



TECHNOLOGY

PCS Technology Limited

**30th
Annual Report
2010-11**

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PROXY	

PCS
TECHNOLOGY
PCS TECHNOLOGY LIMITED

BOARD OF DIRECTORS

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

COMPANY SECRETARY

Mr. Bhaskar J. Patel

AUDITORS

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

BANKERS

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

REGISTERED OFFICE

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

PLANT LOCATION

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

REGISTRAR & SHARE TRANSFER AGENT

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

30TH ANNUAL GENERAL MEETING

Day, Date & Time	:	Wednesday, 7th September, 2011 at 10.00 a.m.
Venue	:	Plot No. 148/151, Alandi Markaal Road, Village Dhanore, Alandi, Dist. Pune – 412106.

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

PCS TECHNOLOGY LIMITED

NOTICE TO MEMBERS

NOTICE is hereby given that the 30th ANNUAL GENERAL MEETING of PCS Technology Limited will be held at the Registered Office of the Company at 148/151, Alandi Markaal Road, Village Dhanore, Alandi, Dist. Pune 412 106 on Wednesday, 7th September, 2011 at 10.00 a.m. to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2011 and the Profit & Loss Account of the Company for the year ended on that date and the Reports of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr. P. V. Mehta who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Satish Ajmera who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. G.M.Dave who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors to hold office until the conclusion of the next Annual General Meeting and to fix their remuneration.

Registered Office:

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

By Order of the Board
For PCS Technology Ltd.

Bhaskar J Patel
Company Secretary

Mumbai, 31st May, 2011

NOTES :

- (1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL, TO VOTE INSTEAD OF HIMSELF OR HERSELF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- (2) The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, 1st September, 2011 to Wednesday, 7th September, 2011, both days inclusive.
- (3) Members are requested to:
 - (a) intimate to the Company./ their Depository Participant ("DP"), changes, if any, in their registered address at an early date and also their email ID.
 - (b) quote their Registered Folio No. and/or DP Identity and Client Identity number in their correspondence;
 - (c) bring their copy of the Annual Report and the Attendance Slip with them at the Annual General Meeting.
 - (d) to send their queries, if any, at least 10 (ten) days in advance of the meeting so that the information can be made available at the meeting.
- (4) Information pursuant to Clause 49 of the Listing Agreement for Appointment / Re-appointment of Directors:

Name of the Director	Date of Birth	Date of Appointment	Directorships in other companies incorporated in India	Chairman/Member of Other Committees of other Companies
Mr. P. V. Mehta	12.02.1942	23.07.1987	Advani Hotels & Resorts Ltd	- Member of the Audit Committee, - Member of the Remuneration Committee,
			Bharat Bijlee Ltd.	- Member of the Audit Committee, - Member of the Remuneration Committee, - Member of the Shareholders'/Investors' Grievance Committee

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

PCS TECHNOLOGY LIMITED

DIRECTORS' REPORT

The Members,

PCS TECHNOLOGY LIMITED

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

FINANCIAL RESULTS

(Rs. In lacs)

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

OPERATIONS

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

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

DIVIDEND

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

SALE OF ASSETS

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

DIRECTORS

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

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

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

2. Appropriate accounting policies have been selected and applied consistently and have made judgements and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the company as at 31st March, 2011 and of the profit of the company for the said year;
3. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
4. Annual Accounts have been prepared on a going concern basis.

CORPORATE GOVERNANCE

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

DEPOSITS

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

SUBSIDIARY COMPANY

As required under Section 212 of the Companies Act, 1956 the Audited Balance sheet and Profit & Loss Account and the respective reports of the Board of Directors' and Auditors' for the financial year ended 31st March 2011 of PCS International Limited, Mauritius and PCS Technology USA, Inc. and PCS Positioning Systems (India) Limited are annexed.

AUDITORS

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

PARTICULARS OF EMPLOYEES

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

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

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

ACKNOWLEDGEMENTS

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

On behalf of the Board of Directors

Mumbai, 31st May, 2011

G. K. Patni
Chairman

PCS TECHNOLOGY LIMITED

ANNEXURE "A" TO THE DIRECTORS REPORT

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

(A) Conservation of Energy

The Computer Assembly Division of the Company uses only electricity, which is very insignificant in value while considering total volume of operations.

(B) Technology Absorption

Not applicable

(C) Foreign Exchange Earnings/Outgo

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

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

On behalf of the Board of Directors

G. K. Patni
Chairman

Mumbai, 31st May, 2011

THIRTIETH ANNUAL REPORT 2010-2011



MANAGEMENT DISCUSSIONS AND ANALYSIS

Industry Scenario & Review

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

Performance & Review

Computer Division

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

Operations

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

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

Opportunities, Threats & Risks

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

Future Outlook

In an effort to shore up margins, the company will focus more on value added IT services namely IT Consulting, Enterprise Solutions, Laboratory and Hospital Management solutions, Telecom, Video Conferencing and Document management. The company feels that margins are much better in this area. With the service verticals commanding higher margins than the IT hardware business the company has started focusing more towards value added IT services for a better bottom line in the upcoming year.

Overseas Subsidiaries

PCS International Ltd., Mauritius

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

PCS Technology USA, Inc.

The US Company offers its services to customers through IT facility management. There was an impact of US recessionary trends on company's sales and profitability.

Indian Subsidiary

PCS Positioning Systems (India) Limited

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

Internal Control and Adequacy

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

Human Resources

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

Cautionary Statement

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

PCS TECHNOLOGY LIMITED

REPORT ON CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with Stock Exchanges

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

1. Company's philosophy on Corporate Governance

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

2. Board of Directors (Board)

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

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

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

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

29.04.2010, 31.05.2010, 31.07.2010, 30.10.2010, 09.02.2011

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

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

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

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

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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	-	-	-
Mr. A. K. Patni	2	-	-
Mr. D. B. Engineer	8	7	1
Mr. Satish Ajmera	3	2	2
Mr. P. V. Mehta	8	8	-
Mr. G. M. Dave	6	7	2
Mr. M. Y. Kulkarni ***	-	-	-
Mr. K. K. Barjatya	-	-	-
Mr. N. K. Patni	-	-	-
Mr. H. C. Tandon	-	-	-
Mr. Apoorva Patni	4	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.

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

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

Since Mr. M.Y.Kulkarni has resigned as director of the Company and also ceased to be member of this committee, the Company has reconstituted Audit Committee comprises of Mr. Satish Ajmera as Chairman, Mr. G.M Dave, Mr. K.K.Barjatya and Mr. D.B. Engineer* being Independent Director 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 of Statutory Auditors. The Company Secretary acts as the Secretary to the Audit Committee.

* Appointed as member of this committee w.e.f. 31/5/2011

TERMS OF REFERENCE

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

MEETINGS AND ATTENDANCE DURING THE YEAR ENDED 31st MARCH, 2011

During the financial year Five Audit Committee Meetings were held on 29.04.2010, 31.05.2010, 31.07.2010, 30.10.2010, 9.02.2011 respectively. The attendance of the Members at these Meetings during the Financial Year 2010-11 is as follows:

Name of Director	Status	No. of Meetings attended
Mr. Satish Ajmera	Non-executive/ Independent Director	5
Mr. K. K. Barjatya	Non-executive/ Independent Director	5
Mr. G. M. Dave	Non-executive/ Independent Director	5
Mr. M. Y. Kulkarni *	Non-executive/ Independent Director	3

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

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 Compensation and Remuneration committee comprising of three Independent Directors namely Mr. G. M. Dave as Chairman of the Committee, 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 Exchange. The said ESOP Plan 2004 has not been implemented so far.

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

- Details of remuneration paid to Whole-time Directors for the financial year ended March 31, 2011 are as under:

Name of Director	Status	Salary	Perquisites/ Allowances	PF Contribution	Remuneration Paid (in Rs.)
Mr. H. C. Tandon	Managing Director & CED	20,08,500	30,000	2,01,600	22,40,100

PCS TECHNOLOGY LIMITED

REPORT ON CORPORATE GOVERNANCE (contd.)

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

Details of payments made to Non-Executive Directors for the financial year ended 31st March, 2011 are as under:

Name of the Director	Sitting fees Paid (Rs)	Commission Paid (Rs)
Mr. Satish Ajmera	110,000/-	NIL
Mr. G. M. Dave	110,000/-	NIL
Mr. P. V. Mehta	50,000/-	NIL
Mr. M. Y. Kulkarni *	60,000/-	NIL
Mr. K. K. Barjatya	110,000/-	NIL
Mr. D. B. Engineer	50,000/-	NIL

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

5. Shareholders'/Investors' Grievance Committee

The Shareholders'/Investors' Grievance Committee consists of four members, two Non Executive (Promoter Director) 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
Mr. A. K. Patni
Mr. M. Y. Kulkarni*
Mr. Satish Ajmera
Mr. D.B. Engineer**

- * Resigned as Director w.e.f 20/04/2011 and also ceased to be a member of this committee.

- ** Appointed as member of this committee w.e.f 31/05/2011

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 59 investor complaints/queries were received. There were NIL complaints/queries pending as on March 31, 2011. 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
30-6-2008	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
31-3-2010	08.09.2010 at 10.00 a.m.	148/151, Alandi Markaal Road, Village Dhanore, Alandi, Dist. Pune 412 106.	Yes For the appointment of Mr. H. C. Tandon as MD & CEO of the Company w.e.f. 25/11/2010.

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.

However the Company has considered to carry out postal ballot process for seeking the approval of shareholders of the Company in the matter related to sale/disposal of the Company's immovable property situated at Alandi-Pune and Sakinaka-Andheri-Mumbai in the month of June/July 2011.

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.

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.

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REPORT ON CORPORATE GOVERNANCE (contd.)

- 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 7, 2011 at 10.00 a.m. at 148/151, Alandi Markaal Road, Village Dhanore, Alandi, Dist. Pune 412 106.

Financial Calendar 2011 - 12

- Financial Year : April to March
- First Quarterly Results : Before 15th August 2011
- Half Yearly Results : Before 15th November 2011
- Third Quarter Results : Before 15th February 2012
- Audited results : By end of May 2012

Date of Book Closure : 01/09/2011 to 07/09/2011 (both days inclusive)

Dividend Payment : Not Applicable

Date

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

Exchanges

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

ISIN Number for NSDL & CDSL : INE 834B01012

Annual Listing Fees have been paid to Bombay stock Exchange and Pune Stock Exchange for the year 2011-2012.

Market Price Data :

High/Low of Market price of the Company's shares traded on Bombay Stock Exchange (BSE) during the financial year 2010-11 furnished below:

Year	Month	Highest (Rs.)	Lowest (Rs.)
2010	April	23.60	16.00
	May	22.15	17.00
	June	21.50	17.55
	July	24.00	18.30
	August	24.80	19.25
	September	25.80	19.85
	October	24.90	19.30
	November	24.45	18.10
2011	December	22.50	16.65
	January	23.35	17.65
	February	21.60	14.40
	March	23.55	18.10

Graph of Share Price/ BSE Sensex : see Annexure A

REGISTRARS AND TRANSFER AGENT : M/s. Bigshare Services Private Limited
FOR SHARES HELD IN DEMAT E- 2/3, Ansa Industrial Estate,
AS WELL AS PHYSICAL FORM Saki Vihar Road, Saki Naka,
 Andheri (East), Mumbai 400 072.

Tel.: 2847 0652 / 0653, 2857 3034
 Fax: 022-2847 5207

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

The distribution of shareholding as on March 31, 2011 is as follows :

No. of equity shares held	No. of shareholders	%	No. of shares	%
Upto 500	32246	97.23	2619993	12.51
501 to 1000	475	1.43	384743	1.84
1001 to 2000	207	0.62	330145	1.58
2001 to 3000	56	0.17	148187	0.71
3001 to 4000	32	0.10	113346	0.54
4001 to 5000	35	0.11	167913	0.80
5001 to 10000	44	0.13	315864	1.50
10001 & above	71	0.21	16870486	80.52
Grand Total	33166	100.00	20950677	100.00

No. of shares in Physical Mode	2826418	13.49
No. of shares in Electronic Mode	18124259	86.51

Shareholding pattern as on March 31, 2011 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	7	131583	0.62
FIs, NRIs and OCB	41	131701	0.63
Domestic Companies	213	230406	1.10
Resident Individuals	32842	5538901	26.44
Clearing Member	4	3278	0.02
Trusts	1	19	0.00
Total	33166	20950677	100.00

Dematerialisation of shares : 86.51 % of the paid-up share capital has been and liquidity dematerialised as on 31st March, 2011.

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/dematerialization 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 year ended on 31st March, 2011.

For PCS Technology Limited

H. C. Tandon
Managing Director & CEO

Place : Mumbai

Date : 31st May, 2011

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of

PCS TECHNOLOGY LIMITED

I have examined the Compliance of conditions of Corporate Governance by PCS Technology Limited for the financial year ended on 31st March, 2011 as stipulated in Clause 49 of the Listing Agreement of the said company with the Stock Exchanges.

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

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

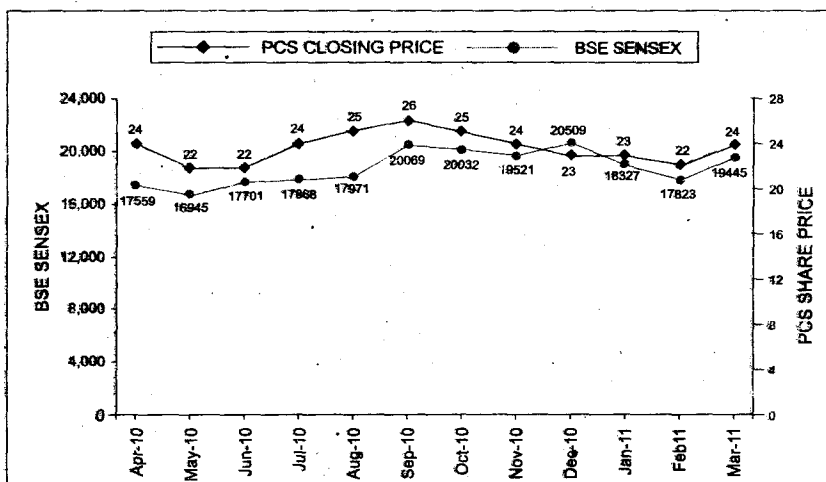
I further state that, such compliance is neither an assurance as to future viability of the Company, nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For S. C. BANDI & COMPANY
Chartered Accountants

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

31st May, 2011

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 financial year ended on 31st March, 2011 and that to the best of our knowledge and belief;
- i. these financial 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 and regulations.
- (b) There are, to the best of our knowledge and belief, no transaction is entered into by the company during the year which is fraudulent, illegal or violative of the Company's code of conduct.
- (c) We are responsible for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such 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 year;
 - ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For PCS Technology Ltd.

