

The efficiency catalyst



**23rd ANNUAL
R E P O R T
2015-2016**



The efficiency catalyst ●●●

BOARD OF DIRECTORS

Mr. Dalip Kumar

Chairman & Managing Director

Mr. Shayam Sunder Sharma

Non Executive Independent Director

Mr. Shiv Nandan Sharma

Non Executive Independent Director

Mr. Govinda Sahu

Whole Time Director

Mr. Shweta Shastri

Non Executive Independent Director

CHIEF FINANCIAL OFFICER

Mr. Anil Kumar Sharma

COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. Harsha Sharma

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

CIN No:

L72100DL1993PLC179154

Bankers

Canara Bank
Bank of America
HDFC Bank
Wells Fargo Bank
Deutsche Bank
Axis Bank
Union Bank
Punjab National Bank

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Development Centers

- FCS House Plot No. 83,
NSEZ, Noida Dadri Road, Phase-II, Noida,
Gautam Budha Nagar, (UP) 201305
- Plot-J-7, Rajiv Gandhi Technology Park,
Chandigarh – 160 10
- FCS House, A-86, Sector – 57,
Noida – 201 301 [U.P.]
- I.T. Park, Plot. No. 24, Sahastradhara Road,
Dehradun -248 001
- Plot No. 1A, Sector-73, Noida-201301

Subsidiaries

(a) Foreign Subsidiaries:-

- M/s.FCS Software Solutions GmbH
GoethestraBe 740237, Dusseldorf
- M/s. F.C.S. Software Solutions Middle East FZE,
P.O. Box 16111, Ras Ai Khaimah, U.A.E.
- M/s. FCS Software (Shanghai) Co. Limitd
Room B43, Floor 3 Building 6, No. 4299
Jindu Road, Minhang District, Shanghai, China
- M/s. FCS Software Solutions America Limited,
2375 Zanker Road, Suit 250 San Jose, CA-95131

(b) Indian Subsidiaries:-

- M/s Insync Business Solutions Limited
- Enstaserv Eservices Limited
- Innova e Services Private Limited
- Heimdahl Software Systems Private Limited
- StablesecureInfraservices Private Limited
- cGain Analytics Private Limited
- Zero Time Constructions Private Limited

Legal Advisors

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

Chairman's Communique

My Dear fellow Stakeholders,

It is a great honour and privilege for me to address all of you on behalf of the Board of Directors and I am delighted to welcome all the shareholders to the 23rd Annual General Meeting of your Company. Your strong support and faith in us inspires us to achieve newer milestones of success.

The Annual Report for the year ended 31st March, 2016 along with the AGM notice, Director's Report and the audited Annual Accounts of the Company have been circulated to you. With your permission, I take them as read. As your company is going through hard times we just need to focus on our strengths and with the improving economic conditions things will improve for your company as well.

Effective corporate governance is an important foundation for Company's strong performance and is fundamental to our success. Corporate governance provides proper oversight and accountability, strengthens internal and external relationships, builds trust with our stakeholders and promotes the long-term interests of shareholders. Your company is continuously working for growth in shareholders value through effective corporate governance. Your Board expanded its commitment to diversity. In fact, female directors now represent in our Board, a reflection of our policy that also considers the age, ethnicity and geographical background of prospective new members.

I take this opportunity to thank all of you for your continued support both in good times and bad times. I assure that everyone in the company will work extra hard to continue to earn the trust that we have built over all past years.

To our management team, staff, bankers, and business associates, I would like to express my appreciation and acknowledgement for the hard work in enabling to achieve success. I would also like to give thanks to my fellow Directors for their immense contribution in formulating and steering the Group's strategy.

Finally, on behalf of the leadership team, I would like to re-iterate our commitment for creating superior shareholder value in the years to come.

I would like to cordially invite all the shareholders of the Company to attend the 23rd Annual General Meeting (AGM) of the Company on 22nd day of September, 2016 at 9:00 A.M. at The Executive Club, 439, Village, Sahoorpur, Fatehpur Beri, New Delhi-110074.

