

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 holder's 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 Chairman & 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:

May 8, 2006; June 23, 2006; July 28, 2006; October 30, 2006; January 30, 2007; March 22, 2007.

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 31.3.2007	No. of Committee positions held in other public companies as on 31.3.2007
Mr. Dalip Kumar	Managing Director	2	Yes	1	Nil
Mr. K. K. Arora*	Non-Executive Director	5	Yes	1	Nil
Mrs. Janak Sharma	Non-Executive Director	5	Yes	1	Nil
Mr. S.S. Sharma	Independent Non Executive Director	5	Yes	Nil	Nil
Mr. Pradeep Sanan**	Independent Non Executive Director	Nil	NA	Nil	Nil
Dr. Balvinder Shukla***	Independent Non Executive Director	Nil	NA	Nil	Nil
Mr. S.K. Lath****	Independent Non Executive Director	Nil	NA	Nil	Nil
Mr. S.N. Sharma	Independent Non Executive Director	5	Yes	8	2
Mr. Hemant Paliwal*****	Independent Non Executive Director	4	NA	Nil	Nil

* Ceased from directorship w.e.f. June 25, 2007;

** Ceased from directorship w.e.f. May 08, 2007;

*** Ceased from directorship w.e.f. July 24, 2006;

**** Ceased from directorship w.e.f. May 08, 2007;

***** Appointed as director w.e.f. July 24, 2006 and ceased on June 25, 2007.

Board Committees:

Currently, the Board has three committees; the Audit Committee, the Remuneration Committee and 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's 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 08, 2006; July 28, 2006; October 30, 2006; January 30, 2007.

The constitution of the Committee is as under:

Name of Directors	Category	No. of Meetings	
		Held	Attended
Mr. S.S. Sharma	Independent Non-Executive	4	4
Mr. S.N. Sharma**	Independent Non-Executive	4	4
Dr. Balvinder Shukla*	Independent Non-Executive	4	Nil
Mr. Hemant Paliwal***	Independent Non Executive	4	3

* Ceased to be a Member w.e.f. July 24, 2006;

** Chairman from May 08, 2006;

*** Inducted in Committee from July 28, 2006.

The Chairman of the Audit Committee was present at the last Annual General Meeting held on July 24, 2006.

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	1	1
Dr. Balvinder Shukla**	Independent Non-Executive	1	0
Mr. S. N. Sharma	Independent Non-Executive	1	1
Mr. Hemant Paliwal	Independent Non-Executive	1	NA

* Chairman of the Committee.

** Ceased to be director w.e.f. July 24, 2006.

The meeting of Remuneration Committee was held on June 23, 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 May 08, 2006 & July 28, 2006; October 30, 2006; January 30, 2007.

The composition of the committee is as under:

Name of Directors	Category	Designation	No. of Meetings	
			Held	Attended
Mr. S. S. Sharma*	Independent Non-Executive	Member	4	4
Mr. S.N. Sharma	Independent Non-Executive	Member	4	3
Smt. Janak Sharma**	Non-Executive Director	Member	4	1
Mr. Hemant Paliwal***	Independent Non-Executive	Chairman	4	3

* Ceased to be a member from July 28, 2006;

** Ceased to be a Chairperson of the committee from July 28, 2006;

*** Inducted in the Committee w.e.f July 28, 2006 and elected as Chairman 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 & Share Transfer Agent, M/s Intime Spectrum Registry Ltd. during the period year ended March 31, 2007,

Number of Complaint received:	43
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 restriction imposed by any stock exchange, SEBI, on any matters relating to the capital market over the last two years 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
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 06, 2005	9.30 A. M.
2005-06	The Executive Club, 439, Village Shahoorpur, Fatehpur Beri, New Delhi - 110 074.	Monday, July 24, 2006.	9.30 A.M

No special resolution was passed and none of the item was transacted at the said meeting was required to be passed by the postal ballot for the financial year 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 are 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 ensuing fourteenth Annual General Meeting there is no agenda item requiring special resolution and neither any agenda item 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.

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 brand is not a trademark or a logo its much more then that. It is a 'trust mark'- a promise of quality and authenticity that clients can rely on. Brand equity is the value addition provided to a product or a company by its brand name. It can be construed as the financial premium that a buyer is willing to pay for the brand over a generic or less worthy brand. It's one of those assets, which is not created overnight. Its the result of relentless pursuit of quality in manufacturing, selling, service, advertising and marketing. It is integral to the quality of client experiences in dealing with the Company and its services over a period. It's proud for the company that's its positioned 16th for extraordinary profit growth and 18th for Sales Growth for the year 2006 in magazine called DATAQUEST (leading software magazine); DALALSTREET (leading investment magazine) ranked FCS in top 125 Companies.

