

Chairman's Communiqué

Dear Shareholders,

We have had another successful year, and I am happy that we as a team responded to the needs of our customers, improved relationships and created a strong platform of growth for the future.

Our focus has been on using our industry experience, innovative thinking and technology to partner with our customers to achieve optimum business results.

With a sense of deep satisfaction, I share with you the performance of the company for the financial year 2007- 08, the consolidated revenue for the year at Rs.20418.42 lacs recorded an increase of 32.28 % over revenue of Rs. 15434.95 lacs in the previous year. PAT climbed 40.36 % Year To Year to Rs 3241.04 lacs from Rs. 2308.97 lacs in the previous year. Total operating expenses for the year was Rs.16, 270.79 lacs against Rs.12, 826.57 lacs in the previous year, representing an increase of 21.16%. Consequently the operating profit for the year was Rs. 4147.63 lacs, 20.31% of revenue, against Rs. 2608.37 Lacs, and 16.90% of revenue in the previous year.

Last year I shared with you our plans to expand to Tier 2 & 3 towns. I am privileged to tell you that we have started our operations in full swing at our Chandigarh facility. The other facilities in Dehradun, Panchkula and one additional development centre at Noida are also on their way to becoming operational.

Globally last year was not such a great year, subprime crisis, rupee appreciation of about 12 % in a single year has created challenges to be managed however I would like to appreciate our team who put their heads and hearts together and handled these challenges to enable the company to grow by 32%. The environment we have created attracts the best talent and motivates them to perform to their full potential. Our Lean Thinking methods enforced with our people commitment has been appreciated by our customers and lead to increased business. We offer the best price - performance proposition to our customers and with our growing expertise in niche areas will help us see off these difficult times.

The economic environment is, and will continue to be, uncertain, at least, during 2008-09. In India, the high rate of inflation and a depreciating rupee are a cause for concern to people in general and the business community in particular. In spite of these trying circumstances, FCSians are better equipped to deal with business challenges and to continue to grow aggressively and profitably.

On behalf of the Board, I wish to record appreciation for the continued support which FCS has received from its shareholders. I would also like to welcome Mr. Dhruwa Narain Rai, on behalf of the board who has shown his willingness to join the board of FCS.

At the end, I would like to cordially invite you all the shareholders of the company to attend the Fifteenth Annual General Meeting (AGM) on Tuesday, September 30th 2008 at 4.30 P.M. at The Executive Club, 439, Village Shahoorpur, Fatehpur Beri, New Delhi - 110 074.



Dalip Kumar

Chairman & Managing Director

