

MANAGEMENT DISCUSSION AND ANALYSIS

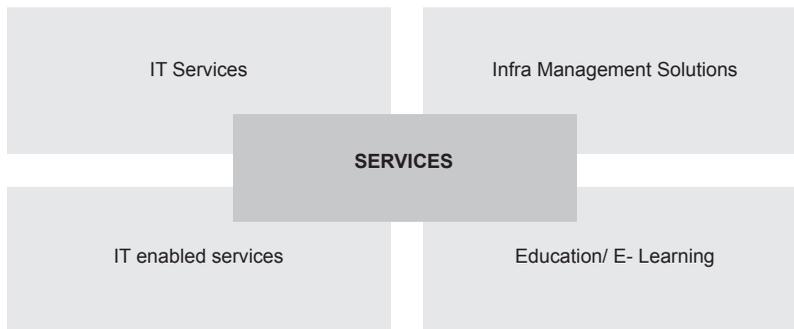
Overview

FCS Software Solutions Limited is an IT Company providing IT and IT enabled services. The company has strong delivery capabilities in Application development and maintenance, eLearning and Digital Content Management, Software testing, Infrastructure management services, Product Development, and primarily has done work to develop data centers, ecommerce portals, packaged application support, FPGA based accelerated computing environments, IT Separation projects.

We encourage our shareholders 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, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; 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 to ensure that financial statements reflect in a true and fair manner, the form and substance of transactions, and reasonably showcase the key financial parameters of the Company in an objective and unbiased manner.

A. INDUSTRY STRUCTURE AND DEVELOPMENTS:-

The industry structure in the IT sector has four major categories. These are -



- IT services
- Software products
- IT enabled services
- Education/E-Learning

IT services constitute a major part of the IT industry of India. IT services include client, server and web based services. Opportunities in the IT services sector exist in the areas of consulting services, management services, internet services and application maintenance. The major users of IT services are -

- Government
- Financial services
- Manufacturing
- Banking
- Retail and distribution

FCS works with clients to maintain their IT Applications on Time and Material (T & M) basis or Fixed Price Fixed Timeframe (FPFT) basis.

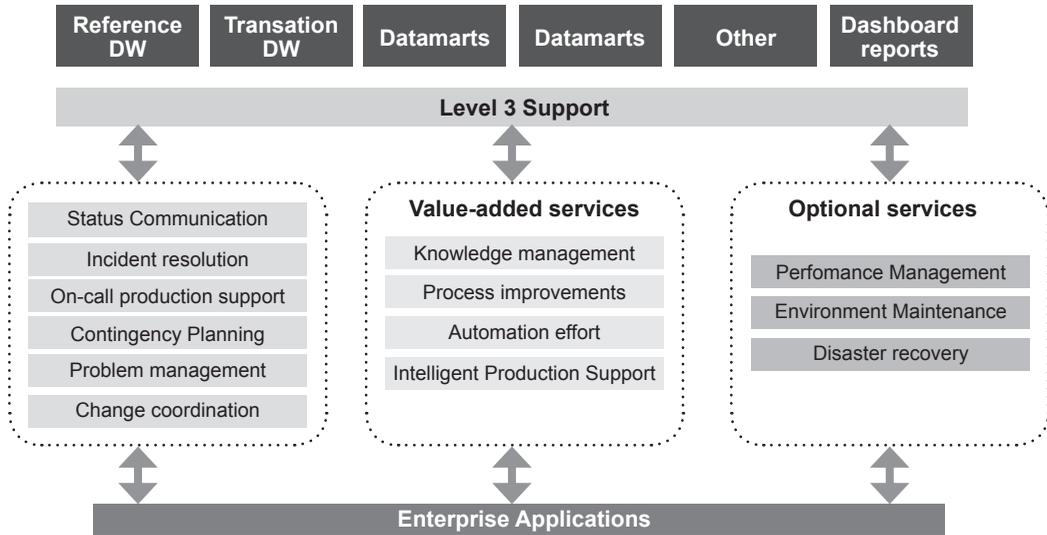
- Based on client's Request for Proposal (RFP) and provide an estimate of time and cost. Based on nature of work, FCS will suggest T & M or FPFT pricing model as well as global delivery model.
- FCS replicates application environment based on project needs or will use secure VPN connections to directly log in client servers.
- Set Centers of Excellence (COEs) to leverage talent skilled in a set of specific technologies and domains.
- Set up Lab Model for temporary deployment of resources for one time kind of work e.g. Application Testing, Third party Application Audit etc.

