

The efficiency catalyst



**18th ANUAL
R E P O R T
2010-2011**



BOARD OF DIRECTORS

Mr. Dalip Kumar

Chairman & Managing Director

Mr. Shayam Sunder Sharma

Non Executive Director

Mr. Shiv Nandan Sharma

Non Executive Director

Mr. Dhruwa Narain Rai

Non Executive Director

CHIEF FINANCIAL OFFICER

Mr. Anil Sharma

COMPANY SECRETARY

Mr. Gagan Kaushik

Auditors

M/S. SPMG & Company

Chartered Accountants

New Delhi - 110022

Registered Office

205, 2nd Floor, Agrawal Chamber IV,
27, Veer Sawarkar Block, Vikas Marg,
Shakarpur, Delhi – 110 092

Corporate office

Plot No. 83, NSEZ,

Noida Dadri Road, Phase –II,

Noida -201 305 [U.P.]

website : www.fcsltd.com

Bankers

Canara Bank

Bank of America

HDFC Bank

Wells Fargo Bank

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Development Centers

- (i) FCS House Plot No. 83,
NSEZ, Noida Dadri Road, Phase-II, Noida,
Gautam Budha Nagar, (UP) 201305
- (ii) 2375 Zanker Road, Suit 250
San Jose, CA – 95131
- (iii) Plot-J-7, Rajiv Gandhi Technology Park,
Chandigarh – 160 101
- (iv) FCS House, A-86,
Sector – 57 Noida – 201 301 [U.P.]
- (v) I.T.Park, Plot. No. 24,
Sahastradhara Road, Dehradun -248 001

Subsidiaries

FCS Software Solutions America Ltd.
42 Reads Way, New Castle
State of Delaware 19720

F.C.S Software Middle East FZE
PO BOX 16111, Ras Al Khaimah, UAE

Legal Advisors

- (1) Vivek Sharma
83, Lawyer Chamber,
Supreme Court of India
New Delhi –110 001
- (2) Mahendra & Associates
23, Shopping Complex,
Distt. Court Noida, Phase-II,
Gautam Budha Nagar (UP) 201 305

Chairman's Communiqué



My Dear fellow Stakeholders,

I welcome all of you to the 18th Annual General Meeting of FCS. Over the year, we have confronted many ups and downs. While we continue to face challenges that are growing considering current state of leading economies, the positive point is continuing growth of capabilities as well as capacities in India and other developing economies. These are the times when it is time to reflect and try to understand market winds and take some difficult calls.

We need to delink our business from human centric to technology centric. We are in the midst of working on some initiatives that will give your company a new portfolio and direction in coming years. The resource driven man-month billing model is becoming more and more commoditized and inching attrition levels and lack of utilizable manpower further pressures this model. Delinking from resource based model is difficult and has own challenges but once fully done, it will bring high scalability if successful.

In the current year, we are repositioning FCS to maximize emerging opportunities on a sustainable basis and for the long. We have increased our focus on the emerging markets and newer areas of business, such as Education, Infrastructure Management, One Stop provisioning of solutions with tight integration with various hardware and software components and licensing, and high performance cloud computing driven mobile applications.

Our long term success is entirely dependent on clients, shareholders, employees and well-wishers. Your faith and confidence on us, motivates us to tide over the rough weather and reach for greater heights. We know that by continued investment in aligning all our stakeholders with our business objectives, we will be able to take care of not only current challenges but also future winds.

At the end, I would like to cordially invite all the shareholders of the Company to attend the 18th Annual General Meeting (AGM) on 26 September 2011, 9.00 AM, at The Executive Club, 439, Village Sahoopur, Fatehpur Beri, New Delhi – 110 074.



Dalip Kumar
Chairman & Managing Director

NOTICE

Notice is hereby given that the 18th Annual General Meeting of the Members of the Company will be held on Monday, September 26, 2011 at the Executive Club, 439, Village Shahoorpur, Fatehpur Beri, New Delhi – 110074, at 9.00 A.M. for transacting the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended March 31, 2011 and the Balance Sheet as on that date, together with the Reports of the Board of Directors and Auditors thereon.
2. To appoint Statutory Auditors in place of M/s. SPMG & Co., Chartered Accountants, who retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment as Statutory Auditors of the Company until the conclusion of the next Annual General Meeting, and to authorize the Board to fix their remuneration.
3. To consider re-appointment of Mr. Dhruwa Narain Rai as Director, who retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment as Non-Executive, Independent Director.

SPECIAL BUSINESS:

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

“**RESOLVED THAT** pursuant to Article 85 of Articles of Association of the Company and the provisions of Section 257, 198, 269, 309 and the provisions of Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 and subject to approval of the Shareholders and Central Government, if required & such alterations / modifications, if any, that may be affected by the above mentioned body in that behalf, approval of the Members be and is hereby accorded to the appointment of Mr. Govinda Sahu as whole time Director, liable to retire by rotation, on the terms and conditions as stated in the Explanatory Statement, in respect of whom the Company has also received the Notice under section 257 of the Companies Act, 1956.

FURTHER RESOLVED THAT Board of Directors of the Company shall be empowered to add, revise, increase, restructure, and amend the terms of appointment of Mr. Govinda Sahu including but not limited to remuneration, components, designation thereof, etc. within the overall limit of Schedule –XIII of the Companies Act, 1956.”

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

“**RESOLVED THAT** pursuant to the provisions of section 81 (1A) and all other applicable provisions, if any, of the Companies Act, 1956 including any statutory modification(s) or re-enactment thereof for the time being in force and enabling provisions in the Memorandum and Articles of Association of the Company, the listing agreement entered into by the Company with the Stock Exchanges where the shares of the Company are listed, and in accordance with the guideline(s)/regulations issued by the Securities and Exchange Board of India (SEBI), and clarifications thereon issued from time to time and subject to the approval(s), consent(s), permission(s), and/ or sanction(s), if any, of appropriate authorities, institutions or bodies as may be required, and subject to such conditions and modifications, as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions, which may

be agreed to, by the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any duly authorized committee thereof for the time being exercising the powers conferred on the Board by this Resolution), the Board be and is hereby authorized on behalf of the Company to create, issue/offer and allot up to 23 crore Fully/Partly Convertible Warrants to be convertible at the option of Warrant holders in one or more tranches, within 18 (eighteen) months from its allotment date into equal number of fully paid up Equity Shares of the Company of face value of Re. 1/- each for cash at an exercise price of Re. 1/- or any higher price as may be decided by the Board of Directors and to issue fresh Equity Shares on the conversion of the Warrants on such further terms and conditions as may be finalized by the Board of Directors to following persons:

Name of the Allottee	Category	No. of Warrants to be allotted
SLG SOFTECH PRIVATE LIMITED	Non promoter	18,00,00,000
DALIP KUMAR	Promoter	5,00,00,000

RESOLVED FURTHER THAT the equity shares issued on conversion of the warrants shall rank pari passu with the existing equity shares of the Company in all respects including payment of dividend.

RESOLVED FURTHER THAT an amount equivalent to 25% of the Conversion Price or such higher percentage, as board may decide shall be payable at the time of making application for the warrants, which shall be adjusted and appropriated against the Conversion Price payable by the warrant holders at the time of exercising the option to convert the warrants into equity shares, and that in the event the option for such conversion is not exercised within the prescribed time, the warrants shall lapse, and the amount so paid on the allotment of the Warrants shall stand forfeited.

RESOLVED FURTHER THAT the Board be and is hereby authorized to take necessary steps for listing of the above mentioned Convertible Warrants upon conversion on the stock exchanges where the Company’s shares are listed, as per the terms and conditions of the listing and other applicable guidelines, rules and regulations.

RESOLVED FURTHER THAT the ‘Relevant date’ as per the SEBI (ICDR) Regulations, 2009 as applicable from time to time for the determination of applicable price for issue of Convertible Warrants is August 27, 2011.

RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board is hereby authorized to issue and allot such number of equity shares as may be required to be issued and allotted upon conversion of Warrants in accordance with the terms of the offer and subject to the provisions of the Company’s Memorandum and Articles of Association.

RESOLVED FURTHER THAT for the purpose of giving effect to the above Resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things and resolve any doubts or questions that may arise in the issue and allotment of said Warrants and equity shares, arising there from, including utilizations of the proceeds, without being required to seek any further consent or approval of members or otherwise to the end and intent that members shall be deemed to have given their approval thereto expressly by the authority of this resolution.”

RESOLVED FURTHER THAT fully convertible warrants, being allotted to person as promoter and non promoters shall be locked for the period of one year and three years respectively from the date of allotment of warrants and equity shares allotted pursuant to the conversion of these warrants will be put under fresh locked in for the period of one year and three year respectively

from the date of conversion or as may be required under SEBI (ICDR) regulations 2009, accept to the extent and in the manner permitted there under.

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

“RESOLVED THAT in respect of the resolution passed in the last Annual General Meeting of the Company held on September 27, 2010 for the preferential allotment of warrants, the resolution in respect of which read as “an amount equal to at least 20% or higher percentage of the consideration determined as per regulation 76 shall be paid against each warrant on the date of allotment of warrants”, the words “at least 20% or higher” be read as “at least 25% or higher”).

RESOLVED FURTHER THAT the Company Secretary be and is hereby authorized to vary and/or revise the percentage to 25%, wherever it appears as 20%, in all the documents and / or records of the Company, and also ratifies the acts already done by the Company to this effect.”

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

Sd/-

Gagan Kaushik

Company Secretary

Place : Noida

Date : August 29, 2011

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND THE MEETING AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY . THE PROXIES IN ORDER TO BE EFFECTIVE MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY AT LEAST 48 HOURS BEFORE THE TIME FIXED FOR COMMENCEMENT OF THE MEETING. UNDER THE COMPANIES ACT 1956, VOTING IS BY SHOW OF HANDS, UNLESS A POLL IS DEMANDED BY A MEMBER OR MEMBERS PRESENT IN PERSON OR BY PROXY ENTITLED TO VOTE ON THE RESOLUTIONS HOLDING AT LEAST ONE-TENTH OF THE TOTAL VOTING POWER, OR BY THOSE HOLDING IN AGGREGATE, PAID UP SHARE CAPITAL OF AT LEAST RS. 50,000/- . A PROXY SHALL NOT VOTE EXCEPT ON A POLL.**
2. The Register of Members and Shares Transfer Books of the Company shall remain closed from September 20, 2011 to September 26, 2011 (both days inclusive) for the purpose of Annual General Meeting.
3. Members/Proxy holders are requested to produce at the entrance the enclosed admission slip duly completed and signed, for admission to the meeting.
4. The Register of Directors' shareholding, maintained under Section 307 of the Companies Act, 1956 will be available for inspection by the members at the AGM.
5. The Register of Contracts, maintained under Section 301 of the Companies Act, 1956 will be available for inspection by the members at the registered office of the Company.
6. Members are requested to send their queries, if any, at least 10 days in advance of the AGM so that the information can be made available at the meeting.
7. In terms of Clause 49 of the Listing Agreement with Stock Exchanges, details about age, qualification, area of expertise and other directorships of directors seeking appointment/ re-appointment is given in the Explanatory Statement, and forms part of this Notice.

MCA's GREEN INITIATIVE

Ministry of Corporate Affairs has taken a green initiative by permitting companies to send various documents like notices, annual reports including annual accounts etc. to its Members through electronic mode. Keeping in spirit with the said initiative, we request you to update your email id's with your respective DP's in case of shares held in electronic form and with Registrar & Share Transfer Agent - M/s Link Intime India Private Limited in case of shares held in physical form. Email is a better method to receive the communications quickly, with least cost implications and have longer shelf life. Company proposes to send all permitted communications electronically to the email id's of Members unless specific request is received for a physical copy from Member. Please act and contribute to the cause of Environment.

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

Sd/-

Gagan Kaushik
Company Secretary

Place : Noida
Date : August 29, 2011

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO. 4

Your Company has received a Notice from one of the shareholders of the Company, along with the deposit of Rs. 500/- with the Company, as required under section 257 of the Companies Act, 1956, proposing the candidature of Mr. Govinda Sahu for the appointment as whole time director of the Company. The Board of Directors of the Company at its meeting held on August 29, 2011, considered and acted upon the notice received for the candidature of directorship in the Company and found Mr. Govinda Sahu suitable for the office of Director.

Mr. Govinda Sahu is a brilliant technology professional who has hands on experience in building teams from scratch to deliver world class solutions in areas like remote infrastructure management, data centers, and complex software projects. He has over 15 years of experience having worked in companies like Tech span and in FCS. As a senior management professional with FCS for over 10 years he has brought in forward thinking changes to grow the business and manage talent.

The appointment of Mr. Govinda Sahu, as Director of the Company shall be on following remuneration recommended by the Compensation/ Remuneration Committee, subject to approval of the Members, in pursuance of the provisions of Schedule XIII and other applicable provisions of the Companies Act 1956.

1. Salary: Monthly salary containing Basic Rs. 40,000, HRA Rs. 20,000/-, LTA Rs. 4,000/-, Conveyance Rs. 800/-, Medical Expenses Rs. 1, 250/-, Other Rs. 1,33,050/-, Food Coupons Rs. 1, 250/- and Reimbursements Rs. 4,400/- with merit based periodic increments as may be approved by the Compensation/ Remuneration Committee of the Board shall be amounting to Rs. 2,04,750.
2. Performance Related Pay and Annual Bonus: Performance Incentive on monthly/quarterly/ semi-annual/annual basis based on the performance parameters and annual bonus as may be decided by the Compensation/ Remuneration Committee of the Board.
3. Perquisites: In addition to Salary, Performance Related Pay and Annual Bonus, Mr. Govinda Sahu will be entitled to compensation / perquisites like special allowance, variable house rent allowance or company leased accommodation, cars with services of driver, medical reimbursements, leave travel allowance, telephone/internet/fax at residence, cell phone expenses, club fee, health & personal accident insurance, Kenyan insurance as decided by

the Compensation/Remuneration Committee of the Board from time to time. Mr. Govinda Sahu would also be entitled to such other perquisites as the Compensation/Remuneration Committee of the Board may approve for discharge of his duties as Director.

5. **Other Benefits:** Company's contribution to Provident Fund/Superannuation Fund, Gratuity and encashment of leaves as per the rules prevailing in the Company shall not be included in computation of limits for perquisites as defined under Schedule – XIII of the Companies Act, 1956. The total remuneration paid to Mr. Govinda Sahu excluding items specifically exempted under Schedule XIII of the Companies Act, 1956, shall not at any time during the tenure exceed the limits prescribed under Schedule –XIII except with the permission of Central Government.
6. **General Conditions:** Mr. Govinda Sahu will be entitled to such other privileges, facilities and amenities in accordance with the rules and regulations of the Company for its employees and as amended from time to time by the Compensation/ Remuneration Committee of the Board, within the overall limits prescribed under Schedule – XIII and other relevant provisions of the Companies Act, 1956.

None of the Directors of the Company are interested in this Ordinary Resolution. The Board recommends this Ordinary Resolution for your approval.

ITEM NO. 5

For the purpose of funding its expansion plans, the Company proposes to issue 23 crores Convertible Warrants at a price of Re. 1/- each per warrant to the M/s SLG SOFTECH PRIVATE LIMITED belonging to Non-Promoter category and Mr. Dalip Kumar belonging to promoter category on preferential basis.

The aggregate amount of the issue of share warrants will be up to Rs. 23 crores.

Each warrant shall give a right to the holder to apply for an equivalent number of fully paid-up equity shares of Re. 1/- each of the Company at a price of Re.1/- per share at any time during 18 months from the date of Issue.

As per chapter VII of the SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 the required details are furnished as under:

a) Object of the issue:

With a view to augment the long term resources of the Company for meeting the fund requirements of growth and diversification plans and for general corporate purposes, it is proposed to issue, up to warrants, on preferential basis in accordance with the 'Guidelines for Preferential Issues' contained in Chapter VII of the Securities and Exchange Board of India (issue of capital and disclosure requirements) regulations, 2009 (hereinafter referred to as "SEBI (ICDR) Guidelines"), entitling the warrant holders to apply for equivalent number of fully paid equity shares of the Company.

b) Pricing:

The pricing of equity warrants is done in accordance with the guidelines stipulated under SEBI (ICDR) Guidelines, 2009 as applicable from time to time in respect of the pricing of the issues.

c) Payment & Conversion Terms:

25% or such higher percentage, as decided by the board for the value of the warrants is to be paid together with application. The balance is payable at the time of conversion. In case the option is not exercised within a period of 18 months from the date of allotment, the application money will be forfeited by the Company. The warrants are converted at the option of the allottees on payment of the balance amount of the issue price at any time during the period of 18 months. The amount received from the allottees can be adjusted towards outstanding dues if any, payable by the Company on such terms and conditions and in such manner as the Board

may think fit.

d) Intention of Promoters / Directors / Key Management Persons to subscribe to the offer:

Proposed allottee Mr. Dalip kumar belongs to the promoter group and intend to subscribe for 5,00,00,000 (Five Crores) fully convertible warrants to be converted into equal number of equity shares of Re. 1/- each at price of Re. 1 per share within period of 18 months from the date of allotment. The company has received written consent towards their intension to subscribe.

e) Relevant Date:

“Relevant Date” for this purpose is, as per the regulation 71 of SEBI (ICDR) regulations 2009, the date thirty days prior to the date on which the meeting of shareholders is held to consider the proposed preferential issue. That means for this relevant date is August 27, 2011.

Shareholding pattern before and after the issue:

The Shareholding pattern before and one likely to emerge after the proposed allotment of Equity Warrants upon conversion would be as under:

Name	Pre issue		Post issue	
	No. of shares	% of holding	No. of shares	% of holding
(A) Shareholding of Promoter and Promoter Group				
1 Indian				
Promoter	135968560	11.2	185968560	12.9
2 Foreign		0.0		0.0
Total Shareholding of Promoter and Promoter Group	135968560	11.2	185968560	12.9
(B) Public shareholding		0.0		0.0
1 Institutions		0.0		0.0
(a) Mutual Funds/ UTI	0	0.0	0	0.0
(b) Financial Institutions / Banks	3000	0.0	3000	0.0
(c) Central Government/ State Government(s)	0	0.0	0	0.0
(d) Venture Capital Funds	0	0.0	0	0.0
(e) Insurance Companies	0	0.0	0	0.0
(f) Foreign Institutional Investors	0	0.0	0	0.0
Sub-Total (B)(1)	3000	0.0	3000	0.0
B 2 Non-institutions		0.0		0.0
(a) Bodies Corporate	314495826	26.0	494495826	34.4
(b) Individuals	694990253	57.5	694990253	48.3
(c) Any Other	31798441	2.6	31798441	2.2
Sub-Total (B)(2)	1041284520	86.1	1221284520	84.8
(B) Total Public Shareholding (B)= (B)(1)+(B)(2)	1041287520	86.1	1221287520	84.8
TOTAL (A)+(B)	1177256080	97.3	1407256080	97.8
(C) Shares held by Custodians and against which Depository Receipts have been issued				
1 Promoter and promoter group	0	0.0	0	0.0
2 Public	32297320	2.7	32297320	2.2
TOTAL (C)	32297320	2.7	32297320	2.2
GRAND TOTAL (A)+(B)+(C)	1209553400	100.0	1439553400	100.0

*Last available shareholding pattern has been used for calculating the percentage and making above mentioned shareholding pattern and, warrant issued but not converted have also being consider for pre and post issue shareholding.

The percentage etc. has been worked out after assuming that all warrants are converted into shares.

g) Proposed time within which the allotment shall be complete:

The Board proposes to allot the Shares/ Warrants within a period of 15 days from the date of this Annual General Meeting. (In case of warrants only- As per the said SEBI (ICDR) regulations 2009 the warrant holders have the option to subscribe for one equity share of ₹ 1/- each per warrant upon the fulfillment of certain identified financial parameters at any time within 18 months from the date of allotment of the warrants. The warrants may be converted into equity shares of the Company in one or more tranches.

h) The identity of the proposed allottee and the percentage of the preferential issue that may be held by the allottee:

Name of the Allottee	Category	Pre issue holding	% to Equity total	Post-issue holding	% to total Equity
SLG Softech Pvt. Ltd.	Non-promoter	Nil	Nil	18,00,00,000	12.50
Dalip Kumar	Promoter	13,59,68,560	13.20	18,59,68,560	12.90

i) Auditor's Certificate:

A certificate as required under SEBI Guidelines certifying that the proposed issue is being made in accordance therewith. The Board proposes to allot the Warrants within a period of 15 days from the date of this Annual General Meeting. As per the said SEBI Guidelines, the warrant holders have the option to subscribe for one equity share of ₹ 1/- each per warrant upon the fulfillment of certain identified financial parameters at any time within 18 months from the date of allotment of the warrants. The warrants may be converted into equity shares of the Company in one or more tranches

j) Lock-In:

The shares/ share warrants to be allotted on preferential basis shall be subject to lock-in as per applicable SEBI (ICDR) regulations 2009 in this behalf.

k) Change in Management:

The issue of Equity Shares will not result in any change in the management or control of the Company.