H. C. Tandon
Managing Director & CEO

M. P. Jain
Chief Financial Officer

Mumbai, 31st May, 2011

PCS TECHNOLOGY LIMITED

AUDITORS' REPORT

To the members of PCS TECHNOLOGY LIMITED for the year ended 31st March, 2011

- 1) I have audited the attached Balance Sheet of **PCS TECHNOLOGY LIMITED**, as at 31st March, 2011 and Profit and Loss Account and the Cash Flow statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. My responsibility is to express an opinion on these financial statements based on audit.
- 2) I have conducted audit in accordance with the auditing standards generally accepted in India. These Standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from any material misstatement. An audit also includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. I believe that my audit provides a reasonable basis for my opinion.
- 3) As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, and on the basis of such checks of books and records of the Company as I considered necessary and appropriate and according to the information and explanations given to me during the course of the audit, enclose in the Annexure, a Statement on the matters specified in Paragraph 4 & 5 of the said order.
- 4) Further to my comments in the Annexure referred to in Paragraph 3 above, I report that:
 - a) I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of audit.
 - b) In my opinion proper books of accounts as required by Law have been kept by the Company so far as appears from my examination of such books.
 - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement referred to in this report are in agreement with the books of accounts.
 - d) In my opinion the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement complies with the mandatory Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - e) Based on the representations made by the Directors as on 31st March, 2011 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, 2011, 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, 2011 and
 - ii) In the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date.
 - iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For S.C. BANDI & CO.
Chartered Accountants

S.C.BANDI
(Proprietor)

31st May, 2011

Membership no.16932

ANNEXURE TO THE AUDITORS' REPORT

- (i) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets. The assets have been physically verified by the Management during the year and no discrepancies were noticed on such verification.
- (ii)
 - (a) The inventory has been physically verified during the year by the management. In my opinion, the frequency of verification is reasonable.
 - (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii)
 - (a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
 - (b) The Company has taken loans from five parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the period was Rs.7,161/- lacs and the balance at the end of the period is Rs.6,323/- 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, 2011 for a period of more than six months from the date they become payable.

- (x) The Company has no accumulated losses and has not incurred any cash losses during the financial year covered by my audit or in the immediately preceding financial year.
- (xi) According to the information and explanations given to me, the Company has not defaulted in repayment of dues to financial institutions or banks.
- (xii) According to the information and explanations given to me, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities and hence the clause (xii) of the said Order relating to maintenance of documents and records are not applicable.
- (xiii) In my opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xiv) In my opinion, the Company is not dealing in Shares, Securities and Debentures and hence, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xv) In my opinion and according to the information and explanations given to me, the Company has not given any guarantee for loans taken by others from Banks or Financial institutions.
- (xvi) The Company has raised new Term loan during the year 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 year, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) The Company has not issued any Debentures during the financial year covered by my audit.
- (xx) The Company has not raised any money by way of public issue during the year.
- (xxi) According to the information and explanations given to me, no fraud on or by the company has been noticed or reported during the course of my audit.

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

S.C.BANDI
(Proprietor)

31st May, 2011

Membership no.16932

PCS TECHNOLOGY LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2011

PARTICULARS	Schedule No.	(Rs)	As at 31.03.2011 (Rs)	(Rs)	As at 31.03.2010 (Rs)
1) SOURCES OF FUNDS					
a) SHAREHOLDER'S FUNDS					
i) Share Capital	[A]	210,240,188		210,240,188	
ii) Reserves & Surplus	[B]	923,590,461		945,318,935	
			1,133,830,649		1,155,559,123
b) LOAN FUNDS					
i) Secured Loans	[C]	259,948,027		368,199,009	
ii) Unsecured Loans	[D]	677,833,333		611,000,000	
			937,781,360		979,199,009
c) DEFERRED TAX LIABILITY (NET)			40,860,000		50,619,000
	Total ...		2,112,472,009		2,185,377,132
2) APPLICATION OF FUNDS					
a) FIXED ASSETS					
Gross Block	[E]	910,181,695		1,130,340,727	
Less: Depreciation		292,735,744		427,626,219	
Net Block		617,445,951		702,714,508	
Capital work in progress (Including Advances on Capital account)		89,843,797		80,147,601	
			707,289,748		782,862,109
b) INVESTMENTS	[F]		65,724,730		65,724,730
c) CURRENT ASSETS, LOANS AND ADVANCES	[G]				
i) Inventories		107,037,452		103,737,353	
ii) Sundry Debtors		1,610,340,082		1,617,184,139	
iii) Cash and Bank Balances		109,206,721		94,118,927	
iv) Other Current Assets		758,796		3,240,365	
v) Loans and Advances		180,474,152		189,729,827	
		2,007,817,203		2,008,010,611	
LESS: CURRENT LIABILITIES & PROVISIONS	[H]				
i) Current Liabilities		659,367,371		659,540,780	
ii) Provisions		8,992,301		11,679,538	
		668,359,672		671,220,318	
NET CURRENT ASSETS			1,339,457,531		1,336,790,293
	Total ...		2,112,472,009		2,185,377,132
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

31st May, 2011

For and on behalf of the Board of Directors

G. K. Patni
(Chairman)

H.C. Tandon
(MD & CEO)

A. K. Patni
(Vice Chairman)

G. M. Dave
P. V. Mehta
K. K. Barjatya } Directors

B. J. Patel
Company Secretary

Mumbai, 31st May, 2011

THIRTIETH ANNUAL REPORT 2010-2011

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011



PARTICULARS	Schedule No.	Year ended 31.03.2011 (Rs)	Period ended 31.03.2010 (Rs)
INCOME			
Sales & Services		1,878,950,497	1,977,039,502
Less: Sales Tax		43,843,106	45,356,883
		1,835,107,391	1,931,682,619
Less: Central Excise Duty		21,258,755	23,750,955
		1,813,848,636	1,907,931,664
Income From Operation	[1]	3,735,709	6,046,811
Other Income	[1]	31,025,444	4,911,544
		34,761,153	10,958,355
		1,848,609,789	1,918,890,019
EXPENDITURE			
Decrease/(Increase) in stocks	[2]	(1,649,581)	(5,801,172)
Cost of materials consumed / sold	[3]	862,691,309	1,121,778,739
Manufacturing & Other Expenses	[4]	857,065,463	667,907,300
		1,718,107,191	1,783,884,867
Less:			
Cost Capitalised		1,927,695	-
		1,716,179,496	1,783,884,867
Profit before Interest, Depreciation & Taxation		132,430,293	135,005,152
Interest Paid	[5]	73,849,794	62,277,322
Depreciation		59,261,900	50,700,118
Less :Transfer from Revaluation Reserve		10,075,856	7,564,508
		49,186,044	43,135,610
Profit before Taxation ...		9,394,455	29,592,220
Less: Provision for Taxation			
Current Tax		12,000,000	7,000,000
Deferred Tax		(9,759,000)	2,775,000
		2,241,000	9,775,000
Profit for the Year after Taxation		7,153,455	19,817,220
Add: Taxation pertaining to earlier years		715,148	202,103
Net Profit for the year		7,868,603	20,019,323
Add: Balance as per last Balance Sheet		230,019,552	210,000,229
Balance of Profit carried over to Balance Sheet...		237,888,155	230,019,552
Basic and diluted Earning per Share of Rs.10/- each (in Rupees)		0.38	0.96

As per my Report of even date attached

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

S. C. Bandi
Proprietor
Membership no. 16932

31st May, 2011

For and on behalf of the Board of Directors

G. K. Patni
(Chairman)

H.C. Tandon
(MD & CEO)

A. K. Patni
(Vice Chairman)

G. M. Dave
P. V. Mehta

K. K. Barjatya

} Directors

B. J. Patel
Company Secretary

Mumbai, 31st May, 2011

PCS TECHNOLOGY LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

Particulars	Year ended 31st March, 2011 (Rs.)	Period ended 31st March, 2010 (Rs.)
Cash Flow arising from Operating Activities:		
Net Profit before Tax	9,394,455	29,592,220
Add: Depreciation	49,186,044	43,135,611
Profit on Sale of Fixed Assets (Net)	(24,194,335)	-
Interest received	(5,553,041)	(4,516,814)
Dividend received	(6,700)	(44,630)
Interest expenses	73,849,794	62,277,322
Operating Profit before Working Capital changes	102,676,217	130,443,709
Decrease/(Increase) in Sundry Debtors	22,752,847	(150,801,737)
Decrease/(Increase) in Inventories	36,621,973	22,572,447
(Decrease)/Increase in Sundry Creditors	(1,117,495)	170,764,998
Cash Generated from Operations..	58,257,325	42,535,708
Income Tax paid (net of refunds)	(19,681,118)	(40,332,088)
Net Cash Flow from /used Operating Activities...	141,252,424	132,647,329
Cash Flow arising from Investing Activities:		
Purchase of fixed assets (including Capital work in progress & capital advances)	(50,040,450)	(113,028,389)
Proceeds from sale of fixed assets	31,101,953	77,200
Interest received	8,034,610	3,100,396
Dividend received	6,700	44,630
Net Cash from Investing Activities...	(10,897,187)	(109,806,163)
Cash Flow arising from Financing Activities:		
Repayment of long-term borrowings (net)	(175,684,248)	(17,155,604)
Proceeds from unsecured loan (net)	66,833,333	35,000,000
Change in working capital facilities	67,433,266	12,641,979
Interest paid	(73,849,794)	(62,277,322)
Net Cash used from Financing Activities...	(115,267,443)	(31,790,947)
Net Increase/(Decrease) in Cash/Cash Equivalents ...	15,087,794	(8,949,781)
Cash and Cash Equivalents at the beginning of the year	94,118,927	103,068,708
Cash and Cash Equivalents at the end of the year	109,206,721	94,118,927

As per my Report of even date attached

For S. C. BANDI & COMPANY
Chartered Accountants

S. C. Bandi
Proprietor
Membership no. 16932

31st May, 2011

For and on behalf of the Board of Directors

G. K. Patni
(Chairman)

H.C. Tandon
(MD & CEO)

A. K. Patni
(Vice Chairman)

G. M. Dave
P. V. Mehta
K. K. Barjatya

} Directors

B. J. Patel
Company Secretary

Mumbai, 31st May, 2011

THIRTIETH ANNUAL REPORT 2010-2011



SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2011

PARTICULARS	As at		As at	
	(Rs.)	31.03.2011 (Rs.)	(Rs.)	31.03.2010 (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><u>210,240,188</u></u>		<u><u>210,240,188</u></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	417,953,187		425,517,696	
Less : Transferred to Profit & Loss a/c				
On account of depreciation	10,075,856		7,564,508	
On sale of fixed assets	<u>19,521,220</u>		<u>-</u>	
		388,356,111		417,953,188
GENERAL RESERVE				
		94,100,534		94,100,534
BALANCE IN PROFIT & LOSS ACCOUNT				
(As per Annexed Account)		237,888,155		230,019,552
Total		<u><u>923,590,461</u></u>		<u><u>945,318,935</u></u>

PCS TECHNOLOGY LIMITED

SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2011

PARTICULARS	As at 31.03.2011 (Rs)	As at 31.03.2010 (Rs)
SCHEDULE "C" - SECURED LOANS		
TERM LOANS		
HDFC Limited	58,406,893	50,000,000
(Secured by hypothecation of property at Mahape)		
WORKING CAPITAL FACILITIES FROM BANKS		
i) Cash Credit	78,912,850	105,672,774
ii) Working Capital Demand Loan	120,617,063	53,183,797
iii) Foreign Currency Loan	-	158,939,989
(Secured against hypothecation of Inventories and Book Debts of the Company as well as second charge on the fixed assets of the Company)	199,529,913	317,796,560
OTHER LOANS		
Against hypothecation of Vehicles		
i) HDFC Bank Limited	236,382	402,449
ii) Axis Bank Limited	1,774,839	-
	2,011,221	402,449
Total	259,948,027	368,199,009
SCHEDULE "D" - UNSECURED LOANS		
From Bank	45,833,333	-
From Directors	559,500,000	538,500,000
Inter-corporate Deposits	72,500,000	72,500,000
Total	677,833,333	611,000,000

SCHEDULE "E" - FIXED ASSETS

(Rupees)

S. NO.	PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As at 01/04/2010	Addition	Deduction	As at 31/03/2011	As at 01/04/2010	For the year	Deduction	As at 31/03/2011	As at 31/03/2011	As at 31/03/2010
1	Freehold Land	80,403,834	-	17,193,834	63,210,000	-	-	-	-	63,210,000	80,403,834
2	Lease hold Land	200,609,904	-	-	200,609,904	3,108,479	3,657,250	-	6,765,729	193,844,175	197,501,426
3	Building	217,001,608	23,107,947	4,277,880	235,831,675	48,209,772	9,345,568	236,260	57,319,080	178,512,595	168,791,837
4	Plant and Machinery	278,305,254	-	186,385,775	91,919,479	257,145,764	3,929,051	182,064,696	79,010,119	12,909,360	21,159,490
5	Tools & Testing equipments	8,439,735	5,464,842	-	13,904,577	4,273,366	489,018	-	4,762,384	9,142,193	4,166,369
6	Electrical Installation	9,569,516	2,093,376	-	11,662,892	6,145,630	445,381	-	6,591,011	5,071,881	3,423,887
7	Furniture and Fixture	33,795,021	755,389	1,669,934	32,880,476	15,669,916	1,793,812	999,508	16,464,220	16,416,256	18,125,105
8	Vehicles	9,200,021	3,401,660	370,590	12,231,091	3,151,459	1,004,946	184,423	3,971,982	8,259,109	6,048,562
9	Computers, office & other equipments	145,237,094	4,931,599	50,605,272	99,563,421	41,476,014	15,282,817	10,667,487	46,091,344	53,472,077	103,761,079
10	Software (Intangible assets)	147,778,740	589,440	-	148,368,180	48,445,819	23,314,056	-	71,759,875	76,608,305	99,332,921
	TOTAL	1,130,340,727	40,344,253	260,503,285	910,181,695	427,626,219	59,261,899	194,152,374	292,735,744	617,445,951	702,714,508
	Total Previous year....	1,092,527,421	39,290,502	1,477,196	1,130,340,727	377,243,564	50,700,118	317,464	427,626,218	702,714,509	715,283,856

