

The efficiency catalyst



**18th ANUAL
REPORT
2010-2011**



The efficiency catalyst ●●●

BOARD OF DIRECTORS

Mr. Dalip Kumar

Chairman & Managing Director

Mr. Shayam Sunder Sharma

Non Executive Director

Mr. Shiv Nandan Sharma

Non Executive Director

Mr. Dhruwa Narain Rai

Non Executive Director

CHIEF FINANCIAL OFFICER

Mr. Anil Sharma

COMPANY SECRETARY

Mr. Gagan Kaushik

Auditors

M/S. SPMG & Company

Chartered Accountants

New Delhi - 110022

Registered Office

205, 2nd Floor, Agrawal Chamber IV,
27, Veer Sawarkar Block, Vikas Marg,
Shakarpur, Delhi – 110 092

Corporate office

Plot No. 83, NSEZ,
Noida Dadri Road, Phase –II,
Noida -201 305 [U.P.]
website : www.fcsltd.com

Bankers

Canara Bank

Bank of America

HDFC Bank

Wells Fargo Bank

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Development Centers

- FCS House Plot No. 83,
NSEZ, Noida Dadri Road, Phase-II, Noida,
Gautam Budha Nagar, (UP) 201305
- 2375 Zanker Road, Suit 250
San Jose, CA – 95131
- Plot-J-7, Rajiv Gandhi Technology Park,
Chandigarh – 160 101
- FCS House, A-86,
Sector – 57 Noida – 201 301 [U.P.]
- I.T.Park, Plot. No. 24,
Sahasradhara Road, Dehradun -248 001

Subsidiaries

FCS Software Solutions America Ltd.
42 Reads Way, New Castle
State of Delaware 19720
F.C.S Software Middle East FZE
PO BOX 16111, Ras Al Khaimah, UAE

Legal Advisors

- Vivek Sharma
83, Lawyer Chamber,
Supreme Court of India
New Delhi –110 001
- Mahendra & Associates
23, Shopping Complex,
Distt. Court Noida, Phase-II,
Gautam Budha Nagar (UP) 201 305

Chairman's Communiqué



My Dear fellow Stakeholders,

I welcome all of you to the 18th Annual General Meeting of FCS. Over the year, we have confronted many ups and downs. While we continue to face challenges that are growing considering current state of leading economies, the positive point is continuing growth of capabilities as well as capacities in India and other developing economies. These are the times when it is time to reflect and try to understand market winds and take some difficult calls.

We need to delink our business from human centric to technology centric. We are in the midst of working on some initiatives that will give your company a new portfolio and direction in coming years. The resource driven man-month billing model is becoming more and more commoditized and inching attrition levels and lack of utilizable manpower further pressures this model. Delinking from resource based model is difficult and has own challenges but once fully done, it will bring high scalability if successful.

In the current year, we are repositioning FCS to maximize emerging opportunities on a sustainable basis and for the long. We have increased our focus on the emerging markets and newer areas of business, such as Education, Infrastructure Management, One Stop provisioning of solutions with tight integration with various hardware and software components and licensing, and high performance cloud computing driven mobile applications.

Our long term success is entirely dependent on clients, shareholders, employees and well-wishers. Your faith and confidence on us, motivates us to tide over the rough weather and reach for greater heights. We know that by continued investment in aligning all our stakeholders with our business objectives, we will be able to take care of not only current challenges but also future winds.

At the end, I would like to cordially invite all the shareholders of the Company to attend the 18th Annual General Meeting (AGM) on 26 September 2011, 9.00 AM, at The Executive Club, 439, Village Sahoopur, Fatehpur Beri, New Delhi – 110 074.



Dalip Kumar
Chairman & Managing Director

NOTICE

Notice is hereby given that the 18th Annual General Meeting of the Members of the Company will be held on Monday, September 26, 2011 at the Executive Club, 439, Village Shahoorpur, Fatehpur Beri, New Delhi – 110074, at 9.00 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, 2011 and the Balance Sheet as on that date, together with the Reports of the Board of Directors and Auditors thereon.
2. To 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 until the conclusion of the next Annual General Meeting, and to authorize the Board to fix their remuneration.
3. To consider re-appointment of Mr. Dhruwa Narain Rai 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) as an **Ordinary Resolution** :

“RESOLVED THAT pursuant to Article 85 of Articles of Association of the Company and the provisions of Section 257, 198, 269, 309 and the provisions of Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 and subject to approval of the Shareholders and Central Government, if required & such alterations / modifications, if any, that may be affected by the above mentioned body in that behalf, approval of the Members be and is hereby accorded to the appointment of Mr. Govinda Sahu as whole time Director, liable to retire by rotation, on the terms and conditions as stated in the Explanatory Statement, in respect of whom the Company has also received the Notice under section 257 of the Companies Act, 1956.

