

Chairman's Communiqué


"Our focus has been on using our industry experience, innovative thinking and technology to partner with our customers to achieve optimum business results."



My Dear fellow Stakeholders,

It is a matter of satisfaction for your Company to report yet another year of robust growth and strong performance encompassing all the business segments of your Company. Although the clouds of economic slowdown have started clearing off, another threatening challenge is the competition in the market, which is getting stiffer day by day. However, despite the cut throat competition in the market, your Company has managed to record a robust growth of 42% in revenues, which rose from ₹ 190.25 in year 2008-09 to ₹ 271.05 crores in year 2009-10 on the dint of its expertise in providing the best services and talented human resource, coupled with the optimal management of the costs and operations, and keeping its focus on fulfillment of needs of its clients. Likewise, the bottom line of the Company increased 24.39 %. Due to tough competition, the Company could not pass the burden of increase in costs of providing the services to its clients, which resulted in relatively low growth in its net profits as compared to its gross revenues.

We have, over the years, pursued relentless innovation to forge unique business models that synergise long-term shareholder value enhancement with the superordinate purpose of creating greater societal capital. It has been the urge of the Company since beginning to emphasize on wealth maximization of its shareholders. Thus, as a result of remarkable recovery and growth in Company's business operations, the management of your Company took the opportunity to announce bonus shares to its shareholders in the ratio of 1:1, which further resulted in the expansion of the equity base of the Company, increasing the resources of the Company for its business operations, leading to the expectations of much better business performance in future.



The Company is spreading its wings swiftly so as to become one of the biggest IT Services Company in India. During the year, the Company started operations of its fourth unit in India at Dehradun to get the benefit of low cost manpower and other tax incentives of Uttaranchal government. In line with its expansion plans, the Company also forayed in new segment and launched mobile application division for providing mobile application services, as there are vast opportunities in this field.

The Company, along with the need of business development to grow in the market, also understands and assumes its responsibility towards the society, in which the Company is existing and flourishing. At FCS, Corporate Social Responsibility (CSR) has been the cornerstone of success right from inception. We at FCS have defined a set of core values for ourselves - Care, Innovation, Passion and Trust - to guide us in all we do. We take pride in being able to claim all our countrymen as our customers. Corporates like FCS are deploying significant public resources, and therefore, we are aware of the need to work beyond financial considerations and put in that little extra to ensure that we are perceived not just as corporate behemoths that exist for profits, but as wholesome entities created for the good of the society and for improving the quality of life of the communities we serve. FCS has been taking concrete action to realise its social responsibility objectives, thereby building value for its shareholders and customers. FCS respects human rights, values its employees, and invests in innovative technologies and solutions for sustainable energy flow and economic growth. In the past few years, FCS has supported innumerable social and community initiatives in India. FCS has touched the lives of millions of people positively by supporting environmental and health-care projects and social, cultural and educational programmes.

I would like to thank, fellow stakeholders, for your interest and constant support in FCS's progress and the faith you have reposed in the future of your Company.

At the end, I would like to cordially invite you all the shareholders of the Company to attend the Seventeenth Annual General Meeting (AGM) on Monday, 10.30 AM, September 27, 2010 at The Executive Club, 439, Village Shahoorpur, Fatehpur Beri, New Delhi - 110 074.



Dalip Kumar
Chairman & Managing Director

NOTICE

Notice is hereby given that the 17th Annual General Meeting of the Members of the Company will be held on Monday, September 27, 2010 at the Executive Club, 439, Village Shahoorpur, Fatehpur Beri, New Delhi - 110074, at 10.30 A.M. for transacting the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended March 31, 2010 and the Balance Sheet as on that date, together with the Reports of the Board of Directors and Auditors thereon.
2. To re-appoint Statutory Auditors in place of M/s. SPMG & Co., Chartered Accountants, who retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment as Statutory Auditors of the Company, and to authorize the Board to fix their remuneration.
3. To consider re-appointment of Mr. Shiv Nandan Sharma as Director, who retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment as Non-Executive, Independent Director.

SPECIAL BUSINESS:

4. To consider and, if thought fit, to pass the following resolution with or without modification(s), if any, as a **Special Resolution**:

"RESOLVED THAT pursuant to Section 31, and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) the Articles of Association of the Company be and are hereby altered by substituting the existing articles no. 113 of the Article of Association of the Company by the following new article:

113. "The Directors shall provide for the safe custody of the Seal and the Seal shall never be used except by the authority of the Directors or a Committee of the Directors previously given and at least one Director, or Company Secretary of the Company, or any other officer of the Company authorised by the Board, shall sign every instrument to which the Seal is affixed provided nevertheless that any instrument bearing the Seal of the Company and issued for valuable consideration shall be binding on the Company notwithstanding any irregularity touching the authority of the directors to issue the same."