The consent of the members is being sought under Section 81(1A) of the Companies Act, 1956, and other applicable provisions of the Companies Act, 1956, if any and in terms of the provisions of the Listing Agreements executed by the Company with the Stock Exchanges where the Company's shares are listed.

None of the Directors of the Company are concerned or interested in the said resolution. The Board of Directors recommends the resolution for the approval of members.

ITEM NO. 6

As per SEBI (ICDR) Regulations, 2009, any company coming within the ambit of Regulation 77(2) of the said Regulations going for preferential allotment, was required to receive an amount equal to at least 25% of the consideration determined as per Regulation 76, against each warrant. However, in the resolution in respect of the same passed by the Company in the Annual General Meeting held on September 27, 2010, the Company inadvertently mentioned in resolution, the words “an amount equal to at least 20% or higher percentage of the consideration determined as per regulation 76 shall be paid against each warrant on the date of allotment of warrants”. After the conclusion of AGM, the Board of Directors of the Company came to know of the mistake, and decided that the same shall be rectified by way of ratification in the next general meeting of the Company.

Thus, the resolution is placed before you for your approval, so that the mistake may now be rectified. None of the directors of the Company is concerned or interested in the resolution.

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

Sd/-

Gagan Kaushik
Company Secretary

Place : Noida
Date : August 29, 2011

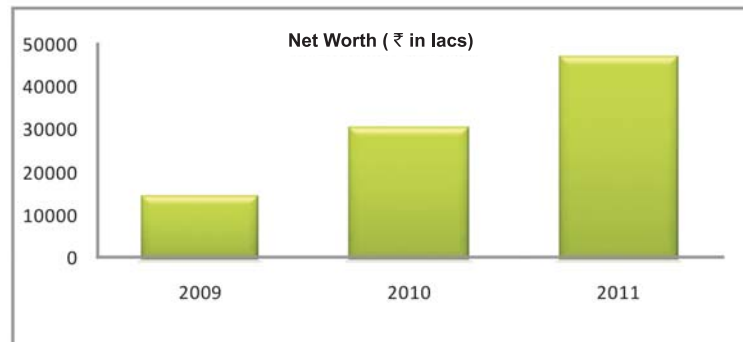
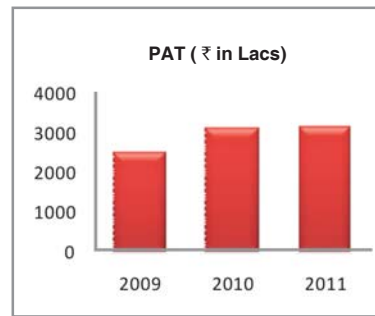
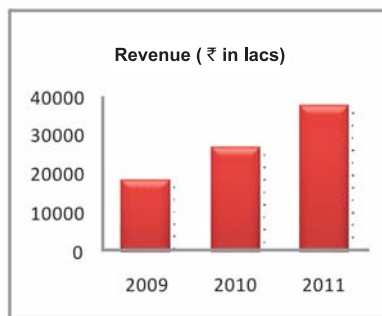
Additional information on directors recommended for appointment or seeking re-election at the Annual General Meeting

Mr. Dhruwa Narain Rai, is currently the Chief Information Officer of Aryta Life Science. Prior to Aryta he was the CIO for Momentive Performance Materials and GE Advanced Materials. Before his career with GE he was Process Information Officer (for Supply chain) for GM/Delphi. He started his career with Ernst and Young and was Supply Chain Practice Leader. He has over 20 years of experience in manufacturing, supply chain and IT functions in global corporations. He holds MBA from University of Connecticut and Bachelor's from GB Pant University.

Year at a Glance :

(₹ in Lacs)

For the year	2011	2010
Income	37967.94	27105.83
Operating profit (PBIDTA)	4997.14	4414.98
Operating profit / Total income (%)	13.16	16.29
PAT	3149.31	3116.36
PAT / Total income (%)	8.29	11.50
EPS (par value of ₹ 1 each)		
Basic	0.31	0.59
Diluted	0.26	0.59
Dividend		
Per share (in ₹)	Nil	Nil
Amount	Nil	Nil
Return on average net worth (%)	10.61	10.18
At the end of the year		
Fixed assets – net	31176.47	10368.54
Net current assets	15447.92	22612.48
Total assets	47525.88	37001.46
Debt	674.19	2277.40
Equity	10295.53	5295.53
Net worth	45204.55	30602.83
Market Capitalization	10810.31	28066.00



Chairman & Managing Director (CMD) and Chief Financial Officer Certification

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

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 controls over financial reporting, or caused such internal controls 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 disclosures, controls and procedures; and
 - d) Disclosed in this report any change in the Company's internal controls 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;
6. 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;
7. 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
8. 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.

Place : Noida
Date : August 29, 2011

Sd/-
Dalip Kumar
Chairman & Managing Director

Sd/-
Anil Sharma
CFO

Directors' Report

(for the Year 2010- 2011)

Dear Shareholders,

We are delighted to present the Report on our business and operations for the year ended March 31, 2011.

Financial Highlights

(₹ in Lacs)

	Year ended March 31,	
	2011	2010
Gross Income	37967.94	27105.83
Profit/(Loss) before Depreciation, Interest & Tax (PBDIT)	4997.14	4414.98
Depreciation	2125.15	1301.42
Interest	430.04	89.65
Profit/(Loss) before Extra ordinary items	3289.90	3194.91
Profit before tax (PBT)	3290.69	3184.60
Profit after tax (PAT)	3149.31	3116.36
Appropriation:		
Dividend recommended – Final	Nil	Nil
Tax on distributed profits	Nil	Nil
Transferred to General Reserve	329.46	1000.00
Balance with General Reserve	3225.77	2896.31
Balance Brought Forward	11780.46	9600.80
Transferred to Balance Sheet	14537.43	11780.46

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

Overview

For the financial year ended March 31, 2011, your Company reported a total income of ₹ 37967.94 lacs. The Company recorded an operating profit of ₹ 4997.14 lacs and a net profit of ₹ 3149.31 Lacs for this financial year.

Dividend

In view of requirement of funds for the expansion of Company's business, your directors did not recommend any dividend for the financial year 2010-11.

Human Resources

At FCS, we consider the people as our most important resource, and we understand that it is the most challenging job to manage them as we typically require people to help us managing and operating our business, and because people are not machines and they do not respond or react in a predictable manner.

FCS has its well organized human resources department to focus on its human resources, as in order to optimally utilize the human resources, we need to properly hire, train, coach and mentor, and develop them to be great contributors to the business. FCS has included HR strategic planning in its overall business plan.

Employee satisfaction is supremely important at FCS, because it is what productivity depends on. One of the secrets of FCS's flourishing business is that FCS is comprised of contented employees, where each employee recognizes that he/she contributes to FCS's success and feels that he/she is a part of the team. Our happy and loyal employees are 100% dedicated to our customers. FCS's contented employees would produce superior quality performance in optimal time and lead to growing profits. They are creative, innovative and come up with breakthroughs, which allow FCS to grow and change positively with time and changing market conditions.

Infrastructure

During the year, the Company has kept its focus on the expansion of its business and clientele, the Company also ventured in new segment and set up data center services for clients for providing data center services, as there are vast opportunities in this field. The Company has forayed in Middle East of the globe through its wholly owned subsidiary in Ras Al Khaimah- Free Trade Zone, UAE for expansion of its business.

As increase in services requires enlarged and improved infrastructure, the Company has developed its infrastructure accordingly to cater to the increased demand of its services, and in view of providing up to the best standards, the existing as well as new services introduced by the Company.

Corporate Governance

We are continuing to implement every norm, which is promulgated by legislation, or any of the statutory bodies. In line with that, a report on Corporate Governance, along with a certificate from the Statutory Auditors, has been included in the Annual Report, detailing the compliances of corporate governance norms as enumerated in Clause 49 of the Listing Agreements with the Stock Exchanges.

Subsidiaries

FCS has the global reach, and has its clients all round the world, including America and Middle East. Thus, to ensure that these clients may comfortably reach out to us, and in order to provide more legal security, faster services and comfort to the clients located there, the Company has set up two subsidiaries, FCS Software Solutions America Limited, incorporated in America and F.C.S Software Middle East FZE in UAE.



Social Programs

Corporate Social Responsibility has always been an integral part of FCS's vision. True to its tradition, FCS is committed in letter and spirit to Corporate Social Responsibility. For FCS, Corporate Social Responsibility is not an obligation, but an opportunity to reach out to the community around it,

and make it to flourish and prosper. For the purpose of attainment of this objective, FCS had long back formed a separate wing, "FCS Foundation", a nonprofit organization, which, since its inception, is solely and voluntarily devoted to work for the development of that section of community, which needs our help to save its identity. At FCS, Corporate Social Responsibility is not just a duty, it's a way of life.

Right from the time of its formation, FCS Foundation has been aggressively and successfully running multifarious CSR Programmes. CSR being its prime objective, FCS first completes a thorough

assessment to understand both the needs and assets of the community, for which it has to develop and run a program. Then it analyses the gap of existing programs and initiatives. Each program is then tailored to both fit the needs and leverage the resources of the community in consultation with expert educators, local partners, and community members including parents and children.

FCS Foundation has been equally active during last year also. It conducted “The Rural Reach Program” throughout the year at various places, which is a one week program delivering basic knowledge of computers to students in rural schools. This year 540 students across Gutam Budh Nagar and Farukhabad benefited from the program. It also run “Sports for Hope” programme in partnership with ‘Khel Evam Uthasav Samity’ of various villages in a select region, which provided young people with opportunities to practice sport and be educated on the Moral and Human values. Other programs run by FCS Foundation include Health Awareness Programs, Human Rights.

FCS Foundation has also been working with different government departments to achieve common goals for the benefit of deprived. Moving further ahead, FCS Foundation has adopted and renovated Lady Noyce Senior Secondary School for the Deaf, New Delhi, so that the objectives of the school may be achieved in an improved, professional and timely manner.

The mission of the FCS Corporate Social Responsibility programs is to make a positive impact on the communities in which the Company does business through its support of select programs, outreach efforts and initiatives that improve and enhance the quality of life of the Community. Our goal is to make things better for the planet, better for people, better for business, better for now and better for the future.

FCS Foundation also designs the programs aimed at sustainability of healthy environment. Organization conducted camp to advocate the people to use paper bags instead of poly bags. The organization also promoted the cleaners & spread the awareness among them about the sacredness and religious importance of river Ganga, so that the people voluntarily make efforts to keep it clean. Towards its objective of sustainability of healthy environment, the organization gave great stress on the tree protection and plantation & as a result, 300 plants were planted of the help of local people.

Public 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.

Directors

In terms of the provisions of Sections 255 and 256 of the Companies Act, 1956 and Articles of Association of the Company, Mr. Dhruwa Narain Rai (Director), retire at the ensuing Annual General Meeting and, being eligible, has offered himself for reappointment.

Auditors

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

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

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

Particulars of employees

During the year ended March 31, 2011, 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.

Management Discussion and Analysis

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

Directors' responsibility statement

To the Members,

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

- i. that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii. that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- iii. that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. that the directors had prepared the annual accounts on a going concern basis.

Acknowledgements

Your Directors wish to convey their appreciation to all the Company's employees for their performance and continued support. The Directors would also like to thank all the shareholders, consultants, customers, vendors, bankers, service providers and governmental & statutory authorities for their continued support.

Your directors also convey a special thanks to the Government of India, particularly ministry of Communication and Information Technology, the Customs and Excise departments, the Income Tax department, Ministry of Corporate Affairs, Office of Registrar of Companies, New Delhi, Board of approval and Development Commissioner of Special Economic Zones, particularly of Noida and Chandigarh.

For and on behalf of the Board of Directors

Noida
August 29, 2011

Sd/-
Dalip Kumar
Chairman & Managing Director

ANNEXURE TO THE DIRECTORS' REPORT

ANNEXURE "A"

Particulars pursuant to Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988.

Conservation of energy

Although the equipments used by the Company being in the business of software development and education are not energy sensitive by their very nature, still the Company is making best possible efforts for conservation of energy by putting in place a well defined policy, which assures that the Computers and all other equipments purchased by the Company strictly adhere to environmental standards, and they make optimum utilization of energy.

The Company has also put in place, the continuous process of identifying and replacing in a phased manner, the machinery like Computers, Air Conditioners and UPS etc., which are low-efficient.

Research and Development (R&D)

The Company believes that in order to improve the quality and standards of services, the Company should have a regressive Research and Development Process, which should keep on increasing along with the scale of operations of the Company. The commendable performance given by the Company during the year is also attributable to the R&D Processes executed by the Company. Sticking to its policy, the Company has allocated more than 20% time of its senior professionals exclusively for R&D in order to improve the quality of services, increase profitability, enhance the FCS brand and gain a reputation as an innovative business.

Technology absorption, adaptation and innovation

In this era of competition, in order to maintain and increase the clients and customers, we need to provide best quality services to our clients and customers at minimum cost, which is not possible without innovation, and adapting to the latest technology available in the market for providing the services. For this purpose, your Company has partnered with market leaders in technology, like Microsoft, IBM, Google, HP and Oracle. The senior management of your Company is always concentrating on the ongoing process of technology up gradation, and reinvention of business model of your Company, as and when required.

Foreign Exchange Earning and Outgo

Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services, and export plans.

During the year 97% of revenues were derived from exports. The foreign exchange earned comprising of FOB value of exports, services was Rs. 37002.15 lacs whereas total foreign exchange used (comprising of CIF value of imports and other outgoings) was Rs. 28132.74 lacs.

Foreign exchange earned and used

(₹ in Lacs)

	2011	2010
Earnings	37,002	26,131
Outflows	27,380	20,816
Net foreign exchange earnings	9,622	5,315

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 31 March 2011, 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.

For **SPMG & Co.**
Chartered Accountants

Sd/-
Vinod Gupta
Partner
Membership No. 90687

New Delhi
August 29, 2011

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

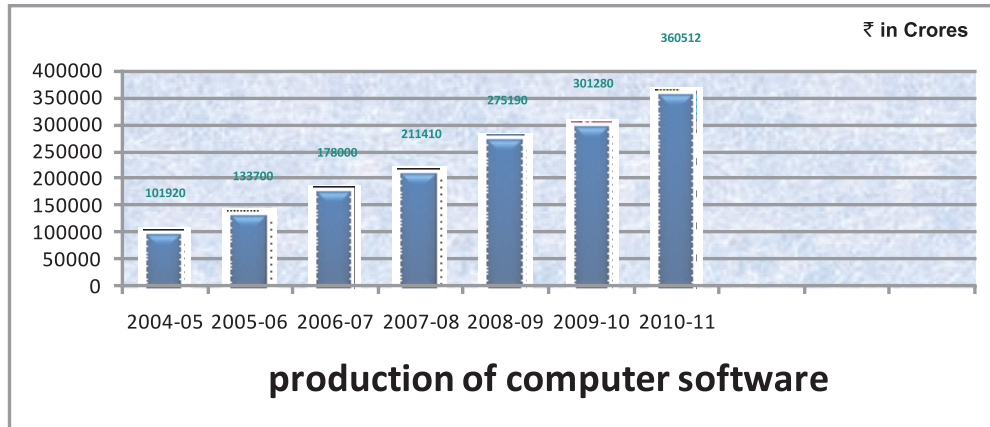
As management of the FCS Software Solutions Limited, we offer readers of the FCS's financial statements this narrative overview and analysis of the financial activities of the FCS Software Solutions Limited for the fiscal year ended March 31, 2011. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the financial statements. The financial statements are prepared in compliance with the requirements of the Companies Act, 1956, guidelines issued by SEBI and the Generally Accepted Accounting Principles (GAAP) in India. Our Management accepts responsibility for the integrity and objectivity of these financial statements, as well as for the various estimates and judgments used therein. The estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, so that financial statements reflect in a true and fair manner the form and substance of transactions, and reasonably present our state of affairs, profile and cash flow for the year.

a. Industry structure and developments

In this competitive era, the economy and business conditions are not static one and hence, it tempts the organizations to make rapid technological innovations, that is driving corporations to transform their operations. Consumers are increasingly demanding accelerated delivery times and lower prices. Companies are focusing on their core competencies and using outsourced technology services providers to adequately address these needs. It has evolved new role to play from supporting its corporations to transforming their business. IT has made most of the things ready to quick use. The role of IT is extended to almost all human activities and to that level of activities which human can apply. It is true fact that corporates still need some more advanced and effective technology which can fill the needs of future generation in efficient manner.

The IT and ITes industry's contribution to the national GDP is estimated to be 6.4 % in 2010-11. The IT-BPO industry (excluding hardware) witnessed a quick rebound in growth and is estimated to grow by 19 %, aggregating revenues of \$ 76 billion this fiscal year. While exports continued to be the mainstay of the industry with revenue of \$59 billion, the domestic market demonstrated steady growth of 16 % to aggregate Rs. 787 billion. Direct employment is expected to reach nearly 2.54 million, an addition of 240,000 employees. As a proportion of national GDP, the sector revenues are estimated 6.4 per cent in Financial Year 2011. The IT-BPO segment of business has become increasingly important to companies. Over the years, the Indian IT-BPO industry has matured from offering non-core activities.

However, there is a huge global market that is yet untapped. The level of the opportunity in hand can be gauged from the fact that India (domestic + exports) accounted for approximately 5 per cent of worldwide technology products and services. It underlines the immense growth opportunities for the industry players to create innovative service models and broaden its geographical reach. In future, the industry is expected to generate an increasing share of revenues from this segment. The progressive report as to production of Computer Software can be understood by the depicted charts.



Companies are increasingly turning to offshore technology service providers in order to meet their need for high-quality cost-competitive technology solutions. Technology companies have been outsourcing software research and development and related support functions to offshore technology service providers to reduce cycle time for introducing new products and services.

The Indian IT-BPO industry is expected to adopt the inorganic growth route in order to widen their service offerings and enter new geographical markets. Several third party and captive BPO units are likely to increasingly acquire small size companies to ramp up revenue, acquire clients, and expand business segments and geographical reach.

IT Service providers are also expected to sharpen their focus on the domestic market to tap the imminent growth opportunities offered by the booming Indian economy. The rapid growth in the domestic market is likely to be driven by major government initiatives such as increased spending on e-Governance and increased thrust on technology adoption/up-gradation across various government departments to bridge the gap of digital divide. The Government of India has enacted a national e-Governance Plan (NeGP) which is expected to create big opportunities for the IT vendors to create an effective partnership. It has separately allocated USD 9 billion for investment in NeGP projects till Financial Year 2014.

This sector has been providing services opportunities to the youth at large. And, the total numbers of IT and ITes-BPO professionals in India have touched to the level of more than two million. This sector, however, had to face recession in the financial year 2009-10, which resulted in slow hiring of professionals. However, offshore IT spending is expected to grow faster. Key factors supporting this projection are the growing impact of technology-led innovation and the increasing demand for global sourcing. India is a major component of the offshore IT outsourcing. So far as financial year 2010- 11 is concerned, it provided global exposure and offered extensive training and development to the professionals. Financial Year 2010-11 has been quite good so far in view of IT and ITes-BPO professionals.

IT Exports

Information Technology is proving to be the growth engine in the current day economies of the world. The liberalized policy initiatives of the Government of India in the last decade have propelled the Indian IT industry on to a path of development and prosperity.

Total exports consist of IT services and IT-based business services. This level of export specialization is unrivalled by any comparable country and it is an indicator of a strong comparative advantage. This is surprising because exports of IT services are typically the premise of rich and technology-savvy countries. An educated workforce – which is abundant in rich countries but scarce in poor countries such as India – is the key resource. According to NASSCOM Strategic Review Report 2011, the worldwide BPO market is expected to touch \$201 billion by 2014, representing a compounded annual growth rate of 6.2% in the period 2010-2014.

IT Industry Outlook

Information Technology industry accounts for a 6.4% of the country's GDP and export earnings as of 2010-11, while providing employment to a significant number of its sector workforce. More than 2.5 million people are employed in the sector either directly or indirectly, making it one of the biggest job creators in India and a mainstay of the national economy. In 2010-11, an annual revenues from IT-BPO sector is estimated to have grown over US\$76 billion. India's outsourcing industry is expected to increase to US\$225 billion by 2020.

By the year 2010-11 Indian Software and Services export is expected to reach US \$ 60 billion and by 2011-12 which is also the terminal year of the eleventh five year plan, the figures are expected to touch US\$ 72 billion., this is assuming a 20% growth rate YOY(year over year) for 2011-12.