FURTHER RESOLVED THAT Board of Directors of the Company shall be empowered to add, revise, increase, restructure, and amend the terms of appointment of Mr. Govinda Sahu including but not limited to remuneration, components, designation thereof, etc. within the overall limit of Schedule –XIII of the Companies Act, 1956.”

5. 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 guideline(s)/regulations 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 up to 23 crore Fully/Partly Convertible Warrants to be convertible at the option of Warrant holders in one or more tranches, within 18 (eighteen) months from its allotment date into equal number of fully paid up Equity Shares of the Company of face value of Re. 1/- each for cash at an exercise price of Re. 1/- or any higher price as may be decided by the Board of Directors and to issue fresh Equity Shares on the conversion of the Warrants on such further terms and conditions as may be finalized by the Board of Directors to following persons:

Name of the Allottee	Category	No. of Warrants to be allotted
SLG SOFTECH PRIVATE LIMITED	Non promoter	18,00,00,000
DALIP KUMAR	Promoter	5,00,00,000

RESOLVED FURTHER THAT the equity shares 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 25% 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) Regulations, 2009 as applicable from time to time for the determination of applicable price for issue of Convertible Warrants is August 27, 2011.

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.”

RESOLVED FURTHER THAT fully convertible warrants, being allotted to person as promoter and non promoters shall be locked for the period of one year and three years respectively from the date of allotment of warrants and equity shares allotted pursuant to the conversion of these warrants will be put under fresh locked in for the period of one year and three year respectively

from the date of conversion or as may be required under SEBI (ICDR) regulations 2009, accept to the extent and in the manner permitted there under.

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

“RESOLVED THAT in respect of the resolution passed in the last Annual General Meeting of the Company held on September 27, 2010 for the preferential allotment of warrants, the resolution in respect of which read as “an amount equal to at least 20% or higher percentage of the consideration determined as per regulation 76 shall be paid against each warrant on the date of allotment of warrants”, the words “at least 20% or higher” be read as “at least 25% or higher”).

RESOLVED FURTHER THAT the Company Secretary be and is hereby authorized to vary and/or revise the percentage to 25%, wherever it appears as 20%, in all the documents and / or records of the Company, and also ratifies the acts already done by the Company to this effect.”

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

Sd/-

Gagan Kaushik
Company Secretary

Place : Noida
Date : August 29, 2011

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 RS. 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 20, 2011 to September 26, 2011 (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.
6. Members are requested to send their queries, if any, at least 10 days in advance of the AGM so that the information can be made available at the meeting.
7. In terms of Clause 49 of the Listing Agreement with Stock Exchanges, details about age, qualification, area of expertise and other directorships of directors seeking appointment/ re-appointment is given in the Explanatory Statement, and forms part of this Notice.

MCA's GREEN INITIATIVE

Ministry of Corporate Affairs has taken a green initiative by permitting companies to send various documents like notices, annual reports including annual accounts etc. to its Members through electronic mode. Keeping in spirit with the said initiative, we request you to update your email id's with your respective DP's in case of shares held in electronic form and with Registrar & Share Transfer Agent - M/s Link Intime India Private Limited in case of shares held in physical form. Email is a better method to receive the communications quickly, with least cost implications and have longer shelf life. Company proposes to send all permitted communications electronically to the email id's of Members unless specific request is received for a physical copy from Member. Please act and contribute to the cause of Environment.

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

Sd/-

Gagan Kaushik
Company Secretary

Place : Noida
Date : August 29, 2011

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO. 4

Your Company has received a Notice from one of the shareholders of the Company, along with the deposit of Rs. 500/- with the Company, as required under section 257 of the Companies Act, 1956, proposing the candidature of Mr. Govinda Sahu for the appointment as whole time director of the Company. The Board of Directors of the Company at its meeting held on August 29, 2011, considered and acted upon the notice received for the candidature of directorship in the Company and found Mr. Govinda Sahu suitable for the office of Director.

Mr. Govinda Sahu is a brilliant technology professional who has hands on experience in building teams from scratch to deliver world class solutions in areas like remote infrastructure management, data centers, and complex software projects. He has over 15 years of experience having worked in companies like Tech span and in FCS. As a senior management professional with FCS for over 10 years he has brought in forward thinking changes to grow the business and manage talent.

