



# THE EVOLUTION OF DIGITAL MONEY...

...and how R.S. Software is playing a role in this seminal transformation



**R.S. SOFTWARE (INDIA) LIMITED**

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# Contents

- 02 > Corporate identity
- 04 > Milestones
- 06 > Performance highlights
- 11 > CMD overview
- 18 > The payment ecosystem
- 24 > Business drivers
- 32 > Risk management
- 38 > Notice
- 40 > Directors' report
- 61 > Standalone financial statement
- 85 > Subsidiary financial statement
- 93 > Consolidated financial statement

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The electronic payments industry is approaching \$300 billion, processing tens of trillions of dollars of payment transactions. Payments companies can spend as much as 10 percent of their total revenue on technology infrastructure. Reducing these costs by even one percent can liberate millions of dollars for onward reinvestment. Consequently, many global payments organisations possess a technology infrastructure appetite that outpaces the growth of their business.

R.S. Software is attractively positioned to capitalised on this global phenomenon.

## R.S. SOFTWARE (INDIA) LIMITED IS A GLOBAL LEADER IN PROVIDING TECHNOLOGY SOLUTIONS TO THE ELECTRONIC PAYMENTS INDUSTRY.

**33%**

Revenue growth,  
2011-12

**21%**

EBIDTA growth,  
2011-12

**29%**

Increase in PAT,  
2011-12

**22%**

Improvement  
in Cash Profit,  
2011-12

### Parentage

- ▶ Founded in 1991 to provide customised software solutions to the payments industry
- ▶ Emerged as a 898-strong member enterprise
- ▶ Client base comprises the world's leading payment brands
- ▶ The Company's equity shares are listed and actively traded on the BSE and NSE

### Presence

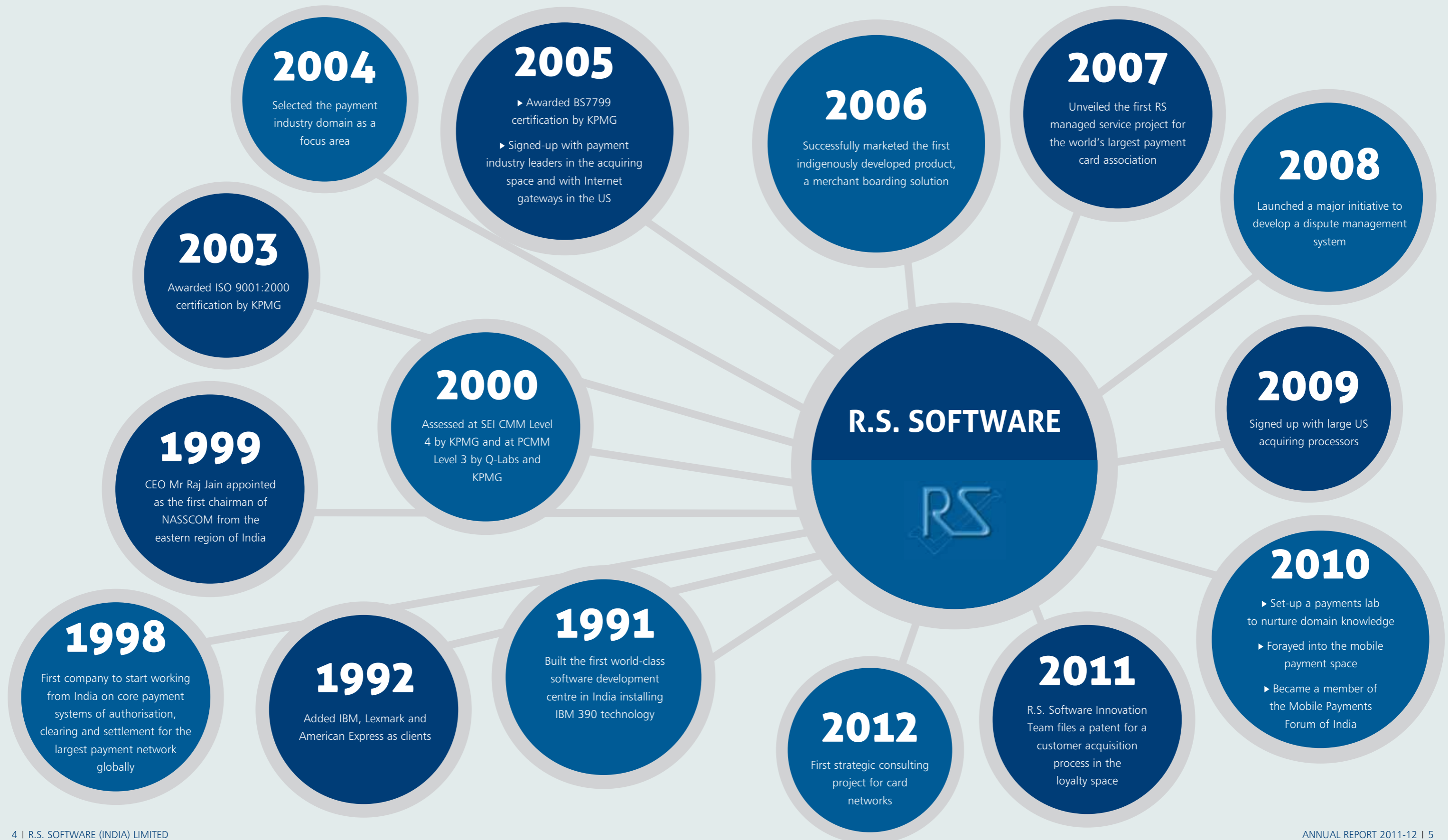
- ▶ Headquartered in Kolkata (India) with four global offices in the US, the UK and Singapore

### Services

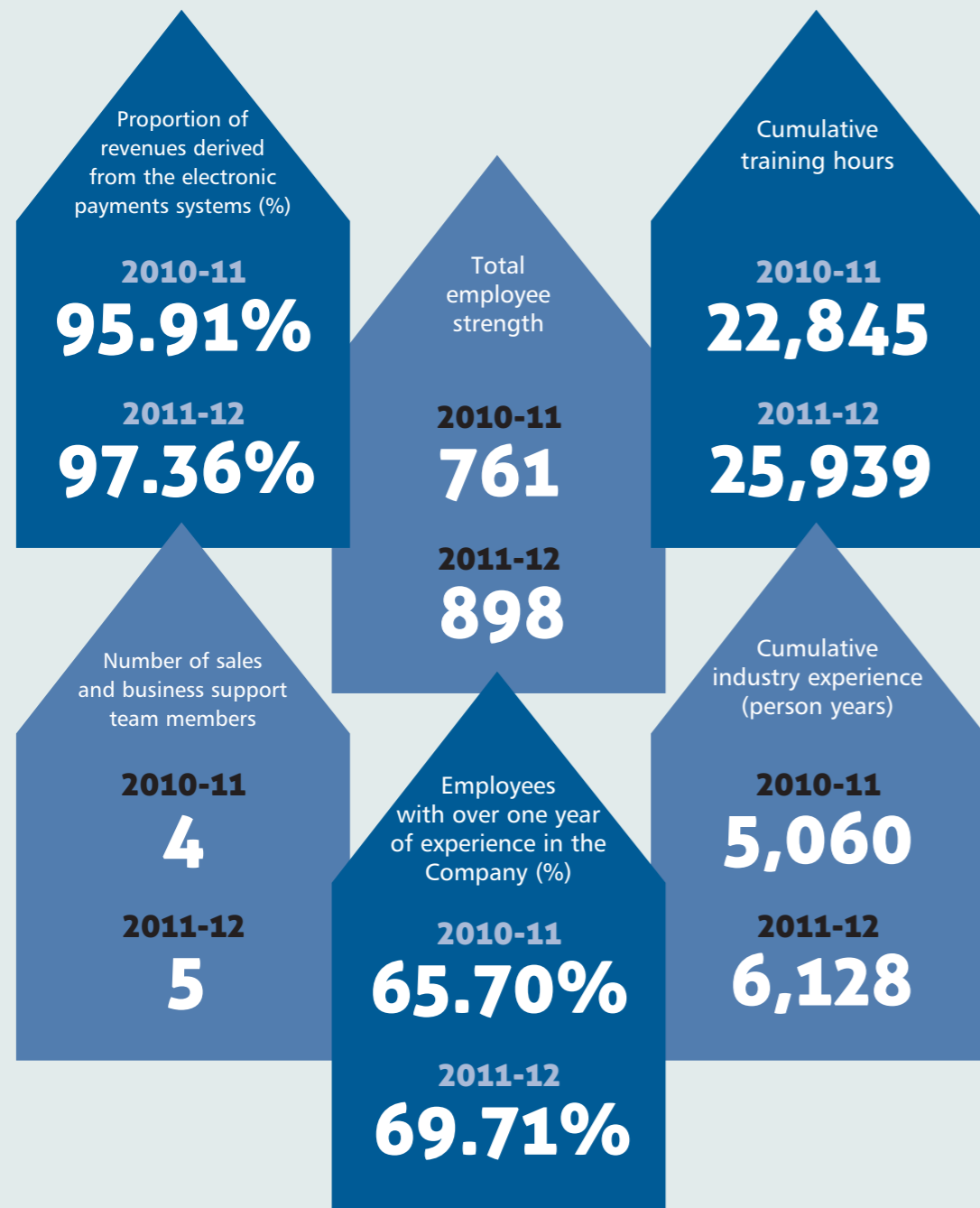
- ▶ Custom application development
- ▶ Quality assurance and testing
- ▶ Application maintenance and support
- ▶ Strategic consulting

This explains why the company reported a revenue growth of 162% and profit after tax growth of 3775% in the five years leading to 2011-12. And also why the Company outperformed the Indian software export industry growth by a factor of 1.5x in fiscal 2011-12. And the journey has only just begun...

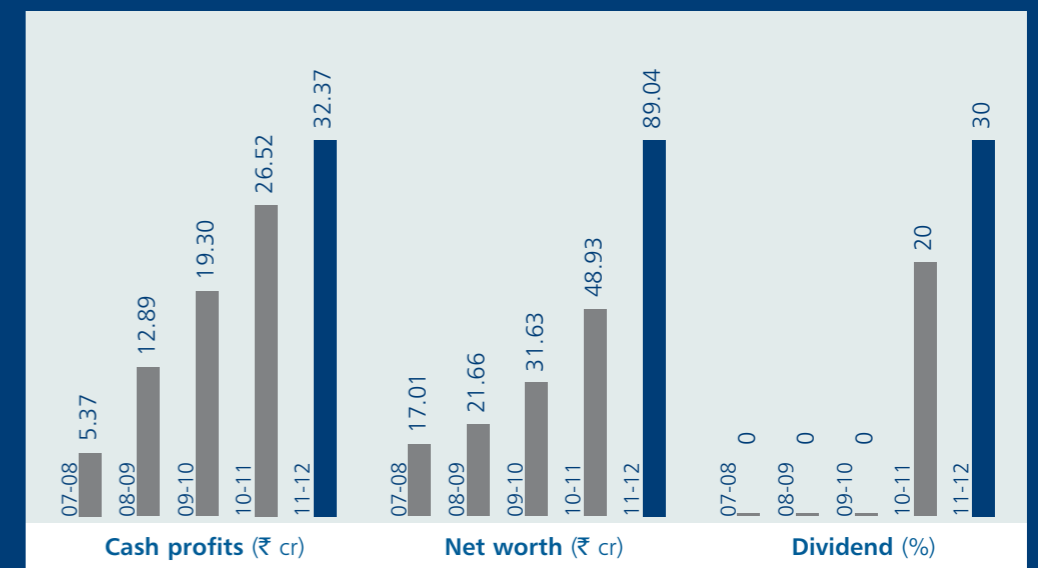
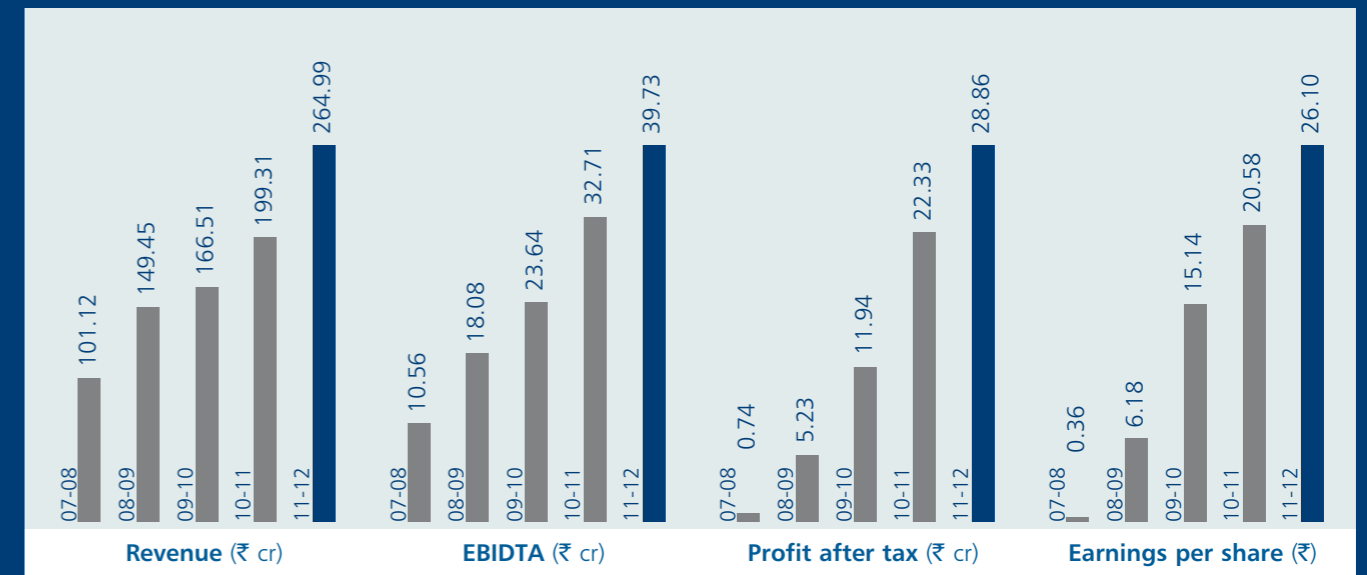
# SETTING MILESTONES



# THIS IS HOW WE STRENGTHENED OUR BUSINESS



# THIS IS HOW IT TRANSLATES INTO NUMBERS



WHAT MAKES

# R.S. SOFTWARE DIFFERENT?

CREATING A ROBUST BUSINESS MODEL FOR SUSTAINABLE AND ATTRACTIVE GROWTH



## FOCUS

R.S. Software has clear focus to be the leader from India in providing technology solutions to the \$300 billion + electronic payments industry.

## HOLISTIC

R.S. Software continues to enhance its intellectual platform in the areas of retail electronic payments, keeping pace with the major developments that power the stakeholders across this industry.

## CORE

R.S. Software's major capabilities are in the core areas of authorisation, clearing and settlement of electronic payment transactions.

## EXPERIENCE

R.S. Software has rich experience of over twenty years in this industry, while working with the world's largest payments network, giving it the opportunity to customise its global execution methodology for this industry.

## STABILITY

R.S. Software has a stable business model, validated by its solid financial foundation, and strengthened through the difficult periods of 9/11 event in United States, dot com bubble burst and the two significant economic downturns.

R.S. Software carved out a niche to bring to the market place, the combination of its expertise in global outsourcing and the domain knowledge in electronic payment transactions. R.S. Software defined its business strategy to work with the major global stakeholders in the payments industry.

To fulfill its vision of becoming a global leader in providing technology solutions to the electronic payments industry, the Company, will work with major payment networks, acquiring and issuing processors, emerging payment players and technology solution providers. These companies continually invest in developing their systems to compete in an increasing competitive market. The marketing and sales strategy, complemented by the Company's innovation and fulfillment strategy, are aligned to target the next phase of growth.

The Company's financial strategy is to commit investments in building:

- ▶ Diversified talent pool with globalised recruiting and HR practices
- ▶ Multiple management tracks, globalised expertise
- ▶ Emphasis on learning, knowledge management, research spending
- ▶ Deployable and specialised talent pools

The Company continues to demonstrate process scalability and management agility, focusing on its core values of bringing responsive solutions to its customers, and reinforcing the culture of working with passion to help its customers compete.

The global software services industry is marked by a number of large multi-vertical companies. In this space, the large companies usually prefer to engage with large software service providers.

Over the years, R.S. Software competed successfully against considerably larger multi-vertical companies, carved contracts and grew twice as fast as India's broad offshoring sector.

The Company reinforced its presence through its distinctive business model.

## 1

R.S. Software has clear focus to be the leader from India in providing technology solutions to the \$300 billion + electronic payments industry.

- ▶ The Company positioned itself as a specialist in this dynamic space, resulting in projects accretion from reputed global downstream customers.

▶ The Company reinforced its specialisation by developing innovation labs, addressing rapid changes in business technologies.

▶ The Company helped clients offer innovative solutions with a quicker time-to-market.

▶ The Company graduated towards a vertical IT specialist with a focus on solutions and consulting.

▶ The Company emerged as the only one in the world with a competence in the core payment network for more than a decade.

## 2

### Holistic

R.S. Software continues to enhance its intellectual platform in the areas of retail electronic payments, keeping pace with the major developments that power the



stakeholders across this industry.

- ▶ The Company is among few active global players present in the payments industry since it emerged, and now addresses both contemporary and legacy systems.
- ▶ The Company is present across the electronic payment ecosystem.
- ▶ The Company integrates into client processes, understands how the various systems work and re-engineers to influence a holistic solution.
- ▶ The Company leveraged its holistic understanding of its space to emerge as a consultant rather than a vendor.
- ▶ The Company extended its technology understanding to business applications, helping take the business of its customers ahead

### Core

R.S. Software's major capabilities are in the core areas of authorisation, clearing and settlement of electronic payment transactions.

- ▶ The Company developed and maintained mission-critical applications for leading payment networks, making itself relatively inseparable from customer existence and growth.
- ▶ The Company developed a deep understanding of customer domains, making it possible to

enhance customer productivity through its business-cum-technology understanding.

- ▶ The high cost of switching a knowledgeable partner like R.S. Software ensured business continuity; average account per customer grew attractively in the five years leading to 2011-12.

### Experience

R.S. Software has rich experience of over twenty years in this industry, while working with the world's largest payments network, giving it the opportunity to customise its global execution methodology for this industry.

- ▶ The Company did so with the express objective of working with the largest electronic payments network company at the cutting-edge of the technology curve
- ▶ The Company did so with the objective to grow with the global leader in what would soon become one of the world's busiest verticals
- ▶ The Company future-proofed its business through this association, leveraging the research and business understanding of its largest customer
- ▶ The Company developed a comprehensive understanding of the entire electronic payment transaction life cycle

### Stability

R.S. Software has a stable business model, validated by its solid financial foundation, and strengthened through the difficult periods of 9/11 event in United States, dot com bubble burst and the two significant economic downturns.

- ▶ The Company's receivables cycle improved from 53 days of turnover equivalent in 2011-12 to 38 days, bringing cash in faster than before
- ▶ The Company reinforced its cash-richness with a cash equivalent balance of ₹21.60 cr as on March 31, 2012
- ▶ The Company's investment in liquid short-term instruments of ₹24 cr possesses the capacity to generate an annuity income of ₹2.16 cr
- ▶ The Company became debt-free in 2010-11 and had reserves and surplus of ₹76 cr, and investments of ₹42 cr against a market capitalisation of ₹69 cr at the close of 2011-12
- ▶ The Company's net margin remained constant at 11% during the year under report

## RAJ JAIN'S PERSPECTIVE

# WHY MULTI-BILLION DOLLAR FORTUNE-50 COMPANIES CONSISTENTLY DO BUSINESS WITH R.S. SOFTWARE...



The DNA of R.S. Software is demonstrated in its ability to be responsive to changing times, with an entrepreneurial culture, persuasive in its commitment to help its customers become more competitive.

R.S. Software came into existence in the mid-Nineties at the cusp of one of the most significant transformations in history.

More than a-decade-and-a-half ago, some of the most sweeping changes transpired in the world of technology – the commercialisation of the Internet, the telecom deregulation and the convergence of telecommunications and computers.

One of the most remarkable by-products of this seminal leap was a progressive decline in the importance of physical money. People no longer needed to physically transfer cash from one point to another or engage in extensive banking documentation to move financial assets. Thus, paper currency gradually became digital; physical payments became 'virtual'; acquisitions were successfully concluded by paying online without visiting stores.

**This is the result:** Global e-commerce growth is projected at 19.4% per year. Worldwide e-commerce totaled \$572.5 billion in 2010, and by 2014, global online retail sales are expected to reach \$778.6 billion.

### A differentiated strategy

R.S. Software was at the right place at the right time with the right strategy.

The Company recognised that this shift from the physical to the virtual was not fleeting; it represented a seminal evolution in the history of the world.

The Company recognised that this opportunity direction would be linear and lateral; while the size of the core opportunity would continue to grow, it would keep creating adjacent business opportunities as well.

The Company recognised that while much of the IT services segment within its industry was marked by consolidation, the only way the



## The four sweeping changes

- ▶ Companies today face a set of new and inescapable challenges that lie outside the performance envelope of management as usual.
- ▶ The second driving force is the Internet. Thousands of people can collaborate around the world online with little in the way of formal hierarchy or management structures.
- ▶ The new web-based tools will democratise the workplace and give everyone the chance to help create strategy and offer advice on critical issues.
- ▶ Values and attitudes of the Millennials now entering the work force make up the third challenge that will compel organisations to retool their legacy management models.

Company could escape assimilation was through a distinctive value that it could provide customers.

The Company recognised that while there was an overriding temptation to play the generic software services card at a time when it was fashionable to do so, its distinctiveness would come from specialisation around its singular vertical.

The Company recognised that within this vertical it needed to cover the entire ecosystem – merchants, acquiring processors, issuing processors, payment networks (Visa/Master Card), financial institutions (banks), financial software product vendors and emerging players [e-commerce, mobile payments, Facebook payments (a subsidiary of Facebook)].

The Company recognised that a brand characterised by a competence in the

core electronic payments system would translate into a first-mover advantage, distinctive recall, mission-critical presence in customer assignments, repeat customer engagements, growing assignment ticket size and increasing profitability.

At R.S. Software, the passion and innovation makes it stay ahead and value add to customers

### Deep domain competence

The result of this singular approach is that we possess a burgeoning body of focused engineers – over 7,000 person-months of experience spanning over 150 client applications - globally respected for their electronic payments system insight and experience.

Over the last decade, this consciously distinctive business positioning helped evolve R.S. Software from a vendor into a partner for a number of its large customers.

As a partner, we are able to fuse our understanding of technology and the customer's business requirements, leading to a business-strengthening solution.

As a partner, we leverage the experience of working with financial institutions, payment network providers, payment processors and software companies to deliver products to the payment industry, thereby bringing to each a holistic understanding of how a relevant service intervention can enhance their organisational efficiency.

As a partner, we bring to our customers a comprehensive knowledge of the entire lifecycle of an electronic payments transaction on account of our association with the world's largest processing infrastructure, making it possible for us to advise our customers

on where the overall vertical is headed.

As a partner, we do not just provide software services; we provide services that take the businesses of our customers ahead through a tangible improvement in time efficiency, uptime, speed, cost management and profitability. As a partner, we do not just provide software engineering capabilities; we proactively consult with our companies beyond the immediate nature of our assignment to explain how we can strengthen their business models and make them more successful in a competitive market place.

As a partner, we help our customers address the convergence of payment types, mobile device proliferation, cloud computing and emerging strategies like behavioural targeting, that help them create innovative solutions that enhance their market share.

As a partner, we extend our understanding of the payment lifecycle to regulatory issues covering electronic payments, resulting in a complete workable solution for our clients in the geographies of their presence.

### Presence across the payment ecosystem

The electronic payments system is one of the most challenging spaces in the global IT industry due to its burgeoning size, intensive throughput (15,000 transactions per second), size of market (transaction volume equivalent to four times India's GDP), uncompromising need for uptime and unbreachable security.

R.S. Software possesses competencies in the following areas that make the electronic payment system a dynamic reality:

- ▶ Acquiring processors
- ▶ Issuing processors
- ▶ Payment networks
- ▶ Financial institutions (bank)
- ▶ Emerging players

To continuously evolve its competence in line with the cutting-edge requirements of the day, the Company created the RS Payment Lab to strengthen skills in emerging payment technologies. The Company also commissioned an architectural framework for enterprise integration of the mobile channel along with mobile library development. As a result, the company engaged actively in product enhancement, risk and fraud management, customisation and compliance testing in the e-commerce space with a growing presence in emerging m-commerce technologies.

So even as a mid-sized R.S. Software is pitted against relatively larger global IT companies within its vertical, it has been able to carve a widening slice of a growing opportunity and reinforce its position as one of the largest customised solution providers to the global payments industry.

R.S. Software is committed to invest in innovation, accompanied by flexible framework for tacit knowledge exchange. The game changer is constant focus on how to narrow to zero the gap between the value proposition and what it delivers to its customers and all stakeholders. This will help to achieve its goal of becoming:

- ▶ An employer of choice for its employees
- ▶ An investment of choice for its investors
- ▶ A partner of choice for its customers



### Reasons for optimism

At R.S. Software, we are optimistic for some good reasons.

E-payments and m-payments collectively accounted for an estimated 22.5 billion transactions in 2010. E-payments (online payments for e-commerce activities) are expected to grow globally from 17.9 to 30.3 billion transactions (between 2010 and 2013), while m-payments are expected to grow globally from 4.6 to 15.3 billion transactions in the same period.

There are a number of areas within the electronic payments space where the Company possesses competence but is relatively under-represented, a reality that should progressively correct, catalysing the Company's growth.

The company has embarked on the exercise to broaden its customer base, reducing its large exposure to a Silicon

Valley payment giant as a proportion of its growing revenues.

A large percentage of the global population owns a mobile phone even though it is 'unbanked', a reality we expect to bridge through technology solutions like mobile payments.

More customers are progressing towards one-stop solutions in the area of electronic payments, strengthening the relevance of companies like ours with a strong consulting and implementation focus.

In view of these realities and reasons, we expect R.S. Software to report sustainable growth in revenues, margins and profits, enhancing value for all those who hold shares in our Company.

Sincerely  
Raj Jain

WORLD-CLASS DELIVERY TO OUR  
**DEMANDING GLOBAL  
 CLIENTELE**


**1  
CASE STUDY**

One of the world's largest payment networks needed an expert to ascertain the robustness of its testing practices in the core transaction processing areas.