Banking, Financial Services and Insurance

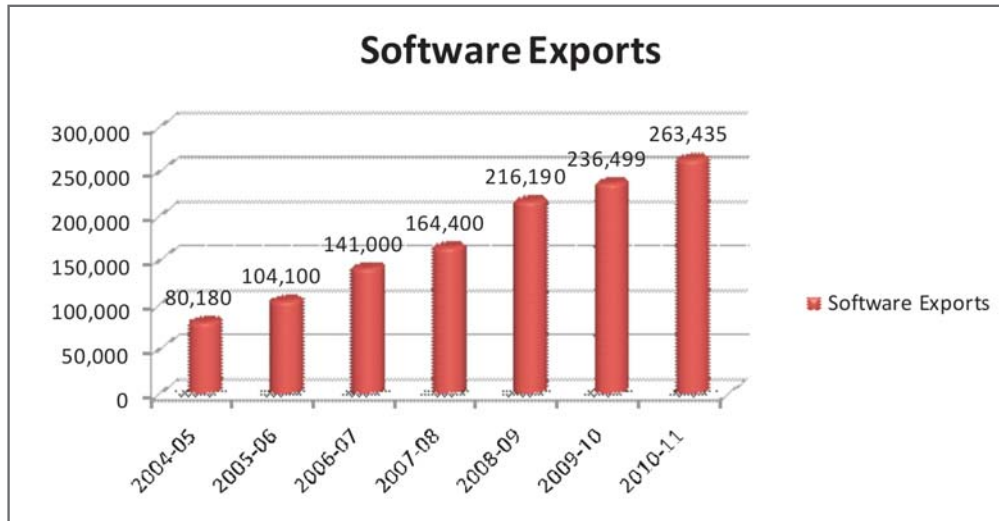
The BFSI vertical has been the mainstay of the Indian IT-BPO industry. However, it was one of the worst hit segments due to the impact of global financial crisis. In 2009-10, the BFSI sector observed a decline of around 5% after witnessing a below average growth rate of 3.6% in 2008-09. Consequently, IT vendors, in order to de-risk their business model, have increased their focus on other verticals such as government, healthcare, retail and utilities. In the last few years, these sectors have shown signs of increasing IT expenditure. Growth in these emerging verticals is expected to be substantially faster than the core verticals, as with the passage of recession, the propensity to spend of the organizations is increasing, which shall lead to increased use of Banking, Financial Services and Insurance, which is completely discretionary for the organizations.

b. Opportunities and threats

The Indian Economy has bounced back from the unprecedented economic crisis of 2007 to 2009 and is estimated to grow at 8.6 per cent in 2010-11 as compared to 8% in 2009-10. The Indian IT-BPO Industry has also witnessed robust recovery in 2010-11. The revenue aggregate of IT-BPO industry is expected to grow by 19.2 per cent and reach US \$ 88.1 billion in 2010-11 as compared to US \$ 73.9 billion in 2009-10.

The Indian software and services exports including ITeS-BPO exports is estimated at US \$ 59 billion in 2010-11, as compared to US \$ 50 billion in 2009-10, an increase of 18.0 per cent. The IT services exports is estimated to be US \$ 33.5 billion in 2010-11 as compared to US \$ 27.3 billion in 2009-10, showing a growth of 22.7 per cent. BPO exports is estimated to grow from US \$ 12.4 billion in 2009-10 to US \$ 14.2 billion in 2010-11, a year-on-year (Y-o-Y) growth of 14.5 per cent. IT services contributed 57 per cent of total IT-BPO exports in 2010-11, followed by BPO at 24 per cent and Software products/engineering services at 19 per cent.

The US and the UK remain key markets for Indian IT-ITeS exports in 2010-11 accounting for about 61.5 per cent and 17.2 per cent of total IT-BPO exports respectively. Revenue growth from Continental Europe however, has been relatively tepid, as the effects of recession on these geographies have lingered on for a longer time.



The share of emerging markets in total exports has increased from 9.4 per cent in 2009-10 to 9. per cent in 2010-11. The Indian domestic IT market continues to grow in 2010-11. The revenue from the domestic market (IT Services, software products and BPO) is expected to grow from US \$ 14.2 billion in 2009-10 to US \$ 17.1 billion in the year 2010-11, an anticipated growth of about 20.4 per cent. IT services is one of the fastest growing segment in the Indian domestic IT market. It is driven by localized strategies designed by service providers. The IT-ITeS industry has created career opportunities for the youth, provided global exposure and offered extensive training and development.

Furthermore, the industry has been a front-runner in bridging the gender divide in the Indian workforce (over 30 per cent of employees are women; over 60 per cent of industry players employ differently able people). The IT-BPO industry has played a key role in putting India on the world map. The industry has attracted more than 10 per cent of total FDI flowing into India. The industry also led in the development of the Indian organizations as global multinationals with over 400 delivery centers (outside India), the industry has presence in 52 countries, and 200 cities with more than 10 organizations listed on overseas stock exchanges and more than 400 Fortune 500 customers. Direct employment within the IT-BPO sector is expected to grow by 10.4 per cent to reach 2.5 million in 2010-11 with over 2,40,000 jobs being added during the year. The indirect employment attributed to the sector is estimated to be about 9.0 million in 2010-11 as compared to 8.2 million in 2009-10.

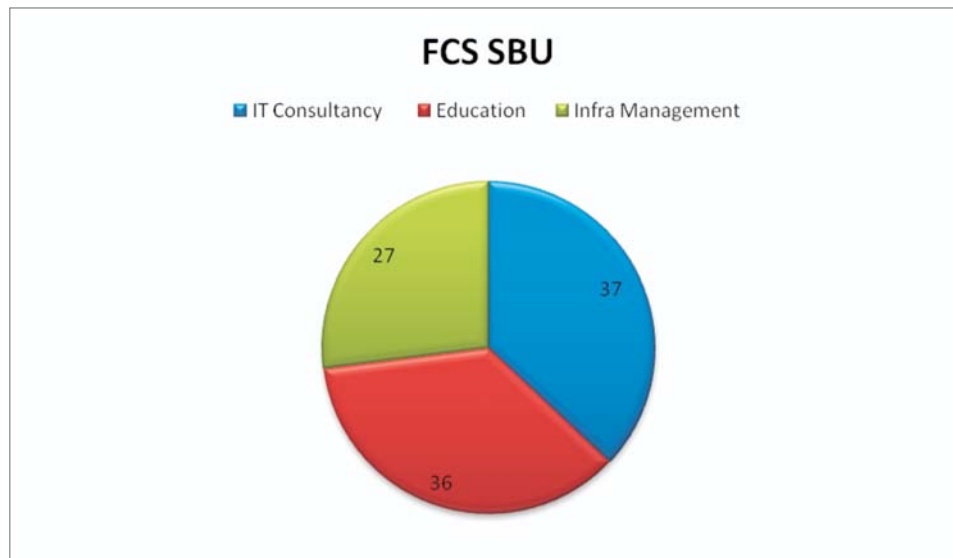
The spectacular growth performance in the IT-BPO industry in the last decade has helped the industry contribute substantially to India's GDP. In 2010-11, the IT-BPO industry's contribution to GDP is estimated to be 6.4 per cent as compared to 6.2 per cent in 2009-10.

So far as threats are concerned, it is really not possible to think opportunities without threats. But we are gradually strengthening our position by securing moderate stakes in IT and ITes exports in Countries like US and UK. US congress introduced new bills to curb off shoring of jobs. Good quality of products and services can leave good impression on the users and hence, attract some lucrative clients.

c. Segment-wise / Product-wise Performance

FCS Software Solutions Ltd (FCS) is an integrated information technology (IT) services and solutions provider company. It provides IT & ITes consultancy services, education and infrastructure management services. FCS business is organized into three strategic business units (SBUs):

1. **IT Consulting Services**
2. **Education/E –Learning Division**
3. **Infrastructure management**



1. IT Consulting

In Financial Year 2011, 37% of FCS revenue comes from IT and ITes activities. The company provides IT services and solutions across verticals. FCS is engaged in software development, implementation and maintenance of applications. We are now a matured player in Global Delivery Model and are executing multi-lingual and multi-zone orders for our clients. 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, develops the scope and finally proposes 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 ad hoc 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.

2. Education

We have earned 36% of our revenue from the education segment. FCS is focusing on up gradation of education by using its expertise. One of the key aspects of our Education segment is its ability to link education initiatives with delivery technologies. As the role of technology is becoming more and more complex and advanced, FCS is right there to take advantage of such a situation.

Earlier by E-learning expertise, FCS helps its clients along with their employees, vendors, and dealers to better their performance and deal with fast-changing environments. Technology makes education and training highly efficient, by making it available anytime, anywhere and reduces total cost. FCS plays a vital role in imparting quality IT education to corporate houses, institutions, central and state government departments, professional establishments and other clients, for whom FCS develops IT solutions. This is especially important in very large and complex projects. For FCS, education and training services is not merely a business area. We see it as our commitment towards building India's IT-personnel power base.

Some of our achievements in education include a large project win to train police in Madhya Pradesh, management of 6 ITIs in Haryana, Delhi, and Punjab and five senior secondary schools in Punjab. We are also going to exclusively market two products that we have tied up to provide knowledge center to education institutions as well as a platform to bring college freshers to job markets. Our testing solution will be used by many colleges to get annual ranking. These are some of our new ideas to delink us from man-month centric models.

3. Infrastructure Management

The Company has developed its infrastructure accordingly to cope with the increased demand of its services, and in view of providing the best standards for the existing as well as new services introduced by the Company. The Company has started the operations of its fourth unit in India at Dehradun. For providing the faster and better services to its clients, the Company's new International Development Center spread over 5,000 sq. feet at Noida Special Economic Zone has become fully functional.

FCS has expanded the scope of the Infrastructure Management services being provided by it by managing the client services either on client sites or at Data Centers or in our premises in 24X7 environment. We also set up data centers for clients globally, on which, our engineers remotely or onsite manage all Hardware, Network, LAN/WAN, Data and Voice networks in accordance of the client needs to run their applications. Our expertise in Document Management Systems, Data Backup and Recovery, Virus Protection, SPAM Control, Hacking protection, and Business Continuity are some of the key reasons for clients to outsource their infrastructure management to us apart from their desire to have us as their one stop shop. The infrastructure management division provides hardware solutions, networking solutions, data backup & recovery, etc. These services are offered to different verticals such as banks and financial institutions, insurance companies and

healthcare companies. The infrastructure management division contributes 27% of the total revenue of FCS.

d. Internal control systems and their adequacy

The Internal Audit function has been outsourced to a firm of Chartered Accountants, which conducts the audit on the basis of an Annual Audit Plan. The Company has appointed M/s KRA & Co., Chartered Accountants, H 109, 1st Floor, Garg Tower, Netaji Subhash Place, Pitampura, New Delhi –110 034 as its Internal Auditor. The Internal Audit process includes review and evaluation of effectiveness of the existing processes, controls and compliance. The performance of the Company is regularly viewed by the Board of Directors to ensure that it is keeping with the overall corporate policy and in line with pre-set objectives.

The departmental performance is rated through the Control Effectiveness Index given by the Internal Auditors. Significant observations including recommendations for improvement of the business processes are reviewed by the management before reporting to the Audit Committee. The Audit Committee then reviews the Internal Audit reports and the status of implementation of the agreed action plan. The Company updates its internal control systems from time to time, enabling it to monitor employee adherence to internal procedures and external regulatory guidelines. The Audit Committee was constituted as a sub-committee to the Board of Directors and it consists solely of independent directors. The meetings of the committee are held periodically to review and recommend, inter alia, the quarterly, half yearly, nine months and annual financial statements, and plays significant role in all the financial decisions of the Company. The committee also holds discussions with statutory auditors, internal auditors and the Management on matters pertaining to internal controls, auditing and financial reporting.

M/s. SPMG & Company, Chartered Accountants, Delhi are recommended for reappointment as statutory auditors to audit financial statements and conduct such tests and related procedures as they deem necessary in accordance with generally accepted auditing principles. The reports of the statutory auditors based upon their audit of the financial statements, are contained elsewhere in the Annual Report.

e. Financial performance with respect to operational performance

The Company's total income has been reported for the year ended 31 March 2011 as ₹ 37,967.94 Lacs, as compared to ₹ 27105.83 Lacs for the year ended 31 March 2010 and the net profit has increased from ₹ 3,116.36 Lacs in 2010 to ₹ 3149.61 Lacs in 2011.

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

FCS has its well organized human resources department to focus on its human resources, as in order to optimally utilize the human resources, we need to properly hire, train, coach and mentor, and develop them to be great contributors to the business. FCS has included HR strategic planning in its overall business plan. Employee satisfaction is supremely important at FCS, because it is what productivity depends on. One of the secrets of FCSs flourishing Business is that FCS is comprised of contented employees, where each employee recognizes that he/she contributes to FCSs success and feels that he/she is a part of the team. Our happy and loyal employees are 100% dedicated to our customers. FCSs contented employees would Produce superior quality performance in optimal time and lead to growing profits. They are creative, innovative and come up with breakthroughs, which allow FCS to grow and change positively with time and changing market conditions.

The total number of employees in the Company was 981 as on March 31, 2011.

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 & on behalf of the Board of Directors

Sd/-

DALIP KUMAR

(Chairman & Managing Director)

Noida
August 29, 2011

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's corporate governance principles are to satisfy the spirit of law and not just the letter of the law; it shall be such that it should go beyond the law.

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 four 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:

30th April 2010, 25th May 2010, 28th May 2010, 31st May 2010, 14th August 2010, 1st September 2010, 26th October 2010, 14th November 2010, 20th January 2011, 14th February 2011.

Constitution of Board of Directors and related information:

Name	Category	No. of Board Meetings attended	Attendance at the last AGM	No. of Directorships in other public companies as on 31.3.2011		No. of Committee positions held in other public companies as on 31.3.2011	
				Member	Chairman	Member	Chairman
Mr. Dalip Kumar	Chairman & Managing Director	5	Yes	2	-	Nil	-
Mr. S. S. Sharma	Independent Non Executive Director	10	Yes	Nil	-	Nil	2
Mr. S. N. Sharma	Independent Non Executive Director	10	Yes	4	-	3	-
Mr. Dhruwa Narain Rai	Independent Non Executive Director	0	No	Nil	-	NA	-

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.

Four Audit Committee meetings were held during the year. These were held on 31st May, 2010, 14th August, 2010, 14th November, 2010, 14th February, 2011.

The constitution of the Committee is as under:

Name of Directors	Category	No. of Meetings	
		Held	Attended
Mr. S.S. Sharma	Independent Non-Executive Director	4	4
Mr. S.N. Sharma*	Independent Non Executive Director	4	4
Mr. Dhruwa Narain Rai	Independent Non Executive Director	4	Nil

* Chairman of the Committee.

The Chairman of the Audit Committee was present at the last Annual General Meeting held on September 27, 2010.

The Company Secretary acts as Secretary to the Committee.

Remuneration/Compensation 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
Mr. S. N. Sharma	Independent Non-Executive	1	1

* Chairman of the Committee.

The meeting of the Committee was held on September 1, 2010.

Investors / Shareholders Grievance Committee:

The meetings of Committee were held on 31st May, 2010, 14th August, 2010, 14th November, 2010, 14th February, 2011. The composition of the committee is as under:

Name of Directors	Category	Designation	No. of Meetings	
			Held	Attended
Mr. S. N. Sharma	Independent Non-Executive Director	Chairman	4	4
Mr. S S. Sharma*	Independent Non-Executive Director	Member	4	4

* 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 Link Intime (India) Pvt. Ltd. during the period year ended March 31, 2011.

Number of Complaint received:	7
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 restrictions imposed by any stock exchange, SEBI, on any matters relating to the capital market over the last three 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
2007-2008	The Executive Club, 439, Village Shahoorpur, Fatehpur Beri, New Delhi – 110 074.	Tuesday, September 30, 2008	4.30 P.M
2008-2009	The Executive Club, 439, Village Shahoorpur, Fatehpur Beri, New Delhi – 110 074.	Monday, September 14, 2009	9.30 A.M
2009-2010	The Executive Club, 439, Village Shahoorpur, Fatehpur Beri, New Delhi – 110 074	Monday, September 27, 2010	10.30 A.M

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.

Chairman & Managing Director/Chief Financial Officer Certification

As required by Clause 49 of the Listing Agreement, the Chairman & Managing Director/Chief Financial Officer 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 & Analysis is a part of annual report or not:	Yes

Brand Establishment

The Company understands the value of brand establishment, and also knows the correct approach required for establishment of a brand. The Company analyses that a brand cannot be strengthened just by adding more products to it, as it is not the broad basket of services, but the quality of services, which establishes a brand. If your foundation is weak, your building will only become weaker as you add more and more floors. Therefore, the Company spent a lot of time creating a

very strong foundation by providing world-class services, and introduced another service only after proving itself in providing the existing and core services. It is only on the dint of its proper approach, that the Company has successfully established its FCS brand, which has gained recognition all over the globe.

SHAREHOLDERS INFORMATION

Annual General Meeting

Date and Time : 26th September 2011, 9.00 AM
 Venue : The Executive Club, 439, Village Shahoorpur,
 Fatehpur Beri, New Delhi – 110 074
 Financial Calendar: 1st April 2010 to 31st March 2011

Unaudited/Audited Financial Results	Quarter / Year ended	Month of approval of Financial Results
Unaudited financial results for the quarter ended	June 2010	August 2010
Unaudited financial results for the quarter and half year ended	September 2010	November 2010
Unaudited financial results for the quarter ended	December 2010	February 2011
Audited financial results for the year ended	March 2011	May 2011

Date of Book Closure : September 20 to September 26, 2011 (Both days inclusive)
 Listing on Stock Exchanges : NSE BSE
 Exchange code : FCSSOFT 532666
 Listing fee for 2010-11 : Paid for both the above stock exchanges.
 ISIN No. : INE512B01022 (for fully paid up shares)
 ISIN No. : IN9512B01020 (for partly paid up shares)

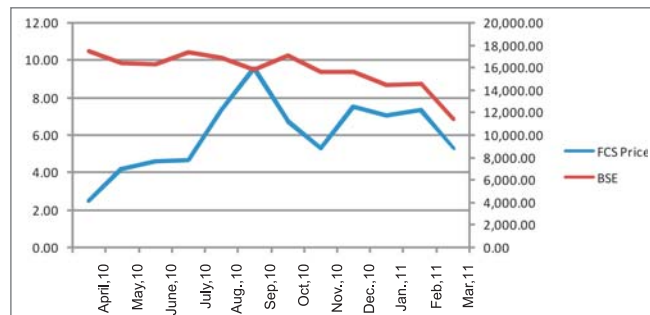
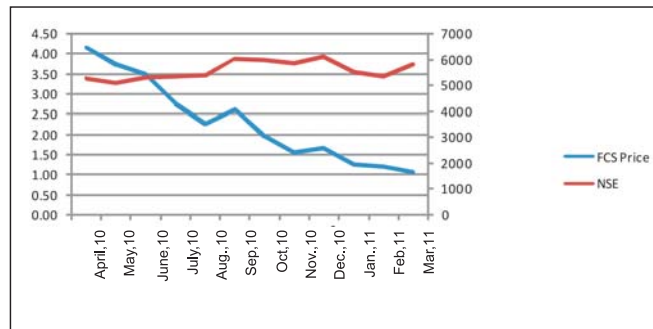
Stock Market Price Data:

Month	BSE			NSE			
	High	Low	Volume	High	Low	Volume	Total Volume
	(₹)	(₹)	(Nos.)	(₹)	(₹)	(Nos.)	(Nos.)
April 2010	6.32	4.11	312035042	6.30	4.15	537301898	849336940
May	4.14	3.52	66526963	4.15	3.50	113049539	183426796
June	4.22	3.51	197897101	4.25	3.50	320640716	518537317
July	3.73	2.75	468033069	3.75	2.75	511652492	979685561
August	3.20	2.25	309135884	3.20	2.25	389668219	698804103
September	3.02	2.24	169977315	3.10	2.25	254932780	424910095
October	2.62	1.93	215124777	2.65	1.95	315602567	530727344
November	1.98	1.24	130301291	2.00	1.25	227151672	357452963
December	1.69	1.31	77734247	1.70	1.30	114559029	140579642
January 2011	1.69	1.25	41268387	1.65	1.25	75679255	116947642
February	1.35	1.15	43081631	1.35	1.15	72477708	115559339
March	1.20	1.04	27084984	1.25	1.05	44510141	71595125
Total			2058200691			2977226016	5035426707

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:



Litigation

The Company has two labour disputes, which are not substantial in nature and in case the judgment is given against the Company in these cases, the Company will not be become liable to the claim amount not more than Rs. 4.5 Lacs (approx.).