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SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2011

PARTICULARS	Nos. of Units/ Shares	Face Value	As at 31.03.2011 (Rs)	Nos. of Units/ Shares	Face Value	As at 31.03.2010 (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
Asit C Mehta Financial Services 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
			739,000			739,000
ii) Fully paid up units of Mutual Fund						
Master Shares of UTI	14,400	10	140,430	14,400	10	140,430
			879,430			879,430
Less: Provision for Dimnution in value of Investments			475,000			475,000
			404,430			404,430
(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., Mauritius	111,000	USD 10.00	47,088,450	111,000	USD 10.00	47,088,450
PCS Technology USA, Inc.	2,500	USD 2.00	217,850	2,500	USD 2.00	217,850
PCS Positioning Systems (India) Limited	1,750,000	INR 10.00	17,500,000	1,750,000	INR 10.00	17,500,000
B) In Others						
Saraswat Co-op. Bank Ltd	1,000	10	10,000	1,000	10	10,000
Kalpavruksh Systems Limited	50,000	10	500,000	50,000	10	500,000
			65,320,300			65,320,300
			65,724,730			65,724,730
Book value of Quoted investment			404,430			404,430
Book value of Unquoted investment			65,320,300			65,320,300
Market value of Quoted investment			1,215,100			1,767,520

PARTICULARS	As at 31.03.2011 (Rs)	As at 31.03.2010 (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	94,432,081	92,781,563
Work in Progress	12,605,371	10,955,790
	107,037,452	103,737,353

PCS TECHNOLOGY LIMITED

SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2011

PARTICULARS	As at		As at	
	(Rs)	31.03.2011 (Rs)	(Rs)	31.03.2010 (Rs)
SUNDRY DEBTORS				
(Unsecured & considered good by the Management)				
i) Over six months	877,349,246		827,538,252	
ii) Other debts	622,780,189		694,219,836	
iii) Future finance lease receivables	4,962,935		15,808,415	
iv) Revenue accrued not billed	105,247,712		79,617,636	
		1,610,340,082		1,617,184,139
(includes Rs. 12,967,074 /- due from PCS International Ltd., wholly owned subsidiary- previous year: Rs.9,515,227/- . Maximum balance outstanding Rs.17,678,042/- , previous year : Rs.9,650,987/-)				
(includes Rs. 5,236,845/- due from PCS Technology, USA, wholly owned subsidiary- previous year :Rs.4,997,900/- . Maximum balance outstanding Rs.5,236,845/- , previous year : Rs.4,997,900/-)				
(includes Rs. 11,685,851/- 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	11,209,594		11,611,707	
Bank Balances				
i) In Current Account	60,612,463		32,529,315	
ii) In Margin Money Deposits	37,384,664		49,977,905	
		109,206,721		94,118,927
OTHER CURRENT ASSETS				
Interest accrued		758,796		3,240,365
LOANS & ADVANCES				
(Unsecured & considered good by the Management)				
Advances recoverable in cash - or in kind or for value to be received	63,887,237		68,083,107	
Loans & Advances to Subsidiaries				
PCS Positioning System (India) Ltd (Maximum balance outstanding Rs. 1,167,415/- , previous year Rs. 1,167,415 /-)			1,167,415	
Earnest Money Deposits	21,444,358		27,726,248	
Sundry Deposits	28,241,104		29,720,316	
(Amount includes Rs. 39 lacs paid to relatives of Director on account of rental deposits, Previous year Rs.38 lacs)				
Advance payment of Income Tax (Net of Provision)	64,426,946		57,773,831	
Balance with Central Excise Department	2,474,507		5,258,910	
		180,474,152		189,729,827
Total		2,007,817,203		2,008,010,611
SCHEDULE "H" - CURRENT LIABILITIES AND PROVISIONS				
CURRENT LIABILITIES				
Sundry Creditors - Micro and Small Enterprises	8,843,709		3,660,028	
Sundry Creditors - Others	461,257,124		590,688,709	
Advance from Customers	8,939,756		18,018,130	
Advance against sale of property	159,000,000		-	
Income received in advance	3,890,873		30,013,743	
Other Current Liabilities	17,435,909		17,160,170	
		659,367,371		659,540,780
PROVISIONS				
For Fringe Benefit Tax (Net of advances)	1,556,210		3,299,361	
For Leave Encashment	7,436,091		8,380,177	
		8,992,301		11,679,538
Total		668,359,672		671,220,318

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SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2011

PARTICULARS	Year ended 31.03.2011 (Rs)	Period ended 31.03.2010 (Rs)
SCHEDULE "1" - INCOME FROM OPERATIONS & OTHER INCOME		
INCOME FROM OPERATION		
Sale of Scrap etc.	217,404	409,170
Foreign Exchange fluctuation (Gain)	-	657,658
Commission received	-	26,640
Finance Charges Lease	3,149,008	4,281,838
Incentive from Suppliers	369,297	671,505
	3,735,709	6,046,811
OTHER INCOME		
Profit on Sale of Fixed assets (net)	1,408,567	33,663
Add: Transfer from Revaluation Reserve	22,785,768	-
		33,663
Dividend received		
i) On long term Investments	6,700	44,630
	6,700	44,630
Interest received		
i) From Banks	359,820	3,294,580
ii) From Income tax refund	5,008,058	998,186
iii) From Others	185,163	224,048
		4,516,814
(Tax deducted at source Rs. 192,190/- previous year Rs 392,750/-)		
Sundry Balances written back	224,285	-
Miscellaneous Income	1,047,083	316,437
	31,025,444	4,911,544
Total	34,761,153	10,958,355
SCHEDULE "2" - DECREASE/(INCREASE) IN VALUE OF STOCK		
Opening stock as on 1st April 2010		
i) Work in Progress	10,955,790	4,349,302
ii) Finished Goods	-	834,869
	10,955,790	5,184,171
Less:		
Closing Stock as at 31st March, 2011		
Work in Progress	12,605,371	10,955,790
	12,605,371	10,955,790
	(1,649,581)	(5,771,619)
Add: Increase/(Decrease) in Excise duty on stocks		
Excise duty in Opening stock	-	(29,553)
Excise duty in Closing stock	-	-
		(29,553)
Total	(1,649,581)	(5,801,172)

PCS TECHNOLOGY LIMITED

SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2011

PARTICULARS	Year ended 31.03.2011		Period ended 31.03.2010	
	(Rs)	(Rs)	(Rs)	(Rs)
SCHEDULE "3"				
COST OF MATERIAL CONSUMED / SOLD				
Opening stock	92,781,563		121,125,630	
Add : Purchases (including decapitalization of 399 lacs)	864,341,827		1,093,434,672	
	957,123,390		1,214,560,302	
Less: Closing Stock	94,432,081		92,781,563	
	862,691,309		1,121,778,739	
Total	862,691,309		1,121,778,739	
SCHEDULE "4"				
MANUFACTURING AND OTHER EXPENSES				
Salaries, Wages and Bonus	555,846,387		406,377,252	
Gratuity to Staff	-		48,162	
Contribution to EPF, ESIC & EDLIS	34,984,838		24,192,114	
Staff Welfare	7,482,746		7,052,195	
Consumable, Stores, Spares	32,304,421		19,412,238	
Rent	10,913,578		11,608,130	
Electricity & Power	4,943,311		5,290,215	
Insurance	2,219,447		4,158,171	
<u>Payment to Auditors</u>				
Audit fees	412,350		295,053	
Other services	193,025		77,210	
Tax Audit fees	55,150	660,525	55,150	427,413
Advertisement & Sales promotion	3,782,427		1,790,481	
Bank charges	18,084,193		20,419,708	
Bad Debts and Remissions	22,198,799		27,283,148	
Sitting fees to directors	490,000		390,000	
Commission on Sales	25,650		172,679	
Legal & Professional fees	10,504,910		10,698,490	
Foreign Exchange Fluctuation Loss (Net)	4,293,051		-	
Miscellaneous Expenditure	16,721,622		18,639,212	
Packing, Courier & Forwarding	16,635,449		13,884,640	
Postage, Telephone & Telex	5,932,976		4,907,241	
Printing & Stationery	4,310,105		7,457,462	
Rates & Taxes	1,133,947		1,092,570	
Repairs to Building	425,376		941,059	
Sales & Work contract tax	9,393,075		4,410,331	
Subcontracting charges paid	39,460,549		30,617,931	
Travelling & Conveyance	54,318,081		46,636,458	
Total	857,065,463		667,907,300	
SCHEDULE "5" - INTEREST PAID				
Interest paid on Fixed Loan	6,619,287		3,894,798	
Interest paid to Others	67,230,507		58,382,524	
Total	73,849,794		62,277,322	

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 year is for 12 months from 01.04.2010 to 31.03.2011. Figures of previous period are of 9 months from 01.07.2009 to 31.03.2010 and hence not directly comparable with figures of current year. The figures of the previous period 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 is NIL (previous year Rs 3,46,950/-), net of advances.

(b) Contingent Liabilities not provided.

- i) On account of Bank guarantees : Rs. 243,422,580/- (Previous year Rs.434,340,612/-).

PCS TECHNOLOGY LIMITED

NOTES FORMING PART OF THE ACCOUNTS (Contd.)

5. Managerial Remuneration to the Managing Director

(Rupees)

Managing Director	Current Year ended 31.03.2011	Previous Period ended 31.03.2010
(a) Salaries	2,008,500	1,408,500
(b) Value of perquisites	21,600	16,200
(c) Provident fund	201,600	151,200
(d) Ex-gratia	8,400	6,300
Total Remuneration	2,240,100	1,582,200

6. EMPLOYEE BENEFITS

- a) Contribution to provident Fund of Rs.18,668,451/- (previous year Rs. 14,454,121/-) 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 Year		Previous Period	
	Gratuity (Funded)	Leave encashment (Non funded)	Gratuity (Funded)	Leave encashment (Non funded)
1. Change in benefit obligation				
Liability at the beginning of the year	14,270,365	8,380,177	14,225,384	7,898,478
Interest cost	1,141,629	670,414	800,909	444,695
Current service cost	2,575,009	2,515,651	2,263,189	2,183,973
Past service cost (vested benefits)	2,994,435	---	---	---
Benefit paid	---	---	---	---
Actuarial (Gain)/ Loss	(4,249,366)	(4,130,151)	(3,019,117)	(2,146,969)
Liability at the end of the year	16,732,072	7,436,091	14,270,365	8,380,177
2. Change in Fair value of Plan Assets				
Fair value of Plan assets at the beginning of year	17,107,596	--	16,942,885	--
Adjustments to opening balance	(1,379)	--	--	--
Expected Return on Plan assets	2,052,746	--	906,848	--
Contributions	--	--	--	--
Benefit paid	--	--	--	--
Actuarial (Gain)/ Loss on plan assets	(1,848,908)	--	(742,137)	--
Fair value of Plan assets at the end of year	17,310,055	--	17,107,596	--
3. Expenses recognized in the Profit & Loss a/c				
Current service cost	--	2,515,651	--	2,183,973
Interest cost	--	670,414	--	444,695
Expected Return on Plan assets	--	--	--	--
Actuarial (Gain)/ Loss	--	(4,130,151)	--	(2,146,969)
Expenses recognized in the Profit & Loss a/c	--	(944,086)	--	481,699
4. Actuarial Assumptions				
Discount rate	8.00%		8.00%	
Salary escalation rate	5%		5%	
Expected Return on Plan assets	12.00%		7.13%	
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.

7. The Legal and Professional fees includes payments of professional fees of Rs.796,070/- (previous year Rs. 496,350/-) to the firms in which some of the Directors of the Company are partners.

8. Interest capitalized on account of Borrowing costs for the year ended 31st March 2011 is Rs.6,281,273/-

9. Particulars of dues to Micro, Small and Medium Enterprises under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act)

(Rupees)

Particulars	As at 31 st March, 2011	As at 31 st March, 2010
Principle amount due to suppliers under MSMED Act at the year end	8,843,709	3,660,028
Interest accrued & due to suppliers under MSMED Act on the above amount, unpaid at the year end	4,159	11,633
Payment made to suppliers (other than interest) beyond the appointed day during the year	624,447	392,056
Interest paid to suppliers under MSMED Act during the year	Nil	Nil
Interest due & payable to suppliers under MSMED Act for payments already made.	11,900	4,809
Interest accrued & remaining unpaid at the end of the year to supplier under MSMED Act.	16,059	16,442

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

11. Additional information pursuant to the provisions of Paragraphs 3 & 4 of part II of Schedule VI of the Companies Act, 1956 are as under:-

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

S.No.	Particulars	Current Year Ended 31.03.2011	Previous Period Ended 31.03.2010
(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	Not applicable	3 lacs Sq.mtrs.p.a
	Paper phenolic & Composite Copper clad Laminates	Not applicable	5 lacs Sq.mtrs.p.a
	Installed capacity		
	Glass Epoxy Copper Clad Laminates	Not applicable	3 lacs Sq.mtrs.p.a
	Paper phenolic & Composite Copper clad Laminates	Not applicable	5 lacs Sq.mtrs.p.a
(B)	Production		
	Computer Division		
	Opening Stock	11 Nos.	42 Nos.
	Production during the year	5705 Nos.	9,520 Nos.
	Capitalized	0 Nos.	0 Nos.
	Closing Stock	0 Nos.	11 Nos.
(C)	Turnover		
(i)	Computer Division	Rs.	Rs.
	Sales Including Computers, Computer Components, Monitors, Printers, Power Supply, Services & others. (Mixed Items)	1,813,848,636	1,907,931,664
	TOTAL	1,813,848,636	1,907,931,664

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NOTES FORMING PART OF THE ACCOUNTS (Contd.)