This giant eventually engaged R.S. Software. The challenging assignment comprised the following: the use of cutting-edge technology to manage a high throughput environment with 10,000 transactions per second. The need to deliver defect-free software for production that would run 24x7x365. Permissible downtime being 0.0001%.

R.S. Software deployed a team with job-specific capabilities derived from its enduring and singular focus on the payments industry. Leveraged an automated methodology incorporating the industry's best practices, reducing the timeframe and mean time to deliver an error-free solution. Even better, the Company persevered and offered client-managed services, which reduced the time frame and enhanced automation to deliver a better output.

**THE RESULT**  
 the client has not encountered downtime in five years, with post-production error cost reduced by 70%, enabling the client to roll out more projects and services.



**2  
CASE STUDY**

A leading global payments industry forum – where most leading payment companies are registered for updates, news and industry events – needed to develop a mobile application for its webpage through which it could provide real-time mobile feeds on industry events.

The forum engaged R.S. Software to deliver. The challenging assignment comprised a short deadline, need for error-free application to leading industry players and information real-time on mobile handsets.

**THE RESULT**  
 R.S. Software delivered the first version within two months, launched two versions in six months, enhanced functionality and productivity at each version level and showcased its competence to work competently on cutting-edge technologies.



# KEY STRENGTHS



**VISION:** To be a global leader in providing technology solutions to the electronic payments industry

**INNOVATION:** The game changer for our customers

**WORKING WITH INDUSTRY LEADERS:** Learning the culture of zero tolerance to any actions that can adversely impact the brand

**INTELLECTUAL PLATFORM:** Knowledge management is the glue that binds together the twin pillars of payments lab and school of payments, which are at the heart of our intellectual platform

**QUALITY AND BENCHMARKING :** Mandatory for enhancing our customers' ability to compete

**MANAGEMENT TEAM:** The driving force to fulfill the vision of the company

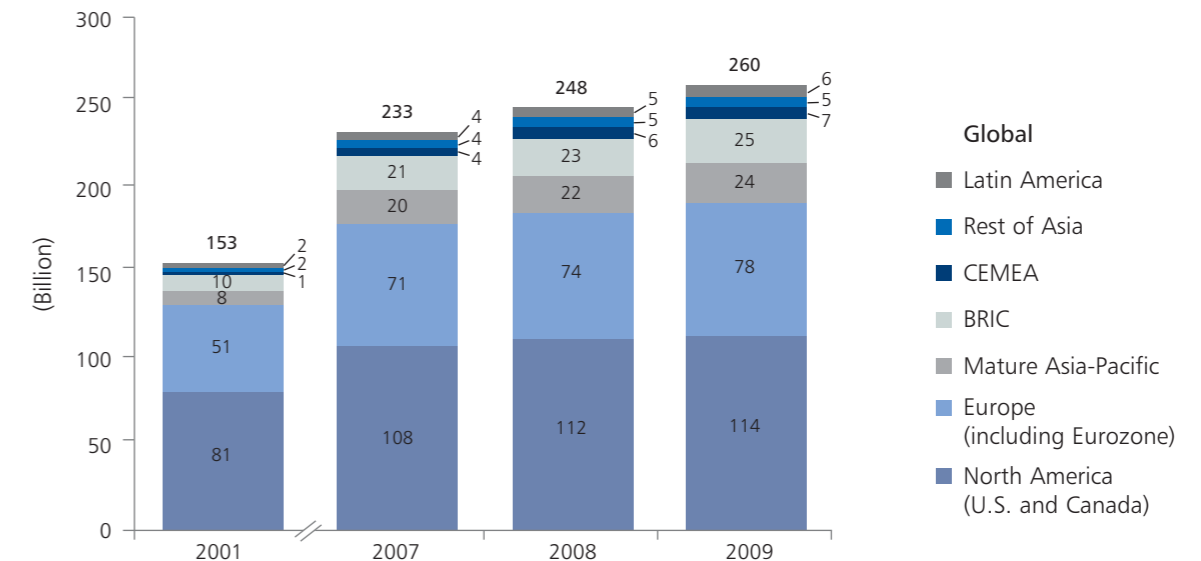
**LASER FOCUS:** Essential to enforce constant renewal of our ability to go up the value chain

**FINANCIAL FOUNDATION:** Zero debt, low equity and large cash on balance sheet strengthens the foundation to build growth infrastructure

Payment transactions are essential to our existence. Down the centuries, the concept of money has progressively evolved from barterable goods to precious metal coins to paper currency, and now to digital money for conducting state-of-the-art commerce, anytime, anywhere. Although paper currency still represents 85% of the payment transactions globally, electronic payments are increasing rapidly, delivering efficiency and speed, financial inclusion, security and reliability.

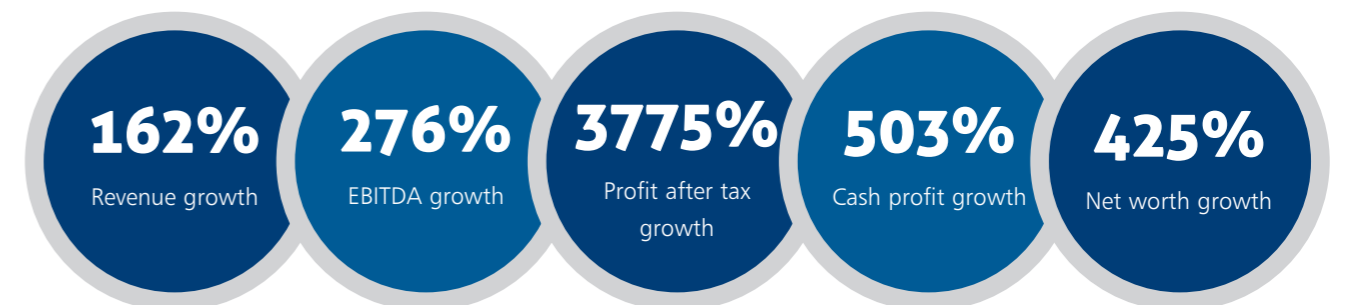
Under the hood of these simple payment transactions are the systems, products, and companies that form the payments industry.

## Number of non-cash transactions by region



Source: Capgemini analysis, 2011; European Central Bank Data Warehouse (ECB DWH) – 2009 figures, November 2010; Bank for International Settlements - Red Book - 2009 figures, December 2010; 2010 Federal Reserve Payments Study, April 2011

The growth in the need for solutions helped R.S. Software report attractive growth as is evident over the past five years:



# THE PAYMENT ECOSYSTEM

## WHY THIS GLOBAL TRANSACTION SPACE IS ONE OF THE MOST SEMINAL DEVELOPMENTS IN THE LAST 20 YEARS



### Electronic payments industry

Payment providers earned \$277 billion in revenue in 2010. In relative terms, the global payments industry survived the financial crisis in good shape. In 2009, payment revenues in most regions declined less severely than those for banking overall. There were enormous shifts in the sources of payment revenues and profits. Incumbents globally now face challenges that were unimaginable just two years ago. Business models in many sectors will need to be reworked – retail sectors will need to be reinvented – like retail transaction banking in Asia and credit cards in the U.S.. To add to the pressures, continued turmoil in the global banking industry is creating opportunities for new players to build beachheads in the payments market.

The payments industry faces an uncertain future. Historically, it has been a business in which the incumbents were strongly advantaged and able to enjoy stable or growing revenue streams. Now, however, a disruptive mix of regulatory and consumer behavioural changes, emerging technologies and new competitive thrusts is presenting industry incumbents with unprecedented challenges. These changes are catalysing new and shifting alliances are creating fresh opportunities for industry entrants.

The business of payments hinges on

processing and storing large volumes of transaction data. To perform these activities, payment companies can spend as much as 10 per cent of their total revenue on technology infrastructure. Reducing these costs even by a fraction of a per cent can release millions of dollars that can be reinvested in growth and innovation or applied to the bottomline. Consequently, many global payment organisations face a demand for technology infrastructure that outpaces the growth of their business growth. These organisations have gone to great lengths to reduce their technology operating costs by re-engineering processes, shifting to global sourcing models and leveraging virtualised technologies. To save more, they must evaluate how their business consumes technology and find a better way to match supply and demand.

A series of shocks launched the global payments industry into a transition that promises to redefine parts of the value chain for years to come. In advanced economies, the financial crisis dramatically altered the traditional bank-led payments landscape, with players exiting the business and new regulations setting in. In emerging markets, rapidly evolving payment players are leapfrogging into new systems. In both markets, new technologies are redrawing the way consumers behave and opening the door to new competitors. Over the next 10 years, several possible scenarios

could set the stage for emerging payments – innovative mechanisms like online, mobile and prepaid card payments – to redefine the payments landscape across markets and within niche areas. (Source: McKinsey)

### Technology

The Payment industry is a technology driven business. Between 1960 and 1990, technology strides in telecommunications, terminals (both point-of-purchase and ATM), and payment platform consolidation made electronic access to credit and demand deposit accounts (DDA) possible. Profiling purchase behavior for advanced automated fraud detection, increased availability of ubiquitous network like Internet, extended geo-coverage of cellular and mobile technology, semiconductor miniaturization that made a processing chip to be embedded in a payment card and more such innovations have resulted in enabling an ecology for the large scale adoption of the payment platform.

The payment market leaped due to the technology advances as evident by the following:

- ▶ High speed processing led to instant risk profiling (neural networks like Falcon)
- ▶ Large hi-speed network switches allowed for rapid growth when the Card Associations placed their marks on ATM Cards
- ▶ Newer hardware technology allowed

just-in-time computing power for peak authorization periods

The interplay of Business Systems (acquirer, issuer, network, device and instrument manufacturers, specialized product vendors), diverse payment instruments (credit card, debit card, check, ACH, prepaid, money transfer and emerging, among others) and specific needs of diverse end users like individual, small and medium enterprise, government/utility enterprise has created a rich complex diverse ecosystem of the payment industry.

R.S. Software has been involved in this evolution considerably contributing to the engagements involving

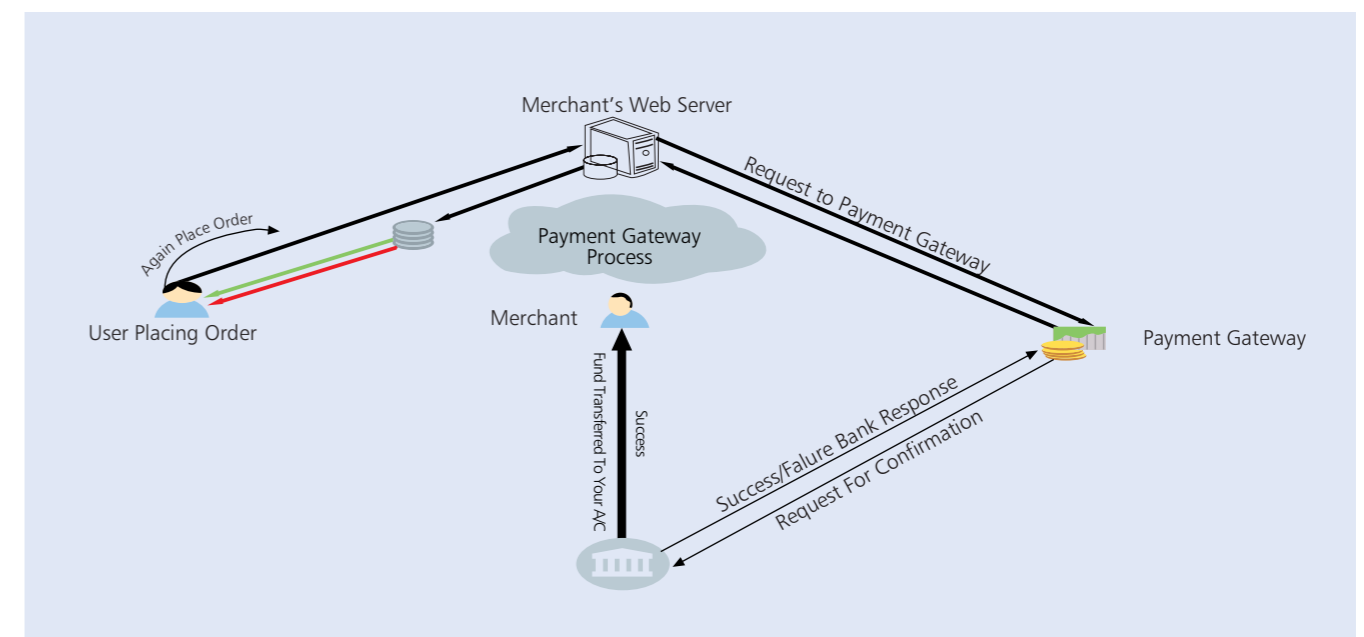
- ▶ Integration of software platforms due to acquisitions
- ▶ Development of virtual terminal technology
- ▶ Fraud detection/prevention
- ▶ Stored value/pre-paid programmes
- ▶ Loyalty programmes
- ▶ Mobile payments
- ▶ Business Intelligence
- ▶ Data monetisation
- ▶ Re-engineering to newer technology
- ▶ Real-time dispute and chargeback reduction processing

### Evolution

Following the success of the banking

system and internet revolution, the focus has shifted to the development of an online mode of payment, increasing the ease with which customers pay vendors. This led to various 'electronic payment systems' like credit cards, debit cards, e-wallets and e-cheques. The combination of the internet and the banking system revolutionised the payment system, giving users the flexibility to make payments worldwide instantaneously. This extended to a new payment methodology called the mobile wallet, making it possible for people to make payments using mobile phones and wireless technologies.

### Processing of payment gateway





## The payment gateway

The payment gateway is a service that automates the payment transaction between shopper and merchant. It is usually a third-party service that processes, verifies and accepts/declines credit card transactions on behalf of the merchant through secure internet connections. The payment gateway is the infrastructure that enables a merchant to accept credit cards and other forms of electronic payment.

## The payment domains

Payments are generally categorised into six payment domains, each exhibiting unique characteristics and requirements:

**POS:** Payments made at the physical point of sale (store and restaurant payments as well as unattended environments like vending machines and transit kiosks)

**e-commerce:** Payments made online to purchase goods and services (comprising e-retail, online travel, online subscriptions and the purchase of digital content)

**Bill payments:** Payments by individuals or businesses based on receipt of what is typically a monthly bill

**P2P payments:** Person-to-person payments comprising domestic payments among friends and families as well as cross-border remittances (for example, migrant worker payments to relatives in home countries) and account-to-account transfers by individuals

**B2B payments:** Business-to-business payments. Includes payments from buyer to supplier and also intra-company and financial market payments (bank-to-bank payments, security purchases and foreign

exchange transactions, among others).

**Income payments:** Payments to individuals for salaries, benefits and expense reimbursements

The payments system facilitates activities across these domains. A good example of this occurs at the B2B payments domain where the cheque, the traditional payments system used, is in decline. All electronic payment systems compete to capture the volumes shifting away from cheques. The card networks have business purchasing cards and small-business credit and debit cards products. The wire transfer systems enhance their networks to carry remittance data to meet the domain's requirements. Meanwhile, the checking system itself, through imaging, remote deposit capture, and other advances is competing to maintain volumes.

## The consumer perspective

The US, comprising more than 305 million people, is the world's third-largest population but accounts for only 4.5% of the world's total population. The Census Bureau projects a US population of 439 million by 2050. China (19.7%) and India (17.2%) are bigger and Indonesia is emerging as the fourth-largest (3.4%, just behind the US).

The US is organised into more than 117 million households, about 87 million of which have traditional bank accounts. About 9 million households (or 17 million adults) account for the 'unbanked', whereas another 21 million households (43 million adults) are 'under-banked', according to FDIC.

Using FDIC definitions, 'un-banked' refers to people who have rarely held a

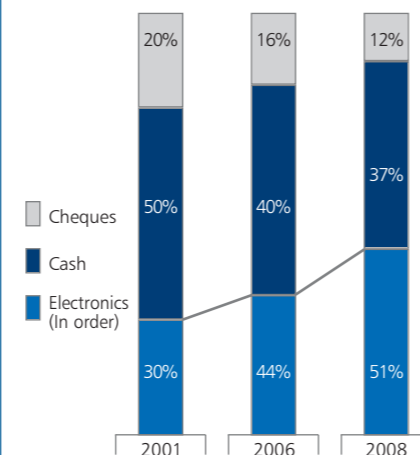
checking, savings, or 'other type of transaction or cheque-cashing account' at an insured depository institution in the conventional finance system; the 'under-banked' have held bank or credit union accounts and rely on alternative payments and financial services, including cheque cashing services, payday loans and purchase of money orders.

	Un-banked	Under-banked
Adults	17,000,000	43,000,000
Households	9,000,000	23,000,000
Have open loop prepaid cards	12%	16%
Receive income on payroll card	3.1%	4.2%

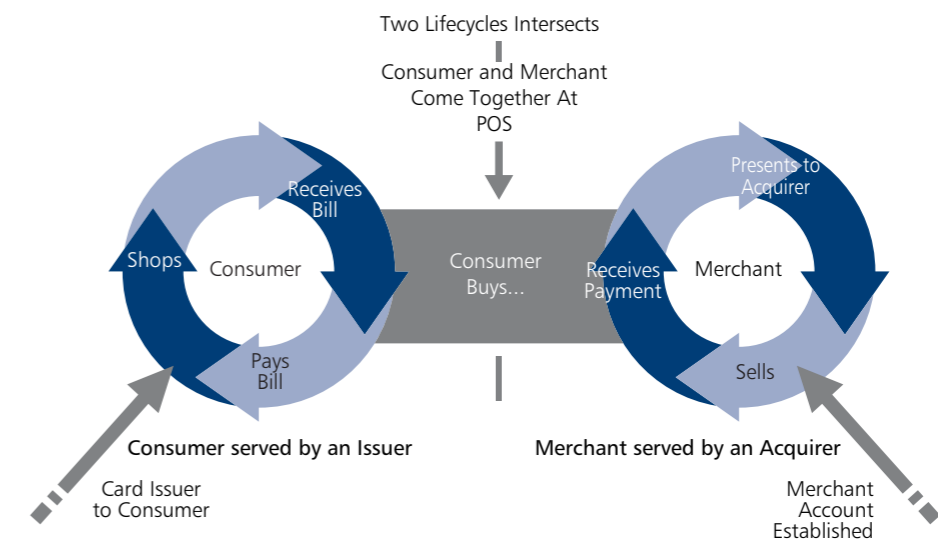
## Shifting consumer payments behaviour

Multiple studies have shown a gradual shift to electronic payments, replacing the traditional use of cash and cheques. The figure below demonstrates this radical shift in consumer payments behaviour.

## Consumer transactions by payment type as a percent of all consumer transactions



## Electronic payment transaction using a card



At traditional points of sale, consumers prefer to pay with credit/debit cards, shifting from cash and cheques. In e-commerce, which historically is the sole province of credit and debit cards, consumers are increasingly taking advantage of alternate payment options. Behaviour shifts seem to be driven primarily by consumer concerns about the safety of online shopping in some segments of the population, while others are less concerned, feeling

adequately protected by their payment card zero-liability guarantees.

For recurring bill payments, consumers are shifting from writing cheques to either using bill payment services (typically provided by banks as an adjunct to the checking account) or paying at the biller's website with a debit or credit card.

A few consumers are taking advantage of new services that allow person-to-

person payments to settle a lunch tab or send money to children away at college. This is an area of particular focus for several mobile payment providers.

Over time, the cumulative effects of these changes in consumer behaviour will accelerate decline in using cheques or cash for consumer payments and a corresponding increase in card payments.

Gen Y	Gen X	Boomers	Seniors
Born 1975-2005	1964-1974	1946-1964	Before 1946
Debit card generation	Prefer debit over credit	Strong credit card orientation	Checks/cash orientation
Most likely to bank online	Strong use of all online services	Peak earning and spending power	Not sure about this ATM thing
Most likely to research and buy products online	Expect total transparency of products and services	Have the most credit cards, home equity loans, among others	Credit card for emergencies
Living the mobile lifestyle		Prefer branch banking for major transactions	Branch banking for almost all transactions Phones are for talking



## E-payment growth

The number of global e-payments (online payments for e-commerce activities) is expected to grow from 17.9 billion to 30.3 billion transactions between 2010 and 2013

- ▶ The aggregate value of global e-payments was 824 billion in 2010 and is expected to touch 1.4 trillion in 2013. The average value of each non-bank e-payment transaction is nearly 45
- ▶ The number of global m-payments is expected to grow from 4.6 billion to 15.3 billion transactions between 2010 and 2013
- ▶ India had just 2.1 billion non-cash transactions compared with 15 billion such transactions in Brazil, 5.4 billion in China and 2.8 billion in Russia. India has also lagged behind the growth of such transactions in the past decade with a CAGR of 10.4% between 2001 and 2009 compared with 25.5% in Russia and 20.8% in China. Brazil's growth was marginally low at 9.3%

### Asia-Pacific e-commerce sales by country (sales in \$ billion)

Country	2012	2016
India	1.6	8.8
Australia	23.2	35.4
Japan	63.9	97.6
China	169.4	256.1

Source: Forrester

The Indian e-commerce market is set to grow the fastest within the Asia-Pacific region at a 57% CAGR between 2012-16. CAGR rates in mature e-commerce markets of Japan, South Korea and Australia will report around 12%

growth over the next five years. In the rapidly growing markets of China and India, these growth rates will be 25% and 57% respectively.

## m-commerce

Mobile commerce entered the finance, services, retail, telecommunication and IT services as a popular way of doing business. US mobile commerce sales (including travel) grew 91% in 2011 to US\$ 6.7 billion and is forecast to grow to US\$ 31 billion by 2015. Globally, the number of mobile payment users is expected to rise to 893.3 million in 2015 at a CAGR of 18.4%. In 2010, there were 1.5 billion NFC transactions globally and this is expected to rise to 55.3 billion transactions in 2015 at a CAGR of 105.2%.

## Key growth drivers of m-commerce

**Convenience:** The mobile phone is a convenient device for people to conduct transactions.

**Reach:** Mobile phones enjoy penetration levels higher than landline phones, Internet, PCs, cable television and bank accounts and can penetrate into rural areas where no bank branches or internet connections have reached.

**Additional channel:** After evolving from traditional 'brick-and-mortar' stores into virtual online stores that can be accessed over the internet, retail companies now offer mobile-based shopping facilities to their customers.

**3G services:** With 3G networks rolled out in India, the user experience for using data services over mobile phones improved significantly.

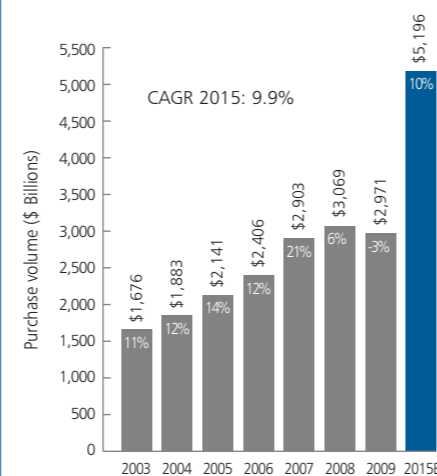
**Data-capable handsets:** The availability of data-capable handsets at lower prices enabled a wider user base to access data services on their mobile phones.

## Other growth drivers

**Prepaid online market:** The prepaid market is expected to grow exponentially from US\$ 330.03 billion in 2009 to a projected US\$ 549.7 billion by 2012.

**Loyalty market:** The global loyalty market, projected at over US\$ 100 billion by 2015, is becoming more demanding owing to a new generation of consumers.

**Growth in card transaction:** A proliferation in the use and types of cards, rapid internet growth, significant technological advances in payment processing and financial incentives offered by issuers catalysed wider merchant acceptance and increased consumer use of such cards.



Source: The Nilson Report. Card purchase volume includes VISA / MasterCard (debit and credit), American Express, Discover and Diners Club. Note: Percentages inside bar represent year-over-year growth.

**Applications market:** According to the 'World Mobile Applications Market (2010-2015)' report, the total global mobile applications market is expected to be worth US\$ 25 billion by 2015 (up from about US\$ 6.8 billion in 2010).

**Gaming market:** Robust consumer demand for gaming will strengthen overall gaming expenditure by 10.8% CAGR in 2011-2015 to US\$ 112.2 billion. Emergence of newer platforms such as social networking, gaming and mobile gaming are likely to be growth drivers.

**Social media:** Despite it having emerged just ten years ago, 1.9 billion people globally will be actively using social media services by the end of 2012, representing over 85% of the entire online population. By 2016, these figures are projected to increase to 2.5 billion and nearly 90% respectively. In spite of its global reach, utility and pervasiveness, the actual value of the social media market is modest at just US\$ 10.4 billion in 2012 but this is expected to correct to US\$ 19.4 billion by 2016.

**PayPal:** PayPal is an e-commerce business allowing payments and money transfers to be made through the Internet. PayPal serves as an electronic alternative to traditional methods (cheques and money orders). PayPal has 110 million active registered accounts and is available in 190 markets. Its 2011 annual revenue was US\$ 4.4 billion, up 28% year-on-year. PayPal expects to process US\$ 7 billion in mobile payment volume in 2012. It generated US\$ 4 billion in mobile payment volume in 2011, more than five times the mobile payment volume in 2010.

## Disruption in payments

Payments appears to be a tremendous area ripe for disruption – new technologies are changing the relationship between consumers and merchants.

The opportunity is significant, as this is a huge market with over \$41 trillion in electronic payment volume and over \$300 billion in revenue in the US payment industry alone.

Several factors are driving this disruption, the growth of mobiles (smartphones), the introduction of tablets (utilised as 'cash registers'), the ubiquitous nature of wireless broadband or wifi, changing regulation and a difficult economy. Merchants are looking for new ways to get new customers, improve inventory management, increase customer loyalty and reduce payment costs. Consumers are looking for easier ways to pay, to avoid lines, get more personalised rewards and have a transformed experience (emailed receipts).

There are many technologies and companies looking to shape the future, and for them to succeed they will need to provide a new experience to switch consumers from cash or swiping a credit card. A big part of this will be having a critical mass of merchants to solicit them. So the new technologies must also be attractive to merchants as well, helping them address their concerns. There will likely be a few winners, but not all will win as the merchants and consumers will only want to manage a few alternatives.

The industry is already shifting, as credit card transaction growth has

flattened. The issuers (banks) and networks (Visa/MasterCard) are adjusting to new regulations (Durbin, Reg E, and the Card Act), which pressure revenues. They must therefore be adept at navigating the new world in order to capitalise and grow faster.

