

Director's Report

(For the Year 2018-2019)

Dear Stakeholders,

We have pleasure in presenting the 26th Directors Report on business and operations, together with the Audited Statement of Accounts, for the financial year ended March 31, 2019.

(Rs. in Lakhs)				
	Standalone		Consolidated	
	F.Y 2018-19	F.Y2017-18	F.Y 2018-19	F.Y 2017-18
Revenue from operation	3962.00	3101.13	4040.36	3430.76
Other Income	200.66	653.61	224.95	655.19
Total Income	4162.66	3754.73	4265.32	4085.95
Operating Expenditure	3464.33	3205.64	3663.54	3595.62
Depreciation and Amortization exps	333.89	104.23	16948.45	6221.32
Total Expenses	3798.22	3309.87	20611.99	9816.94
Profit before finance cost and tax	364.44	444.86	(16241.21)	(5693.20)
Finance Cost	104.72	37.62	105.47	37.78
Profit before tax	259.72	407.24	(16346.68)	(5730.99)
Tax expense	78.1	105.08	81.20	105.24
Profit for the year	178.61	302.16	(16427.88)	(5836.22)

The Board of Directors has made conscious efforts for drawing the financial statements on the basis of sound, accepted and conservative accounting principles to comply with the Accounting Standards Specified under Section 133 of Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013. The revenues generated have to provide for prior period adjustments and provisions also but at the same time it ensure true and fair financial statements of the Company. The Company has adopted the Indian Accounting Standards (Ind AS) from 1st April, 2016. The comparative financial information of the Company for the year ended 31st March, 2019 have also been reinstated to comply with Ind AS.

Financial Review

For the financial year ended March 31, 2019, the Company reported a total Consolidated revenue income of Rs. 4040.36 lakhs and Standalone revenue of Rs. 3962.00 lakhs.

Changes in Share Capital.

During the year 2018-19, there was no change in the share capital of the Company.

Changes in the nature of business

During the year 2018-19, there were no change in the nature of business of the company.

Material changes and Commitments

There has been no material changes and commitments affecting the financial position of the company which have occurred between the end of the financial year of the company to which the balance sheet relates and the date of this report.

Transfer to Reserves

The Board of Directors of your company, has decided not to transfer any amount to the Reserves for the year under review.

Dividend

The Board of Directors of your company, after considering holistically the relevant circumstances has decided that it would be prudent, not to recommend any Dividend for the year under review.

Director and Key Managerial Personnel (KMP)

Mr. Sunil Sharma, Executive Director of the Company, who retires by rotation in terms of section 152(6) of the Companies Act, 2013 is proposed to be appointed as an Executive Director of the Company in the Annual General Meeting to be held on 13th November, 2019.

Mr. Shayam Sunder Sharma, Independent Director of the Company, was appointed as per Section 149 of the Companies Act, 2013, in 2014 for a period of five years. His first term expires on 23rd September, 2019. The Board recommends his appointment for the second term of 5 years w.e.f. 24th September, 2019 subject to approval of shareholders. The Board has received his eligibility and consent for re-appointment.

Mrs. Shweta Shatsri, Independent Director of the Company, was appointed as per Section 149 of the Companies Act, 2013, in 2014 for a period of five years. Her first term expires on 23rd September, 2019. The Board recommends his appointment for the second term of 5 years w.e.f. 24th September, 2019 subject to approval of shareholders. The Board has received her eligibility and consent for re-appointment.

The Independent Directors have submitted required declarations that they fulfill the requirements as stipulated in Section 149(6) of the Companies Act, 2013 and SEBI (LODR) Regulations. Pursuant to Clause VII (1) of Schedule IV of the Companies Act, 2013. The Independent Directors had a separate meeting on 11th February, 2019 during Financial Year 2018-19. The Independent Directors have also complied with the Code for Independent Directors prescribed in Schedule IV of the Act.

