

The efficiency catalyst



**20th ANNUAL
R E P O R T
2012-2013**



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 Sawarker 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

CONTENTS

PAGE

<i>Chairman's Message</i>	<i>1</i>
<i>Notice</i>	<i>2</i>
<i>Years at a glance</i>	<i>5</i>
<i>CMD and CFO certification</i>	<i>6</i>
<i>Directors' Report</i>	<i>7</i>
<i>Management discussion and analysis</i>	<i>12</i>
<i>Report on corporate governance</i>	<i>18</i>
<i>Auditors' certificate on Corporate Governance</i>	<i>30</i>
<i>Auditor's Report (Consolidated)</i>	<i>31</i>
<i>Consolidated Financial Statements</i>	<i>32</i>
<i>Auditor's Report (Standalone)</i>	<i>50</i>
<i>Standalone Financial Statements</i>	<i>53</i>
<i>Financial Statements of Subsidiaries</i>	<i>72</i>

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) Plot-J-7, Rajiv Gandhi Technology Park,
Chandigarh – 160 10
- (iv) FCS House, A-86, Sector – 57
Noida – 201 301 [U.P.]
- (v) I.T. Park, Plot. No. 24, Sahastradhara Road,
Dehradun -248 001
- (vi) Plot No. 1A, Sector-73, Noida-201301

Legal Advisors

- (1) Vivek Sharma
83, Lawyer Chamber,
Supreme Court of India
New Delhi – 110 001
- (2) Mahendra & Associates
249, District Court,
Gautam Budha Nagar (UP) 201 305

Chairman's Message



My Dear fellow Stakeholders,

I welcome all of you to the 20th Annual General Meeting of the Company. This year is special for us, this being our 20th year. Last 20 years have seen many ups and down, both in terms of technology changes as well as economy. Apart from the pressures of economy downturn throughout the globe, visa regimes have also been slowly becoming unfavorable to business climate. The year 2012 was a year of uncertainty with the global economic slowdown, lower GDP growth in India, slower technology spending and a volatile currency. However as we enter 2013, it does appear that the global economic crisis is bottoming out – creating a sense of cautious optimism. As per NASSCOM data, Global IT-BPM spend is expected to grow by 6 percent in 2013 to touch USD 2 trillion.

We started realignment of our business objectives and service segments in last 2 to 3 years. This realignment has been to solidify the future environment both in terms of handling socio-economic and technology. The existing model of IT services is becoming more and more commoditized and differentiation between small or large vendors has disappeared. Newer models are going to be heavily dependent on Infrastructure, cloud computing, virtual or private data centers, large data networks and big data analytics. Service models will slowly shift more towards transaction based fixed pricing versus time and material models. We are glad to inform that we are going in the right direction and we believe the coming years will validate our approach.

Our employees are the heart and brain of our business. We will continue to invest in people and specifically for increasing the diversity of our employees to join and grow in our FCS team. We are focused on building leadership as leaders multiply the value individual employees create and cement the bond within our organization.

To conclude, we are willing to invest in business to attain leadership and play a facilitating role in our clients businesses. We have a good strategy and are committed to its execution. We see good confidence levels in our leadership team and employees. I am personally confident that we are on a journey to build a strong, enduring and sustainable business for next 20 and many more years to come. I would like to thank each and every one of you—our customers, employees, shareholders, partners and supporters for your continued trust in making the Company capable enough to stand in such conditions and have vibrant future.

I would like to cordially invite all the shareholders of the Company to attend the 20th Annual General Meeting (AGM) on Monday, September 30, 2013 at 1.00 P.M, at The Executive Club, 439, Village Sahoorpur, Fatehpur Beri, New Delhi – 110 074.



Dalip Kumar

Chairman & Managing Director

Date : August 29, 2013

NOTICE

Notice is hereby given that the 20th Annual General Meeting of the Members of the Company is scheduled to be held on Monday, September 30, 2013 at the Executive Club, 439, Village Shahoorpur, Fatehpur Beri, New Delhi – 110074, at 1:00 P.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, 2013 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. Shiv Nandan 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.

