

## Letter to the Shareholders

*Dear Shareholders,*

It is a matter of pride for me to get this chance to write to you regarding our Annual Report after our highly successful public issue last year. The year 2005 - 2006 is a milestone in the growth history of the company. We have got your shared wishes and funding to put the company on a path of accelerated growth in coming years.

### ***Brief History***

This being our new association, it is probably useful to reflect upon the journey so far and how the company has evolved over the past 13 years. The company was incorporated in the year 1993, with a very small capital and small work force at Ambala. In next year of its incorporation, we acquired a plot at Noida for building our first delivery center. Over the time, we strengthened our offshore development center, started internet application development competency, and got ISO 9001 certification by KPMG in the year 1998. In the year 2001, we established dedicated IPLC link between Noida and California office, started aggressive sales and marketing for its services and added 24/7 Technical Support Services in our portfolio. Finally, we came with Initial Public Offer (IPO) in the year 2005 and became listed public company with both the exchanges i.e. BSE and NSE.

Our vision from the day one was simple but compelling - to build world-class services and make the FCS brand globally recognized and respected. Our journey has just started and we request you to look at our track record and repose your continued faith in the management and employees of your company.

### ***Company Highlights***

- Revenue: Rs. 115.83 crores (Year ended on March 31, 2006)
- Net Profit: Rs. 14.79 crores (Year ended on March 31, 2006)
- Number of Active Clients: 109
- Number of Employees: 745
- Expansion Plan in: Noida and Chandigarh

### ***Infrastructure Growth - Steps in Right Direction***

As a prudent step and in line with IT industry, we decided to expand our operations in B class cities where skilled manpower and requisite infrastructure is available. You will be glad to hear

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that we opened our Panchkula (Haryana) unit near Chandigarh in leased premises with a total investment of Rs. 86.1 lacs. We applied for and were allotted a 1.66-acre plot at J-7, Rajeev Gandhi Chandigarh Technology Park, Chandigarh (U.T.). The cost of plot is Rs. 1.66 crores, out of which your company has made the payment of Rs. 41.50 lacs. The possession of plot has been handed over to the company. The company is in the process of developing the architecture plan to build the site.

We were awarded a plot/building in an auction by Punjab and Haryana High Court at the cost of Rs. 147 lacs. While the money is still deposited with Honorable High Court, the matter is still in litigation and we have not been given possession. Looking at the undue delay, we applied for and have been allotted 1 acre plot at Sector 73, Noida - 201301 (U.P.). Due to the development work, the company is yet to get the possession of plot at Noida. The company has made the payment of Rs. 50.02 lacs against total cost of plot being Rs. 1.54 crores.

#### ***Size of Business Opportunity in front of us***

It is a well-known fact that as of today, IT is taking the world by storm with India being recognized as the powerhouse of skilled IT professionals. But what is not known that, India makes up for a mere 2% to 5% market share of the total business. At FCS, we identify this as the biggest opportunity. With your support, we will look at every possible way to increase our revenues and market share. As we build our infrastructure, our ability to take larger projects will increase, thereby we will increase our revenues and profitability with increasing sale with existing as well as new clients.

#### ***Increasing scope of services***

The internal changes and the new initiatives implemented changed FCS's perception from being a Technology Outsourcing Company to being a Business Solution Provider. This has resulted into our customers asking us for more services and effective solutions. Consequently there has been a key thrust in moving most of the work to India. In order to achieve our long -term goal of being the 'One - Stop - Shop for our customers, we have geared our marketing efforts to meet international challenges. We have also expanded and realigned our services. These include initiatives in terms of business consulting and process outsourcing, not to mention the process deployed internally in the organisation. We are also planning to create an Advisory Board with leading eminaries in their respective fields.

#### ***Human Resources Development***

One of the concerns is always recruiting and retaining professionals. It is a trying time but with good HR practices, strong in-house focus on training, good salary and incentive structures, and with opening of development center in Panchkula, we are preparing ourselves to staff our increasing business. At FCS, we understand that people are key to our business -success. We are constantly increasing the work force. We have regular appraisal system in order to appreciate the achievements of individuals, apart from that of the team and the organisation as a whole. We hope that this initiative will help to identify our leaders of the future, who will drive the organisation further and also help the employees to perform both tangibly and intangibly. The company is also taking up

mentoring of its team so as to align its goals to that of the organization. As a measure of retention tool of the employee and to retain the best talent from the industry, your company has already started the implementation of Employee Stock Option Plan namely FCS ESOS 2005 and FCS ESPS 2005.

### ***Best Practices and Corporate Governance***

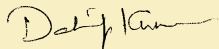
The Company is building best practices on Corporate Governance and is planning to induct new independent directors on its board. During the year, we inducted Mr S.N Sharma as Additional Director. We have also proposed the appointment of Mr. Hemant Paliwal, as an independent director, to further strengthen the Board. We take this opportunity to thank all for serving the Company's Board with their valuable suggestions and guidance that have immensely helped our organisation.

We wish to sincerely thank all our shareholders for the support, advice and guidance that they have given to our company.

At the end, I would like to cordially invite all the shareholders of the company to attend the Thirteenth Annual General Meeting (AGM) on Monday, July 24, 2006 at 9.30 A.M. at The Executive Club, 439, Village Shahoорpur, Fatehpur Beri, New Delhi - 110 074, India.

The notice for the meeting containing the proposed resolutions is enclosed herewith.

Very truly yours,

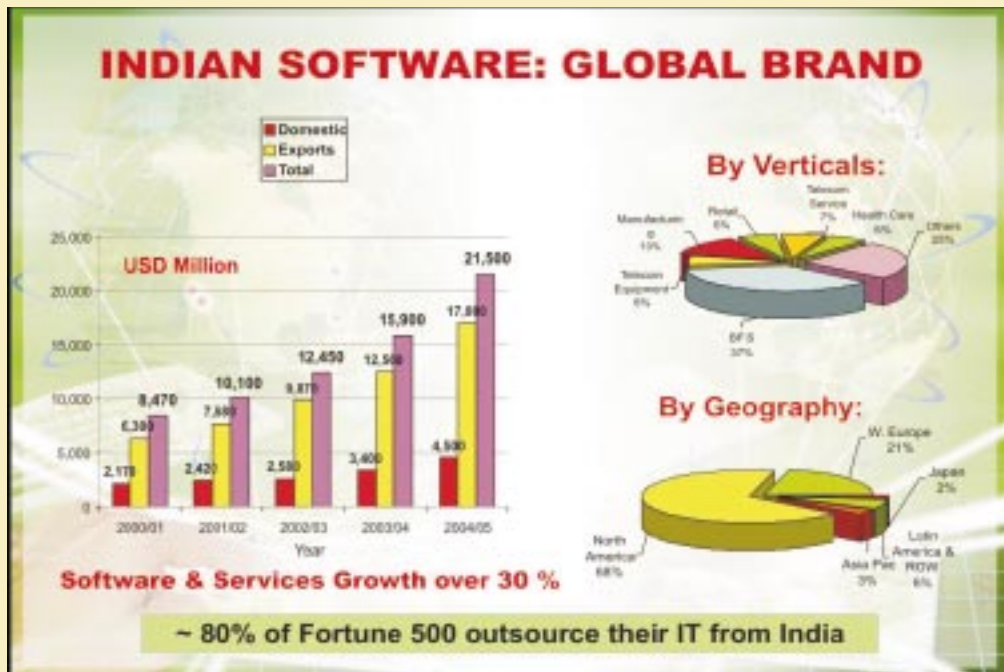


**Dalip Kumar**  
*Managing Director*

## Our Industry

FCS Software Solutions Ltd. is a growing player in a growing industry segment of IT services. More than half of the fortune five hundred companies are outsourcing work to India. India has emerged as a global player in information technology year 2010 as per McKinsey, IT services and back office work in India will swell five folds to a whopping USD 57 billion. Annual export industry employing four million people accounting for 11% of India GDP. Research major Gartner claims 1 in 10 US technology job will go overseas by Year 2006 and Forrester research says, in next 15 years more than three million US white collared jobs, representing USD 136 billion in wages will depart to places like India. The BPO sector has also been growing at 60-70 % annually and is projected to reach 12.3 billion\$ by 2006 and will provide employment to almost a million. In E-Learning and Digital consulting area, industry research suggests that corporations and other enterprises in the United States, including the government and military, spend at least \$20 billion, and perhaps as much as \$100 billion, on training and development every year. India alone has more than 200 BPO centers with a turn over of USD 2 billion and a work force of 150,000.

FCS is aware of and is working with utmost effort to leverage this opportunity consciously selecting the companies to partner with, thereby, facilitate a long fruitful stable relationship with its clients.



Source: Ministry of Information Technology ([www.mit.gov.in](http://www.mit.gov.in))

## Our Company



Equipped with 13 long years of rich focused experience, we are growing our infrastructure and sales efforts to increase our revenues as well as profit margins. Being a client oriented and customer centric organization, we are in the process of continuously improving and deploying the industry best practices in operations.

### ***The FCS Work Culture***

**Empowered Freedom:** Think, innovate, and work independently for common goals. We can achieve everything if we do not worry on who gets the credit.

**Treating Time as a Business Tool:** Work fast to help your colleagues and company compete in the marketplace. Business happens at the speed of thought, so organize yourself for such fast-paced environment.

**Continuous Learning for Consistent Innovation:** Look out and stay in continuous learning posture. A frog in a well will never know what is happening in the ocean.

**Listen to Voice of Customer:** Our clients are the best people to know their businesses. They use our services to meet their business needs. This is the reason to read, hear and understand voice of customer and provide information and services the way they want it.

### ***The FCS Core Values***

**Trust:** Act to generate trust and dependability in your work and environment.

**Transparency and Integrity:** Meet the customer expectations through total transparency and integrity.

- **Transparency:** Inform your colleagues and clients about issues affecting their work, quickly and truthfully.
- **Integrity:** Do not over promise. Deliver what you promise. Be blunt and say what you mean or think within.

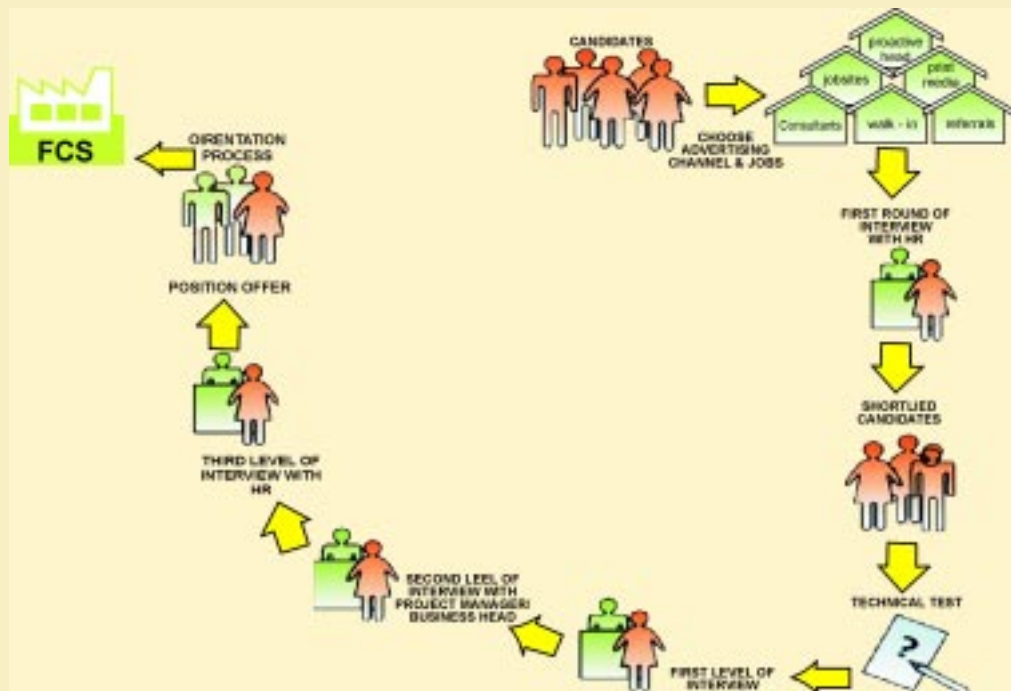
**Respect for Colleagues:** Respect and appreciate your colleagues' work and competency. It is the teamwork that makes the company win and deliver customer delight.

## Our People

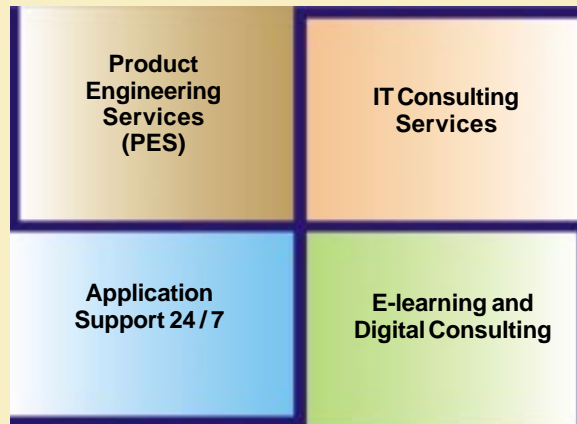
We strongly believe it's the people who make the organization, especially in our industry, which is manpower intensive industry. We have one of the most competent HR and recruitment team in-house who proactively focus on getting the best of the resources in the organization. Our well-defined hiring process, supported by professionally designed training and orientation courses equip our professionals to give world-class service to our clients.

We have a well-defined organizational hierarchy that helps us hire new talent with clearly defined growth plan in place. Our HR team continuously works towards adding new feature in our "Retention Policy" to overcome perhaps the biggest impediment to the growth of any service industry like ours, the problem of retention. In order to keep the attrition rate at minimum level, we have regular appraisal system. Appraisal system appreciates the achievements of individuals, apart from that of the team and the organization as a whole. We are always trying to build a creative and innovative environment where our people can meet their aspirations. Our processes also help to identify our leaders of the future and will help the employees to perform both tangibly and intangibly. The company puts serious focus on training and has already implemented FCS Training Campus (FTC) with explicit purpose to grow and nurture our existing and new employees.

The Company has successfully started the implementation of Employee Stock Option Plan namely FCS ESOS 2005 and FCS ESOS 2005 as a strategic move for the retention plan.



## Our Business



### **Product Engineering Services (PES)**

PES Group is specifically focused on servicing the software product companies. All services, processes and teams are structured to provide Software Product Life Cycle Management.

### **IT Consulting Services**

Many organizations today implement packaged solutions or custom-developed applications without consideration for how they will maintain and enhance the application after launch. Maintenance of applications spread across multiple platforms from legacy to client server systems to more recent multitier or browser-based designs has always been a challenge to enterprises.

FCS IT consulting division provides Application Maintenance. The Company provides ongoing functional and application support for a customer's application maintenance needs. FCS team, work for stabilizing, optimizing and extending client's application so that its functionality continues to meet the client's growing and changing needs.