Mr. Dalip Kumar, Chairman & Managing Director of the Company, was appointed as per Sections 196, 197, 203 of the Companies Act, 2013, in 2013 for a period of five years. His term will expire on 31st March, 2020. The Board recommends his appointment for further term of 5 years with effect from 1st April 2020 to 31 March 2025. The Board has received his eligibility and consent for re-appointment.

Mr. Dalip Kumar (Chairman & Managing Director), Mr Sunil Sharma (Executive Director), Mr. Anil Kumar Sharma (Chief Financial Officer) and Ms. Harsha Sharma (Company Secretary) are Key Managerial Personnel of the Company.

During the year 2018-19, Mr. Mahendra Pratap singh was appointed as additional director of the company on 14.08.2018 and regularised as Director of the Company at annual general meeting held on 25th September 2018.

Mr. Shiv Nandan Sharma, Independent director has resigned from the Board w.e.f. 27th July, 2019 and has sent resignation letter to the company. He has not provided his confirmation on material reason required as per amended SEBI (Listing Obligations & Disclosure Requirements) Regulations.

Number of Meetings of the Board of Directors

The Board met seven times during the financial year 2018-19, the details of the Board Meeting with regard to their dates and attendance of each director have been provided in the Corporate Governance Report that forms a part of this Annual Report. The maximum interval between any two consecutive meetings did not exceeded 120 days.

Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and SEBI Listing Regulations, 2015, the Board has carried out an annual performance evaluation of its own performance, and that of its Committees and individual directors. The manner in which such formal annual evaluation was made by the Board is given below:

- Performance evaluation policy for Board, Committees of the Board and Directors were approved by the Board at its meeting and the same were placed on the Company's website www.fcsltd.com.
- The evaluation of all the directors and the Board as a whole was conducted based on the criteria and framework adopted by the board.

- The report of performance evaluation so arrived at was then noted and discussed by the Nomination and Remuneration Committee and the Board in their respective meetings.
- Under law, as per the report of performance evaluation, the Board shall determine, inter alia, whether to continue the term of appointment of the independent director. During the year under review, there was no occasion to decide on the continuance of the term of appointment of any of the independent directors and hence, the question of taking a decision on their re-appointment did not arise.

During the year under review, SEBI vide its circular dated 5th January 2017 came out with a Guidance Note on Board Evaluation, which was to be adopted by the Company, as considered appropriate. The performance evaluation criteria for the Board, Committees of the Board, Chairperson and Directors were accordingly modified by the Board at its meeting, as approved and recommended by the Nomination and Remuneration Committee. The updated policy is placed on the Company's website www.fcsltd.com and will be applicable for evaluation from the year 2018-19.

Audit committee

The details pertaining to the composition of the audit committee are included in the Corporate Governance Report, which is a part of this report.

Policy on directors' appointment and remuneration and other details

The Company's policy on directors' appointment and remuneration and other matters provided in Section 178(3) of the Act has been disclosed in the Corporate Governance Report, which is a part of this report.

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

A Statement containing salient features of the financial statement of subsidiaries is provided in Form- AOC-1 as "Annexure A" to this Director's Report. In accordance with the third proviso of the Section 136(1) of the Companies Act, 2013, the Annual Report of the Company, containing therein its standalone and consolidated financial statements have been placed on the website of the Company, www.fcsltd.com

Particulars of Contract or Arrangement with Related Party

During the year, no transaction with related parties was in conflict with the interest of the Company. All transactions entered into by the Company with related parties during the financial year were in the Ordinary course of business and on an arm's length basis. The Company did not enter into any transaction with its KMP. As stipulated by section 134(3)(h) of the Act read with rule 8(2) of Companies (Accounts) Rules, 2014, particulars of related party transactions are given in form no. AOC-2 as "Annexure-B" to this report. In compliance with Regulation 46(2)(g) of listing regulation policy on dealing with related party transactions as approved has been hosted on the Company's website.