Date : August 26, 2016
Place : Noida

Sd/-
Dalip Kumar
Chairman & Managing Director

Years at a Glance :

(` in Lacs)

For the year	2016	2015
Revenue from operations	4,249.03	7,655.55
Operating profit (EBITDA)	(5729.62)	(124.43)
Other Income	1088.90	632.80
Profit before tax (PBT)	(9,801.69)	(4,424.22)
Profit after tax (PAT)	(9,852.71)	(4,496.28)
EPS (par value of Rs. 1 each)		
Basic	(0.59)	(0.27)
Diluted	(0.55)	(0.25)
Dividend	0	0
At the end of the year		
Fixed assets – net	22,927.93	25,596.96
Net current assets	2,908.29	10,160.14
Total assets	42,826.30	51,127.67
Debt	110.28	603.36
Equity (Shareholder's fund)	38,470.25	49,321.67
Net worth	35,430.04	45,512.10

CEO / CFO Certificate

To,
The Board of Directors
FCS Software Solutions Limited

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

1. We have reviewed financial statements and the cash flow statement of FCS Software Solutions Limited for the year ended 31st March, 2016 and 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.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year 2015-16, which are fraudulent, illegal or violation of the Company's Code of Conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of Company's internal control systems pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design on operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify those deficiencies.
4. We have indicated wherever applicable, to the Auditors and the Audit Committee:
 - (i) significant changes, if any, in internal control over financial reporting during this year;
 - (ii) significant changes, if any, in accounting policies during this year 2015-16, and that the same have been disclosed in the notes to the financial statement; and
 - (iii) instances of significant fraud of which we are aware and 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**

Sd/-
Dalip Kumar
Chairman & Managing Director

Sd/-
Anil Kumar Sharma
Chief Financial Officer

Place: Noida
Date : August 26, 2016

Certificate on Compliance with Code of Conduct :

I, Dalip Kumar, Chairman and Managing Director of the Company, hereby confirm that the Company has obtained from all the members of the Board and Management Personnel, affirmation that they have complied with the Code of Business Conduct and Ethics for Directors/Management Personnel for the financial year 2015-16.

Sd/-
Dalip Kumar
Chairman & Managing Director

Date : August 26, 2016
Place: Noida

Directors' Report

(for the Year 2015-2016)

Dear Shareholders,

We are pleased to present Your Company's Twenty Third Report on business and operations, together with the Audited Statement of Accounts, for the year ended March 31, 2016.

Financial Highlights

(` in Lacs)

	Year ended March 31st	
	2016	2015
Revenue from operation	4249.03	7,655.55
Operating profit (EBITDA)	(5729.62)	(124.43)
Misc. Income	1088.90	632.80
Depreciation	4656.55	4848.16
Interest	504.42	84.21
Profit/(Loss) before Extra ordinary items	(4543.88)	(4,424.00)
Profit before tax (PBT)	(9801.70)	(4,424.22)
Tax Expenses	51.02	72.05
Profit after tax (PAT)	(9,852.71)	(4,496.28)

The Board of Directors has made conscious efforts for drawing the financial statements on the basis of sound, accepted and conservative accounting principles to comply with the Accounting Standards Specified under Section 133 of Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013. The revenues generated have to provide for prior period adjustments and provisions also but at the same time it ensure true and fair financial statements of the Company.

Overview

For the financial year ended March 31, 2016, the Company reported a total income of Rs.5337.92 lakhs.

Changes in the Capital Structure

There is no change in capital structure during the financial year.

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 transferred 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 2015-16.

Director and Key Managerial Personnel (KMP)

Mr. Rohit Pratap Singh, (DIN-023564084), Executive Director of the Company, who retires by rotation in terms of section 152(6) of the Companies Act, 2013, was Appointed as non Executive Director of the Company in Annual General Meeting held on 24th of September 2015.

Mr. Gagan Kaushik, Company Secretary (Key Managerial Personnel) resigned from the post of Company Secretary w.e.f 29th January, 2016 and Ms. Harsha Sharma took over his position as Company Secretary (Key Managerial Personnel) w.e.f 29th January, 2016.

Number of Meetings of the Board of Directors

The Board met seven times during the financial year 2015-16, the details of which are given in the Corporate Governance Report that forms a part of this Annual Report. The maximum interval between any two consecutive meetings did not exceed 120 days.