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

"RESOLVED THAT pursuant to the provisions of sections 198, 269, 302 and 309, read with Schedule XIII of the Companies Act, 1956, and other applicable provisions of the Act, if any, Mr. Dalip Kumar be and is hereby reappointed as the Managing Director of the Company w.e.f. 1st April, 2010, for a further period of 5 years, i.e. upto 31st March, 2015, on the remuneration and other terms & conditions, as recommended and placed by the Remuneration Committee before the Board and which are hereby approved by the Board, as reproduced below:

1. Salary: upto ₹ 1,00,000/- per month.

2. Commission: upto 3% of the net profits calculated in the manner laid down under sections 198 & 309 of the Companies Act, 1956.

CATEGORY (A)

I. Housing:

- In case of furnished accommodation provided by the Company, such expenditure not exceeding 60% of the salary.
- In case no accommodation is provided by the Company, he shall be entitled to House Rent Allowance subject to the ceiling laid under the provisions of Income Tax Act, 1961.
- In case accommodation is owned by the Company, a deduction of 10% of the salary of the Managing Director shall be made by the Company.
- The expenditure incurred by the Company on gas, electricity, water & furnishing shall be valued as per the Income Tax Rules, 1962 which shall, however, be subject to a ceiling of 10% of the salary.

II. Medical Reimbursement:

Medical Reimbursement of the expenses incurred by Mr. Dalip Kumar for self and his family subject to a ceiling of one month's salary in a year or 5 months' salary over a period of 5 years.

III. Leave Travel Concession:

Leave Travel Concession for him and his family once in a year in accordance with the rules of the Company.

IV. Club Fees :

Fees of the clubs subject to a maximum of two clubs. This will not include admission and life membership fees.

V. Personal Accident Insurance:

Personal Accident Insurance of an amount not exceeding ₹ 10,000/- (Rupees Ten Thousand only)

CATEGORY (B)

Contribution to the Provident Fund, Superannuation Fund or Annuity Fund as per the rules of the Company to the extent these, either singly or put together, are not taxable under Income Tax Act, 1961.

CATEGORY (C)

The Company shall provide a car with a driver and two telephones and a fax at his residence. Personal long distance calls and use of car for private purpose shall be billed by the Company to him. All official calls made by him from his Cell Phone will also be reimbursed by the Company.

TERMINATION

The appointment of the Managing Director shall be terminable by either party giving to the other, six calendar months' notice in writing.

In the event of termination of the appointment of Managing Director by the Company, he shall be entitled to receive compensation in accordance with the provisions of Section 318 of the Companies Act, 1956.

CEILING ON REMUNERATION:

The aggregate remuneration shall not exceed the limits provided in Sections 198 and 309 of the Companies Act, 1956.

The shareholders' approval may be sought for authorisation to increase, vary or amend the remuneration including salary, perquisites and benefits, minimum remuneration and other terms of appointment of the Managing Director from time to time, as deemed expedient or necessary during the tenure of his appointment.

RESOLVED FURTHER THAT Mr. Gagan Kaushik, Company Secretary of the Company, be and is hereby authorised to take all necessary steps on behalf of the Company to give effect to the above resolution."

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

"RESOLVED THAT pursuant to Section 16, 94 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being in force) and in accordance with the provisions of the Articles of Association of the Company, the consent of the members be and is hereby accorded for increasing the Authorised Share Capital of Company from ₹ 1,25,00,00,000/- (Rupees One Hundred and Twenty Five Crores) divided into 1,25,00,00,000 (One Hundred and Twenty Five Crores) Equity Shares of the face value of ₹ 1/- (Rupee One) each to ₹ 1,50,00,00,000/- (Rupees one Hundred and Fifty Crores) divided into 1,50,00,00,000 (One Hundred and Fifty Crores) Equity Shares of the face value of ₹ 1/- (Rupee One) each, and accordingly existing Clause V of the Memorandum of Association of the Company be deleted and the following new Clause V be substituted there for:

V. The Authorised Share Capital of the Company is ₹ 1,50,00,00,000/- (Rupees One Hundred and Fifty Crores) divided into 1,50,00,00,000 (One Hundred and Fifty Crores) Equity Shares of ₹ 1/- (Rupee One) each."

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorised to take all such steps and actions and give such directions as the Board may in its absolute discretion deem necessary and to settle any question that may arise in this regard."