Who will win? It is early to predict which technology will win. However, a couple of things are clear:

- ▶ The consumers will have value accrete to them, as the industry provides easier ways to pay, better rewards, and cheaper payment sources
- ▶ The merchants will have value accrete to them as well as have cheaper payment methods, more information about their customers, and better consumer loyalty capabilities
- ▶ Lastly, the issuers and networks could be perceived as the groups positioned to lose value

However, we think that the proliferation of electronic payments will bolster them as well – currently, over 70% of transactions are non-electronic (cash, or cheques). There is a tremendous market share to be gained that should be able to support multiple parties.

One of the most exciting outputs of the innovation in this space will be the creation and leverage of Big Data on top of payments. The ability to leverage one's social graph, with information (geo, intent, time, and more), and with entertainment (check-in games), will open possibilities for all parties that were not earlier conceivable.

## BUSINESS DRIVER 1 | CUSTOMER VIEW

R.S. Software provides cutting-edge services in line with rapidly evolving technologies, transaction patterns and regulatory requirements.

At the Company, this ongoing benchmarking is ensured by an eight-member customer facing team that combines research and market intelligence to ensure customer goals being met. This ongoing commitment makes it possible for the company to be positioned as a long-term business partner as distinct from a one-time technology service provider.

The RS Customer View™ - 'Think of yourself as the customer' is the basic DNA of the R.S. Software culture, enhanced by its core values of

providing responsive solutions. The sales pursuit process provides the Company with a comprehensive understanding of the client's business, competitive landscape, target markets, scale, goals, objectives and its culture as a decisive step towards the creation of solutions that will meet customer's business priorities.

### Initiatives

- ▶ Focus on core and emerging areas like e-commerce, mobile commerce, prepaid cards and EMV, and technologies that are of highest priority for stakeholders in the industry
- ▶ Enriched knowledge management through the RS School of Payments
- ▶ Building a knowledge pool with a goal to help customers reduce their time-to-market

- ▶ Addressing customer challenges and innovation through the RS Payments Lab
- ▶ Adopting global best practices in sales and account management to serve customers effectively

### Outlook

The Company's sales engine and fulfillment capability are being revamped extensively with the goal of achieving diversity of revenue sources, and enhancing its ability to capitalise on the emerging opportunities in the market place. This will help to reach out to a wider customer base across the stakeholders in the electronic payments industry, and fulfilling its vision of becoming a global leader in providing technology solutions to the electronic payments industry.

## BUSINESS DRIVER 2 | INNOVATION

The electronic payment industry constitutes a vast and critical body of knowledge pertaining to the domain and technology in the payment systems discipline. With the maturity of the outsourcing paradigm in this knowledge economy, customers now need vendors to act like partners and provide services at a higher value plane.

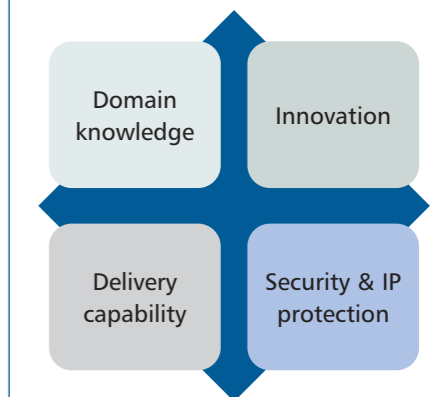
To be a trusted solution and service provider to the global electronic payment industry, R.S. Software prioritises innovation to deliver elevated value by reducing cycle time, overall project cost and improving efficiency.

### Initiatives

- ▶ Increased sharing of payments lab initiatives with industry experts and customers to get feedback
- ▶ Enhanced the domain credit program. Domain credits have been designed in the lines of education credits awarded at the end of a successful completion of courses offered in RS School of Payments
- ▶ Filed patent in the US for our mobile payment initiative
- ▶ Knowledge management being incrementally structured at the entry and exit of the innovation process
- ▶ Metrics-driven management to help coordinate innovation, school of payments and fulfillment capability for customers

### Outlook

The Company's focus is to nurture innovation which will provide a knowledge platform to prepare the resources and provide reusable intellectual assets to uphold the brand promise of being a global leader in providing technology solutions to the electronic payments industry.



The RS Global Delivery Methodology™ is a proven, process-oriented approach that makes it possible for projects to be turned around with speed, economy and reliability leveraging the established offshore model

reconciling back-end software engineering competencies within India and front-end client solutions delivery.

Frameworks represent the residual knowledge of the organisation in a way that can be demonstrated to prospects and customers. These frameworks have reusable components that help shorten implementation life-cycle for projects aligned with the framework suite. We have a suite of framework in the acquiring space covering merchant on-boarding, virtual terminal, payment gateway, merchant reporting and residual

calculations. Instead of presentations we demonstrate the frameworks to prospects. This helps in more than one way by reducing the requirement definition time, implementation time and also communicates our knowledge in the respective area. The frameworks are also used as training supplements for RS School of Payments and platforms to test out proof-of-concepts developed in the RS Payments Labs.

The RS School of Payments is a knowledge-intensive training curriculum created by industry experts providing employees with a knowledge foundation in the electronic payments sector. This School was commissioned with the objective to renew competencies, shrink the learning curve and maximise productivity.

RS Payments Lab is a knowledge exploration and proof-of-concept implementation infrastructure provisioned to create reference implementation of technology solutions for electronic payments space. This helps increase the knowledge of applying frontier technology in payment

systems at the organisation level. In the past year, we have implemented proof-of-concepts and reference implementations on mobile, ecommerce gateways, big-data analytics and test automation.

Knowledge Management forms the key to harness knowledge from the engagement and feed it back to the project and to the customer as value add as it insulates against attrition providing knowledge insurance, monotonically reduce efforts needed by customer personnel and SME even though RS team grows and creates a base for reuse and micro-innovation within each project.

# BUSINESS DRIVER 3 | PEOPLE ASSET



The people management process is at the heart of achieving the key goals of the company to become:

- ▶ An employer of choice for employees
- ▶ A partner of choice for customers
- ▶ An investment of choice for investors

The R.S. Software team comprised 898 members (as on March 31, 2012). As a measure of the company's competence, more than 64% of the delivery team comprised employees with an experience of having worked with Tier-one IT companies. Even as the average experience of the senior management was more than 20 years, the average age of the organisation was about 26 years, a prudent mix of youth and experience.

The three broad HR objectives of the company comprise talent attraction (ensures prudent people section), talent

development (planning employee career development) and talent retention (work-life balance).

## Initiatives

- ▶ Established a knowledge management team to aggregate, enrich and disseminate organisational knowledge
- ▶ Automated and reinforced HR processes
- ▶ Organised in-house and out-bound training sessions for line managers
- ▶ Enhanced focus on training towards building the organisation's bench strength

## Awards and Recognition

As an organisation, we are strongly committed to recognising performance at the individual and team level that are publicly acknowledged by the Leadership Team. The Company recognises the hard work and the efforts of its employees in the form of awards that are given to an employee

in recognition of length of service, quality of work performance or major achievement of results within the scope of one's role leading to tangible benefits to the team or the organisation. Awards are also given to a group if the team demonstrates excellence in areas that contribute to the Company's effective functioning or the organisation's brand

## Leadership development

R.S. Software continues with its quest to learn management best practices from industry thought leaders and world renowned practitioners of leadership and strategy. As part of this initiative, the leadership team is encouraged to attend several learning forums, both globally and in India. The goal is to enhance managerial effectiveness in handling change situations, by focusing on parameters responsible for business growth and stakeholder satisfaction.

Mr. Raj Jain, CMD, executes the role of

chief mentor and conducts several workshops on enhancing individual professional competencies for gaining a globally benchmarked perspective of how to truly implement our motto "Think of Yourself as the Customer".

The leadership team has been focusing on the management methodology that facilitates creation of strategies to help differentiate the Company from others, defining themes to highlight focus areas quarterly and building an 'A-team', and defining metrics to ensure

implementation.

The Company strives to inculcate and implement management best practices in the Company and extends to members of the senior management teams from across all projects and processes who routinely attend workshops. These interactions enrich and recharge managers towards implementing best practices in their respective teams.

The RS Leadership Team as well as the

extended management team regularly meet offsite to reiterate and take stock of the corporate strategy and business plans, with distinctive sessions and workshops to understand business challenges and plan the way forward.

## Outlook

The Company is strengthening its HR processes, performance appraisals and retention policies with the objective to enhance productivity and profitability.

## How R.S. Software is creating an inspired organisation

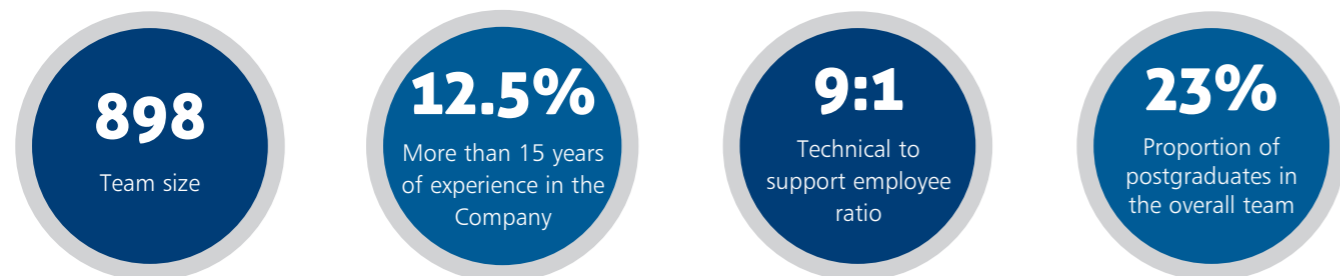
**Recruitment:** Over the years, the Company has invested in fresh and lateral recruitment (experienced professionals) from campuses, portals, consultants and referrals following stringent appraisal (technical and attitudinal). During the year under review, the company strengthened its recruitment capability at the campuses, and expanded its partnerships to hire laterally.

**Training:** The Company engaged in induction training in the payments domain, training in The RS School of Payments for all employees, and mandatory on-job training (80 person-hours a year) with corresponding domain credit points.

**Performance appraisal:** The Company enhanced its appraisal system (quarterly and half-yearly); the former was conducted for project leaders and senior managers

while the latter was conducted bi-annually for the entire company based on organisational targets. A three-step appraisal process comprised self-appraisal, appraiser (immediate line manager) review and then by the reviewer (senior level manager).

**Retention:** The Company strengthened its HR policies through its RS Club (meeting ground of all employees), creating a balance between process and creativity, aggressive delegation and empowerment, permission to enlist for external training programmes in line with the organisational agenda wherein 50% of the training fee is immediately reimbursed and the rest in a year. Employees are sent on-site for enhanced exposure. A culture of talent profiling makes it possible to grow individual competencies over time. An employee suggestion scheme promotes involvement. An open-house facilitates an exchange of ideas. An Annual Day makes it possible to recognise achievers.





## BUSINESS DRIVER 4

# QUALITY AND BENCHMARKING

In the electronic payment sector, service providers need to develop and maintain critical applications for leading payment networks.

In a challenging space where even a few seconds of downtime could lead to revenue drain and brand loss, these service providers need to deliver robust solutions to payment networks, processors, acquires, issuers and other payment sector companies.

R.S. Software is a trusted service provider to the global electronic payment industry, matching the customer's specific requirement with the right solution delivered at the right time at the right cost.

Over the years, the company strengthened its globally-benchmarked process architecture with defined management practices to meet and exceed customer expectations.

The Company is effectively improving resource utilisation to deliver these projects.

### Initiatives

- ▶ The Company's ISO 9001 certification ensures process consistency; the company was among the first five software companies in India to be CMM level 4 assessed.
- ▶ Benchmarked information security to the rigorous standards of ISO 27000
- ▶ Conducted a periodic bi-annual verification audit by an external agency
- ▶ Assigned Deloitte and Haskins for FISAP assessment (customised for the payments industry) comprising physical, network and personal security
- ▶ Conducted an annual exercise to measure the company's conformance with evolving CMM benchmarks
- ▶ Executed a periodic internal audit (every 45 days) across functions and processes to ascertain compliances

monitored closely by the senior management team; verified compliance through surveillance audits by external parties

- ▶ Automated 80% of the audit processes leading to timely access to project information, reducing errors and cycle time
- ▶ Conducted an independent biannual customer satisfaction survey
- ▶ Developed an annual process improvement plan
- ▶ Strengthened the Gazelles Methodology comprising the setting of priorities, working with a structured plan and its disciplined implementation

### Outlook

The Company's focus is to scale processes, strengthen benchmarking with industry best practices and institutionalise the Gazelles Methodology.

## BUSINESS DRIVER 5

# FINANCIAL FOUNDATION

The Company achieved creditable topline, profit and profitability growth in 2011-12 despite a global economic slowdown, vindicating the strength of the Company's business model.

### Financial snapshot

(₹ lacs)

	2008-09	2009-10	2010-11	2011-12
Net revenue	14,945.46	16,651.07	19,931.00	26,498.97
EBIDTA	1,808.49	2,363.68	3,271.42	3,972.76
PAT	522.67	1,193.78	2,232.80	2,885.96
Cash profit	1,288.54	1,930.43	2,651.74	3,237.17
EPS (₹)	6.18	15.14	20.58	26.10
EBIDTA margin (%)	12.10%	14.20%	16.41%	14.99%
PAT margin (%)	3.50%	7.17%	11.20%	10.89%
ROCE (%)	17%	36%	46%	32%
RONW (%)	24%	38%	46%	32%

### Revenue analysis

Net revenues grew 33% from ₹19,931 lacs in 2010-11 to ₹26,499 lacs in 2011-12 owing to the following reasons:

- ▶ Improved resource utilisation without necessarily incurring higher people costs
- ▶ Improved managed services business from 25% in 2010-11 to 40% of turnover
- ▶ Added two clients around long-term

contracts with y-o-y price escalation clause

- ▶ Majority of revenues were derived from the Company's core business where it enjoys domain expertise and attractive profitability.

### Expenditure analysis

The Company's overall expenditure increased 34% from ₹17,205 lacs in 2010-11 to ₹22,990 lacs in 2011-12, owing largely to an increase in employee benefit expenses. Total

operating cost as a proportion of net revenue was 85% in 2011-12 against 84% in 2010-11, reflecting cost optimisation despite increasing cost of resources and operations. The Company took several initiatives to identify and optimise operating costs.

### Margins analysis

The Company's EBIDTA margin stood at 14.99% in 2011-12 owing to the following:

- ▶ Higher revenues amortised the

### Information security at R.S. Software

- ▶ ISO 27001:2005-compliant Information Security architecture
- ▶ 24x7 availability; 99% uptime
- ▶ VoIP facility
- ▶ Seamless integration with client-provided hardware
- ▶ Physical security for strategic locations and devices and logical security of strategic information
- ▶ Dedicated information security management team
- ▶ High-speed network backbone ensuring:
  - > Router security
  - > LAN security
  - > Firewall security
  - > Intrusion security
- ▶ Business continuity and disaster recovery plans

physical infrastructure more effectively

- ▶ A periodic analysis reduced costs
- ▶ Stronger management of receivables accelerated cash inflow
- ▶ Improved processes

### Capital employed

Total capital employed in the business increased 82% from ₹4,893 lacs as on March 31, 2011 to ₹8,904 lacs as on March 31, 2012, largely due to an increase in reserves and surplus owing to the increased generation of profits.

Share capital comprised 11,467,061 equity shares with a face value of ₹10 each. The Company's share capital increased from ₹1,102.80 lacs in 2010-11 to ₹1,146.71 in 2011-12, consequent to an allotment of 3,90,000 equity shares on conversion out of 15,50,000 preferential warrants allotted to the promoter at ₹51.86 each convertible into one equity share each (the remaining 11,60,000 share warrants will be due within 18 months from their date of allotment of warrants in 2011-12).

The Company was debt-free during the year under review.

### Fixed assets

The Company's gross block increased 2.5% from ₹8170 lacs as on March 31, 2011 to ₹8,381 as on March 31, 2012. The tangible gross block increased 1.5%. Net tangible assets declined 12.74% to ₹1,112.72 lacs as on March 31, 2012 from ₹1,275.14 lacs as on March 31, 2011, owing to a higher rate of depreciation applicable on plant and machinery while

intangible gross block comprising software and licenses increased by 18%. Net intangible assets however declined 40% to ₹69.05 lacs as on March 31, 2012 from ₹114.36 as on March 31, 2011 owing to amortisation on the basis of tenure of the software/licenses. Accumulated depreciation as a proportion of gross block stood at 86% in 2011-12 as against 83% in 2010-11.

### Investments

The Company made significant investments during the year under review to park its business surplus of security and returns. The Company invested ₹3,321.90 lacs during the year under review – ₹900 lacs as non-current investments in mutual funds and ₹2,421.90 lacs as current investments in mutual funds maturing within 12 months. The Company generated a return of 9 per cent from these investments during 2011-12.

### Working capital

The Company's working capital outlay increased by 87% to ₹5,351 lacs as on March 31, 2012 due to an increase in business operations. Working capital as a proportion of the total capital employed was 60% as on March 31, 2012 against 59% as on March 31, 2011.

	2011-12	2010-11
Current ratio	2.76:1	2.34:1

**Trade receivables:** Sundry debtors declined 6% from ₹2,905.19 lacs as on March 31, 2011 to ₹2,723.06 lacs as on March 31, 2012 due to efficient

receivables management. The Company reduced its receivables cycle from 53 days of turnover equivalent in 2010-11 to 38 days in 2011-12, on account of stronger terms of trade derived from a growing leverage of its knowledge in the chosen areas of presence.

**Loans and advances:** Loans and advances increased 106% from ₹1,393.24 lacs as on March 31, 2011 to ₹2,865.15 lacs as on March 31, 2012, largely due to the payment of advance taxes (in addition to short-term and long-term loans and advances).

**Trade payables:** Sundry creditors increased 51% to ₹1,262.94 lacs as on March 31, 2012 from ₹834.02 lacs as on March 31, 2011.

### Taxation

Since the Company accumulated and unabsorbed losses of ₹24 lacs accumulated over previous years, these were set off against the profit of 2011-12 in addition to MAT benefits. As a result, the applicable average tax rate was 20% in 2011-12, which will increase from 2012-13 onwards.

### Outlook

The Company is prepared to capitalise on the next wave of growth for Indian companies, with the industry expected to grow three-fold in the next decade. This coincides with the inflection point for growth in the payments industry. Anticipating this opportunity, the Company continues to build upon its core strength, enabling exponential rather than linear growth.

Among other parameters, the company is focusing on:

- ▶ The organisational structure is decentralised and provides for efficient growth.
- ▶ Building a robust global sales engine, complementing the high priority accorded to the company's dominant customer, and leveraging unusual growth opportunities
- ▶ Systems are developing, getting more refined and extensive, including the installation of an ERP system, and institutionalisation of the Gazelles methodology that focuses on best practices for mid-size businesses. This helped a large number of companies grow from mid-size to world-class companies.
- ▶ Longer term operational and strategic planning are being put in place.
- ▶ Innovation plays a key role in enhancing R.S. Software's ability to meet the changing demands of consumers and businesses in the way they experience payments.
- ▶ Unique early advantage in the electronic payments industry represents a huge growth potential
- ▶ The Company is targeting increased emphasis on operational and risk governance with formalised PMO and QA practices.

▶ The proximity to Silicon Valley, a highly developed ecosystem for the payments industry, provides access to premium payment consultants and associations to collaborate with.

The global electronic payments industry is going through an evolution, given the interesting intersection of technology advancements and cultural changes that facilitate the evolution from paper to digital currency. The volume and value of electronic payment transactions are projected to grow exponentially over several years.

Global customers have incrementally matured and are looking for the unique combination of high value addition and high quality performance. Pursuing its core values "Think of yourself as the Customer", the Company redefined its business strategy. R.S. Software is now a technology company focused on the electronic payments industry. The Company leverages its payment-embedded global delivery model, evolved over two decades of working with industry leaders, to drive payment knowledge-centric IT solutions to address the customer business challenges. The next stage of the vision for the Company is to become a global leader in providing technology solutions to the electronic payments industry.

₹ **26.10**

Earning per share

**14.99%**

EBITDA margin

**38 days**

Receivables cycle equivalent of turnover equivalent

**32%**

RONW

**32%**

ROCE

# RISK MANAGEMENT

1

## AN EXCESSIVE DEPENDENCE ON A LARGE CLIENT COULD AFFECT GROWTH IN THE EVENT OF ATTRITION

### Risk mitigation

- ▶ To reduce the excessive dependence on one customer, the Company has focused on increasing its customer base
- ▶ Over two new customers were added during 2009-2012
- ▶ The largest customer's contribution to the total revenue increased 500 bps over the last year
- ▶ The Company strengthened its sales and marketing team with five members in 2011-12 to scout business from different customers and geographies

2

## GROWING COMPETITION COULD AFFECT PROFITABILITY

### Risk mitigation

- ▶ The Company enjoys 20 years of working experience in the electronic payment system sector
- ▶ The company works in no other vertical, enhancing its core competence and brand recall among customer companies; it is probably the only global company to have worked exclusively within the area of core payment networks and engines for more than a decade
- ▶ The Company created the brand of being a specialist, widening its customer spread and enhancing its proportion of the customer's IT spending

3

## ATTRITION IN THIS KNOWLEDGE-DRIVEN BUSINESS COULD AFFECT COMPETITIVENESS

### Risk mitigation

- ▶ As a decentralised organisation, members are adequately empowered in decision-making, enhancing a sense of involvement
- ▶ Ongoing training enhances knowledge, resumes strength and career growth, enhancing retention
- ▶ A number of forums help sort member issues; a culture of reward and recognition enhances motivation
- ▶ The Company is favourably located for talent acquisition as India's east zone churns out almost 28% of the country's software professionals

4

## A SINGULAR DEPENDENCE ON THE PAYMENTS SECTOR COULD AFFECT GROWTH IN THE EVENT OF A DECLINE IN THE IMPORTANCE OF THIS VERTICAL

### Risk mitigation

- ▶ The electronic payments system is perceived as a longstanding format of commerce and money transfers, presently only at a nascent stage of its growth
- ▶ Much of the growth of this segment is being derived from aggressive growth plans of downstream e-commerce and m-commerce players
- ▶ This is a rapidly growing space: velocity of global e-payments (online payments for e-commerce) is expected to grow from 17.9 billion to 30.3 billion transactions between 2010 and 2013; m-payments are expected to grow from 4.6 billion to 15.3 billion transactions between 2010 and 2013
- ▶ The growth of its space is expected to be catalysed by growing Internet connectivity, growing multi-location commerce, increasing convenience of shopping online, increasing penetration of smartphones and rising people interconnectivity (through social media)

5

## INABILITY TO KEEP PACE WITH THE EVOLVING TECHNOLOGIES COULD AFFECT BUSINESS GROWTH

### Risk mitigation

- ▶ Invested in ongoing skill replenishment by creating the RS Payment Lab and RS Innovation Lab
- ▶ Made proactive R&D investments in emerging payment technologies
- ▶ Developed blueprints, concept papers and architectural frameworks/solution accelerators
- ▶ Developed engineering solutions to accelerate mobile payment technology growth

# BOARD OF DIRECTORS

## Our leadership model progressively being improved on the following foundation:

- ▶ One that uses time and pressure to yield wisdom, growth in character, and maximise, in every single thing, productivity.
- ▶ Successful leaders are those who deal with challenges meaningfully.
- ▶ How well employees serve depends on how they are committed to a common path, motivated, respected and trained. It is not just what they are doing, but what they are becoming with the process that gives them their distinct value.
- ▶ Only organisations prepared for a deep introspection, teamed up with leaders that embrace emotional intelligence to bring value where there is none, will live a life of significance.



**Mr. R. R. Jain** is Chairman and Managing Director of your Company. He started his professional career as a Software Systems Analyst in Los Angeles, after completing his MBA from California, USA. In 1989, he became an independent Consultant and returned to India to create his entrepreneurial venture, R.S. Software (India) Ltd. From the very onset, he emerged as a pioneer of sorts and demonstrating leadership traits and foresight, he brought the IBM 390 technology to India. A member of TIE (The IndUS Entrepreneurs) and YPO (Young Presidents Organization), Mr. Jain is also a member of the Executive Council of NASSCOM. In 1999, he was elected Chairman of NASSCOM by its Executive Council and currently serves as a member of the Chairmen Emeritus. In 1999, Ernst & Young acknowledged his entrepreneurial success by conferring on him the top 20 'Outstanding Entrepreneur of the Year Award'. Mr. Jain's outstanding profile and innovative approach undoubtedly makes him an exemplary figure in the software industry.

**Mr. S. K. Jain** has over 31 years of banking experience with Citibank spread across geographies including Hong Kong, Taiwan, Philippines, Thailand and Canada. He played a lead role in establishing the credit discipline and process for Consumer Banking in Citibank. Mr. Jain is a Fulbright scholar and has done his MBA from Indiana University, USA. He was also an elected member of Beta Gamma Society.

**Mr. Richard Launder** has over 20 years experience in the payments industry. He strengthens RS sales development with his background in strategic selling, building sales teams and providing leadership in various marketing initiatives. With a keen insight, experience and knowledge of the overall payment's market, he was instrumental in forming a payments company, in addition to generating over \$130 million revenue with one of the largest software companies in the payments industry.



**Mr. R. Ramaraj**, was the Co-founder and CEO of Sify Limited, the pioneer and leader in Internet, Networking and e-Commerce Services in India. He was recognised as the 'Evangelist of the Year' at the India Internet World Convention in September 2000 and in 2001, in a CNET.com poll in India, he was voted the IT Person of the Year 2000. Currently, Ramaraj is the Senior Advisor at Sequoia Capital and is a member of the Global Board of Trustees of TIE (The Indus Entrepreneurs). He is the first Indian to be invited to the Board of Directors of ICANN (Internet Corporation for Assigned Names and Numbers). Mr. R. Ramaraj is a B.Tech in chemical engineering from the University of Madras and an M.B.A. from IIM, Calcutta.

**Mrs. Sarita Jain** has been Director, R.S. Software, since the company's inception. She holds a Masters degree in English Literature and a Diploma in Mass Communication and Home Science.

# MANAGEMENT TEAM



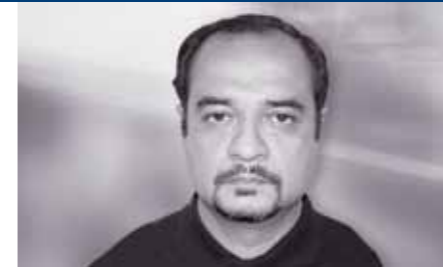
**R. R. Jain**



**Tony Letizia** is Director, Global Sales, and a member of the leadership team. Based out of the US, Tony is responsible for corporate-wide management, development, expansion and delivery of all sales-related activities for R.S. Software. Tony brings more than 25 years of payment related experience and has a proven track record of driving significant enterprise sales results and executive organisation development. He also served as an officer on the Financial Institution Group (FIG) committee where he set a strategic direction for all corporate-wide sales processes. Tony holds a bachelor's degree in Business Marketing and Information Systems from the University of St. Thomas.