Share Transfer System:

M/s Link Intime (India) Pvt. Ltd. are the Registrar and Share Transfer Agents for processing transfers, subdivision, 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 Investors’ Grievance 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, 2011)

Shareholding of Nominal Value (₹)	No. of Shareholders	% of Total Shareholders	No. of Shares held	% of Total Shares
Upto 2500	104853	69.479	93275468	9.060
2501-5000	20626	13.692	80634100	7.832
5001-10000	12521	8.303	98509015	9.568
10001-20000	6524	4.404	97958288	9.515
20001-30000	2284	1.535	57902734	5.624
30001-40000	1033	0.696	37023623	3.596
40001-50000	745	0.499	34797472	3.380
50001-100000	1237	0.821	90647388	8.805
100001 & above	798	0.573	438805312	42.621
TOTAL	150617	100.00	1029553400	100.00

Shareholding Pattern as on March 31, 2011

Categories	No. of Shares held	% of holding
Promoters-		
• Indian	135968560	13.21
• Foreign	0	0
Mutual Funds & UTI	0	0
Banks, Financial Institutions and Insurance Companies	3000	
Foreign Institutional Investors	0	0
Private Corporate Bodies	142116853	13.80
Indian Public	687615870	66.79
NRI / OCB's	17847868	1.73
Others (Directors & their relatives, HUF, Clearing Members)	46001249	4.52
TOTAL	1029553400	100

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 Dematerialization as on March 31, 2011 is as under:

Segment	No. of Shareholders	% of Total No. of Shareholders	No. of Shares	% of Total No. of Shares
Physical	26	0.017	472691	0.0459
Demat	150594	99.98	1029080709	99.9541
Total	150620	100	1029553400	100

Secretarial Audit

A qualified practicing Company Secretary carried out secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The secretarial audit report confirms that the total issued/paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF FCS SOFTWARE SOLUTIONS LTD. ON THE CONSOLIDATED FINANCIAL STATEMENTS OF FCS SOFTWARE SOLUTIONS LTD. AND SUBSIDIARIES

We have audited the attached consolidated Balance Sheet of FCS Software Solutions Ltd. ("the Company") and its subsidiary, as described in summary of significant accounting policies to the consolidated financial statements as at 31 March 2011, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date, annexed thereto. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

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 whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The financial statements of SUBSIDIARIES, whose financial statements reflect total assets of ₹ 3,814,169,962/- as at 31 March 2011, total revenues of ₹ 2,636,832,043/- and total cash flows amounting to ₹ 43,637,830/- for the year then ended have been audited by other auditors. The audit reports for the above mentioned entities have been furnished to us, and our opinion, insofar as it relates to the amounts included in respect of those subsidiaries, is based solely upon the report of the other auditors.

We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of the Company and its subsidiaries included in the consolidated financial statements.

On the basis of the information and explanation given to us, and on consideration of the separate audit reports on individual audited financial statements of the Company and its subsidiaries, in our opinion, the consolidated financial statements give a true and fair view in conformity with accounting principles generally accepted in India:

- (i) in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Company and its subsidiaries as at 31 March 2011;
- (ii) in the case of the Consolidated Profit and Loss Account, of the consolidated results of operations of the Company and its subsidiaries for the year ended on that date; and
- (iii) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the Company and its subsidiaries for the year ended on that date.

For **SPMG & Company**
Chartered Accountants

Sd/-

Vinod Gupta

Partner

Membership No. 90687

Place : New Delhi
Dated : 30/05/2011

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2011

PARTICULARS	SCHEDULE	As on 31-03-2011 AMOUNT (₹)	As on 31-03-2010 AMOUNT (₹)
SOURCES OF FUNDS			
SHARE HOLDER'S FUND			
Share Capital	A	1,029,553,100	529,553,100
Advance Pursuant to Share Warrant		188,100,000	-
Reserve and Surplus	B	4,193,893,571	2,537,933,383
LOAN FUND			
Secured Loan	C	65,296,331	117,342,100
Unsecured Loan	D	2,122,411	110,397,924
DEFERRED TAX LIABILITY		6,614,043	10,178,187
TOTAL		<u>5,485,579,456</u>	<u>3,305,404,695</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	E	3,633,001,289	812,983,252
Less : Depreciation		652,145,067	439,629,331
Net Block		2,980,856,222	373,353,921
Add: Capital Work in Progress		136,790,900	663,500,378
		3,117,647,122	1,036,854,299
INVESTMENTS			
Current Assets Loan and Advances	F	120,149,800	99,800
CURRENT ASSETS			
Cash and Bank Balance	G	324,172,050	561,532,760
Debtors	H	751,165,367	675,904,908
Work-in-Process		11,871,784	74,330,517
Loans & Advances	I	683,962,078	1,344,320,425
		1,771,171,279	2,656,088,611
Less : Current Liabilities	J	202,795,743	377,057,605
Provisions	K	23,583,688	17,783,348
		226,379,431	394,840,953
NET CURRENT ASSETS		1,544,791,848	2,261,247,658
PRELIMINARY & OTHER MISC. EXPENSES	L	702,990,686	7,202,937
		<u>5,485,579,456</u>	<u>3,305,404,695</u>
SIGNIFICANT ACCOUNTING POLICY & NOTES ON ACCOUNTS			
AS PER OUR REPORT OF EVEN DATE	P	For FCS SOFTWARE SOLUTIONS LTD	
For SPMG & COMPANY		Sd/-	Sd/-
Chartered Accountants		Dalip Kumar	S.N. Sharma
		(CMD)	(Director)
Sd/-		Sd/-	Sd/-
(Vinod Gupta)		Anil Sharma	Gagan Kaushik
Partner		(CFO)	(Co. Secretary)
Place: New Delhi			
Date : 30-05-2011			

**CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED
31ST MARCH 2011**

PARTICULARS	SCHEDULE	For the Year Ended on 31.03.2011 (₹)	For the Year Ended on 31.03.2010 (₹)
INCOME			
SOFTWARE DEVELOPMENT & OTHER SERVICES		3,796,794,392	2,710,582,987
DECREASE/INCREASE IN WORK-IN-PROCESS		(62,458,733)	(17,047,811)
		<u>3,734,335,659</u>	<u>2,693,535,176</u>
EXPENDITURE			
FOREX FLUCTUATION ACCOUNT		18,987,749	85,698,031
SOFTWARE DEVELOPMENT EXPENSES	N	2,768,865,154	1,983,679,195
ADMINISTRATIVE AND OTHER EXPENSES	O	446,769,834	182,660,537
		<u>3,234,622,737</u>	<u>2,252,037,765</u>
OPERATING PROFIT (PBIDT)		499,712,921	441,497,411
MISC. INCOME	M	84,795,857	17,099,864
FINANCE CHARGES		43,003,669	8,964,809
DEPRECIATION		212,515,735	130,141,993
PRIOR PERIOD ITEMS - Income/(Expenses)		79,186	(1,031,118)
PROFIT BEFORE TAX		329,068,559	318,459,354
PROVISION FOR TAX :-			
PROVISION FOR INCOME TAX - CURRENT		17,400,000	12,150,000
DEFERRED TAX (ASSETS)/LIABILITY		(3,564,144)	(5,376,320)
INCOME TAX PAID		271,811	49,991
PROFIT AFTER TAX		314,960,892	311,635,683
Balance Brought Forward		1,178,045,892	960,080,217
AMOUNT TRANSFER TO GENERAL RESERVE		32,945,589	100,000,000
APPROPRIATIONS			
MAT CREDIT ADJUSTMENT		(6,318,001)	6,360,168
PROVISION WRITTEN OFF		-	(30,176)
BALANCE IN THE PROFIT & LOSS ACCOUNT		1,453,743,195	1,178,045,892

**SIGNIFICANT ACCOUNTING POLICY &
NOTES ON ACCOUNTS**

P

AS PER OUR REPORT OF EVEN DATE

For FCS SOFTWARE SOLUTIONS LTD

For **SPMG & COMPANY**
Chartered Accountants

Sd/-
Dalip Kumar
(CMD)

Sd/-
S.N. Sharma
(Director)

Sd/-
(Vinod Gupta)
Partner

Sd/-
Anil Sharma
(CFO)

Sd/-
Gagan Kaushik
(Co. Secretary)

Place : New Delhi
Date : 30-05-2011

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED
31st MARCH, 2011**

PARTICULARS	As on 31-03-2011 AMOUNT (₹)	As on 31-03-2010 AMOUNT (₹)
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit after tax as per Profit & Loss Account	314,960,892	311,635,683
Adjusted for:		
Deferred Tax Provision	(3,564,144)	(5,376,320)
Provision for income tax	17,671,811	12,199,991
Depreciation/Preliminary Expenses written off/ Employee Stock Compensation	293,939,270	133,285,879
Prior Period Adjustments	(79,186)	1,031,118
Interest Expenses	43,003,669	8,964,809
Operating Profit before Working Capital Changes	665,932,314	461,741,161
Adjustment in Operating Profit		
Adjusted for:		
Trade and Other Receivables	(75,260,458)	(240,746,902)
Work in Process	62,458,733	17,047,811
Trade Payable	(174,261,862)	283,736,713
Increase in Provision	550,340	932,631
Loan & Advances	660,358,348	(1,308,302,337)
Net Cash From Operating Activities	1,139,777,415	(785,590,923)
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	2,820,018,036	21,230,103
Increase / (Decrease) Capital WIP	(526,709,479)	79,608,775
Increase / (Decrease) in Investment	120,050,000	—
Increase in IPO/GDR Exp.	8,453,343	7,907,254
Increase in deferred business development expenses	768,757,940	—

Net Cash used in Investing Activities	3,190,569,840	108,746,132
PARTICULARS	As on 31-03-2011 AMOUNT (₹)	As on 31-03-2010 AMOUNT (₹)
C CASH FLOW FROM FINANCIAL ACTIVITIES:		
Proceed from Issue of Share Capital	500,000,000	100,000,000
Proceed from Issue of Share Premium	1,425,000,000	1,010,000,000
Advance pursuant to Pref. Share Warrant	188,100,000	145,600,000
Proceeds from Employee Stock Option Exercised	-	509,700
Proceed from Long Term Borrowings	(52,045,770)	19,337,440
Increase in Foreign Currency transaction Reserve	(77,682,704)	(13,345,350)
Repayment of Long Term Borrowings	(108,275,513)	107,937,531
Dividend Paid/Dividend Tax	-	(8,469,084)
Tax Paid	(18,739,812)	(7,286,574)
Prior Period Adjustments	79,186	(1,031,118)
Interest Expenses	(43,003,669)	(8,964,809)
Net Cash used in Financial Activities	1,813,431,716	1,344,287,734
Net Increase/ Decrease in Cash and Cash Equivalents	(237,360,709)	449,950,678
Opening Balance of Cash and Cash Equivalents	561,532,760	111,582,081
Closing Balance of Cash & Cash Equivalents	324,172,050	561,532,760

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 in 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 classification.

AS PER OUR REPORT OF EVEN DATE

For **FCS SOFTWARE SOLUTIONS LTD**

For **SPMG & COMPANY**
Chartered Accountants

Sd/-
Dalip Kumar
(CMD)

Sd/-
S.N. Sharma
(Director)

Sd/-
(Vinod Gupta)
Partner

Sd/-
Anil Sharma
(CFO)

Sd/-
Gagan Kaushik
(Co. Secretary)

Place : New Delhi
Date : 30-05-2011

PARTICULARS	As on 31-03-2011 AMOUNT (₹)	As on 31-03-2010 AMOUNT (₹)
SCHEDULE - A		
AUTHORISED CAPITAL		
150,00,00,000 EQUITY SHARES OF ₹ 1/- EACH	1,500,000,000	600,000,000
ISSUED, SUBSCRIBED & PAIDUP		
1,029,553,100 EQUITY SHARES OF ₹ 1/- EACH	1,029,553,100	529,553,100
<i>[Out of the above 30,00,000 shares of ₹ 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 ₹ 10/- each have been issued as bonus shares by capitalisation of general reserve dt. 20.4.00]</i>		
<i>[Out of the above 200,00,000 shares of ₹ 1/- each have been issued as conversion of preferential warrents dt. 13.11.09]</i>		
<i>[Out of the above 10,00,00,000 shares of ₹ 1/- each have been issued as GDR 5000,000 (1 GDR equal of 20 equity Shares) dt. 02.12.09]</i>		
<i>[Out of the above 26,47,76,550 shares of ₹ 1/- each have been issued as bonus shares by capitalisation of share premium dt. 02.03.10]</i>		
<i>[Out of the above 50,00,00,000 shares of ₹ 1/- each have been issued as GDR 25,000,000 (1 GDR equal of 20 equity Shares) dt. 28.05.10]</i>		
	1,029,553,100	529,553,100
SCHEDULE - B		
RESERVES AND SURPLUS		
PROFIT & LOSS ACCOUNT	1,453,743,195	1,178,045,892
CAPITAL RESERVE	3,250	3,250
SHARE PREMIUM ACCOUNT		
SHARE PREMIUM	1,084,944,010	
Add: Issue on GDR's	1,425,000,000	1,084,944,010
GENERAL RESERVE		
As per last Balance Sheet	289,630,982	
Add: Trf. From P&L Account	32,945,589	289,630,982
Foreign Currency Translation Reserve	(95,238,971)	(17,556,266)
EMPLOYEE STOCK OPTION		
	2,865,516	2,865,516
	4,193,893,571	2,537,933,383

PARTICULARS	As on 31-03-2011 AMOUNT (₹)	As on 31-03-2010 AMOUNT (₹)
SCHEDULE - C		
SECURED LOAN		
<i>Canara Bank-Working capital (Secured against Land & Building at Gurgaon and Export Receivables and noidal and & building and other assets at noida and personal guarantee of the Directors)</i>	41,989,196	79,382,500
YES BANK CC ACCOUNT <i>(Secured against title of Land, to be transfer after completion of Instalment)</i>	-	20,000,000
NOIDA AUTHORITY <i>(Secured against first charge over Land situated at 1A, Sector-73, Noida)</i>	4,238,227	5,427,458
ICICI Bank Ltd. - Vehicle Loan <i>(Secured against Car)</i>	873,287	-
HDFC Bank OD Account <i>(Secured against fixed deposit)</i>	18,195,620	5,266,731
HSIDC- Panchkula Haryana <i>(Secured against first charge over land situated at IT park Panchkula)</i>	-	7,265,411
	65,296,330	117,342,100
SCHEDULE - D		
UNSECURED LOAN		
LOAN FROM DIRECTORS & OTHERS	2,122,411	110,397,924
	2,122,411	110,397,924

SCHEDULE - E

CONSOLIDATED SCHEDULE OF FIXED ASSETS

PARTICULARS	RATE %	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		AS ON 01-04-2010	ADDITION DURING THE PERIOD	SALE/ADJ. DURING THE PERIOD	AS ON 31-03-2011	UP TO 01-04-2010	SALE/ADJ. DURING THE PERIOD	FOR THE PERIOD	UPTO 31-03-2011	AS ON 01-04-2010	AS ON 31-03-2011
LAND	0	112,071,102	1,084,533	-	113,155,635	-	-	-	-	112,071,102	113,155,635
BUILDING	5	64,574,076	18,659,251	-	83,233,327	13,174,430	2,851,567	16,125,997	67,107,329	51,399,646	67,107,329
FURNITURE & FIXTURE	18.1	23,020,160	1,987,259	-	25,007,419	14,029,914	1,887,138	15,917,053	9,090,366	8,990,245	9,090,366
OFFICE EQUIPMENT, ELECTRICAL, AC, GENSET ETC.	13.9	31,786,325	9,496,073	-	41,282,399	17,529,513	2,702,877	20,232,391	21,050,008	14,256,812	21,050,008
COMPUTERS & SOFTWARES	40	579,100,483	2,787,388,349	-	3,366,488,832	393,534,154	204,454,002	597,988,156	2,768,480,675	185,566,330	2,768,480,675
VEHICLE	25.9	2,431,104	1,422,571	-	3,853,675	1,361,319	520,149	1,881,468	1,972,207	1,069,784	1,972,207
CAPITAL WORK-IN-PROGRESS		812,983,253	2,820,018,036	-	3,633,001,289	439,629,331	212,515,735	652,145,066	2,980,856,222	373,353,922	2,980,856,222
TOTAL		663,500,378	6,664,273	533,373,752	136,790,899	-	-	-	663,500,378	663,500,378	136,790,899
FIGURES OF THE PREVIOUS YEAR		1,476,483,631	2,826,682,309	533,373,752	3,769,792,188	439,629,331	212,515,735	652,145,066	1,036,854,300	1,036,854,300	3,117,647,121
		1,375,644,753	446,439,076	345,600,199	1,476,483,631	309,487,337	130,141,993	439,629,331	1,066,157,415	1,066,157,415	1,036,854,300

PARTICULARS	As on 31-03-2011 AMOUNT (₹)	As on 31-03-2010 AMOUNT (₹)
SCHEDULE - F		
INVESTMENTS		
A. Other than trade-unquoted		
EQUITY SHARES NON TRADED AND UNQUOTED	99,800	99,800
M/s.Enstaserv eServices Ltd, 9980 Equity shares of ₹ 10/- each fully paidup		
M/s Myzeal IT Solutions Private Limited 5000 Equity Shares of ₹ 10/- each fully paid up	50,000	-
M/s Pumarth Properties & Holdings Private Limited 400000 Equity Shares of ₹ 10 each at premium of ₹ 215	90,000,000	-
M/s Indian Durobuild Private Limited, 10,00,000 Equity Shares of ₹ 10 rach fully paid up	10,000,000	-
M/s Shahi India Buildcon Pvt. Limited 1,00,000 Equity Shares of ₹ 100/- each fully paid up	10,000,000	
M/s Maksad Buildcon Pvt. Limited 100000 Equity Shares of ₹ 100/- each fully paid up	10,000,000	
	120,149,800	99,800
SCHEDULE - G		
CASH & BANK BALANCE		
CASH IN HAND	1,298,750	122,791
(Includes US\$ 2,452 (INR 109482) in hand at US Branch US\$ 1,856 (INR 82870) in US Subsidiary		
BALANCES WITH SCHEDULED BANKS		
- in Current Accounts	21,433,229	30,713,973
- in Fixed Deposits Accounts	39,735,293	30,902,292
BALANCES WITH NON-SCHEDULED BANKS		
- in Current Accounts	83,302,455	490,945,326
- in Fixed Deposits Accounts	178,402,323	8,848,376
	324,172,050	561,532,760

PARTICULARS	As on 31-03-2011 AMOUNT (₹)	As on 31-03-2010 AMOUNT (₹)
SCHEDULE - H		
SUNDRY DEBTORS (unsecured)		
(Debtors outstanding for a period exceeding six months)	55,326,241	237,001,922
Other debtors (Considered good)	695,839,126	438,902,986
	751,165,367	675,904,908
SCHEDULE - I		
LOANS AND ADVANCES (Unsecured, Considered Good)		
SUNDRY SECURITY DEPOSITS	3,310,110	2,978,110
IMPREST/ADV. TO EMPLOYEES	1,628,219	1,205,423
LOANS & ADVANCES (including share application money paid)	648,542,980	235,460,590
PREPAID EXPENSES	3,337,352	777,867,485
CHEQUE IN TRANSITS	-	293,644,638
T.D.S. (Includes refundable of earlier years)	19,044,194	15,240,006
MAT CREDIT ADJUSTMENT	-	6,318,001
ADVANCE INCOME TAX	-	200,000
INTEREST ACCRUED	6,560,517	11,159,604
EXCISE DEPOSIT (PLA)	5,220	5,220
ADVANCE RECOVERABLE (SERVICE TAX)	1,533,486	241,348
	683,962,078	1,344,320,425
SCHEDULE - J		
CURRENT LIABILITIES		
SUNDRY CREDITORS	192,431,197	362,357,516
OTHER LIABILITIES	10,364,546	14,700,089
	202,795,743	377,057,605
SCHEDULE - K		
PROVISIONS		
PROVISION FOR:		
- INCOME TAX	17,400,000	12,150,000
- GRATUITY	4,694,572	4,250,301
- LEAVE ENCASHMENT	1,489,116	1,383,047
	23,583,688	17,783,348

PARTICULARS	As on 31-03-2011 AMOUNT (₹)	As on 31-03-2010 AMOUNT (₹)
SCHEDULE - L		
PRELIMINARY & OTHER MISC. EXPENSES		
IPO EXPENSES	-	2,439,569
DEFERRED BUSINESS DEVOPMENT EXPENSES	768,757,940	-
GDR EXPENSES	15,656,281	7,907,255
	<u>784,414,221</u>	<u>10,346,824</u>
DEFERRED IPO EXPENSES WRITTEN OFF	-	2,439,569
LESS : BUSINESS DEVOPMENT EXPENSES WRITTEN OFF	78,313,915	-
LESS : GDR EXPENSES WRITTEN OFF	3,109,620	704,317
	<u>702,990,686</u>	<u>7,202,938</u>
 SCHEDULE-M		
MISC. INCOME		
INTEREST	71,999,585	11,356,383
RENT INCOME	8,404,782	5,659,930
AMOUNT W/BACK	4,391,490	83,551
	<u>84,795,857</u>	<u>17,099,864</u>
 SCHEDULE-N		
SOFTWARE DEVELOPMENT EXPENSES		
COMPUTER CONSUMABLE STORES	236,354	67,884
SALARIES & OTHER PROJECT EXP.	2,759,855,249	1,965,216,231
TRAINING EXPENSES	8,773,551	18,395,080
	<u>2,768,865,154</u>	<u>1,983,679,195</u>

PARTICULARS	As on 31-03-2011 AMOUNT (₹)	As on 31-03-2010 AMOUNT (₹)
SCHEDULE-O		
ADMINISTRATIVE AND OTHER EXPENSES		
SALARIES & STAFF BENEFITS	58,118,401	57,768,645
ADVERTISEMENT EXPENSES	10,050,556	6,444,991
BANK CHARGES/INTEREST	1,604,942	893,154
BUSINESS PROMOTION	203,074	159,628
TRAVELLING & CONVEYANCE	41,818,504	30,648,987
POWER & FUEL	10,381,290	8,225,871
BROKERAGE EXP.	123,600	-
TELEPHONE, POSTAGE & TELEGRAPH	52,305,917	41,227,528
RENT	2,253,677	2,182,005
LEGAL & PROFESSIONAL CHARGES	5,427,217	6,404,021
SOFTWARE CONSULTANCY CHARGES	738,000	3,681,765
INSURANCE CHARGES	1,621,571	1,967,591
MEETING FEES	250,000	250,000
AUDITOR'S REMUNERATION		
- Audit Fees	429,214	429,214
- Tax Audit Fee	70,786	70,786
PRINTING & STATIONARY	4,492,186	1,523,008
REPAIR AND MAINTENANCE	13,691,299	8,780,090
SECURITY CHARGES	775,612	223,348
SERVICE CHARGES	335,151	291,875
MEMBERSHIP, DONATION & SUBSCRIPTION	200,806,495	34,583
RATES & TAXES	1,397,521	2,233,428
FILING FEE/ OTHER ROC EXPENSES	5,000	8,500
NEWS PAPERS, BOOKS & PRIODICALS	24,930	14,346
SHORT TERM CAPITAL LOSS	25,000,000	-
OFFICE MAINTENANCE	5,744,356	2,324,140
PROCESSING FEES	-	1,130,575
IPO/GDR EXPENSES	1,644,420	2,916,581
AMOUNT WRITTEN OFF	485	168,870
CAPITAL ENHNCEMENT W/O	1,465,200	227,304
COMPENSATION EXPENSES THROUGH H'COURT	-	875,000
BED & DOUBTFUL DEBTS	5,990,425	1,554,697
	446,769,834	182,660,537

SCHEDULE – P

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

P.1 Significant Accounting Policies

P.1.1. Basis for preparation.