SHAREHOLDERS INFORMATION

Annual General Meeting

Date and Time: Wednesday, July 25, 2007 at 9.30 A. M.
Venue: The Executive Club, 439, Village Shahoorpur, Fatehpur Beri, New Delhi - 110 074

Financial Calendar:

Unaudited/ Audited Financial Results	Quarter / Year ended	Month of approval of Financial Results
Unaudited financial results for the quarter ended	June 30, 2007	July, 2007
Unaudited financial results for the quarter and half year ended	September 30, 2007	October, 2007
Unaudited financial results for the quarter ended.	December 31, 2007	January, 2008
Audited financial results for the year ended.	March 31, 2008	May/ June, 2008

Date of Book Closure: Monday, July 16, 2007 to Wednesday, July 25, 2007 (both days inclusive).

Dividend: On or after 25th July 2007, but within the statutory limit of 30 days, subject to shareholders approval.

Listing on Stock Exchanges: NSE BSE
Exchange code FCSSOFT 532666

Listing fee for 2007-08 Paid for all the above stock exchanges.

ISIN No.: INE512B01014

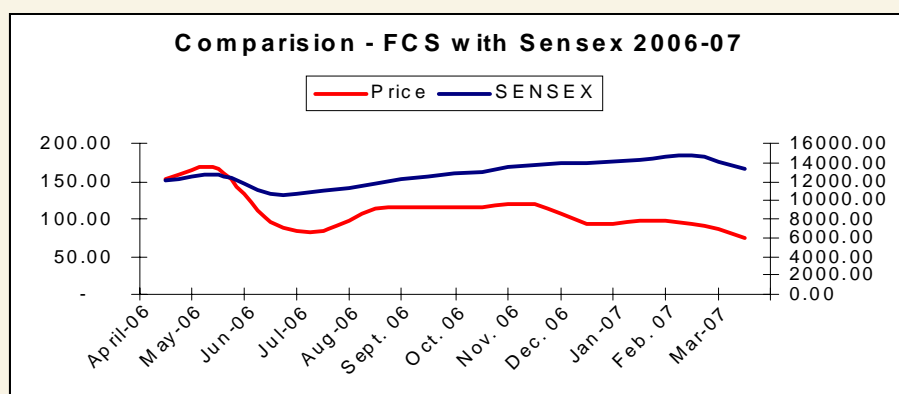
Stock Market Price Data:

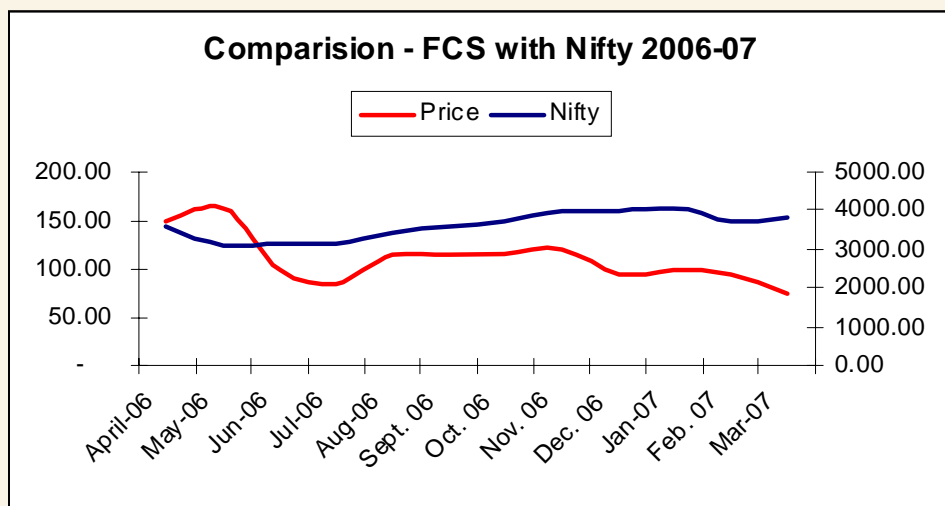
	BSE			NSE			Total Volume (Nos.)
	High (Rs.)	Low (Rs.)	Volume (Nos.)	High (Rs.)	Low (Rs.)	Volume (Nos.)	
April 2006	152.40	82.05	40,49,364	149.45	81	54,11,477	94,60,841
May	166.00	94.05	31,93,219	163	94.3	36,45,388	68,38,607
June	97.00	66.80	3,18,514	97.8	66.7	4,24,214	7,42,728
July	84.65	69.60	1,82,519	83.9	71.1	23,0,610	4,13,129
August	112.90	72.00	7,62,573	113.5	72.4	10,53,941	18,16,514
September	115.00	91.25	16,37,103	114.5	91.05	11,47,336	27,84,439
October	115.30	94.10	32,96,654	115.65	94.1	16,21,816	49,18,470
November	118.90	90.55	47,59,642	118.8	90.5	51,52,748	99,12,390
December	94.95	73.10	15,55,389	94.8	73.4	20,23,778	35,79,167
January 2007	97.50	84.35	14,41,737	97.55	82.1	15,71,240	30,12,977
February	94.60	71.25	5,86,932	94.95	70	6,33,278	12,20,210
March	75.00	60.30	4,16,461	73.8	60.15	5,35,312	9,51,773
Total			2,22,00,107			2,34,51,138	4,56,51,245