S.No.	Particulars	Current Year Ended 31.03.2011	Previous Period Ended 31.03.2010
(D)	Material Consumption		
	(Consumption has been arrived at by deducting closing stock from the total of Opening Stock and Purchase)		
(i)	Computer Division	Rs.	Rs.
	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.	862,691,309	1,121,778,739
	TOTAL	862,691,309	1,121,778,739

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

	31.03.2011		31.03.2010	
	Rs.	%	Rs.	%
Raw Material, Computers & Peripherals Accessories				
(i) Imported	69,508,532	8.06	108,235,285	9.65
(ii) Indigenous	793,182,777	91.94	1,013,543,454	90.35
	862,691,309	100.00	1,121,778,739	100.00

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

	Current Year 31.03.2011 (Rupees)	Previous Period 31.03.2010 (Rupees)
Raw Material, Computers & Peripherals Accessories	72,181,032	112,793,276

(G) Expenditure in foreign currency:

Travelling & Others	21,848,660	17,792,411
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(H) Earning in foreign currency:

(F.O.B. Value of Exports)		
Export Sales & Services	39,719,681	73,241,290

12. 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 2011, is as follows

S. No.	Particulars	31.03.2011 Rs.	31.03.2010 Rs.
a)	Gross Investment in lease	5,112,495	16,592,143
b)	Present value of minimum lease payment	4,962,934	15,808,414
c)	Total gross investment		
	1) Not later than one year	3,167,904	11,703,112
	2) later than one year but not later than five	1,944,591	4,889,031
	3) later than five year	----	----
d)	Present value of Minimum lease payment		
	1) Not later than one year	3,207,722	10,845,480
	2) later than one year but not later than five	1,755,212	4,962,934
	3) later than five year	----	----
e)	Unearned Finance income	149,561	783,729

13. Particulars of Earnings per Shares:

S. No.	Particulars	31.03.2011	31.03.2010
a)	Net Profit for the year (Rs.)	7,868,603	20,019,324
b)	Number of equity shares outstanding at the beginning and at the end of the year	20,950,677	20,950,677
c)	Nominal Value of the shares (Rs.)	10	10
d)	Basic and diluted Earning per share (Rs. (a / b))	0.38	0.96

14. Deferred Tax:

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

(Rupees)

S. No.	Particulars	Accumulated As at 31.03.2011	Accumulated as at 31.03.2010
A)	Deferred Tax Liability		
	i) Depreciation	43,290,000	51,561,000
B)	Deferred Tax Assets		
	i) Expenses allowable on payment basis	2,430,000	942,000
	Net Deferred Tax Liability	40,860,000	50,619,000

15. 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)
- 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. Rajrani Gangwal (Sister of A.K.Patni & G.K.Patni)
 - Sobhagmal M.Patni HUF (Mr.G.K.Patni & Mr.A.K.Patni are members of HUF)
 - Estate of Late Sobhagmal M Patni
 - Estate of Late Mrs. Kanchanbai Patni
- c) Affiliates (Enterprises over which Key Management personnel or relatives have significant influence)
- Ashoka Computer Systems Pvt Ltd
 - PCS Cullinet Pvt Ltd
 - PCS Finance Pvt Ltd.
 - Kalpavruksh Systems Ltd (Formerly known as Vraksh Technologies Ltd)
 - Saules Energija Ltd

PCS TECHNOLOGY LIMITED

NOTES FORMING PART OF THE ACCOUNTS (Contd.)

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

Description	Subsidiaries Companies	Key Management Personnel	Relative of key Management Personnel	(Rupees)	
				Affiliates	Total
Sales of Goods and Services	15,335,135 (5,340,743)	-	-	28,826,068 (4,300)	44,161,203 (5,345,043)
Interest Paid	-	673,973	-	5,375,000 (3,695,206)	6,048,973 (3,695,206)
Rent Paid	-	-	200,000 (3,014,172)	(435,600)	200,000 (3,449,772)
Reimbursement of expenses paid	572,303 (463,249)	-	-	(51,159)	572,303 (514,408)
Rent Received	-	-	-	3,300,000 (2,250,000)	3,300,000 (2,250,000)
Recovery of expenses received	155,125 (77,275)	-	-	1,924,496 (2,191,528)	2,079,621 (2,268,803)
Advance given now received	1,167,415	-	-	-	1,167,415
Loan taken	-	65,000,000 (35,000,000)	-	(55,000,000)	65,000,000 (90,000,000)
Loan Refunded	-	44,000,000 (50,000,000)	-	(5,000,000)	44,000,000 (55,000,000)
Advance received against sale of Property	-	159,000,000	-	-	159,000,000
Remuneration to Directors	-	2,240,100 (1,582,200)	-	-	2,240,100 (1,582,200)
Property Deposit Paid	-	-	100,000	-	100,000
Balance outstanding as on 31st March 2011					
Receivable	29,874,582 (26,278,024)	-	-	5,309,099 (2,004,126)	35,183,681 (28,282,150)
Property Deposits	-	-	3,900,000 (3,800,000)	406,700 (406,700)	4,306,700 (4,206,700)
Other Loan Taken	-	559,500,000 (538,500,000)	-	72,500,000 (72,500,000)	632,000,000 (611,000,000)
Advance received against sale of Property	-	159,000,000	-	-	159,000,000
Advance Rent received	-	-	-	(5,750,000)	(5,750,000)
Advance given	(1,167,415)	-	-	-	(1,167,415)

(Note: Previous years figures are shown in brackets)

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

Description	Subsidiaries Companies	Key Management Personnel	Relative of key Management Personnel	(Rupees)	
				Affiliates	
Sales of goods and services PCS International Ltd., Mauritius	15,335,135 (5,340,743)	-	-	-	-
Kalpavruksh Systems Ltd	-	-	-	28,776,068 (4,300)	-
Interest paid A.K.Patni	-	673,973	-	-	-
Ashoka Computer Systems Pvt. Ltd.	-	-	-	-	1,812,500 (1,245,120)
PCS Finance Pvt. Ltd.	-	-	-	-	1,750,000 (1,204,966)
PCS Cullinet Pvt. Ltd.	-	-	-	-	1,812,500 (1,245,120)

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NOTES FORMING PART OF THE ACCOUNTS (Contd.)



Description	Subsidiaries Companies	Key Management Personnel	Relative of key Management Personnel	(Rupees) Affiliates
Rent paid Apoorva Patni	-	-	200,000	-
Estate of Kanchanbai Patni	-	-	(698,040)	-
Sadhana Patni	-	-	(512,460)	-
Rajnikanta Patni	-	-	(403,560)	-
PCS Finance Pvt. Ltd.	-	-	-	(217,800)
Reimbursement of expenses paid PCS International Ltd., Mauritius	572,303 (463,249)	-	-	-
Kalpavruksh Systems Ltd.	-	-	-	(51,159)
Rent Received Kalpavruksh Systems Ltd.	-	-	-	3,300,000 (2,250,000)
Reimbursement/Recovery of expenses received Kalpavruksh Systems Ltd.	-	-	-	1,924,496 (2,191,528)
Refund of Advance Given PCS Positioning Systems (India) Ltd.	1,167,415	-	-	-
Loan Taken A.K.Patni	-	65,000,000 (35,000,000)	-	-
Ashoka Computer Systems Pvt. Ltd.	-	-	-	(17,000,000)
PCS Finance Pvt. Ltd.	-	-	-	(16,000,000)
PCS Cullinet Pvt. Ltd.	-	-	-	(17,000,000)
Loan Refunded A.K.Patni	-	44,000,000 (50,000,000)	-	-
Remuneration to Directors H.C.Tandon	-	2,240,108 (1,582,200)	-	-
Advance received against sale of Property	-	159,000,000	-	-
Balance outstanding as on 31st March 2011 Receivable PCS Technology USA. INC	5,236,844 (4,997,901)	-	-	-
PCS Positioning Systems (India) Ltd.	11,685,851 (11,764,895)	-	-	-
PCS International Ltd., Mauritius	12,951,887 (9,515,228)	-	-	-
Kalpavruksh Systems Ltd.	-	-	-	5,184,697 (1,879,724)
Property Deposits Estate of Kanchanbai Patni	-	-	1,100,000 (1,100,000)	-
Rajnikanta Patni	-	-	600,000 (600,000)	-

NOTES FORMING PART OF THE ACCOUNTS (Contd.)

NOTES FORMING PART OF THE ACCOUNTS (Contd.)

Description	Subsidiaries Companies	Key Management Personnel	Relative of key Management Personnel	(Rupees) Affiliates
Sadhana Patni	-	-	700,000 (700,000)	-
Apoorva Patni	-	-	600,000 (500,000)	-
Arihant Patni	-	-	500,000 (500,000)	-
PCS Finance Pvt. Ltd.	-	-	-	205,030 (205,030)
Loan Taken A.K.Patni	-	349,500,000 (328,500,000)	-	-
G.K..Patni	-	210,000,000 (210,000,000)	-	-
Ashoka Computer Systems Pvt. Ltd.	-	-	-	24,500,000 (24,500,000)
PCS Finance Pvt. Ltd.	-	-	-	23,500,000 (23,500,000)
PCS Cullinet Pvt. Ltd.	-	-	-	24,500,000 (24,500,000)
Advance received against sale of Property A.K.Patni	-	159,000,000	-	-
Advance Rent received Kalpavruksh Systems Ltd	-	-	-	-
	-	-	-	(5,750,000)
Advance Given PCS Positioning Systems (India) Limited	(1,167,415)	-	-	-

(Note: Previous years figures are shown in brackets)

16 (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	1,167,415	1,167,415

16 (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.

17. 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.

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

As per my Report of even date attached

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

S. C. Bandi
Proprietor
Membership no. 16932

For and on behalf of the Board of Directors

G. K. Patni (Chairman)	H.C. Tandon (MD & CEO)
----------------------------------	----------------------------------

A. K. Patni
(Vice Chairman)

G. M. Dave
P. V. Mehta
K. K. Bariatya } **Directors**

B. J. Patel
Company Secretary

Mumbai, 31st May, 2011

31st May, 2011

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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.	State Code	Balance Sheet Date
		24279	11	31st March 2011
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	2112472	Total Assets	2112472
Source of Funds				
	Paid-up Capital	210240	Reserves & Surplus	923590
	Secured Loans	259948	Unsecured Loans	677833
	Net Deferred Tax Liabilities	40860		
Application of Funds				
	Net Fixed Assets	707290	Investments	65725
	Net Current Assets	1339458	Miscellaneous Expenditure	
IV. Performance of the Company				
(Amount in Rs. Thousands)				
	Turnover (including Other Income)	1848610	Total Expenditure	1839215
	Profit before Tax	9395	Profit after Tax	7869
	Earnings per Share	0.38	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 **S. C. BANDI & COMPANY**
Chartered Accountants

S. C. Bandi
Proprietor
Membership no. 16932

31st May, 2011

For and on behalf of the Board of Directors

G. K. Patni (Chairman)	H.C. Tandon (MD & CEO)	} Directors
A. K. Patni (Vice Chairman)	G. M. Dave P. V. Mehta	
	K. K. Barjatya	

B. J. Patel
Company Secretary

Mumbai, 31st May, 2011

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 ending of the subsidiary	31st March 2011	31st March 2011	31st March 2011
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 year ended 31st March 2011	(696,828) INR	(457,483) INR	(1,265,206) INR
ii) For the previous Financial period ended since it became a Subsidiary	(1,678,348) INR	(105,638) INR	(2,090,833) 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 financial year ended 31st March 2011	Nil	Nil	Nil
ii) For the previous financial period since it became a Subsidiary.	Nil	Nil	Nil

As per my Report of even date attached

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

S. C. Bandi
Proprietor
Membership no. 16932

31st May, 2011

For and on behalf of the Board of Directors

G. K. Patni (Chairman)	H.C. Tandon (MD & CEO)	} Directors
A. K. Patni (Vice Chairman)	G. M. Dave P. V. Mehta	
	K. K. Barjatya	

B. J. Patel
Company Secretary

Mumbai, 31st May, 2011

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 the pleasure in presenting their Seventh Annual Report together with Audited Accounts for the year ended 31st March 2011.

FINANCIAL RESULTS

Particulars	(Rs in lacs)	
	(12 Months) Year Ended 31.03.2011	(9 Months) Period Ended 31.03.2010
Sales & other Income		
Profit / (Loss) before interest, depreciation & taxation	(3)	(6)
Interest		
Depreciation	9	15
Profit/(Loss) before Taxation	(12)	(21)
Profit/(Loss) after Taxation	(12)	(21)
Profit/(Loss) as per last Balance sheet	(450)	(429)
Balance Carried to Balance Sheet	(462)	(450)

OPERATIONS

During the 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.

DIVIDEND

Your Directors do not recommend any dividend in view of losses incurred during the year.

DIRECTORS

As per Article 135 of the Articles of Association of the Company, Mr. H C Tandon and Mr. Yash Bharadwaj, retire by rotation and being eligible for appointment, offer themselves for re-appointment.

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:

- In the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- Appropriate accounting policies have been selected and applied consistently and have made judgements and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the company as at 31st March, 2011 and of the profit/loss of the company for the said year;
- 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;
- Annual Accounts 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 year, there were no employees drawing remuneration in excess of the monetary ceiling prescribed under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended.

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

The information required under the above heads in accordance with the provision of Section 217(1)(e) of the Companies Act, 1956, read with the 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 Director recommends their re-appointment for the ensuing year.

ACKNOWLEDGEMENTS

Your Directors takes 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 : 18th May, 2011

H. C. Tandon
Director
A. K. Patni
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 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 and Other Expenses	0
	0

On behalf of the Board of Directors

Place : Mumbai
Date : 18th May, 2011

H. C. Tandon
Director
A. K. Patni
Director

COMPLIANCE CERTIFICATE

To,
The Members

PCS Positioning Systems (India) Limited
S No 1-A F-1 Iranimarket Compound,
Yerawada Pune - 411006

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

I have examined the registers, records, books and papers of **PCS Positioning Systems (India) Limited** as required to be maintained under the Companies Act, 1956, and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the year ended on **March 31, 2011**. 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 year:

- The Company has kept and maintained all registers as stated in Annexure 'A' to this Certificate, as per the provisions of the Act and the rules made thereunder and all entries therein have been duly recorded.
- The Company has duly filed the forms and returns as stated in Annexure 'B' to this Certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made thereunder.
- The Company being a Subsidiary of a Public Company, thus Comment on minimum prescribed paid up Capital and maximum number of members is not required
- The Board of Directors of the Company duly met 6 (Six) times respectively on 29th April 2010, 17th May 2010, 9th July 2010, 4th October 2010, 28th December 2010 and 25th March 2011 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose
- The Company has not closed its Register of Members during the year, as it was not required to close the same.
- The Annual General Meeting for the financial year ended on 31/03/2010 was convened and held on 17/08/2010 after giving due notice to the members and adoption of Annual accounts as on 31st March 2010 were duly recorded in the Minutes Book maintained for the purpose.
- No Extra ordinary General meeting were held during the year ended March 31, 2011
- According to the information and explanation given to me, the Company has not advanced any loan to its Directors or persons or firms or Companies referred in the Section 295 of the Act during the financial year under review
- According to the information and explanation given to me, The Company has not entered into any Contract falling within the purview of Section 297 of the Act during the financial year under review
- As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, members or Central Government,
- The Company has made necessary entries in the register maintained u/s 301 of the Act for contracts entered during the year.
- The Company has not issued any duplicate share certificates during the year.
 - The Company has delivered all the certificates on allotment of shares and lodgment of shares for transfer, however there were no transmission of securities during the year.
 - The Company has not deposited any amount in a separate Bank Account as no dividend was declared during the year.
 - The Company was not required to post warrants to any members of the Company as no dividend was declared during the year.