**Prasanta Chakraborty** is VP Corporate and is based out of the US. He heads the Business Support function at RS and is also responsible for managing key global relationships. Prasanta holds a degree in Electronics & Communications and has 19 years of industry experience in IT services, business solutions and building relationships with MNCs and local market leaders in various industry verticals globally. Prasanta also managed key customer relationships with a top retailer in UK and a Fortune 500 bank in Japan. He has a successful track record of driving revenue growth, business development coupled with an in-depth understanding of the outsourcing industry and a passion for technology make him an undisputed leader in the IT outsourcing industry.



**Sumit Misra** is General Manager. He has more than 20 years of experience in IT with 14+ years of experience dedicated to technical lead, project lead and project manager positions. Sumit leads the Competency Group at RS, and looks after other innovation initiatives. Sumit is an M.E. in Electronics and Telecommunication Engineering from Jadavpur University and a TOGAF Certified Practitioner.



**Sanjay Guha** is Deputy General Manager heading multiple accounts. He has a successful track record of over 20 years of Project & Delivery Management of Products and Solutions for the Financial Services sector involving Payment Systems with a specific focus on the Credit Card segment, Prepaid/Stored Value Card domain, Merchant Boarding, Agent Residual Management, Chargeback & Dispute Management. Sanjay is a certified Project Management Professional from PMI (USA) and is trained on Enterprise Architecting.



**Kallol Ghosh** is Deputy General Manager. He is the Delivery Head responsible for the entire Delivery to the largest customer. A science graduate with a Master degree in Business Administration, Kallol has over 21 years of industry experience in providing application software solutions, and developing, implementing & managing applications supporting high volume transactions. Kallol has worked for multiple onsite-offshore projects across multiple locations with the world's largest payment network, and has handled multiple projects across multiple technology platforms through which he has gained in-depth knowledge of the onsite-offshore outsourcing model.



**Vijendra Surana**, CFO & Company Secretary, FCA, MBA, ACS, AICWA has over 15 years of Corporate Experience. Having worked for companies engaged in Merchant Banking, Financial Services, Logistics, Mineral & Metals and IT, complemented with his qualification, he has acquired expertise in various facets of Corporate Finance.



**Aniruddha Rai Chaudhuri** is General Manager, Quality & Benchmarking. A science graduate and Certified Quality Analyst, he possesses over 20 years experience in the software industry in project management, business process re-engineering, designing and implementation of quality systems, resource management and competency development. His vision is to see R.S. Software emerge as one of the top five software companies in the world.



**Indrani Roychowdhury** is Senior Manager, Corporate Communications and is based out of Kolkata. As head of the Corporate Communications team at RS, Indrani has been instrumental in enhancing both the external and internal brand for the company. She has conceptualised and implemented communications strategies and branding initiatives and has, over time, built a professional network with the rest of the industry. Indrani did her graduation in Psychology and post graduation in Software Systems Development. She joined RS in 1997, and has more than 20 years of industry experience.

# Notice to Members

NOTICE is hereby given that the Twenty Fourth Annual General Meeting of the Members of R.S. Software (India) Limited will be held on Friday, July 13, 2012 at 11 a.m. at Rabindra-Okakura Bhawan, Paschimanga Bangla Academy, 27A/1 DD Block, Salt Lake City, (Near to City Centre I, Salt Lake), Kolkata – 700 064 to transact the following business:

## Ordinary Business

1. To receive, consider and adopt the Audited Balance Sheet as on 31.03.2012 and Profit & Loss Account for the year ended on that date together with the Report of Auditors and Directors thereupon.
2. To declare the final dividend on Equity Shares for the financial year ended March 31, 2012.
3. a) To appoint Directors in place of Mr. Shital Kumar Jain who retires by rotation and being eligible offers himself for re-appointment.  
b) To appoint Directors in place of Mr. Richard Launder who retires by rotation and being eligible offers himself for re-appointment.

4. To appoint Auditors and to fix their remuneration and for this purpose to consider and, if thought fit, to pass the following resolution as an Ordinary Resolution.

“Resolved that pursuant to the provision of Sec 224 and other appropriate provision, if any, of the Companies Act 1956, Messrs Chaturvedi & Company who retire at the conclusion of the Meeting be and are hereby re-appointed as Statutory Auditors of the Company to hold office from conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company at a remuneration to be decided by the Board of Directors of the Company”.

By Order of the Board

Corporate Office:  
234/3A, A.J.C. Bose Road  
Kolkata – 700 020  
April 18, 2012

**Vijendra Surana**  
CFO & Company Secretary

## NOTES:

- a. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND, ON A POLL, TO VOTE INSTEAD OF HIMSELF. SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE VALID AND EFFECTIVE, MUST BE DELIVERED AT THE REGISTERED/CORPORATE OFFICE OF THE COMPANY NOT LATER THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- b. Members are requested to note that the Company's equity shares are under compulsory demat trading for all investors, subject to the provisions of SEBI Circular No.21/99 dated July 8, 1999. Members are, therefore, requested to dematerialize

their shareholding to avoid inconvenience.

c. The Register of Members and Transfer Books of the Company will remain closed from July 7, 2012 to July 13, 2012 (both days inclusive).

d. Subject to the provisions of Section 206A of the Companies Act, 1956, final dividend as recommended by the Board of Directors, if declared at the meeting, will be paid after July 14, 2012 within 30 days from the date of AGM:

(i) To those Members, holding shares in physical form, whose names appear on the Register of Members of the Company after giving effect to all valid request for transfers in physical

form lodged on or before Friday, July 6, 2012 with the Company and / or its Registrar and Transfer Agent; and

(ii) In respect of shares held in electronic form, to all beneficial owners as per the details furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) at the close of business hours on Friday, July 6, 2012.

e. Members holding shares in physical form are requested to immediately notify change in their addresses, if any, to the Registrar and Transfer Agent of the Company, quoting their Folio Number (s), in order to avoid fraudulent encashment of dividend warrants. Members holding shares in physical form are requested to send to the Registrar and Transfer Agent of the Company, on or before July 6, 2012 a Bank Mandate (providing details of name and address of banker, branch, PIN code and particulars of the bank account) or changes therein, if not provided earlier, under the signature of the Sole /First holder quoting their Folio Numbers. This information will be printed on the dividend warrants. Members may also avail of the Electronic Clearing Services (ECS) mandate facility provided by the Company.

f. Members holding shares in dematerialized mode are requested to intimate all changes pertaining to their bank details, ECS mandates, email addresses, nominations, power of attorney, change of address/name etc., to their Depository Participant (DP) only and not to the Company or its Registrar and Transfer Agent. Any such changes effected by the DPs will automatically reflect in the Company's subsequent records.

g. Pursuant to the requirements on corporate governance under Clause 49 of listing agreements entered into with stock exchanges, the information about the Directors proposed to be re-appointed is given in the Directors' Report.

h. The Annual Report of the Company circulated to the Members of the Company, will be made available on the

Company's website at [www.rssoftware.com](http://www.rssoftware.com)

i. Members desirous of getting any information about the accounts and/or operations of the Company are requested to write to the Company at least ten days before the date of the Meeting to enable the Company to keep the information ready at the Meeting.

j. All the documents referred to in the Notice will be available for inspection by the Members at the Registered / Corporate Office of the Company between 10.30 a.m. and 12.30 p.m. on all working days from the date hereof up-to the date of the Meeting.

k. Shareholders holding shares in demat mode and intend to receive the Annual Report in physical form in future years may visit the web page [www.cbmsl.com/green.php](http://www.cbmsl.com/green.php) to exercise their option. Likewise shareholders holding shares in physical mode are requested to visit the aforesaid web page to register their e-mail id and exercise their option accordingly.

l. The Ministry of Corporate Affairs (MCA), Government of India, has by its Circular Nos. 17 / 2011 and 18 / 2011, dated April 21, 2011 and April 29, 2011 respectively, permitted companies to send official documents to the shareholders electronically as a part of its green initiatives in corporate governance. Recognizing the spirit of the circular issued by MCA, the documents like the Notice convening the General Meetings, Financial Statements, Directors' Report, Auditor's Report etc, are sent to the e-mail addresses as provided by the shareholders with their depositories.

By Order of the Board

Corporate Office:  
234/3A, A.J.C. Bose Road  
Kolkata – 700 020  
April 18, 2012

**Vijendra Surana**  
CFO & Company Secretary

# Directors' Report

*Dear members*

Your Directors are pleased to present the twenty-fourth Annual Report and the audited Statement of Accounts, highlighting the business operations and financial results for the year ended 31st March 2012.

## Financial Highlights

(₹ in Millions)

	Standalone		Consolidated	
	2011-12	2010-11	2011-12	2010-11
Gross Revenue	2480.97	1883.00	2649.89	1993.10
Operating Profit (PBDIT)	379.45	308.00	397.27	327.10
Interest	4.43	8.50	4.54	8.50
Depreciation	41.79	46.00	41.79	46.00
Profit before Tax	333.22	253.50	350.94	272.60
Provision for Tax	58.92	46.40	62.34	49.30
Profit after Tax	274.30	207.10	288.60	223.30

## Review & Analysis of the Financial Performance

### Revenue analysis

Net revenues grew 33% from ₹19,931 Lac in 2010-11 to ₹26,499 Lac in 2011-12 owing to the following reasons:

- ▶ Improved resource utilization without necessarily incurring higher people cost
- ▶ Improved managed services business from 25% in 2010-11 to 40% of turnover
- ▶ Added 2 clients around long-term contracts with y-o-y price escalation clause
- ▶ Majority of revenues were derived from the company's core business where it enjoys domain expertise and attractive profitability

### Expenditure analysis

The Company's overall expenditure increased 34% from

₹17,205 Lac in 2010-11 to ₹22,990 Lac in 2011-12, owing largely to an increase in employee benefit expenses. Total operating cost as a proportion of net revenue was 85% in 2011-12 against 84% in 2010-11, reflecting cost optimization despite increasing cost of resources and operations. The Company took several initiatives to identify and optimize operating costs.

### Margins analysis

The Company's Net Margin increased by 229% from 2232.80 Lac in 2010-11 to 2885.96 Lac in 2011-12 owing to the following:

- ▶ Higher revenues helped amortize the physical infrastructure more effectively
- ▶ A periodic analysis helped reduce costs
- ▶ Stronger management of receivables accelerated cash inflow
- ▶ Improved processes

## Capital employed

Total capital employed in the business increased 82% from ₹4,893 Lac as on March 31, 2011 to ₹8,904 Lac as on March 31, 2012, largely due to an increase in reserves and surplus owing to the increased generation of profits.

The return on capital employed is 24%, and with this the company's financial foundation is strengthened to achieve the growth planned in the fiscal 2012-13. The net worth of the company improved by 82% largely due to internal accruals.

## Liquidity

The Company was debt-free during the year under review.

## Investments

The Company made significant investments during the year under review with the objective to park its business surplus for reasons of security and returns. The Company invested ₹3,321.90 Lac during the year under review - ₹900 Lac as non-current investments in mutual funds and ₹2,421.90 Lac as current investments in mutual funds maturing within 12 months. The Company generated a return of 9% from these investments during 2011-12.

## Working capital

The Company's working capital outlay increased 87% to ₹5,351 Lac as on 31 March, 2012 due to an increase in business operations. Working capital as a proportion of the total capital employed was 60% as on 31 March 2012 against 59% as on 31 March 2011.

	2011-12	2010-11
Current ratio	2.76:1	2.34:1

## Trade receivables:

Sundry debtors declined 6% from ₹2,905.19 Lac as on 31 March 2011 to ₹2,723.06 Lac as on 31 March, 2012 due to efficient receivables management. The company reduced its receivables cycle from 53 days of turnover equivalent in 2010-

11 to 38 days in 2011-12 on account of stronger terms of trade derived from a growing leverage of its knowledge in the chosen areas of presence.

## Loans and advances:

Loans and advances increased 106% from ₹1,393.24 Lac as on 31 March 2011 to ₹2,865.15 Lac as on 31 March 2012, largely due to the payment of advance taxes (in addition to short-term and long-term loans and advances).

## Trade payables:

Sundry creditors increased 51% to ₹1,262.94 Lac as on 31 March 2012 from ₹834.02 Lac as on 31 March 2011.

## Increase in share capital:

Share capital comprised 11,467,061 equity shares with a face value of ₹10 each. The Company's share capital increased from ₹1,102.80 Lac in 2010-11 to ₹1,146.71 in 2011-12 consequent to allotment of 390,000 equity shares on conversion out of 15,50,000 preferential warrants allotted to the promoter at ₹51.86 each convertible into one equity share each (the remaining 11,60,000 share warrants will be due within 18 months from their date of allotment of warrants in 2011-12).

The company continues to deploy deep penetration strategy for its growth with its primary clientele, while building its sales engine for implementing its vision to be a global leader in providing technology solutions to the electronic payments industry. The unique positioning of domain focus is helping to articulate our value proposition which is being received well by the leaders in the payments industry.

## Fixed assets

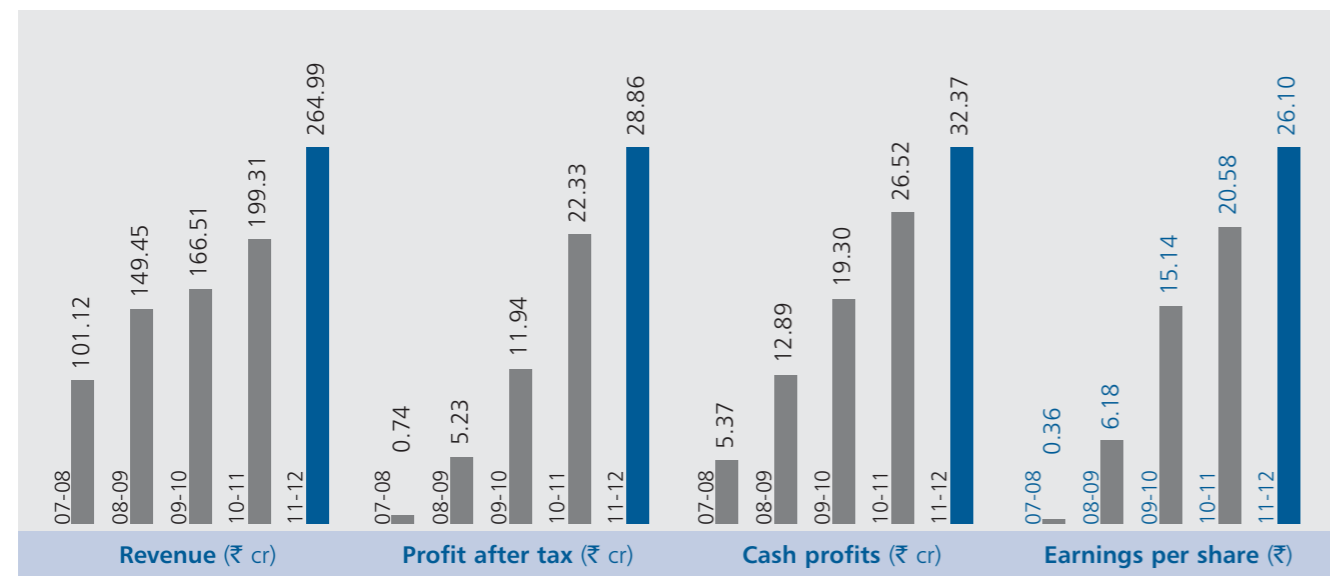
The Company's gross block increased 2.5% from ₹8170 Lac as on March 31, 2011 to ₹8,381 as on March 31, 2012. The tangible gross block increased 1.5%. Net tangible assets declined 12.74% to ₹1,112.72 Lac as on March 31, 2012 from ₹1,275.14 Lac as on March 31, 2011 owing to higher

## DIRECTORS' REPORT (Contd.)

rate of depreciation applicable on Plant & Machinery while intangible gross block (comprising of Software and Licenses) increased by 18%. Net intangible assets however declined 40% to ₹69.05 Lac as on March 31, 2012 from ₹114.36 as on March 31, 2011 owing to amortisation on the basis of tenure of the software/licenses. Accumulated depreciation as a proportion of gross block stood at 86% in 2011-12 as against 83% in 2010-11.

### Management discussion

Earlier in this report extensive commentary has been provided about the company, with a goal of providing detailed analysis to the investor community.



R.S. Software (India) Limited is a global leader in providing technology solutions to the electronic payments industry from India, and this explains why the company has outperformed the Indian software export industry growth by a factor of 1.5x in fiscal 2011-12 and reinforced its growth journey.

The credible performance has only reinforced the company's commitment to ensure that this time around, the company is fully prepared to capitalize on the next wave of growth for the Indian companies, with Indian IT industry expected to grow 3 times in the next 10 years. This coincides with the inflexion point for growth in the Payments industry. In anticipation of this opportunity, the company continues to build upon its core strength, which enables exponential rather than linear growth. Amongst other parameters, the company is focusing on:

- 1) The organization structure is decentralized and provides for efficient growth.
- 2) Building a robust global sales engine, that complements the high priority accorded to the company's dominant customer, and leveraging at the same time unusual growth potential.
- 3) Systems are developing, getting more refined and extensive, including the installation of an ERP system, and institutionalization of the Gazelles methodology that focuses on best practices for mid size businesses. This has helped large number of companies to grow from mid size to world class companies.
- 4) Longer term Operational and Strategic planning are being put in place.

5) Innovation to play a key role in enhancing R.S. Software's ability to marry the emerging technologies with the changing demands of consumers and business in the way they experience payments.

6) Unique early advantage which we are now leveraging given the timing of events in the electronic payments industry represents a huge growth potential for R.S. Software.

7) The company is targeting increased emphasis on operational and risk governance with formalized PMO and QA practices.

8) The proximity to Silicon Valley, a highly developed eco system for the payments industry, provides access to premium payments consultants and associations to collaborate with.

The Electronic Payments industry globally is going through its major growth evolution at the same time, given the interesting intersection of technology advancements and cultural changes that facilitate the move from paper money to digital currency. The volume and the value of electronic payment transactions are projected to grow multiple times in the next several years.

Payments appears to be a tremendously area ripe for disruption – new technologies are changing the relationship between consumers and merchants. The opportunity is extremely large, as this is a huge market with >\$41 trillion in electronic payment volume and ~\$300b in revenue in the US payment industry alone. The business of payments hinges on processing and storing large volumes of transaction data. To perform these activities well or at all, payments companies can spend as much as 10% of their total revenue on technology infrastructure. Reducing these costs even by a fraction of a percent can release millions of dollars that can be reinvested in growth and innovation or applied to the bottom line. Consequently, many global payments organizations face a demand for technology infrastructure that outpaces the growth of their business. These organizations have gone to great lengths to reduce their technology operating costs by re-engineering processes, shifting to global sourcing models and leveraging virtualized technologies. To find still more savings, they must evaluate

how their business consumes technology and find a better way to match supply and demand.

Global customers have incrementally matured and are looking for the unique combination of high value-adds and high quality performance. Pursuing its core values and committed to "Think of Yourself as the Customer", the company has redefined its business strategy. R.S. Software is now a technology company focused on the Electronic Payments industry.

R.S. Software has carved out its niche to bring to the market place, the combination of its expertise in global outsourcing, and the domain knowledge of Electronic Payment transactions. Capitalizing on this core strength, R.S. Software has defined its business strategy to work with the major stakeholders in the payments industry globally. To fulfill its vision of becoming a global leader in providing technology solutions to the Electronic Payments industry, the company will work with major Payment networks, Acquiring and Issuing processors, Emerging Payment players, and Technology solution providers, who continually invest in the development and enhancements of their systems to compete in an increasing competitive market. The Marketing and sales strategy, complemented by the company's Innovation and fulfillment strategy, are all aligned to target the next phase of growth.

The Financial strategy of the company is to commit investments to meet the dynamic growth challenges. The company is committed to building:

- ▶ Diversified talent pool with globalised recruiting and HR practices
- ▶ Multiple management tracks, globalised expertise
- ▶ Emphasis on learning, knowledge management, research spending
- ▶ Deployable and specialized talent pools

The company continues to demonstrate process scalability and management agility, focusing on its core values of bringing Responsive Solutions to its customers, and reinforcing the culture of working with passion to help its customers compete.



## DIRECTORS' REPORT (Contd.)

The global software services industry is marked by a number of large multi-vertical companies. In this space, the large companies usually prefer to engage with large software service providers.

Over the years, R.S. Software has competed successfully against considerably larger multi-vertical companies, carved contracts away and grown twice as fast as India's broad offshoring sector.

The Company has reinforced its presence in a niche on account of varied dimensions of its distinctive business model.

### Performance of Subsidiaries

The US subsidiary Responsive Solutions Inc. and Singapore Company have been focusing on their Businesses in respective regions. Both the subsidiaries are performing well, to meet the strategic growth objectives of the company.

### Dividend

The Board of Directors at their Meeting held on April 18, 2011 have considered and recommended a Dividend to Equity Shareholders @ 20% subject to the Shareholders' approval at this Annual General Meeting in addition to the interim dividend declared. The Board had recommended and approved an Interim Dividend @10% at their Meeting held on January 31, 2012.

### Allotment of Equity Shares on conversion of Warrants on Preferential Basis

Your Directors are pleased to update you that 15,50,000 Convertible Warrants on preferential basis to the Promoter and the Chairman & Managing Director of the Company at ₹51.86 per warrant to be converted into equity shares at ₹10/- each at the ratio of 1:1, during the year 3,90,000 convertible warrants were converted into equity shares upon receipt of the amount due. The convertible warrants were allotted to the Promoter pursuant to SEBI (ICDR) Regulations and Shareholders' approval accorded through Postal Ballot on 4th March 2012.

### Fixed Deposits

The Company has not accepted any Deposits within the

meaning of Section 58A of the Companies Act 1956.

### Directors Re-election

1) Mr. Shital Kumar Jain retires by rotation and being eligible offers himself for re-appointment. Your Directors recommend appointment of Mr. Jain, for a further tenure, as this would be entirely in the larger business interest of your Company.

2) Mr. Richard Launder retires by rotation and being eligible offers himself for re-appointment. Your Directors recommend appointment of Mr. Richard Launder for a further tenure, as this would be entirely in the larger business interest of your Company.

### A brief profile of Mr. Shital Kumar Jain is given below:

Mr. Shital Jain is an MBA from Indiana University, USA and had earlier done MA, BA (Hons.) (Economics) from Punjab University, Chandigarh. He has worked in Citibank for almost 32 years and spent several years overseas in Senior Management positions in Hongkong, Taiwan, Philippines, Thailand and Canada.

### A brief profile of Mr. Richard Launder given below:

Richard Launder has more than 20 years of experience in the payments industry with strengths in sales, marketing and operations. As a managing director of Europe, Middle East and Africa for one of the largest software companies in the payments industry, Mr. Lander generated more than \$130 million in revenue by developing a distribution model for the region via acquisitions, direct operations, joint ventures, distributors and sales agents. He is expert in strategic selling, building effective sales teams and marketing within diverse markets and cultures. Mr. Launder was recently added to the R.S. Software board to help the company continue to develop growth strategies for the business.

### Auditor's Report

Your Directors have taken note of the Auditor's Report and comments thereupon on the accounts for the year ended March 31, 2011. The Auditor's Report read together with the notes to accounts thereupon are self-explanatory.

### Directors' Responsibility Statement

Pursuant to the requirement under section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed:

- (i) that in the preparation of the annual accounts for the financial year ended 31st March, 2011, the applicable accounting standards have been followed along with appropriate explanation relating to material departures;
- (ii) that the Directors have 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 states of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- (iii) that the Directors have 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 have prepared the accounts for the financial year ended 31st March, 2011 on a "going concern" basis.

### Corporate Social Responsibility

At R.S. Software your company takes its responsibility towards the Society very seriously, never losing sight of the core values and firmly believing in treating all its stakeholders and the society at large with dignity, respect and compassion.

As one of the first companies in Kolkata to set up offshore operations in the Salt Lake Electronics Complex, R.S. Software has played a major role in generating employment for engineering students who joined the industry in the early years of IT. Thereafter RS has been providing opportunities for summer training to budding engineers in their final semesters.

As part of the Corporate Social Responsibility of giving back to society, your company is closely associated with the philanthropic activities of Veerayatan, a non-profit, non-governmental organization that strives to improve the quality of life for local communities by enriching their daily activities

through humanitarianism (SEVA), education (SHIKSHA) and inner development (SADHANA). Veerayatan provides the majority of its services free of charge, granting access to fundamental services such as healthcare through its world renowned eye hospital & orthopedic center in neighboring state of Bihar and primary education & vocational training centers in the states of Gujarat & Maharashtra. It has opened Sankar Kendras in poorly developed and backward areas besides establishing centers for stress management, meditation and yoga. It is also engaged in providing training and education in the areas of computer education, healthcare and modern management to provide level playing field to the underprivileged segment of the society. It imparts education on the principles of non-violence, peace and love through its courses on inner development.

Veerayatan is dedicated to the service of mankind irrespective of caste, race, religion or socio-economic status. Recognising the untiring devotion of Veerayatan towards the cause of humanitarianism, the Govt. of India and global societies have felicitated this institution and its mentor with various awards.

In 2011-12, your company has contributed ₹75 Lac towards establishing the Health care infrastructure in the neighboring state of Bihar. In 2012-13, the company has appropriated a sum of ₹115 Lac towards CSR Fund. The company has also created a separate fund to support activities of NGOs engaged in improving the living conditions of the underprivileged segment of the society.

RS also works alongside other key NGOs, organizing the donation of old clothes, medicine, old PCs, money, and other essentials for the less fortunate. RSites have always donated generously to the Prime Minister's national fund on account of earthquakes and other natural disasters. At RS, we never lose sight of who we are and the communities in which we operate and will continue to help organizations such as Veerayatan build a better world.

### Statutory Auditors

M/s Chaturvedi & Co., Chartered Accountants and Statutory Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting, and being eligible, offer

## DIRECTORS' REPORT (Contd.)

themselves for reappointment. Their reappointment for a further term is recommended by your Board at such remuneration as the Board may be allowed to fix by the General Body.

### Conservation of Energy, Technology Absorption

The particulars as prescribed under sub-section (1)(e) of the 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 given at Annexure 'A' to the Directors' Report.

### Employees Stock Option

The Company's ESOP Scheme having 2000000 Options already approved by the Shareholders at the Annual General Meeting held on 24th July 2010.