The appointment of Mr. Govinda Sahu, as Director of the Company shall be on following remuneration recommended by the Compensation/ Remuneration Committee, subject to approval of the Members, in pursuance of the provisions of Schedule XIII and other applicable provisions of the Companies Act 1956.

1. Salary: Monthly salary containing Basic Rs. 40,000, HRA Rs. 20,000/-, LTA Rs. 4,000/-, Conveyance Rs. 800/-, Medical Expenses Rs. 1, 250/-, Other Rs. 1,33,050/-, Food Coupons Rs. 1, 250/- and Reimbursements Rs. 4,400/- with merit based periodic increments as may be approved by the Compensation/ Remuneration Committee of the Board shall be amounting to Rs. 2,04,750.
2. Performance Related Pay and Annual Bonus: Performance Incentive on monthly/quarterly/ semi-annual/annual basis based on the performance parameters and annual bonus as may be decided by the Compensation/ Remuneration Committee of the Board.
3. Perquisites: In addition to Salary, Performance Related Pay and Annual Bonus, Mr. Govinda Sahu will be entitled to compensation / perquisites like special allowance, variable house rent allowance or company leased accommodation, cars with services of driver, medical reimbursements, leave travel allowance, telephone/internet/fax at residence, cell phone expenses, club fee, health & personal accident insurance, Kenyan insurance as decided by

- the Compensation/Remuneration Committee of the Board from time to time. Mr. Govinda Sahu would also be entitled to such other perquisites as the Compensation/Remuneration Committee of the Board may approve for discharge of his duties as Director.
5. Other Benefits: Company's contribution to Provident Fund/Superannuation Fund, Gratuity and encashment of leaves as per the rules prevailing in the Company shall not be included in computation of limits for perquisites as defined under Schedule – XIII of the Companies Act, 1956. The total remuneration paid to Mr. Govinda Sahu excluding items specifically exempted under Schedule XIII of the Companies Act, 1956, shall not at any time during the tenure exceed the limits prescribed under Schedule –XIII except with the permission of Central Government.
 6. General Conditions: Mr. Govinda Sahu will be entitled to such other privileges, facilities and amenities in accordance with the rules and regulations of the Company for its employees and as amended from time to time by the Compensation/ Remuneration Committee of the Board, within the overall limits prescribed under Schedule – XIII and other relevant provisions of the Companies Act, 1956.

None of the Directors of the Company are interested in this Ordinary Resolution. The Board recommends this Ordinary Resolution for your approval.

ITEM NO. 5

For the purpose of funding its expansion plans, the Company proposes to issue 23 crores Convertible Warrants at a price of Re. 1/- each per warrant to the M/s SLG SOFTECH PRIVATE LIMITED belonging to Non-Promoter category and Mr. Dalip Kumar belonging to promoter category on preferential basis.

The aggregate amount of the issue of share warrants will be up to Rs. 23 crores.

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

As per chapter VII of the SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 the required details are furnished as under:

a) Object of the issue:

With a view to augment the long term resources of the Company for meeting the fund requirements of growth and diversification plans and for general corporate purposes, it is proposed to issue, up to warrants, on preferential basis in accordance with the 'Guidelines for Preferential Issues' contained in Chapter VII of the Securities and Exchange Board of India (issue of capital and disclosure requirements) regulations, 2009 (hereinafter referred to as "SEBI (ICDR) Guidelines"), entitling the warrant holders to apply for equivalent number of fully paid equity shares of the Company.

b) Pricing:

The pricing of equity warrants is done in accordance with the guidelines stipulated under SEBI (ICDR) Guidelines, 2009 as applicable from time to time in respect of the pricing of the issues.

c) Payment & Conversion Terms:

25% or such higher percentage, as decided by the board for the value of the warrants is to be paid together with application. The balance is payable at the time of conversion. In case the option is not exercised within a period of 18 months from the date of allotment, the application money will be forfeited by the Company. The warrants are converted at the option of the allottees on payment of the balance amount of the issue price at any time during the period of 18 months. The amount received from the allottees can be adjusted towards outstanding dues if any, payable by the Company on such terms and conditions and in such manner as the Board

may think fit.

d) Intention of Promoters / Directors / Key Management Persons to subscribe to the offer:

Proposed allottee Mr. Dalip kumar belongs to the promoter group and intend to subscribe for 5,00,00,000 (Five Crores) fully convertible warrants to be converted into equal number of equity shares of Re. 1/- each at price of Re. 1 per share within period of 18 months from the date of allotment. The company has received written consent towards their intension to subscribe.

e) Relevant Date:

“Relevant Date” for this purpose is, as per the regulation 71 of SEBI (ICDR) regulations 2009, the date thirty days prior to the date on which the meeting of shareholders is held to consider the proposed preferential issue. That means for this relevant date is August 27, 2011.