The Financial statements have been prepared under the historical-cost convention, in accordance with the Generally Accepted Accounting Principles (GAAP) and accounting standards issued by the Institute of Chartered Accountants of India (ICAI), the provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India (SEBI) as adopted consistently by the Company. All Income and expenditure having a material bearing on the financial statements are recognized on the accrual 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 contracts, future obligations under employee retirement benefit plans. Actual result could differ from these estimates.

P.1.2. Revenue recognition.

Revenue from software development services and other projects on a time-and-material basis is recognized based on services rendered 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. 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. Company has booked sales incentive on cash basis.

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. Fixed assets under construction, advances paid towards acquisition of fixed assets and cost of assets not put to use before the period/year end, are disclosed as capital work in progress.

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 ₹ 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 valued, taken and considered as per certificate given by the management.

P.1.7. Foreign Currency Transactions.

Foreign exchange transactions are recorded at the exchange rates prevailing at the date of transaction. Realized gains or losses on foreign exchange transactions during the period are recognized in profit and loss account. 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. 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 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.

Company is not providing for the gratuity on the basis of actuarial valuation as prescribed under AS-15 prescribed by ICAI and liability was provided only for those employees who are covered under Gratuity Act as determined by the management.

Company does not owe any liability for bonus as no employee is covered under Payment of Bonus Act and no provision for Ex Gratia was made.

P.1.11 Employee Stock option based compensation.

The company had not issued any shares under employee stock option plan and accordingly not claimed any expenses towards employees stock compensation account. However, a scheme has been approved by the shareholders for issue of 1,00,00,000 equity shares.

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 share 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 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 Asset of ₹ 35,64,144/- for the year ended 31st March, 2011, has been provided and the post tax profit has accordingly increased.

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

	Year Ended 31st March 2011 (₹)	Year Ended 31st March 2010 (₹)
Deferred Tax Liability		
(1) Depreciation	8,211,747	11,899,685
Less: Deferred Tax Assets		
(2) Provision for Retirement Benefits		
- For Gratuity	342,817	369,920
- Leave Encashment	1,254,887	1,351,579
Deferred Tax Liability (Net)	6,614,043	10,178,186

P.1.14 Employees Stock Option Plan (ESOP).

During the fiscal the company had not issued shares under employees’ stock option scheme.

P.1.15 Managerial Remuneration

	Year Ended 31st March 2011 (₹)	Year Ended 31st March 2010 (₹)
A. Managing Director		
Salary and perquisites	Nil	Nil
Contribution to Provident Fund and other funds	Nil	Nil
Commission	Nil	Nil
B. Executive Directors		
Salary and perquisites	Nil	Nil
Contribution to Provident Fund and other funds	Nil	Nil
Commission	Nil	Nil
C. Non Executive Directors		
Salary and perquisites	Nil	Nil
Contribution to Provident Fund and other funds	Nil	Nil
Commission	Nil	Nil
Sitting Fee	250,000	250,000
	250,000	250,000

P.1.16 Earning per share

	Year Ended 31st March 2011	Year Ended 31st March 2010
Profit After taxation available to equity shareholders (₹)	314,960,893	311,635,683
Weighted average number of equity shares used in Calculating basic earning per share	1,029,553,100	529,553,100
Add: Effect of diluted issue of shares	Nil	Nil
Weighted average number of equity shares used in Calculating diluted earning per share	1,029,553,100	529,553,100
Face Value of Shares (₹)	₹ 1/-	₹ 1/-
Basic earning per share (₹)	0.31	0.59
Diluted earning per share (₹)	0.31	0.59

P.1.17 Research & 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.1.18 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 2011 has been considered and accounted as certified by the certified public accountant and further certified by the management.

P.1.19 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 2011				(₹ in Lacs)
Description	India	UAE	USA	Total
Revenue from external customers	966	17739	19262	37967
Expenses	625	13291	14587	28503
Segment Result	341	4448	4675	9464
Unallocated Expenses				6592
Operating Profit Before Taxation				2871

Description	India	UAE	USA	Total
Other Income				847.96
Finance Charges				430.04
Profit Before Tax & Prior Period Adj.				3289.89
Prior Period Adj. Income/ Exp.				(0.79)
Provision for Taxation				176.72
Provision for Deferred Tax				(35.64)
Net Profit After Tax				3149.61

For the Year Ended 31st March 2010

(₹ in Lacs)

Description	India	UAE	USA	Total
Revenue from external customers	974	5167	20963	27105
Expenses	518	4201	16144	20864
Segment Result	456	966	4818	6241
Unallocated Expenses				3128
Operating Profit Before Taxation				3113
Other Income				171
Finance Charges				89
Profit Before Tax & Prior Period Adj.				3194
Prior Period Adj. Income/ Exp.				10
Provision for Taxation				122
Provision for Deferred Tax				(53)
Net Profit After Tax				3116

P.1.20 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.1.21 Related Party Transactions:

	31.03.2011	31.03.2010
F.C.S. Software Middle East FZE, UAE:		
- Towards Investment in Equity Shares (including ₹ 12,04,26,456 paid during the preceding year)	32,9,21,77,111	12,29,975
- Towards Share Application (pending for Allotment)	NIL	1,20,30,34,586

P.1.22 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 Fund raised through Global Depository Receipts (GDR's) during the year.

During the fiscal, the company raised USD 41.75 Million (₹ 1,925,000,000) through issuance of 25,000,000 GDR's @ USD 1.67 per GDR, listed at Luxembourg Stock Exchange representing 50,00,00,000 Equity Shares of ₹ 1/- each at a price of ₹ 3.85.

The details of utilization of GDR proceeds:

The unutilized fund with GDR last year were ₹ 22.68 crore and funds raised through GDR during the year were ₹ 192.50 crore. The total amount of ₹ 215.18 Crores was invested in F.C.S. Software Middle East FZE, UAE, wholly owned subsidiary of the Company, up to March 31, 2011.

P.2.3 Contingent liabilities

The company has no letters of credit outstanding issued to various vendors as at March 31, 2011.

P.2.4 Payment to Auditors.

	Current Year	Previous Year
Audit Fee	429,214	429,214
Tax Audit Fee	70,786	70,786
In other capacity	NIL	NIL

P.2.5 Quantitative Details.

The Company is engaged in the software consultancy, technical support services, e-learning and other related allied services. These services 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.2.6 Imports On CIF basis.

(Amt. in ₹)

	31.03.2011	31.03.2010
FCS Software Capital Goods	Nil	Nil
Software Packages	Nil	Nil

P.2.7 Expenditure in Foreign Currency.

	31.03.2011	31.03.2010
Expenditure incurred overseas:		
- By USA	1,399,803,222	1,553,263,408
- By UAE	1,329,149,147	420,121,446
- By India Office	9,108,000	1,345,114

P.2.8 Earning in foreign exchange

	31.03.2011	31.03.2010
Income from software development services and products	3,700,214,875	2,613,105,693

AUDITOR'S REPORT

AS PER OUR REPORT OF EVEN DATE

For FCS SOFTWARE SOLUTIONS LTD

For **SPMG & COMPANY**
Chartered Accountants

Sd/-
Dalip Kumar
(CMD)

Sd/-
S.N. Sharma
(Director)

Sd/-
(Vinod Gupta)
Partner

Sd/-
Anil Sharma
(CFO)

Sd/-
Gagan Kaushik
(Co. Secretary)

Place : New Delhi
Date : 30-05-2011

AUDITOR'S REPORT TO THE MEMBERS FCS SOFTWARE SOLUTIONS LTD.,

1. We have audited the attached Balance Sheet of FCS Software Solutions Ltd., as at 31st March 2011, 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 2011, 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, 2011;
 - 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

Sd/-

Vinod Gupta

Partner

Membership No. 90687

Place : New Delhi
Dated : 30/05/2011

ANNEXURE TO THE AUDITOR'S REPORT

The annexure referred to in our report to the members of FCS Software Solutions Ltd. ('the company') for the year ended 31 March 2011. We report that:

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 is a service company, Primarily rendering software and other IT enabled services. Accordingly it does not hold any physical inventories as such. However, the on going projects were valued as work in process, to the extent expenses incurred thereon.
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 had paid ₹ 1,203,034,586.00 as share application money to FCS Software Middle East FZE, UAE in the preceding year, however shares has been allotted to the company during current fiscal. As informed to us the Company had not granted any other loan, secured or unsecured to other companies, firm or other parties 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.
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. The company had not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
14. In our opinion and according to the information and explanations given to us, the company is not chit fund or nidhi/mutual benefit fund/society.
15. The company has not made any preferential allotment of shares to companies, firms or parties covered in the register maintained under section 301 of the companies act, 1956. However, equity shares of ₹ 50 crore were issued during the year.
16. The company did not raise any money by public issue during the year.
17. 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.
18. Other clauses of the order are not applicable to the company.

For **SPMG & Company**
Chartered Accountants

Place : New Delhi
Dated : 30/05/2011

Sd/-
Vinod Gupta
Partner
Membership No. 90687

BALANCE SHEET AS AT 31ST MARCH 2011

PARTICULARS	SCHEDULE	As on 31-03-2011 AMOUNT (₹)	As on 31-03-2010 AMOUNT (₹)
SOURCES OF FUNDS			
SHARE HOLDER'S FUND			
Share Capital	A	1,029,553,100	529,553,100
Advance Pursuant to Share Warrant		188,100,000	-
Reserve and Surplus	B	3,823,028,542	2,463,998,506
LOAN FUND			
Secured Loan	C	65,296,331	117,342,101
Unsecured Loan	D	349,431	110,397,924
DEFERRED TAX LIABILITY			
		6,614,043	10,178,187
TOTAL		<u>5,112,941,447</u>	<u>3,231,469,818</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	E	864,135,350	812,983,253
Less : Depreciation		525,677,648	439,629,331
Net Block		338,457,702	373,353,922
Add: Capital Work in Progress		136,790,900	663,500,378
		475,248,602	1,036,854,300
INVESTMENTS			
	F	3,412,331,376	1,204,368,875
Current Assets Loan and Advances			
CURRENT ASSETS			
Cash and Bank Balance	G	280,534,221	448,557,487
Debtors	H	314,596,473	471,276,102
Work-in-Process		11,871,784	74,330,517
Loans & Advances	I	683,587,508	46,345,416
		1,290,589,986	1,040,509,522
Less : Current Liabilities	J	54,191,490	39,682,468
Provisions	K	23,583,688	17,783,348
		77,775,178	57,465,816
NET CURRENT ASSETS		1,212,814,808	983,043,705
PRELIMINARY & OTHER MISC. EXPENSES	L	12,546,661	7,202,938
		<u>5,112,941,447</u>	<u>3,231,469,818</u>

**SIGNIFICANT ACCOUNTING POLICY &
NOTES ON ACCOUNTS**
AS PER OUR REPORT OF EVEN DATE

For **SPMG & COMPANY**
Chartered Accountants

Sd/-
(Vinod Gupta)
Partner

Place : New Delhi
Date : 30-05-2011

P

For FCS SOFTWARE SOLUTIONS LTD

Sd/-
Dalip Kumar
(CMD)

Sd/-
Anil Sharma
(CFO)

Sd/-
S.N. Sharma
(Director)

Sd/-
Gagan Kaushik
(Co. Secretary)

**PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED
31ST MARCH 2011**

PARTICULARS	SCHEDULE	For the Year Ended on 31.03.2011 (₹)	For the Year Ended on 31.03.2010 (₹)
INCOME			
SOFTWARE DEVELOPMENT & OTHER SERVICES		1,159,962,350	954,032,721
DECREASE/INCREASE IN WORK-IN-PROCESS		(62,458,733)	(17,047,811)
		1,097,503,617	936,984,910
EXPENDITURE			
FOREX FLUCTUATION ACCOUNT		18,987,749	85,698,032
SOFTWARE DEVELOPMENT EXPENSES	N	676,178,551	404,404,562
ADMINISTRATIVE AND OTHER EXPENSES	O	373,430,693	95,442,646
		1,068,596,993	585,545,240
OPERATING PROFIT (PBIDT)		28,906,624	351,439,670
MISC. INCOME	M	84,795,857	17,099,864
FINANCE CHARGES		5,233,028	8,964,810
DEPRECIATION		86,048,317	130,141,993
PRIOR PERIOD ITEMS - Income/(Expenses)		79,186	(1,031,118)
PROFIT BEFORE TAX		22,500,323	228,401,614
PROVISION FOR TAX :-			
PROVISION FOR INCOME TAX - CURRENT		17,400,000	12,150,000
DEFERRED TAX (ASSETS)/LIABILITY		(3,564,144)	(5,376,320)
INCOME TAX PAID		271,811	49,991
PROFIT AFTER TAX		8,392,656	221,577,943
Balance Brought Forward		1,099,753,594	971,845,660
AMOUNT TRANSFER TO GENERAL RESERVE		800,000	100,000,000
APPROPRIATIONS			
MAT CREDIT ADJUSTMENT		(6,318,001)	6,360,168
PROVISION WRITTEN OFF		-	(30,177)
BALANCE IN THE PROFIT & LOSS ACCOUNT		1,101,028,249	1,099,753,594
SIGNIFICANT ACCOUNTING POLICY & NOTES ON ACCOUNTS			
	P		

AS PER OUR REPORT OF EVEN DATE

For FCS SOFTWARE SOLUTIONS LTD

For **SPMG & COMPANY**
Chartered Accountants

Sd/-
Dalip Kumar
(CMD)

Sd/-
S.N. Sharma
(Director)

Sd/-
(Vinod Gupta)
Partner

Sd/-
Anil Sharma
(CFO)

Sd/-
Gagan Kaushik
(Co. Secretary)

Place : New Delhi
Date : 30-05-2011

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH,2011

PARTICULARS	As on 31-03-2011 AMOUNT (₹)	As on 31-03-2010 AMOUNT (₹)
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit after tax as per Profit & Loss Account	8,392,656	221,577,943
Adjusted for:		
Deferred Tax Provision	(3,564,144)	(5,376,320)
Provision for income tax	17,671,811	12,199,991
Depreciation/Preliminary Expenses written off/ Employee Stock Compensation	89,157,937	133,285,879
Prior Period Adjustments	(79,186)	1,031,118
Interest Expenses	5,233,028	8,964,810
Operating Profit before Working Capital Changes	116,812,101	371,683,421
Adjustment in Operating Profit		
Adjusted for:		
Trade and Other Receivables	156,679,628	(51,540,891)
Work in Process	62,458,733	17,047,811
Trade Payable	14,509,022	(3,932,138)
Increase in Provision	550,340	932,631
Loan & Advances	(637,242,093)	345,334,421
Net Cash From Operating Activities	(286,232,268)	679,525,255
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	51,152,097	21,230,103
Increase / (Decrease) Capital WIP	(526,709,479)	432,252,577
Increase / (Decrease) in Investment	2,207,962,501	1,204,263,980
Increase in IPO/GDR Exp.	8,453,343	7,907,255
Net Cash used in Investing Activities	170,858,462	1,665,653,915

PARTICULARS	As on 31-03-2011 AMOUNT (₹)	As on 31-03-2010 AMOUNT (₹)
C CASH FLOW FROM FINANCIAL ACTIVITIES:		
Proceed from Issue of Share Capital	500,000,000	100,000,000
Proceed from Issue of Share Premium	1,425,000,000	1,010,000,000
Advance pursuant to Pref. Share Warrant	188,100,000	145,600,000
Proceeds from Employee Stock Option Exercised	-	509,700
Proceed from Long Term Borrowings	(52,045,770)	19,337,440
Increase in Foreign Currency transaction Reserve	(68,044,619)	(10,553,551)
Increase/Repayment of Long Term Borrowings	(110,048,493)	107,937,531
Dividend Paid/Dividend Tax		(8,469,084)
Tax Paid	(18,739,812)	(7,286,574)
Prior Period Adjustments	79,186	(1,031,118)
Interest Expenses	(5,233,028)	(8,964,810)
Net Cash used in Financial Activities	1,859,067,464	1,347,079,534
Net Increase/ Decrease in Cash and Cash Equivalents	(168,023,266)	360,950,874
Opening Balance of Cash and Cash Equivalents	448,557,487	87,606,613
Closing Balance of Cash & Cash Equivalents	280,534,221	448,557,487

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 in 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 classification.