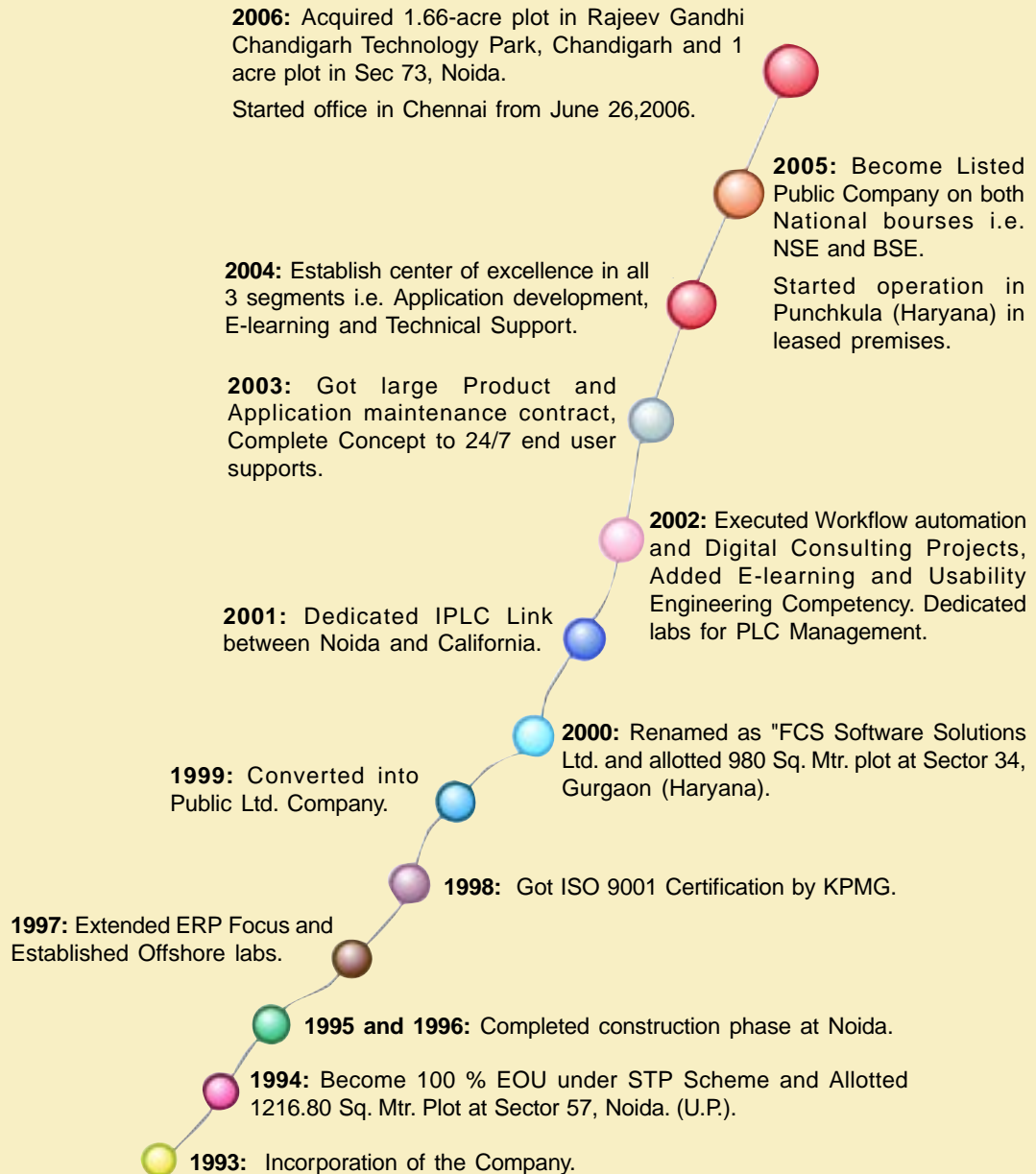
### **Application Support 24 / 7**

The company provides toll free voice, e-mail, and chat support 24/7 where clients' employees can call to report any problem with the applications that they use to do their day-to-day work. Some of these business applications are mission critical and need to be supported on a set service level agreement.

### **E-learning and Digital Consulting**

US corporations look at E-learning or web / CD based training programs as one of the ways to achieve organizational growth and improved business performance. E-learning helps employees, vendors, and dealers of a company to better their performance and deal with fast-changing environments. E-learning makes training highly efficient, by making it available anytime, anywhere and reduces total cost of training. E-learning is used to train employees, customers and service technicians on product knowledge, concepts, strategies, risk and finance, compliance and technology.

## Company History





## NOTICE

Notice is hereby given that the **13th Annual General Meeting** of the Members of the Company will be held on Monday, July 24, 2006 at The Executive Club, 439, Village Shahoorpur, Fatehpur Beri, New Delhi - 110 074, at 9.30 A.M. for transacting the following business :

### **ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet as on March 31, 2006 and Profit and Loss Account for the year ended on that date, together with the reports of the Auditors and the Board of Directors 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 Janak Sharma as Director who retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re- appointment as non-executive Director. Janak Sharma holds 6300 shares of the Company.
4. To consider and approve the declaration of the dividend at the rate of 25 % (including 10 % interim dividend) on the equity shares of the Company.

### **SPECIAL BUSINESS**

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

"RESOLVED THAT pursuant to Section 257 and other applicable provisions of the Companies Act, 1956, Article of Associations etc, if any, Mr. Shiv Nandan Sharma who has appointed as Additional Director of the company, be and is hereby regularized as Director of the Company, subject to director retiring by rotation."

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

"RESOLVED THAT pursuant to Section 257 and other applicable provisions of the Companies Act, 1956, Article of Associations etc, if any, Mr. Hemant Paliwal be and is hereby appointed as Director of the Company, liable to director retiring by rotation."

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

"RESOLVED THAT pursuant to Section 198, 269, and 309 and other applicable provisions, if any, read with Schedule XIII of the Companies Act 1956 or any statutory modification(s) or re-enactment(s) thereof, the appointment of Shri Krishan Kant Arora, Executive Director of the company whose term of appointment had been expired on Dec. 07, 2005 and who fulfilled the conditions specified in the part I and Part II of Schedule XIII of the Companies Act, 1956 have been re-appointed as Whole Time Director of the Company for another period of Five years w.e.f. 08.12.2005 on the following terms of remuneration be and is hereby approved:

1. Salary: Rs. 1,20,000/- per month

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## **CATEGORY (A)**

### **I. Housing:**

- a) In case of furnished accommodation hired by the Company such expenditure not exceeding 60 % of the salary over and above 10% payable by him.
- b) In case no accommodation is provided by the company he shall be entitle to House Rent Allowance subject to the ceiling laid in clause (a) above
- c) The expenditure incurred by the company on Gas, Electricity, Water and 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 for self and his family subject to a ceiling of one months salary in a year or 3 months over a period of 3 years inclusive of medical insurance premium if any taken by the companion, him and his family.

### **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 a clubs excluding admission and life membership fees.

### **V. Personal Accident Insurance:**

Personal Accident Insurance of an amount not exceeding Rs. 10000/- (Rupees ten thousands only)

## **CATEGORY (B)**

Contribution to the Provident Fund, Super Annuation 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 a telephone at his residence. Personal long distance calls and use of car for Private purpose shall be billed by the company to him. All officials calls made by him from his Cell Phone will also be reimbursed by the Company"

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

**"RESOLVED THAT** pursuant to the provisions of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof) and in accordance with the provisions of the

Memorandum and Articles of Association of the Company and the regulations and guidelines, prescribed by the Securities and Exchange Board of India (SEBI) or any other relevant authority from time to time, to the extent applicable and subject to such approvals, consents, permissions and sanctions, the Employee Stock Purchase Scheme (FCS ESPS- 2005) of the Company be altered in the following manner:

(a) Substitution in Point No. VII (2), Serial Number 6:

Sl. No.	Name of Eligible Person	Designation	No. of shares offered.
6	Labh Singh	Manager (Admn.)	39,000

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

**"RESOLVED THAT** pursuant to the provisions of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof) and in accordance with the provisions of the Memorandum and Articles of Association of the Company and the regulations and guidelines, prescribed by the Securities and Exchange Board of India (SEBI) or any other relevant authority from time to time, to the extent applicable and subject to such approvals, consents, permissions and sanctions, the Employee Stock Options Scheme (FCS ESOS- 2005) of the Company be altered in the following manner:

(a) Substitution in Point No. VIII (4) as below:

"(4) The amount payable by the Employee for the exercising the options granted to him in pursuance of ESOS would be as per the fair market price on the date of grant of shares under the Scheme. However, this clause shall have the prospective effect.

*Explanation:* The fair market value means the closing price of the company's shares on the stock exchange where there is the highest trading volume on the date of grant and if the shares are not traded on that day, the closing price on the next trading day."

BY THE ORDER OF THE BOARD  
FOR FCS SOFTWARE SOLUTIONS LTD.,



**G. P. Singh**  
(Company Secretary)

Place : Noida  
Date : June 23, 2006

**NOTES:**

1. An Explanatory Statement, pursuant to section 173(2) of the Companies Act, 1956, is annexed hereto.
2. **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 A SHOW OF HANDS, UNLESS A POLL IS DEMANDED BY A MEMBER OR MEMBERS PRESENT IN PERSON OR BY PROXY HOLDING ATLEAST ONE-TENTH OF THE TOTAL SHARES ENTITLED TO VOTE ON THE RESOLUTIONS OR BY THOSE HOLDING PAID UP CAPITAL OF AT LEAST RS. 50,000. A PROXY SHALL NOT VOTE EXCEPT ON A POLL.**

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3. The Register of Members and Share Transfer Books of the Company shall remain closed from July 14, 2006 to July 24, 2006 (both days inclusive).
  4. Members/Proxy holders are requested to produce at the entrance the enclosed admission slip duly completed and signed, for admission to the meeting.
  5. *The Register of Director's shareholding*, maintained under Section 307 of the Companies Act, 1956 will be available for inspection by the members at the AGM.
  6. *The Register of Contract*, maintained under Section 301 of the Companies Act, 1956 will be available for inspection by the members at the registered office of the Company.
  7. The certificate from the Auditors of the company certifying that the company's 2005 Stock Option Plan are being implemented in accordance with the SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999, and in accordance with the resolution of the members passed at the general meeting will be available for inspection by the members at the AGM.
  8. Members are requested to notify any change in their address, immediately to the Company at the address mentioned below:  
***205, 2nd Floor, Agrawal Chamber IV,  
27, Veer Sawarker Block,  
Vikas Marg, Shakarpur,  
Delhi - 110 092***
  9. Subject to the provisions of Section 206 A of the Companies Act, 1956, dividend as recommended by the Board of Directors, if declared at the meeting, will be payable on or after July 25, 2006 to those members whose names appear on the Register of Members as on July 24, 2006.
  10. Members whose shareholding is in the electronic mode are requested to direct change of address notifications and updations of savings bank account details to their respective Depository Participants.
  11. Members are requested to address all correspondences, including dividend matters, to the Registrar and Share Transfer Agents as mentioned below:

***Intime Spectrum Registry Ltd.  
A-31, 3rd Floor, Naraina Ind. Area,  
Phase I, New Delhi - 110 028, India.***

#### **EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**

##### **Item No. 5**

The Board has appointed Mr Shiv Nandan Sharma as an Additional Director of the Company vide their Board Meeting held on January 19, 2006. Mr. Shiv Nandan Sharma shall retire automatically with the ensuing Annual General Meeting and being eligible offered himself to appoint as a regular director of the company. The appointment of Mr. S N Sharma has been proposed by a member of the company pursuant to notice received under Section 257 of the Companies Act 1956. The more details about the Director are provided in the annual report as per Clause 49 of the Listing Agreement.

The Directors recommended the passing of Resolution at Item No.5 as an Ordinary Resolution.

Mr. S N Sharma does not hold any Equity shares of the Company.

**None of the Directors of the Company is concerned or interested in the above resolution except Mr. S N Sharma.**

#### **Item No. 6**

The Company has received the notice for the appointment of Mr Hemant Paliwal as an Director of the Company pursuant to section 257 of the Companies Act 1956. Mr. Hemant Paliwal has expressed his willingness and being eligible offered himself to appoint as a regular director of the company. The appointment of Mr. Hemant Paliwal has been proposed by a member of the company pursuant to notice received under Section 257 of the Companies Act 1956. The more details about the Director are provided in the annual report as per Clause 49 of the Listing Agreement. The Directors recommended the passing of Resolution at Item No.6 as an Ordinary Resolution.

Mr. Hemant Paliwal does not hold any Equity shares of the Company.

**None of the Directors of the Company is concerned or interested in the above resolution except Mr. Hemant Paliwal.**

#### **Item No. 7**

The Board has appointed Mr. Krishan Kant as Executive Director of the Company vide their Board Meeting held on Nov. 14, 2005 for the period of five years. The more details about the Director are provided in the annual report. As per provision of Section 309 of the Companies Act 1956, the remuneration payable to Mr. Krishan Kant shall be approved by the Members of the Company in their General Meeting.

The Directors recommended the passing of Resolution at Item No. 7 as a Special Resolution.

**None of the Directors of the Company is concerned or interested in the above resolution except Mr. Krishan Kant.**

#### **Item No. 8**

The Company has approved Employee Stock Purchase Scheme named as "FCS ESPS-2005" in the previous Extra-Ordinary General Meeting held on Dec. 12, 2005 by Special Resolution. One of the grantee under the Scheme has left the shares unexercised. Your Company is willing to offer such shares to other employee who is eligible as per the eligibility criteria formulated under the Scheme. Since the name of the grantee was given in the Scheme, the Scheme is required to be modified by adding the name of another grantee i.e. Mr. Labh Singh, Manager (Admn.). Such grant shall be Rs. 10 per shares as in the original Scheme.

Since any of the modification(s) in the Scheme shall be approved by the Members of the Company in their General Meeting as per the SEBI (ESOS and ESPS) Guidelines, 1999.

The Directors recommended the passing of Resolution at Item No. 8 as a Special Resolution.

**None of the Directors of the Company is concerned or interested in the above resolution.**

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**Item No. 9**

The Company has approved Employee Stock Options Scheme named as "FCS ESOS-2005" in the previous General Meeting held on Dec. 12, 2005 by Special Resolution.

The Company has offered the shares to the employee earlier at the rate of Rs. 10/- per share. However, in such case, the difference of market price and Rs. 10/- per share has to be booked as loss as Employee Compensation Cost in the books of account as per the accounting policy given in the SEBI (ESOS and ESOS) Guidelines, 1999. Since this difference is much high and has a severe impact on the profitability of the Company. It has already hit the books of account of the Company for the previous quarter by booking of 1.08 Cr. as book loss for ESOS and ESOS. Due to this reason, your director has decided to increase offer price of the shares to be granted to the employee under present Scheme i.e. FCS ESOS - 2005 with prospective effect.

Since the any modification(s) in the Scheme shall be approved by the Members of the Company in their General Meeting as per the SEBI (ESOS and ESOS) Guidelines, 1999.

The Directors recommended the passing of Resolution at Item No. 9 as a Special Resolution.

**None of the Directors of the Company is concerned or interested in the above resolution.**

By The Order Of The Board  
for FCS Software Solutions Ltd.,



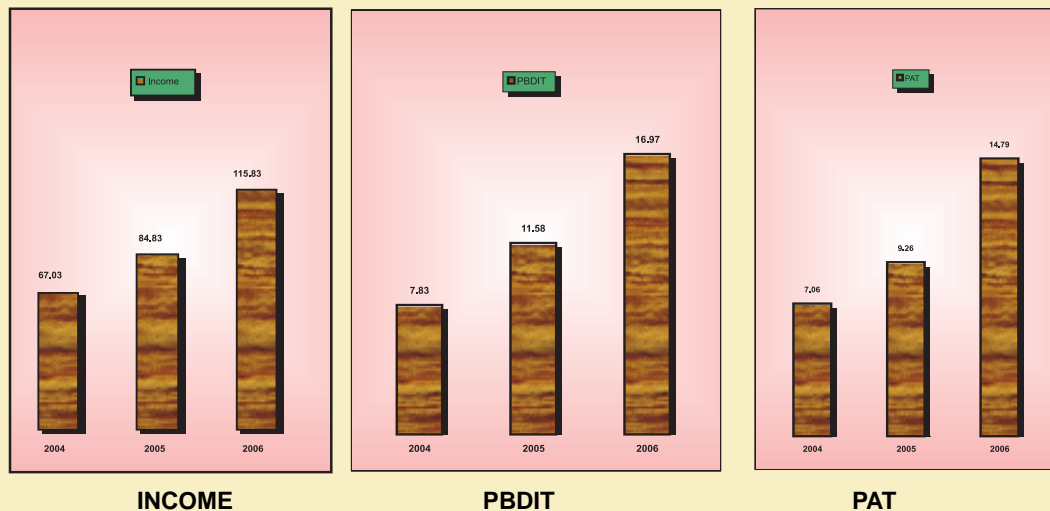
**G. P. Singh**  
(Company Secretary)

Place : Noida

Date : June 23, 2006

## Years at a Glance :

(Rs. in crores)



	2006	2005	Growth (%)
<i>(Rs. in lacs)</i>			
<b>For the year</b>			
Income	11,583.28	8,482.90	36.55%
Operating profit (PBIDTA)	1,697.44	1,157.84	46.60%
Operating profit / Total income (%)	14.65%	13.65%	
PAT	1,479.32	925.90	59.77%
PAT / Total income (%)	12.77%	10.91%	
<b>EPS (par value of Rs. 10 each)</b>			
Basic	10.57	8.82	19.84%
Diluted	10.51	8.82	19.16%
<b>Dividend</b>			
Per share ( in Rs.)	2.50	0.025	
Amount	351.83	2.63	
Return on average net worth (%)	21.38%	22.84%	
Capital expenditure	232.55	450.61	
<b>At the end of the year</b>			
Fixed assets - net	798.72	779.87	2.42%
Net current assets	7,519.29	3,370.23	123.11%
Total assets	8,850.46	4,102.47	115.73%
Debt	1,340.85	35.29	3699.52%
Equity	1,407.28	1,050.00	34.03%
Net worth	6,917.70	4,054.91	70.60%
Market capitalization	12,081.69	1,050.00	1050.64%

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## Managing Director (MD) and V P (Finance) Certification

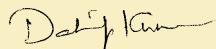
We, Dalip Kumar, Managing Director and Anil Sharma, Vice President (Finance) to the best of our knowledge and belief, certify that:

1. We have reviewed the balance sheet and profit and loss account and all its schedules and notes on accounts, as well as the cash flow statements and the directors' report;
2. Based on our knowledge and information, these statements do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the statements made;
3. Based on our knowledge and information, the financial statements, and other financial information included in this report, present in all material respects, a true and fair view of, the company's affairs, the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report, and are in compliance with the existing accounting standards and / or applicable laws and regulations;
4. To the best of our knowledge and belief, no transactions entered into by the company during the year are fraudulent, illegal or violative of the company's code of conduct;
5. We are responsible for establishing and maintaining disclosure controls and procedures and internal controls over financial reporting for the company, and we have:
  - a) designed such disclosure controls and procedures to ensure that material information relating to the company is made known to us, particularly during the period in which this report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the company's disclosure, controls and procedures. and
  - d) disclosed in this report any change in the company's internal control over financial reporting that occurred during the company's most recent fiscal year that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting.
6. We have disclosed based on our most recent evaluation, wherever applicable, to the company's auditors and the audit committee of the company's Board of Directors (and persons performing the equivalent functions)
  - a) all deficiencies in the design or operation of internal controls, which could adversely affect the company's ability to record, process, summarize and report financial data, and have identified for the company's auditors, any material weaknesses in internal controls over financial reporting including any corrective actions with regard to deficiencies;
  - b) significant changes in internal controls during the year covered by this report;

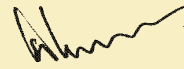


- c) all significant changes in accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements.
- d) instances of significant fraud of which we are aware, that involves management or other employees who have a significant role in the company's internal controls system;
7. In the event of any materially significant misstatements or omissions, we will return to the Company that part of any bonus or incentive or equity-based compensation, which was inflated on account of such errors, as decided by the audit committee;
8. We affirm that we have not denied any personnel, access to the audit committee of the Company (in respect of matters involving alleged misconduct) and we have provided protection to 'whistle blowers' from unfair termination and other unfair or prejudicial employment practices; and
9. We further declare that all board members and senior managerial personnel have affirmed compliance with the code of conduct for the current year.