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

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

Subsidiaries and Consolidated Financial Statements

FCS has Two Wholly Owned Subsidiary Companies outside India, viz. F.C.S Software Middle East FZE in UAE and FCS Software Solutions GmbH, in Germany. FCS has five Wholly Owned Subsidiary Companies in India i.e. Insync Business Solutions Limited, Innova E Services Private Limited, Stablesecure Infrservices Private Limited, cGain Analytics Private Limited, and Zero Time Constructions Private Limited.

M/s. Enstaserv Eservices Limited is the associate company of FCS Software Solutions Limited. Investment in M/s Myzeal IT Solutions Ltd was transferred during the financial year 2018-19.

The consolidated Financial Statements of the Company and its subsidiaries, prepared in accordance with Indian Accounting Standards notified under the Companies (Indian Accounting Standards) Rules, 2015 (Ind

AS) forms part of the Annual Report and are reflected in consolidated financial statement of the Company.

Particulars of Loan, Guarantees or Investments

In Compliance with the provisions of Section 134(3)(g) forming part of this Annual Report particulars of loans, Guarantees and Investment covered under the provisions of section 186 of Companies Act, 2013 are provided in the notes to the Financial Statement.

Public Deposits

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

Particulars of employee's remuneration

During the year ended March 31, 2019, no employee is drawing remuneration in excess of the amount prescribed under section 197(12) of the Companies Act, 2013, read with Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Directors' responsibility statement

To the Members,

We, the directors of FCS Software Solutions Limited, pursuant to the provisions of section 134(3)(c) of the Companies Act, 2013, confirm the following:

1. that in the preparation of the annual accounts for the Financial Year ended 31st March 2019, the applicable accounting standards had been followed along with proper explanation relating to material departures;
2. that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
3. that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. that the directors had prepared the annual accounts on a going concern basis.
5. that the Board of Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating effectively.
6. that the Board of Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Internal Financial Control

The Board has adopted policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of fraud, error reporting mechanisms, the accuracy and completeness of the accounting records, the timely preparation of reliable disclosures.

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the internal, statutory and secretarial auditors and external consultants, including audit of internal financial controls over financial reporting by the statutory auditors, and the reviews performed by management and the relevant board committees, including the audit committee, the board is of the opinion that the Company's internal financial controls were adequate and effective during Financial Year 2018-19.

The extract of Annual Return

Extract of Annual Return of the Company in the prescribed Form MGT-9, is placed on the Company's website www.fcsltd.com.

Ensuring Compliance of laws

The company has devised and set in place proper systems to ensure compliance of all laws applicable to the company.

Transfer to Investor Education and Protection fund

Pursuant to Section 125 and other applicable provisions, if any, of the Companies Act, 2013, all unclaimed/unpaid dividend, application money, remaining unclaimed/unpaid for a period of seven years from the date they became due for payment, in relation to the Company, have been transferred to the Investor Education and Protection fund (IEPF) established by the Central Government. During the year Company was not required to transfer any amount in the IEPF Account.

Board Committee

The Company has the following committees of the Board:

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

Composition of Audit Committee

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

Management Discussion and Analysis

The report on Management Discussion and Analysis Report as required under Schedule V of the SEBI(Listing Obligations and Disclosure Requirements) Regulation, 2015 read with Regulation-34(3) (c) is annexed and form part of Annual Report.

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

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

Policy on Sexual Harassment

FCS has adopted a policy on prevention, prohibition and redressal for employees on sexual harassment at workplace as per The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

During the financial year 2018-19 there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

Vigil Mechanism/Whistle Blower Policy

In Compliance with the provisions of Section-177(9) of the Companies Act, 2013 read with Rule-7 of Companies (Meeting of Board and its Powers) Rules, 2014 and Regulation 22 of SEBI(Listing Obligations and Disclosure Requirements) Regulation, 2015, the Company has a vigil mechanism through Whistle Blower Policy to deal with instances of fraud and mismanagement, if any. The details of the policy is explained in the Corporate Governance Report and is also placed on the website of the Company.

Corporate Social Responsibility (CSR)

CSR is a means to balance economic, social and environmental objectives, it is a responsible way of doing business.