During the year the employees have exercised 49065 ESOP options and according to the Company's ESOP Scheme equity shares in the ratio 1:1 are allotted to them on December 26, 2011. The details of ESOP allotments are given in Annexure 'B' to Directors' Report.

### Corporate Governance and Disclosures

Our Company's philosophy on corporate governance envisages attainment of highest level of transparency, accountability and fairness in respect of its operations and achievement of highest international standards in corporate governance. The Company believes that all actions and operations must sub serve its best business interest and

enhance overall shareholders' value. Refer Annexure 'C' to Directors' Report.

### Particulars of Employees

Information as per Section 217(2A) of the Companies Act 1956 read with Companies (Particulars of Employees) Rules, 1975 forming part of this Report does not apply to our Company because the employees of the Company engaged in Information Technology sector like our Company not being Directors or their relatives and drawing salary exceeding the prescribed limits are exempted from being included in such statement of the Board's Report as per the Government's Notification no.: G.S.R 212 (E) dated 24.3.2004.

### Acknowledgements

Your Directors' place on record their deep appreciation of the continued assistance and co-operation extended to the Company by its customers, investors, bankers, Government agencies and its dedicated band of employees. Above all, the Board expresses a deep sense of gratitude to the Members of the Company who have reposed faith in their Board and the Management.

Thanking you,

For and on behalf of the Board of Directors

Kolkata  
April 18, 2012

**Raj Jain**  
Chairman

#### R.S. Software's CSR initiatives



## ANNEXURE "A" TO THE Directors' Report

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

### A. Details of Conservation of Energy:

The Company uses electric energy for all its equipment such as air conditioners, computer terminals, lighting and utilities in the work premises. All possible measures have been taken to conserve energy.

- ▶ Through periodic energy audits to identify potential areas for saving
- ▶ By incorporating energy- efficient equipment
- ▶ Through automation i.e., using timers, automatic level controllers etc.

**B. Technology Absorption** : The details are given below:

#### (a) Research & Development

1. Specific area in which R & D work has been done by the Company	EMV, Business Intelligence, Mobile Payments, Hadoop, Testing Automation, and Merchant Reporting in the Payments laboratory where all the areas are being integrated. During the year the payment laboratory has been shown to the company's current customers and feedback received has been incorporated
2. Benefits expected from the R & D	Going ahead the company plans to actively acquire new customers using the knowledge and competency acquired.
3. Future plan of action	BI & Data Monetization, Mobile, Architecture, Gigaspaces, Large data analytics, Loyalty

### (b) Technology Absorption, Adaptation and Innovation

1. Efforts made towards technology absorption, adaptation and innovation	Research on Acquiring Solution, Merchant Boarding and Reporting, POS, Mobile payments, Payment Gateway, Payment laboratory, School of Payments
2. Benefits derived as a result of the above efforts	Going ahead the company plans to actively acquire new customers using the knowledge and competency acquired.

### C. Foreign Exchange Earnings and Outgo

1. Initiatives like increasing exports, development of new export markets etc. to foreign exchange earnings

2. Foreign Exchange earned	₹26,189.59 Lacs
3. Foreign Exchange Outgo	₹16,205.66 Lacs

## ANNEXURE "B" TO THE Directors' Report

Status of the ESOP approved by the Shareholders in the AGM held on 10th August 2007.

Option granted: 186,700 options granted on October 30, 2007.

a. The pricing	₹29.90 per option.
b. Options vested	For employees 25% of the total options granted would be vested on completion of each one year and for Directors 100% of the total options granted would be vested on completion of one year from the date of grant. For employees there was a staggered vesting period for 5 years from the date of grant of the options.
c. Options exercised in the Financial Year 2011-12	3,550 options.
d. Allotment of Bonus Shares arising out of ESOP	994 equity shares
e. The total number of shares arising as a result of exercise of option	4,544 equity shares.
f. Variation of terms of options	NA.
g. Money realized by exercise of options	₹106,145.00.
h. Equity Shares allotted under ESOP including ESOP Bonus	4,544 equity shares.

Option granted: 275,200 options granted on October 4, 2008.

a. The pricing	₹15.95 per option.
b. Options vested	For employees 25% of the total options granted would be vested on completion of each one year and for Directors 100% of the total options granted would be vested on completion of one year from the date of grant. For employees there was a staggered vesting period for 5 years from the date of grant of the options.
c. Options exercised in the Financial Year 2011-12	18,175 options.
d. Allotment of Bonus Shares arising out of ESOP	5,089 equity shares
e. The total number of shares arising as a result of exercise of option	18,175 equity shares.
f. Variation of terms of options	NA
g. Money realized by exercise of options	₹289,891.25.
h. Equity Shares allotted under ESOP including ESOP Bonus	23,264 equity shares.

Status of the ESOP approved by the Shareholders in the AGM held on 10th August 2007.

Option granted: 298,500 options granted on July 28, 2009.

a. The pricing	₹27.95 per option.
b. Options vested	For employees 25% of the total options granted would be vested on completion of each one year and for Directors 100% of the total options granted would be vested on completion of one year from the date of grant. For employees there was a staggered vesting period for 5 years from the date of grant of the options.
c. Options exercised in the Financial Year 2011-12	16,275 options.
d. Allotment of Bonus Shares arising out of ESOP	4,557 equity shares
e. The total number of shares arising as a result of exercise of option	16,275 equity shares.
f. Variation of terms of options	N.A.
g. Money realized by exercise of options	₹454,886.25
h. Equity Shares allotted under ESOP	20,832 equity shares.

Status of the ESOP approved by the Shareholders in the AGM held on 24th July 2010.

Option granted: 105,100 options granted on November 12, 2010.

a. The pricing	₹49.55 per option.
b. Options vested	For employees 25% of the total options granted would be vested on completion of each one year and for Directors 100% of the total options granted would be vested on completion of one year from the date of grant. For employees there was a staggered vesting period for 4 years from the date of grant of the options.
c. Options exercised in the Financial Year 2011-12	425
d. Allotment of Bonus Shares arising out of ESOP	N.A.
e. The total number of shares arising as a result of exercise of option	425
f. Variation of terms of options	N.A.
g. Money realized by exercise of options	₹21,058.75
h. Equity Shares allotted under ESOP	425 equity shares.

# ANNEXURE "C" TO THE Directors' Report

## Corporate Governance and Disclosures

While the Companies Act, 1956 provides the basic framework for corporate governance and defines the powers, duties and responsibilities of the Board, the Managing Director and other important functionaries and also emphasizes on "the public interest", aspect of various statutory provisions and prescribes penalties and punishment for the infraction of legal provisions, it was growingly felt that there should be specific ground rules and comprehensive code for Corporate Governance. Consequently, Birla Committee was constituted which submitted its report on the subject towards the close of 1999. The recommendations of this Committee after their acceptance by SEBI/Government have now been given mandatory effect. These, by and large, set out new benchmarks for adequate, appropriate and timely corporate disclosures on relevant matters consistent with ethical business conduct by the Corporate Management so as to turn out performance which is fair, true and transparent and takes as much care of the interests of the Corporate Management

as of its various stakeholders including shareholders, employees, debtors and creditors and is equally responsive to the requirements of various governmental and regulatory agencies.

## Philosophy of Corporate Governance

Our Company's philosophy on corporate governance envisions attainment of highest level of transparency, accountability and fairness in respect of its operations and achievement of highest internal standards in its governance. The Company believes that all this actions and operations must sub serve its best business interest and enhance overall shareholders' value.

### A. The Board of Directors

The Board of Directors of the Company consists of five Directors among them two Promoter Directors of which one is an Executive Director who is the Chairman & Managing Director, one Non-Executive Director and three Non-Executive Independent Directors. During the fiscal 2011-2012 the Board met on 4 occasions as per the statutory requirements.

The table below gives the details of Directors attendance at the Board Meetings and at the last Annual General Meeting and information regarding Directorship, Committee Membership and Chairmanship in other Companies:

Name of the Directors	Attendance Particulars			Number of other Directorship, Committee Membership and Chairmanship		
	Board Meetings	Category	Last AGM	Other Directorship	Committee Membership	Committee Chairmanship
Mr. R R Jain	4	*CMD	Yes	-	-	-
Mr. S. K. Jain	4	***NEID	Yes	2	-	-
Mrs. S. Jain	1	**NED	No	-	-	-
Mr. R. Ramaraj	4	***NEID	Yes	6	-	-
Mr. R. Launder	4	***NEID	Yes	-	-	-

\* CMD: Chairman & Managing Director, \*\*NED: Non-Executive Director, \*\*\*NEID – Non-Executive Independent Director.

Board Meetings held on	April 19, 2011
	July 19, 2011
	October 14, 2011
	January 31, 2012

## Code of Conduct

The Company has adopted a Code of Conduct specifically for the members of the Board of Directors and/or members of the Senior Management of the Company, which sets out as follows:

### 1. Conflict of Interest

- ▶ To conduct them ethically and honestly and act in the interests of the Company
- ▶ To avoid situations that might lead to a conflict between his personal interests and the interests of the Company.

Although it is difficult to describe all situations, which could create a conflict of interest, the following are some examples:

- ▶ Working for a competitor/ supplier/ client while working for the Company. To serve as a Director/Employee in Top Executive Management of any Company that competes with the Company. One may accept Directorship or Employment of a Company / Supplier or Business Partner only after obtaining approval from the Company's Legal Department.
- ▶ Accepting gifts/ receiving discounts from competitors
- ▶ Personally taking a business opportunity that arises due to a Senior Manager's position
- ▶ Receiving a loan or a guarantee or an obligation arising due to his position

### 2. Confidential Information

- ▶ Each Director & Senior Manager is expected to protect the Company's confidential proprietary business information.
- ▶ Each Director & Senior Manager's commitment is evidenced by a confidentiality agreement.
- ▶ Being a Director / Senior Member, one is expected to keep

certain information confidential which have been discussed in the Senior Management Meetings.

- ▶ Re-enforcing the confidentiality agreement as stated in the appointment terms and conditions as well as in the service rule of the Organization

- ▶ Only authorized Company spokesperson may communicate with the press on behalf of the Company

### 3. Public Disclosures

The Company is committed to all of its public disclosures and reports being full, fair, accurate, timely and understandable.

### 4. Legal Compliance

The Company recognizes to conduct its business with honesty, integrity and in full compliance with all applicable laws, rules and regulations. All Directors & Senior Managers are required to abide by the statutory requirements.

### 5. Share Transactions

All Board Members & Senior Managers should report their holding in the Company. There should exist a block period of two weeks (before the quarterly results etc.) when one cannot trade in the Company's securities.

In accordance with the SEBI Guidelines, one is expected to refrain from "Insider trading" by misusing any unpublished price-sensitive information.

### 6. Fair Business Practices

Each Director / Senior Manager of the Organization is committed to conduct business fairly without engaging in corrupt practices and unfair competition. Therefore, manipulation, concealment, abuse of privileged information, misrepresentation of facts is not considered as fair business practice.

### 7. Supporting Loyalty & Respect

Each Director & Senior Manager will abide by and promote Company's environment of mutual trust and loyalty. If any Director / Senior Member breaches this trust, then he/ she will be subject to appropriate corrective action including dismissal or removal from office.

## ANNEXURE "C" TO THE DIRECTORS' REPORT (Contd.)

### 8. Open Communication

Each Senior Manager is encouraged to discuss concerns raised by anyone in the Company, or report any suspected breach to the CMD. The Company will not tolerate any form of retaliation for reports or concerns that were made in good faith.

### 9. Corporate Policy Awareness

All Senior Managers must be aware of all the corporate policies governing the Code of Conduct of employees and the Company's Management System.

### 10. Company Branding

All Director & Senior Managers are expected to give responsible views about the Company and its performance.

### 11. Black out Period

All Directors & Senior Managers are expected to adhere to black out policy during which trading window is closed for them.

### Amendment of the Code

The Company recognizes that only the Chairman & Managing Director of the Company may amend this Code as and when required.

### Violation of the Code of Conduct

If there is a violation of the above-mentioned Code of Conduct by any of the Senior Managers, depending on the seriousness/ severity of the issue will be taken up by a Committee, headed by the CMD of the Company for appropriate action as deemed fit.

### B. Audit Committee

#### Composition

The Audit Committee is constituted by two Non-Executive Independent Directors (NEID) and one Executive Director (ED) who is the Chairman & Managing Director of the Company. The Chairman of the Committee is among the Non-Executive Independent Directors. Mr. Vijendra Kumar Surana, the CFO & Company Secretary services the said Committee Meetings. The constitution of the Committee, number of meetings held and attendance of the members are given below:

Members	Category	Attendance at Audit Committee Meetings
Mr. S.K. Jain	Chairman	4
Mr. R. R. Jain	ED	4
Mr. R. Ramaraj	NEID	4

#### Terms of Reference:

The Audit Committee functions as a bridge between the administration of the Company and its Board in all financial and accounting matters including budget. It also interacts between the Board, Statutory Auditors and Internal Auditors. The Committee oversees the Company's financial reporting process and ensures that the financial accounting rules and the information on the subject furnished to the Board or to any other governmental authorities is correct, appropriate and the image of the Company is projected appropriately before its stakeholders. The basic objectives of the Audit Committee are to maximize the utilization of Company's financial resources, to promote its plans and objectives while fulfilling its obligations towards public accountability. It also ensures that the financial reporting, internal control and monitoring mechanism is transparent, adequate and fair. In its review and appraisals, the Audit Committee interacts both with the Statutory Auditors and the top Management on any matter regarding changes in accounting policies, procedures and practices and presentation of the Audit Reports to the Board and the Shareholders. It also ensures that there is due compliance of the accounting philosophy and accounting norms as laid by the Institutes of Chartered Accountants, Company Secretaries, Dept of Company Affairs and/or SEBI. The Audit Committee also reviews the Company's financials and risk management policies, complaints of substantial defaults in matter of payments to the creditors, debentures holders and the shareholders.

Audit Committee Meetings held on	April 19, 2011
	July 19, 2011
	October 14, 2011
	January 31, 2012

### Statutory Audit Observations

While reviewing the financial records for the year under report, the Audit Committee took note that there were no observations of the Statutory Auditors.

### C. Shareholders' Committee

#### Composition & terms of reference

Shareholders' Servicing & Grievances Committee comprises of two Directors, Mr. S.K. Jain (Non Executive Independent Director) and Mr. R.R. Jain (Chairman & Managing Director), who is the Chairman of the Committee and Mr. Vijendra Kumar Surana, CFO & Company Secretary, services this Committee and he may also be co-opted as a member in case of need. Mr. Vijendra Kumar Surana is also the Compliance Officer of the Company. Such meetings are held on quarterly basis and the Shareholders' complaints and grievances are reviewed in detail by the Committee and prompt and effective directions are given to the Registrars for proper disposal. During the year the Company has not received any complaints from the Shareholders/Investors of the Company and no complaints are pending to be resolved. Share transfers, transmissions, issue of duplicate share certificates, issue of share certificates through sub-division and consolidation are also given effect on fortnightly basis through the 'Share Transfer Committee' constituted by the CFO & Company Secretary of the Company. The Company has processed all share transfer requests received during the last financial year. The constitution of the Committee, number of meetings held and attendance of the members are given below.

Members	Category	Attendance at Shareholders' Servicing and Grievance Committee Meetings
Mr. R. R. Jain	Chairman	4
Mr. S. K. Jain	NEID	4

Shareholders' Servicing and Grievances Committee Meetings held on	April 18, 2011
	July 19, 2011
	October 13, 2011
	January 30, 2012

### D. Remuneration Committee & Nomination Committee

#### Composition

The Remuneration & Nomination Committee of the Company comprises of three Non-Executive Independent Directors and one Executive Director, who is the Chairman & Managing Director of the Company. The Chairman of the Committee is among the Non-Executive Independent Directors.

#### Terms of reference

This Committee recommends and reviews the Compensation packages of the individuals and grant of ESOS (Refer: Annexure 'B' to Directors Report) to eligible candidates. The Compensation Policy is directed towards rewarding performance based on review of achievements on a periodical basis and has the overall approval from the Board of Directors.

The constitution of the Committee, number of meetings held and attendance of the members are given below.

Members	Category	Attendance at Remuneration & Nomination Committee Meetings
Mr. S. K. Jain	Chairman	4
Mr. R. R. Jain	ED	4
Mr. R. Ramaraj	NEID	4
Mr. R. Launder	NEID	4

Remuneration Committee Meetings held on	April 18, 2011
	July 19, 2011
	October 13, 2011
	January 30, 2012

## ANNEXURE "C" TO THE DIRECTORS' REPORT (Contd.)

### Remuneration paid to the Directors

Name of the Director	Basic Salary	House Rent Allowance	Retiral Benefit	Other Allowances	Sitting Fees	Total Amount Paid (₹)
Mr. R. R. Jain	3000000.00	1500000.00	360000.00	-	-	4860000.00
Mr. R. Ramaraj	-	-	-	-	300000.00	300000.00
Mr. S. K. Jain	-	-	-	-	375000.00	375000.00
Mrs. Sarita Jain	-	-	-	-	20000.00	20000.00
Mr. R. Launder	-	-	-	-	225000.00	225000.00

### E. Executive committee

#### Composition

The Executive Committee of the Company comprises of three Non-Executive Independent Directors and one Executive Director, who is the Chairman & Managing Director of the Company. The Chairman of the Committee is the Executive Director.

#### Terms of reference

This Committee reviews the operations of the company and directs the strategy of the company with focus on growth. It reviews the company from different aspects with respect to Sales Delivery and other Processes.

The constitution of the Committee, number of meetings held and attendance of the members are given below.

Members	Category	Attendance at Executive Committee Meetings
Mr. S. K. Jain	NEID	4
Mr. R. R. Jain	Chairman	4
Mr. R. Ramaraj	NEID	4
Mr. R. Launder	NEID	4

Executive Committee Meetings held on
April 18, 2011
July 19, 2011
October 13, 2011
January 30, 2012

### F. General Body Meetings

#### I) Location and time, where last three annual general meetings (AGMs) were held:

Year	Day, Date & time	Venue	Special resolution passed
2008-09	Wednesday, 29th July, 2009 at 11 AM	Aikatan Cultural Centre, Eastern Zonal Cultural Centre. IA- 190, Sector III, Salt Lake City, Kolkata 700 097	NIL
2009-10	Saturday, 24th July 2010 at 11 AM	Aikatan Cultural Centre, Eastern Zonal Cultural Centre. IA- 190, Sector III, Salt Lake City, Kolkata 700 097	Issue of shares under Employee Stock Option Scheme
2010-11	Wednesday, 20th July 2011 at 11 AM	Aikatan Cultural Centre, Eastern Zonal Cultural Centre. IA- 190, Sector III, Salt Lake City, Kolkata 700 097	NIL

#### II) Location and time, where extra ordinary general meetings (EGMs) were held:

Year	Day, Date & time	Venue	Special resolution passed
2010-11	Thursday, 10th June, 2010 at 11 : 30 AM	Aikatan Cultural Centre, Eastern Zonal Cultural Centre. IA- 190, Sector III, Salt Lake City, Kolkata 700 097	Increase in Authorized Equity Capital of the Company and issue of Bonus Equity Shares.
2010-11	Monday, 7th March 2011 at 11 AM	Aikatan Cultural Centre, Eastern Zonal Cultural Centre. IA- 190, Sector III, Salt Lake City, Kolkata 700 097	Offer and Allotment of 11,00,000 Equity Warrants to the Promoter on preferential basis.

#### III) Special resolution passed last year through postal ballot

There was one Special Resolution passed through Postal Ballot on March 4, 2012 as under:

► To create, offer, issue and allot on preferential basis, 15,50,000 (Fifteen Lacs Fifty Thousand) Convertible Warrants of nominal value of ₹10/- each at a price not less than the price as determined in accordance with SEBI (Issue Of Capital and Disclosure Requirements) Regulations, 2009 to Mr. Rajnit Rai Jain, belonging to the Promoter Group; each warrant convertible into 1 (one) fully paid-up Equity Share so that the total number of Equity Shares issued by the Company upon conversion of Warrants does not exceed 15,50,000 Equity Shares, on such terms and conditions as may be decided and deemed appropriate by the Board at the time of issue or allotment.

The name of the Scrutinizer who conducted the postal ballot exercise was Mr. Manoj Banthia, Practising Company Secretary having his office at Shantiniketan, 5th Floor, Room No. 511, 8, Camac Street, Kolkata – 700 017.

#### Details of voting pattern

Particulars	No. of Postal Ballot Forms	No. of Shares	Percentage
Number of valid postal ballot forms received	284	3586398	100%
Votes in favour of the resolution	256	3492449	97.38%
Votes against the resolution	28	93949	2.62%
Total Invalid Postal Ballot Forms	20	3529	NA

IV) None of the business proposed to be transacted at the ensuing Annual General Meeting require passing a resolution through postal ballot.

V) The procedure prescribed under Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011 has been followed for the postal ballot conducted during the year for the resolution mentioned above. The results of postal ballot were announced by Mr. Shital Kumar Jain, Director of the Company at the Registered Office of the Company on March 4, 2012 and advertised in the newspapers.

#### G. Disclosures

1. There were no materially significant transactions with related parties i.e. Promoters, Directors or the Management, their subsidiaries or relatives conflicting with the Company's interests.

2. There were no instances of non-compliance on any matter related to the capital markets during the last 3 years.

#### H. Means of Communications

The Company published its audited quarterly results for the year under report in the Business Standard (in English – All India editions) and in Aajkaal (Vernacular) and also displayed them at its website: www.rssoftware.com.

## CEO and CFO Certification

To  
The Board of Directors  
R.S. Software (India) Ltd  
Kolkata

We, R.R. Jain, Chairman and Managing Director and V. Surana, Chief Financial Officer & Company Secretary of R.S. Software (India) Ltd, to the best of our knowledge and belief, certify that:

1. We have reviewed the Balance Sheet and Profit and Loss account (standalone and consolidated), including the abridged financial statements and all the schedules and notes on accounts, as well as the Cash Flow Statements, and the Director's 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.
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 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, there are no material transactions entered into by the Company during the year that 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.
6. We affirm that we have not denied any personnel, access to the audit committee of the Company and we have provided protection from unfair or prejudicial employment practices.
7. We further declare that all Board members and senior managerial personnel have affirmed compliance with the Code of Conduct of the Company for the current year.

Kolkata  
April 18, 2012

**R. R. Jain**  
*Chairman and  
Managing Director*

**V. Surana**  
*Chief Financial Officer &  
Company Secretary*

## Auditor's Certificate

To the Members of  
R.S. Software (India) Limited  
Kolkata

We have examined the compliance of conditions of Corporate Governance by R.S. Software (India) Limited for the year ended 31st March, 2012 as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchange in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementations thereof adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of the opinion on the financial statements of the Company.

In our opinion and to the best of our information and explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Agreement.

We state that generally no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Company.

