

The efficiency catalyst



**19th ANNUAL
REPORT
2011-2012**



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. Govinda Sahu

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

(i) FCS House Plot No. 83,
NSEZ, Noida Dadri Road, Phase-II, Noida,
Gautam Budha Nagar, (UP) 201305

(ii) 2375 Zanker Road, Suit 250
San Jose, CA – 95131

(iii) FCS House, A-86,
Sector – 57 Noida – 201 301 [U.P.]

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

(1) Vivek Sharma
83, Lawyer Chamber,
Supreme Court of India
New Delhi – 110 001

(2) 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 19th Annual General Meeting of the Company. As is well known, the markets across Europe to USA are under severe pressure. These strains end up resulting in financial slackness resulting in a chain reaction for their service providers such as us. While large companies have financial strength and tools to counter such continuously worsening situation, we do not have many options at hand. But, we are trying our best to do with tools that we have. One such tool has been our quality of services.

Confirming to our quality standards, FCS has been assessed at Level-3 for the Capability Maturity Model Integration (CMMI). The assessment done as per the Standard CMMI Appraisal Method for Process Improvement (SCAMPI) methodology, evaluated FCS on stringent parameters including implementation of Process Performance Models, and assessed it at level-3. This is indicative of process implementation that improves quality and provides predictable process performance. We believe that the quality of an organization's processes is reflected in the satisfaction of the client. Your Company has implemented stringent quality assurance and control measures.

Since much of the outsourcing benefits have already been realized, the I.T services industry is facing the twin challenges of commoditization and scalability. Demand is shifting from traditional horizontal offerings to industry specific high value offerings. The prevailing market conditions are not favorable for smaller companies.

The second initiative that we are taking to counter the prevailing conditions is by our efforts to build partnership with US and Europe based companies where the mutual strengths can build momentum for win-win effect. We hope to see positive outcomes within next 12-18 months out of this initiative as it will increase our reach yet will not result in large spread.

Our long term success is entirely dependent on clients, shareholders, employees and well wishers. The times are tough, but your faith and confidence on us, motivates us to face every difficulty and challenge and overcome them. 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 19th Annual General Meeting (AGM) on 28th of August, 2012 at 9.00 AM, at The Executive Club, 439, Village Sahoorpur, Fatehpur Beri, New Delhi – 110 074.



Dalip Kumar

Chairman & Managing Director

NOTICE

Notice is hereby given that the 19th Annual General Meeting of the Members of the Company will be held on Tuesday, August 28, 2012 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, 2012 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. Shayam Sunder Sharma 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 sections 16, 31 and 94 and other applicable provisions, if any, of the Companies Act, 1956, the Authorised Capital of the Company be and is hereby increased from ₹ 150,00,00,000/- (Rupees One Hundred Fifty Crores), to ₹ 185,00,00,000/- (Rupees One Hundred Eighty Five Crores), by addition thereto of 35,00,00,000 (Thirty Five crores) Equity Shares of ₹ 1 each, ranking pari passu in all respect with existing Equity Shares of the Company.

RESOLVED FURTHER THAT Clause V of the Memorandum of Association of the Company be and is hereby altered to read as follows:

- V. “The Share Capital of the Company is ₹ 185,00,00,000/- (Rupees One Hundred Eighty Five Crores) divided into 185,00,00,000 Equity Shares of ₹ 1 each.”

RESOLVED FURTHER THAT the Board of directors be and are hereby authorized to do such other acts and deeds as may be necessary for giving effect to this resolution.”

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 reenactment 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 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 40 crores Fully/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 40 crores fully paid up equity shares of ₹ 1/- (Rupee one only) each, and at exercise price of ₹ 1/- (Rupee One only) or at such higher exercise price as may be decided by the board, aggregating up to ₹ 55,00,00,000 (Rupees Fifty Five crores only) and which shall be convertible into equity shares 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 ₹ 1/- (Rupee one only) each to following persons:

Name of the Allottee	Category	No. of Warrants to be allotted
Prahlad Estates and Properties Pvt. Ltd.	Non-promoter	25 Crores
Enstaserv Eservices Limited	Promoter Group	15 Crores

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 July 28 2012.

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 order of the Board of Directors
For **FCS Software Solutions Limited**
Sd/-

Gagan Kaushik
Company Secretary

Place : Noida
Date : July 30, 2012

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 August 22, 2012 to August 28, 2012 (both days inclusive) for the purpose of Annual General Meeting.
3. Members/Proxy holders are requested to submit with the RTA 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.
8. Explanatory Statement pursuant to section 173 of the companies act 1956 in respect of business under items 4 & 5 is annexed hereto.

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

Sd/-

Gagan Kaushik
Company Secretary

Place : Noida
Date : July 30, 2012

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

ITEM NO. 4

The company proposes to expand its activity and hence it is desirable to increase the authorised capital, in order to enable the company to raise capital whenever the need arises. Hence your Directors propose to increase the authorised capital from ₹ 150,00,00,000/- (Rupees One Hundred Fifty Crores), to ₹ 185,00,00,000/- (Rupees One Hundred Eighty Five Crores), by addition thereto of 35,00,00,000 (Thirty Five crore) Equity Shares of ₹ 1 each, ranking pari-passu in all respect with existing Equity Shares of the Company. The proposed increase of Authorised Capital requires the approval of members in General Meeting. Consequent upon the increase of Authorised Capital the company's Memorandum and Articles of Association will require alteration so as to reflect the increase in share capital. The Board recommends that the resolution be passed.