For FCS Software Solutions Ltd.



Dalip Kumar  
Managing Director



Anil Sharma  
Vice President

Place : Noida  
Date : June 23, 2006

## **Directors' Report**

(for the Year 2005-2006)

Dear Shareholder,

Your Directors are pleased to present the 13th Annual Report and Audited Accounts for the financial year ended March 31, 2006.

### **Financial Results**

(Rs. In lacs)

	<b>Year ended March 31,</b>	
	<b>2006</b>	<b>2005</b>
Gross Income	11583.28	8482.90
Profit/(Loss) before Depreciation, Interest and Tax (PBDIT)	1697.44	1157.84
Misc. Income	56.03	0.79
Depreciation	212.76	102.06
Interest	18.32	0.80
Profit/(Loss) before Extra ordinary items	1522.39	1055.77
Prior Period Adjustment-Income/(Expenses)	0.47	(90.08)
Profit before tax (PBT)	1522.86	965.69
Provision for tax	44.00	9.08
Deferred tax-Assets/(Liability)	0.46	(30.71)
Profit after tax (PAT)	1479.32	925.90

### **Appropriation:**

Dividend recommended - Final	211.09	2.63
Interim Dividend Paid	140.02	--
Tax on distributed profits	49.50	0.34
Transferred to General Reserve	15.00	3.00
Balance with General Reserve	21.31	6.31
IPO Expenses Adjustment	3.03	--
Balance Brought Forward	3010.29	2090.36
Transferred to Balance Sheet	4077.02	3010.29

The principle of complete disclosure continued to be followed for a true and fair picture of the affairs of the Company. Accordingly a sum of Rs. 0.47 lacs is reflected in the attached Profit and Loss Account as "Prior Period Adjustment".

The Board of Directors have 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.

## **Company's Affairs / Operations / Material Developments**

### **(i) Company's Affairs**

The Statement of Company Affairs, operations, opportunities and threats, performance on the IT front and business developments have been elaborately and explicitly explained and dealt with in the Management Discussion and Analysis Report (which forms part of this report) and accordingly not provided herewith for the sake of brevity.

### **(ii) Operations**

Your Company has shown remarkable growth of 37 % in revenue during the financial year. Revenues for FY '06 stood at Rs. 115.83 crores, profit before depreciation, interest, and tax and prior-period items stood at Rs. 16.97 crores, and profit after tax was Rs. 14.79 crores. The provision for Income Tax is Rs. 43.54 lacs including Deferred Tax Assets of Rs. 0.46 lacs. The market environment in FY '06 was good and appreciating signs made themselves felt in the second half of the financial year. The Company continued to strengthen its position in this rapidly growing market.

### **(iii) Material Developments**

During the year 2005-06, your Company has achieved the milestone and become "Listed Public Company" with both the national bourses i.e. Bombay Stock Exchange Ltd. (BSE) and National Stock Exchange Ltd. (NSE).

Your Company has issued 35,02,027 Equity Shares (Rs. 10/- Face Value) in the public issue (IPO) at the rate of Rs. 50 Per Share (including Rs. 40/- per shares as Share Premium Money).

With a view to ensure proper reach of shareholders, efficient monitoring and administrative control, the Registered office of the Company has been shifted from the state of Haryana to Delhi.

### **New Projects and Expansion Plans**

The modular structure of the Noida facility, along with the existing infrastructure and utilities, has provided your Company with the flexibility to quickly react to changes in market conditions at lower incremental costs. The Company has further increased its capacity by adding 147 employees on roll during 2005-06. This has not only created a platform to increase our market share, but will also enable us to achieve it more efficiently, resulting in increasing competitiveness and raising returns on deployed capital.

With the global demand for IT Applications rapidly increasing, your Company is increasing its overall capacities by starting one Unit at Punchkula (Haryana). This unit has become operational from Nov. 2005, with a total investment of Rs. 86.10 lacs.

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Your company has been allotted 1.66 acre plot at J-7, Rajeev Gandhi Chandigarh Technology Park, Chandigarh (U.T.) at the investment cost of Rs. 1.66 crores, out of which your company has made the payment of Rs. 41.50 lacs. The possession of plot has been handed over to the Company. The Company is in the process of developing the Architecture Plan to build the site.

Your company has also been allotted 4000 Sq. Mtr. plot at Sector 73, Noida - 201301 (U.P.) at the investment cost of Rs. 1.54 crores, out of which your company has made the payment of Rs. 50.02 lacs. However, the Company is yet to get the possession of plot.

### **Market development**

With increasing global IT outsourcing demand, there is an opportunity for your Company to further penetrate the international market. In order to meet the upsurge in global demand, your Company is increasing its servicing capacities. As part of its market development, your Company has adopted multipronged go to market strategy and also streamlined our back end operations putting in best practices for faster and Zero Defect Delivery. We revamped our infrastructure for providing more secure environment for our users and refurbished the hiring and retention policy.

We also increased our focus on existing customers and brought vertical focus to repeat our success in particular vertical. We increased our manpower in all dimensions and brought in best talent with relevant experiences at all levels for betterment of delivery and relationship with client.

We also introduced different engagement models to help engage with our customers in long term and yet profitable manner.

### **Deployment/Application of Public Issue (IPO) Money**

As per the offer document, the Company has deployed the IPO proceeds Rs. 819.69 lacs in the expansion of the capacity as against the proposed utilization of Rs. 865.35 lacs (proposed to have been incurred up till March 31, 2006). Pending utilization as at March 31, 2006 have been invested in fixed deposit with banks.

### **Dividend**

In view of the expansion plan of the company, your directors are pleased to recommend a dividend of 25 % (including 10 % Interim Dividend) on the Equity Capital of the Company for the year ended March 31, 2006 to all shareholders whose name appears in the Register of Members as on July 24, 2006. The payout for final dividend will be Rs. 2.41 crores, inclusive of dividend distribution tax, surcharge and education cess thereon. The payment made for the Interim Dividend paid including dividend distribution tax, surcharge and education cess was Rs. 1.60 crores. The total payout for dividend during the year is Rs. 4.01 cr inclusive of all related taxes and expenses.

### **Directors**

In terms of the provisions of Sections 255 and 256 of the Companies Act, 1956 and Articles of Association of the Company, Janak Sharma (Director), retire at the ensuing Annual General Meeting and, being eligible, have offered themselves for reappointment. Dr. Balvinder Shukla, director retire by rotation, is being retired at the ensuing Annual General Meeting.

Mr. Shiv Nandan Sharma was co-opted as an Additional Director at the meeting of the Board of Directors held on January 19, 2006. In terms of the provisions of Section 260 of the Companies Act, 1956, he holds office up to the date of ensuing Annual General Meeting. The Company has received a notice under Section 257 of the Companies Act, 1956, proposing the candidature of Mr. Shiv Nandan Sharma as Director of the Company, liable to retire by rotation.

The Name of Mr. Hemant Paliwal has been proposed for the post of director in the Board. The Company has received a notice under Section 257 of the Companies Act, 1956, proposing the candidature of Mr. Paliwal as Director of the Company liable to retire by rotation.

During the year, Mr. S K Lath and Mr. Pradeep Sanan, directors retire by rotation; have been resigned due to their other professional occupations. We place on record our deep appreciation of the services rendered by Mr. S K Lath and Mr. Pradeep Sanan during their tenure on Board.

#### **Auditors**

M/s SPMG & Co., Chartered Accountants, Auditors of the Company, hold office until the conclusion of forthcoming Annual General Meeting and, being eligible, offer themselves for re-appointment. The Company has received intimation to the effect that their reappointment, if done, would be within the limits laid down under Section 224(1B) of the Companies Act, 1956.

#### **Conservation of Energy, R & D and Technology Absorption**

The Company is operating in the area of Software Development and as such its energy requirement is mainly for Computers, its accessories and for general lighting. Hence there is not much scope of reduction in energy consumption. However, the Company follows the system of switching off computers and systems and the air conditioning when not in use.

As technology plays a big role in our ability to offer a complete basket of products/ services to our customers, your Company has laid greater impetus on the acquisition of technology and the right to use technology belonging to other third-party companies. This technology has been successfully incorporated into some of the Company's products and an ongoing effort is being made to improve the utilization of this technology and produce newer innovative products based on this technology.

The Company has a full-fledged Software Laboratory where new Software products are developed. The above products are basically customized software developed for specific market segments and specific applications enabling improved market share and expansion of the customer base.

#### **Foreign Exchange Earning And Outgo**

Total foreign exchange earned comprising of FOB value of exports, services was Rs. 110,93,97,146, whereas total foreign exchange used (comprising of CIF value of imports, and other outgoings) was Rs. 85,24,94,754. The Company earns more than 90% of revenue through exports.

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### **Particulars of employees**

During the year ended March 31, 2006, 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, as amended, and Department of Company Affairs Notification no. GSR 288 (E) dated April 17, 2002 followed by a clarification through circular no. 16/2002 dated June 25, 2002.

### **Employees' Stock Option Scheme (ESOS)**

Your Company had introduced a stock option scheme-the Employee Stock Option Scheme, 2005 ("ESOS 2005")-for its employees and some of its Directors. The shareholders had given their approval, under ESOS 2005, to issue up to a maximum of 7,53,000 options convertible into an equal number of equity shares. Consequently 5,90,200 options were granted to eligible employees.

The information required to be disclosed in terms of the provisions of the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 is enclosed as per **Annexure 'A'** to this report.

### **Employees' Stock Purchase Scheme (ESPS)**

In the fiscal 2005, the company has also instituted another stock purchase scheme-the Employee Stock Purchase Scheme, 2005 ("ESPS 2005") for its employees and some of its Directors. The shareholders had given their approval, under ESPS 2005, to issue up to a maximum of 1,10,000 number of equity shares. Consequently, 71,000 equity shares were issued to eligible employees/Directors. The balance 39,000 shares lapsed and with the necessary approvals, it is now proposed that these shares be issued to Mr. Labh Singh, Manager Administration.

The information required to be disclosed in terms of the provisions of the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 is enclosed as per **Annexure 'B'** to this report.

### **Fixed Deposits**

During the year under review, the Company has not accepted any deposit under Section 58A of the Companies Act, 1956, read with Companies (Acceptance of Deposits) Rules, 1975.

### **Corporate Governance**

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 Clause 49 of the Listing Agreements with the stock exchanges.

### **Management Discussion and Analysis**

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

### **Directors' responsibility statement**

Your Directors state:

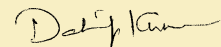
- I. that in the preparation of the annual accounts, the applicable accounting standards have been followed;
- II. that we have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 2005-2006 and of the profit of the Company for that year;
- III. that we have 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; and
- IV. that we have prepared the annual accounts on a going concern basis.

### **Acknowledgements**

Your Company outperformed the industry in a challenging year and continues to maintain its position. It has also been surpassing all international quality and cost benchmarks and continues to build shareholder value. Your Directors look to the future with confidence.

Your Directors place on record their appreciation for the overwhelming co-operation and assistance received from investors, customers, business associates, bankers, vendors, as well as regulatory and governmental authorities. Your Directors also thank the employees at all levels, who, through their dedication, co-operation, support and smart work, have enabled the Company to achieve rapid growth.

for and on behalf of the Board of Directors



(Dalip Kumar)

Chairman and Managing Director

Place : Noida  
Date : June 23, 2006

## ANNEXURE TO THE DIRECTOR'S REPORT

### ANNEXURE A

#### INFORMATION REGARDING THE EMPLOYEE STOCK OPTION SCHEME, 2005 (as on 31-03-2006)

A) Number of Stock Options granted	5,90,200								
B) Pricing formula	Rs. 10 per Option.								
C) Number of Options vested	Nil								
D) Number of Options exercised	Nil								
E) Number of shares arising as a result of exercise of options	Nil								
F) Number of Options lapsed	Nil								
G) Variation of terms of options	Nil								
H) Money realized by exercise of options	N.A.								
I) Number of Options in force	5,90,200								
J) Employee wise details of Options granted to	Year 2005-06								
(i) Senior managerial personnel									
- Mr. K K Arora, Executive Director	50,000								
- Mr. J P Singh, Sr. Vice-President (PSG)	60,000								
- Mr. Rajeev Ranjan, Sr. Vice-President (SAP Consulting)	50,000								
- Mr. H S Chaddha, Sr. Vice-President (Business Development)	25,000								
- Mr. Govind Sahu, Vice-President (Network)	25,000								
- Mr. Gopal Sahai, Vice-President (Sales)	10,000								
- Mr. Anil Sharma, Vice-President (Finance)	10,000								
- Mr. Abhishek Yash, Associate Vice-President	30,000								
- Mr. Gajendra Pratap Singh, Company Secretary	6,000								
(ii) Employees who were granted Options amounting to 5% or more of the Options granted during the year.	<table border="0"> <tbody> <tr> <td>(i) Mr. K K Arora, Executive Director</td> <td></td> </tr> <tr> <td>(ii) Mr. J P Singh, Sr. Vice-President</td> <td></td> </tr> <tr> <td>(iii) Mr. Rajeev Ranjan, Sr. Vice-President</td> <td></td> </tr> <tr> <td>(iv) Mr. Abhishek Yash, Associate Vice-President</td> <td></td> </tr> </tbody> </table>	(i) Mr. K K Arora, Executive Director		(ii) Mr. J P Singh, Sr. Vice-President		(iii) Mr. Rajeev Ranjan, Sr. Vice-President		(iv) Mr. Abhishek Yash, Associate Vice-President	
(i) Mr. K K Arora, Executive Director									
(ii) Mr. J P Singh, Sr. Vice-President									
(iii) Mr. Rajeev Ranjan, Sr. Vice-President									
(iv) Mr. Abhishek Yash, Associate Vice-President									
(iii) Employees who were granted Options in any one year equal to or exceeding 1% of the issued capital of the Company.	None								
K) Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard 20- 'Earnings Per Share'	Rs. 10.51								
L) The Company has used intrinsic value method for calculating the employee compensation cost with respect to the stock options. If the employee compensation cost for the ESOP had been determined in a manner consistent with the fair value approach, the stock option compensation expense would have been lower by Rs. 5.80 lacs. Consequently, profit after tax would have been higher by Rs. 5.80 lacs and the EPS of the Company would have been Rs. 10.61 per share (higher by Rs. 0.04 per share).									
M) Weighted average exercise price of the options granted during the year	Rs. 10/- per Option due to single grant in the year.								