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 **Chaturvedi & Company**  
*Chartered Accountants*  
Reg. No. 302137E

**Nilima Joshi**  
*Partner*  
Memb. No. 52122

Place: Kolkata  
Date: 18th April, 2012

# General Information for Shareholders and Investors

<b>Corporate HQ &amp; Registered Office</b>	"FMC FORTUNA", 1st Floor, A-2, 234/3A, AJC Bose Road, Kolkata - 700 020 Phone # 033 - 22876254/6255 / 2281 0106-09, Fax # 033- 22876256 Website: www.rssoftware.com
<b>Date and Venue of Annual General Meeting</b>	11 am on July 13, 2012 at Rabindra- Okakura Bhawan, Paschimanga Bangla Academy, 27A/1 DD Block, Salt Lake City (Near to City Centre I, Salt Lake), Kolkata - 700 064
<b>Tentative Calendar of Events for the Financial Year 2011 – 12 (April – March)</b>	First Quarter - July 2012 Second Quarter - October 2012 Third Quarter - January 2013 Financial Year - April 2013
<b>Shareholders Services, Enquiries, Complaints</b>	<b>Mr. Vijendra Kumar Surana</b> vijendras@rssoftware.co.in OR <b>Mr. Anindya Sen</b> anindyasen@rssoftware.co.in
<b>Registrars &amp; Share Transfer Agent</b>	<b>C.B. Management Services (P) Ltd.</b> P- 22, Bondel Road, Kolkata – 700 019 Phone # 033-22806692 - 94 / 2486 / 2937, Fax # 033-22870263
<b>Book Closure for AGM</b>	7th July, 2012 to 13th July, 2012 (both days inclusive)
<b>Listing on Stock Exchanges of</b>	<b>Bombay Stock Exchange Ltd.</b> 1st Floor, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001  <b>National Stock Exchange of India Ltd.</b> Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra – Kurla Complex, Bandra (E), Mumbai 400 051.
<b>Trading of Equity Shares</b>	Equity Shares are traded through : a. National Securities Depository Limited. and b. Central Depository Services Ltd. Company's ISIN: INE165B01011
<b>Auditors:</b>	<b>Chaturvedi &amp; Company</b> 60, Bentinck Street , Kolkata.
<b>Bankers:</b>	Axis Bank Ltd. ICICI Bank Ltd.
<b>Attorneys &amp; Solicitors:</b>	Sandersons & Morgans Royal Insurance Buildings, 5, Netaji Subhas Road, Kolkata

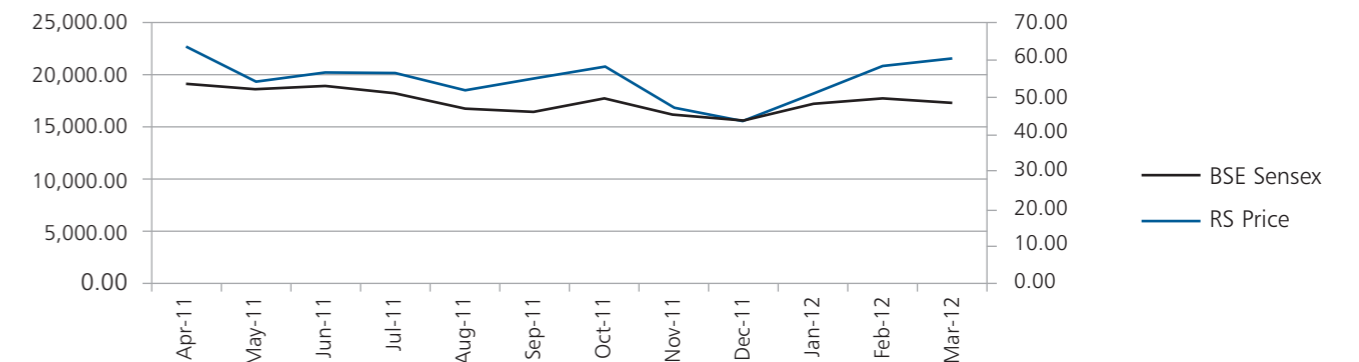
Monthly High, Low & Closing Share Price at BSE

Month	High Price	Low Price	Close Price
Apr 11	68.10	50.25	63.15
May 11	65.50	53.00	54.05
Jun 11	59.00	52.45	56.15
Jul 11	64.75	55.05	56.05
Aug 11	57.00	42.60	51.60
Sep 11	57.00	46.10	54.70
Oct 11	61.00	53.50	57.85
Nov 11	58.35	44.05	47.25
Dec 11	53.50	43.25	43.70
Jan 12	52.75	43.80	51.00
Feb 12	64.70	54.00	58.00
Mar 12	66.25	55.50	59.95

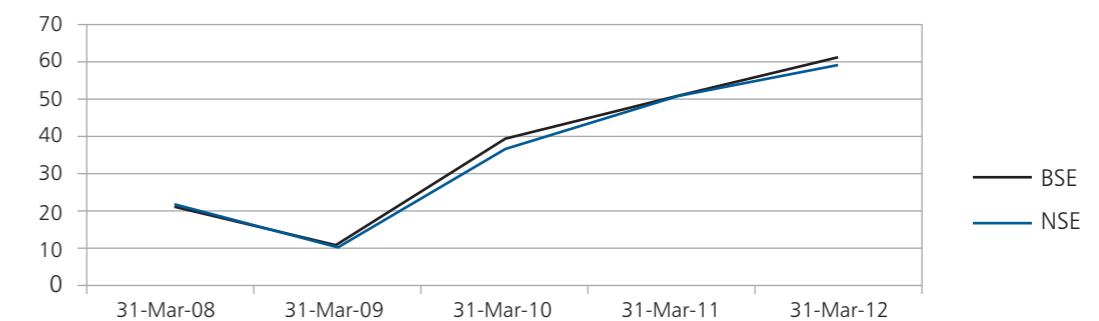
Monthly High, Low & Closing Share Price at NSE

Month	High Price	Low Price	Close Price
Apr 11	67.50	48.30	62.75
May 11	65.40	51.70	53.95
Jun 11	59.50	52.50	56.50
Jul 11	64.40	54.10	55.85
Aug 11	56.00	42.10	51.60
Sep 11	61.40	46.25	54.85
Oct 11	61.20	46.65	57.95
Nov 11	58.30	43.50	47.05
Dec 11	53.90	40.05	43.80
Jan 12	52.80	43.50	51.25
Feb 12	64.50	53.55	57.75
Mar 12	66.50	55.30	60.15

RS Share Price with BSE Sensex



Share Prices Movement

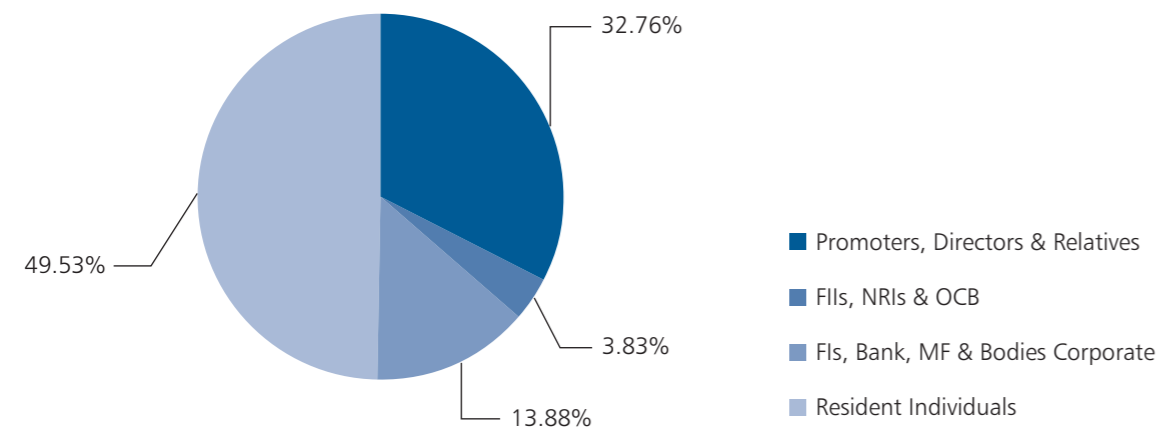




## GENERAL INFORMATION FOR SHAREHOLDERS AND INVESTORS (Contd.)

### Pattern of Shareholding as on March 31, 2012

Category	% of Shareholding
Promoters, Directors & Relatives	32.76
FIs, NRIs & OCB	3.83
FIs, Bank, MF & Bodies Corporate	13.88
Resident Individuals	49.53
<b>Total</b>	<b>100.00</b>



### Distribution of Equity Shareholding as on March 31, 2012

Range	No. of Shareholders	% to Total Shareholders	Issued Share Capital	% to Total Share Capital
1-500	9662	83.59	14659330.00	12.78
501-1000	1017	8.80	7069950.00	6.17
1001-2000	478	4.14	6707470.00	5.85
2001-3000	124	1.07	3100550.00	2.70
3001-4000	73	0.63	2554840.00	2.23
4001-5000	29	0.25	1339220.00	1.17
5001-10000	86	0.74	5739500.00	5.00
10001 & above	90	0.78	73499750.00	64.10
<b>Total</b>	<b>11559</b>	<b>100.00</b>	<b>114670610.00</b>	<b>100.00</b>

## Auditor's Report

To  
The Members of  
**R.S. Software (India) Limited**  
Kolkata

- We have audited the attached Balance Sheet of R.S. Software (India) Limited as at 31st March, 2012 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. 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.
- We have conducted our audit in accordance with the 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 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.
- As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 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, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- We further draw attention that Debtors, Creditors and some security deposit are subject to confirmation.
- Further to our comments in annexure referred to in Para 4 above, we report that:
  - We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit:
  - 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 and proper returns adequate for the purposes of our audit have been received from the branches not visited by us;

- The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
- On the basis of written representations received from the Directors, as on 31st March 2012, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2012 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- In our opinion and to the best of our information and according to the explanations given to us, the said accounts, subject to Para 4 above read together with other notes in Schedule 12, 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 principles generally accepted in India:
  - in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2012;
  - in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
  - in the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

For **Chaturvedi & Company**  
Chartered Accountants  
Reg. No. : 302137E

**Nilima Joshi**  
Partner

Place : Kolkata

Date: 18th April, 2012

(Memb. No. 52122)

## Annexure

Refer Auditor's Report of R.S. Software (India) Limited, referred to in paragraph 3 of our report of even date:

- |   |   |  |   |
|---|---|--|---|
| <p>i. a) The Company has generally maintained proper records of all tangible assets showing full particulars including quantitative details except location thereof.</p> <p>b) As explained by the Management, all the assets have been physically verified by the management during the year-end which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.</p> <p>c) During the year, the Company has not disposed off any substantial part of the fixed assets so as to affect the going concern status of the Company.</p>  | <p>services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal control system.</p> <p>v. (a) In our opinion and according to information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.</p> <p>(b) In our opinion and according to information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five lacs in respect of any party during the year (other than transactions dealt with in (v) (a) above, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time, other than providing of services of employees of the company at cost to the subsidiary amounting to ₹3,73,96,168/-.</p> | <p>ix. a) According to the records of the Company, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales tax, wealth tax, service tax, custom duty, cess and other material statutory dues applicable to it.</p> <p>b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty, excise duty, value added tax, cess and other material statutory dues were outstanding, as at 31st March 2012 for a period of more than six months from the date they became payable.</p> <p>c) According to the records of the Company, there are no dues of sales tax, customs duty / wealth-tax, service tax, excise duty/cess which have not been deposited on account of any dispute / appeal filed with the Commissioner.</p> | <p>xiv. In our opinion, the Company is not dealing in, or trading in shares, securities, debentures and other investments. Accordingly the provisions of clause 4(xiv) of the Companies (Auditors Report), Order 2003 are not applicable to the Company.</p> <p>xv. The Company has not given any guarantee for loans taken by others from banks or financial institutions.</p> <p>xvi. The Company has not raised any term loan during the year and as such this clause will not be applicable to the Company.</p> <p>xvii. During the accounting period covered by our report, we report that no fund raised on short term basis have been used for long-term investments.</p> <p>xviii. The Company has made preferential allotment of Shares to Parties covered in the register maintained u/s 301 of the Act. The price at which Shares have been issued is not prejudicial to the interest of the Company.</p> <p>xix. The Company has not issued any debentures on balance sheet date and as such this clause is not applicable to the company.</p> <p>xx. According to the information/explanations given to us, the Company has not raised any money by Public Issue during the year.</p> <p>xxi. Based on information and explanations 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.</p> |
| <p>ii. The Company does not have any inventory and as such clause (ii) (a),(b) &amp; (c) of Caro are not applicable to the company.</p>   | <p>vi. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public and as such compliance with the provisions of Sections 58A, 58AA or any other relevant provision of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 does not arise. According to the information and explanation given to us no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal in respect of deposits.</p>   | <p>x. The Company does not have accumulated losses as at 31st March'2012 and has not incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.</p>  | <p>For Chaturvedi &amp; Company<br/>Chartered Accountants<br/>Reg. No. : 302137E</p>  |
| <p>iii. a) On the basis of examination of records and according to the information and explanation given to us, we report that the Company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.</p> <p>b) In view of (iii) (a) above clause (iii) (b),(c) &amp; (d) are not applicable to the Company. .</p> <p>c) The Company has not taken any loan, secured or unsecured from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.</p> <p>d) In view of (iii)(c) above, the clauses (iii)(f) and (iii)(g) of Caro are not applicable to the company.</p> | <p>vii. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.</p>   | <p>xi. Based on our audit procedures and on the information and explanations given by the Management, the Company has no dues to the financial institution and bank and hence this clause is not applicable to the Company.</p> <p>xii. Based on our examination of documents and records, we are of the opinion that the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.</p>   | <p>Place : Kolkata<br/>Date: 18th April, 2012</p>   |
| <p>iv. In our opinion and according to the information and explanations given to us, there is adequate internal system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of</p>  | <p>viii. The Central Government has not prescribed for the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956.</p>  | <p>xiii. The Company is not a chit fund company/nidhi/mutual benefit fund/societies; hence provisions of any special statute are not applicable.</p>   | <p>Nilima Joshi<br/>Partner<br/>(Memb. No. 52122)</p>   |

**Balance Sheet** As at March 31, 2012

₹ in Lacs

Particulars	Notes	As at March 31, 2012	As at March 31, 2011
<b>I. EQUITY AND LIABILITIES :</b>			
<b>1 Shareholders' Funds</b>			
(a) Share Capital	2	1,146.71	1,102.80
(b) Reserve & Surplus	3	7,190.89	3,553.90
(c) App. Money recd. against Share Warrant		150.39	-
<b>2 Non-Current Liabilities</b>			
(a) Deferred Tax Liability (Net)	4	15.94	82.64
(b) Long Term Provisions	5	332.32	226.18
<b>3 Current Liabilities</b>			
(a) Trade Payables	6	1,234.65	822.62
(b) Other Current Liabilities	7	273.50	226.83
(c) Short Term Provisions	5	1,438.09	1,075.91
<b>Total (1+2+3)</b>		<b>11,782.49</b>	<b>7,090.88</b>
<b>II. ASSETS</b>			
<b>(1) Non Current Assets</b>			
<b>(a) Fixed Assets</b>			
(i) Tangible Assets	9	1,112.72	1,275.14
(ii) Intangible Assets	10	69.05	114.36
(iii) Intangible Assets Under Development	11	25.27	25.27
(b) Non Current Investment	12	908.03	8.03
(c) Long Term Loans & Advances	13	1,793.46	920.82
<b>(2) Current Assets</b>			
Current Investment	14	2,421.90	-
Trade Receivables	15	2,690.52	2,906.57
Cash and Cash Equivalent	16	1,743.79	1,368.27
Short Term Loans and Advances	13	1,017.76	472.42
<b>Total (1+2)</b>		<b>11,782.49</b>	<b>7,090.88</b>
Significant Accounting Policies and Notes on Accounts	1 to 38		

The Notes referred to above form an integral part of the Balance Sheet.  
This is the Balance Sheet referred to in our report of even date.

For **Chaturvedi & Company**  
Chartered Accountants  
(Reg. No : 302137E )

On behalf of the Board

**Nilima Joshi**  
Partner, Memb. No. 52122  
Dated: April 18th, 2012, Kolkata

**V. Surana**  
CFO & Company  
Secretary

**S. K. Jain**  
Director

**R.R. Jain**  
Chairman  
& Managing Director

**Statement of Profit and Loss** For the year ended March 31, 2012

₹ in Lacs

Particulars	Notes	Year ended March 31, 2012	Year ended March 31, 2011
<b>I REVENUE FROM OPERATION</b>	19	24,713.96	18,826.38
<b>II OTHER INCOME</b>	20	95.76	3.75
<b>III TOTAL REVENUE</b>		<b>24,809.72</b>	<b>18,830.13</b>
<b>IV EXPENSES</b>			
Employee Benefit Expenses	21	17,422.30	12,900.72
Finance Cost	22	44.31	84.90
Depreciation	9 & 10	417.91	459.69
Other Expense	23	3,592.95	2,849.17
<b>Total</b>		<b>21,477.47</b>	<b>16,294.48</b>
<b>V PROFIT BEFORE TAX</b>	(III - IV)	<b>3,332.25</b>	<b>2,535.65</b>
<b>VI TAX EXPENSES</b>			
Current Tax		1,142.10	505.37
Mat Credit Utilised		(486.20)	-
Deferred Tax		(66.71)	(40.96)
<b>VII PROFIT FOR THE PERIOD</b>	(V - VI)	<b>2,743.06</b>	<b>2,071.24</b>
<b>VIII EARNING PER EQUITY SHARE</b>			
Basic		24.81	19.09
Diluted		24.43	18.61
Restated EPS for Previous Year			
Basic			19.07
Diluted			18.60
Significant Accounting Policies and Notes on Accounts	1 to 38		

The Notes referred to above form an integral part of the Statement of Profit and Loss.  
This is the Statement of Profit and Loss referred to in our report of even date.

For **Chaturvedi & Company**  
Chartered Accountants  
(Reg. No : 302137E )

On behalf of the Board

**Nilima Joshi**  
Partner, Memb. No. 52122  
Dated: April 18th, 2012, Kolkata

**V. Surana**  
CFO & Company  
Secretary

**S. K. Jain**  
Director

**R.R. Jain**  
Chairman  
& Managing Director

## Cash Flow Statement For the year ended March 31, 2012

₹ in Lacs

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
<b>A CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit Before Tax	3,332.24	2,535.65
<b>Adjustment For :</b>		
Depreciation	417.91	459.69
Interest paid	44.31	84.90
Foreign Exchange Fluctuation Reserve	365.87	(111.95)
Provision for Gratuity, Leave Encashment	183.86	67.99
Interest Received	(38.93)	(6.31)
Dividend Received	(56.83)	-
Employees Expenses Amortization	(75.11)	(15.90)
Miscellaneous Expenditure Written Off	-	23.74
<b>Operating Profit Before Working Capital Changes</b>	<b>4,174.32</b>	<b>3,037.80</b>
<b>Adjustment For :</b>		
Trade and Other Receivables	216.06	(1,512.39)
Loans and Advances and Other Assets	(586.70)	(71.32)
Trade Payables & Other Liabilities	150.97	228.85
Cash Generated From Operations	3,954.65	1,682.94
Cash Flow Before Extraordinary Items	3,954.65	1,682.94
<b>Net Cash from Operating Activities</b>	<b>3,954.65</b>	<b>1,682.94</b>
<b>B CASH FLOW FROM INVESTMENT ACTIVITIES :</b>		
Purchase of Fixed Assets	(210.17)	(294.80)
Interest Received	38.93	6.31
Dividend Received	56.83	-
Investment made during the year	(3,321.90)	-
<b>Net Cash From Investment Activities</b>	<b>(3,436.32)</b>	<b>(288.50)</b>
<b>C CASH FLOW FROM FINANCE ACTIVITIES:</b>		
Proceeds from Share Application	362.43	96.59
Interest Paid	(44.31)	(84.90)
Dividend and Dividend Tax Paid	(385.94)	-
Payment of CSR Fund	(75.00)	-
Preference Share Redemption	-	(255.00)
Repayment of Loan	-	(144.50)
<b>Net Cash from Financing Activities</b>	<b>(142.82)</b>	<b>(387.81)</b>
<b>Net Increase /Decrease in Cash and Cash Equivalents (A+B+C)</b>	<b>375.52</b>	<b>1,006.64</b>
Opening Cash and Cash Equivalents	1,368.27	361.63
Closing Cash and Cash Equivalents	1,743.79	1,368.27

The Notes referred to above form an integral part of the Balance Sheet.  
This is the Balance Sheet referred to in our report of even date.

For Chaturvedi & Company  
Chartered Accountants  
(Reg. No : 302137E )

On behalf of the Board

Nilima Joshi  
Partner, Memb. No. 52122  
Dated: April 18th, 2012, Kolkata

V. Surana  
CFO & Company  
Secretary

S. K. Jain  
Director

R.R. Jain  
Chairman  
& Managing Director

## Notes on Accounts For the year ended March 31, 2012

### 1. Significant Accounting Policies

#### a) Convention

The financial statements have been prepared under the historical cost convention in accordance with the applicable Accounting Standards in India and the provisions of the Indian Companies Act, 1956.

#### b) Basis of Accounting

The Company follows accrual basis of accounting.

#### c) Revenue Recognition

Revenue is realised on time-and-material basis and billed to clients as per the terms of specific contracts. Revenue from software development on time and material basis is recognised based on software developed and billed to clients as per the terms of specific contracts. Revenue from sale of special import licenses is recognized when the licenses are actually sold. The income from software development is inclusive of value added tax.

#### d) Fixed Assets

##### Tangible Assets

Fixed Assets are capitalized at cost inclusive of installation charges, interest & other financial charges on borrowings and other expenses for acquisition of such fixed assets till they are made operational.

##### Intangible Assets

Computer Software and License are capitalized at cost inclusive of installation charges, interest & other financial charges on borrowings and other expenses for installation of such license.

#### e) Depreciation and Amortisation

Depreciation on fixed assets is provided using the straight-line method at the rates prescribed under the Schedule XIV of the Indian Companies Act, 1956. However, Plant & Machinery is being depreciated @ 33.33%. Assets costing less than ₹5,000/- are depreciated in full in the year of purchase. Depreciation on additions due to realignment of rupee value of foreign currency loan or fixed assets has been charged proportionately on the productive life of the assets. Intangible assets/Software Licences are amortised on their respective individual estimated useful lives on a straight line basis, commencing from the date the assets are available to the company for its use.

#### f) Investments

Long term Investments are valued at cost. Provision for diminution is made to recognize the decline, other than temporary, in the value of investments, such reduction being determined and made for each investment individually. Changes in carrying amount of investments are charged or credited to the Profit and Loss Account.

Investments, which are readily realizable and intended to be held for not more than one year from the date of investment made are classified as Current Investments. All investments other than long term investments are classified as non-current investments. Current Investment are valued at lower of Cost or Fair Value.

#### g) Foreign Currency Transactions

Foreign Currency transactions are recorded at exchange rate prevailing at the closing of the month for respective months. Exchange difference arising on settlement was included in Profit & Loss Account till the accounts ended 30th September 2008. Foreign unit is considered as non-integral and the foreign exchange difference is transferred to "Inter Branch Foreign Fluctuation Reserve Account". Revenue items of the Foreign Branch are converted in equivalent Indian Rupees at the buying rate prevailing at the end of the month. Assets and Liabilities of the Foreign Branch are converted in equivalent Indian rupees at the applicable rate prevailing at the end of the year. The effect of exchange rate fluctuation in respect of fixed assets is adjusted with the cost of the respective assets. Investment in subsidiary Company is being valued at carrying cost adjusted by any non-temporary decline in their value according to the requirements of statute.

#### i) Spares and Consumables

Computer spares, accessories and stationery are charged to revenue in the year they are purchased.

#### j) Income Tax

The Company computes Income Tax Liability under the "Tax Payable" method prevailing at the time in the country. Company also has Minimum Alternate Tax (MAT) credit to be adjusted against normal tax liability.

## Notes on Accounts For the year ended March 31, 2012 (Contd.)

Deferred Tax is accounted for by computing the tax effect of timing differences, which arise during the year and reverse in subsequent periods.

### k) Contingent liabilities

Contingent liabilities are not accounted for but have been disclosed by way of Notes to Accounts.

### l) Employee Benefits

Contribution of Employers share to Employees' Provident Fund and ESI are worked on accrual basis and charged to Profit & Loss Account. The Company also provides for gratuity and leave encashment based on actuarial valuation made by an Independent Actuary as per Revised AS 15 Compliance of The Institute of Chartered Accountants of India.

### m) Asset taken on Lease

Lease rentals on operating leases are charged on a monthly basis to Accounts

Assets taken on Finance Lease have been capitalized during the year of agreement and charged off in accordance with the applicable rate of Depreciation.

### n) Impairment of Assets

Property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount is assessed by reference to the net present value of expected future post-tax cash flows of the relevant cash generating unit or fair value less cost to sell, whichever is higher. The discount rate is applied, based upon the weighted average cost of capital with appropriate adjustments for the risks associated with the relevant business. Any impairment in value is charged to the Income Statement in the year, which it occurs.

### o) Segment Reporting

The company's operating businesses are organised and managed as per Location of the client. Common cost are allocated to the cost based on the Revenue Mix. Unallocated cost are disclosed separately. The company prepares its segment information in conformity with the accounting policy adapted for preparing and presenting the financial statement of the Company as a whole.

### p) Earning Per Share

Basic earning per share is calculated by dividing the net profit or Loss for the period attributable to equity shareholders (after deducting preference dividends and attributable Taxes) by the weighted average number of equity shares outstanding during the period.

For Calculating Diluted earning per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of share outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

## 2. Share Capital

₹ in Lacs

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
<b>The Authorised Capital is</b>		
20,000,000 Equity Share of ₹10/- Each	2,000.00	2,000.00
2,500,000 Preference Share of ₹100/- Each	2,500.00	2,500.00
	<b>4,500.00</b>	<b>4,500.00</b>
<b>Issued Subscribed and Paid-Up-Fully Called and Paid Up</b>		
11,467,061 Equity Share of ₹10/- Each (Previous Year 11,027,996 shares)	1,146.71	1,102.80
(Of the above the Company has allotted 2,422,263 no. of fully paid Bonus Shares)		
	<b>1,146.71</b>	<b>1,102.80</b>

The company has only one shares referred to as equity share having a par value of ₹10/- . Each holder of equity share is entitled to one vote per share.

## Notes on Accounts For the year ended March 31, 2012 (Contd.)

During the year ended March 31, 2012, the company has declared the interim dividend of ₹1 per share and proposes to pay final dividend to equity shareholder at ₹2 per share (Previous year Final dividend paid ₹2 per share). The total dividend appropriation amounted to ₹110.77 lacs and ₹229.34 lacs for interim and final dividend respectively (previous year ₹220.56 lacs). The corporate dividend tax on interim and proposed final dividend during the year is ₹55.17 lacs (previous year ₹36.63 lacs).

In the event of liquidation of the Company, the holder of the equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. However, no such preferential amount exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

The aggregate number of bonus share issued in the last five years immediately preceding the balance sheet date are 2,422,263 equity shares.

### Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period

Equity Share	March 31, 2012		March 31, 2011	
	No. of Share	₹ in Lacs	No. of Share	₹ in Lacs
Number of shares at the beginning	11,027,996	1,102.80	8,108,398	810.84
Add : Shares issued as Preferential Allotment	390,000	39.00	400,000	40.00
Add : Shares issued as Bonus	-	-	2,381,390	238.14
Add : Shares issued on exercise of Employee Stock option	38,425	3.84	107,975	10.80
Add : Bonus Shares issued on Employee Stock option	10,640	1.07	30,233	3.02
	<b>11,467,061</b>	<b>1,146.71</b>	<b>11,027,996</b>	<b>1,102.80</b>
<b>Shareholder Holding more than 5% of the Share as on March 31, 2012</b>		<b>March 31, 2011</b>		
Mr. Rajnit Rai Jain	3,503,519 Shares		2,968,195 Shares	
	(30.55% of total shareholding)		(26.92% of total shareholding)	

### Employee Stock Option Plan

The Company has granted 186,700 shares to the employees during the year 2007-08 at the fair value of and the exercise price of the option is ₹29.90 each. As on date March 31, 2012 only 25,575 option has been exercised and 1,61,125 options has been lapsed and hence no more valid.

The Company has granted 275,200 shares to the employees during the year 2008-09 at the fair value and the exercise price of the option is ₹15.95 each. As on date March 31, 2012 only 98,975 option has been exercised and 1,21,025 options have lapsed due to leaving of employees. As on date 55,200 shares options are outstanding on which 15,456 Bonus Shares are outstanding.

The Company has granted 298,500 shares to the employees during the year 2009-10 at the fair value of and the exercise price of the option is ₹27.95 each. As on date March 31, 2012 only 85,175 option has been exercised and 92,625 options has been lapsed due to leaving of employees. As on date 1,20,700 shares options are outstanding on which 33,796 Bonus Shares are outstanding.

The Company has granted 105,100 shares to the employees during the year 2010-11 at the fair value of and the exercise price of the option is ₹49.55 each. As on date March 31, 2012 only 425 option has been exercised and 19,900 options has been lapsed due to leaving of employees. As on date 82,275 shares options are outstanding to be exercised.

### Allotment of Convertible Warrants on Preferential basis

The Company has issued for 15,50,000 Convertible warrants on preferential basis to Mr. Jain at ₹51.86 each to be converted in one equity share of ₹10 each by the Company for Mr. Jain. During the year 3,90,000 warrants have converted into equity shares. 25% of the total consideration has been received as share application money against warrants issued. The balance 11,60,000 no. of Convertible warrants will be due within 18 months from the date of allotment of warrants.

