

ANNUAL REPORT 2016-2017

PCS TECHNOLOGY USA., INC



MANAGEMENT & ADMINISTRATION

DIRECTORS : H. C. Tandon Yash Bhardwaj
Sunil Doshi
REGISTERED OFFICE : 6705 Shadow Oaks CT, Monmouth Junction,
NJ 08852-2228, USA

DIRECTORS' REPORT

The Members,

PCS TECHNOLOGY USA, INC.

Your Directors have the pleasure in presenting their Twelfth Annual Report of your company together with Audited Balance Sheet for the Financial Year ended on 31st March 2017.

During the financial year under review, the Company has not involved in any business transaction due to Companies operations were adversely affected in the past. The operations have resulted in a Net loss of Rs.0.43 lakhs on account of sundry expenses.

EXTRACTS OF ANNUAL RETURN

As the Company is Foreign Subsidiary Company of PCS Technology Limited, The extracts of the Annual return i.e Form MGT-9 is not applicable.

DIVIDEND

In view of losses incurred by the Company, your Directors express their inability to recommend any dividend for the financial year ended 31st March 2017.

RESERVES

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

MATERIAL CHANGES & COMMITMENTS AFFECTING THE FINANCIAL POSITIONS OF THE COMPANY

No, material changes & Commitments have occurred between the end of Financial year of the Company to which the Financial statement relates and the date of this report which affects the financial position of the Company.

SUBSIDIARY COMPANY:

As on March 31, 2017, the Company does not have any subsidiary

CORPORATE SOCIAL RESPONSIBILITY:

The Company is not required to constitute a Corporate Social Responsibility Committee as it does not fall within purview of Section 135(1) of the Companies Act, 2013 and hence it is not required to formulate policy on corporate social responsibility.

DECLARATION BY INDEPENDENT DIRECTORS

The Company was not required to appoint Independent Directors under Section 149(4) and Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014 hence no declaration has been obtained.

DIRECTORS MEETINGS

During the year under review, the meetings were held by the Board of Directors of the Company as and when required.

STATUTORY AUDITORS

The Company's Auditors, Mr. S. C Bandi of Messrs S.C Bandi & Co., Chartered Accountants, Mumbai who retire at the ensuing Annual General Meeting of the Company are eligible for reappointment. He has confirmed his eligibility under Section 141 of the Companies Act, 2013 and the Rules

framed thereunder for reappointment as Statutory Auditors of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to sub-section (3C) of Section 134 of the Companies Act, 2013, the Board of Directors of the Company hereby confirms that:

1. In the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
2. Appropriate accounting policies have been selected and applied consistently and have made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the company as at 31st March, 2017 and of the profit of the company for the said year;
3. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
4. Annual Accounts have been prepared on a going concern basis.
5. The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS AND RELATED PARTY TRANSACTIONS

All the details regarding Loans, Guarantees and Investments and Related Party Transactions, as required under the Companies Act, 2013 are given in the notes to the Financial Statements.

DEPOSITS

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

PARTICULARS OF EMPLOYEES

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

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

Since, the Company has not carried out any business activity, it is not required to disclose information under the Section 134 (3) (m) of the Companies Act, 2013.

ACKNOWLEDGEMENTS

Your Directors express their warm appreciation to all the stakeholder of the Company for their co-operation extended to the Company.

On behalf of the Board of Directors

Yash Bhardwaj
Director

H.C Tandon
Director

Place: Mumbai,
Date: 15th May, 2017

PCS TECHNOLOGY USA., INC

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PCS TECHNOLOGY USA, INC.