N) Weighted average fair value of the options granted during the year	Rs. 93.0348 per Option due to single grant in the year.
(i) risk-free interest rate	(i) 5.63 % (for 3 years. Source- ICICI/Reuters as on 12/12/05)
(ii) expected life	(ii) 3 years
(iii) expected volatility	(iii) 83.77 % (based on 3 years comparable company stock data).
(iv) expected dividends	(iv) 1.34 % (based on simple average of the dividend history of past 2 financial years)
(v) the price of the underlying share in market at the time of option grant	(v) Rs. 103 per share

The Vesting Period in respect of the Options granted is as follows: -

<b>Grants</b>	<b>Vesting Period</b>
Grant on Dec.13, 2005	1/3rd of total grant of shares every year from the date of grant over a period of three years.

#### **ANNEXURE B**

#### **INFORMATION REGARDING THE EMPLOYEE STOCK PURCHASE SCHEME, 2005 ( as on 31-03-2006)**

A) Number of Share issued	71,000
B) Pricing formula	Rs. 10 per Share.
C) Employee wise details of Options granted to	Year 2005-06
(i) Senior managerial personnel	
- Mr. K K Arora, Executive Director	55,000
- Mr. Rajeev Ranjan, Sr. Vice President (SAP Consulting)	10,000
- Mr. Govind Sahu, Vice President (Network)	3,000
- Mr. Anil Sharma, Vice President (Finance)	2,000
- Mr. Gajendra Pratap Singh, Company Secretary	1,000
(ii) Employees who were granted Options amounting to 5% or more of the Options granted during the year.	(i) Mr. K K Arora, Executive Director (ii) Mr. Rajeev Ranjan, Sr. Vice President
(iii) Employees who were granted Options in any one year equal to or exceeding 1% of the issued capital of the Company.	None
D) Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard 20- 'Earnings Per Share'	Rs. 10.51
E) Consideration received against the issuance of shares	Rs. 7,10,000 /-

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## **Annexure to the Directors Report**

### **Auditors' Certificate on Corporate Governance to the Members of FCS Software Solutions Limited**

We have examined the compliance of conditions of Corporate Governance by FCS Software Solutions Limited ("the Company"), for the year ended on March 31, 2006, as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchanges.

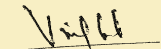
The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place : Noida  
Date : June 20, 2006

for SPMG & Co.  
Chartered Accountants



Vinod Gupta  
Partner  
Membership No. 90687

## MANAGEMENT DISCUSSION AND ANALYSIS

### a. Industry Structure and developments

With the changing economic and business conditions, rapid technological innovation, proliferation of the internet and globalization are creating an increasingly competitive market environment that is driving corporations to transform the manner in which they operate.

In November 2005, the *Gartner 2005 US IT Spending and Staffing Survey* indicated that enterprises will increase 2006 IT operating budgets by 5.5% over 2005 levels. Increasing trend toward offshore technology services Outsourcing the development, management and ongoing maintenance of technology platforms and solutions has become increasingly important. Corporations are increasingly turning to offshore technology service providers to meet their need for high quality, cost competitive technology solutions. As a result, offshore technology service providers have become mainstream in the industry and continue to grow in recognition and sophistication. The effective use of offshore technology services offers a variety of benefits, including lower total cost of ownership of IT infrastructure, lower labor costs, improved quality and innovation, faster delivery of technology solutions and more flexibility in scheduling. According to *Gartner's Forecast: IT Outsourcing, Worldwide 2004-2009 Update*, worldwide IT outsourcing spending will rise from \$193 billion in 2004 to \$260 billion by 2009. In addition, technology companies are also recognizing the benefits of offshore technology service providers in software research and development and related support functions and are outsourcing a greater portion of these activities.

India is recognized as the premier destination for offshore technology services. According to a Fact Sheet on the Indian IT Industry recently published by NASSCOM, the total combined Indian IT services and IT-enabled services export market in fiscal 2005 was nearly \$18 billion.

A report published by NASSCOM-KPMG in 2004 indicated that the total Indian IT services and IT-enabled services export market is projected to grow to \$49 billion by 2009. Key growth factors are high quality delivery, significant cost benefits, abundant skilled resources,

*NASSCOM Strategic Review 2006* suggests that the large and growing pool of skilled professionals has been a key driver of the rapid growth in the Indian IT-ITES sector. According to NASSCOM, India has the single-largest pool of suitable offshore talent - accounting for 28% of the total suitable pool available across all offshore destinations and outpacing the share of the next closest destination by at least a factor of 2.5%.

The factors listed above also make India the premier destination for other services such as IT-enabled services, which we refer to as business process management. Industry analysts have observed that business process management services of leading offshore technology service providers have strong prospects for growth, given the providers' experience, proven track record and breadth of client relationships.

According to a Fact Sheet on the Indian IT Industry recently published by NASSCOM, the total Indian IT-enabled services export market in fiscal 2005 was nearly \$4.6 billion. The 2004 NASSCOM-KPMG report estimates that the Indian IT-enabled services exports market will grow to approximately \$21 billion by 2009.

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## **b. Opportunities and Threats / Risks and Concerns / Outlook**

### Opportunities and Threats

The software segment will continue to show robust growth. There are lots of opportunities in the Market to be tapped by the domestic IT Companies. The general trend globally that interest towards off shoring IT services is on an upswing, among all global customers, which is a positive sign for the IT industry. More technology, R & D and testing outsourcing has come to India and will continue to be on the rise in the coming quarters.

The priorities of the industry are changing, concentrating more on re-organization of operations, development of new markets and marketing techniques, giving the organization's vision a global outlook and retaining and building upon customer relationships. The company's business focus is primarily upon the US market. Our service philosophy is based on customized service, which are solely dependent on individual customer requirement, with the use of latest technology. Your Company's business model focuses on entering into strategic relationship with its customers and meeting their business needs by offering value added services through its vast area of operations, expertise, and experience.

We believe our competitive strengths include innovation and leadership, Proven Delivery Model, comprehensive and sophisticated end-to-end solutions, commitment to superior quality and process execution, long-standing client relationships, status as an employer of choice and ability to scale.

We operate in a highly competitive and rapidly changing market, and compete with big consulting firms, divisions of large multinational technology firms, IT outsourcing firms, offshore technology services firms, software firms etc.

We believe that the principal competitive factors in our business include the ability to effectively integrate onsite and offshore execution capabilities to deliver seamless, scalable, cost-effective services; increase scale and breadth of service offerings to provide one-stop solutions, provide industry expertise to clients' business solutions, attract and retain high quality technology professionals; and maintain financial strength to make strategic investments in human resources and physical infrastructure through business cycles.

We believe we compete favorably with respect to these factors.

### Risks and Concerns

The fight to garner customer spend, the battle for skills and retaining the differentiation gap remained foremost on our windscreens as we continued to aggressively pursue growth through fiscal 2006. Our business model continues to address the need to aggressively grow while managing risk. A few indicative risks, which are under consideration, are (i) *Business Continuity Management (BCM)* risks. This includes existence of single point of failure (SPOF) arising out of concentration of operations at one location. To cover the risk we are diversifying our locations into different cities, which primarily includes Panchkula, Chandigarh and Gurgaon apart from our current location at Noida. (ii) *Information security/data privacy* related risks. This includes risk of data theft, exploitation of IT security vulnerabilities; social engineering attacks etc. (iii) *Process related risks*. This includes inadequate segregation of duties, inappropriate management oversight. In order to better address risk and adopt a more formal and comprehensive approach to risk management, your directors discussed the matter elaborately from time to time. In keeping with program of continuous development and experiential learning, we are enhancing our existing risk framework for implementation in fiscal

2006-07. The Risk treatment options which has been considered and mainly includes Risk Mitigation (implementation of additional controls to bring down the residual risk); Risk Acceptance (management agrees to accept this risk); Risk Elimination (changing the way in which a particular process is being performed to eliminate /circumvent the source of risk; Risk Transfer (outsourcing a part of significantly risky process to a provider which specializes in that process or by other appropriate means).

Our Risk Management Framework addresses the organization's strategy, operations and compliance, and is currently being enhanced to provide a unified and comprehensive perspective. FCS seeks to make the framework simplistic and intuitive to facilitate a speedy and appropriate identification of potential risk events / risks and actual risks, its communication, and thereafter escalation of the risk events identified to the appropriate persons to enable a timely and satisfactory risk response to be initiated. Risk responses are generally along pre-set guidelines. Where guidelines do not exist, matters will be escalated to top most authorities depending on the impact severity of the Risk.

The Company reports its income in Rupees, whereas most of its income is in US Dollars, but their expenses are in Rupees. The exchange fluctuation rate between Rupee and the US Dollar is substantially high and expected to fluctuate substantially in future also. The Company does not provide for any hedging of US Dollar - Rupee exposure, thus, the invoices it raises in US Dollar remain same, but its income in Rupee term changes substantially and may change in future also as it does not have any protection for US Dollar fluctuations against Rupee for its billing to the clients.

### Outlook

We seek to further strengthen our position as a leading technology services company by successfully differentiating our service offerings and increasing the scale of our operations. To achieve these goals, we seek to increase business from existing and new clients. Our goal is to build enduring relationships with both existing and new clients. With existing clients, we aim to expand the nature and scope of our engagements by increasing the size and number of projects and extending the breadth of our service offerings. For new clients, we seek to provide value-added solutions by leveraging our in-depth industry expertise and expanding the breadth of services offered to them beyond those in the initial engagement. We manage engagements by educating clients about the offshore model, taking on smaller projects to minimize client risk and demonstrating our superior execution capabilities. We plan to increase our recurring business with clients by providing software re-engineering, maintenance, infrastructure management and business process management services, which are long-term in nature and require frequent client contact.

### **c. Segment-wise / Product-wise Performance**

The Company is providing customized software solutions to its clients and the revenue is divided into four broad heads viz. E-learning and Digital Consulting (ELDC), IT Consulting Services, Product Engineering Services (PES), Application Support 24/7. We primarily serve our clients in the United States. Your company has performed satisfactorily well in all segments.

#### E-learning and Digital Consulting

FCS develops and manages E-learning solutions that help organizations achieve optimal performance. Our solutions are tailored to meet specific organizational requirements that set a definite road map for increased return on investment. As a player in custom e-learning solutions, FCS deliver results to companies around the world and helps them to achieve improved business performance through efficient human capital management.

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### IT Consulting Services

FCS IT consulting division provides Application Maintenance. The Company provides ongoing functional and application support for a customer's application maintenance needs. FCS team, work for stabilizing, optimizing and extending client's application so that its functionality continues to meet the client's growing and changing needs.

### Product Engineering Services (PES)

FCS provides dedicated team to manage the entire Information Life Cycle of client's Software Product. FCS team can work independently on assigned tasks or co-develop with its US teams. Its approach is to utilize a team of domain experts to work collaboratively to meet the client's product specifications and designs. This enables FCS to ensure that they deliver solutions that actually meet customers' expectations and in the shortest possible time.

Software is delivered to clients in different paradigms. The two most used models are Fixed Price Fixed Time Frame model and Time and Material model. In Fixed Price fixed time frame model, a client pays fixed cost for a software project delivery within agreed timetable. Any projects where specifications are fixed and would not change substantially over a period of time fall under this model. The Company delivers technology solutions to help client achieve business results. The Company first analyzes clients' requirements, develop the scope and finally propose a fixed-price solution. Thereafter professional implementation plan is agreed upon. On the other hand, if projects are loosely defined and are done in an adhoc manner or involve client's managers to manage day-to-day work, they are done in Time and Material model. In this, the company provides resources to do a project and they in turn are client managed. More than 70% of the Company's revenue is charged on Time and Material Model as in most of the cases the scope of the work could not be defined and thus the time frame cannot be derived.

### Application Support 24/7

The Company provides toll free voice access, e-mail and chat support 24/7 where clients' employees can call to report any problem with the applications that they use to do their day - to - day work. Some of these business applications are mission critical and need to be supported on a set service level agreement.

The geographical segment wise revenue in % is as follows:

Year	India	USA	Total
2005-06	3.86 %	96.14 %	100 %
2004-05	2.57 %	97.43 %	100 %

#### **d. Internal control systems and their adequacy**

The Company has an effective system of accounting and administrative controls which ensures that all assets are safeguarded and protected against loss against unauthorized use or disposition. The Company has a well-defined organization structure with clear functional authority limits for approval of all transactions.

The Company has a strong reporting system, which evaluates and forewarns the management on issue related to compliance. The company has appointed to M/s Vimal Taneja, Malick & Associates, Chartered Accountants, B-70, 1st Floor, Community Centre, B Block, Janak Puri, New Delhi-58, as their Internal Auditor. The performance of the Company is regularly viewed by the Board of Directors to ensure that it is in keeping with the overall corporate policy and in line with pre-set objectives.

The Company updates its internal control systems from time to time, enabling it to monitor employee adherence to internal procedures and external regulatory guidelines.

**e. Financials performance with respect to operational performance**

The Company's total income has grown at a CAGR of 37 % from Rs. 84.95 Crores in 2005 to Rs. 115.83 crores, in 2006 while the net profit has increased at a CAGR of 60 % from Rs. 9.26 Crores in 2005 to Rs. 14.79 Crores in 2006. The PBDIT margins over this period have been 15 % in 2006, 13% in 2005 and 12% in 2004. The net profit margin over this period has been 13 % in 2006, 11% in 2005 and 11% in 2004.

**f. Material developments in Human Resources / Industrial Relations Front, including number of people employed**

The relations with the employees remained cordial during the year. The capacity utilization rate in our Company for years ended 31st March 2004, 2005 and 2006 is 88%, 90% and 90 % respectively. We have training system in order to upgrade our employees. Further to increase the retention rate the Company has already initiated the Employee Stock Option Scheme and Employee Stock Purchase Scheme.

The total number of employees in the Company was 745 as on March 31, 2006.

**Cautionary Note**

The statements in the Directors' and Management Discussion and Analysis Report describing the Company's projections, estimates, expectations or predictions may be forward looking statements within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied since the Company's operations are influenced by many external and internal factors beyond the control of the Company.

for and on behalf of the Board of Directors



(Dalip Kumar)

Chairman and Managing Director

Place : Noida

Date : June 23, 2006

## REPORT ON CORPORATE GOVERNANCE

### Company's Philosophy

The Company's philosophy on Corporate Governance is to practice transparency in its operations and maintain a professional approach, accountability and equity in its dealing with its employees, shareholders, government, lenders and every individual who comes in contact with the Company.

The Company believes that its vision coupled with its Business Principles and Core Dimensions, would create the culture of High Performance Environment to enhance overall stakeholder value.

The Company believes that fairness in corporate procedures, full disclosures in reporting system, total transparency in corporate culture, fiduciary and trustee relationship and maximization of share holders value in the long run are the pillars on which the structure of the Corporate Governance rests.

### Board of Directors

The Board of the Company is comprised of six Directors and is headed by Managing Director. In order to have an appropriate mix of executive and independent directors to maintain the independence of the Board and to separate the Board functions of governance and management, we are having three Independent Directors on our Board.

During the financial year under review, Ten Board Meetings were held on the following dates:

April 5, 2005; May 9, 2005; May 10, 2005; June3, 2005; July16, 2005; August 9, 2005; October 22, 2005; Nov14, 2005; January 19, 2006; March 31, 2006.

### Constitution of Board of Directors and related information

Name	Category	No. of Board attended Meetings	Attendance at the last AGM	No. of Directorships in other public companies as on 31.3.2006	No. of Committee positions held in other public companies as on 31.3.2006
Mr. Dalip Kumar	Managing Director	7	Yes	1	Nil
Mr. K. K Arora	Executive Director	10	Yes	1	Nil
Mrs. Janak Sharma	Non-Executive Director	10	Yes	1	Nil
Mr. S.S Sharma	Independent Non-Executive Director	10	Yes	Nil	Nil
Mr. Pradeep Sanan*	Independent Non-Executive Director	Nil	No	Nil	Nil
Dr. Balvinder Shukla	Independent Non-Executive Director	5	No	Nil	Nil
Mr. S.K Lath**	Independent Non-Executive Director	8	Yes	Nil	Nil
Mr. S.N Sharma***	Independent Non-Executive Director	1	N.A.	8	4

\* Ceased to be director w. e. f. May 8, 2006.

\*\* Ceased to be director w. e. f. May 8, 2006

\*\*\* Appointed as Additional Director w.e.f January 19, 2006.



### Board Committees:

Currently, the Board has three committees: the audit committee, the remuneration committee, the investor grievance committee. All committees consist of non-executive and majority with independent directors. The Board is responsible for constituting, assigning, co-opting and fixing of terms of service for committee members.