- 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 year of seven years.
 - 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 Director/Managing Director, Whole Time Director during the year under review
 - The Company has not appointed any managing Director or whole time Director or Manager during the year.
 - The Company has not appointed any sole-selling agents during the year.
 - According to the information and explanation given to me, The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar and/or such other authorities prescribed under the various provisions of the Act during the year.
 - The Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
 - The Company has not issued Equity Shares and Preference Shares during the year.
 - The Company has not bought back any shares during the year.
 - The Company has not redeemed any shares during the year.
 - There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
 - The Company has not invited/ accepted any deposits including any unsecured loans falling within the purview of sections 58A during the year.
 - The Company has not borrowed from Directors, members, public, financial institutions, banks and others during the year ending 31/03/2011 and that no approval as per Section 293(1)(d) is required to be obtained.
 - According to the information and explanation provided to me, The Company has not made loans and investments or given guarantees or provided securities to other bodies corporate during the year under review.
 - The Company has not altered the provisions of the Memorandum with respect to Situation of the Company's registered office from One State to another during the year under review
 - The Company has not altered the provisions of the Memorandum with respect to the Objects of the Company during the year under review
 - The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under review
 - The Company has not altered the provisions of the Memorandum with respect to Authorized Share Capital of the Company during the year under review
 - The Company has not altered its Articles of Association during the year under review
 - 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 year for offences under the Act.
 - The Company has not received any money as security from its employees during the year.
 - The Company has informed us that Company has not deducted Provident Fund during the year under review

For Bhavesh Desai & Associates
Company Secretaries

(Bhavesh Desai)
C.P.No.7711

Place : Mumbai
Date: 13.05.2011

PCS POSITIONING SYSTEMS (INDIA) LIMITED

ANNEXURE 'A'

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

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

For Bhavesh Desai & Associates
Company Secretaries

(Bhavesh Desai)
C.P.No.7711

Mumbai

Date: 13.05.2011

ANNEXURE 'B'

Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government during the financial year ending on 31st March 2011

Sr.No	Form No/ Return	Filed under Section	For	Date of filing	Whether filed within Prescribed Time yes/no
1	Form 66	383A	Compliance Certificate	08/10/2010	No
2	Form 23 AC & ACA	220	Balance sheet & Profit & loss A/c	11/10/2010	No
3	Form 20B	159	Annual return	19/10/2010	No

For Bhavesh Desai & Associates
Company Secretaries

(Bhavesh Desai)
C.P.No.7711

Mumbai

Date: 13.05.2011

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 2011 and also the Profit and Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. My responsibility is to express an opinion on these financial statements based on my audit.
2. I have conducted my 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 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 dealt with by this report is 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, 2011 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, 2011, 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 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 2011 and
 - ii) In the case of the Profit and Loss Account, of the loss for the year ended on that date.
 - iii) In the case of Cash Flow statement, of the cash flow for the year ended on that date.

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

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

Place: Mumbai
Date: 18th May, 2011

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 clauses 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 advance 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, 2011 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 year covered by my audit. The company had incurred cash loss during immediately preceding financial period.
- (xi) In my opinion and according to the information and explanations given to me, the company has not defaulted during the year in repayment of dues to any financial institution, banks or debentures.
- (xii) According to the information and explanations given 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 me the company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order 2003 are not applicable to the Company.
- (xiv) The Company is not dealing or trading in Shares, Securities and Debentures or other investments. Accordingly provisions of clause (xiv) of the said order are not applicable.
- (xv) According to the information and explanations given to me, the company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) The Company has not taken any new term loans during the year.
- (xvii) According to the information and explanations given to me and on an overall examination of the balance sheet of the company, I report that the no funds raised on short-term basis have been used for long-term investment.
- (xviii) During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) The Company has not issued any Debentures during the financial year covered by our audit.
- (xx) The company has not raised any money through a public issue during the year.
- (xxi) According to the information and explanations given to me, no fraud on or by the company has been noticed or reported during the course of my audit.

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

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

Place: Mumbai
Date: 18th May, 2011

PCS POSITIONING SYSTEMS (INDIA) LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2011

PARTICULARS	Schedule No.	(Rs) As at 31.03.2011 (Rs)	(Rs) As at 31.03.2010 (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]	16,437,141	17,141,289
Less: Depreciation		11,299,647	10,557,623
Net Block		5,137,494	6,583,666
CURRENT ASSETS, LOANS AND ADVANCES	[C]		
Sundry Debtors		3,062,965	3,063,052
Cash and Bank Balances		50,448	61,757
Loans and Advances		1,165,933	1,979,383
		4,279,046	5,104,192
LESS : CURRENT LIABILITIES AND PROVISIONS	[D]		
Current Liabilities		13,050,402	14,056,513
		13,050,402	14,056,513
NET CURRENT ASSETS		(8,771,356)	(8,952,321)
PROFIT AND LOSS ACCOUNT			
Balance as per Annexed Accounts		46,233,862	44,968,655
Total ...		42,600,000	42,600,000

Notes to the Accounts

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

S C Bandi
(Proprietor)
Membership No.16932

Place : Mumbai
Date : 18th May, 2011

For and on behalf of the Board of Directors

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

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

PARTICULARS	Schedule No.	(Rs) Year ended 31.03.2011 (Rs)	(Rs) Period ended 31.03.2010 (Rs)
INCOME			
Other Income	[1]	780	
		780	
EXPENDITURE			
Operating & Other Expenses	[2]	319,788	604,824
		319,788	604,824
Less Before Interest & Depreciation		(319,008)	(604,824)
Depreciation	[E]	946,198	1,486,009
		946,198	1,486,009
Less for the year		(1,265,206)	(2,090,833)
Less: Provision for Taxation			
Less for the Year after Taxation		(1,265,206)	(2,090,833)
Balance as per last Balance sheet		(44,968,656)	(42,877,823)
Balance of Loss carried over to Balance Sheet...		(46,233,862)	(44,968,656)
Basic and diluted Earning per Shares of Rs. 10/- each (in Rs.)		(0.72)	(1.19)

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

S C Bandi
(Proprietor)
Membership No.16932

Place : Mumbai
Date : 18th May, 2011

For and on behalf of the Board of Directors

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

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PCS POSITIONING SYSTEMS (INDIA) LTD.

PCS
TECHNOLOGY

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

PARTICULARS	Year Ended 31.03.2011 (Rs.)	Period ended 31.03.2010 (Rs.)
A. Cash Flow arising from Operating Activities:		
Net Profit Loss before Tax	(1,265,206)	(2,090,833)
Add: Depreciation	946,198	1,486,009
Interest income	(780)	
Loss on sale of Fixed Assets	300,930	
Operating Loss before Working Capital changes	(18,858)	(604,824)
Decrease/(Increase) in Sundry Debtors and Loan & advances	813,937	548,480
(Decrease)/Increase in Sundry Creditors	(1,006,111)	8,018
Cash Generated from Operations..	(211,132)	(48,326)
B. Cash Flow arising from Investing Activities:		
Proceeds on sale of Fixed Assets	199,043	
Interest received	780	
Net Cash from Investing Activities...	199,823	
C. Cash Flow arising from Financing Activities:		
Repayment of Unsecured Loan taken from Holding Company		
Proceeds from Unsecured Loans from Directors		
Interest paid		
Net Cash from Financing Activities...		
Net Increase in Cash/Cash Equivalents ...	(11,309)	(48,326)
Cash and Cash Equivalents at beginning of year	61,757	110,083
Cash and Cash Equivalents at end of the year 31st March, 2011	50,448	61,757

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

S C Bandi
(Proprietor)
Membership No.16932

Place : Mumbai
Date : 18th May, 2011

For and on behalf of the Board of Directors

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

Director
Director
Director
Director

SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2011

PARTICULARS	As at 31.03.2011 (Rs.)	As at 31.03.2010 (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	3,062,965	3,063,052
b) Others Debts	3,062,965	3,063,052
CASH AND BANK BALANCES		
a) Cash in hand	2,000	2,000
b) Balance with Scheduled Bank in Current Account	48,448	59,757
	50,448	61,757
LOANS & ADVANCES		
(Unsecured & considered good by the Management)		
Advances recoverable in cash - or in kind or for value to be received	614,006	614,006
Sundry Deposits	45,000	45,000
Earnest Money Deposits	65,000	870,000
Advance payment of tax (Net of Provision)	318,483	327,233
Advance Fringe benefit tax (Net of Provision)	123,144	123,144
	1,165,633	1,979,383
Total	4,279,046	5,104,192
SCHEDULE "D" - CURRENT LIABILITIES		
CURRENT LIABILITIES		
Sundry Creditors	12,650,589	13,897,048
Advance from Customers	373,374	159,465
	13,023,963	14,056,513
Other Current Liabilities.	26,439	
Total	13,950,402	14,056,513
	13,950,402	14,056,513

PCS POSITIONING SYSTEMS (INDIA) LIMITED

SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2011

SCHEDULE "E" - FIXED ASSETS

(Rupees)											
Sr. No.	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As at 01/04/2010	Additions	Deductions	As at 31/03/2011	As at 01/04/2010	For the year	Deductions	As at 31/03/2011	As at 31/03/2011	As at 31/03/2010
1	Plant & Machinery	661,420	-	-	661,420	179,553	35,608	-	215,161	446,259	481,867
2	Tools & Testing Equipments	46,828	-	-	46,828	11,582	2,225	-	13,807	33,021	35,246
3	Electrical Installations	364,086	-	-	364,086	86,697	17,305	-	104,002	260,084	277,389
4	Furnitures & Fixtures	1,135,157	-	-	1,135,157	376,912	71,904	-	448,816	686,341	758,245
5	Office Equipments	760,903	-	704,148	56,755	190,984	33,302	204,174	20,114	36,643	569,919
6	Computers	1,043,653	-	-	1,043,653	783,503	155,935	-	939,438	104,215	260,150
7	GPRS/GPS equipments	4,114,278	-	-	4,114,278	798,529	195,563	-	994,092	3,120,186	3,315,749
8	Software (Intangible assets)	9,014,964	-	-	9,014,964	8,129,863	434,354	-	8,564,217	450,747	885,101
	Total ...	17,141,289		704,148	16,437,141	10,557,623	946,198	204,174	11,299,647	5,137,494	6,583,666
	Total Previous Year ...	17,141,289		-	17,141,289	9,071,614	1,486,009		10,557,623	6,583,666	8,069,675

SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2011

PARTICULARS	Year ended 31.03.2011 (Rs)	Period ended 31.03.2010 (Rs)
SCHEDULE "1" - OTHER INCOME		
Interest received from bank (Tax deducted at sources Rs. nil, previous year nil)	780	
Total	780	

SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2011

PARTICULARS	Year ended 31.03.2011 (Rs)	Period ended 31.03.2010 (Rs)
SCHEDULE "2" - OPERATING AND OTHER EXPENSES		
Audit Fees	11,031	11,030
Bank charges	351	
Legal & Professional fees	3,500	41,500
Postage, Telephone & Telex expenses		1,272
Roc Filing Fees	3,000	2,500
Bad debts written off		538,416
Shop & Establishment	440	
Miscellaneous Expenses	450	
Loss on Sale of Fixed Assets	300,930	
Foreign Exchange Difference	86	10,106
Total	319,788	604,824

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PCS POSITIONING SYSTEMS (INDIA) LTD.



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 provisions 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 forms part of the cost of assets.

(B) DEPRECIATION

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

(C) REVENUE RECOGNITION

Sale is recognized when risks and rewards of ownership are passed on to the customers, which is on dispatch of goods. Sales are stated exclusive of excise duty and sales tax including VAT wherever applicable. Service revenues are recognized in accordance with the terms and conditions of the contract.

(D) FOREIGN EXCHANGE TRANSACTION

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

2 The current accounting year is for 12 months from 01.04.2010 to 31.03.2011. Figures of previous period are of 9 month ending on 31.03.2010 and hence not directly comparable with figures of current year. The figures of 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 Enterprise Act, 2006. Further no interest is paid/ payable in the terms of section 16 of the said Act.

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, Loan 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

	2010-11		2009-10	
	Qty	Amount	Qty	Amount
Sales include Computers, Servers, GPRS/ GPS Equipments & Accessories & Application Softwares, Services & Other Related income				
	-	-	-	-

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

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

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

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

(F) Earnings in foreign exchange : Nil (Previous Year Nil)

F.O.B. Value of Exports	2010-11 (Rs.)	2009-10 (Rs.)
Export of Goods	-	-

8 Particulars of Earnings per share :

	31.03.2011	31.03.2010
(a) Net (Loss) for the year (Rs.)	(1,265,206)	(2,090,833)
(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)	(0.72)	(1.19)

9 Related parties disclosures :

A Name of related parties where control exists:

i) Holding Company

PCS Technology Ltd

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

i) Key Management Personnel

Mr. A. K. Patni

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

PCS Technology USA, Inc

PCS POSITIONING SYSTEMS (INDIA) LIMITED

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
Other Loan Taken	-	-	(25,000,000)	(25,000,000)
Reimbursement of Expenses	(217,500)	-	-	(217,500)
Balance outstanding as on 31/03/2011				
Receivable	-	129,719	-	129,719
	-	(129,805)	-	(129,805)
Payables	11,685,851	-	-	11,685,851
	(12,932,310)	-	-	(12,932,310)
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
for **S C BANDI & CO.**
(Chartered Accountants)

S C Bandi
(Proprietor)
Membership No.16932

Place : Mumbai
Date : 18th May, 2011

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 2011

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	5,137	Investments	-
Net Current Assets	(8,771)	Miscellaneous Expenditure	-
Profit & Loss Account Bal	46,234		

IV. Performance of the Company

(Amount in Rs.Thousands)

Turnover (including Other Income)	1	Total Expenditure	1,266
Profit/(Loss) before Tax	(1,265)	Profit/(Loss) after Tax	(1,265)
Earnings per Share (in Rs.)	(0.72)	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
for **S C BANDI & CO.**
(Chartered Accountants)

S C Bandi
(Proprietor)
Membership No.16932

Place : Mumbai
Date : 18th May, 2011

For and on behalf of the Board of Directors

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

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PCS INTERNATIONAL LIMITED, MAURITIUS

PCS
TECHNOLOGY

MANAGEMENT & ADMINISTRATION

DIRECTORS:

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

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

DIRECTORS' REPORT

The Members,

PCS International Limited, Mauritius

Your Directors have the pleasure in presenting the Annual Report of your company together with Audited Balance Sheet for the year ended on 31st March 2011.