Report on the Standalone Financial Statements

1. I have audited the accompanying standalone financial statements of PCS Technology USA, Inc. ("the Company"), which comprise the Balance Sheet as at 31st March, 2017 and the Statement of Profit and Loss for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. My responsibility is to express an opinion on these standalone financial statements based on our audit.
4. I have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. I conducted my audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

8. In my opinion and to the best of my information and according to the explanations given to me, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with Ind AS and the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2017, and its loss for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by 'the Companies (Auditor's Report) Order, 2016' issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as I considered appropriate and according to the information and explanations given to me, I give in the "Annexure-A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

10. As required by Section 143 (3) of the Act, I report that:

1. I have sought and obtained all the information and explanations which to the best of I knowledge and belief were necessary for the purposes of my audit.
2. In my opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
3. The Balance Sheet and the Statement of Profit and Loss dealt with by this Report are in agreement with the books of account.
4. In my opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
5. On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
6. With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to my separate report in "Annexure-B" and
7. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in my opinion and to the best of my information and according to the explanations given to me:
 - i. There were no pending litigations on Company's financial position in its financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **S.C. Bandi & Co.**
Chartered Accountants
Firm Reg. No.130850W

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

Place: Mumbai

Date : 12th May 2017

ANNEXURE-A TO THE AUDITOR'S REPORT

- (i) The Company do not hold any fixed assets during the current financial year covered under audit. Therefore, the provisions of sub-clauses (a) to (c) of clause (i) of paragraph 3 of the Order are not applicable.
- (ii) The Company do not hold any physical inventories during the current financial year covered under audit and also in immediately preceding financial year. Therefore, the provisions of sub-clauses (a) to (c) of clause (ii) of paragraph 3 of the Order are not applicable.
- (iii) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act. Therefore, the provisions of sub-clauses (a) and (b) of clause (iii) of paragraph 3 of the Order are not applicable.
- (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 and services. During the course of my audit, no major weakness has been noticed in internal control system.
- (v) The Company has not accepted any deposits from the public and hence, the provisions of clause (v) of paragraph 3 of the Order are not applicable to the Company.
- (vi) 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.
- (vii) (a) The Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities.

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According to the information and explanations given to me, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues were in arrears as at 31st March 2017 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to me, there are no cases in which dues of income tax or sales tax or wealth tax or service tax or duty of customs or duty of excise or value added tax or cess have not been deposited on account of any dispute as at 31st March 2017.
- (c) During the financial year covered by my audit, no amount was required to be transferred to investor education and protection fund.
- (viii) 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.
- (ix) According to the information and explanations given to me, the Company has not defaulted in repayment of dues to financial institutions or banks.
- (x) 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.
- (xi) The Company has not raised any new term loan during the year and therefore clause (xi) of the said Order relating to application of term loan for the purpose for which it was obtained is not applicable.
- (xii) 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
Firm Reg. No.130850W

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

Place: Mumbai
Date : 12th May 2017

ANNEXURE-B TO THE AUDITOR'S REPORT

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

I have audited the internal financial controls over financial reporting of PCS Technology USA, Inc. ("the Company") as of 31st March 2017 in conjunction with my audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

My responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on my audit. I conducted my audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

My audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. My audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In my opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **S.C. Bandi & Co.**
Chartered Accountants
Firm Reg. No.130850W

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

Place: Mumbai
Date: 12th May 2017

PCS TECHNOLOGY USA., INC

BALANCE SHEET AS AT 31ST MARCH 2017

(Amount in ₹)

Particulars	Note	As at 31-Mar-17	As at 31-Mar-16
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
Share capital	4	217,850	217,850
Reserves and surplus	5	(4,685,580)	(4,739,316)
2 Current liabilities			
Trade payables	6	37,302,685	38,073,894
Other current liabilities	7	1,869,272	1,909,576
TOTAL		34,704,227	35,462,004
II. ASSETS			
1 Non-current assets			
Long term loans and advances	8	491,307	501,899
2 Current assets			
Trade receivables	9	31,722,021	32,405,976
Cash and bank balances	10	13,039	22,844
Short term loans and advances	11	2,477,860	2,531,285
TOTAL		34,704,227	35,462,004

The accompanying notes are an integral part of the financial statements

As per my report of even date attached

For S.C.Bandi & Company
Chartered Accountants

For and on behalf of Board of Directors

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

Yash Bharadwaj
Director

H.C.Tandon
Director

Place : Mumbai
Date: May 12, 2017

Place : Mumbai
Date: May 15, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2017

(Amount in ₹)