The chairperson of the Board, in consultation with the company secretary and the committee chairman, determines the frequency and duration of the committee meetings. Normally, all the committees meet four times a year except the remuneration committee, which meet as and when the need arises. Typically, the meetings of the audit, remuneration/ compensation committees last for the better part of a working day.

Recommendations of the committee are submitted to the full Board for approval. The quorum for meetings is either two members or one-third of the members of the committee, whichever is higher.

### Audit Committee

The Audit Committee was constituted on April 20, 2000 as required under section 292A of the Companies Act, 1956. This committee was re-constituted by the Board of Directors vide their Board Meeting held on January 3, 2005.

Four audit committee meetings were held during the year. These were held on May 10, 2005; October 8, 2005; Nov 14, 2005; Jan 19, 2006.

The constitution of the Committee is as under:

Name of Directors	Category	No. of Meetings	
		Held	Attended
Mr. S K Lath*	Independent Non-Executive Chairman	4	1
Mr. S.S Sharma**	Independent Non-Executive	4	4
Dr. Balvinder Shukla	Independent Non-Executive.	4	4
Mr. S.N Sharma***	Independent Non-Executive.	NA	NA

\* Ceased to be a Member w.e.f. May 8, 2006

\*\* Chairman from January 3, 2006.

\*\*\* Inducted in Committee from May 8, 2006.

The Chairman of the Audit Committee was present at the last Annual General Meeting held on June 6, 2005.

The Company Secretary acts as Secretary to the Committee.

### Remuneration/Compensation Committee

In accordance with the clause 49 of the Listing Agreement to be entered by the company, the Company is required to make compliance with all the requirements relation to payment of remunerations to the directors. The remuneration paid to the Directors of the Company has to be approved by the Remuneration Committee.

The Company has formed a Remuneration Committee by the Board of Directors vide the Board Meeting dated January 3, 2005. The constitution of the committee is as under:

Name of Directors	Category	No. of Meetings	
		Held	Attended
Mr. S.S. Sharma	Independent Non-Executive Chairman	1	1
Mr. Pradeep Sanan*	Independent Non-Executive	1	1
Dr. Balvinder Shukla	Independent Non-Executive.	1	Nil
Mr. S. N. Sharma**	Independent Non-Executive.	N A	N A

\* Ceased to be director w.e.f. May 8, 2006.

\*\* Inducted as member w.e.f. May 8, 2006.

The meeting of Remuneration Committee was held on Nov. 14, 2006;

The Company Secretary acts as Secretary to the Committee.

#### Investors / Shareholders Grievance Committee

The Shareholders Grievance Committee was constituted on January 3, 2005. The committee has the mandate to review and redress shareholder grievances.

The meeting of Committee were held on Oct. 8, 2005 and January 19, 2006;

The composition of the committee is as under:

Name of Directors	Category	Designation	No. of Meetings	
			Held	Attended
Dr. Balvinder Shukla	Independent Non-Executive	Chairman	2	Nil
Mr. S. S. Sharma*	Independent Non-Executive	Member	2	2
Mr. S. K. Lath**	Independent Non-Executive	Member	2	2
Smt. Janak Sharma***	Non - Executive Director	Member	NA	NA

\* Acting as Chairman of the Committee from Oct. 8, 2005

\*\* Mr. S K Lath ceased to be member w. e. f. May 8, 2006.

\*\*\* Inducted in the Committee w.e.f May 8, 2006 and elected as Chairperson of the Committee.

The Committee oversees redressal of shareholders Grievances/Complaints. The Company is prompt in attending to complaints/queries from shareholders/investors.

Number of Shareholder's complaints received by Company's Registrar and Share Transfer Agent, M/s Intime Spectrum Registry Ltd. during the period year ended March 31, 2006,

Number of Complaint received: 854

Number not solved to the satisfaction of shareholders: Nil

Number of Share Transfers pending: Nil

#### Details of non-compliance

There has been no non-compliance of any legal requirements nor have there been any strictures imposed by any stock exchange, SEBI, on any matters relating to the capital market over the last year since our listing.

### General Body Meetings

The last three Annual General Meetings (AGM) were held as under:

AGM for the financial year ended	Venue	Day and Date	Time
2002-03	54, EHTP, Sector-34, Gurgaon - 122 001 (Haryana)	Thursday, August 3, 2003.	3.00 P. M.
2003-04	54, EHTP, Sector-34, Gurgaon - 122 001 (Haryana)	Thursday, August 11, 2004.	3.00 P. M.
2004-05	54, EHTP, Sector-34, Gurgaon - 122 001 (Haryana)	Monday, June 6, 2005	9.30 A. M.

No Special resolutions were passed and none of the items transacted at the said meetings were required to be passed by the postal ballot in the financial year 2002-03 and 2003-04.

However, in the financial year 2004-05, the approval of the re-appointment and remuneration paid to the Managing Director of the Company was done via special resolution but no agenda item were required for the Postal ballot.

In the year 2005 -06, the resolution for the change of registered office has been passed as special resolution through postal ballot. The details of voting pattern summary of the postal ballot forms received is given below:

Particulars	No. of Postal Ballot Forms	No. of shares	%age of Total Paid-up Equity Capital
(a) Total Ballot Forms Received	120	10512187	75.07
(b) Less: Invalid Postal Ballot Forms	16	1674	0.01
(c) Net Valid Postal Ballot Forms received (a-b)	104	10510513	75.06
(d) Postal ballot forms received with assent for the special resolution	98	10508938	75.05
(e) Postal ballot forms received with dissent for the special resolution	6	1575	0.01

Mr. P P Agarwal, a practicing Company Secretary who conducted the postal ballot exercise and acted as a Scrutinizer.

At the forthcoming Thirteenth Annual General Meeting also there are three items on the Agenda requiring special resolution but no item on the agenda requiring postal ballot.

### Auditors' certificate on corporate governance

As required by Clause 49 of the Listing Agreement, the auditor's certificate is given as an annexure to the Directors' report.

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**MD / VP (Finance) certification**

As required by Clause 49 of the Listing Agreement, the MD/ VP (Finance) certification is provided elsewhere in the Annual Report.

**Means of Communication**

Half-yearly report sent to each household of shareholders: No, the abridged results of the Company are uploaded on the website of the company.

Quarterly Results: -do-

Presentation made to institutional investors or to the Analysts: No

Whether Management Discussions and Analysis is a part of annual report or not: Yes

**BRAND ESTABLISHMENT**

A balance sheet discloses the financial position of a company. The financial position of an enterprise is influenced by the economic resources it controls, its financial structure, liquidity and solvency, and its capacity to adapt to changes in the environment. However, it is becoming increasingly clear that intangible assets have a significant role in defining the growth of a hi-tech company. We understand the importance of the brand, which is much more than a trademark or a logo. It is a trust mark, promises of quality and authenticity that clients across the globe can rely on us. Your company is in the process of establishing a global brand for its value added services.

**SHAREHOLDER INFORMATION*****Annual General Meeting***

**Date and Time:** Monday, July 24, 2006 at 9.30 A. M.

**Venue:** The Executive Club, 439, Village Shahoorpur, Fatehpur Beri, New Delhi - 110 074

**Financial Calendar:** (tentative and subject to change)

Unaudited/ Audited Financial Results	Quarter /Year ended	Month of approval of Financial Results
Unaudited financial results for the quarter ended	June 30, 2006	July, 2006
Unaudited financial results for the quarter and half year ended	September 30, 2006	October, 2006
Unaudited financial results for the quarter ended	December 31, 2006	January, 2007
Audited financial results for the year ended	March 31, 2007	April/May, 2007

**Date of Book Closure:** Friday, July 14, 2006 to Monday, July 24, 2006 (both days inclusive).

**Dividend:** On or after July 25, 2006, but within the statutory limit of 30 days, subject to shareholder approval.

**Listing on Stock Exchanges:** NSE BSE  
Exchange code FCSSOFT 532666

**Listing fee for 2006-07** Paid for all the above stock exchanges.

**ISIN No.:** INE512B01014

**Stock Market Price Data:**

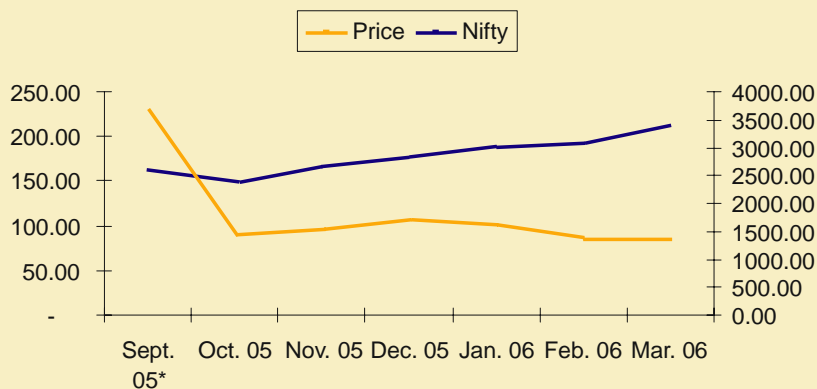
	BSE			NSE			Total Volume (Nos.)
	High (Rs.)	Low (Rs.)	Volume (Nos.)	High (Rs.)	Low (Rs.)	Volume (Nos.)	
Sep, 2005	308.90	111.00	6,35,15,341	308.00	100.00	9,17,22,098	15,52,37,439
Oct	214.80	93.20	1,89,70,471	220.00	92.50	2,59,44,381	4,49,14,852
Nov	101.40	90.85	15,44,772	101.50	90.10	30,81,189	46,25,961
Dec	124.20	97.50	33,19,299	124.40	98.00	56,46,373	89,65,672
Jan, 2006	117.00	101.65	11,89,235	117.20	101.50	18,31,190	30,20,425
Feb	105.00	87.60	4,46,197	103.60	82.20	7,17,975	11,64,172
Mar	98.00	78.20	6,16,093	97.90	64.60	9,02,098	15,18,191
<b>Total</b>			<b>8,96,01,408</b>			<b>12,98,45,304</b>	<b>21,94,46,712</b>

**Liquidity**

The company shares are among the most liquid and actively traded on NSE and BSE. The monthly trading volumes of the company shares on these Exchanges are given above.

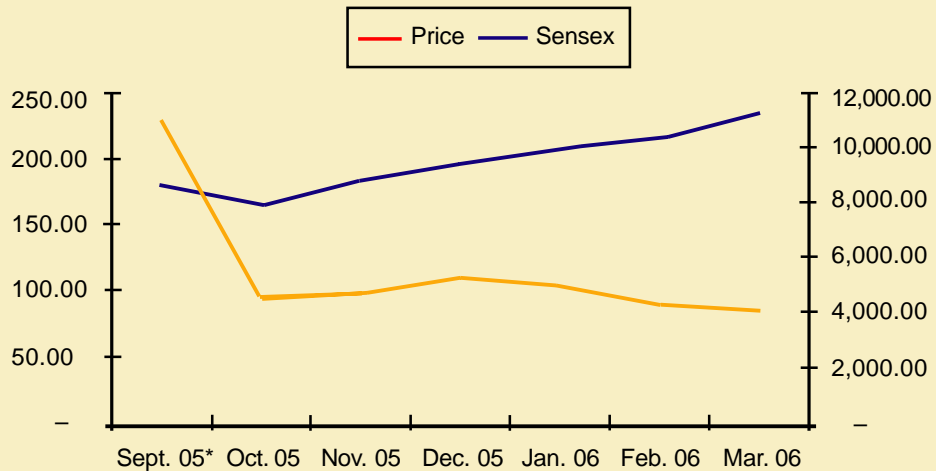
**Performance Comparison with Indices:**

**Comparison of FCS with NSE - 2005-06**



\* Listed on BSE and NSE on Sept. 21, 2005 onwards.

### Comparison - FCS with Sensex 2005-06



\* Listed on BSE and NSE on Sept. 21, 2005 onwards.

#### Legal Proceedings

There are certain pending cases relating to disputes over taxation and some other matters, in which we had been made a party. However, these cases are not material in nature.

We are also party to the dispute relating to land and building lying near at our corporate office at Noida. This land and building was subject to auction and your company was the highest bidder in the auction conducted by the Official Liquidator. The sale was confirmed by the High Court and we paid the full amount for the land and building as directed by the Hon'ble High Court. This case is sub-judice under the Punjab and Haryana High Court.

#### Share Transfer System:

M/s Intime Spectrum Registry Ltd. are the Registrar and Share Transfer Agents for processing transfers, sub-division, consolidation, splitting of shares and for rendering depository services such as Dematerialization and Rematerialization of the Company's shares.

#### Share transfers in physical form

Shares sent for physical transfer are effected after giving a notice of 15 days to the seller for sale confirmation. Our share transfer committee meets as often as required.

The total number of shares transferred in physical form during the year was Nil.

As the Company's shares are compulsorily to be traded in dematerialized form, members are requested to send the shares if held in physical form, directly to the Registrars and Transfer Agents for dematerialization. Members have the option to open their accounts either with National Securities Depository Limited or Central Depository Services (India) Limited as the Company has entered into Agreements with both the Depositories.

All physical share transfers are returned within 30 days of lodgment subject to the documents being in order.

#### ECS mandate

We have received complaints regarding non-receipt of dividend warrants from shareholders who have not updated their bank account details with the depository participants. In order to enable us to serve our investors better, we request shareholders to update their bank accounts with their respective depository participants.

#### Distribution of Shareholding (As on March 31, 2006)

Shareholding of Nominal Value (Rs.)	No. of Shareholders	% of Total	No. of Shares held	% of Total
1-5000	10596	91.931	1256220	8.925
5001-10000	490	4.251	390604	2.775
10001-20000	245	2.125	364295	2.588
20001-30000	69	0.598	172359	1.224
30001-40000	24	0.208	88720	0.63
40001-50000	26	0.225	124027	0.88
50001-100000	30	0.263	258759	1.837
100001 and above	46	0.399	11419043	81.141
<b>TOTAL</b>	<b>11526</b>	<b>100</b>	<b>14073027</b>	<b>100</b>

#### Shareholding Pattern as on March 31, 2006

Categories	No. of Shares held	% of holding
Promoters-		
o Indian	10500000	74.610
o Foreign		
Mutual Funds and UTI	Nil	Nil
Banks, Financial Institutions and Insurance Companies	175	0.001
Foreign Institutional Investors	26038	0.186
Private Corporate Bodies	1071336	7.612
Indian Public	2447234	17.389
NRI / OCB's	21844	0.155
Others (Due to demat upload pending cases)	6400	0.045
<b>TOTAL</b>	<b>1,40,73,027</b>	<b>100.000</b>

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**Dematerialization of the shares and liquidity:**

Trading in company's shares is permitted only in dematerialized form as per notifications issued by Securities Exchange Board of India. The Company has entered into agreements with National Securities Depository Ltd. and Central Depository Services (India) Ltd., whereby the investors have the options to dematerialize their shares with either of the depositories. The status of Dematerialisation as on March 31, 2006 is as under:

Segment	No. of Shareholders	%	No. of Shares	%
Physical	9	0.078	9800000	69.637
Demat	11517	99.920	4273027	30.363
Total	11526	100.00	14073027	100.000

**Investors Contact Information:**

**Gajendra Pratap Singh**  
*Company Secretary*

Tel.: +91 120 3061122  
Email: [investors@fcs ltd.com](mailto:investors@fcs ltd.com)

**Registered Office:**

205, 2nd Floor, Agrawal Chamber IV,  
27, Veer Sawarker Block, Vikas Marg,  
Shakarpur, Delhi - 110 092  
Ph.: 011-42444235  
Fax: 011-42444235  
[www.fcs ltd.com](http://www.fcs ltd.com)

**Corporate Office:**

FCS House, A-86, Sector-57,  
Noida - 201301 (Uttar Pradesh)  
Ph.: 0120-3061100  
Fax: 0120-3061111  
[www.fcs ltd.com](http://www.fcs ltd.com)

**Registrar and Share Transfer Agents:**

M/s Intime Spectrum Registry Ltd.  
A-31, 3rd Floor, Naraina Industrial Area,  
Phase -I, Near PVR Naraina,  
New Delhi - 110028.  
Ph.: 011-41410592, 93, 94,  
Fax: 011-41410591  
[www.intimespectrum.com](http://www.intimespectrum.com)



**Information regarding Directors, pursuant to Part VI (A) of Clause 49 of the Listing Agreement to be entered in to with the Stock Exchanges:**

**I.**

- 1. Name of Directors** - Mr. Shiv Nandan Sharma
- 2. Date of Birth** - 04-10-1955
- 3. Date of Appointment** - 19-01-2006
- 4. Expertise in specific functional areas** - Experience in diverse corporate environments covering Divisional as well as at corporate level structures in Service and Manufacturing (multi unit and multi product) organizations including FMCG companies and international trading outfits.