During the financial year under review, the Company has achieved turnover of Rs.200 lacs as against Rs.59 lacs in the previous year. The business has resulted in a Net loss of Rs.6.96 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 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, 2011 and of the loss of the Company for the said year.
3. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. Annual Accounts have been prepared on a going concern basis.

PARTICULARS OF EMPLOYEES

The Company had no employee, during the year covered under Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 as amended.

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

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

AUDITORS

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

By Order of the Board of Directors

A K PATNI
Director

G K PATNI
Director

Place : Mumbai
Date : 23rd May, 2011

REGISTERED OFFICE:

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

AUDITOR'S REPORT TO THE MEMBERS

- 1) I have audited the attached Balance Sheet of PCS International Limited, Mauritius (the 'Company') as at 31st March, 2011 and the Profit and Loss account for the year ended 31st March, 2011 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, 2011 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 the Company as at 31st March, 2011 and
 - (ii) In the case of the profit and loss account, of the loss of the Company for the year ended 31st March, 2011.

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

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

Place : Mumbai
Date : 23rd May, 2011

PCS INTERNATIONAL LIMITED, MAURITIUS

BALANCE SHEET AS AT 31ST MARCH 2011

(Currency Indian Rupees)

	Sch No.	As at 31st March 2011 12 months	As at 31st March 2010 9 months
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	47,088,450	47,088,450
Reserves & Surplus	2	8,535,372	8,905,554
		<u>55,623,822</u>	<u>55,994,004</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Blocks	3	6,292,706	6,292,706
Less: Depreciation		<u>5,664,189</u>	<u>5,657,759</u>
		628,517	634,947
Current Assets, Loans and Advances			
Inventories		1,063,155	1,112,829
Sundry Debtors	4	27,237,488	22,198,821
Cash and Bank Balances	5	1,849,090	2,702,261
Loans & Advances	6	4,336,988	3,950,526
		<u>34,486,721</u>	<u>29,964,437</u>
Current Liabilities and Provisions			
Current Liabilities	7	17,854,761	12,271,897
Provisions		<u>17,854,761</u>	<u>12,271,897</u>
		16,631,960	17,892,540
Net Current Assets		<u>16,631,960</u>	<u>17,892,540</u>
Profit & Loss A/c	8	38,363,345	37,666,517
		<u>55,623,822</u>	<u>55,994,004</u>
Notes to the Accounts	12		

As per my report of even date

For S.C.Bandi & Co.
Chartered Accountants

For PCS International Limited

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

A K Patni Director
G K Patni Director
Amit Patni Director

Place : Mumbai
Date: 23rd May, 2011

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011

(Currency Indian Rupees)

	Sch No.	12 months ended 31st March 2011	9 months ended 31st March 2010
Income			
Consultancy services		20,084,200	5,905,699
Other Income	11	49,152	27,292
		<u>20,133,352</u>	<u>5,932,991</u>
Expenditure			
Cost of Sales	9	17,958,531	5,476,172
Operating Expenses	10	2,865,219	2,128,983
Depreciation	3	6,430	6,184
		<u>20,830,180</u>	<u>7,611,339</u>
(Loss) Before Tax		(696,828)	(1,678,348)
Less: Provision for Tax			
(Loss) After Tax		(696,828)	(1,678,348)
Add: Balance as per Last Balance Sheet		(37,666,517)	(35,988,169)
Balance carried down to Balance Sheet		<u>(38,363,345)</u>	<u>(37,666,517)</u>
Basic and diluted earnings per share		(6.33)	(15.26)
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

For PCS International Limited

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

A K Patni Director
G K Patni Director
Amit Patni Director

Place : Mumbai
Date: 23rd May, 2011

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PCS INTERNATIONAL LIMITED, MAURITIUS



Schedules to the Balance Sheet as at 31st March 2011

	As at 31st March 2011 Rs.	As at 31st March 2010 Rs.
1 Share Capital		
Authorised share capital		
111,000 Equity Shares of Par value USD 10	47,088,450	47,088,450
<u>Issued, Subscribed and paid-up share capital</u>		
111000 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	8,535,372	8,905,554
3 Fixed Assets		
Gross Block	6,292,706	6,292,706
Prov for Depreciation	5,657,759	5,651,575
Current depreciation	6,430	6,184
Net Book Value	628,517	634,947
4 Sundry Debtors		
(Unsecured and considered good by the management)		
Debts outstanding for a period exceeding six months	27,237,488	22,198,821
Other Debts		
	27,237,488	22,198,821
5 Cash & Bank Balances		
Cash & Bank Balances	1,849,090	2,702,261
6 Loans & Advances		
Advances	1,271,275	971,469
Prepayments	653,031	492,377
Deposit	413,288	465,081
Fixed Deposits	450,350	455,351
Margin Deposits	1,549,044	1,566,248
	4,336,988	3,950,526
7 Current Liabilities		
Advance received from customers	737,044	681,634
Staff end of service gratuity	12,956	12,958
Accruals	178,154	6,931
Sundry Creditors	16,926,607	11,570,374
	17,854,761	12,271,897
8 Profit & Loss Account (Dr. Balance)	38,363,345	37,666,517
	38,363,345	37,666,517

Schedules to Profit and Loss Account for the year ended 31st March 2011

	12 months ended 31st March 2011 Rs.	9 months ended 31st March 2010 Rs.
9 Cost of Sales		
Opening Inventory	1,112,829	1,248,258
Purchases	17,908,857	5,340,743
	19,021,686	6,589,001
Less Closing Inventory	1,063,155	1,112,829
	17,958,531	5,476,172
10 Operating Expenses		
Salaries & wages	1,532,176	225,744
Rent	560,585	1,076,520
Electricity & Power		15,781
Baddebts	71,340	
Audit fees	94,976	110,125
Bank Charges	51,601	22,594
Directors fees	68,370	52,940
Legal & Professional fees	140,979	157,214
Foreign exchange difference	83,938	4,586
Miscellaneous Expenditure	3,737	127,876
License fees	141,301	159,152
Courier, Postage, Telephone & Telex		17,857
TRC Renewal	22,790	23,509
Tax filing	29,627	30,560
Conveyance, Travelling Expenses & Visa	63,799	104,525
	2,865,219	2,128,983
11 Other Income		
Bank Interest		532
Miscellaneous Income	49,152	26,760
	49,152	27,292

PCS INTERNATIONAL LIMITED, MAURITIUS

SCHEDULE: 12 - Notes to Accounts

1. Background

PCS International Limited, Mauritius was incorporated in Port Louis on 3rd September 1999 as a wholly owned subsidiary of PCS Technology Ltd. The Financial statements are for year ended 31st March 2011. PCS International Limited, Mauritius is engaged in the business of providing Consultancy services.

2. Principal Accounting Policies :

Basis of preparation of financial statements

(a) 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.

(b) 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.

(c) 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.

(d) 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 12 months from 01.04.2010 to 31.03.2011. Figures of previous year are for a period of 9 months ending on 31.03.2010 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 2011.

6. Particulars of Earning per Share

	2010-11	2009-10
(a) Net Profit/(Loss) for the period (Rs.)	(696,829)	(1,678,348)
(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.)	(6.33)	(15.26)

As per my report of even date

For S.C.Bandi & Co.
Chartered Accountants

For PCS International Limited

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

A K Patni Director
G K Patni Director
Amit Patni Director

Place : Mumbai
Date: 23rd May, 2011

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details :

Registration No.	State Code	Balance Sheet Date
	NA	31 st March 2011

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	55623	Total Assets	55623
Source of Funds			
Paid-up Capital	47088	Reserves & Surplus	8535
Secured Loans	NIL	Unsecured Loans	NIL
Application of Funds			
Net Fixed Assets	628	Investments	NIL
Net Current Assets	16632	Miscellaneous Expenditure	38363

IV. Performance of the Company

(Amount in Rs.Thousands)

Turnover	20133	Total Expenditure	20830
Profit/(Loss) before Tax	(696)	Profit/(Loss) after Tax	(696)
Earnings per Share (in Rs.)	(6.33)	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

For PCS International Limited

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

A K Patni Director
G K Patni Director
Amit Patni Director

Place : Mumbai
Date: 23rd May, 2011

ANNUAL REPORT 2010-2011

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 Seventh Annual Report of your company together with Audited Balance Sheet for the Financial Year ended on 31st March 2011.

During the financial year under review, the company has achieved turnover of Rs.41.75 lacs as against Rs.130.12 lacs in the previous year. The business has resulted in a Net loss of Rs.4.57 lacs. 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 year under review.

DIRECTORS' RESPONSIBILITY STATEMENT

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

1. In the Preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. Appropriate accounting policies have been selected and applied consistently and have made judgements and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the company as at 31st March 2011 and of the loss of the company for the said year;
3. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
4. Annual Accounts have been prepared on a going concern basis.

PARTICULARS OF EMPLOYEES

The Company had no employees, during the year covered under Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 as amended.

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

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

AUDITORS

The Company's auditors, M/S S.C.Bandi & Co. Chartered Accountants, retire at the ensuing Annual General Meeting and have offered themselves for re-appointment. The appointment shall be in accordance with the provision of section 224 (1B) of the companies act, 1956.

By Order of the Board of Directors

H.C.TANDON
Director

Y. BHARADWAJ
Director

Place : Mumbai
Date : 20th May, 2011

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

AUDITOR'S REPORT TO THE MEMBERS

- 1) I have audited the attached Balance Sheet of PCS Technology USA Inc. (the 'Company') as at 31st March, 2011 and the Profit and Loss account for the year ended 31st March, 2011 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 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, 2011 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, 2011 and
 - (ii) In the case of the profit and loss account, of the loss of the Company for the year ended 31st March, 2011

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

S.C.BANDI
(Proprietor)

Membership No. : - 16932

Place : Mumbai
Date : 20th May, 2011

PCS TECHNOLOGY USA., INC

BALANCE SHEET AS AT 31ST MARCH, 2011

(Currency: Indian Rupees)

	Schedule No.	As at 31st March 2011 12 months	As at 31st March 2010 9 months
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	217,850	217,850
Reserves and Surplus	2	136,296	102,928
		<u>354,146</u>	<u>320,778</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	21,875,803	23,787,294
Cash and Bank Balances	4	96,610	696,973
Loans & Advances	5	2,002,915	1,929,244
		<u>23,975,328</u>	<u>26,413,511</u>
Current Liabilities and Provisions			
Current Liabilities	6	26,569,960	28,744,656
Provisions	7	128,369	64,325
		<u>26,698,329</u>	<u>28,808,981</u>
Net Current Assets		(2,723,001)	(2,395,470)
Profit & Loss A/c	8	3,077,147	2,716,248
		<u>354,146</u>	<u>320,778</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

Place : Mumbai
Date: 20th May, 2011

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

(Currency: Indian Rupees)

	Schedule No.	12 months ended 31st March 2011	9 months ended 31st March 2010
Income			
Consultancy services		4,174,627	13,012,105
Other Income	10	-	111,681
		<u>4,174,627</u>	<u>13,123,786</u>
Expenditure			
Operating Expenses	9	4,632,110	13,229,404
		<u>4,632,110</u>	<u>13,229,404</u>
(Loss) Before Tax		(457,483)	(105,638)
Add: Excess Provision Written off		96,584	-
(Net Loss) for the year		(360,899)	(105,638)
Add: Balance as per Last Balance Sheet		(2,716,248)	(2,610,610)
Balance carried down to Balance Sheet		<u>(3,077,147)</u>	<u>(2,716,248)</u>
Basic and diluted earnings per share		(182.99)	(42.26)
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

Place : Mumbai
Date: 20th May, 2011

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PCS TECHNOLOGY USA., INC

PCS
TECHNOLOGY

Schedules to the Balance Sheet as at 31st March 2011

	As at 31st March 2011 12 months Rs.	As at 31st March 2010 9 months Rs.
1 Share Capital		
Authorised share capital		
2,500 Equity Shares of Par value USD, 2	217,850	217,850
Issued, Subscribed and paid-up share capital		
2,500 Equity Shares of Par value USD, 2	217,850	217,850
(All the above shares are held by holding Company M/s PCS Technology Ltd.)		
	<u>217,850</u>	<u>217,850</u>
2 Reserves and Surplus		
Currency Fluctuation reserve	136,296	102,928
	<u>136,296</u>	<u>102,928</u>
3 Sundry Debtors		
(Unsecured and considered good by the management)		
Debts outstanding for a period exceeding six months	21,875,803	21,081,693
Other Debts	-	2,705,601
	<u>21,875,803</u>	<u>23,787,294</u>
4 Cash & Bank Balances		
Cash & Bank Balances	96,610	696,973
5 Loans & Advances		
Advance given to Kalpavruksh Systems Ltd.	279,956	283,028
Security Deposit	13,352	13,499
Advance given to Vidhra Technology Inc.	1,428,800	1,444,480
Federal Tax	288,807	188,237
	<u>2,002,915</u>	<u>1,929,244</u>
6 Current Liabilities		
Sundry Creditors	26,569,960	28,744,656
	<u>26,569,960</u>	<u>28,744,656</u>
7 Provisions		
Provision for Expenses	128,369	64,325
	<u>128,369</u>	<u>64,325</u>
8 Profit & Loss Account (Dr. Balance)	3,077,147	2,716,248
Currency Fluctuation Reserve (Dr. Balance)	-	-
	<u>3,077,147</u>	<u>2,716,248</u>