### Notes on Accounts For the year ended March 31, 2012 (Contd.)

#### 3. Reserve and Surplus

₹ in Lacs

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
<b>Share Forfeiture</b>		
The Company has forfeited 10% Application Money on the 500,000 Warrants for Preferential Allotment to be Converted into Equity Shares against each Warrant. The Nominal Value is ₹10/- and the price at which allotted is ₹87/- inclusive of a premium amount of ₹77/-. The same has been forfeited in the absence of final call money being received within the due date in 2006-07.	43.50	43.50
<b>Securities Premium Account</b>		
Balance at the beginning of the year	1,847.90	1,794.31
Add : Receipts on exercise of Preferential Allotment	163.25	38.00
Add : Receipts on exercise of employee stock options	4.88	15.59
<b>Closing Balance</b>	<b>2,016.03</b>	<b>1,847.90</b>
<b>Preference Share Redemption Reserve</b>		
Balance at the beginning of the year	258.84	245.00
Add : Transfer from Profit & Loss A/c	-	255.00
Less : Distributed as Bonus Share	(1.07)	(241.16)
<b>Closing Balance</b>	<b>257.77</b>	<b>258.84</b>
<b>CSR Fund</b>		
Balance at the beginning of the year	75.00	-
Add : Transfer from Profit & Loss A/c	115.00	75.00
Less : Transfer to Donation	(75.00)	-
<b>Closing Balance</b>	<b>115.00</b>	<b>75.00</b>
<b>Surplus in Statement of Profit and Loss Account</b>		
Balance at the beginning of the year	1,621.89	137.85
Add : MAT Credit Entitlement (created in respect of earlier years)	831.28	-
Add : Net Profit after tax from Statement of Profit and Loss	2,743.06	2,071.24
	<b>5,196.23</b>	<b>2,209.09</b>
Less Appropriations :		
Trf to Preference Share Redemption Reserve	-	(255.00)
Interim Equity Dividend (₹1 per share)	(110.77)	-
Proposed Final Equity Dividend (₹2 per share, Previous year ₹2 per share)	(229.34)	(220.56)
Equity Dividend Tax	(55.17)	(36.64)
Trf to CSR Fund	(115.00)	(75.00)
<b>Closing Balance</b>	<b>4,685.95</b>	<b>1,621.89</b>
<b>Inter Branch Foreign Fluctuation Reserve</b>		
Balance at the beginning of the year	(293.23)	(181.28)
Add : Fluctuation during the period	365.87	(111.95)
<b>Closing Balance</b>	<b>72.64</b>	<b>(293.23)</b>
	<b>7,190.89</b>	<b>3,553.90</b>

(MAT Credit Entitlement of earlier years has been added to the debit balance of Profit & Loss account amounting to ₹831.28 Lacs)

### Notes on Accounts For the year ended March 31, 2012 (Contd.)

#### 4. Secured Loan

Company has enhanced and switched its loan limit of ₹800 lacs on from ICICI Bank to ₹950 lacs in Axis Bank ; (Secured by first charge on all the current assets, ranking pari passu with other bankers, and first charge on the Registered Office premises of the Company). The liability against the same as on 31.3.2012 is NIL.

#### 5. Deferred tax Liability increase / decrease

₹ in Lacs

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
DTL on Account of Fixed Assets	125.83	158.51
DTA on Account of Accrued Employee benefits	111.16	75.87
	<b>14.67</b>	<b>82.64</b>

#### 6. Provisions

₹ in Lacs

	Long Term Provision		Short Term Provision	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Provision For Leave Encashment (refer note 30)	68.76	34.69	2.13	1.52
Provision For Gratuity (refer note 30 )	263.56	191.49	8.16	6.15
Provision For Proposed Eq Dividend			229.34	220.56
Provision For Proposed Dividend Tax			37.20	36.64
Provision For Income Tax			1,161.26	811.04
	<b>332.32</b>	<b>226.18</b>	<b>1,438.09</b>	<b>1,075.91</b>

#### 7. Trade Payable

₹ in Lacs

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Sundry Creditors - Short Term (refer note no. 33 for MSME details)	1,234.65	822.62
	<b>1,234.65</b>	<b>822.62</b>

#### 8. Other Current Liabilities

₹ in Lacs

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Salary Payable - Short Term	61.00	105.40
Statutory Liability including PF, TDS, ESI etc. - Short Term	212.50	121.43
	<b>273.50</b>	<b>226.83</b>

9. Details of Tangible Assets

Gross:	₹ in Lacs										Total
	Land	Building	Lease Building Expenses	Lease Plant and Machineries	Plant and Machineries	Office Equipment	Air Conditioner	Electrical Installations	Furniture and Fittings	Motor Vehicles	
Opening Balance 01.04.2011	7.76	158.14	139.83	101.92	5,810.75	199.23	128.92	309.05	706.56	66.06	7,628.23
Additions during the year ended 31.3.2012	-	-	-	-	76.00	12.69	0.33	10.90	12.14	-	112.06
Acquisitions through Business combination	-	-	-	-	-	-	-	-	-	-	-
Other Adjustments	7.76	158.14	139.83	(101.92)	5,988.67	211.92	129.25	319.96	718.70	66.06	7,740.29
Less: Disposals	-	-	-	-	-	-	-	-	-	-	-
Gross block as at 31.03.2012	7.76	158.14	139.83	-	5,988.67	211.92	129.25	319.96	718.70	66.06	7,740.29
Less: Depreciation/Amortization	-	38.20	123.34	101.92	5,544.76	67.08	56.58	85.30	316.14	19.76	6,353.09
Opening depreciation/amortization	-	2.09	16.49	-	188.22	13.36	4.17	13.17	32.70	4.28	274.48
Depreciation/Amortization of the year	-	-	-	-	-	-	-	-	-	-	-
Impairment loss/Reversal of Impairment Loss	-	-	-	(101.92)	101.92	-	-	-	-	-	-
Other Adjustments	-	-	-	-	-	-	-	-	-	-	-
Total depreciation at year end 31.3.2012	-	40.29	139.83	-	5,834.90	80.44	60.76	98.47	348.84	24.04	6,627.57
Net Carrying Value 31.03.2012	7.76	117.85	0.00	-	153.77	131.47	68.49	221.48	369.86	42.03	1,112.72
Net Carrying Value 31.03.2011	7.76	119.94	16.49	-	265.99	132.15	72.33	223.75	390.43	46.30	1,275.14

Note:

- Land includes Leasehold land amounting to ₹4.59 lacs. The lease expires in year 2086.
- Asset taken on Lease from Orix Auto Infrastructure Services Limited for ₹326 lacs of which ₹78.18 lacs is paid as Security Deposit. The lease period was for 48 months and lease rental payable monthly. This lease has expired in June '11 and negotiation are on purchase of these assets.
- Building in Sector V comprising of 59600 sq ft has taken on lease for a period of 3 years which was extended for further period of 3 year till April 2012. Company has spent an amount of ₹89.83 lacs and ₹49.99 lacs which were amortised over the respective period of lease.
- Plant and machinery taken on finance lease from CISCO in 2007, which expired on 31.3.2011. Since then the assets have been transferred to Plant and Machinery from Leased Assets and reflected as other adjustment for ₹101.92 lacs.

Notes on Accounts For the year ended March 31, 2012 (Contd.)

10. Details of Intangible Assets

Particulars	₹ in Lacs	
	Computer Software & Licences	
Opening Balance 01.04.2011	542.18	
Additions till March 2012	98.11	
Sub-total	640.29	
Less: Disposals	-	
Gross block as at 31.03.2012	640.29	
Less: Depreciation / Amortization		
Opening depreciation / amortization as on 1.04.2011	427.81	
Depreciation/Amortization of the year	143.43	
Impairment loss/Reversal of Impairment Loss	-	
Total depreciation at year end 31.3.2012	571.24	
Net Carrying Value 31.03.2012	69.05	
Net Carrying Value 31.03.2011	114.36	

11. Intangible Assets under Development

Particulars	₹ in Lacs	
	Year ended March 31, 2012	Year ended March 31, 2011
ERP Implementation	22.83	22.83
Web Site Designing	2.44	2.44
	25.27	25.27

12. Non-Current Investments (at Cost)

Particulars	₹ in Lacs	
	Year ended March 31, 2012	Year ended March 31, 2011
<b>In Wholly Owned Subsidiary</b>		
R.S. Software Asia Pte Ltd. (25000 no. (previous year 25000 no.) Equity share of SGD 1 each)	8.02	8.02
Responsive Solution Inc. (500 no.(Previous year 500 no.) Equity Share of USD 0.01 each)	163.30	163.30
	171.32	171.32
Less: Provision for Diminution in value of investments (For Responsive Solution Inc.)	163.29	163.29
(Aggregate amount of unquoted investment ₹8.03 lacs)	8.03	8.03
<b>In Mutual Fund</b>		
DSP BlackRock FMP - Series 38 - 12.5 M Growth Maturity Plan	200.00	-
HDFC 400D March 12	300.00	-
ICICI Prudential	200.00	-
IDFC Fixed Maturity Plan - 13 Months Series	200.00	-
(Aggregate NAV of Mutual Fund as on March 31, 2012 ₹907.86 lacs)	908.03	8.03

## Notes on Accounts For the year ended March 31, 2012 (Contd.)

### 13. Loans and Advances

(Unsecured and Considered good)

₹ in Lacs

	Long Term Loans & Advances		Short Term Loans & Advances	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
<b>Advances</b>				
(Recoverable in cash or in kind or for value to be received)				
Capital Advance			33.19	-
Advance Against Expenses			47.82	5.28
Prepaid Expenses	2.12	8.60	81.41	69.20
Deposits	114.23	189.76	78.17	-
Advance to Staff			7.11	12.83
<b>Other Loans &amp; Advances</b>				
Advance Taxes	1,332.04	722.46	770.06	385.11
Mat Credit Entitlement	345.07	-		
	<b>1,793.46</b>	<b>920.82</b>	<b>1,017.76</b>	<b>472.42</b>

### 14. Current Investment

(At Cost or Fair value whichever is less)

₹ in Lacs

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
<b>Investment in Mutual Fund</b>		
Reliance Liquid Fund- TPIO - Growth	800.00	-
ICICI Prudential Flexible Income Plan Premium- Weekly Dividend	616.82	-
ICICI Prudential - Interval IV -Qtrly Interval Plan B	600.00	-
L&T Ultra STF Inst. Daily Divi. Reinvested	405.08	-
(Aggregate NAV of Mutual Fund as on March 31, 2012 ₹2423.88 lacs)		
	<b>2,421.90</b>	<b>-</b>

### 15. Trade Receivables

(Unsecured and Considered good)

₹ in Lacs

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Trade Receivable for a period exceeding Six Months		
Others	2,690.52	2,906.57
	<b>2,690.52</b>	<b>2,906.57</b>

## Notes on Accounts For the year ended March 31, 2012 (Contd.)

### 16. Cash and Bank Balance

₹ in Lacs

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
<b>Cash &amp; Cash Equivalents</b>		
Cash in Hand	0.33	0.18
<b>Balance With Bank :</b>		
<b>Scheduled Banks</b>		
- in Current Account (Axis Bank Ltd., Allahabad Bank)	212.94	132.57
- in Current Accounts (HDFC Bank)	6.69	86.94
- in Current Account (ICICI Bank)	18.02	48.41
<b>Foreign Bank</b>		
- in Current Account (BK of America, Silicon Valley Bk, ICICI Bk UK Ltd.)	579.78	1,043.18
<b>EEFC Account</b>		
- in ICICI Bank	-	-
<b>Other Bank Balances</b>		
<b>Fixed Deposits - For Less Than 12 Months Maturity</b>		
Fixed Deposits with Yes Bank	908.00	-
<b>In Margin Money deposits against guarantees (in lien)</b>		
Axis Bank	10.97	50.52
Allahabad Bank	7.06	6.47
	<b>1,743.79</b>	<b>1,368.27</b>

### 17. Contingent Liabilities

(To the extent not provided for in the books)

₹ in Lacs

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Guarantee Outstanding	9.50	52.57
Bill Discounting with Silicon Valley Bank	1,523.90	224.79

### 18. Commitments

#### a Capital Commitment

The company has issued following PO against which delivery of material is pending

Sl. No.	Name of the Vendor	Item details	Amount	Expected date of delivery
1	Godrej & Boyce Mfg. Co. Ltd	Supply of Workstation Chairs etc	399,880.00	Delivery to be completed by 15th April, 2012

#### b Other Commitment

Company has a lease agreement with Saltee Infotech India Pvt. Ltd. for the premises of Saltlake City, Sector V, Kolkata. The Lease will be expiring on 30th April 2012 which is renewable with the consent of both the parties.

Company has spent ₹22.83 lacs towards ERP implementation in 31.3.2011, which is still under development stage and expected to be completed by FY 2013

Company has spent ₹2.24 lacs towards Web DESIGNING in 31.3.2011, which is still under development stage and expected to be upgraded by July 2012.

There is a security deposit with Orix for assets taken on Rent from them which has expired in June 2011. Company is in the process of negotiating for the purchase of such assets pending which amounts are shown under security deposit and advances.



**Notes on Accounts** For the year ended March 31, 2012 (Contd.)

**19. Revenue from operation**

₹ in Lacs

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
<b>Sale of Software Services</b>		
Export Income	24,496.76	18,556.25
Domestic Income	217.20	270.13
	<b>24,713.96</b>	<b>18,826.38</b>

**20. Details of Other Income**

₹ in Lacs

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Interest Received from Bank (including TDS ₹3.33 lacs (previous year ₹0.62 lacs))	38.93	6.31
Net gain/ loss on Foreign currency Transaction	(4.93)	(2.97)
Other Non-operating Income (net of expenses)	0.85	0.41
Dividend Income	54.04	-
Liability no longer required written back	6.86	-
	<b>95.76</b>	<b>3.75</b>

**21. Employee Benefit Expenses**

₹ in Lacs

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Salary Wages and Bonus	12,342.13	9,632.95
Subcontracting Charges	3,994.12	2,437.35
Contribution to Provident Fund and Other Funds	299.99	231.36
Workman and Staff Welfare Expenses	786.06	599.06
	<b>17,422.30</b>	<b>12,900.72</b>

**22. Finance Cost**

₹ in Lacs

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Interest Expenses	25.48	51.25
Other Borrowing Cost	18.83	33.65
	<b>44.31</b>	<b>84.90</b>

**Notes on Accounts** For the year ended March 31, 2012 (Contd.)

**23. Other Expenses**

₹ in Lacs

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Travelling	1,071.41	768.75
Conveyance	171.66	124.67
Staff Welfare	151.96	112.58
Communication	213.08	190.43
Printing and Stationery	20.10	13.79
Electricity and Power	126.00	126.59
Rent - Equipment	5.70	85.06
Rent - Apartment & Ground	523.73	516.39
Repairs - Machinery	186.07	115.59
Repairs - Building	97.81	49.38
Repairs - Others	0.82	0.90
Education and Training Expenses	17.49	9.35
Insurance	104.46	80.40
Auditor's Remuneration - Audit Fees	2.93	2.30
Books and Periodicals	1.18	1.55
Directors' Fees	9.00	7.20
Rates & Taxes	331.26	208.18
Legal / Professional Fee	76.52	95.63
Consultancy Charges	137.52	77.64
Recruitment & Relocation Expenses	196.64	85.20
General and Board Meeting expenses	34.60	35.76
Membership and Subscription	23.59	21.28
Business Promotion	65.16	78.37
Advertisement	8.95	7.62
Seminar & Conferences	15.33	2.91
Donation	-	7.91
Miscellaneous Expenses Written Off	-	23.74
	<b>3,592.95</b>	<b>2,849.18</b>

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
24. Income Tax deducted on domestic income	28.61	34.95

**25. Auditor's Remuneration**

₹ in Lacs

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
As Statutory Auditors	1.75	1.75
Tax Audit	0.50	0.30
Other certification	0.68	0.25
The above remunerations are not inclusive of service tax as applicable		
	<b>2.93</b>	<b>2.30</b>

## Notes on Accounts For the year ended March 31, 2012 (Contd.)

### 26. Prior period expenses incurred

₹ in Lacs

Particulars	Year ended	
	March 31, 2012	March 31, 2011
Postal & Courier	0.02	–
Repair & Maintenance	0.43	–
Communication	1.47	0.46
Conveyance	0.00	0.06
Staff Welfare	0.04	0.14
Travel	0.11	–
Electricity	–	0.02
US Taxes	–	0.04
	<b>2.08</b>	<b>0.73</b>

### 27. There is no Impairment of assets during the period ended 31.03.2012.

₹ in Lacs

Particulars	Year ended	
	March 31, 2012	March 31, 2011
28. Rates and Taxes is inclusive of value added tax	331.26	208.18

### 29. The Company has also entered into an operating lease for Building with Saltee Infotech (India) Pvt. Ltd. for the period of 3 years expiring on 30th April 2012. The amount of ₹189.17 lacs (Previous Year 31.03.2011 ₹189.17 lacs) has been charged to the Profit & Loss Account during the period ended March 31, 2012.

₹ in Lacs

Total Minimum Lease Payment outstanding as at March 31, 2012	Amount
Within One Year	15.71

### 30. Employee Benefit Provisions

The Company has got the actuarial valuation of employee benefit done at year end. The provision made during the year by the Company based on actuarial valuation is reflected hereunder.

₹ in Lacs

Particulars	Year ended	
	March 31, 2012	March 31, 2011
Provision for Leave Encashment	65.29	(24.68)
Provision for Gratuity	118.57	92.68
	<b>183.86</b>	<b>67.99</b>

Table 1

Actuarial calculations for AS 15 (Rev. 2005) for the purpose of Net Asset/Liability, Recognised in the Balance Sheet. ₹ in Lacs

Sl.	Description	Gratuity Fund		Leave Encashment Scheme	
		March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
1	Present Value of Defined Benefit Obligation	(271.71)	(205.35)	70.88	50.62
2	Fair Value of Plan Assets	–	–	–	–
3	Funded Status [ Surplus / (Deficit)]	(271.71)	(205.35)	(70.88)	(50.62)
4	Effect of balance sheet asset limit	–	–	–	–
5	Unrecognised Past Service Cost	–	–	–	–
6	Net Asset / (Liability) recognized in the Balance Sheet	(271.71)	(205.35)	(70.88)	(50.62)

## Notes on Accounts For the year ended March 31, 2012 (Contd.)

Amount in ₹

Sl.	Description	Gratuity Fund		Leave Encashment Scheme	
		March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
	Revised Schedule VI Companies Act				
a)	Current Liability				
i)	Current Liability on retirement	–	–	–	–
ii)	Current Liability on attrition	8.15	6.16	2.13	1.52
	<b>Total Current Liability</b>	<b>8.15</b>	<b>6.16</b>	<b>2.13</b>	<b>1.52</b>
b)	Non Current Liability	263.56	199.19	68.75	49.10

Table 2

Actuarial calculations for AS 15 (Rev. 2005) for the purpose of Disclosure of employer expense for the year ending 31st March, 2012.

₹ in Lacs

Sl.	Description	Year ended March 31, 2012	Year ended March 31, 2011
i)	Current Service cost (including risk premium for fully insured benefits)	77.65	18.22
ii)	Interest Cost	20.28	5.16
iii)	Expected Return of Asset (-)	–	–
iv)	Curtailement Cost (+)	–	–
v)	Settlement Cost (+)	–	–
vi)	Past Service Cost	–	–
vii)	Actuarial Gains (-) / Loss (+)	12.94	27.50
viii)	Appreciation/Depreciation of Plan Assets	–	–
	<b>Total employer expenses recognized in P &amp; L</b>	<b>110.87</b>	<b>50.88</b>

Table 3

Actuarial calculations for AS 15 (Rev. 2005) purpose change in obligations / assets in the year ending 31.03.2012.

#### A. Change in Obligation in the year ended 31.03.2012

₹ in Lacs

Sl.	Description	Year ended March 31, 2012	Year ended March 31, 2011
1	Present Value of Defined Benefit Obligation at the beginning of the year.	205.35	50.62
2	Employer Service Cost (+)	77.65	18.22
3	Interest Cost (+)	20.28	5.16
4	Curtailement Cost (+)	–	–
5	Settlement Cost (+)	–	–
6	Employee contribution	–	–
7	Plan Amendments	–	–
8	Acquisitions	–	–
9	Actuarial Gains (-) / Loss (+)	12.94	27.50
10	Benefit Payments (-)	44.51	(30.62)
11	Present Value of Defined Benefit obligations at the end of the year	271.71	70.88

**Notes on Accounts** For the year ended March 31, 2012 (Contd.)

B. Change in Assets		₹ in Lacs	
Sl.	Description	Year ended March 31, 2012	Year ended March 31, 2011
i)	Fair value of Plan Assets at the beginning of the year	-	-
ii)	Acquisition adjustments	-	-
iii)	Actual return on Plan Assets (+)	-	30.62
iv)	Actual Company Contribution (+)	44.51	-
v)	Benefit Payments (-)	44.51	(30.62)
vi)	Appreciation / Depreciation of Plan Assets	-	-
vii)	Fair Value of Plan Assets at the end of the period	-	-

**Table 4**

A. Reconciliation of Net Assets / (Liability) recognized in the Balance Sheet as at 31st March, 2012		₹ in Lacs	
Sl.	Description	Year ended March 31, 2012	Year ended March 31, 2011
i)	Net Asset / (Liability) recognized in the Balance Sheet at the beginning of the year.	(205.35)	50.62
ii)	Employer Expenses	110.87	50.88
iii)	Employer Contributions.	44.51	(30.62)
iv)	Acquisitions.	-	-
v)	Net Asset / (Liability) recognized in balance sheet at the ending of the year	(271.71)	(70.88)

B. Summary of Membership Date		₹ in Lacs	
Active Members	Year ended March 31, 2012	Year ended March 31, 2011	
Number of Employees	627	515	
Total Monthly Salaries (₹)	173.90	116.57	
Average Monthly Salary per employee (₹)	0.28	0.23	
Average past services (yrs.)	3.84	4.13	
Average future services (yrs.)	25.47	25.36	
Average age at valuation date (yrs.)	32.53	32.64	

**31. Related Party Disclosures:**
**a) Enterprises where control exists:**

Wholly Owned Subsidiaries	% of holding	Country of Incorporation
Responsive Solutions Inc	100%	USA
R.S. Software (Asia) Pte. Ltd.	100%	Singapore

**b) Key Management Personnel:**

Mr. Rajnit Rai Jain	Chairman and Managing Director
Mr. Richard Launder	Director
Mr. Shital Kr. Jain	Director
Mr. R Ramaraj	Director
Mrs Sarita Jain	Director
Mr. Vijendra Surana	CFO & Company Secretary

**Notes on Accounts** For the year ended March 31, 2012 (Contd.)

**c) Disclosure of transactions between the Company and Related Parties and the status of outstanding balances as on March 31, 2012**

Particulars	Wholly Owned Subsidiary (WOS)	Key Management Personnel
Reimbursement of Cost of services incurred on behalf of Subsidiary at the margin of 12% on actual cost .		
Responsive Solution Inc	373.96	
Reimbursing the subsidiary towards service rendered by them at market price.		
R.S. Software Asia (pte.) Ltd.	689.45	
Reimbursing the Other Cost from subsidiary at actuals.		
R.S. Software Asia (pte.) Ltd.	1,274.28	
Remuneration to Key Personnel:		
- Directors (Sitting Fees)		9.20
- Chairman & Managing Director		48.60
Balance as on 31.03.2012:		
Debtors		
Responsive Solution Inc	NIL	
Creditors		
R.S. Software (Asia) Pte Ltd	NIL	
Maximum balance outstanding during the year		
Debtors		
Responsive Solution Inc	100.72	
Creditors		
R.S. Software (Asia) Pte Ltd	89.71	

**32. EPS has been calculated as per the provisions of AS-20, issued by the Institute of Chartered Accountants of India. The details of calculation are as follows:**

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Numerator for Basic and Diluted EPS:		
Profit for the period	2,743.06	2,071.24
Denominator for Basic EPS:		
Equity Shares	11,027,996	8,108,398
Add: ESOP Conversion	10,184	18,341
Add: Preferential Issue	6,393	313,425
Add: Bonus Issue	10,640	2,411,623
<b>Weighted no. of Equity Shares</b>	<b>11,055,213</b>	<b>10,851,777</b>
Denominator for Diluted Shares		
Weighted No. of Basic Equity Shares	11,055,213	10,851,777
Add: ESOP Conversion		
ESOP Dilutive	149,803	275,130
Pref Share allotment	21,773	-
<b>Weighted no. of Equity Shares</b>	<b>11,226,789</b>	<b>11,126,907</b>
Nominal Value of share	10.00	10.00
Basic Earning per Share	24.81	19.09
Diluted Earning per Share	24.43	18.61

**33. There is no declaration received from vendor for being Small, Medium & Micro registration.**

## Notes on Accounts For the year ended March 31, 2012 (Contd.)

34. Additional Information pursuant to provisions of the Para 3 and 4 of Part II Schedule VI for the Companies Act, 1956:-  
The Company is engaged in the business of development & maintenance of computer software and other related services. The production and sale of such software services are not capable of being expressed in generic terms.

Active Members	Year ended March 31, 2012	Year ended March 31, 2011
Amount in ₹		
<b>Expenditure in Foreign Currency:</b>		
a) Foreign branch expenditure	14,655.20	13,730.42
b) Dividend paid in Foreign Currency	4.11	-
<b>Earning in Foreign Currency:</b>		
c) Export of services	24,500.33	18,553.30

35. Reporting of Segment Wise Revenue, Results and Capital Employed: Amount in ₹

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
<b>1. Segment Revenue ( net sale / income from each segment should be disclosed)</b>		
a. Segment - A (USA)	22,627.24	17,201.05
b. Segment - B (ROW)	2,086.72	1,622.37
<b>Total</b>	<b>24,713.96</b>	<b>18,823.42</b>
<b>Other Income</b>		
Segment - B (ROW)	95.76	6.71
<b>Total</b>	<b>24,809.72</b>	<b>18,830.13</b>
Less : Inter - segment revenue	-	-
<b>Net Revenue from Operations</b>	<b>24,809.72</b>	<b>18,830.13</b>
<b>2. Segment Results Profit/(Loss) before Tax &amp; Interest from each segment</b>		
a. Segment - A (USA)	4,268.84	3,644.95
b. Segment - B (ROW)	592.82	369.69
<b>Total</b>	<b>4,861.66</b>	<b>4,014.63</b>
Less : Interest	44.31	84.90
Less : Depreciation	417.91	459.69
Less : Unallocable Selling , General & Administrative Expenses	1,067.19	934.40
<b>Profit before tax</b>	<b>3,332.24</b>	<b>2,535.65</b>
<b>3. Capital Employed</b>		
Total Assets	11,782.49	7,090.89
Total Liabilities	11,782.49	7,090.89

Note : Assets used in the Company's business are not capable of being specifically identified with any of the segments, and it is not practicable to provide segmented disclosures in relation to total assets and liabilities with any reasonable degree of accuracy. Unallocated expenses have not been disclosed in any segment.