In the initial stages of career the prime responsibilities were to effectively handle various finance, commercial, legal, regulatory and allied aspects that gradually widened to project planning and execution, operations to the profit center head role.

The major strength has been multi-faceted experiences and achievements leading to the distinction of being nominated to the 30th Edition of "Marquis Who's Who in Finance and Industry", published from US, which enlists the details of professionals with achievements in their specialised fields.

Have expertise in revival and turn around of companies

- 5. Qualifications** - B. Sc. (H), FCA.

**6. List of outside Directorship held:**

- |                                  |                      |
|----------------------------------|----------------------|
| 1. DCM International Ltd.        | Independent Director |
| 2. DCM Overseas Trading Co. Ltd. | Independent Director |
| 3. DCM Services Ltd.             | Independent Director |
| 4. E-visesh.com Ltd.             | Independent Director |
| 5. Global IT Options Ltd.        | Independent Director |
| 6. Hi-end Training Pvt. Ltd.     | Promoter Director    |
| 7. Vishesh Infotecnics Ltd.      | Independent Director |
| 8. Inrerworld Digital Ltd.       | Independent Director |

**7. Committee/ executive positions held in other companies -**

- i. Vishesh Infotecnics Limited
  - a) Audit Committee Member
  - b) Remuneration Committee Member
- ii. Inter world Digital Limited
  - a) Audit Committee Member
  - b) Share Transfer Committee Member

**8. Other information** - Non-Executive Independent Director

- 9. Remark** - Additional Director appointed by Board, retiring at the ensuing Annual General Meeting. Regularizing as Director retiring by rotation at the forthcoming Annual General Meeting.

**II.**

- 1. Name of Directors** - Mr. Hemant Paliwal
- 2. Date of Birth** - 01-01-1960
- 3. Date of Appointment** - NA

- 
4. **Expertise in specific functional areas** - Mr. Hemant Paliwal, aged 46 years, is Master of Commerce (M.Com). He is a qualified Company Secretary and became Fellow Member of the Institute of Company Secretaries of India in 1995. He is member of Society of Corporate Secretaries and Governance Professionals, New York USA. He is also member of The Institute of Chartered Secretaries and Administrators, U.K. He is also member of All India Management Association (AIMA) New Delhi. He has participated and contributed in various professional development seminars and presented professional papers.

He has over two decades of experience as Corporate Professional and he has worked with large Industrial houses/institutions in India, such as - J. K. Industries Ltd, Continental Construction Ltd., and NSIC Ltd. Presently as Practicing Company Secretary he has successfully managed areas of Corporate Finance and Rehabilitation Packages for Sick Units, Winding-up matters, Joint Venture Agreements with overseas companies, formation of companies in India and abroad and regular continual compliance thereof and drafted schemes of takeovers, Company Secretarial Audits, Securities and Exchange Board of India (SEBI) related matters, international secretarial services, taxation, and various corporate affairs. He has also successfully carried out investigations and implementation of terms and conditions of financial packages sanctioned to the borrower companies on behalf of the Financial Institutions and Banks.

5. **Qualifications** - M. Com., FCS, MIMA, ACIS (UK) ASCS (USA)
6. **List of outside Directorship held:** Nil
7. **Committee/ executive positions held in other companies** - Nil
8. **Other information** - Non-Executive Independent Director
9. **Remark** - Proposed to be appointed at the ensuing Annual General Meeting liable to director retiring by rotation.

**III.**

1. **Name of Directors** - Smt. Janak Sharma
2. **Date of Birth** - 25-11-1944
3. **Date of Appointment** - Since Inception. (As First Director in AOA on May 5, 1993)
4. **Expertise in specific functional areas** - Smt. Sharma is a B.Ed and has completed her Masters of Arts in the subjects of Political Science and History. She is an avid reader and provides valuable insights in deciding various strategies for the Company. She has a focused and assertive approach towards her work and she is creative in thought and presentation.
5. **Qualifications** - B.A, B. Ed., M.A. (Political Science and History)
6. **List of outside Directorship held**  
(1) Enstaserve Eservices Ltd. - Non-Executive Director
7. **Committee/ executive positions held in other companies** - Nil
8. **Other information** - Non-Executive Independent Director
9. **Remark** - Retiring by rotation at the forthcoming Annual General Meeting

for and on behalf of the Board of Directors



(Dalip Kumar)

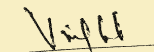
Chairman and Managing Director

Place : Noida  
Date : June 23, 2006

### **Auditor's Report to the members of FCS Software Solutions Ltd.**

1. We have audited the attached Balance Sheet of FCS Software Solutions Ltd., as at 31st March 2006, the Profit and Loss Account for the year ended on that date annexed thereto and cash flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principals used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 we enclose in the annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the annexure referred to in paragraph 3 above, we report that:
  - a) We have obtained all the information and explanation, which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
  - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the mandatory accounting standards referred in sub-section (3C) of section 211 of the Companies Act, 1956;
  - e) On the basis of written representation received from the directors, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2006, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - f) In our opinion and to the best of our information and according to the explanation given to us, the said accounts read together with the Significant Accounting Policies and other notes thereon give the information required by the companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principal generally accepted in India;
    - i) In so far as it relates to Balance-Sheet, of the state of affairs of the company as at 31st March, 2006;
    - ii) In so far as it relates to the Profit and Loss Account, of the Profit of the company for the year ended on that date; and
    - iii) In so far as it relates to the Cash Flow Statement, of the cash flows of the company for the year ended on that date.

for SPMG & COMPANY  
Chartered Accountants



(VINOD GUPTA)  
Partner

Membership No. 90687

Place : Noida  
Date : 8th May 2006

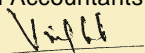
## ANNEXURE TO THE AUDITOR'S REPORT

Statement referred to in paragraph above of our report of even date

1. The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets in respect of all its location.
2. The fixed assets have been physically verified by the management at all location at reasonable intervals. No material discrepancies between book records and the physical inventories have been noticed on such verification.
3. The Company has no physical inventory as such.
4. (a) The company has not taken any unsecured loan during the period from Company, Firm and other parties covered in the Register maintained under section 301 of the companies Act, 1956.  
(b) The Company has not granted any unsecured loan to Company covered in the register maintained under section 301 of the Companies Act, 1956.
5. In our opinion and according to the information and explanation given to us, there is an adequate internal control procedure commensurate with the size of the company and the nature of its business for purchase of inventory and fixed assets and on the sale of goods. During the course of our audit, no major weakness has been noticed in the internal controls. We have not observed any failure on the part of the company to correct major weakness in internal controls.
6. Based on audit procedure applied by us and according to the information and explanation provided by the management, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of companies Act, 1956 have been so entered.
7. In our opinion and according to information and explanation given to us the company has no deposits as prescribed under Section 58A and 58AA of the Companies Act, 1956 and rules framed there under.
8. In our opinion the company has an internal audit system commensurate with the size and nature of its business.
9. On the basis of information and explanation given to us we are of the opinion that prima facie cost records and accounts prescribed by the Central Government under said Section 209(1) (d) of the Companies Act, 1956 in respect of products of the Company covered under the rules under said Section are not applicable to the Company.
10. According to information and explanation given to us the company is depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Custom Duty, Excise Duty, Cess and other statutory dues to the extent applicable to it.
11. Based on our examination of the records and evaluations of the related internal controls, we are of the opinion that proper records have been maintained of the transactions and contracts relating to shares, securities and other investment dealt in by company and timely entries have been made in the records. We also report that the company has held the shares, securities and other investment in its own name except for those pending transfer in company's name.
12. The company has not given guarantee for loans taken by others from banks or financial institutions, the terms and conditions thereof are not prima facie prejudicial to the interest of the company.
13. Based upon the audit procedures performed and information and explanation given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.
14. Other clauses of the order are not applicable to the company.

Place : Noida  
Date : 8th May 2006

for SPMG & COMPANY  
Chartered Accountants

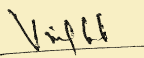
  
(VINOD GUPTA)  
Partner

Membership No. 90687

**FCS SOFTWARE SOLUTIONS LTD.  
BALANCE SHEET AS AT 31ST MARCH 2006**

PARTICULARS	SCHEDULE	As on 31-03-2006	As on 31-03-2005
		AMOUNT (RS)	AMOUNT (RS)
<b>SOURCE OF FUNDS</b>			
<b>1. SHARE HOLDER'S FUND</b>			
Share Capital	A	140,728,270.00	105,000,000.00
Reserve and Surplus	B	610,232,791.05	301,717,546.29
<b>2. LOAN FUND</b>			
Secured Loan	C	130,550,241.88	—
Unsecured Loan	D	3,534,758.35	3,528,967.35
<b>TOTAL</b>		<b>885,046,061.28</b>	<b>410,246,513.64</b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross Block	E	147,434,377.14	126,238,831.34
Less : Depreciation		67,562,201.54	48,251,740.54
Net Block		79,872,175.60	77,987,090.80
INVESTMENTS	F	99,800.00	99,800.00
<b>Current Assets Loan and Advances</b>			
<b>A. CURRENT ASSETS</b>			
Cash and Bank Balance	G	380,302,851.81	103,916,457.47
Debtors	H	311,533,056.60	167,895,232.00
Work-in-Process		121,634,016.00	96,675,942.00
Loans & Advances	I	36,227,596.64	25,360,705.27
		849,697,521.05	393,848,336.74
Less : Current Liabilities	J	64,836,316.75	54,024,149.08
Provisions	K	32,932,698.00	2,801,104.00
		97,769,014.75	56,825,253.08
<b>NET CURRENT ASSETS</b>		751,928,506.30	337,023,083.66
<b>DEFERRED TAX LIABILITY</b>		6,044,981.00	6,090,591.00
<b>PRELIMINARY &amp; IPO EXPENSES &amp; DEFERRED EMPLOYEE COMPENSATION</b>	L	59,190,560.38	1,227,130.18
		<b>885,046,061.28</b>	<b>410,246,513.64</b>
SIGNIFICANT ACCOUNTING POLICY & NOTES ON ACCOUNTS	P		
AS PER OUR REPORT OF EVEN DATE			

**For SPMG & COMPANY.**  
Chartered Accountants

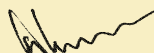
  
**Vinod Gupta**  
(Partner)

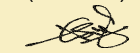
Place : Noida  
Date : 8th May,2006

**For FCS SOFTWARE SOLUTIONS LTD.**

  
**Krishan Kant**  
(Whole-time Director)

  
**S. N. Shama**  
(Director)

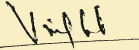
  
**Anil Sharma**  
(V.P. Finance)

  
**G. P. Singh**  
(Co. Secretary)

**FCS SOFTWARE SOLUTIONS LTD.**  
**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2006**

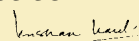
	<b>For the Year ended on 31-03-2006</b>	<b>For the Year ended on 31-03-2005</b>
<b>INCOME</b>		
SOFTWARE DEVELOPMENT SERVICES & PRODUCTS	1,154,092,715.40	849,396,394.00
DECREASE/INCREASE IN WORK-IN-PROCESS	24,958,074.00	35,485,926.00
	<b>1,179,050,789.40</b>	<b>884,882,320.00</b>
<b>EXPENDITURE</b>		
FOREX FLUCTUATION ACCOUNT	(4,235,672.20)	1,105,970.12
SOFTWARE DEVELOPMENT EXPENSES	886,866,117.60	674,152,139.39
ADMINISTRATIVE AND OTHER EXPENSES	126,676,206.19	93,840,266.06
	<b>1,009,306,651.59</b>	<b>769,098,375.57</b>
<b>OPERATING PROFIT (PBIDT)</b>		
MISC. INCOME	169,744,137.81	115,783,944.43
FINANCE CHARGES	5,602,892.43	79,114.38
DEPRECIATION	1,832,584.48	80,632.00
PRIOR PERIOD ITEMS - Income/(Expenses)	21,275,970.00	10,206,004.23
	47,415.00	(9,007,710.96)
<b>PROFIT BEFORE TAX</b>	<b>152,285,890.76</b>	<b>96,568,711.62</b>
<b>PROVISION FOR TAX :-</b>		
PROVISION FOR INCOME TAX - CURRENT	4,400,000.00	908,034.00
DEFERRED TAX ASSETS/(LIABILITY)	45,610.00	(3,070,723.00)
<b>PROFIT AFTER TAX</b>	<b>147,931,500.76</b>	<b>92,589,954.62</b>
Balance Brought Forward	301,029,056.29	209,035,907.67
AMOUNT TRANSFER TO GENERAL RESERVE	1,500,000.00	300,000.00
<b>APPROPRIATIONS</b>		
INTERIM DIVIDEND PAID	14,001,627.00	—
DIVIDEND TAX	1,963,728.00	—
INTEREST PAID	26,430.00	—
PROPOSED DIVIDEND	21,109,241.00	262,500.00
PROVISION FOR TAX ON PROPOSED DIVIDEND	2,960,572.00	34,306.00
IPO EXPENSES ADJUSTMENT	303,041.00	—
<b>BALANCE IN THE PROFIT &amp; LOSS ACCOUNT</b>	<b>407,702,000.05</b>	<b>301,029,056.29</b>
SIGNIFICANT ACCOUNTING POLICY & NOTES ON ACCOUNTS	P	
AS PER OUR REPORT OF EVEN DATE		

**For SPMG & COMPANY.**  
Chartered Accountants


  
**Vinod Gupta**  
(Partner)

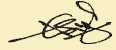
Place : Noida  
Date : 8th May,2006

**For FCS SOFTWARE SOLUTIONS LTD.**

  
**Krishan Kant**  
(Whole-time Director)

  
**Anil Sharma**  
(V.P. Finance)

  
**S. N. Shama**  
(Director)

  
**G. P. Singh**  
(Co. Secretary)

<b><u>SCHEDULE - A</u></b>	<b>As on 31-03-2006</b>	<b>As on 31-03-2005</b>
<b><u>AUTHORISED CAPITAL</u></b>		
2,50,00,000 EQUITY SHARES OF Rs. 10/- EACH	250,000,000.00	150,000,000.00
<b><u>ISSUED, SUBSCRIBED &amp; PAIDUP</u></b>		
140,73,027 EQUITY SHARES OF Rs. 10/- EACH <i>(Out of which 1,40,72,627 shares fully paidup Rs. 10/- each and 400 shares partly paidup Rs. 5/- each)</i> <i>[Out of the above 30,00,000 shares of Rs. 10/- each have been issued as bonus shares by capitalisation of general reserve dt. 29.9.99]</i> <i>[Out of the above 35,00,000 shares of Rs. 10/- each have been issued as bonus shares by capitalisation of general reserve dt. 20.4.00]</i>	140,730,270.00	105,000,000.00
Less: Unpaid Share Capital Money	2,000.00	—
	<b><u>140,728,270.00</u></b>	<b><u>105,000,000.00</u></b>
<b><u>SCHEDULE - B</u></b>		
<b><u>RESERVES AND SURPLUS</u></b>		
PROFIT & LOSS ACCOUNT	407,702,000.05	301,029,056.29
<b><u>SHARE PREMIUM ACCOUNT</u></b>		
SHARE PREMIUM	140,081,080.00	
Less: Unpaid Premium	8,000.00	
Add: On conversion of Stock Option Issued to Employees	— <u>5,385,350.00</u>	145,458,430.00
<b><u>GENERAL RESERVE</u></b>		
As per last Balance Sheet	630,982.00	
Add: Trf. From P&L Account	<u>1,500,000.00</u>	2,130,982.00
Foreign Currency Translation Reserve	52,779.00	57,508.00
EMPLOYEE'S STOCK OPTION OUTSTANDING	54,888,600.00	—
	<b><u>610,232,791.05</u></b>	<b><u>301,717,546.29</u></b>
<b><u>SCHEDULE - C</u></b>		
<b><u>SECURED LOAN</u></b>		
<i>Canara Bank-Working capital (Secured against Land &amp; Building at Gurgaon and Export Receivables and noida land &amp; building and other assets at noida and personal guarantee of the Directors)</i>	19,387,544.00	—
Centuron Bank OD Account	111,162,697.88	—
	<b><u>130,550,241.88</u></b>	<b><u>—</u></b>
<b><u>SCHEDULE - D</u></b>		
<b><u>UNSECURED LOAN</u></b>		
LOAN FROM DIRECTORS & OTHERS	3,534,758.35	3,528,967.35
	<b><u>3,534,758.35</u></b>	<b><u>3,528,967.35</u></b>