AS PER OUR REPORT OF EVEN DATE

For FCS SOFTWARE SOLUTIONS LTD

For SPMG & COMPANY
Chartered Accountants

Sd/-
Dalip Kumar
(CMD)

Sd/-
S.N. Sharma
(Director)

Sd/-
(Vinod Gupta)
Partner

Sd/-
Anil Sharma
(CFO)

Sd/-
Gagan Kaushik
(Co. Secretary)

Place : New Delhi
Date : 30-05-2011

PARTICULARS	As on 31-03-2011 AMOUNT (₹)	As on 31-03-2010 AMOUNT (₹)
SCHEDULE - A		
AUTHORISED CAPITAL		
150,00,00,000 EQUITY SHARES OF ₹ 1/- EACH	1,500,000,000	600,000,000
ISSUED, SUBSCRIBED & PAIDUP		
1,029,553,100 EQUITY SHARES OF ₹ 1/- EACH	1,029,553,100	529,553,100
<i>[Out of the above 30,00,000 shares of ₹ 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 ₹ 10/- each have been issued as bonus shares by capitalisation of general reserve dt. 20.4.00]</i>		
<i>[Out of the above 200,00,000 shares of ₹ 1/- each have been issued as conversion of preferential warrents dt. 13.11.09]</i>		
<i>[Out of the above 10,00,00,000 shares of ₹ 1/- each have been issued as GDR 5000,000 (1 GDR equal of 20 equity Shares) dt. 02.12.09]</i>		
<i>[Out of the above 26,47,76,550 shares of ₹ 1/- each have been issued as bonus shares by capitalisation of share premium dt. 02.03.10]</i>		
<i>[Out of the above 50,00,00,000 shares of ₹ 1/- each have been issued as GDR 25,000,000 (1 GDR equal of 20 equity Shares) dt. 28.05.10]</i>		
	<u>1,029,553,100</u>	<u>529,553,100</u>
SCHEDULE - B		
RESERVES AND SURPLUS		
PROFIT & LOSS ACCOUNT	1,101,028,249	1,099,753,594
CAPITAL RESERVE	3,250	3,250
SHARE PREMIUM ACCOUNT		
SHARE PREMIUM	1,084,944,010	
Add: Issue on GDR's	<u>1,425,000,000</u>	1,084,944,010
GENERAL RESERVE		
As per last Balance Sheet	289,630,982	
Add: Trf. From P&L Account	<u>800,000</u>	289,630,982
Foreign Currency Translation Reserve	(81,243,465)	(13,198,846)
EMPLOYEE STOCK OPTION		
	2,865,516	2,865,516
	<u>3,823,028,542</u>	<u>2,463,998,506</u>

PARTICULARS	As on 31-03-2011 AMOUNT (₹)	As on 31-03-2010 AMOUNT (₹)
SCHEDULE - C		
SECURED LOAN		
Canara Bank-Working capital <i>(Secured against Land & Building at Gurgaon and Export Receivables and noida land & building and other assets at noida and personal guarantee of the Directors)</i>	41,989,196	79,382,500
YES BANK CC ACCOUNT <i>(Secured against title of Land, to be transfer after completion of Instalment)</i>	-	20,000,000
NOIDA AUTHORITY <i>(Secured against first charge over Land situated at 1A, Sector-73, Noida)</i>	4,238,227	5,427,458
ICICI Bank Ltd. - Vehicle Loan <i>(Secured against Car)</i>	873,287	-
HDFC Bank OD Account <i>(Secured against fixed deposit)</i>	18,195,620	5,266,732
HSIDC- Panchkula Haryana <i>(Secured against first charge over land situated at IT park Panchkula)</i>	-	7,265,411
	65,296,331	117,342,101
SCHEDULE - D		
UNSECURED LOAN		
LOAN FROM DIRECTORS & OTHERS	349,431	110,397,924
	349,431	110,397,924

SCHEDULE - E

SCHEDULE OF FIXED ASSETS

PARTICULARS	RATE %	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		AS ON 01-04-2010	ADDITION DURING THE PERIOD	SALE/ADJ. DURING THE PERIOD	AS ON 31-03-2011	UP TO 01-04-2010	SALE/ADJ. DURING THE PERIOD	FOR THE PERIOD	UPTO 31-03-2011	AS ON 01-04-2010	AS ON 31-03-2011
LAND	0	112,071,102	1,084,533	-	113,155,635	-	-	-	-	112,071,102	113,155,635
BUILDING	5	64,574,076	18,659,251	-	83,233,327	13,174,430	-	2,951,567	16,125,997	51,399,646	67,107,329
FURNITURE & FIXTURE	18.1	23,020,160	1,987,259	-	25,007,419	14,029,914	-	1,887,138	15,917,053	8,990,245	9,090,366
OFFICE EQUIPMENT, ELECTRICAL, AC, GENSET ETC.	13.9	31,786,325	9,496,073	-	41,282,399	17,529,513	-	2,702,877	20,232,391	14,256,812	21,050,008
COMPUTERS & SOFTWARES	40	579,100,483	18,502,410	-	597,602,893	393,534,154	-	77,986,583	471,520,737	185,566,330	126,082,155
VEHICLE	25.9	2,431,104	1,422,571	-	3,853,675	1,361,319	-	520,149	1,881,468	1,069,784	1,972,207
CAPITAL WORK-IN-PROGRESS		812,983,253	51,152,087	-	864,135,350	439,629,331	-	86,048,316	525,677,647	373,353,922	338,457,702
TOTAL		663,500,378	6,664,273	533,373,752	136,790,899	-	-	-	-	663,500,378	136,790,899
FIGURES OF THE PREVIOUS YEAR		1,476,483,631	57,816,370	533,373,752	1,000,926,249	439,629,331	-	86,048,316	525,677,647	1,036,854,300	475,248,601
		1,023,000,951	453,482,679	-	1,476,483,631	309,487,337	-	130,141,993	439,629,331	713,513,613	1,036,854,300

PARTICULARS	As on 31-03-2011 AMOUNT (₹)	As on 31-03-2010 AMOUNT (₹)
SCHEDULE - F		
INVESTMENTS		
A. Other than trade-unquoted		
EQUITY SHARES NON TRADED AND UNQUOTED		
M/s.Enstaserv eServices Ltd, 9980 Equity shares of ₹ 10/- each fully paidup	99,800	99,800
M/s.FCS SOFTWARE MIDDLE EAST FZE, UAE, 100000 Equity shares of AED ₹ 1/- each fully paidup	-	1,229,975
2706 Equity shares of AED 100000/- each fully paid up in	3,292,177,111	-
COMMON STOCK (USD 0.01 PAR VALUE OF 10,000 COMMON STOCK in FCS Software Solutions America Ltd)	4,465	4,514
M/s Myzeal IT Solutions Private Limited 5000 Equity Shares of ₹ 10/- each fully paid up	50,000	-
M/s Pumarth Properties & Holdings Private Limited 400000 Equity Shares of ₹ 10/- each at premium of ₹ 215	90,000,000	-
M/s Indian Durobuild Private Limited, 10,00,000 Equity Shares of ₹ 10 each fully paid up	10,000,000	-
M/s Shahi India Buildcon Pvt. Limited 1,00,000 Equity Shares of ₹ 100/- each fully paid up	10,000,000	-
M/s Maksad Buildcon Pvt. Limited 100000 Equity Shares of ₹ 100/- each fully paid up	10,000,000	-
B. Share Application Money Paid		
Share application Money paid to F.C.S. Software Middle East FZE, UAE (pending allotment)	-	1,203,034,586
	3,412,331,376	1,204,368,875
SCHEDULE - G		
CASH & BANK BALANCE		
CASH IN HAND (Includes US\$ 2542 (INR 109482) in hand at US Branch)	1,215,880	122,791
BALANCES WITH SCHEDULED BANKS		
- in Current Accounts	21,433,229	30,713,974
- in Fixed Deposits Accounts	39,735,293	30,902,292
BALANCES WITH NON-SCHEDULED BANKS		
- in Current Accounts	39,747,495	377,970,054
- in Fixed Deposits Accounts	178,402,323	8,848,376
	280,534,221	448,557,487

PARTICULARS	As on 31-03-2011 AMOUNT (₹)	As on 31-03-2010 AMOUNT (₹)
SCHEDULE - H		
SUNDRY DEBTORS (unsecured)		
- Debtors outstanding for a period exceeding six months	55,326,241	237,001,922
- Others (Considered good)	259,270,232	234,274,180
	314,596,473	471,276,102
SCHEDULE - I		
LOANS AND ADVANCES		
(Unsecured, Considered Good)		
SUNDRY SECURITY DEPOSITS	3,310,110	2,978,110
IMPREST/ADV. TO EMPLOYEES	1,628,219	1,205,423
LOANS & ADVANCES (including share application money paid)	648,168,411	6,709,267
PREPAID EXPENSES	3,337,352	2,288,436
T.D.S. (Includes refundable of earlier years)	19,044,194	15,240,006
MAT CREDIT ADJUSTMENT	-	6,318,001
ADVANCE INCOME TAX	-	200,000
INTT. ACCRUED	6,560,517	11,159,605
EXCISE DEPOSIT (PLA)	5,220	5,220
ADVANCE RECOVERABLE (SERVICE TAX)	1,533,486	241,348
	683,587,508	46,345,416
SCHEDULE - J		
CURRENT LIABILITIES		
SUNDRY CREDITORS	43,826,944	24,982,379
OTHER LIABILITIES	10,364,546	14,700,089
	54,191,490	39,682,468
SCHEDULE - K		
PROVISIONS		
PROVISION FOR:		
- INCOME TAX	17,400,000	12,150,000
- GRATUITY	4,694,572	4,250,301
- LEAVE ENCASHMENT	1,489,116	1,383,047
	23,583,688	17,783,348

PARTICULARS	As on 31-03-2011 AMOUNT (₹)	As on 31-03-2010 AMOUNT (₹)
SCHEDULE - L		
PRELIMINARY & OTHE MISC. EXPENSES		
IPO EXPENSES	-	2,439,569
GDR EXPENSES	15,656,281	7,907,255
	<u>15,656,281</u>	<u>10,346,824</u>
LESS : IPO EXPENSES WRITTEN OFF	-	2,439,569
LESS : GDR EXPENSES WRITTEN OFF	3,109,620	704,317
	<u>12,546,661</u>	<u>7,202,938</u>
 SCHEDULE-M		
MISC. INCOME		
INTEREST	71,999,585	11,356,383
RENT INCOME	8,404,782	5,659,930
LIABILITY NO LONGER PAYABLE WRITTEN OFF	4,391,490	83,551
	<u>84,795,857</u>	<u>17,099,864</u>
 SCHEDULE-N		
SOFTWARE DEVELOPMENT EXPENSES		
COMPUTER CONSUMABLE STORES	236,354	67,884
SALARIES & OTHER PROJECT EXP.	667,168,646	404,336,678
TRAINING EXPENSES	8,773,551	-
	<u>676,178,551</u>	<u>404,404,562</u>

PARTICULARS	As on 31-03-2011 AMOUNT (₹)	As on 31-03-2010 AMOUNT (₹)
SCHEDULE-O		
ADMINISTRATIVE AND OTHER EXPENSES		
SALARIES & STAFF BENEFITS	37,664,058	22,062,100
ADVERTISEMENT EXPENSES	10,050,556	6,444,991
BANK CHARGES/INTEREST	1,083,546	725,803
BUSINESS PROMOTION	203,074	159,628
TRAVELLING & CONVEYANCE	28,220,714	14,339,995
POWER & FUEL	10,381,290	8,225,872
BROKERAGE EXP	123,600	-
TELEPHONE,POSTAGE & TELEGRAPH	29,363,647	16,551,714
RENT	762,847	815,649
LEGAL & PROFESSIONALCHARGES	4,672,682	5,790,386
SOFTWARE CONSULTANCY CHARGES	738,000	988,877
INSURANCE CHARGES	1,337,881	1,257,911
MEETING FEES	250,000	250,000
AUDITOR'S REMUNERATION:		
- Audit Fees	429,214	429,214
- Tax Audit Fee	70,786	70,786
PRINTING & STATIONARY	4,492,186	1,523,008
REPAIR AND MAINTENANCE	5,024,536	4,804,288
SECURITY CHARGES	775,612	223,348
SERVICE CHARGES	335,151	291,875
MEMBERSHIP, DONATION & SUBSCRIPTION	200,806,495	34,583
RATES & TAXES	899,685	2,233,428
FILING FEE/ OTHER ROC EXPENSES	5,000	8,500
NEWS PAPERS, BOOKS & PRIODICALS	24,930	14,346
SHORT TERM CAPITAL LOSS	25,000,000	-
OFFICE MAINTENANCE	1,614,672	1,323,315
PROCESSING FEES	-	1,130,575
IPO/GDR EXPENSES	1,644,420	2,916,582
AMOUNT WRITTEN OFF	485	168,871
CAPITAL ENHNCEMENT W/O	1,465,200	227,304
COMPENSATION EXPENSES THROUGH H'COURT	-	875,000
BED & DOUBTFUL DEBTS	5,990,425	1,554,698
	373,430,693	95,442,646

SCHEDULE – P

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

P.1 Significant Accounting Policies

P.1.1. Basis for preparation.

The Financial statements have been prepared under the historical-cost convention, in accordance with the Generally Accepted Accounting Principles (GAAP) and accounting standards issued by the Institute of Chartered Accountants of India (ICAI), the provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India (SEBI) as adopted consistently by the Company. All Income and expenditure having a material bearing on the financial statements are recognized on the accrual 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 contracts, future obligations under employee retirement benefit plans. Actual result could differ from these estimates.

P.1.2. Revenue recognition.

Revenue from software development services and other projects on a time-and –material basis is recognized based on services rendered 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. Interest on deployment 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. Company has booked sales incentive on cash basis.

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. Fixed assets under construction, advances paid towards acquisition of fixed assets and cost of assets not put to use before the period/year end, are disclosed as capital work in progress.

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 ₹ 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 valued, taken and considered as per certificate given by the management.

P.1.7. Foreign Currency Transactions.

Foreign exchange transactions are recorded at the exchange rates prevailing at the date of transaction. Realized gains or losses on foreign exchange transactions during the period are recognized in profit and loss account. 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. 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 its 100% wholly owned subsidiary FCS Software Solutions America Ltd. U.S.A. & FCS Software Middle East FZE, UAE.

P.1.10 Retirement Benefits.

Own Contributions to provident fund and ESI 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.

Company has provided the provision for gratuity and leave encashment on the basis of actuarial valuation as prescribed under AS-15 prescribed by ICAI and liability was provided only for those employees who are covered under Gratuity Act as certified by valuer.

Company does not owe any liability for bonus as no employee is covered under Payment of Bonus Act and no provision for Ex Gratia was made.

P.1.11 Employee Stock option based compensation.

The company had not issued any shares under employee stock option plan and accordingly not claimed any expenses towards employees stock compensation account. However, a scheme has been approved by the shareholders for issue of 1,00,00,000 equity shares during 2009-10 fiscal.

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 share 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 Income Tax

a. Provision is made for income tax on a yearly basis in pursuance with the provision prescribed under Income Tax Act, 1961 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 Asset of ₹ 35,64,144/- for the year ended March 31,2011, has been provided and the post tax profit has accordingly increased

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

	Year Ended 31st March 2011 (₹)	Year Ended 31st March 2010 (₹)
Deferred Tax Liability		
(1) Depreciation	8,211,747	11,899,685
Less: Deferred Tax Assets		
(2) Provision for Retirement Benefits		
- For Gratuity	342,817	369,920
- Leave Encashment	1,254,887	1,351,579
Deferred Tax Liability (Net)	6,614,043	10,178,186

P.1.14 Employees Stock Option Plan (ESOP).

During the fiscal the company had not issued shares under employees' stock option scheme.

P.1.15 Managerial Remuneration*

	Year Ended 31st March 2011 (₹)	Year Ended 31st March 2010 (₹)
A. Managing Director		
Salary and perquisites	Nil	Nil
Contribution to Provident Fund and other funds	Nil	Nil
Commission	Nil	Nil
B. Executive Directors		
Salary and perquisites	Nil	Nil
Contribution to Provident Fund and other funds	Nil	Nil
Commission	Nil	Nil
C. Non Executive Directors		
Salary and perquisites	Nil	Nil
Contribution to Provident Fund and other funds	Nil	Nil
Commission	Nil	Nil
Sitting Fee	250,000	250,000
	250,000	250,000

P.1.16 Earning per share

	Year Ended 31st March 2011	Year Ended 31st March 2010
Profit After taxation available to equity shareholders (₹)	8,392,656	221,577,943
Weighted average number of equity shares used in Calculating basic earning per share	1,029,553,100	529,553,100
Add: Effect of diluted issue of shares	Nil	Nil
Weighted average number of equity shares used in Calculating diluted earning per share	1,029,553,100	529,553,100
Face Value of Shares (₹)	₹ 1/-	₹ 1/-
Diluted earnings per share (₹)	0.008	0.42

P.1.17 Research & 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.1.18 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 2011 has been considered and accounted as certified by the certified public accountant and as certified by the management for the purpose of this Balance Sheet.

P.1.19 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 2011			(₹ in Lacs)
Description	India	USA	Total
Revenue from external customers	965	10,633	11,599
Expenses	625	6,951	7,576
Segment Result	341	3,682	4,023
Unallocated Expenses			4,594
Operating Profit Before Taxation			(571)
Other Income			847

Description	India	USA	Total
Finance Charges			52
Profit Before Tax & Prior Period Adj.			224
Prior Period Adjustment Income/ Expenses			(0.79)
Provision for Taxation			176
Provision for Deferred Tax			(35)
Net Profit After Tax			83

For the Year Ended 31st March 2010

(₹ in Lacs)

Description	India	USA	Total
Revenue from external customers	974	8,565	9,540
Expenses	518	4553	5,071
Segment Result	456	4012	4,468
Unallocated Expenses			2,255
Operating Profit Before Taxation			2,212
Other Income			171
Finance Charges			89
Profit Before Tax & Prior Period Adj.			2,294
Prior Period Adjustment Income/ Expenses			10
Provision for Taxation			122
Provision for Deferred Tax (Assets)/Liability			(53)
Net Profit After Tax			2,215

P.1.20 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.1.21 Related Party Transactions:

	31.03.2011	31.03.2010
F.C.S. Software Middle East FZE, UAE:		
- Towards Investment in Equity Shares (including ₹ 12,04,26,456 paid during the preceeding year)	3,292,177,111	1,229,975
- Towards Share Application (pending for Allotment)	NIL	1,203,034,586

P.1.22 Material Events.

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

P.2.1 Notes on accounts.

The Previous year figures have been regrouped/ reclassified wherever necessary to make them comparable with the current year figures.

P.2.2 Fund raised through Global Depository Receipts (GDR's) during the year.

During the fiscal, the company raised USD 41.75 Million (₹ 1,925,000,000) through issuance of 25,000,000 GDR's @ USD 1.67 per GDR, listed at Luxembourg Stock Exchange representing 50,00,00,000 Equity Shares of ₹ 1/- each at a price of ₹ 3.85.

The details of utilization of GDR proceeds:

The unutilized fund of GDR last year were ₹ 22.68 crore and funds raised through GDR during the year were ₹ 192.50 crore. The total amount of ₹ 215.18 Crores was invested in F.C.S. Software Middle East FZE, UAE, wholly owned subsidiary of the Company, up to March 31, 2011.

P.2.3 Contingent liabilities

The company has no letters of credit outstanding issued to various vendors as at March 31, 2011.

P.2.4 Payment to Auditors.

	Current Year	Previous Year
Audit Fee	4,29,214	4,29,214
Tax Audit Fee	70,786	70,786
In other capacity	NIL	NIL

P.2.5 Quantitative Details.

The Company is engaged in the software consultancy, technical support services, e-learning and other related allied services. These services 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.2.6 Imports On CIF basis.

(Amt. in ₹)

	31.03.2011	31.03.2010
Capital Goods	Nil	Nil
Software Packages	Nil	Nil

P.2.7 Expenditure in Foreign Currency.

	31.03.2011	31.03.2010
Expenditure incurred overseas:		
- By US Branch	562,926,633	306,892,329
- By India Office	9,108,000	13,45,114

P.2.8 Earning in foreign exchange

	31.03.2011	31.03.2010
Income from software development services and products	1,063,382,832.00	856,555,426.00

AUDITOR'S REPORT

AS PER OUR REPORT OF EVEN DATE

For FCS SOFTWARE SOLUTIONS LTD

For SPMG & COMPANY
Chartered Accountants

Sd/-
Dalip Kumar
(CMD)

Sd/-
S.N. Sharma
(Director)

Sd/-
(Vinod Gupta)
Partner

Sd/-
Anil Sharma
(CFO)

Sd/-
Gagan Kaushik
(Co. Secretary)

Place : New Delhi
Date : 30-05-2011

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

CIN No. State Code:
 Balance Sheet Date:

II. Capital raised during the year (Amount ₹ Lacs)

Public Issue: Right Issue:
 Bonus Issue: Private Placement:

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

Total Liabilities: Total Assets:

Source of Funds

Paid up Capital: Reserve & Surplus:
 Secured Loans: Unsecured Loans:

Application of Funds

Net Fixed Assets: Investments:
 Net Current Assets:

IV. Performance of Company (Amount ₹ Lacs)

Turnover: Total Expenditure:
 Profit before Tax: Profit after Tax:
 Earnings per Share (In Rs.): Dividend:
 Rs. Per Share

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

Item Code No. (ITC Code)	Product Description
<input type="text" value="NA"/>	<input type="text" value="IT CONSULTING"/>
	<input type="text" value="EDUCATION & INFRASTRUCTURE"/>
	<input type="text" value="MANAGEMENT"/>

AS PER OUR REPORT OF EVEN DATE

For **SPMG & COMPANY**
Chartered Accountants

Sd/-
(Vinod Gupta)
Partner

Place : New Delhi
Date : 30-05-2011

For **FCS SOFTWARE SOLUTIONS LTD**

Sd/-
Dalip Kumar
(CMD)

Sd/-
Anil Sharma
(CFO)

Sd/-
S.N. Sharma
(Director)

Sd/-
Gagan Kaushik
(Co. Secretary)

FCS Software Solutions Limited

Statement pursuant to Section 212 of the Companies Act 1956 relating to Subsidiary Company

Subsidiary **FCS Software Solutions America Limited**

Financial Year of the Subsidiary Company ended on March 31, 2011

No. of shares in the Subsidiary Company 10,000 shares of US\$ 0.01 each

Percentage of holding (Equity) 100%

Percentage of holding (Preference) Nil

The net aggregate of profit/losses of the Subsidiary Company for its Financial Year so far as they concern the members of the Holding Company

a) Dealt with in the Accounts for the period ended 31.3.2011 Nil

b) Not dealt with in the Accounts for the period ended 31.3.2011 US\$ (258,831.54)
(Equivalent to ₹ 11,797,540.00)

The net aggregate of profit/losses of the Subsidiary Company for its previous Financial Year since it became a subsidiary so far as they concern the members of the Holding Company

a) Dealt with in the Accounts for the period ended 31.3.10 Nil

b) Not dealt with in the Accounts for the period ended 31.3.10 US\$ (139,570.29)
(Equivalent to ₹ 6,61,7026.00)

For FCS SOFTWARE SOLUTIONS LTD

Sd/-
Dalip Kumar
(CMD)

Sd/-
S.N. Sharma
(Director)

Place : New Delhi
Date : 30-05-2011

Sd/-
Anil Sharma
(CFO)

Sd/-
Gagan Kaushik
(Co. Secretary)

F.C.S. Software Middle East FZE, UAE

Statement pursuant to Section 212 of the Companies Act 1956 relating to Subsidiary Company

Subsidiary	F.C.S. Software Middle East FZE, UAE
Financial Year of the Subsidiary Company ended on	March 31, 2011
No. of shares in the Subsidiary Company	2,706 shares of AED 100,000 each
Percentage of holding (Equity)	100%
Percentage of holding (Preference)	Nil
The net aggregate of profit/losses of the Subsidiary Company for its Financial Year so far as they concern the members of the Holding Company	
a) Dealt with in the Accounts for the period ended 31.3.2011	Nil
b) Not dealt with in the Accounts for the period ended 31.3.2011	US\$ 69,26,977 Equivalent to ₹ 31,83,65,786 and AED 25,422,002
The net aggregate of profit/losses of the Subsidiary Company for its previous Financial Year since it became a subsidiary so far as they concern the members of the Holding Company	
a) Dealt with in the Accounts for the period ended 31.3.10	Nil
b) Not dealt with in the Accounts for the period ended 31.3.10	US\$ 20,39,122 Equivalent to ₹ 9,66,74,787 and AED 74,83,577

For FCS SOFTWARE SOLUTIONS LTD

Sd/-
Dalip Kumar
(CMD)

Sd/-
S.N. Sharma
(Director)

Sd/-
Anil Sharma
(CFO)

Sd/-
Gagan Kaushik
(Co. Secretary)

Place : New Delhi
Date : 30-05-2011

DIRECTOR REPORT

To,
The Shareholders,

The board of directors of **FCS Software Solutions America Limited** (the company) presents its report in respect of the period from April 1, 2010 to March 31, 2011.