Shareholding pattern before and after the issue:

The Shareholding pattern before and one likely to emerge after the proposed allotment of Equity Warrants upon conversion would be as under:

Name		Pre issue		Post issue	
		No. of shares	% of holding	No. of shares	% of holding
(A)	Shareholding of Promoter and Promoter Group				
1	Indian				
	Promoter	135968560	11.2	185968560	12.9
2	Foreign		0.0		0.0
	Total Shareholding of Promoter and Promoter Group	135968560	11.2	185968560	12.9
(B)	Public shareholding		0.0		0.0
1	Institutions		0.0		0.0
(a)	Mutual Funds/ UTI	0	0.0	0	0.0
(b)	Financial Institutions / Banks	3000	0.0	3000	0.0
(c)	Central Government/ State Government(s)	0	0.0	0	0.0
(d)	Venture Capital Funds	0	0.0	0	0.0
(e)	Insurance Companies	0	0.0	0	0.0
(f)	Foreign Institutional Investors	0	0.0	0	0.0
	Sub-Total (B)(1)	3000	0.0	3000	0.0
B 2	Non-institutions		0.0		0.0
(a)	Bodies Corporate	314495826	26.0	494495826	34.4
(b)	Individuals	694990253	57.5	694990253	48.3
(c)	Any Other	31798441	2.6	31798441	2.2
	Sub-Total (B)(2)	1041284520	86.1	1221284520	84.8
(B)	Total Public Shareholding (B)= (B)(1)+(B)(2)	1041287520	86.1	1221287520	84.8
	TOTAL (A)+(B)	1177256080	97.3	1407256080	97.8
(C)	Shares held by Custodians and against which Depository Receipts have been issued				
1	Promoter and promoter group	0	0.0	0	0.0
2	Public	32297320	2.7	32297320	2.2
	TOTAL (C)	32297320	2.7	32297320	2.2
	GRAND TOTAL (A)+(B)+(C)	1209553400	100.0	1439553400	100.0

*Last available shareholding pattern has been used for calculating the percentage and making above mentioned shareholding pattern and, warrant issued but not converted have also being consider for pre and post issue shareholding.

The percentage etc. has been worked out after assuming that all warrants are converted into shares.

g) Proposed time within which the allotment shall be complete:

The Board proposes to allot the Shares/ Warrants within a period of 15 days from the date of this Annual General Meeting. (In case of warrants only- As per the said SEBI (ICDR) regulations 2009 the warrant holders have the option to subscribe for one equity share of ₹ 1/- each per warrant upon the fulfillment of certain identified financial parameters at any time within 18 months from the date of allotment of the warrants. The warrants may be converted into equity shares of the Company in one or more tranches.

h) The identity of the proposed allottee and the percentage of the preferential issue that may be held by the allottee:

Name of the Allottee	Category	Pre issue holding	% to Equity total	Post-issue holding	% to total Equity
SLG Softech Pvt. Ltd.	Non-promoter	Nil	Nil	18,00,00,000	12.50
Dalip Kumar	Promoter	13,59,68,560	13.20	18,59,68,560	12.90

i) Auditor's Certificate:

A certificate as required under SEBI Guidelines certifying that the proposed issue is being made in accordance therewith. The Board proposes to allot the Warrants within a period of 15 days from the date of this Annual General Meeting. As per the said SEBI Guidelines, the warrant holders have the option to subscribe for one equity share of ₹ 1/- each per warrant upon the fulfillment of certain identified financial parameters at any time within 18 months from the date of allotment of the warrants. The warrants may be converted into equity shares of the Company in one or more tranches

j) Lock-In:

The shares/ share warrants to be allotted on preferential basis shall be subject to lock-in as per applicable SEBI (ICDR) regulations 2009 in this behalf.

k) Change in Management:

The issue of Equity Shares will not result in any change in the management or control of the Company.

The consent of the members is being sought under Section 81(1A) of the Companies Act, 1956, and other applicable provisions of the Companies Act, 1956, if any and in terms of the provisions of the Listing Agreements executed by the Company with the Stock Exchanges where the Company's shares are listed.

None of the Directors of the Company are concerned or interested in the said resolution. The Board of Directors recommends the resolution for the approval of members.