd.)

(Rupees)			
Description	Key Management Personnel	Relative of key Management Personnel	Affiliates
Other Loan Refunded			
A.K.Patni	50,000,000 (84,000,000)	- -	- -
Remuneration to Directors			
H.C.Tandon	1,582,200 (2,601,082)	- -	- -
Balance outstanding as on 31st March, 2010			
Receivable			
Vraksh Technologies Limited	-	-	1,879,724 (9,623,243)
Payable			
A.K.Patni	- (8,667,792)	- -	- -
Property Deposits			
Estate of Kanchanbai Patni	-	1,100,000 (1,100,000)	- -
Rajnikant Patni	-	600,000 (600,000)	- -
Sadhana Patni	-	700,000 (700,000)	- -
Apoorva Patni	-	500,000 (500,000)	- -
Arihant Patni	-	500,000 (500,000)	- -
PCS Finance Ltd	-	-	205,030 (205,030)
Other Loan Taken			
A.K.Patni	328,500,000 (343,500,000)	- -	- -
G.K..Patni	210,000,000 (210,000,000)	- -	- -
Advance Rent Received			
Vraksh Technologies Limited	-	-	5,750,000 -

[Note: Previous year figures are shown in brackets]

As per my Report of even date attached

For S. C. BANDI & COMPANY
Chartered Accountants

S. C. Bandi
Proprietor
Membership no. 16932

Mumbai, 31st May, 2010

B. J. Patel
Company Secretary

For and on behalf of the Board of Directors

G. K. Patni
(Chairman)

H. C. Tandon
(Managing Director & CEO)

G. M. Dave
Satish Ajmera
Dadi B Engineer
P. V. Mehta
K. K. Barjatya

Directors

PCS TECHNOLOGY LIMITED

NOTES

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 NINTH 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, 8th September, 2010 at 10.00 a.m. and at any adjournment thereof.

Signed by the said _____

Signed this _____ day of _____ 2010.

Affix a
Re. 1/-
Revenue
Stamp

Note : The Proxy and the Power of Attorney (if any) under which it is signed or a notarially 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 NINTH 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, 8th September, 2010 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