Schedules to Profit and Loss Account for the Year ended 31st March 2011

	12 months ended 31st March 2011	9 months ended 31st March 2010
9 Operating Expenses		
Salaries & wages	24,973	261,528
Consultancy Charges	3,289,781	10,244,341
Insurance Exp.	-	207,151
Audit fees	16,890	10,578
Recruitment expenses	210,808	-
Bank Charges	228,487	152,087
Debit / Credit Bal Written Off	9	-
Legal & Professional Fees	823,403	1,588,426
Courier, Postage, Telephone & Telex	9,271	-
Printing & Stationery expenses	-	7,172
Membership & Subscription	-	240,953
Dice Usage Charges	28,488	517,168
	<u>4,632,110</u>	<u>13,229,404</u>
10 Income		
Other Income	-	111,661
	-	<u>111,661</u>

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 year from 1st April 2010 to 31st March 2011. 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 year is for 12 months from 01.04.2010 to 31.03.2011. Figures of previous period are of 9 months and hence not directly comparable with figures of current year. The figures of the previous year 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 year. Current assets and current liabilities have been translated at the conversion rate as at 31st March 2011.
- Particulars of Earning per Share

	2010-11	2009-10
(a) Net Profit/(Loss) for the year (Rs.)	(457,483)	(105,638)
(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.)	(182.99)	(42.26)

As per my Report of even date attached

For PCS Technology USA Inc

For S.C.Bandi & Co.
Chartered Accountants

H.C. Tandon
(Director)

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

Y.Bhardwaj
(Director)

Mumbai, Date : 20th May, 2011

PCS TECHNOLOGY USA., INC

BALANCE SHEET ABSTRACT AND COMPANY GENERAL BUSINESS PROFILE

I Registration Details

Registration No.	040074798	State Code	NA
Balance sheet date	31-03-2011		

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	354	Total Assets	354
Source of funds :			
Paid-up capital	218	Reserves and Surplus	136
Secured loans	NIL	Unsecured Loans	NIL
Application of funds:			
Net Fixed Assets	NIL	Investments	NIL
Net Current Assets	(2723)	Misc. expenditure	3077

IV Performance of Company (Amount in Rs Thousands)

Turnover	4175	Total Expenditure	4632
Profit Before Tax	(457)	Profit After Tax	(457)
Earning per Share in Rs.	(182.99)	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

For PCS Technology USA Inc

H.C. Tandon
(Director)

Y.Bhardwaj
(Director)

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

Place : Mumbai
Date: 20th May, 2011

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, 2011, and the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date.

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 2011;
- (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 year ended on that date; 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 year ended on that date.

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

S.C.BANDI
(Proprietor)

Membership No.16932

31st May, 2011

PCS TECHNOLOGY LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

PARTICULARS	Schedule No.	As at 31.03.2011		As at 31.03.2010	
		(Rs)	(Rs)	(Rs)	(Rs)
1) SOURCES OF FUNDS					
a) SHAREHOLDER'S FUNDS					
i) Share Capital	[A]	210,240,188		210,240,188	
ii) Reserves & Surplus	[B]	844,687,774		869,075,998	
		1,054,927,962		1,079,316,186	
b) LOAN FUNDS					
i) Secured Loans	[C]	259,948,027		368,199,009	
ii) Unsecured Loans	[D]	702,833,333		636,000,000	
		962,781,360		1,004,199,009	
c) DEFERRED TAX LIABILITY (NET)		40,860,000		50,619,000	
Total ...		2,058,569,322		2,134,134,195	
2) APPLICATION OF FUNDS					
a) FIXED ASSETS					
Gross Block	[E]	931,544,442		1,152,407,621	
Less: Depreciation		308,332,480		442,474,500	
Net Block		623,211,962		709,933,121	
Capital work in progress (Including Advances on Capital account)		89,843,797		80,147,601	
		713,055,759		790,080,722	
b) INVESTMENTS	[F]	918,430		918,430	
c) CURRENT ASSETS, LOANS AND ADVANCES	[G]				
i) Inventories		108,100,607		104,850,182	
ii) Sundry Debtors		1,632,397,472		1,639,955,284	
iii) Cash and Bank Balances		113,202,262		99,601,516	
iv) Other Current Assets		758,796		3,240,365	
v) Loans and Advances		185,857,151		194,276,822	
		2,040,316,288		2,041,924,169	
LESS: CURRENT LIABILITIES & PROVISIONS	[H]				
i) Current Liabilities		686,839,042		687,219,774	
ii) Provisions		8,882,113		11,569,352	
		695,721,155		698,789,126	
NET CURRENT ASSETS		1,344,595,133		1,343,135,043	
Total ...		2,058,569,322		2,134,134,195	
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

31st May, 2011

For and on behalf of the Board of Directors

G. K. Patni
(Chairman)

H.C. Tandon
(MD & CEO)

A. K. Patni
(Vice Chairman)

G. M. Dave
P. V. Mehta
K. K. Barjatya } Directors

B. J. Patel
Company Secretary

Mumbai, 31st May, 2011

THIRTIETH ANNUAL REPORT 2010-2011



CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011

PARTICULARS	Schedule No.	Year ended 31.03.2011 (Rs.)	Period ended 31.03.2010 (Rs.)
INCOME			
Sales & Services		1,887,874,189	1,990,616,563
Less: Sales Tax		43,843,106	45,356,883
		1,844,031,083	1,945,259,680
Less: Central Excise Duty		21,258,755	23,750,955
		1,822,772,328	1,921,508,725
Income from operation	[1]	3,735,709	6,046,811
Other Income	[1]	30,774,446	5,037,532
		34,510,155	11,084,343
		1,857,282,483	1,932,593,068
EXPENDITURE			
Decrease/(Increase) in stocks	[2]	(1,649,581)	(5,801,172)
Cost of Material consumed / sold	[3]	868,604,488	1,132,158,509
Manufacturing & Other Expenses	[4]	861,291,868	673,613,206
		1,728,246,775	1,799,970,543
Less:			
Cost Capitalised		1,927,695	
		1,726,319,080	1,799,970,543
Profit before Interest, Depreciation, Taxation & Amortisation		130,963,403	132,622,525
Interest Paid	[5]	73,849,794	62,277,322
Depreciation		60,214,528	52,192,311
Less :Transfer from Revaluation Reserve		10,075,856	7,564,508
		50,138,672	44,627,803
Profit before Amortisation & Taxation ..		6,974,937	25,717,400
less: Amotisation of Goodwill on consolidation		-	2,175,386
Profit Before Taxation		6,974,937	23,542,014
Less: Provision for Taxation			
Current Tax		12,000,000	7,000,000
Deferred Tax		(9,759,000)	2,775,000
		2,241,000	9,775,000
Profit for the year after taxation		4,733,937	13,767,014
Add: Taxation pertaining to earlier years		811,732	202,103
Net Profit for the year		5,545,669	13,969,117
Add: Balance as per last Balance Sheet		144,768,131	130,799,014
Balance of Profit carried over to Balance Sheet...		150,313,800	144,768,131
Basic and diluted Earning per Share of Rs.10/- each (in Rupees)		0.26	0.67

As per my Report of even date attached

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

S. C. Bandi
Proprietor
Membership no. 16932

31st May, 2011

For and on behalf of the Board of Directors

G. K. Patni
(Chairman)

H.C. Tandon
(MD & CEO)

A. K. Patni
(Vice Chairman)

G. M. Dave
P. V. Mehta
K. K. Barjatya

} Directors

B. J. Patel
Company Secretary

Mumbai, 31st May, 2011

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 201152

THIRTIETH ANNUAL REPORT 2010-2011



SCHEDULES TO CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

PARTICULARS	As at	As at
	31.03.2011 (Rs.)	31.03.2010 (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	196,125,611	196,125,612
REVALUATION RESERVE		
As per last Balance Sheet	417,953,187	425,517,695
Less : Transferred to Profit & Loss a/c		
On account of depreciation	10,075,856	7,564,508
On sale of fixed assets	<u>19,521,220</u>	
	<u>388,356,111</u>	<u>417,953,187</u>
GENERAL RESERVE	94,100,534	94,100,534
CURRENCY FLUCTUATION RESERVE	8,671,668	9,008,484
BALANCE IN PROFIT & LOSS ACCOUNT	150,313,800	144,768,131
(As per annexed accounts)		
Total...	<u>844,687,774</u>	<u>869,075,998</u>

PCS TECHNOLOGY LIMITED

SCHEDULES TO CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

PARTICULARS	As at 31.03.2011 (Rs.)	As at 31.03.2010 (Rs.)
SCHEDULE "C" - SECURED LOANS		
TERM LOANS		
HDFC Limited	58,406,893	50,000,000
(Secured by hypothecation of property at Mahape)		
WORKING CAPITAL FACILITIES		
FROM BANKS		
i) Cash Credit	78,912,850	105,672,774
ii) Working Capital Demand Loan	120,617,063	53,183,797
iii) Foreign Currency Loan		158,939,989
(Secured against hypothecation of Inventories and Book Debts of the Company as well as second charge on the fixed assets of the Company)	199,529,913	317,796,560
OTHER LOANS		
Against hypothecation of Vehicles		
i) HDFC Bank Limited	236,382	402,449
ii) Axis Bank Limited	1,774,839	
	2,011,221	402,449
Total...	259,948,027	368,199,009
SCHEDULE "D" - UNSECURED LOANS		
From Canara Bank	45,833,333	
From Directors	584,500,000	563,500,000
Inter-Corporate Deposits	72,500,000	72,500,000
Total...	702,833,333	636,000,000

SCHEDULE "E" - FIXED ASSETS

(Rupees)

Sr. No.	Particulars	GROSS BLOCK				DEPRECIATION & IMPAIRMENT			NET BLOCK		
		As at 01/04/2010	Additions	Deductions	As at 31/03/2011	As at 01/04/2010	For the year	Deduction	As at 31/03/2011	As at 31/03/2011	As at 31/03/2010
1	Freehold Land	80,403,834	-	17,193,834	63,210,001	-	-	-	-	63,210,001	80,403,834
2	Lease hold Land	200,609,904	-	-	200,609,904	3,108,479	3,657,251	-	6,765,730	193,844,175	197,501,425
3	Building	217,001,608	23,107,947	4,277,880	235,831,676	48,209,772	9,345,568	236,260	57,319,080	178,512,596	168,791,836
4	Plant & Machinery	278,953,123	-	186,385,775	92,567,348	257,311,765	3,964,660	182,064,696	79,211,729	13,355,620	21,641,358
5	Tools & Testing Equipments	8,485,357	5,464,842	-	13,950,199	4,283,741	491,243	-	4,774,984	9,175,214	4,201,615
6	Electrical Installations	9,927,586	2,093,376	-	12,020,962	6,226,311	462,687	-	6,688,997	5,331,965	3,701,275
7	Computers, office & other Equipments	147,049,703	4,931,599	51,309,419	100,671,882	42,458,555	15,472,054	10,871,661	47,058,949	53,612,934	104,591,149
8	Furnitures & Fixtures	41,181,180	755,389	1,669,934	40,266,634	21,662,884	1,872,146	999,508	22,535,522	17,731,112	19,518,297
9	Vehicles	9,200,021	3,401,660	370,590	12,231,091	3,151,459	1,004,946	184,423	3,971,982	8,259,109	6,048,562
10	GPRS/GPS Equipments	4,114,278	-	-	4,114,278	798,529	195,563	-	994,092	3,120,186	3,315,749
11	Software (Intangible assets)	155,481,027	589,440	-	156,070,467	55,263,005	23,748,410	-	79,011,415	77,059,051	100,218,022
	Total ...	1,152,407,621	40,344,253	261,207,432	931,544,442	442,474,500	60,214,528	194,356,548	308,332,480	623,211,962	709,933,122
	Total Previous Year ...	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

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SCHEDULES TO CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

PARTICULARS	Nos. of Units/ Shares	Face Value	As at 31.03.2011 (Rs)	Nos. of Units/ Shares	Face Value	As at 31.03.2010 (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
Asit C Mehta Financial Services 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
			739,000			739,000
ii) Fully paid up units of Mutual Fund						
Master Shares of UTI	14,400	10	140,430	14,400	10	140,430
			140,430			140,430
Less: Provision for Dimnution in value of Investments			475,000			475,000
			404,430			404,430
(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
Kalpavruksh Systems Limited	50,000	10	500,000	50,000	10	500,000
			514,000			514,000
			918,430			918,430
Book value of Quoted investment			404,430			404,430
Book value of Unquoted investment			514,000			514,000
Market value of Quoted investment			1,215,100			1,767,520

PARTICULARS	As at 31.03.2011 (Rs.)	As at 31.03.2010 (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	95,495,236	93,894,392
Work in Progress	12,605,371	10,955,790
	108,100,607	104,850,182
SUNDRY DEBTORS		
(Unsecured & considered good by the Management)		
i) Over six months	926,474,832	851,682,997
ii) Other debts	595,711,993	692,846,235
iii) Future finance lease receivables	4,962,935	15,808,415
iv) Revenue accrued not billed	105,247,712	79,617,637
	1,632,397,472	1,639,955,284

PCS TECHNOLOGY LIMITED

SCHEDULES TO CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

PARTICULARS	As at		As at	
	(Rs.)	31.03.2011 (Rs.)	(Rs.)	31.03.2010 (Rs.)
CASH AND BANK BALANCES				
Cash in hand	11,218,766		11,627,889	
Bank Balances				
i) In Current Account	62,599,438		35,974,123	
ii) In Margin Money Deposits	39,384,058		51,999,504	
		113,202,262		99,601,516
OTHER CURRENT ASSETS				
Interest accrued	758,796		3,240,365	
		758,796		3,240,365
LOANS & ADVANCES				
(Unsecured & considered good by the Management)				
Advances recoverable in cash -				
or in kind or for value to be received	67,854,350		71,605,439	
Earnest Money Deposits	21,509,358		28,596,248	
Sundry Deposits	28,992,700		30,526,924	
(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)	65,026,236		58,289,301	
Balance with Central Excise Department	2,474,507		5,258,910	
		185,857,151		194,276,822
Total...		2,040,316,288		2,041,924,169
SCHEDULE "H" - CURRENT LIABILITIES AND PROVISIONS				
CURRENT LIABILITIES				
Sundry Creditors - Micro and Small Enterprises	8,843,709		3,660,027	
Sundry Creditors - Others	487,805,847		617,526,605	
Advance from Customers	9,836,265		18,859,229	
Advance against sale of property	159,000,000		-	
Income received in advance	3,890,873		30,013,743	
Other Current Liabilities	17,462,348		17,160,170	
		686,839,042		687,219,774
PROVISIONS				
For Fringe Benefit Tax (Net of advances)	1,433,066		3,176,217	
For Gratuity	12,956		12,958	
For Leave Encashment	7,436,091		8,380,177	
		8,882,113		11,569,352
Total...		695,721,155		698,789,126