IT enabled services:-

The services which make extensive use of information and telecommunication technologies are categorized as IT enabled services. The IT enabled services is the most important contributor to the growth of the IT industry of India. Some of the important services covered by the ITES sector in India are -

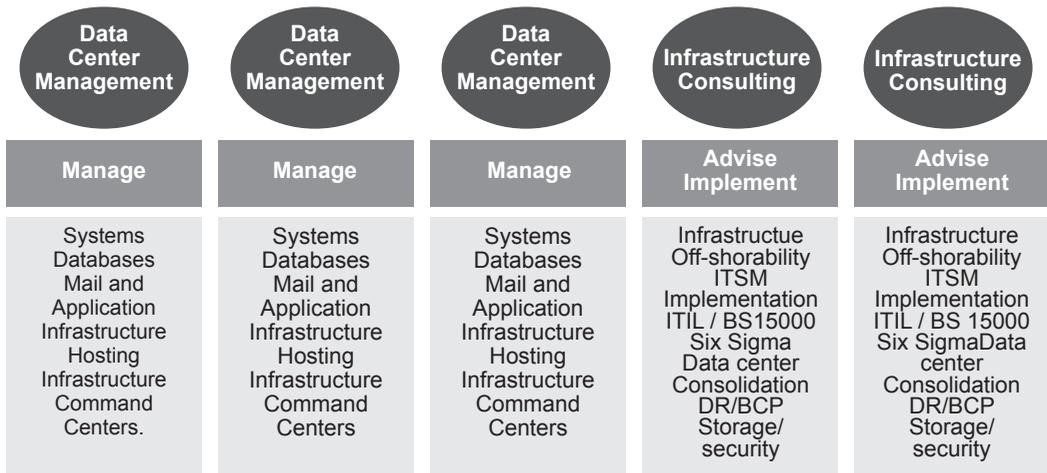
- Customer-interaction services including call-centers
- Revenue accounting
- HR services
- Content development and animation
- Data search
- Market research
- Back-office services
- Data entry and data conversion
- Transcription and translation services
- Remote education,
- GIS
- Network consultancy

Application Portfolio Support for Enterprise Applications



Infrastructure Management Services:-

Collocation Data Centers, Virtualization, System and Networks Support, Plug and Play Infrastructure provisioning, WAN, IP Based Voice, Cyber Security



Leasing Incomes:- The Company is also leasing its unused additional space to IT & ITES companies and gain rental Income from them.

Education/ E- Learning

Content Aggregation, Learning Management Systems, Portals, Assessment



We deploy ADDIE (Analysis, Design, Development, Integration, Enhancements) methodology to build state of art training programs that never become obsolete. Our people expertise:

- Subject Matter Experts
- Instruction Designers and Story Boards
- Graphics and Visual Designers
- Script Writers
- AICC, SCORM, and Section 508 Compliance Specialists
- Animation, Simulation, and Gaming Solutions



B. OPPORTUNITIES AND THREATS

Opportunities- We are able to undertake complex business and technology transformation initiatives that help our clients enhance their performance, increase agility and flexibility, reduce costs, and achieve measurable business value.

OPPORTUNITIES			
Start Ups globally need large technical project work		Artificial Intelligence and Machine Learning based Automation Projects	
Mobile Apps	Big Data Analytics in Healthcare	JVs with new unicorns	Migrating Large IT clients from consulting base to captive base

Threats- The global financial industry continues to pass through uncertainties. The tighter regulation to combat this uncertainty has led to protectionist tendencies in some of our markets. New projects continue to face budget constraints for IT investments as the focus is still on regulatory compliance. Fast change in Technology Landscape



Evolution of technology outsourcing

The nature of technology outsourcing is changing. Historically, enterprises either outsourced their technology requirements entirely, or on a standalone, project-by-project basis. In an environment of rapid technology change, globalization and regulatory changes, the complete outsourcing model is often perceived to limit a Company’s flexibility and not fully deliver potential cost savings and efficiency benefits. Similarly, project-by-project outsourcing is also perceived to result in increased operational risk and coordination costs and as failing to leverage technology service providers’ entire range of capabilities. To mitigate these issues, Companies are looking at outsourcing models that require their technology service providers to develop specialized systems, processes and solutions along with cost-effective delivery capabilities.