7. To consider and, if thought fit, to pass the following resolution with or without modification(s), if any, as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of section 81 (1A) and all other applicable provisions, if any, of the Companies Act, 1956 including any statutory modification(s) or re-enactment thereof for the time being in force and enabling provisions in the Memorandum and Articles of Association of the Company, the listing agreement entered into by the Company with the Stock Exchanges where the shares of the Company are listed, and in accordance with the guidelines issued by the Securities and Exchange Board of India (SEBI), and clarifications thereon issued from time to time and subject to the approval(s), consent(s), permission(s), and/ or sanction(s), if any, of appropriate authorities, institutions or bodies as may be required, and subject to such conditions and modifications, as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions, which may be agreed to, by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any duly authorized committee thereof for the time being exercising the powers conferred on the Board by this Resolution), the Board be and is hereby authorized on behalf of the Company to create, issue/offer and allot 18 Crores Convertible Warrants on Preferential Placement basis through offer letter and/or circular and/or information memorandum and/or private placement memorandum and/or such other documents/writings, in such form, manner and upon such terms and conditions as may be determined by the Board in its absolute discretion, provided that the aggregate number of resultant equity shares of the Company to be issued against such warrants shall not exceed 18 crores fully paid up equity shares of the face value of ₹ 1/- each at a premium of ₹ 3.18/- each against the Convertible Warrant of ₹ 4.18/- each, being not less than the price calculated in accordance with the subsisting SEBI (DIP) Guidelines and SEBI (ICDR) Guidelines, as applicable in this behalf, aggregating up to ₹ 75.24 Crores, and which shall be convertible into equity shares with in a period not exceeding eighteen months (18 months) from the date of allotment of Equity Warrants in accordance with SEBI (ICDR) Guidelines to the following allottees as detailed herein below:

Name of the Allottee	Category	No. of Warrants to be allotted
M/s. Zero Time Constructions Pvt. Ltd.	Non promoter	18,00,00,000

RESOLVED FURTHER THAT the equity shares to be issued on conversion of the warrants shall rank pari passu with the existing equity shares of the Company in all respects including payment of dividend.

RESOLVED FURTHER THAT an amount equivalent to 20% of the Conversion Price or such higher percentage as board may decide, shall be payable at the time of making application for the warrants, which shall be adjusted and appropriated against the Conversion Price payable by the warrant holders at the time of exercising the option to convert the warrants into equity shares, and that in the event the option for such conversion is not exercised within the prescribed time, the warrants shall lapse, and the amount so paid on the allotment of the Warrants shall stand forfeited.

RESOLVED FURTHER THAT the Board be and is hereby authorized to take necessary steps for listing of the above mentioned Convertible Warrants upon conversion, on the stock exchanges where the Company's shares are listed, as per the terms and conditions of the listing and other applicable guidelines, rules and regulations.

RESOLVED FURTHER THAT the 'Relevant date' as per the SEBI (ICDR) Guidelines, 2009 as applicable from time to time for the determination of applicable price for issue of Convertible Warrants is August 28, 2010.

RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board is hereby authorized to issue and allot such number of equity shares, as may be required to be issued and allotted upon conversion of Warrants in accordance with the terms of the offer and subject to the provisions of the Company's Memorandum and Articles of Association.

RESOLVED FURTHER THAT for the purpose of giving effect to the above Resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things and resolve any doubts or questions that may arise in the issue and allotment of said Warrants and equity shares arising there from, including utilizations of the proceeds, without being required to seek any further consent or approval of members or otherwise to the end and intent that members shall be deemed to have given their approval thereto expressly by the authority of this resolution."

**By the order of the Board of Directors
For FCS Software Solutions Limited**



Gagan Kaushik
Company Secretary

Noida
September 01, 2010

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND THE MEETING AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES IN ORDER TO BE EFFECTIVE MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY AT LEAST 48 HOURS BEFORE THE TIME FIXED FOR COMMENCEMENT OF THE MEETING. UNDER THE COMPANIES ACT 1956, VOTING IS BY SHOW OF HANDS, UNLESS A POLL IS DEMANDED BY A MEMBER OR MEMBERS PRESENT IN PERSON OR BY PROXY ENTITLED TO VOTE ON THE RESOLUTIONS HOLDING AT LEAST ONE-TENTH OF THE TOTAL VOTING POWER, OR BY THOSE HOLDING IN AGGREGATE, PAID UP SHARE CAPITAL OF AT LEAST ₹ 50,000/-. A PROXY SHALL NOT VOTE EXCEPT ON A POLL.
2. The Register of Members and Shares Transfer Books of the Company shall remain closed from September 23, 2010 to September 27, 2010 (both days inclusive) for the purpose of Annual General Meeting.
3. Members/Proxy holders are requested to produce at the entrance, the enclosed admission slip duly completed and signed, for admission to the meeting.
4. The Register of Directors' shareholding maintained under Section 307 of the Companies Act, 1956 will be available for inspection by the members at the AGM.
5. The Register of Contracts, maintained under Section 301 of the Companies Act, 1956 will be available for inspection by the members at the registered office of the Company.