Pursuant to sections 16 and 31 of the Companies Act, 1956 read with section 94 of the said Act, the above said amendments should be approved by the General Body by way of a Special Resolution. Your directors recommend the proposed resolutions giving effect to the above amendments for your approval.

None of the directors are interested in the resolution.

The Board recommends the resolution for your approval.

ITEM NO. 5

For the purpose of funding its expansion plans, the Company proposes to issue 40 Crores Convertible Warrants convertible into equal number of fully paid up Equity Shares of the Company of face value of ₹ 1/- (Rupee one only) each for cash at an exercise price of ₹ 1/- (Rupee One only) each or any higher price as may be decided by the Board of Directors to the M/s. Prahlad Estates and Properties Private Limited belonging to non promoter category and M/s. Enstaserv Eservices Limited belonging to Promoter category on preferential basis. The aggregate amount of the issue of share warrants will be up to ₹ 55,00,00,000 (Rupees Fifty Five crores only). Each warrant shall give a right to the holder to apply for an equivalent number of fully paid-up equity shares of ₹ 1/- (Rupee one only) each of the Company at a price of ₹ 1/- (Rupee One only) per share (as per ICDR Regulations) or any other price as may be decided by the board at any time during 18 months from the date of Issue.

None of the directors except Mr. Dalip Kumar is interested in the resolution.

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 'Regulations 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) Regulation"), 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 regulations stipulated under SEBI (ICDR) Regulation, 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 Enstaserv Eservices Limited belongs to the promoter group and intend to subscribe up to 15 Cr (Fifteen Crore Only) fully convertible warrants to be converted into equal number of equity shares of ₹ 1/- (Rupee one only) each at price of ₹ 1/- (Rupee One only) per share or any other price as may be decided by the board 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 July 28, 2012. 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	185,968,560	14.76	335,968,560	20.24
	2 Foreign		-		-
	Total Shareholding of Promoter and Promoter Group	185,968,560	14.76	335,968,560	20.24
(B)	Public shareholding		-		-
	1 Institutions		-		-
	(a) Mutual Funds/ UTI	-	-	-	-
	(b) Financial Institutions / Banks	3,000	0	3,000	0
	(c) Central Government/ State Government(s)	568,300	0	568,300	0
	(d) Venture Capital Funds	-	-	-	-
	(e) Insurance Companies	-	-	-	-
	(f) Foreign Institutional Investors	-	-	-	-
	Sub-Total (B)(1)	571,300	0.04	571,300	0.03
	B 2 Non-institutions		-		-
	(a) Bodies Corporate	265,803,949	21.10	515,803,949	31.08
	(b) Individuals	745,793,586	59.21	745,793,586	44.94
	(c) Any Other	29,118,685	2.31	29,118,685	1.79
	Sub-Total (B)(2)	1,040,716,220	82.62	1,290,716,220	77.77
	(B) Total Public Shareholding (B)= (B)(1)+(B)(2)	1,041,287,520	82.62	1,291,287,520	77.77
	TOTAL (A)+(B)	1,227,256,080	97.38	1,627,256,080	98.05
	(C) Shares held by Custodians and against which Depository Receipts have been issued		-		-
	1 Promoter and promoter group	-	-	-	-
	2 Public	32,297,320	2.62	32,297,320	1.95
	TOTAL (C)	32,297,320	2.62	32,297,320	1.95
	GRAND TOTAL (A)+(B)+(C)	1,259,553,400	100.00	1,659,553,400	100.00

*Last available shareholding pattern has been used for calculation the percentage and making above mentioned shareholding pattern and warrant issued but not converted also consider into 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. As per the said SEBI (ICDR) guidelines 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
Prahlad Estates and Properties Private Limited	Non-promoter	Nil	Nil	25 Cr	15.06%
Enstaserv Eservices Limited	Promoter	Nil	Nil	15 Cr	9.04%

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) Guidelines, 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.

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

Sd/-

Gagan Kaushik
Company Secretary

Place : Noida
Date : July 30, 2012

Year at a Glance :

(₹ in Lacs)

For the year	2012	2011
Income		
Revenue from operations	21,402.23	37,343.33
Other Income	390.85	847.96
Total Revenue	21,793.09	38,191.31
Operating profit (PBIDTA)	3,768.73	5,187.01
Operating profit / Total income (%)	17.29	13.58
PAT	157.01	3,149.60
PAT / Total income (%)	0.72	8.24
EPS (par value of ₹ 1/- each)		
Basic	0.02	0.30
Diluted	0.01	0.26
Dividend	-	-
Per share (in ₹)	Nil	Nil
Amount	Nil	Nil
Return on average net worth (%)	0.33	6.97
At the end of the year		
Fixed assets – net	31,182.56	29,808.56
Net current assets	11,086.05	17,678.56
Total assets	42,268.61	47,487.11
Debt	276.81	674.19
Equity	10,295.53	10,295.53
Net worth	47,447.69	45,204.56
Market Capitalization	4,632.99	10,810.31