Director

The name of the director in office during or till the end of the financial year is:

Name	Position
Dalip Kumar	Director

He is the first director until the first annual general meeting of stockholders. He holds the position as a director as of the date of this report.

Principal Activity

The principal activity of the Company during the financial year was marketing software solutions in America.

Results

The turnover of the Company during the year was US\$ 18930445.17. The Company made a loss of US\$ 258831.54.

Dividends

The Director recommended that no dividend be paid or declared, in view of the accumulated losses.

Review of Operations

The Company's focus is on the marketing of software products and rendering services related there to.

Event after Balance Sheet Date

There are no significant events to report since the book-close and balance sheet date of March 31, 2011.

Likely Developments and Future Results

The Company will continue to focus on pursuing opportunities in the IT and IT enabled Services in the local markets. The Company sees great opportunities in the Outsourcing Services. The next year will be full of challenges and our aim is to consolidate our position in the IT and ITES industry. The Company is confident of improving its financial performance in the years to come.

Director' Interests

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit, other than benefits disclosed in the financial statements as emoluments or the fixed salary of a full-time employee of the Company or a related body corporate, by reason of a contract made by the Company or a related body corporate with the director or with a firm of which the director is a member, or with a company in which the director has a substantial interest.

Indemnification of Officers

The Company has not, during or since the end of the financial year, in respect of any person who is or has been an officer or auditor of the Company:

- Indemnified or made any relevant agreement for indemnifying against a liability, including costs and expenses in successfully defending legal proceedings; or
- Paid or agreed to pay a premium in respect of a contract insuring against a liability for the costs or expenses to defend legal proceedings.

Directors' Responsibility Statement

Your Director confirm that –

- In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- The director had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the company for that period.
- The director had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- The directors had prepared the annual accounts on a going concern basis.

This report has been made in accordance with a resolution of director.

For and on behalf of the Board of Directors

Milpitas, CA
May 14, 2011

Sd/-
Dalip Kumar
Director

**INDEPENDENT AUDIT REPORT OF REGISTERED
PUBLIC ACCOUNTANT**

To the boards of directors
**FCS Software Solutions America Ltd.
USA.**

We have audited the accompanying consolidated balance sheet of FCS Software Solutions America Ltd. (the "company") as of March 31, 2011 and 2010, and the related statements of income, change in shareholders' equity and cash flow for each of the two years in the period ended March 31, 2011. 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 audits.

We conducted our audits in accordance with the standards of the public company accounting oversight board (united state). Those standard required that we plan perform the audit to obtain reasonable assurance about weather the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and discloser in the financial statements. An audit also include assessing the accounting principle used and significant estimate made by management, as well as evaluating the over well financial management statement presentation. We believe that our audit provide a responsible basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of FCS Software Solutions America Ltd. the subsidiaries as of March 31, 2011 and 2010, and the result of their operation of their cash flow for each of the two years in the period in the March 31, 2011, in conformity with accounting principles generally accepted in the united state of America.

Sd/-
M. Oscar Akbar
(Certified Public Accountant)

May 14, 2011
California, USA

**FCS SOFTWARE SOLUTIONS AMERICA LIMITED
BALANCE SHEET AS AT 31ST MARCH 2011**

ASSETS

	Schedule	As at Mar 31, 2011 (Amt. in USD)	As at Mar 31, 2011 (Amt. in ₹)	As at Mar 31, 2010 (Amt. in USD)	As at Mar 31, 2010 (Amt in ₹)
Current Assets					
Cash and Bank Balances	4	795,383.39	35,513,868.00	393,973.10	17,783,946.00
Sundry Debtors	3	217,055.81	9,691,542.00	137,827.52	6,221,534.00
Other current assets	5	25,099.51	1,120,693.00	198,288.89	8,950,760.00
Total current assets		1,037,538.71	46,326,103.00	730,089.51	32,956,240.00

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities

Accounts payables	6	1,697,490.48	75,792,950.00	1,131,209.74	51,062,808.00
Accounts payable- expenses		-	-	-	-
Total current liabilities		1,697,490.48	75,792,950.00	1,131,209.74	51,062,808.00
Accounts Payable - FCS USA		-	-	-	-
Share Capital	1	100.00	4,465.00	100.00	4,514.00
Reserves and surplus	2	(660,051.77)	(29,471,312.00)	(401,220.23)	(18,111,082.00)
Total liabilities and stockholder's equity		1,037,538.71	46,326,103.00	730,089.51	32,956,240.00

Significant Accounting Policies
and Notes to Accounts 9

Sd/-
M. Oscar Akbar
(CPA)

For **FCS Software Solutions America Limited**
Sd/-
Dalip Kumar
Director

Date : 14th May, 2011
Place : California, USA

FCS SOFTWARE SOLUTIONS AMERICA LIMITED
STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE PERIOD ENDED
31ST MARCH, 2011

Schedule	As at Mar 31, 2011 (Amt. in USD)	As at Mar 31, 2011 (Amt. in ₹)	As at Mar 31, 2010 (Amt. in USD)	As at Mar 31, 2010 (Amt. in ₹)	
INCOME					
Software Development					
Services	18,930,445.17	862,849,691.00	26,149,632.00	1,239,754,053.00	
TOTAL	18,930,445.17	862,849,691.00	26,149,632.00	1,239,754,053.00	
EXPENSES					
Software Development, Delivery and Support Expenses	7	17,196,020.04	783,794,593.00	24,739,130.00	1,172,882,153.00
Administration, Selling and Other Expenses	8	1,164,589.67	53,081,996.00	1,550,072.29	73,488,926.00
Total Operating Expenses		18,360,609.71	836,876,589.00	26,289,202.29	1,246,371,079.00
Operating Profit/(Loss)		569,835.46	25,973,102.00	(139,570.29)	(6,617,026.00)
Financial Expenses		828,667.00	37,770,642.00	-	-
Income (loss) before income taxes		(258,831.54)	(11,797,540.00)	(139,570.29)	(6,617,026.00)
Provision for income taxes		-	-	-	-
Net Income (loss)		(258,831.54)	(11,797,540.00)	(139,570.29)	(6,617,026.00)
Retained earnings, beginning of period		(401,220.23)	(18,382,468.00)	(261,649.94)	(11,765,442.00)
Distribution		-	-	-	-
Retained earnings, end of period & transferred to balance sheet		(660,051.77)	(30,180,008.00)	(401,220.23)	(18,382,468.00)
Significant Accounting Policies and Notes to Accounts	9				

Sd/-
M. Oscar Akbar
(CPA)

For FCS Software Solutions America Limited

Sd/-
Dalip Kumar
Director

Date : 14th May, 2011
Place : California, USA

**FCS SOFTWARE SOLUTIONS AMERICA LIMITED
CASH FLOW FROM OPERATING ACTIVITIES**

	As at Mar 31, 2011 (Amt. in USD)	As at Mar 31, 2011 (Amt. in ₹)	As at Mar 31, 2010 (Amt. in USD)	As at Mar 31, 2010 (Amt. in ₹)
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit after tax as per Profit & Loss Account	(258,831.54)	(11,797,540.00)	(139,570.29)	(6,617,026.00)
Adjusted for:				
Deferred Tax Provision	-	-	-	-
Provision for income tax	-	-	-	-
Depreciation/Preliminary Expenses written off	-	-	-	-
Interest Expenses	828,667.00	37,770,642.00	-	-
Operating Profit before Working Capital Changes	569,835.46	25,973,102.00	(139,570.29)	(6,617,026.00)
Adjustment in Operating Profit	-	-	-	-
Adjusted for:				
Trade and Other Receivables	(79,228.29)	(3,470,008.00)	164,877.00	9,201,261.00
Trade Payable	566,280.74	24,730,142.00	155,620.24	1,356,523.00
Loan & Advances	173,189.38	7,830,067.00	(52,534.00)	(1,524,548.00)
Net Cash From Operating Activities	1,230,077.29	55,063,303.00	128,392.95	2,416,210.00
B. CASH FLOW FROM INVESTING ACTIVITIES				
Capital WIP	-	-	6,921,370.00	352,643,802.00
Investment in Subsidiary	-	-	-	-
Net Cash used in Investing Activities	-	-	6,921,370.00	352,643,802.00
C. CASH FLOW FROM FINANCIAL ACTIVITIES:				
Proceed from Issue of Share Capital	-	(49.00)	-	(581.00)
Proceed from Long Term Borrowings	-	-	-	-
Increase in Foreign Currency transaction Reserve	-	437,310.00	-	1,837,007.00
Unsecured Loans	-	-	(7,126,358.42)	(363,087,961.00)
Interest Expenses	(828,667.00)	(37,770,642.00)	-	-
Net Cash used in Financial Activities	(828,667.00)	(37,333,381.00)	(7,126,358.42)	(361,251,535.00)
Net Increase/ Decrease in Cash and Cash Equivalents	401,410.29	17,729,922.00	(76,595.47)	(6,191,523.00)
Opening Balance of Cash and Cash Equivalents	393,973.10	17,783,946.00	470,568.57	23,975,469.00
Closing Balance of Cash & Cash Equivalents	795,383.39	35,513,868.00	393,973.10	17,783,946.00

For FCS Software Solutions America Limited

Sd/-
M. Oscar Akbar
(CPA)

Sd/-
Dalip Kumar
Director

Date : 14th May, 2011
Place : California, USA

SCHEDULE	As at Mar 31, 2011 (Amt. in USD)	As at Mar 31, 2011 (Amt. in ₹)	As at Mar 31, 2010 (Amt. in USD)	As at Mar 31, 2010 (Amt. in ₹)
SCHEDULE 1 : SHARE CAPITAL				
Authorised				
10,000 common stock of par value 0.01 each	100.00	4,465.00	100.00	4,514.00
Issued, subscribed and paid up				
10,000 common stock of par value 0.01 each	100.00	4,465.00	100.00	4,514.00
Total	100.00	4,465.00	100.00	4,514.00
SCHEDULE 2 : RESEVES and SURPLUS				
Retained earnings, beginning of period	(401,220.23)	(18,382,468.00)	(261,649.94)	(11,765,442.00)
Add : During the period	(258,831.54)	(11,797,540.00)	(139,570.29)	(6,617,026.00)
Foreign exchange translation reserve		708,696.00		271,386.00
Total	(660,051.77)	(29,471,312.00)	(401,220.23)	(18,111,082.00)
SCHEDULE 3: SUNDARY DEBTORS				
Accounts receivable	217,055.81	9,691,542.00	137,827.52	6,221,534.00
Total	217,055.81	9,691,542.00	137,827.52	6,221,534.00
SCHEDULE 4: CASH AND BANK BALANCES				
Cash Balance	1,856.00	82,870.00	-	-
Cash with bank	793,527.39	35,430,998.00	393,973.10	17,783,946.00
Total	795,383.39	35,513,868.00	393,973.10	17,783,946.00
SCHEDULE 5: OTHER CURRENT ASSETS				
Loan & Advances	8,389.00	374,569.00	68,288.89	3,082,560.00
Advacnes to FCS, UAE	16,710.51	746,124.00	130,000.00	5,868,200.00
Total	25,099.51	1,120,693.00	198,288.89	8,950,760.00
SCHEDULE 6: CURRENT LIABILITIES				
Sundry Creditors	1,697,490.48	75,792,950.00	1,131,209.74	51,062,808.00
Expenses payables	-	-	-	-
Advacnes from FCS, USA	-	-	-	-
Total	1,697,490.48	75,792,950.00	1,131,209.74	51,062,808.00
SCHEDULE 7: SOFTWARE DEVELOPMENT, DELIVERY AND SUPPORT EXPENSES				
Software Development expenses	10,256,593.00	467,495,509.00	14,690,957.40	696,498,290.00
Cost of Outside services	6,939,427.04	316,299,084.00	10,048,172.60	476,383,863.00
Total	17,196,020.04	783,794,593.00	24,739,130.00	1,172,882,153.00
SCHEDULE 8: ADMINISTRATION SELLING AND OTHER EXPENSES				
Office Administration Expenses	448,757.00	20,454,344.00	721,714.64	34,216,491.00
Traveling & entertainment Expenses	250,256.00	11,406,668.00	295,067.00	13,989,126.00
Postage and courier expenses	12,760.00	581,601.00	21,189.00	1,004,570.00
Communication Expenses	418,977.74	19,097,005.00	470,101.00	22,287,489.00
Rent Expenses	14,985.00	683,016.00	16,320.00	773,731.00
Accounting and Legal	8,850.00	403,383.00	9,300.00	440,913.00
Insurance	6,224.00	283,690.00	14,969.00	709,680.00
Bank Service Charges	3,779.93	172,289.00	1,411.65	66,926.00
Total	1,164,589.67	53,081,996.00	1,550,072.29	73,488,926.00

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

1. Significant Accounting Policies

a) Organization and Operations

FCS Software Solutions America Ltd, was Incorporated on October 2, 2006 in the State of Delaware. The primary business activity during the financial year was IT & IT Enabled Services. The company began its operations on February 1, 2007.

b) Basis of Accounting

Assets, liabilities, revenue and expenses are recognized on accrual basis of accounting for both financial statement and federal income tax purposes. The accounts are prepared on a going concern basis.

2. Accounts Receivable

Management believes that USD 217,055.81, Accounts receivable as on March 31, 2011, is fully collectable.

4. Income Taxes

The company has a net operating loss carry forwards USD 660,051.77, which are available to offset future federal and State taxable income.

5. Shareholder's Equity

The total authorized share capital of the company is 10,000 share of common stock, par value USD 0.01 per share.

10,000 share of Common Stock of USD 0.01 per share have been issued to FCS Software Solutions Ltd, (a foreign corporation), who owns 100% of the current issued share capital

6. Property & Equipments

The company has no depreciable assets at March 31, 2011.

7. Concentration of Credit Risks

The company often maintains cash deposits in commercial banks in excess of the federally insured limit.

The Company's accounts receivables is subject to the general economic risk inherent in high technology companies.

8. Lines of Credit

The Company does not have a line of Credit.

Sd/-
M. Oscar Akbar
(CPA)

For **FCS Software Solutions America Limited**

Sd/-
Dalip Kumar
Director

Date : 14th May, 2011
Place : California, USA

F.C.S SOFTWARE MIDDLE EAST FZE
Report of the Directors

The Directors have pleasure in presenting their report and the audited financial statements for the period ended March 31, 2011.

PRINCIPAL ACTIVITIES

The main activity of the company is trading in computer software, Data Processing & equipment requisites.

BUSINESS OPERATIONS REVIEW AND FUTURE BUSINESS DEVELOPMENTS

The company's performance was satisfactory with a turnover of USD 38,920,192 (P.Y. USD 10,900,574) for the period ended March 31, 2011. The Company has achieved a gross margin of 26.43% (P.Y. 21.36%) and a net profit of USD 6,926,977 (P.Y. USD 2,039,122) during the period. The Directors are optimistic about the prospects for the ensuing period and expect to improve the performance of the company.

RISK MANAGEMENT & INTERNAL CONTROL SYSTEMS

The Company is committed to the management of risk to achieve sustainability, employment and surpluses. The risk management framework identifies, assesses, manages and reports risk on a consistent and reliable basis. The primary risks are those of credit, market (liquidity, interest rate, foreign exchange) and operational risk.

The management recognizes their responsibility for system of internal control and for reviewing its effectiveness. In view of the above, company continuously monitors risks through means of administrative and information systems.

CREDITORS PAYMENT POLICY

The Company maintains a policy of paying suppliers in accordance with terms and conditions agreed with them.

AUDITORS

The Auditors, M/s FALCON INTERNATIONAL CONSULTING & AUDITING, Chartered Accountants, United Arab Emirates are willing to continue in office and a resolution to re-appoint them will be proposed in the Annual General Meeting (AGM).

DIRECTORS RESPONSIBILITIES

The Company law requires the directors to prepare the financial statements for each financial period which gives a true and fair view of the state of affairs of the company and net profit for that period and to enable them to ensure that the financial statements comply with the relevant governing laws.

ACKNOWLEDGMENTS

The Directors wish to place on record the sincere gratitude for the continuous support extended by various government departments, bankers, customers, suppliers, employees and all well wishers.

On behalf of the Board of Directors

Dalip Kumar
Managing Director

May 23, 2011

INDEPENDENT AUDITOR'S REPORT

To The Shareholders

**M/s. FCS Software Middle East FZE
P.O. Box.16111, Ras Al Khaimah – U.AE.**

We have audited the accompanying financial statements of M/s. FCS Software Middle East FZE, Ras Al Khaimah, UAE., which comprise of the balance sheet as at March 31, 2011 and the statement of income, statement of changes in shareholders' equity, statement of cash flow for the period then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes designing, implementation and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform that audit to obtain reasonable assurance, whether the financial statements are free from material misstatements.

An audit involves performing procedure to obtain audit evidence about the amount and disclosure in the financial statements. The procedure selected depend on our judgment, including the assessment of the risk of the material misstatement of the financial statement , whether due to fraud or error. In making those risks assessments, reconsider internal control relevant to the entity's preparation and faire presentation of the financial statements in order to design audit procedure that are appropriate in the circumstances, but not for the purpose of expressing and opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide basis for our audit opinion.

Opinion

In our opinion the financial statement present fairly in all material respects, the financial position of M/s. FCS Software Middle East, FZE, Ras Al Khaimah, UAE. as of March 31, 2011, and of its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards (IFRS).

Also in our opinion, during the period, there were no contraventions of the rules of Ras Al Khaimah free trade Zone Authority.

**For FALCON INTERNATIONAL CONSULTING AND AUDITING
Chartered Accountant**

Sd/-
Managing Partner
Reg. No. 606

May 23, 2011

**F.C.S SOFTWARE MIDDLE EAST FZE
BALANCE SHEET AS ON MARCH 31, 2011**

	Notes	31-03-2011 USD	31-03-2011 AED	31-03-2011 INR	31-03-2010 USD	31-03-2010 AED	31-03-2010 INR
NON-CURRENT ASSETS							
FIXED ASSETS - INTANGIBLE							
Computer Software & IPR Products		59,180,258	217,191,547	2,642,398,520	-	-	-
CURRENT ASSETS							
Trade receivables	5	9,560,523	35,087,119	426,877,352	4,395,376	16,131,030	198,407,273
Other receivables & Pre-paid bus. Dev. Exp.	6	15,463,472	56,750,942	690,444,025	28,686,142	105,278,143	1,294,892,450
Cash and cash equivalents	7	181,948	667,747	8,123,962	2,108,802	7,739,304	95,191,321
		25,205,943	92,505,808	1,125,445,339	35,190,320	129,148,477	1,588,491,044
MISC. EXPENSES							
Pre-paid business development Exp.							
		84,386,201	309,697,355	3,767,843,859	35,190,320	129,148,477	1,588,491,044
TOTAL ASSETS							
		84,386,201	309,697,355	3,767,843,859	35,190,320	129,148,477	1,588,491,044
CURRENT LIABILITIES							
Trade payables	8	1,630,713	5,984,716	72,811,331	6,342,763	23,277,940	286,312,322
Other payables	9	16,711	61,328	746,124	130,000	477,100	5,868,200
		1,647,423	6,046,044	73,557,455	6,472,763	23,755,040	292,180,522
NON-CURRENT LIABILITIES							
Long term liabilities	10	0	0	0	26,651,187	97,809,856	1,203,034,581
		0	0	0	26,651,187	97,809,856	1,203,034,581
		1,647,423	6,046,044	73,557,455	33,123,950	121,564,896	1,495,215,103
SHAREHOLDERS' FUNDS							
Share capital		73,732,970	270,600,000	3,292,177,110	27,248	100,000	1,229,975
Statutory reserve	11	719,946	2,642,202	32,145,589	27,248	100,000	1,229,975
Retained earnings	12	8,246,153	30,263,381	368,190,725	2,011,874	7,383,581	90,815,992
Equity fund		82,699,069	303,505,583	3,692,513,424	2,066,370	7,583,581	93,275,941
Shareholders' current account	13	39,708	145,728	1,772,980	-	-	-
		84,386,201	309,697,355	3,767,843,859	35,190,320	129,148,477	1,588,491,044
TOTAL EQUITY AND LIABILITIES							

The accompanying notes form an integral part of these financial statements

The report of the auditor is set out on page 3.