**SCHEDULE - E**

**SCHEDULE OF FIXED ASSETS**

PARTICULARS	RATE %	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		ASON 01-04-2005	ADDITION DURING THE PERIOD	SALE/ADJ. DURING THE PERIOD	ASON 31-03-2006	UPTO 31-03-2005	SALE/ADJ. DURING THE PERIOD	FOR THE PERIOD	UPTO 31-03-2006	ASON 31-03-2005	ASON 31-03-2006
LAND	0	3,507,430.80	4,235,581.00	—	7,743,011.80	—	—	—	—	3,507,430.80	7,743,011.80
BUILDING	5	26,504,286.74	985,557.00	—	27,489,843.74	5,704,785.74	—	1,051,739.00	6,756,524.74	20,799,501.00	20,733,319.00
Furniture & Fixture	18.1	11,363,830.26	1,068,746.00	—	12,432,576.26	6,651,992.26	—	953,068.00	7,605,060.26	4,711,838.00	4,827,516.00
Office Equipment, Electrcal, AC, Genset Etc.	13.91	15,527,282.00	3,269,457.80	—	18,796,739.80	7,227,199.00	—	1,417,534.00	8,644,733.00	8,300,083.00	10,152,006.80
COMPUTERS & SOFTWARES	40	67,956,748.50	13,695,843.00	2,059,639.00	79,592,952.50	28,095,168.50	1,965,509.00	17,644,785.00	43,774,444.50	39,861,580.00	35,818,508.00
Vehicle	25.89	1,379,253.04	—	—	1,379,253.04	572,595.04	—	208,844.00	781,439.04	806,658.00	597,814.00
		126,238,831.34	23,255,184.80	2,059,639.00	147,434,377.14	48,251,740.54	1,965,509.00	21,275,970.00	67,562,201.54	77,987,090.80	79,872,175.60
Figures of the Previous Year		87,805,759.14	45,060,512.00	6,627,439.80	126,238,831.34	44,414,120.49	6,368,384.18	10,206,004.23	48,251,740.54	43,391,638.65	77,987,090.80



As on 31-03-2006      As on 31-03-2005

**SCHEDULE - F**

**INVESTMENTS**

EQUITY SHARES NON TRADE AND UNQUOTED	99,800.00	99,800.00
9980 Equity shares of Rs.10/- each fully paidup in M/s.Enstaserv eServices Ltd	—	—

**99,800.00                      99,800.00**

**SCHEDULE - G**

**CASH & BANK BALANCE**

CASH IN HAND	23,176,597.00	22,906,655.00
<i>(Includes US Dollar inhand at US Branch)</i>		

**CASH AT BANK**

Canara Bank	10,979,648.57	5,744,081.60
Canara Bank(EEFC A/C)	1,053,290.00	3,531,943.00
Centurion Bank	17,811.24	264,524.87
HDFC- Bank	55,020.00	—
Cupertino National Bank	53,376,000.00	—
Bank of America	62,644,185.00	70,827,853.00
Fixed Deposits	229,000,300.00	641,400.00

**380,302,851.81                      103,916,457.47**

**SCHEDULE - H**

**SUNDRY DEBTORS**

(Debtors outstanding for a period exceeding  
six months)

Other debtors	67,967.15	440,000.00
	311,465,089.45	167,455,232.00

**311,533,056.60                      167,895,232.00**

**SCHEDULE - I**

**LOANS AND ADVANCES**

SUNDRY SECURITY DEPOSITS	1,797,202.00	298,135.00
IMPREST/ADV. TO EMPLOYEES	1,436,722.00	843,462.00
ADV. TO CREDITORS	829,458.00	15,354,951.22
ADV. TO OTHERS	5,396,183.75	1,530,000.00
PREPAID EXPENSES	1,530,491.00	152,602.60
T.D.S. <i>(Includes refundable of earlier years)</i>	3,416,217.10	925,825.00
ADVANCE INCOME TAX	200,000.00	—
ADVANCE FRINGE BENEFIT TAX	579,848.00	—
INTT. ACCRUED	2,234,704.79	247,109.45
EXCISE DEPOSIT (PLA)	1,770.00	1,620.00
ADVANCE AGAINST PROPERTY	18,805,000.00	6,007,000.00

**36,227,596.64                      25,360,705.27**

	As on 31-03-2006	As on 31-03-2005
<b><u>SCHEDULE - J</u></b>		
<b><u>CURRENT LIABILITIES</u></b>		
SUNDRY CREDITORS	64,131,409.75	53,670,734.08
OTHER ADVANCES	704,907.00	353,415.00
	<b><u>64,836,316.75</u></b>	<b><u>54,024,149.08</u></b>
<b><u>SCHEDULE - K</u></b>		
<b><u>PROVISIONS</u></b>		
PROVISION FOR TAXATION		
-CORPORATE TAX	3,800,000.00	907,330.00
-ON PROPOSED DIVIDEND	2,960,572.00	34,306.00
PROPOSED DIVIDEND	21,109,241.00	262,500.00
PROVISION FOR GRATUITY	1,286,905.00	474,451.00
PROVISION FOR LEAVE ENCASHMENT	3,175,980.00	1,122,517.00
FRINGE BENEFIT TAX	600,000.00	—
	<b><u>32,932,698.00</u></b>	<b><u>2,801,104.00</u></b>
<b><u>SCHEDULE - L</u></b>		
PRELIMINARY EXPENSES	14,964.18	190,600.05
IPO EXPENSES	12,197,844.00	1,515,207.00
OTHERS- DEFERRED EMPLOYEE COMPENSATION	54,888,600.00	—
	67,101,408.18	1,705,807.05
LESS : WRITTEN OFF DURING THE YEAR	7,482.00	175,635.87
LESS : IPO EXPENSES WRITTEN OFF	2,439,568.80	303,041.00
LESS : AMORTISED OF DEF. EMP. COMP.	5,463,797.00	—
	<b><u>59,190,560.38</u></b>	<b><u>1,227,130.18</u></b>
<b><u>SCHEDULE-M</u></b>		
<b><u>MISC. INCOME</u></b>		
INTEREST	4,956,300.00	38,920.00
PROFIT ON SALE OF ASSETS	—	40,194.38
AMOUNT W/BACK	646,592.43	—
	<b><u>5,602,892.43</u></b>	<b><u>79,114.38</u></b>

	For the Year ended on 31-03-2006	For the Yearended on 31-03-2005
<b>SCHEDULE-N</b>		
<b>SOFTWARE DEVELOPMENT EXPENSES</b>		
COMPUTER CONSUMABLE STORES	559,890.00	5,223,925.00
SALARIES & OTHER PROJECT EXP.	880,530,913.60	665,217,990.39
EMPLOYEE COMPENSATION EXPENSES	4,521,688.00	—
TRAINING EXPENSES	1,253,626.00	3,710,224.00
	<b>886,866,117.60</b>	<b>674,152,139.39</b>
<b>SCHEDULE-O</b>		
<b>ADMINISTRATIVE AND OTHER EXPENSES</b>		
SALARIES & STAFF BENEFITS	70,393,946.00	43,649,188.00
EMPLOYEE COMPENSATION EXPENSES	6,327,459.00	—
ADVERTISEMENT EXPENSES	846,400.00	98,715.00
BANK CHARGES/INTEREST	189,047.60	144,632.16
BUSINESS PROMOTION	2,495,982.00	2,289,955.16
TRAVELLING & CONVEYANCE	12,343,555.00	16,538,659.30
POWER & FUEL	5,947,176.00	5,509,520.50
MEDICAL EXPENSES	—	2,422.00
TELEPHONE,POSTAGE & TELEGRAPH	16,685,348.30	14,383,488.11
RENT	475,442.00	2,859,791.00
LEGAL & PROFESSIONALCHARGES	938,083.70	761,502.00
SOFTWARE CONSULTANCY CHARGES	1,590,932.00	2,259,449.50
INSURANCE CHARGES	364,217.00	456,027.98
DIRECTOR'S REMUNERATION	900,000.00	660,000.00
MEETING FEES	90,000.00	20,000.00
<b>AUDITOR'S REMUNERATION</b>		
-Audit Fees	220,400.00	99,180.00
-Tax Audit Fee	44,080.00	27,550.00
-In other capacity	—	5,510.00
PRINTING & STATIONARY	857,962.79	944,713.51
REPAIR AND MAINTENANCE	1,826,731.00	1,447,113.97
SECURITY CHARGES	361,046.00	305,496.00
SERVICE CHARGES	250,000.00	200,000.00
MEMBERSHIP & SUBSCRIPTION	95,243.00	109,550.00
RATES & TAXES	103,312.00	43,105.00
FILING FEE	5,150.00	—
PROCESSING CHARGES	—	13,185.00
NEWS PAPERS, BOOKS & PRIODICALS	180,445.00	199,666.00
CONFERENCE EXP.	133,295.00	—
OFFICE MAINTENANCE	473,118.00	311,932.00
PRELIMINARY EXPENSES	7,482.00	175,635.87
IPO EXPENSES	2,439,568.80	303,041.00
LOSS ON SALE OF ASSETS	80,880.00	—
ACCOUNT W/OFF	—	12,813.00
MICS. EXPENSES	9,904.00	8,424.00
	<b>126,676,206.19</b>	<b>93,840,266.06</b>

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## **SCHEDULE - P**

### **SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**

#### **P.1 Significant Accounting Policies**

##### **P.1.1. Basis for preparation of financial statements.**

The Financial statements have been prepared under the historical-cost convention, in accordance with the Generally Accepted Accounting Principles (GAAP) and the provisions of the Companies Act, 1956 as adopted consistently by the Company. All Income and expenditure having a material bearing on the financial statements are recognized on the actual Basis.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Examples of such estimates include estimates of expected contract costs to be incurred to complete software development, provision for doubtful debts, and useful lives of fixed assets. Actual result could differ from these estimates.

##### **P.1.2. Revenue recognition.**

Revenue from software development on a time-and -material basis is recognized based on software developed, and billed to clients as per the terms of specific contracts. In the case of fixed-price contracts, revenue is recognized based on the milestones achieved, as specified in the contracts, on a percentage of completion basis. Revenue from the sale of software products is recognized when the sale has been completed with the passing of title. Revenue from Actual Technical Services (ATS) is recognized as a pro-rata basis over the period in which such services are rendered. Interest on development of surplus funds is recognized using the time-proportion method, based on interest rates implicit in the transaction.

##### **P.1.3. Expenditure**

Expenses are accounted for on accrual basis and provisions are made for all known losses and liabilities.

##### **P.1.4. Fixed Assets**

Fixed assets are stated at the cost of acquisition including incidental costs related to acquisition and installation. All direct costs are capitalized till the assets are ready to be put to use.

##### **P.1.5. Depreciation**

Depreciation on fixed assets is provided using the written down value method, as rates specified in schedule XIV of the Companies Act, 1956. Depreciation is charged on a pro-rata basis for assets purchased/sold during the year. Individual assets costing less than Rs. 5,000/- are depreciated in full in the year of purchase.

##### **P.1.6. Work-in-Process**

The value of work in process as on the date of Balance Sheet has been derived at cost. Which comprising all direct cost(s) incurred upon ongoing projects client wise up till the end of financial year. The value of such unbilled amount has been considered as per certificate given by the management.

**P.1.7. Foreign Currency Transactions.**

In case of sale made to clients outside India, income is accounted on the basis of the exchange rate as on the date of transaction. Adjustments are made for any variations in the sale proceeds on conversion into Indian currency upon actual receipt. However, sundry debtors are accounted upon the prevailing rates on the date of invoice issuance. Expenditure in foreign currency is accounted at the conversion rate prevalent when such expenditure is incurred. Where realizations are deposited into, and disbursements made out of, a foreign currency bank account, all transactions during the month are reported at a rate which approximates the actual monthly rate.

In the case of current assets and current liabilities expressed in foreign currency, the exchange rate prevalent at the end of the year is taken for the purposes of transaction. Fixed assets purchased at overseas offices are accounted on the basis of actual cost incurred at the exchange rate prevalent at the time of purchase. Depreciation is charged as per company policy. Exchange differences are arising on foreign currency transactions are recognized as income or expenses in the year in which they arise. In the case of forward contracts, the difference between the forward rate and the exchange rate on the date of the transaction is recognized as income or expenses over the life of the contracts.

**P.1.8. Investment**

Investments are accounted based on the intent of management at the time of acquisition.

**P.1.9 Investment in subsidiary**

The company has no subsidiary.

**P.1.10 Retirement Benefits.**

Contributions to provident fund are charged to the profit and loss account as incurred. Provisions for gratuity and leave encashment are accounted at the year-end and charged off to the profit and loss account.

**P.1.11 Employee Stock option based compensation.**

The excess of market price of underlying equity shares as of the date of the grant of options over the exercise price of the options given to employees under the employee stock option plan is recognize as deferred stock compensation cost and amortized over the vesting period, on a straight line basis.

**P.1.12 Earning per Share.**

Basic earning per share is computed using the weighted average number of equity shares outstanding during the year. Diluted earnings per is computed using the weighted average number of equity and diluted equity equivalent shares outstanding during the year-end, except where the results would be anti-dilutive.

**P.1.13 Advances**

The advances to the parties comprising an amount of Rs. 12, 76,684/- which are outstanding for a long period. Out of which an advance to the tune of Rs. 3, 96,738/- is under litigation.

**P.1.14 Income Tax**

- a. Provision is made for income tax on a yearly basis, under the tax-payable method, based on the tax liability as computed after taking credit for allowances and exemptions as the case may be.

- b. In compliance of Accounting Standard-22 on "Accounting for taxes on Income" issued by ICAI, the company has recorded the deferred tax assets of Rs. 45,610/- for the year ended March 31,2006, has been provided and the post tax profit has accordingly reduced.

The item-wise details of deferred tax liability are as under:-

	Year Ended 31st March 2006 (Rupees)	Year Ended 31st March 2005 (Rupees)
Deferred Tax Liability	74,66,683.00	66,52,518.00
(1) Depreciation		
Less: Deferred Tax Assets		
(2) Provision for Retirement Benefits		
-For Gratuity	4,12,782.00	1,69,046.00
-Leave Encashment	10,08,920.00	3,92,881.00
Deferred Tax Liability (Net)	60,44,981.00	60,90,591.00

**P.1.15 Employees Stock Option Plan (ESOP).**

The Securities and Exchange board of India (SEBI) has issued the (Employee Stock Option Scheme and Employee Stock Purchase Scheme) guidelines, 1999 which is effective for all stock options schemes established after 19th June 1999. in accordance with these guidelines, the access of the market price of the underlying equity shares as of the date of the grant of the options over the exercise price of the option , including upfront payments, if any is to be recognized and amortized on a straight line basis over the vesting period.

In the fiscal 2005, the company instituted an ESOS Scheme comprising the issue of 71,000 equity shares and ESOS scheme comprising the issue of 5,90,200 equity shares having the vesting period of three years. The Board of Directors and shareholders in the meeting duly approved the scheme. Under the ESOP Scheme 71,000 equity shares were issued to the eligible employees.

***Details of Option granted/exercised and forfeited are as follows:-***

**Stock Option Scheme 2005**

	Year Ended 31st March 2006 (No. Of Shares)	Year Ended 31st March 2005 (No. Of Shares)
Option Outstanding at the beginning of the year	Nil	Nil
Instituted During the Year	5,90,200	Nil
Option Granted	5,90,200	Nil
Option Forfeited	Nil	Nil
Option Exercised	Nil	Nil
	<b>5,90,200</b>	<b>Nil</b>

**The Movement in deferred stock compensation expense during the year is as follows:-**

	Year Ended 31st March 2006 (Rupees)	Year Ended 31st March 2005 (Rupees)
Balance brought forward	Nil	Nil
Add: Recognized during the year	54,888,600.00	Nil
Less: Amortization expenses	5,463,797.00	Nil
Less: Reversal due to forfeiture	Nil	Nil
<b>Balance carried forward</b>	<b>49,424,803.00</b>	<b>Nil</b>

**P.1.16 Managerial Remuneration\***

	Year Ended 31st March 2006 (Rupees)	Year Ended 31st March 2005 (Rupees)
<b>A. Managing Director</b>		
Salary and perquisites	Nil	Nil
Contribution to Provident Fund and other funds	Nil	Nil
Commission	Nil	Nil
<b>B. Executive Directors</b>		
Salary and perquisites	9,00,000	6,60,000
Contribution to Provident Fund and other funds	Nil	Nil
Commission	Nil	Nil
	<b>9,00,000</b>	<b>6,60,000</b>
<b>C. Non Executive Directors</b>		
Salary and perquisites	Nil	Nil
Contribution to Provident Fund and other funds	Nil	Nil
Commission	Nil	Nil
Sitting Fee	90,000	20,000
	<b>90,000</b>	<b>20,000</b>

\*Does not include expenses towards retirement benefits.