Liquidity

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

Performance Comparison with Indices:





Legal Proceedings

There are certain pending cases relating to disputes over taxation & some other matters, in which we had been made a party. However, these cases are not material in nature. The total value for all the case does not exceed for more then Rs. 75 lacs.

We are also party to the dispute relating to land and building lying near at our corporate office at Noida. This land & 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 & building as directed by the Hon'ble High Court. This case is sub-judice under the Punjab & 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, 2007)

Shareholding of Nominal Value (Rs.)	No. of Shareholders	% of Total	No. of Shares held	% of Total
1-5000	12,076	90.585	15,53,350	10.886
5001-10000	680	5.101	5,40,064	3.785
10001-20000	296	2.220	4,40,145	3.085
20001-30000	120	0.900	3,10,277	2.174
30001-40000	39	0.293	1,36,334	0.955
40001-50000	24	0.180	1,11,107	0.779
50001-100000	55	0.413	3,86,173	2.706
100001 and above	41	0.308	1,07,91,635	75.630
TOTAL	13,331	100.000	1,42,69,085	100.000

Shareholding Pattern as on March 31, 2007

Categories	No. of Shares held	% of holding
Promoters -		
o Indian	97,98,428	68.7
o Foreign	0	0
Mutual Funds & UTI	0	0
Banks, Financial Institutions and Insurance Companies	300	0.02
Foreign Institutional Investors	0	0
Private Corporate Bodies	11,19,726	7.78
Indian Public	30,56,652	21.5
NRI / OCB's	74,861	0.5
Others (Directors & their relatives, HUF, Clearing Members)	2,19,118	1.5
TOTAL	1,42,69,085	100.00

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. & 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, 2007 is as under:

Segment	No. of Shareholders	%	No. of Shares	%
Physical	30	0.23	71,355	0.50%
Demat	13,305	99.77	1,41,97,730	99.50%
Total	13,335	100.00	1,42,69,085	100.00%

Investors Contact Information:

Abhishek Anand
Compliance Officer

Tel. +91 120 3061122
Email: investors@fcsltd.com

Registered Office:



205, 2nd Floor, Agrawal Chamber IV,
27, Veer Sawarkar Block, Vikas Marg,
Shakerpur, Delhi - 110 092
Ph. : 011-42444235
Fax: 011-42444235
www.fcsltd.com

Corporate Office:

FCS House, A-86, Sector-57,
Noida - 201301 (Uttar Pradesh)
Ph-0120-3061100
Fax-0120-3061111
www.fcsltd.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

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 Director** - Shri Shyam Sunder Sharma
2. **Date of Birth** - 27th Nov. 1958.
3. **Date of Appointment** - December 8, 2000.
4. **Expertise in specific functional areas** - Shri. Shyam Sunder Sharma is an Engineering Graduate from Roorkee Engineering College, Roorkee. He has more then 26 years of experience in IT industry and is currently employed with DCM Data Products as a Senior Vice President. He has in depth knowledge of IT and brings his large exposure to FCS Board. He is an expert in field of System Administrator with focus on AIX and UNIX based systems.
5. **Qualifications** - Engineering Graduate (Roorkee Engineering College, Roorkee)
6. **List of outside Directorship held** - Itcon India (P) Ltd.
7. **Committee/ executive positions held in other companies** - Nil
8. **Other information** - Non-Executive Independent Director
9. **Remark** - Retiring by rotation at the ensuing Annual General Meeting



Noida
June 25, 2007

For and on behalf of the Board of Directors

(Dalip Kumar)
Chairman & Managing Director