We confirm that we are responsible for these financial statements, including selecting the accounting policies and making the judgements underlying them. We confirm that we have made available all relevant accounting records and information for their compilation.

Approved by the directors on May 23, 2011
For F.C.S. Software Middle East FZE

Sd/-
Dalip Kumar
Managing Director

**F.C.S SOFTWARE MIDDLE EAST FZE
INCOME STATEMENT FOR THE PERIOD ENDED 31ST MARCH, 2011**

	Notes	01-04-2010 to 31-03-2011 USD	01-04-2010 to 31-03-2011 AED	01-04-2010 to 31-03-2011 INR	28-10-2009 to 31-03-2010 USD	28-10-2009 to 31-03-2010 AED	28-10-2009 to 31-03-2010 INR
Sales		38,920,192	142,837,107	1,773,982,352	10,900,574	40,005,107	516,796,213
Cost of sales	14	(28,632,475)	(105,081,186)	(1,305,068,192)	(8,571,873)	(31,458,770)	(406,392,480)
Gross profit		10,287,717	37,755,921	468,914,160	2,328,701	8,546,337	110,403,733
Deduct							
General & administrative expenses	15	520,664	1,910,836	23,731,857	287,461	1,054,983	13,628,540
Amortisation of intangible assets		2,832,417	10,394,973	126,467,419	0	0	0
Finance costs	16	7,659	28,109	349,098	2,118	7,773	100,426
Total expenses		3,360,740	12,333,919	150,548,374	289,579	1,062,756	13,728,966
Net Profit for the period		6,926,977	25,422,002	318,365,786	2,039,122	7,483,581	96,674,767

The accompanying notes form an integral part of these financial statements

The report of the auditor is set out on page 3.

Approved by the directors on May 23, 2011
For F.C.S. Software Middle East FZE

Sd/-
Dalip Kumar
Managing Director

F.C.S SOFTWARE MIDDLE EAST FZE
STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED MARCH 31, 2011

	31-03-2011 USD	31-03-2011 AED	31-03-2011 INR	31-03-2010 USD	31-03-2010 AED	31-03-2010 INR
CASH FLOWS FROM OPERATING ACTIVITIES						
Net profit for the period	6,926,977	25,422,002	318,365,786	2,039,122	7,483,581	96,674,767
Adjusted for						
Depreciation/Misc. Expenses W/o	2,832,417	10,394,974	126,467,419	-	-	-
Funds generated from operations	9,759,394	35,816,975	444,833,205	2,039,122	7,483,581	96,674,767
Changes in working capital						
(Increase)/decrease in trade receivables	(5,165,147)	(18,956,089)	(228,470,079)	(4,395,376)	(16,131,030)	(198,407,273)
(Increase)/decrease in other receivables & prepayments	13,222,670	48,527,201	604,448,425	(28,686,142)	(105,278,141)	(1,294,892,450)
Increase / (decrease) in trade payables	(4,712,050)	(17,293,224)	(213,500,991)	6,342,763	23,277,940	286,312,322
Increase / (decrease) in other payables	(113,289)	(415,772)	(5,122,076)	130,000	477,100	5,868,200
Net cash inflow / (outflow) from operating activities	3,232,183	11,862,116	157,355,279	(26,608,755)	(97,654,131)	(1,201,119,201)
CASH FLOWS FROM INVESTING ACTIVITIES						
Addition in fixed Assets	62,012,675	227,586,520	2,768,865,939	-	-	-
CASH FLOW FROM FINANCING ACTIVITIES						
Share Capital	73,705,722	270,500,000	3,290,947,135	27,248	100,000	1,229,975
Increase / (decrease) in translation reserve			(10,075,439)	0	0	(4,628,800)
Increase / (decrease) in shareholders account	39,708	145,728	1,772,981			
Increase / (decrease) in long term liabilities	(26,651,187)	(97,809,855)	(1,203,034,581)	26,651,187	97,809,856	1,203,034,581
Net cash inflow / (outflow) from financing activities	(14,918,432)	(54,750,647)	(689,255,843)	26,678,435	97,909,856	1,199,635,756
Net Increase / (decrease) in cash and cash equivalents	(1,926,854)	(7,071,555)	(87,067,359)	2,108,802	7,739,306	95,191,322
Cash & bank balances at the beginning of the period	2,108,802	7,739,304	95,191,321	NIL	NIL	NIL
Cash and cash equivalents at the end of the period	181,948	667,749	8,123,962	2,108,802	7,739,306	95,191,322
Represented By:						
Cash and cash equivalents(Note No.7)	181,948	667,747	8,123,962	2,108,802	7,739,304	95,191,321

The accompanying notes form an integral part of these financial statements.

The report of the auditor is set out page 3.

Approved by the directors on May 23, 2011
For F.C.S. Software Middle East FZE

Sd/-
Dalip Kumar
Managing Director

**FCS SOFTWARE MIDDLE EAST FZE
STATEMENT OF CHANGES IN EQUITY AS AT MARCH 31, 2011**

	Share Capital	Statutory Reserve	Retained Earnings	Current Accounts	Total USD	Total AED	Total INR
Share Capital	27,248	-	-	-	27,248	100,000	1,216,623
Net profit for the year 2010	-	-	2,039,122	-	2,039,122	7,483,581	96,674,767
Transfer to statutory reserve	-	27,248	(27,248)	-	-	-	-
Balance as on 31-03-2010	27,248	27,248	2,011,874		2,066,370	7,583,581	97,891,390
Additional capital	73,705,722	-	-	-	73,705,722	270,500,000	3,290,960,487
Net profit for the year-2011	-	-	6,926,977	-	6,926,977	25,422,002	318,365,786
Transfer to statutory reserve	-	692,698	(692,698)	-	-	-	-
Net movements in current account	-	-	-	39,708	39,708	145,728	1,772,962
Balance as on 31-03-2011	73,732,970	719,946	8,246,153	39,708	82,738,777	3,033,651,311	3,708,990,625

The accompanying notes form an integral part of these financial statements.

The report of the auditor is set out page 3.

Approved by the directors on May 23, 2011
For F.C.S. Software Middle East FZE

Sd/-
Dalip Kumar
Managing Director

Notes to the Financial Statements for the period ended March 31, 2011.

1. LEGAL STATUS & BUSINESS ACTIVITIES

- a) F.C.S Software Middle East FZE, (“the Establishment”) is registered with Free Trade Zone, Ras Al Khaimah, U.A.E. (Commercial License No. 5004413) as a Free Zone Establishment on October 28, 2009.
- b) The main activity of the company is trading in computer software, Data Processing & equipment requisites.
- c) The management and control of the company is vested with the Managing Director Mr. Dalip Kumar (Indian national).
- d) The registered office address of the Company is P.O. Box. 16111, Ras Al Khaimah, U.A.E.

2. SHARE CAPITAL

Authorised, issued and paid up capital of the Company is USD 73,732,970 divided into 2706 Share of USD 27,248 each fully paid and held by the shareholders as follows:

SI No.	Name of the Shareholder	Nationality	No. of Shares	Value USD	Shareholding %
1.	FCS Software Solutions Ltd	Indian Co.	2707	73,732,970	100
	Total		2707	73,732,970	100

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared under the historical cost convention, and in accordance with International Financial Reporting Standards issued or adopted by the International Accounting Standards Board (IASB).The significant accounting policies adopted, and those have been consistently applied, are as follows:

3.1 Intangible Assets

Intangible assets are stated at cost less accumulated amortization and impairment losses. The amount incurred towards development of software is amortised using the straight line method over 5 years

3.2 Staff end-of-service benefits

No provision for gratuity has been made and same shall be accounted on cash basis.

3.3 Revenue recognition

Revenue from sale of goods shall be recognized when all the following conditions have been satisfied:

- a) The Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- b) The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- c) The amount of revenue can be measured reliably;
- d) It is probable that the economic benefit associated with the transaction will flow to the company; and
- e) The cost incurred or to be incurred in respect of the transaction can be measured reliably.

3.4 Foreign Currency transactions

Transactions in foreign currencies are translated into US Dollars at the rate of exchange ruling on the date of the transactions.

Monetary assets and liabilities expressed in foreign currencies are translated into US Dollars at the rate of exchange ruling at the balance sheet date.

Gains or losses resulting from foreign currency transactions are taken to the income statement.

3.5 Trade Receivables

All the receivables are considered good and they are recoverable, necessary provisions are made for doubtful debts as and when they arise. All trade receivables are subject to confirmation

3.6 Trade Payables

All trade payables are subject to confirmation.

3.7 Cash and Cash Equivalents

Cash and cash equivalents comprise cash, bank current accounts, and bank deposits free of encumbrance with a maturity date of three months or less from the date of deposit.

3.8 Financial Instruments

Financial assets and financial liabilities are recognized when, and only when, the company becomes a party to the contractual provisions of the instrument.

Financial assets are de-recognized when, and only when, the contractual rights to receive cash flows expire or when substantially all the risks and rewards of ownership have been transferred.

Financial liabilities are de-recognized when, and only when, they are extinguished, cancelled or expired.

Current and non-current financial assets that have fixed or determinable payments and for which there is no active market, which comprise cash and bank balances and loans and advances and stated at cost or, if the impact is material, at amortised cost using the effective interest method, less any write down for impairment losses plus reversals of impairment losses. Impairment losses and reversals thereof are recognized in the income statement.

Current and non-current financial liabilities, which comprise current and non-current bank borrowings, trade and other payables and shareholders' current accounts, are measured at cost or, if the impact is material, at amortised cost using the effective interest method.

3.10 Significant judgments and key assumptions

The significant judgments made in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

Impairment

At each balance sheet date, management conducts an assessment of property, plant, equipment and all financial assets to determine whether there are any indications that they may be impaired. In the absence of such indications, no further action is taken. If such indications do exist, an analysis of each asset is undertaken to determine its net recoverable amount and, if this is below its carrying amount, a provision is made. In the case of loans and receivables, if an amount is deemed irrecoverable, it is written off to the income statement or, if previously a provision was made, it is written off against the

provision. Reversals of provisions against loans and receivables are made to the extent of the related amounts being recovered.

Key assumptions made concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as follows:

Doubtful Debt Provisions

Management regularly undertakes a review of the amounts of trade receivables, loans and advances owed to the Company from third parties (note no.4) and assesses the likelihood of non-recovery. Such assessment is based upon the age of the debts, historic recovery rates and assessed creditworthiness of the debtor. Based on the assessment assumptions are made as to the level of Provisions required.

Impairment

Assessments of net recoverable amounts of property, plant, equipment and all financial assets other than loans and receivables (see above) are based on assumptions regarding future cash flows expected to be received from the related assets.

F.C.S SOFTWARE MIDDLE EAST FZE
NOTES RELATED TO THE FINANCIAL STATEMENTS (CONTINUED)

	31-03-2011 USD	31-03-2011 AED	31-03-2011 INR	31-03-2010 USD	31-03-2010 AED	31-03-2010 INR
4 INTANGIBLE ASSETS						
Addition during the year	62,012,675	227,586,517	2,768,865,939	-	-	-
Less: Amortisation during the year	2,832,417	10,394,970	126,467,419	-	-	-
	59,180,258	217,191,547	2,642,398,520	-	-	-
5 TRADE RECEIVABLES						
Sundry debtors	9,560,523	35,087,119	426,877,352	4,395,376	16,131,030	198,407,273
	9,560,523	35,087,119	426,877,352	4,395,376	16,131,030	198,407,273
AGEING ANALYSIS						
Due for less than 30 days	2,456,800	9,016,456	109,696,120	2,924,860	10,734,236	132,028,180
Due between 31 to 60 days	2,718,400	9,976,528	121,376,560	1,437,646	5,276,161	64,895,340
Due for more than 60 days	4,385,323	16,094,135	195,804,672	32,870	120,633	1,483,752
	9,560,523	35,087,119	426,877,352	4,395,376	16,131,030	198,407,272
6 OTHER RECEIVABLES & PREPAYMENTS						
Prepayments/Deferred Business						
Development Exp.	15,463,472	56,750,942	690,444,025	22,180,944	81,404,064	1,001,247,812
PDC received	-	-	-	6,505,198	23,874,077	293,644,638
	15,463,472	56,750,942	690,444,025	28,686,142	105,278,141	1,294,892,450
7 CASH AND CASH EQUIVALENTS						
Cash at Bank	181,948	667,747	8,123,962	2,108,802	7,739,303	95,191,321
	181,948	667,747	8,123,962	2,108,802	7,739,303	95,191,321
8 TRADE PAYABLES						
Sundry creditors	1,630,713	5,984,716	72,811,331	6,342,763	23,277,940	286,312,322
	1,630,713	5,984,716	72,811,331	6,342,763	23,277,940	286,312,322
9 OTHER PAYABLES						
Other payable	16,711	61,328	746,124	130,000	477,100	5,868,200
	16,711	61,328	746,124	130,000	477,100	5,868,200
10 LONG TERM LIABILITY						
Share application money (Pending for allotment)	-	-	-	26,651,187	97,809,856	1,203,034,581
	-	-	-	26,651,187	97,809,856	1,203,034,581
11 STATUTORY RESERVE						
Transfer to statutory reserve	719,946	2,642,202	32,145,589	27,248	100,000	1,229,975
	719,946	2,642,202	32,145,589	27,248	100,000	1,229,975
12 RETAINED EARNINGS						
Opening balance	2,039,122	7,483,581	96,674,767	-	-	-
Net profit for the period	6,926,977	25,422,002	318,365,786	2,039,122	7,483,581	96,674,767
Transfer to statutory reserve	(719,946)	(2,642,202)	(32,145,589)	(27,248)	(100,000)	(1,229,975)
Foreign currency trasalation reserve			(14,704,239)			(4,628,800)
	8,246,153	30,263,381	368,190,725	2,011,874	7,383,581	90,815,992
13 SHAREHOLDERS' CURRENT ACCOUNT						
Net movements in current account	39,708	145,728	1,772,962	-	-	-
	39,708	145,728	1,772,962	-	-	-

	31-03-2011 USD	31-03-2011 AED	31-03-2011 INR	31-03-2010 USD	31-03-2010 AED	31-03-2010 INR
14 COST OF SALES						
Software Service expenses	26,914,311	98,775,524	1,226,754,285	7,697,195	28,248,703	364,924,010
Marketing & Business Dev. Expenses	1,718,164	6,305,662	78,313,907	874,678	3,210,067	41,468,470
	28,632,475	105,081,186	1,305,068,192	8,571,873	31,458,770	406,392,480
15 GENERAL & ADMINISTRATIVE EXPENSES						
Rent & licensing expenses	28,373	104,129	1,293,242	12,500	45,875	592,626
Legal& professional charges	7,976	29,272	363,546	60,443	221,826	2,865,605
Travelling & conveyance expenses	48,072	176,424	2,191,122	48,932	179,580	2,319,868
Repairs & maintenance	190,144	697,830	8,666,782	83,860	307,768	3,975,807
Project expenses	83,892	307,884	3,823,797	31,429	115,344	1,490,051
Communication & utility expenses	71,603	262,784	3,263,683	29,187	107,116	1,383,757
Office expenses	90,603	332,513	4,129,685	21,110	77,474	1,000,826
	520,664	1,910,836	23,731,857	287,461	1,054,983	13,628,540
16 FINANCE COST						
Bank charges	7,659	28,109	349,098	2,118	7,773	100,426
	7,659	28,109	349,098	2,118	7,773	100,426
17 RELATED PARTY						
The company enters into transaction with companies and entities that fall within the definition of a related party as contained in International Financial Reporting Standards(IFRS). Related parties comprise companies and entities under common ownership and/or common management and control their partners and key management personnel.The company believes that the terms of such transactions are not significantly different from those that could have been obtained from third parties.						
At the balance sheet date due to related party is as under:						
FCS America Ltd	16,711	61,328	746,124	130,000	477,100	5,868,200
	16,711	61,328	746,124	130,000	477,100	5,868,200
18. CONTINGENT LIABILITY						
Except for the ongoing business obligations which are under normal course of business against which no loss is expected, there has been no other known contingent liability or capital commitment on company's account as of balance sheet date.						
19. FINANCIAL INSTRUMENTS						
Financial instruments of the company comprises of cash and bank balances, trade receivables, other receivables and trade payables.						
Risk Management						
Credit risk						
The financial assets that potentially expose the company to credit risk comprise principally of bank accounts, trade receivables and other receivables.						
The company's bank accounts are placed with high credit quality financial institutions.						
Exchange rate risk						
There are no significant exchange rate risks as substantially all financial assets and financial liabilities are denominated in US Dollars to which the conversion of Dhiraams is fixed.						
20.	All the figures have been rounded off to the nearest USD.					
21. COMPARATIVE AMOUNTS	Current year figures can not be compared with previous year figures since previous year figures are for the period from 28-10-2009 to 31-03-2010.					

Approved by the directors on May 23, 2011
For F.C.S. Software Middle East FZE

Sd/-
Dalip Kumar
Managing Director

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, Plot No. 83, NSEZ, Noida-201305 (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.....in the district
of.....or failing him/her.....of.....
in the district of..... as my/our proxy to attend and vote on a poll for me/us and on my/our behalf
at the 18th Annual General Meeting of the Company, to be held on September 26, 2011 at the Executive
Club, 439, Village Shahoorpur, Fatehpur Beri, New Delhi-110 074 at 9.00 AM and any adjournment thereof:

Signed this.....day of.....2011.

Signature :

Affix Revenue Stamp

Note : This form should be 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.

FCS SOFTWARE SOLUTIONS LIMITED

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Vikas Marg, Shakarpur, Delhi - 110 092
Corporate Office: FCS House, Plot No. 83, NSEZ, Noida-201305 (U. P.)

ATTENDANCE SLIP

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

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 18th Annual General Meeting of the company being held on Monday, September 26, 2011.

Affix Revenue Stamp

.....
Signature of the Member/Proxy

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
Web site: www.spmgindia.com

Registered Office

205, 2nd Floor, Agrawal Chamber IV,
27, Veer Sawarkar Block, Vikas Marg,
Shakarpur, Delhi – 110092
Phone: 011-42444235
Fax : 011-42444235
E mail: investors@fcsltd.com
Web site: www.fcsltd.com

Internal Auditors

M/S KRA & Co.,
Chartered Accountants
H 109, 1st floor, Garg Tower
Netaji Subhas Place, Pitampura
New Delhi – 110034
Ph.: 011-47082855
E mail: Kapil.kraindia@gmail.com

Corporate office

Plot .No. 83, NSEZ, Noida Dadri Road,
Phase –II, Noida -201305 [U.P.]
Phone: 0120-4635900
Fax : 0120-4635941
E mail: investors@fcsltd.com
Web site: www.fcsltd.com

Registrar & Share Transfer Agent (RTA)

Link Intime (India) Private Ltd.
A-40, Naraina Ind. Area, Phase II,
Near Batra Banquet Hall
New Delhi – 110028, India.
Phone: 011-41410592-94
Fax : 011-41410591
E mail: delhi@linkintime.com
Web site: www.linkintime.com

Development centers

- (i) Plot .No. 83, NSEZ, Noida Dadri Road,
Phase –II, Noida -201305[U.P.]
- (ii) FCS House, A-86, Sector – 57
Noida–201301 [U.P.]
- (ii) Plot-J-7, Rajiv Gandhi Technology Park,
Chandigarh
- (iii) I.T.Park, Plot. No. 24, Sahradhara Road,
Near Gurara - Dehradun
- (iv) 2375 Zanker Road, Suit 250
San Jose, CA – 95134.

Company Secretary & Compliance Officer

Gagan kaushik
FCS House, Plot No. 83, NSEZ, Noida
Dadri Road, Phase –II, Noida-201305 [U.P.]
Phone: 0120-4635900
Fax : 0120-4635941
E mail: investors@fcsltd.com
Web site: www.fcsltd.com

Subsidiaries

FCS Software Solutions America Ltd.
42 Reads Way , New Castle
State of Delaware 19720

F.C.S. Software Middle East FZE
PO Box 16111
Ras Al Khaimah, UAE

BOOK-POST



Registered Office

205, 2nd Floor, Agrawal Chamber IV,
27, Veer Sawarker Block, Vikas Marg,
Shakarpur, Delhi 110092

Corporate office

Plot No. 83, NSEZ, NOIDA Dadri Road,
Phase - II, Noida 201 305 [U.P.]