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

Sd/-

Gagan Kaushik
Company Secretary

Place : Noida
Date : August 29, 2013

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 23, 2013 to September 30, 2013 (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.

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

Sd/-

Gagan Kaushik
Company Secretary

Place : Noida
Date : August 29, 2013

ADDITIONAL INFORMATION ON DIRECTOR SEEKING RE-ELECTION AT THE ANNUAL GENERAL MEETING

Mr. Shiv Nandan Sharma is a Botany Graduate from University of Delhi and Fellow Member of Institute of Chartered Accountants of India, which is a very rare & unique combination of qualification. He has also done a course on Climate Change and Disaster Management and also a Course on Comprehensive Natural Disaster Risk Management Framework conducted by the National Institute of Disaster Management (NIDM) New Delhi in collaboration with the World Bank Institute (WBI) Washington, he is also a life member of The International Center of Alternate Disputes Resolution (working under the aegis of Ministry of Law & Justice, Department of Legal Affairs, Government of India, New Delhi) and a Special Invitee to its Governing Body. Mr. Sharma is presently in Consulting business, Philanthropy & Venture Funding. His professional career span is over 35 years, he has expert knowledge of key areas of project planning and execution, marketing, strategic planning, commercial, taxation, finance, regulatory and legal including International Trade. He has been associated with many large fund raising in India and globally also. His multi facet professional acumen has been recognized at the Global level, through his nomination in the 30th edition of “Marquis who’s who in Finance and Industry” a USA based publication. During his illustrious career, he has held key positions including that of MD, CEO & President with large corporate houses like the Vardhman Group, Bhilwara Group, Polar Group, Jumbo Global Ltd., Atlas Cycles, Parsvnath and DCM group. He specializes in setting up infrastructure projects, **SEZs apart from successful track record in turnaround of sick & potentially sick companies and their restructuring , this has also enabled him to improve the operations & performance of healthy company's too.** Proving his strong acumen in an assignment with Madhya Pradesh Government as a nominee of MP Govt. undertaking, All India Financial Institutions and the State Bank Group. He is holding directorship in various other companies including Inter world Digital Ltd., e-Vishesh.com Limited etc. He has been recently nominated to the Board of Aeroflex Industries Ltd. by a well known Private Equity Fund pursuant to Mumbai High court order. He has off late been working on climate change, disaster management & Environment Impact assessments of large Industrial undertakings. He has presented many papers on Islamic finance, Arbitration and on SEZs in many National & International forums.

Year at a Glance :

(` in Lacs)

For the year	2013	2012
Income		
Revenue from operations	11,609.73	21,402.23
Other Income	442.57	390.85
Total Revenue	12,133.30	21,793.08
Operating profit (PBIDTA)	102.90	3,565.65
Operating profit / Total income (%)	0.01	0.16
EPS (par value of Rs. 1 each)		
Basic	(0.35)	0.01
Diluted	(0.25)	0.01
Dividend	-	-
At the end of the year		
Fixed assets – net	33,525.18	33,589.83
Net current assets	9,575.48	9,431.01
Total assets	58,741.84	58,216.81
Debt	3,154.69	1,764.96
Equity(shareholder's fund)	55,587.15	56,451.84
Net worth	50,189.69	50,278.69

CERTIFICATION BY CHAIRMAN & MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER OF THE COMPANY

We, Dalip Kumar, Chairman & Managing Director and Anil Sharma, Chief Financial Officer of FCS Software Solutions Limited, to the best of our knowledge and belief, certify that –

- a. We have reviewed financial statements for the year ended March 31, 2013 and that to the best of our knowledge and belief:
 - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the Company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the auditors and the Audit committee:
 - i. significant changes in internal control over financial reporting during the year;
 - ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

On behalf of the Board of Directors
For FCS Software Solutions Limited

Place : Noida

Date : August 29, 2013

Sd/-
Dalip Kumar
Chairman & Managing Director

Sd/-
Anil Sharma
Chief Financial Officer

Directors' Report

(for the Year 2012- 2013)

Dear Shareholders,

We are delighted to present the Report on our business and operations for the year ended March 31, 2013.