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SCHEDULES TO CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011

PARTICULARS	Year ended		Period ended	
	(Rs.)	(Rs.)	(Rs.)	(Rs.)
SCHEDULE "1" - INCOME FROM OPERATION & OTHER INCOME				
INCOME FROM OPERATIONS				
Sale of Scrap etc.	217,404		409,170	
Foreign Exchange Fluctuation Gain (Net)	-		657,658	
Commission received	-		26,640	
Finance Charges Lease	3,149,008		4,281,838	
Incentive from Suppliers	369,297		671,505	
		3,735,709		6,046,811
OTHER INCOME				
Profit on Sale of Fixed assets (Net)	1,107,637		33,663	
Add : Transfer from Revaluation Reserve	22,785,768	23,893,405		
			33,663	
Dividend received				
i) On long term Investments	6,700		44,630	
		6,700	44,630	
Interest received (Banks & Others)				
From Banks	360,600		3,295,112	
From Income tax refund	5,008,058		998,186	
From Others	185,163	5,553,821	224,048	
			4,517,346	
(Tax deducted at source Rs. 192,190/- previous year Rs 392,750/-)				
Sundry Balances written back	224,285			
Miscellaneous Income	1,096,235		441,893	
		30,774,446		5,037,532
Total...		34,510,155		11,084,343

SCHEDULE "2" - DECREASE/(INCREASE) IN VALUE OF STOCK

Opening stock as on 1st April, 2010				
i) Work in Progress	10,955,790		4,349,302	
ii) Finished Goods			834,869	
		10,955,790		5,184,171
Less:				
Closing Stock as at 31st March 2011				
i) Work in Progress	12,605,371		10,955,790	
		12,605,371		10,955,790
		(1,649,581)		(5,771,619)
Add: Increase /(Decrease) in Excise duty on stocks				
Excise duty in Opening stock	-		(29,553)	
Excise duty in Closing stock	-			
				(29,553)
Total...		(1,649,581)		(5,801,172)

PCS TECHNOLOGY LIMITED

SCHEDULES TO CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011

PARTICULARS	Year ended	Period ended
	31.03.2011 (Rs.)	31.03.2010 (Rs.)
SCHEDULE "3" - COST OF MATERIAL CONSUMED / SOLD		
Opening stock	93,894,392	122,373,888
Add : Purchases (including decapitalization of Rs. 399 lacs)	870,205,332	1,103,679,013
	964,099,724	1,226,052,901
Less: Closing stock	95,495,236	93,894,392
	868,604,488	1,132,158,509
Total...	868,604,488	1,132,158,509

SCHEDULE "4" - MANUFACTURING AND OTHER EXPENSES

Salaries, Wages and Bonus	557,403,536	406,862,847
Gratuity to Staff	-	49,839
Contribution to EPF, ESIC & EDLIS	34,984,838	24,192,114
Staff Welfare	7,482,746	7,052,195
Consumable, Stores, Spares	32,304,421	19,412,238
Rent	11,474,163	12,684,650
Electricity & Power	4,943,311	5,305,996
Insurance	2,219,447	4,365,322
Payment to Auditors	-	-
Audit fees	535,247	426,786
Other services	193,025	77,210
Tax Audit fees	55,150	55,150
	783,422	559,146
Advertisement & Sales promotion	3,782,427	1,790,481
Bank charges	18,364,632	20,594,389
Bad Debts and Remissions	22,270,139	27,821,565
Sitting fees to directors	558,370	442,940
Commission on Sales	25,650	172,679
Legal & Professional fees	11,683,600	12,485,630
Foreign Exchange Fluctuation Loss (Net)	4,377,075	14,692
Miscellaneous Expenditure	16,895,606	19,684,361
Packing, Courier & Forwarding	16,635,450	13,884,640
Postage, Telephone & Telex	5,942,246	4,926,371
Printing & Stationery	4,310,105	7,464,634
Rates & Taxes	1,189,804	1,149,138
Repairs to Building	425,376	941,059
Sales & Work contract tax	9,393,075	4,410,331
Subcontracting charges paid	39,460,549	30,617,931
Travelling & Conveyance	54,381,880	46,728,018
Total...	861,291,868	673,613,206

SCHEDULE "5" - INTEREST PAID

Interest paid on Fixed Loan	6,619,287	3,894,798
Interest paid to Others	67,230,507	58,382,524
Total...	73,849,794	62,277,322

THIRTIETH ANNUAL REPORT 2010-2011



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.243,422,580/-- (Previous year Rs.434,340,612/-)

(b) Interest capitalized on account of Borrowing costs for the year ended 31st March 2011 is Rs.6,281,273/-

7) The current accounting year is for 12 months from 01.04.2010 to 31.03.2011. Figures of previous period are for a period of 9 months ending on 31.03.2010 and hence not directly comparable with figures of current year. The figures of the previous period have been re-grouped and/or rearranged wherever necessary

8) Employee Benefits:

a) Contribution to Provident fund of Rs. 18,668,451/- (previous year Rs.14,454,121/-) 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	14,270,365	8,380,177	14,225,384	7,898,478
Interest cost	1,141,629	670,414	800,909	444,695
Current service cost	2,575,009	2,515,651	2,263,189	2,183,973
Past service cost-(vested benefits)	2,994,435	-	-	-
Actuarial (Gain)/ Loss	(4,249,366)	(4,130,151)	(3,019,117)	(2,146,969)
Liability at the end of the year	16,732,072	7,436,091	14,270,365	8,380,177
2. Change in Fair value of Plan Assets				
Fair value of Plan assets at the beginning of year	17,107,596	--	16,942,885	--
Adjustments to opening balance	(1,379,000)	--	--	--
Expected Return on Plan assets	2,052,746	--	906,848	--
Contributions	-	--	-	--
Benefit paid	-	--	-	--
Actuarial (Gain)/ Loss on plan assets	(1,848,908)	--	(742,137)	--
Fair value of Plan assets at the end of year	17,310,055	--	17,107,596	--
3. Expenses recognized in the Profit & Loss a/c				
Current service cost	-	2,515,651	-	2,183,973
Interest cost	-	670,414	-	444,695
Actuarial (Gain)/ Loss	-	(4,130,151)	-	(2,146,969)
Expenses recognized in the Profit & Loss a/c	-	(944,086)	-	481,699

PCS TECHNOLOGY LIMITED

CONSOLIDATED NOTES TO ACCOUNTS (Contd.)

4. Actuarial Assumptions				
Discount rate	8.00%		8.50%	
Salary escalation rate	5%		5%	
Expected Return on Plan assets	12.00%		7.13%	
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.

9) Particulars of Earnings per Share :

	2010-11	2009-10
(a) Net profit for the year (Rs.)	5,545,669	13,969,117
(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.)	0.26	0.67

10) 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 31-03-2011 (Rs.)	Accumulated as at 31-03-2010 (Rs.)
Deferred Tax Liability		
i) Depreciation	43,290,000	51,561,000
	<u>43,290,000</u>	<u>51,561,000</u>
Deferred Tax Assets		
i) Expenses allowable on payment basis	2,430,000	942,000
ii) Business Loss	2,430,000	942,000
	<u>4,860,000</u>	<u>1,884,000</u>
Net Deferred Tax Liability	40,860,000	50,619,000

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 at 31st March, 2011 is as follows

	31st March, 2011 (Rs.)	31st March, 2010 (Rs.)
A) Gross Investment in Lease	5,112,495	16,592,143
B) Present value of minimum lease payment	4,962,934	15,808,414
C) Total gross Investment		
1) Not later than one year	3,167,904	11,703,112
2) Later than one year but not later than five years	1,944,591	4,889,031
3) Later than five years	-	-
D) Present value of minimum lease payment		
1) Not later than one year	3,207,722	10,845,480
2) Later than one year but not later than five years	1,755,212	4,962,934
3) Later than five years	-	-
E) Unearned Finance income	149,561	783,729

12) 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)

THIRTIETH ANNUAL REPORT 2010-2011

CONSOLIDATED NOTES TO ACCOUNTS (Contd.)



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

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

Ashoka Computer Systems Pvt. Ltd.
 PCS Cullinet Pvt. Ltd.
 PCS Finance Pvt. Ltd.
 Kalpavruksh Systems Ltd (Formerly known as Vraksh Technologies Ltd)
 Saulese Energija Ltd.

12.2) 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	-	-	28,826,068 (4,300)	28,826,068 (4,300)
Interest Paid	673,973	-	5,375,000 (3,695,206)	6,048,973 (3,695,206)
Rent Paid	-	200,000 (3,014,172)	- (435,600)	200,000 (3,449,772)
Reimbursement of expenses paid	-	-	- (51,159)	- (51,159)
Rent Received	-	-	3,300,000 (2,250,000)	3,300,000 (2,250,000)
Recovery of expenses received	-	-	1,924,496 (2,191,528)	1,924,496 (2,191,528)
Loan taken	65,000,000 (35,000,000)	-	- (55,000,000)	65,000,000 (90,000,000)
Loan Refunded	44,000,000 (50,000,000)	-	- (5,000,000)	44,000,000 (55,000,000)
Advance received against sale of Property	159,000,000	-	-	159,000,000
Remuneration to Directors	2,240,100 (1,582,200)	-	-	2,240,100 (1,582,200)
Property Deposit Paid	-	100,000	-	100,000

(Rupees)

Description	Key Management Personnel	Relative of key Management Personnel	Affiliates	Total
Balance outstanding as on 31st March 2011	-	-	5,309,099	5,309,099
Receivable	-	-	(2,004,126)	(2,004,126)
Property Deposites	-	3,900,000 (3,800,000)	406,700 (406,700)	4,306,700 (4,206,700)
Other Loan Taken	559,500,000 (538,500,000)	-	72,500,000 (72,500,000)	632,000,000 (611,000,000)
Advance received against sale of Property	159,000,000	-	-	159,000,000
Advance Rent received	-	-	(5,750,000)	(5,750,000)

[Note: Previous year figures are shown in brackets]

PCS TECHNOLOGY LIMITED

CONSOLIDATED NOTES TO ACCOUNTS (Contd.)

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

(Rupees)

Description	Key Management Personnel	Relative of key Management Personnel	Affiliates
Sales of goods and services			
Kalpavruksh Systems Ltd.	-	-	28,776,068 (4,300)
Interest paid			
A.K.Patni	673,973	-	-
Ashoka Computer Systems Pvt. Ltd.	-	-	1,812,500 (1,245,120)
PCS Finance Pvt. Ltd.	-	-	1,750,000 (1,204,966)
PCS Cullinet Pvt. Ltd.	-	-	1,812,500 (1,245,120)
Rent paid			
Apoorva Patni	-	200,000	-
Estate of Kanchanbai Patni	-	(698,040)	-
Sadhana Patni	-	(512,460)	-
Rajnikanta Patni	-	(403,560)	-
PCS Finance Pvt. Ltd.	-	-	(217,800)
Reimbursement of expenses paid			
Kalpavruksh Systems Ltd.	-	-	(51,159)
Rent Received			
Kalpavruksh Systems Ltd.	-	-	3,300,000 (2,250,000)
Reimbursement/Recovery of expenses received			
Kalpavruksh Systems Ltd.	-	-	1,924,496 (2,191,528)
Loan Taken			
A.K.Patni	65,000,000 (35,000,000)	-	-
Ashoka Computer Systems Pvt. Ltd.	-	-	(17,000,000)
PCS Finance Pvt. Ltd.	-	-	(16,000,000)
PCS Cullinet Pvt. Ltd.	-	-	(17,000,000)
Loan Refunded			
A.K.Patni	44,000,000 (50,000,000)	-	-
Remuneration to Directors			
H.C.Tandon	2,240,100 (1,582,200)	-	-
Advance received against sale of Property	159,000,000	-	-

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CONSOLIDATED NOTES TO ACCOUNTS (Contd.)



			(Rupees)
Description	Key Management Personnel	Relative of key Management Personnel	Affiliates
Balance outstanding as on 31st March 2011			
Receivable			
Kalpavruksh Systems Ltd.	-	-	5,184,697
	-	-	(1,879,724)
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	-	600,000	-
	-	(500,000)	-
Arihant Patni	-	500,000	-
	-	(500,000)	-
PCS Finance Pvt. Ltd.	-	-	205,030
	-	-	(205,030)
Loan Taken			
A.K.Patni	349,500,000	-	-
	(328,500,000)	-	-
G.K..Patni	210,000,000	-	-
	(210,000,000)	-	-
Ashoka Computer Systems Pvt. Ltd.	-	-	24,500,000
	-	-	(24,500,000)
PCS Finance Pvt. Ltd.	-	-	23,500,000
	-	-	(23,500,000)
PCS Cullinet Pvt. Ltd.	-	-	24,500,000
	-	-	(24,500,000)
Advance received against sale of Property			
A.K.Patni	159,000,000	-	-
	-	-	-
Advance Rent received			
Kalpavruksh Systems Ltd.	-	-	-
	-	-	(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

31st May, 2011

For and on behalf of the Board of Directors

G. K. Patni **H.C. Tandon**
(Chairman) (MD & CEO)

A. K. Patni **G. M. Dave**
(Vice Chairman) **P. V. Mehta** } Directors
K. K. Barjatya

B. J. Patel
Company Secretary

Mumbai, 31st May, 2011

PCS TECHNOLOGY LIMITED

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



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 THIRTIETH 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, 7th September, 2011 at 10.00 a.m. and at any adjournment thereof.

Signed by the said _____

Signed this _____ day of _____ 2011.

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.



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 THIRTIETH 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, 7th September, 2011 at 10.00 a.m.

Signature of the Shareholder or Proxy or Company Representative

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