In terms of provisions of section 135 of the Companies Act, 2013 & Rule 9 of Companies (Corporate Social Responsibility) Rule, 2014 and other clarification issued by Ministry of Corporate Affairs, the Company has qualified the norms specified under section 135 of Companies Act, 2013 to contribute towards CSR. The company has contributed Rs. 3,00,000/- this year for corporate social responsibility in accordance with Schedule VII.

Annual Report on CSR is Annexed as “Annexure-D” of the Director’s Report.

Statement of Disclosure of Remuneration under Section 197 of Companies Act, 2013 and Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is annexed herewith as “Annexure-E”.

Corporate Governance

As stipulated by Regulation 34(3) read with Schedule V (c) of listing regulations, Corporate Governance Report forms part of this Annual Report.

Certificate confirming compliance of the conditions of Corporate Governance, is provided as “Annexure F” to this Director’s Report.

Consolidated Financial Statements

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

Company’s policy relating to directors appointment, payment or remuneration and discharge of their duties

The provisions of Section 178(1) relating to constitution of Nomination and Remuneration Committee are applicable to the Company and hence the Company has adopted a policy relating to appointment of Directors, payment of Managerial remuneration, Directors qualifications, positive attributes, independence of Directors and other related matters as provided under Section 178(3) of the Companies Act, 2013.

Scheme of Amalgamation with wholly owned subsidiaries

In order to gain operational synergy and efficient allocation of managerial capabilities and infrastructure and consolidation and economies of scale by expansion and diversion to exploit extended domestic and global markets, FCS Software Solutions Limited (hereinafter referred to as “FCS”) has filed application to Regional Director, Delhi for amalgamation with its Wholly owned subsidiaries i.e. Insync Business Solutions Limited, Stablesecure Infraserivices Private Limited, cGain Analytics Private Limited, Innova e Services Private Limited and Zero Time Constructions Private Limited. The Scheme of Amalgamation has been filed in Regional Director, Delhi for final approval and same is pending before the authority.

AUDITORS

Statutory Auditors

M/s. Aadit Sanyam & Co., Chartered Accountant, is the existing statutory auditor of the Company were appointed at 24th Annual General Meeting held on 28th September, 2017 to hold the office till conclusion of our 29th Annual General Meeting for a period of 5 years.

The Audit Report on the Financial Statements of the Company for the financial year ended March 31, 2019 read with relevant Notes thereon are self-explanatory and do not call for any further explanation. The Auditors Report does not contain any qualification, reservation or adverse remark.

During the year under review, the Statutory Auditors have not reported any matter under Section 143(12) of the Act, and therefore no details are required to be disclosed under Section 134 (3)(ca) of the Act.

Secretarial Auditor

The Board of Directors of the Company has appointed M/s. VS Associates, Practising Company Secretaries, to conduct Secretarial Audit for the F.Y. 2018-19. The Secretarial Audit Report of M/s. VS Associates, Practising Company Secretaries for the financial year ended 31st March, 2019, is annexed herewith as “Annexure-G”.

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

Internal Auditor

The Board of Directors of the Company has appointed M/s. SPMG & Company, Chartered Accountants as an internal auditor of the Company for financial year 2018-19.

Listing Fees

The Equity Shares of the Company are listed on the BSE Limited (BSE) with scrip code No. 532666 and on National Stock Exchange of India Limited (NSE) with scrip code of FCSSOFT. The Company confirms that the annual listing fees to both the stock exchanges for the financial year 2018-19 have been paid.

Certificate of Non- Disqualification of Directors

The Certificate required as per Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forming part of annual report is Annexed as “Annexure-H”.

The Board of Directors of the Company has appointed M/s. Oberoi & Associates, Practising Company Secretaries, to provide certificate of Non- disqualification from professional for the F.Y. 2018-19. The certificate of Non- disqualification of directors of M/s. Oberoi & Associates, Practising Company Secretaries for the financial year ended 31st March, 2019, is annexed herewith

Acknowledgement

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

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

Place: Noida
Date: 14/10/2019

sd/-
Dalip Kumar
(Chairman & Managing Director)