**P.1.17 Transactions with related parties.**

	Year Ended 31st March 2006 (Rupees)	Year Ended 31st March 2005 (Rupees)
Software development services and Product	17,38,92,681	9,68,23,521

#### **P.1.18 Earning per share**

	Year Ended 31st March 2006	Year Ended 31st March 2005
Profit After taxation available to equity shareholders (Rs.)	147,931,500.76	92,589,954.62
Number of equity shares used in Calculating basic earning per share	14,002,027	10,500,000
Add: Effect of diluted issue of shares	71,000	0
Number of equity shares used in Calculating diluted earning per share	14,073,027	10,500,000
Basic earning per share (Rupees)	10.57	8.82
Diluted earning per share (Rupees)	10.51	8.82

#### **P.1.19 Research and Development**

Revenue Expenditure incurred on research and development is charged to revenue in the year it is incurred. Assets used for research and development activities are included in fixed assets.

#### **P.1.20 Foreign Branch**

All revenue and expenses transactions are during the year reported at average rate. The assets and liabilities both monetary and non-monetary are translated at the rate prevailing on the balance sheet date. All resulting exchange differences are accumulated in a foreign currency translation reserve until the disposal of the net investment. However the Balance sheet of branch as on 31st March 2006 has been considered and accounted as certified by the management.

#### **P.1.21 Segment Reporting**

The Segment reporting policy complies with the accounting policies adopted for preparation and presentation of financial statements of the Company and is in conformity with Accounting Standard -17 on "Segment Reporting", issued by ICAI. The primary segmentation is based on the Geographies in which Company operates and internal reporting system. The Company operates in two main Geographical Segments; India and USA.

***The Profit and Loss for reportable primary Segment is setout below:-***

#### **For the Year Ended 31st March 2006**

*( Amount in lacs.)*

Description	India	USA	Total
Revenue from external customers	446.95	11,136.33	11,583.28
Expenses	69.96	8,549.02	8,618.98
Segment Result	376.89	2,587.31	2,964.20
Unallocated Expenses			1,479.52
Operating Profit Before Taxation			1484.68
Other Income			56.03
Finance Charges			18.33
Profit Before Tax and Prior Period Adj.			1522.38
Prior Period Adjustment			(0.47)
Provision for Taxation			44.00
Provision for Deferred Tax			(0.46)
<b>Net Profit After Tax</b>			<b>1479.31</b>



**For the Year Ended 31st March 2005**

( Amount in lacs.)

Description	India	USA	Total
Revenue from external customers	217.88	8,265.02	8,482.90
Expenses	51.66	6,335.00	6,386.66
Segment Result	166.22	1,930.02	2,096.24
Unallocated Expenses			1,040.45
Operating Profit Before Taxation			1,055.79
Other Income			0.79
Finance Charges			0.81
Profit Before Tax and Prior Period Adj.			1,055.77
Prior Period Adjustment			90.08
Provision for Taxation			9.08
Provision for Deferred Tax			30.71
<b>Net Profit After Tax</b>			<b>925.90</b>

**P.1.22 Employee Benefits**

Contributions to defined schemes such as provident Fund, Employees' State Insurance Schemes are charged as incurred on actual basis. The Company also provides for other retirement benefits in the form of gratuity and leave encashment based on valuation made by independent actuaries as at the balance sheet date.

**P.1.23 Material Events.**

Material events occurring after the Balance Sheet date taken into consideration.

**P.2.1 Notes on accounts.**

The previous year's figures have been recast/restated wherever necessary to confirm to the current year's classification.

**P.2.2 Contingent liabilities**

The company has no letters of credit outstanding issued to various vendors as at March 31, 2006. The corresponding figure for the previous year was Rs. Nil.

**P.2.3 Payment to Auditors.**

	Current Year	Previous Year
Audit Fee	2,20,400	99,180
Tax Audit Fee	44,080	27,550
In other capacity	0	5,510

**P.2.4 Quantitative Details.**

The Company is engaged in the development of Computer Software. The production and sale of such software cannot be expressed in any generic unit. Hence it is not possible to give the quantitative details of sales and the information as required under paragraphs 3, 4C and 4D of part II of Schedule VI of the Companies Act 1956.

**P.2.5 Imports on CIF basis.**

	<i>(Amt. in Rs.)</i>	
	<u>31/03/2006</u>	<u>31/03/2005</u>
Capital Goods	38,62,952.00	39,61,615.50
Software Packages	NIL	2,76,34,698.00

**P.2.6 Expenditure in Foreign Currency.**

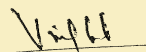
	<u>31/03/2006</u>	<u>31/03/2005</u>
Professional Charges and Other expenditure incurred overseas for software development	84,86,31,802.00	63,19,72,932.00

**P.2.7 Earning in foreign exchange**

	<u>31/03/2006</u>	<u>31/03/2005</u>
Income from software development services and production on a receipts basis	110,93,97,146.40	82,76,08,442.00

AUDITOR'S REPORT  
AS PER OUR REPORT OF EVEN DATE


**For SPMG & COMPANY.**  
Chartered Accountants

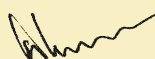



**Vinod Gupta**  
(Partner)  
Place : Noida  
Date : 8th May,2006

**For FCS SOFTWARE SOLUTIONS LTD.**

  
**Krishan Kant**  
(Whole-time Director)

  
**S. N. Shama**  
(Director)

  
**Anil Sharma**  
(V.P. Finance)

  
**G. P. Singh**  
(Co. Secretary)

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH,2006

	<i>(Amount in Rs.)</i>	
	as at 31-03-06	as at 31-03-05
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net Profit after tax as per Profit &amp; Loss Account</b>	<b>147,931,500.76</b>	<b>92,589,954.62</b>
<b>Adjusted for:</b>		
Deferred Tax Provision	(45,610.00)	3,070,723.00
Provision for income tax	4,400,000.00	908,034.00
Provision for Fringe Benefit	—	0.00
Depreciation/Preliminary Expenses written off/Employee		
Stock Compensation	34,572,167.80	10,684,681.10
Profit on sale of Assets/( Loss)	—	0.00
Prior Period Adjustments	(47,415.00)	9,007,710.96
Amount Written Off	—	12,813.00
Interest Expenses	1,832,584.48	80,632.00
<b>Operating Profit before Working Capital Changes</b>	<b>188,643,228.04</b>	<b>116,354,548.68</b>
Adjustment in Operating Profit		
<b>Adjusted for:</b>		
Sale of Assets Net	94,130.00	259,055.62
Trade and Other Receivables	(143,637,824.60)	(51,104,922.65)
Work in Process	(24,958,074.00)	(35,485,926.00)
Trade Payable	10,812,167.67	(33,851,757.42)
Increase in Provision	2,865,917.00	1,348,176.00
Loan & Advances	(10,866,891.37)	(20,191,849.84)
<b>Net Cash From Operating Activities</b>	<b>22,952,652.74</b>	<b>(22,672,675.61)</b>
<b>B Cash Flow From Investing Activities</b>		
Purchase of Fixed Assets	23,255,184.80	45,060,512.00
Investment W/off		
Increase in IPO Exp.	10,682,637.00	1,515,207.00
<b>Net Cash used in Investing Activities</b>	<b>33,937,821.80</b>	<b>46,575,719.00</b>
<b>C CASH FLOW FROM FINANCIAL ACTIVITIES:</b>		
Proceed from Issue of Share Capital	35,018,270.00	0.00
Proceed from Issue of Share Premium	140,073,080.00	0.00
Proceeds from Employee Stock Option Exercised	710,000.00	
Proceed from Long Term Borrowings	130,550,241.88	0.00
Increase in Foreign Currency transaction Reserve	(4,729.00)	(57,508.00)
Repayment of Long Term Borrowings	5,791.00	289,861.00
Dividend Paid/Dividend Tax/appropriation in profit	(16,288,591.00)	296,133.00
Tax Paid	(907,330.00)	348,437.00

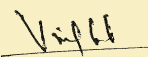
Prior Period Adjustments	47,415.00	9,007,710.96
Amount Written Off	—	12,813.00
Profit on sale of Assets/( Loss)	—	
Interst Expenses	(1,832,584.48)	80,632.00
<b>Net Cash used in Financial Activities</b>	<b>287,371,563.40</b>	<b>9,978,078.96</b>
<b>Net Increase/ Decrease in Cash and Cash Equivalents</b>	<b>276,386,394.34</b>	<b>(79,226,473.57)</b>
<b>Opening Balance of Cash and Cash Equivalents</b>	<b>103,916,457.47</b>	<b>183,142,931.04</b>
<b>Closing Balance of Cash &amp; Cash Equivalents</b>	<b>380,302,851.81</b>	<b>103,916,457.47</b>

**Notes:**

1. The above cash flow statement has been prepared in accordance with the 'Indirect Method' as set out in the Accounting Standard 3 on "Cash Flow Statement" issued by ICAI.
2. Cash and cash equivalents consist of cash on hand and balances with scheduled/non scheduled banks.
3. The previous year's figures have been recast/restated, wherever necessary, to confirm to current year's.

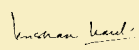
AS PER OUR REPORT OF EVEN DATE

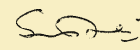
**For SPMG & COMPANY.**  
Chartered Accountants


  
**Vinod Gupta**  
(Partner)

Place : Noida  
Date : 8th May,2006

**For FCS SOFTWARE SOLUTIONS LTD.**

  
**Krishan Kant**  
(Whole-time Director)

  
**S. N. Shama**  
(Director)

  
**Anil Sharma**  
(V.P. Finance)

  
**G. P. Singh**  
(Co. Secretary)

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

### I. Registration Details

Registration No.: 

0	5	-	3	1	9	9	6
---	---	---	---	---	---	---	---

 State Code: 

				0	5
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Balance Sheet Date: 

3	1	-	0	3	-	0	6
---	---	---	---	---	---	---	---

### II. Capital raised during the year (Amount Rs. Lacs)

Public Issue\*: 

				3	5	7
--	--	--	--	---	---	---

 Right Issue: 

				N	I	L
--	--	--	--	---	---	---

Bonus Issue: 

				N	I	L
--	--	--	--	---	---	---

 Private Placement: 

				N	I	L
--	--	--	--	---	---	---

### III. Position of Mobilisation and Deployment of Funds (Rs. in Lacs)

Total Liabilities: 

				8	8	5	0
--	--	--	--	---	---	---	---

 Total Assets: 

		8	8	5	0
--	--	---	---	---	---

#### Source of Funds

Paid up Capital: 

				1	4	0	7
--	--	--	--	---	---	---	---

 Reserve & Surplus: 

		6	1	0	2
--	--	---	---	---	---

Secured Loans: 

				1	3	0	6
--	--	--	--	---	---	---	---

 Unsecured Loans: 

						3	5
--	--	--	--	--	--	---	---

#### Application of Funds

Net Fixed Assets: 

					7	9	9
--	--	--	--	--	---	---	---

 Investments: 

							1
--	--	--	--	--	--	--	---

Deferred Tax Liability: 

					-	6	1
--	--	--	--	--	---	---	---

 Misc. Expenditure: 

					5	9	2
--	--	--	--	--	---	---	---

Net Current Assets: 

				7	5	1	9
--	--	--	--	---	---	---	---

### IV. Performance of Company (Amount Rs. Lacs)

Turnover: 

			1	1	5	4	1
--	--	--	---	---	---	---	---

 Total Expenditure: 

		1	0	0	9	3
--	--	---	---	---	---	---

Profit before Tax: 

				1	5	2	3
--	--	--	--	---	---	---	---

 Profit after Tax: 

					1	4	7	9
--	--	--	--	--	---	---	---	---

Earnings per Share: 

			1	0	.	5	7
--	--	--	---	---	---	---	---

 Dividend Rate %: 

						2	5
--	--	--	--	--	--	---	---

In Rs.

### V. Generic Names of Three Principal Products of Company (as per monetary terms)

Item Code No. (ITC Code) 

--	--	--	--	--	--	--	--

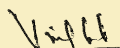
 Product Description: 

S	O	F	T	W	A	R	E	D	E	V	E	L	O	P	M	E	N	T
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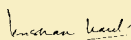
AS PER OUR REPORT OF EVEN DATE


For FCS SOFTWARE SOLUTIONS LTD.


For **SPMG & COMPANY.**  
Chartered Accountants

  
**Vinod Gupta**  
(Partner)

Place : Noida  
Date : 8th May,2006

  
**Krishan Kant**  
(Whole-time Director)

  
**Anil Sharma**  
(V.P. Finance)

  
**S. N. Shama**  
(Director)

  
**G. P. Singh**  
(Co. Secretary)

**Statutory Auditors**

M/S SPMG & Company  
Chartered Accountants  
3322A, 2nd Floor, Bank Street,  
Karol Bagh, New Delhi - 110005  
Phone: 011-25728769, 25817385  
E mail: [vinodgupta\\_fca@yahoo.co.in](mailto:vinodgupta_fca@yahoo.co.in)  
Web site: [www.spmgindia.com](http://www.spmgindia.com)

**Registered Office**

205, 2nd Floor, Ag  
27, Veer Sawarker  
Shakarpur, Delhi -  
Phone: 011-42444  
Fax : 011-42444  
E mail: [investors@](mailto:investors@)  
Web site: [www.fcsl](http://www.fcsl)

**Internal Auditors**

M/S Vimal Taneja Mallick & Associates,  
Chartered Accountants  
B-17, 1st Floor, Community Center,  
B Block, Janak Puri,  
New Delhi -110058  
Phone: 011-25614429

**Corporate Office**

FCS House, A-86,  
Noida - 201 301[U.  
Phone: 0120-3061  
Fax : 0120-3061  
E mail: [investors@](mailto:investors@)  
Web site: [www.fcsl](http://www.fcsl)

**Registrar and Share Transfer Agent (RTA)**

Intime Spectrum Registry Ltd.  
A-31, 3rd Floor, Naraina Ind. Area,  
Phase I, New Delhi - 110 028  
Phone: 011-41410592-94  
Fax : 011-41410591  
E mail: [delhi@intimespectrum.com](mailto:delhi@intimespectrum.com)  
Web site: [www.intimespectrum.com](http://www.intimespectrum.com)

**Branch Office**

(i)2880 Zanker Roa  
San Jose, CA 951  
Phone: 1-800-566-  
(ii)368 Industrial Ar  
Punchkula, Haryar  
Phone: 0172 - 506



## FCS SOFTWARE SOLUTIONS LIMITED

**Regd. Office:** 205, 2nd Floor, Agrawal Chamber IV, 27, Veer Sawarker Block,  
Vikas Marg, Shakarpur, Delhi - 110 092

**Corporate Office:** FCS House, A-86, Sector 57, Noida-201301 (U. P.)

### PROXY FORM

FOLIO NO. ....

NO. OF SHARES HELD.....

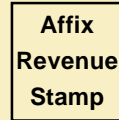
DP ID No. ....

CLIENT ID No. ....

I/We .....of.....in the district of.....being member/members of the above named company hereby appoint.....of failing him/her.....of.....in the district of.....as my/our proxy to attend and vote for me/us our behalf at the Annual General Meeting of the company to held on Monday, July 24, 2006 at The Executive Club, 439, Village Shahoorpur, Fatehpur Beri, New Delhi - 110 074, at 9.30 a.m., or any adjournment thereof.

Signed this.....day of.....2006.

Signature.....



\* Applicable for investors holding shares in dematerialised form.

Note : This form should signed across the stamp as per specimen signature with the company.The proxy must reach the Registered Office of the company not less than 48 Hours before the time fixed for holding the aforesaid meeting. The Proxy need not be a member of the Company.

## FCS SOFTWARE SOLUTIONS LIMITED

**Regd. Office:** 205, 2nd Floor, Agrawal Chamber IV, 27, Veer Sawarker Block,  
Vikas Marg, Shakarpur, Delhi - 110 092

**Corporate Office:** FCS House, A-86, Sector 57, Noida-201301 (U. P.)

### ATTENDANCE SLIP

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.

Joint shareholders may obtain additional slip at the venue of the meeting

FOLIO NO. ....

NO. OF SHARES HELD.....

DP ID No. ....

CLIENT ID No. ....

NAME OF THE MEMBER.....  
(in block letters)

NAME OF PROXY.....  
(if any)

I hereby record my presence at the 13th Annual General Meeting of the company held on Monday, July 24, 2006 at 9.30 a.m. at The Executive Club, 439, Village Shahoorpur, Fatehpur Beri, New Delhi - 110 074.

.....  
Signature of the Member/Proxy