Board Evaluation

The Companies Act, 2013 state that a formal annual evaluation need to be made by the Board of its own performance and that of its Committee and individual directors. Listing Regulations mandates that the Board shall monitor and review the Board evaluation framework.

The evaluation of all the directors and the Board as whole was conducted based on the criteria and framework adopted by the Board. The evaluation process has been explained in the Corporate Governance Report.

Company's Policy on Directors' Appointment and Remuneration

In accordance with Section 178 of the Companies Act, 2013 read with Regulation 19 of SEBI Listing Regulations, During the year, the Nomination and Remuneration Committee (NRC), recommend the Board for the appointment or re-appointment of directors, devise a policy on Board diversity and Recommend the Board for appointment of Key Managerial Personnel ("KMP" as defined by the Act) and executive team members of the Company (as defined by this Committee). Primary responsibility of the Committee is to identify and nominate suitable candidates for Board membership and as members of senior Management of the company. The Nomination and Remuneration Committee formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the board a policy, relating to the remuneration of Directors, Key Managerial Personnel and other employees of the Company.

Declaration By Independent Directors

The Company has received declarations from all the independent Director that they meet the criteria of independence as laid down under section 149(6) of the Companies Act, 2013 and Listing Regulations with the Stock Exchanges.

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

The particulars as prescribed under section 134(3)(m) of the Companies Act, 2013, read with Rule 8 of the Companies (Accounts) Rules, 2014, are set out in the "Annexure-D" to this Board Report.

Subsidiaries

FCS has four 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, FCS Software Solutions GmbH, in Germany and FCS Software (Shanghai) Co. Ltd. in China to cater to the needs of its clients in America, UAE, Germany and China so that they have better legal security, faster services and comfort in dealing with the Company. FCS has one Wholly Owned Subsidiary Company in India i.e. Insync Business Solutions Limited and six Subsidiary Company in India i.e. Enstaserv Eservices Limited, Innova e Services Private Limited, Heimdahl Software Systems Private Limited, Stable secure Infra services Private Limited, cGain Analytics Private Limited, and Zero Time Constructions Private Limited.

M/s. Readystate Infraserivces Private Limited ceases to be associate company and M/s. Enstaserv Eservices Limited is now subsidiary company of FCS Software Solutions Limited which was earlier in the Promoter Group.

The Board of Directors of our Company have reviewed the affairs of all the subsidiary companies. A statement of holding company's interest in subsidiaries as required under Section 129 of the Companies Act, 2013, forms part of this annual report.

A Statement containing salient features of the financial statement of subsidiaries is provided in Form-AOC-1 as "Annexure A" to this Board Report.

Particulars of Contract or Arrangement with Related Party

Details of Contract or Arrangement with Related Party of the Company in the prescribed Form AOC-2, is provided as "Annexure B" to Director's Report.

Particulars of Loan, Guarantees or Investments

Details of Loan, Guarantees and Investment covered under the provisions of section 186 of Companies Act, 2013 are provided in the notes to the Financial Statement.

Particulars of employees

During the year ended March 31, 2016, no employee is drawing remuneration in excess of the amount prescribed under section 197(12) of the Companies Act, 2013, read with Rule 5 Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Directors' responsibility statement

To the Members,

We, the directors of FCS Software Solutions Limited, pursuant to the provisions of section 134(3)(c) of the Companies Act, 2013, 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, 2013 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.
5. that the Board of Director had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
6. That the Board of Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Internal Financial Control

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the internal, statutory and secretarial auditors and external consultants, including audit of internal financial controls over financial reporting by the statutory auditors, and the reviews performed by management and the relevant board committees, including the audit committee, the board is of the opinion that the Company's internal financial controls were adequate and effective during FY 2015-16.

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 125 and other applicable provisions, if any, of the Companies Act, 2013, all unclaimed/unpaid dividend, application money, remaining unclaimed/unpaid for a period of seven years from the date they became due for payment, in relation to the Company, have been transferred to the Investor Education and Protection fund (IEPF) established by the Central Government. During the year Company transferred the balance of unpaid dividend account of Rs. 73,950 on 15th October, 2015 in the IEPF Account.