Financial Highlights

(` in Lacs)

	Year ended March 31,	
	2013	2012
Gross Income	12133.31	21793.09
Profit/(Loss) before Depreciation, Interest & Tax (PBDIT)	102.90	3565.65
Misc. Income	5397.46	6173.15
Depreciation	3772.45	3620.81
Interest	106.10	46.66
Profit/(Loss) before Extra ordinary items	(3771.7)	101.26
Profit before tax (PBT)	(3775.65)	101.82
Profit after tax (PAT)	(3736.07)	157.02
Appropriation:		
Dividend recommended – Final	Nil	Nil
Tax	23.72	15.50
Transferred to General Reserve	Nil	(32.13)
Balance with General Reserve	3257.89	3225.76
Balance Brought Forward	11011.44	14691.62
Transferred to Balance Sheet	(3736.07)	157.01

The Board of Directors has made conscious efforts for drawing the financial statements on the basis of sound, accepted and conservative accounting principles. The revenues generated have to provide for prior period adjustments and provisions also but at the same time it has ensured true and fair financial statements of the Company.

Overview

For the financial year ended March 31, 2013, the Company reported a total income of Rs. 12133.31 lacs.

Material changes and Commitments

There has been no material changes and commitments affecting the financial position of the company which have occurred between the end of the financial year of the company to which the balance sheet relates and the date of this report.

Transfer to Reserves

No Amount is being transfer to Reserves.

Dividend

In view of requirement of funds for the expansion of Company's business, your directors did not recommend any dividend for the financial year 2012-13.

Conservation of energy, research and development, technology absorption, foreign exchange earnings and outgo

The particulars as prescribed under sub-section (1)(e) of section 217 of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988 are set out in the annexure to this report.

Subsidiaries

FCS has two Wholly Owned Subsidiary Companies outside India, viz. FCS Software Solutions America Limited, incorporated in America and F.C.S Software Middle East FZE in UAE to cater to the needs of its clients in America and UAE so that they have better legal security, faster services and comfort in dealing with the Company. In Financial year 2012-13, looking at the growth of M/s. Insync Business Solutions Limited, an Indian public Company, a service provider of various services including Customer Life Cycle Management, IT Helpdesk (Tier based – L1, L2 & L3), Dealer Management, Back Office Operations, Outbound and inbound Calling, the Company found it as a good avenue for investment and acquired it as its Wholly Owned Subsidiary Company. As on date, FCS has three Wholly Owned Subsidiary Companies, two outside India and one in India.

The Board of Directors of FCS have reviewed the affairs of all the subsidiary companies. A statement of holding company's interest in subsidiaries as required under sub-section (3) of Section 212 of the Companies Act, 1956, forms part of this annual report.

Particulars of employees

During the year ended March 31, 2013, no employee is drawing remuneration in excess of the amount prescribed under section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of employees) Rules, 1975.

Directors' responsibility statement

To the Members,

We, the directors of FCS Software Solutions Limited, confirm the following:

1. that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
2. that the directors had selected such accounting policies and applied them consistently and 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 at the end of the financial year and of the profit of the Company for that period;
3. that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. that the directors had prepared the annual accounts on a going concern basis.

Ensuring Compliance of laws

The company has devised and set in place proper systems to ensure compliance of all laws applicable to the company.

Transfer to Investor Education and Protection fund

Pursuant to Sections 205A and 205C and other applicable provisions, if any, of the Companies Act 1956, all unclaimed/unpaid dividend, application money, remaining unclaimed/unpaid for a period of