**By the order of the Board of Directors
For FCS Software Solutions Limited**



Gagan Kaushik
Company Secretary

Noida
September 01, 2010

Explanatory Statement under section 173(2) of the Companies Act, 1956

Item No. 4

The existing Article No. 113 of the Article of Association of the Company provides that the Common Seal of the Company shall never be used except by the authority of the Director or a Committee of the Directors previously given and one Director at least shall sign every instrument to which the Seal is affixed. Due to busy schedule and foreign trips of the Directors of the Company for the business purpose, it is not always possible for the Directors to sign within requisite time, the instruments on which the Seal is affixed, which causes delay in day to day business operations of the Company. To deal with such circumstances, the Board of Directors of the Company has decided to alter the said clause in order to authorize Company Secretary of the Company, and enable itself to authorise other competent person(s) from time to time, to sign such instruments. For enabling the above provision, the Articles of Association of the Company need to be altered as per provisions of Section 31 of the Companies Act, 1956, which requires your prior approval by way of Special Resolution.

Hence the Board of Directors recommend this resolution for your approval.

None of the Directors of the Company are concerned or interested in the resolution.

Item No. 5

Shri Dalip Kumar was appointed as the Managing Director of the Company w.e.f. 1st April, 2005 for a period of 5 years i.e. 31st March, 2010. The Company had hit the securities market in 2005 by way of its initial public offer (IPO) in his guidance and leadership, which was a great success. And even thereafter, under his supervision, the Company has progressed by leaps and bounds, and has become the leading IT services provider across the globe.

Shri Dalip Kumar, M.S. (Computer Engineering) from Rutgers University, New Jersey, USA, and B.S. (Electronics Engineering), from Punjab Engineering College, Chandigarh, has over 25 years of experience. He has worked on large projects in implementing paper less offices, office automation and workflow management for clients in government, banking, infrastructure and private sector. He has been working on Web based projects and ERP centric projects for many years. His special expertise area now is to build e-business and implement e-services. He has managed various projects starting from microprocessors to mainframes in terms of technology and man management.

The Board of Directors believes that the Company will be greatly benefited by his valuable services for the Company's day to day operations and smooth functioning of the business. Shri Dalip Kumar is technically qualified and has expertise in the field of business in which your Company is presently engaged, and the positive results of his efforts have also been proven by the accelerating growth chart of the Company. His engagement will not only add to the enhancement of the business opportunities of your Company but will also enhance the profits of your Company.

Your Directors recommend the passing of this resolution as Ordinary Resolution.

Except Mr. Dalip Kumar, none of the Directors of your Company is interested or concerned in the aforesaid resolution.

Item No. 6

The existing Authorised Share Capital of the Company is ₹ 1,25,00,00,000 (Rupees One Hundred and Twenty Five Crores) divided into 1,25,00,00,000 (One Hundred and Twenty Five Crores) Equity Shares of ₹ 1/- (Rupee One) each and the Company has already issued 1,02,95,53,100 (One Hundred Two Crores Ninety Five Lacs Fifty Three Thousand One Hundred only) shares of ₹ 1/- (Rupee One) each. Your Company is contemplating the issue of fresh equity shares for the purpose of expansion of its business, and in view thereof, the Company needs to have enough unissued Authorised Share Capital, so that requisite number of fresh equity shares may be issued for the purpose of raising the sufficient funds. For this purpose, the Company needs to increase its Authorised Share Capital.

The proposal for increase in the Authorised Share Capital and alteration in the Capital Clause of the Memorandum and Articles of Association of the Company requires approval of members in the General Meeting. Therefore, the Board recommends for passing necessary Ordinary Resolution as set out in the Item No. 7 of the notice convening the Annual General Meeting. The draft amended copy of the Memorandum of Association and Articles of Association of the Company is available for inspection at the Registered Office of the Company during the business hours till the conclusion of the Annual General Meeting.

None of the Directors of the Company are concerned or interested in the above said resolutions, except as a member of the Company.

Item No. 7

For the purpose of funding its expansion plans, the Company proposes to issue 18 crores Convertible Warrants at a price of ₹ 4.18/- each per warrant (including premium of ₹ 3.18/- per warrant) to the M/s. Zero Time Constructions Pvt. Limited belonging to Non-Promoter category on preferential basis.

The aggregate amount of the issue of share warrants will be up to ₹ 75.24 Crores.

Each warrant shall give a right to the holder to apply for an equivalent number of fully paid-up equity shares of ₹ 1/- each of the Company at a price of ₹ 4.18/- per share at any time during 18 months from the date of Issue.