Particulars	Note	Year ended 31-Mar-17	Year ended 31-Mar-16
I. Revenue from Operations (net)			
		-	-
II. Other Income			
		-	-
Total Revenue		-	-
III. Expenses			
Other expenses	12	43,130	88,761
Total expenses		43,130	88,761
IV. Earning before Interest, Tax, Depreciation and Amortisation (EBITDA) (II-III)		(43,130)	(88,761)
Less: Finance costs			
		-	-
Less: Depreciation and amortisation expense			
		-	-
V. Loss before tax		(43,130)	(88,761)
VI. Tax expense			
		-	-
VII. Loss for the year		(43,130)	(88,761)
Basic and Diluted Earnings per share		(17.25)	(35.50)

The accompanying notes are an integral part of the financial statements

As per my report of even date attached

For S.C.Bandi & Company
Chartered Accountants

For and on behalf of Board of Directors

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

Yash Bharadwaj
Director

H.C.Tandon
Director

Place : Mumbai
Date: May 12, 2017

Place : Mumbai
Date: May 15, 2017

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PCS TECHNOLOGY USA., INC



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

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 2016 to 31st March 2017. PCS Technology USA Inc. is engaged in the business of providing Consultancy services.

2 PRINCIPAL ACCOUNTING POLICIES

Basis of Preparation

- 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 Limited, India. Accordingly these financial statements will be attached to the financial statements of PCS Technology Limited as prescribed under Section 212 of the Indian Companies Act, 1956. The Balance Sheet and Statement of Profit and Loss 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 is based on the estimated useful lives of the fixed assets. The useful lives of fixed assets are as stated below:

Fixed Assets	Useful lives
Computer & Computer Software	3 years
Office Equipments	5 years

- 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 2017.

(Amount in ₹)

Particulars	Year ended 31-Mar-17	Year ended 31-Mar-16
4 SHARE CAPITAL		
Authorised		
2,500 Equity shares of par value of USD 2 each	217,850	217,850
Issued Subscribed and Paid up		
2,500 Equity shares of par value of USD 2 each	217,850	217,850
	217,850	217,850

a) Terms /Rights attached to equity shares

The Company has only one class of equity shares having a par value of USD 2 per share. Each holder of equity share is entitled to one vote per share. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

b) Details of shareholders holding more than 5% shares in the company

Name of the shareholder	No.	%	No.	%
PCS Technology Limited	2500	100	2500	100

(Amount in ₹)

Particulars	Year ended 31-Mar-17	Year ended 31-Mar-16
5 RESERVES AND SURPLUS		
Deficit in the Statement of Profit and Loss		
Opening balance	(3,479,187)	(3,390,426)
Loss for The Year	(43,130)	(88,761)
Closing balance	(3,522,317)	(3,479,187)
Currency Fluctuation Reserve	(1,163,263)	(1,260,129)
Total Reserves and Surplus	(4,685,580)	(4,739,316)
6 TRADE PAYABLES		
Trade Payables	37,302,685	38,073,894
	37,302,685	38,073,894
7 OTHER CURRENT LIABILITIES		
Consultancy Charges Payable	1,869,272	1,909,576
	1,869,272	1,909,576
8 LONG TERM LOANS AND ADVANCES		
Security Deposits	19,362	19,779
Taxes paid	471,945	482,120
	491,307	501,899
9 TRADE RECEIVABLES		
Unsecured, Considered good		
Over Six months	31,722,021	32,405,976
Other Debts	-	-
	31,722,021	32,405,976
10 CASH AND BANK BALANCES		
Cash in hand	6,370	6,507
Balances with Banks		
In Current account	6,669	16,337
	13,039	22,844
11 SHORT TERM LOANS AND ADVANCES		
Advances to Related Parties	2,477,860	2,531,285
	2,477,860	2,531,285
12 OTHER EXPENSES		
Auditors Fees	-	7,511
Consultancy charges	33,486	71,845
Bank Charges	9,644	9,405
	43,130	88,761
13 Figures for the previous year have been regrouped/ rearranged wherever necessary.		

As per my Report of even date attached

For S.C.Bandi & Company **For and on behalf of Board of Directors**

Chartered Accountants

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

Place : Mumbai
Date: May 12, 2017

Yash Bharadwaj
Director

H.C.Tandon
Director

Place : Mumbai
Date: May 15, 2017