Board Committee

The Company has the following committee of the Board:

1. Audit Committee
2. Nomination and Remuneration Committee
3. Stakeholders Relationship Committee
4. Corporate Social Responsibility Committee

Composition of Audit Committee

Details of Audit Committee of Board of Directors of the Company forms part of the Annual Report and is given separately in Report of Corporate Governance.

Management Discussion and Analysis

A Management Discussion and Analysis Report has been attached and forms part of the Annual Report.

Details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future

During the year, no significant and material orders were passed by the regulators or courts or tribunals impacting the going concern status and Company's operation in future.

Policy on Sexual Harassment

The company has adopted a policy on prevention, prohibition and redressal for employees on sexual harassment at workplace.

During the financial year 2015-16 company has not received any complaints of sexual harassment.

Vigil Mechanism/Whistle Blower Policy

The Company has established a whistle-blower policy and also established a mechanism for Directors and employees to report their concerns. The detail of the same is explained in the Corporate Governance Report.

Corporate Governance

FCS is endeavouring to implement every norm, which is promulgated by legislation, or any of the statutory bodies. In line with that, a report on Corporate Governance, along with a certificate from the Statutory Auditors, has been included in the Annual Report, detailing the compliances of corporate governance norms as enumerated in the Listing Regulations with the Stock Exchanges.

Public Deposits

The Company has not accepted any public deposits during the year under Section 73 of the Companies Act, 2013, read with Companies (Acceptance of Deposits) Rules, 2014, and as such, no amount on account of principal or interest was outstanding as on the date of Balance Sheet.

Corporate Social Responsibility (CSR)

Your Company's approach is to spend on activities for the welfare of society under CSR, CSR is a mean to balance economic, social and environmental objectives, it is a responsible way of doing business.

In terms of provisions of section 135 of the Companies Act, 2013 & Rule 9 of Companies (Corporate Social Responsibility) Rule, 2014 and other clarification issued by Ministry of Corporate Affairs, the Company qualify the norms specified under section 135 of Companies Act, 2013 to contribute towards CSR. But due to losses from three immediately preceding financial year, company is not required to spent any amount on CSR activities.

Secretarial Auditor

As per Companies Act 2013, Secretarial Audit by a practising Company Secretary has become mandatory for prescribed Companies, and they are required to annex the Secretarial Audit report with their Board Report in the Annual Report.

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board appointed M/s. Parul Jain & Associates,

as Secretarial Auditor to undertake the Secretarial Audit of the Company. Secretarial Audit Report in the prescribed Form MR 3 is provided as “Annexure C” to this Directors’ Report.

The Secretarial Auditors’ Report does not contain any qualification, reservation or adverse remark.

The Company voluntarily adheres to the various Secretarial Standards issue by the Institute of Companies Secretaries of India.

Consolidated Financial Statements

The Consolidated Financial Statements of the Company prepared in accordance with applicable Accounting Standards forms a part of this Annual Report.

Auditors

The statutory auditors M/s. SPMG & Company, Chartered Accountants, Delhi, are liable to retire at the ensuing Annual General Meeting, and being eligible, offers himself for reappointment. Your directors recommend their reappointment as auditors.

Extract of Annual Return

Extract of Annual Return of the Company in the prescribed Form MGT-9, is provided as “Annexure E” to Director’s Report.

Listing Fees

The Company confirms that it has paid the annual listing fees for the year 2015-16 to both Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

Acknowledgements

The Directors thank the Company’s employees, customers, vendors, investors, service providers, bankers for their continued support. The Directors also convey a special thanks to the Government of India, particularly Ministry of Communication and Information Technology, the Customs and Excise departments, the Income Tax department, Ministry of Corporate Affairs, Office of Registrar of Companies, New Delhi, Board of approval and Development Commissioner of Special Economic Zones, particularly of Noida and Chandigarh for their co-operation.

For and on behalf of the Board of Directors
For **FCS Software Solutions Limited**

Place : Noida

Date : August 26, 2016

Sd/-
Dalip Kumar
Chairman & Managing Director