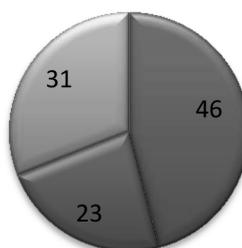
C. SEGMENT-WISE / PRODUCT-WISE PERFORMANCE

The company has shown average performance being impacted by the global slowdown and the uncertainty in the domestic economy, 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 The percentage wise revenue contribution of each segment is as below:

1. IT & IT Enable Services
2. Education/E –Learning Division
3. Infrastructure management

FCS SBU

- IT & IT Enable Services
- Education/E –Learning Division
- Infra Management



D. OUTLOOK

FCS is striving to strengthen its position in providing technology services. In order to increase our business we will strategize to increase business flow from existing customer and also tap new clients. We seek to provide value-added solutions by leveraging domain expertise and expanding the range of services offered to clients beyond those in the initial engagement.

We combine business knowledge and industry expertise of our domain specialists and the technical knowledge and implementation skills of our delivery team leveraging our products, platforms, partnerships and solutions in our development centers located around the world.

E. RISK AND CONCERN

The Risk Management framework of your Company ensures regular review by management to proactively identify the emerging risks, to do risk evaluation and risk prioritization along with development of risk mitigation plans and action taken to minimize the impact of the risk. These processes are also periodically reviewed by management.

F. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

FCS has aligned its current systems of internal financial control with the requirement of Companies Act, 2013 that are designed to provide reasonable assurance that material information relating to Company is disclosed on a timely basis. Our management assessed the effectiveness of the Company's internal control and concluded that they were effective during the reporting period. The Company's management, with the participation of CFO, is also responsible for establishing and maintaining adequate internal control over financial reporting to provide reasonable assurance the reliability of financial reporting.

The company has a well reputed firm as the Internal Auditor. The internal audit function has been outsourced to a firm of Chartered Accountants, namely SPMG & Co., Chartered Accountants. The Internal Audit scope includes review of the procedure and policies in place as designed by the management across all functional areas, and assessing the internal control strength in all areas. The Audit Committee reviews the Internal Audit reports and the status of implementation of the agreed action plan.

G. FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

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.

H. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/ INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED

Our culture and reputation in consulting, technology, outsourcing and next-generation services enable us to attract and retain some of the best talent in India. Our Professionals are the most valuable assets of the Company. FCS has inbuilt HR strategic planning in its overall business plan. Satisfaction of our around 298 employees is important for FCS, because it is the key factor on which productivity depends.

I. DETAILS OF SIGNIFICANT CHANGES (I.E. CHANGE OF 25% OR MORE AS COMPARED TO THE IMMEDIATELY PREVIOUS FINANCIAL YEAR) IN KEY FINANCIAL RATIOS, ALONG WITH DETAILED EXPLANATION THEREOF;

S. No.	Particulars	FY 2018-19	FY 2017-18	Changes	Remarks/Explanation
1	Debtor Turnover	5.73%	8.97%	-3.24%	
2	Inventory Turnover	0.00%	0.00%	0.00%	
3	Interest Coverage Ratio	426.99%	1958.56%	-1531.57%	Decreased in Earning from 407.24 Lakhs to 259.72 Lakhs during the year, due to increase in depreciation by 236.96 Lakhs as compare to Previous year.

4	Current Ratio	205.14%	57.94%	147.20%	1. Advance from Customer Reduced from 1560.29 Lakhs to 513.05 Lakhs during the Current Year. 2. Advance received against sale of Stake of Rs. 447.98 Lakhs during Previous year, which is nil during the year. 3. Advance paid to supplier is increased from 22.36 Lakhs to 267.09 Lakhs during the year.
5	Debt Equity Ratio	12.83%	8.61%	4.22%	
6	Operating Profit Margin	6.56%	13.13%	-6.58%	

J. DETAILS OF ANY CHANGE IN RETURN ON NET WORTH AS COMPARED TO THE IMMEDIATELY PREVIOUS FINANCIAL YEAR ALONG WITH A DETAILED EXPLANATION THEREOF.

S. No.	Particulars	FY 2018-19	FY 2017-18	Changes	Remarks/Explanation
7	Net Profit Margin	4.51%	9.74%	-5.24%	
8	Return on Net Worth	0.77%	1.21%	-0.44%	

K. COMPENSATION

Our technology professionals receive competitive salaries and benefits. We have a performance-linked compensation program that links compensation to individual performance, as well as our Company's performance.

L. CAUTIONARY NOTE

The statements in the "Management Discussion and Analysis Report" section describes the Company's objectives, projections, estimates, expectations and predictions, which may be "forward looking statements" within the meaning of the applicable laws and regulations. The annual results can differ materially from those expressed or implied, depending upon the economic conditions, Government policies and other incidental factors.

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

Place: Noida
Date: 14/10/2019

Sd/-
Dalip Kumar
Chairman & Managing Director