36. The Company is primarily engaged in the rendering services relating to maintenance and testing of Computer Software . These cannot be expressed in any generic units. Hence it is not possible to give the quantitative details of sales and certain information as required under paragraph 5 (viii) '(c) of general instructions for preparation of statement of profit and loss as per revised Schedule VI of the Companies Act 1956.
37. The revised Schedule has become effective from 01.04.2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in financial statement. The previous year figures have been regrouped, reclassified and restated, wherever necessary, to correspond with the current year's classification and revised Schedule VI.
38. Financial figures have been rounded off to nearest ₹ lacs.

For Chaturvedi & Company  
Chartered Accountants  
(Reg. No : 302137E )

On behalf of the Board

Nilima Joshi  
Partner, Memb. No. 52122  
Dated: April 18th, 2012, Kolkata

V. Surana  
CFO & Company  
Secretary

S. K. Jain  
Director

R.R. Jain  
Chairman  
& Managing Director

## Balance Sheet Abstract and Company's General Business Profile

(In terms of amendment to Part IV of Schedule VI)

### INFORMATION PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956

<b>I Registration details</b>	
Registration No.	L72200WB1987PLC043375
State code	21
Balance Sheet Date	31/03/2012
<b>II Capital raised during the year (Amount in ₹ lacs)</b>	
Public Issue	Nil
Rights Issue	Nil
Bonus Issue	1.06
Private Placement (Warrants converted into shares)	39.00
ESOS	3.84
<b>III Position of Mobilisation and Deployment of funds (Amount in ₹ lacs)</b>	
Total Liabilities	11,782
Total Assets	11,782
<b>I. Equity and Liabilities :</b>	
1. Shareholders' Fund	
(a) Share Capital	1,147
(b) Reserve & Surplus	7,191
(c) App. Money recd. against Share Warrant	150
2. Non-Current Liabilities	348
3. Current Liabilities	2,946
<b>II. Assets</b>	
1. Fixed Assets	1,182
2. Intangible Assets Under Development	25
3. Non Current Investment	908
4. Long Term Loans & Advances	1,793
5. Current Assets	
(a) Current Investment	2,422
(b) Trade Receivables	2,691
(c) Cash and Cash Equivalents	1,744
(d) Short Term Loans and Advances	1,018
<b>IV Performance of Company (Amount in ₹ lacs)</b>	
Turnover and Other Income	24,810
Total Expenditure	21,477
Profit/(Loss) before Tax and Extraordinary items	3,332
Profit/(Loss) after Tax and Extraordinary items	2,743
Basic Earnings per share in ₹	24.81
Dividend %	Final 20% , Interim 10%
<b>V Generic Names of Two Principal Products/Services of the Company (as per monetary terms)</b>	
Item code No.	N.A.
Item code No.	N.A.
Product Description	N.A.

For Chaturvedi & Company  
Chartered Accountants  
(Reg. No : 302137E )

On behalf of the Board

Nilima Joshi  
Partner, Memb. No. 52122  
Dated: April 18th, 2012, Kolkata

V. Surana  
CFO & Company  
Secretary

S. K. Jain  
Director

R.R. Jain  
Chairman  
& Managing Director

## Statement Pursuant to Section 212 of the Companies Act, 1956

Amount in ₹

	Responsive Solution Inc.	R.S. Software (Asia) Pte Ltd	Total Amount
1. R.S. Software (India) Ltd holds the entire paid up Equity Share Capital of Wholly Owned Subsidiaries as on March 31 2012	500	802000	802500
2. Net aggregate amount of the Subsidiary Company's Profit/Loss not dealt with in the Company's account			
For the Subsidiary's financial year ended 31st March 2012	4,575,312	9,715,012	14,290,324
For the Subsidiary's previous financial year since it became Subsidiary	10,949,075	5,207,052	16,156,127
3. Net aggregate amount of the Subsidiary Company's Profit less Losses dealt with or provided for in the Company's accounts:			
For the subsidiary's financial year ended 31st March 2012	Nil	Nil	Nil
For the Subsidiary's previous financial year since it became a subsidiary	Nil	NA	Nil

On behalf of the Board

April 18th, 2012,  
KolkataV. Surana  
CFO & Company  
SecretaryS. K. Jain  
DirectorR.R. Jain  
Chairman  
& Managing Director

## Directors' Report

The Directors present their report together with the audited accounts for the period ended 31st March, 2012.

**Review of Financial Performance & Dividend**

The company during the year under review reported a profit of US\$ 0.09 million (Previous year Profit US\$ 0.25 million). The company is exploring different avenues of revenues, particularly in areas where the Parent Company R.S. Software is not focusing, and the plan to achieve more profits during the fiscal year 2012-13.

In view of the slowdown in the global economies and that of US in particular, the opportunity for offshore outsourcing only increases and your management team is confident of improved financial performance in years to come.

**Directors' Responsibilities**

- (i) That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true & 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 the year under review.
- (ii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records for safeguarding the assets of the Company.
- (iii) That the Directors have prepared the accounts for the financial year ended 31st March, 2012 on a "going concern" basis.

**Acknowledgements**

Your Directors' place on record their deep appreciation of the continued assistance and co-operation extended to the Company by its Customers, Investors, Bankers, Government Agencies and its dedicated Employees. We are particularly grateful to all the Shareholders for keeping faith and commitment in the management team to achieve significantly better financial results.

On behalf of the Board of Directors

Milpitas  
April 12, 2012R R Jain  
Chairman



## Auditor's Report

April 12th, 2012

To  
The Board of Directors  
**Responsive Solutions**  
1900 McCarthy Blvd, #103  
Milpitas, CA 95035

We have viewed the accompanying Balance Sheet of Responsible Solutions as of March 31st, 2012, and the related Statements of Operations, Retained Earnings, and Cash flows for the years ended, in accordance with statements of Standards for Accounting and Review Services issued by the America Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management.

A review consists principally of inquiries of company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing statements, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles. Our review was made for the purpose of expressing limited assurance that there are no material modifications that should be made to the financial statements in order for them to be in conformity with generally accepted accounting principles. The information contained in the accompanying schedule of sales, cost of sales, and operating expenses is presented for supplementary analysis purposes. Such information has been subjected to the inquiry and analytical procedures (see the notes below) applied in the review of the basic financial statements and we are not aware of any material modifications that should be made thereto.

Satya Narayan, CPA  
440 N. Wolfe Road  
Sunnyvale, CA 94087

### Notes:

Related party & Offshore development costs:

Gross margin is high due to the fact that Responsive is using offshore facilities in executing this project that was received from the customers. In addition to that, parent company, R.S. Software (India) Ltd, is being Responsive for executing this project in India. In other words, related party transactions and offshore development cost benefits exists in the periods in Review for the year 2011-2012. As per discussion with the management, it was noted that there was an added component of cost advantage by executing the work orders in India, which is normally prevailing in the industry.

## Result for the Wholly Owned Subsidiary For the year ended March 31, 2012

In US \$

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
<b>PROFIT AND LOSS ACCOUNT</b>		
<b>Income</b>		
Sales	\$ 987,792.00	\$ 1,197,123.00
Other Income	\$ 0.39	\$ 0.52
	<b>\$ 987,792.39</b>	<b>\$ 1,197,123.52</b>
<b>Expenditure</b>		
Payroll	\$ 105,054.05	\$ 102,878.72
Operating Expenses	\$ 747,933.62	\$ 792,960.29
Depreciation	\$ -	\$ 459.00
Audit Fee	\$ 1,500.00	\$ -
	<b>\$ 854,487.67</b>	<b>\$ 896,298.00</b>
<b>Profit before Tax</b>	<b>\$ 133,304.72</b>	<b>\$ 300,825.00</b>
Provision for Income Tax	\$ 43,873.29	\$ 55,274.72
<b>Profit after Tax</b>	<b>\$ 89,431.43</b>	<b>\$ 245,550.79</b>
<b>Profit transfer to Balance Sheet</b>	<b>\$ 89,431.43</b>	<b>\$ 245,550.79</b>
<b>BALANCE SHEET as at 31st March '2012</b>		
Shareholder's Fund		
Share Capital	\$ 500,000.00	\$ 500,000.00
Profit & Loss Accounts (Dr. Balance)	\$ (33,368.20)	\$ (122,799.63)
<b>TOTAL OF SOURCES</b>	<b>\$ 466,631.80</b>	<b>\$ 377,200.37</b>
<b>Fixed Assets</b>		
<b>Current Assets Loans and Advances</b>		
Sundry Debtors	\$ 63,601.00	\$ (15,978.00)
Cash & Bank Balance	\$ 479,917.81	\$ 434,692.10
Other current Assets		
Loans and advances		
<b>Total Current Assets</b>	<b>\$ 543,518.81</b>	<b>\$ 418,714.10</b>
Less : Current Liabilities	\$ -	\$ 10,000.01
Less : Tax Liability	\$ 76,887.01	\$ 31,513.72
<b>Net Current Assets</b>	<b>\$ 466,631.80</b>	<b>\$ 377,200.37</b>
<b>Total of Application</b>	<b>\$ 466,631.80</b>	<b>\$ 377,200.37</b>

Note: Previous year figures have been regrouped and rearranged wherever necessary.

## Cash Flow Statement

In US \$

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax and Extra Ordinary Items	\$ 89,431.43	\$ 245,550.79
Adjustment for :		
Depreciation	\$ –	\$ –
Interest Paid	\$ –	\$ –
Trade and Other Receivables	\$ (44,205.72)	\$ 171,487.73
<b>Net Cash from Operating Activities</b>	<b>\$ 45,225.71</b>	<b>\$ 417,038.53</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Advance given to Company	\$ –	\$ –
<b>Net Cash from Investing Activities</b>	<b>\$ –</b>	<b>\$ –</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Short Term Borrowings		
Interest Paid		
<b>Net Cash from Financing Activities</b>	<b>\$ –</b>	<b>\$ –</b>
<b>Net Increase / Decrease in Cash and Cash Equivalents (A+B+C)</b>	<b>\$ 45,225.71</b>	<b>\$ 417,038.53</b>
Operating Cash and Cash Equivalents	\$ 434,692.10	\$ 17,194.57
Closing Cash and Cash Equivalents	\$ 479,917.81	\$ 434,692.10

## Notes To Financial Statements :

Responsive Solutions, Inc. is a 100% wholly owned subsidiary of R.S. Software (India) Ltd.

## Directors' Report

For the financial year ended 31 March 2012

The directors present their report to the members together with the audited financial statements of the Company for the financial year ended 31 March 2012.

## Directors

The directors in office at the date of this report are as follows: Rajnit Rai Jain  
Vijendra Kumar Surana (Appointed on 31 March 2012)  
Luk Chiew Peng

## Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## Directors' interests in shares or debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of director		Holdings in which a director is deemed to have an interest	
	On 01.04.2011 or date of appointment, if later	On 31.03.2012	On 01.04.2011 or date of appointment, if later	On 31.03.2012
The Company (Ordinary shares)				
Rajnit Rai Jain	–	–	25,000	25,000
<b>R. S. Software (India) Limited - holding company</b> (Ordinary shares of INR 10 each)				
Rajnit Rai Jain	2,968,165	3,503,519	–	–
Vijendra Kumar Surana	9,600	11,000	–	–

## Share options

There were no options granted during the financial year to subscribe for unissued shares of the Company. No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company. There were no unissued shares of the Company under option at the end of the financial year.

## Independent Auditors

The Independent Auditors, Entrust Public Accounting Corporation, have expressed their willingness to accept re-appointment.

On behalf of the Board

Rajnit Rai Jain  
Director

Vijendra Kumar Surana  
Director



## Independent Auditor's Report

To  
The Members of  
**R.S. Software (Asia) Pte. Limited**  
Report on the Financial Statements

We have audited the accompanying financial statements of R.S. Software (Asia) Pte. Limited (the "Company"), which comprise the statement of financial position as at 31 March 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheet and to maintain accountability of assets.

### 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 Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the 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 a basis for our audit opinion.

### Opinion

In our opinion, the financial statements of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company as at 31 March 2012 and the results, changes in equity and cash flows of the Company for the financial year ended on that date.

### Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

ENTRUST PUBLIC ACCOUNTING CORPORATION  
Public Accountants and  
Certified Public Accountants  
Singapore

## Statement of Comprehensive Income For the financial year ended March 31, 2012

	2012 SGD	2011 SGD
Revenue	2,918,885	1,602,793
<b>Other Items of Expense</b>		
Employee Benefits Expense	(2,280,058)	(1,270,328)
Other Expenses	(367,807)	(174,938)
<b>Profit (Loss) Before Tax from Continuing Operations</b>	<b>271,020</b>	<b>157,527</b>
Income Tax Benefit (Expense)	(31,498)	(10,352)
<b>Profit (Loss) from Continuing Operations, Net of Tax</b>	<b>239,522</b>	<b>147,175</b>
<b>Profit (Loss) Net of Tax</b>	<b>239,522</b>	<b>147,175</b>
<b>Total Comprehensive Income</b>	<b>239,522</b>	<b>147,175</b>

## Statement of Financial Position As at March 31, 2012

	2012 SGD	2011 SGD
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Total Non-Current Assets	–	–
<b>Current Assets</b>		
Trade and Other Receivables, Current	40,521	16,067
Other Receivables, Current	40,521	16,067
Other Assets, Current	92,445	50,240
Cash and Cash Equivalents	421,801	180,167
<b>Total Current Assets</b>	<b>554,767</b>	<b>246,474</b>
<b>Total Assets</b>	<b>554,767</b>	<b>246,474</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share Capital	25,000	25,000
Retained Earnings (Accumulated Losses)	431,020	191,498
<b>Equity, Attributable to Owners of the Parent, Total</b>	<b>456,020</b>	<b>216,498</b>
<b>Total Equity</b>	<b>456,020</b>	<b>216,498</b>
<b>Non-Current Liabilities</b>		
Total Non-Current Liabilities	–	–
<b>Current Liabilities</b>		
Income Tax Payable, Current	29,018	10,352
Trade and Other Payables, Current	69,729	19,624
Other Payables, Current	69,729	19,624
<b>Total Current Liabilities</b>	<b>98,747</b>	<b>29,976</b>
<b>Total Liabilities</b>	<b>98,747</b>	<b>29,976</b>
<b>Total Equity and Liabilities</b>	<b>554,767</b>	<b>246,474</b>



**Statement Cash Flows** For the financial year ended March 31, 2012

	2012 SGD	2011 SGD
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit (Loss) before Tax	271,020	157,527
Operating Cash Flows before Changes in Working Capital	271,020	157,527
Total Changes in Working Capital	(16,554)	26,479
Cash Flows From (Used in) Operations	254,466	184,006
Income Taxes Paid	(12,832)	(3,839)
Net Cash Flows From (Used in) Operating Activities	241,634	180,167
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net Cash Flows From (Used in) Investing Activities	-	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net Cash Flows From (Used in) Financing Activities	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	241,634	180,167
Cash and Cash Equivalents, Statement of Cash Flows, Opening Balance	180,167	-
Cash and Cash Equivalents, Statement of Cash Flows, Closing Balance	421,801	180,167

**Auditor's Report**

To the Board of Directors of R.S. Software (India) Limited on The Consolidated Financial Statement of R.S. Software (India) Limited and Its Subsidiaries Responsive Solutions Inc. & R.S. Software (Asia) Pte. Limited

We have examined the attached Consolidated Balance Sheet of R.S. Software (India) Ltd. and its subsidiary Responsive Solutions, Inc and R. S. Software (Asia) Pte. Ltd. as at 31st March, 2012, the Consolidated Profit & Loss Account and the Cash Flow Statement for the year ended.

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. We conducted our audit in accordance with generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material aspects, in accordance with an identified financial reporting, framework and are free of material misstatements. 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 statements. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of subsidiaries, whose financial statements reflect total assets(net) of ₹423.69 lacs as at 31st March, 2012 and total revenue of ₹1,689.25 lacs for the year ended. These financial statements have been audited by other auditor whose report have been furnished to us, and in our opinion, in so far as it relates to the amounts included in respect of the subsidiaries is based solely on the report of the other auditor.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21 and Consolidated Financial Statement prescribed by the Companies (Accounting Standards) Rules 2006 and on the basis of the separate audited financial statements of R.S. Software (India) Ltd., and its subsidiaries included in the consolidated financial statements.

On the basis of the information and explanation given to us and on the consideration of the separate audit reports on individual audited financial statement of R.S. Software (India) Ltd., and its aforesaid subsidiaries, we are of the opinion that :

- The Consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of R.S. Software (India) Ltd., and its subsidiaries as at 31st March, 2012.
- The Consolidated Profit & Loss Account gives a true and fair view of the consolidated results of operations of R.S. Software (India) Ltd and its subsidiaries for the year then ended ; and
- The Consolidated Cash Flow Statement given a true and fair view of the Cash flow of R.S. Software (India) Ltd., and its subsidiaries for the year then ended.

For **Chaturvedi & Company**  
Chartered Accountants  
Reg. No. : 302137E

Place : Kolkata  
Date: 18th April, 2012

**Nilima Joshi**  
Partner  
(Memb. No. 52122)

## Consolidated Balance Sheet As at March 31, 2012

After consolidating the results of the Company with those of its wholly owned subsidiary Responsive Solution INC. and R.S. Software Asia Pte. Ltd.

₹ in Lacs

Particulars	Notes	As at March 31, 2012	As at March 31, 2011
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' Funds</b>			
(a) Share Capital	2	1,146.71	1,102.80
(b) Reserve & Surplus	3	7,606.55	3,790.67
(c) App. Money Recd. Against Share Warrant		150.39	-
<b>2 Non-Current Liabilities</b>			
(a) Deferred Tax Liability (Net)	4	15.94	82.64
(b) Long Term Provisions	5	332.32	226.18
<b>3 Current Liabilities</b>			
(a) Trade Payables	6	1,262.94	834.02
(b) Other Current Liabilities	7	324.61	226.83
(c) Short Term Provisions	5	1,438.09	1,075.91
<b>Total (1+2+3)</b>		<b>12,277.55</b>	<b>7,339.05</b>
<b>II. ASSETS</b>			
<b>(1) Non Current Assets</b>			
<b>(a) Fixed Assets</b>			
(i) Tangible Assets	9	1,112.72	1,275.14
(ii) Intangible Assets	10	69.05	114.36
(iii) Intangible Assets Under Development	11	25.27	25.27
<b>(b) Non Current Investment</b>	12	<b>900.00</b>	<b>-</b>
<b>(c) Long Term Loans &amp; Advances</b>	13	<b>1,793.46</b>	<b>920.82</b>
<b>(2) Current Assets</b>			
Current Investment	14	2,421.90	-
Trade Receivables	15	2,723.06	2,905.19
Cash and Cash Equivalents	16	2,160.40	1,625.84
Short Term Loans and Advances	13	1,071.69	472.42
<b>Total (1+2)</b>		<b>12,277.55</b>	<b>7,339.05</b>
Significant Accounting Policies and Notes on Accounts	1 to 38		

The Notes referred to above form an integral part of the Balance Sheet.  
This is the Balance Sheet referred to in our report of even date.

For **Chaturvedi & Company**  
Chartered Accountants  
(Reg. No : 302137E )

On behalf of the Board

**Nilima Joshi**  
Partner, Memb. No. 52122  
Dated: April 18th, 2012, Kolkata

**V. Surana**  
CFO & Company  
Secretary

**S. K. Jain**  
Director

**R.R. Jain**  
Chairman  
& Managing Director

## Statement of Consolidated Profit and Loss For the year ended March 31, 2012

After consolidating the results of the Company with those of its wholly owned subsidiary Responsive Solution INC. and R.S. Software Asia Pte. Ltd.

₹ in Lacs

Particulars	Notes	Year ended March 31, 2012	Year ended March 31, 2011
<b>I REVENUE FROM OPERATION</b>	19	26,403.21	19,927.25
<b>II OTHER INCOME</b>	20	95.76	3.75
<b>III TOTAL REVENUE</b>		<b>26,498.97</b>	<b>19,931.00</b>
<b>IV EXPENSES</b>			
Employee Benefit Expenses	21	18,788.33	13,753.78
Finance Cost	22	45.48	86.01
Depreciation	9 & 10	417.91	459.90
Other Expense	23	3,737.89	2,905.79
<b>Total</b>		<b>22,989.61</b>	<b>17,205.48</b>
<b>V PROFIT BEFORE TAX</b>	(III - IV)	<b>3,509.36</b>	<b>2,725.52</b>
<b>VI TAX EXPENSES</b>			
Current Tax		1,176.32	533.68
Mat Credit Utilised		(486.21)	
Deferred Tax		(66.71)	(40.96)
<b>VII PROFIT FOR THE PERIOD</b>	(V - VI)	<b>2,885.96</b>	<b>2,232.80</b>
<b>VIII EARNING PER EQUITY SHARE</b>			
Basic		26.10	20.58
Diluted		25.71	20.07
Restated EPS For Previous Year			
Basic			20.56
Diluted			20.05
Significant Accounting Policies and Notes on Accounts	1 to 38		

The Notes referred to above form an integral part of the Statement of Profit and Loss.  
This is the Statement of Profit and Loss referred to in our report of even date.

For **Chaturvedi & Company**  
Chartered Accountants  
(Reg. No : 302137E )

On behalf of the Board

**Nilima Joshi**  
Partner, Memb. No. 52122  
Dated: April 18th, 2012, Kolkata

**V. Surana**  
CFO & Company  
Secretary

**S. K. Jain**  
Director

**R.R. Jain**  
Chairman  
& Managing Director

## Consolidated Cash Flow Statement For the year ended March 31, 2012

After consolidating the results of the Company with those of its wholly owned subsidiary Responsive Solution INC. and R.S. Software Asia Pte. Ltd.

₹ in Lacs

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Tax	3,509.36	2,535.65
<b>Adjustment For :</b>		
Depreciation	417.91	459.69
Interest paid	45.48	84.90
Foreign Exchange Fluctuation Reserve	401.87	(111.95)
Provision For Gratuity, Leave Encashment	183.87	67.99
Interest Received	(38.93)	(6.31)
Dividend Received	(56.83)	-
Employees Expenses Amortization	(75.12)	(15.91)
Miscellaneous Expenditure Written Off	-	23.74
<b>Operating Profit Before Working Capital Changes</b>	<b>4,388.61</b>	<b>3,037.80</b>
<b>Adjustment For :</b>		
Trade and Other Receivables	182.14	(1,512.39)
Loans and Advances and Other Assets	(640.63)	(71.32)
Trade Payables & Other Liabilities	442.31	228.85
Cash Generated From Operations	4,372.42	1,682.94
Cash Flow Before Extraordinary Items	4,372.42	1,682.94
<b>Net Cash From Operating Activities</b>	<b>4,372.42</b>	<b>1,682.94</b>
<b>B CASH FLOW FROM INVESTMENT ACTIVITIES</b>		
Purchase of Fixed Assets	(210.17)	(294.80)
Interest Received	38.93	6.30
Dividend Received	56.83	-
Investment Made	(3,321.90)	-
<b>Net Cash From Investment Activities</b>	<b>(3,436.32)</b>	<b>(288.50)</b>
<b>C CASH FLOW FROM FINANCE ACTIVITIES</b>		
Proceeds From Share Application	362.43	96.59
Interest Paid	(45.48)	(84.90)
Dividend and Dividend Tax Paid	(385.94)	-
Payment of CSR Fund	(75.00)	-
Preference Share Redemption	-	(255.00)
Repayment of Loan	-	(144.50)
<b>Net Cash From Financing Activities</b>	<b>(143.99)</b>	<b>(387.81)</b>
<b>Net Increase /Decrease in Cash and Cash Equivalents (A+B+C)</b>	<b>792.12</b>	<b>1,006.64</b>
Opening Cash and Cash Equivalents	1,368.27	361.63
Closing Cash and Cash Equivalents	2,160.40	1,368.27

The Notes referred to above form an integral part of the Balance Sheet.

This is the Balance Sheet referred to in our report of even date.

For **Chaturvedi & Company**  
Chartered Accountants  
(Reg. No : 302137E )

On behalf of the Board

**Nilima Joshi**  
Partner, Memb. No. 52122  
Dated: April 18th, 2012, Kolkata

**V. Surana**  
CFO & Company  
Secretary

**S. K. Jain**  
Director

**R.R. Jain**  
Chairman  
& Managing Director

## Notes on Accounts For the year ended March 31, 2012

After consolidating the results of the Company with those of its wholly owned subsidiary Responsive Solution INC. and R.S. Software Asia Pte. Ltd.

### 1. Significant Accounting Policies

#### a) Convention

The financial statements have been prepared under the historical cost convention in accordance with the applicable Accounting Standards in India and the provisions of the Indian Companies Act, 1956.

#### b) Basis of Accounting

The Company follows accrual basis of accounting.

#### c) Revenue Recognition

Revenue is realised on time-and-material basis and billed to clients as per the terms of specific contracts. Revenue from software development on time and material basis is recognised based on software developed and billed to clients as per the terms of specific contracts. Revenue from sale of special import licenses is recognized when the licenses are actually sold. The income from software development is inclusive of value added tax.

#### d) Fixed Assets

##### Tangible Assets

Fixed Assets are capitalized at cost inclusive of installation charges, interest & other financial charges on borrowings and other expenses for acquisition of such fixed assets till they are made operational.

##### Intangible Assets

Computer Software and License are capitalized at cost inclusive of installation charges, interest & other financial charges on borrowings and other expenses for installation of such license.

#### e) Depreciation and Amortisation

Depreciation on fixed assets is provided using the straight-line method at the rates prescribed under the Schedule XIV of the Indian Companies Act, 1956. However, Plant & Machinery is being depreciated @ 33.33%. Assets costing less than ₹5,000/- are depreciated in full in the year of purchase. Depreciation on additions due to realignment of rupee value of foreign currency loan or fixed assets has been charged proportionately on the productive life of the assets. Assets/Software Licences are amortised on their respective individual estimated useful lives on a straight line basis, commencing from the date the assets are available to the company for its use.

#### f) Investments

Long term Investments are valued at cost. Provision for diminution is made to recognize the decline, other than temporary, in the value of investments, such reduction being determined and made for each investment individually. Changes in carrying amount of investments are charged or credited to the Profit and Loss Account.

Investments, which are readily realizable and intended to be held for not more than one year from the date of investment made are classified as Current Investments. All investments other than long term investments are classified as non-current investments. Current Investment are valued at lower of Cost or Fair Value.

#### g) Foreign Currency Transactions

Foreign Currency transactions are recorded at exchange rate prevailing at the closing of the month for respective months. Exchange difference arising on settlement was included in Profit & Loss Account till the accounts ended 30th September '2008. Foreign unit is considered as non-integral and the foreign exchange difference is transferred to "Inter Branch Foreign Fluctuation Reserve Account". Revenue items of the Foreign Branch are converted in equivalent Indian Rupees at the buying rate prevailing at the end of the month. Assets and Liabilities of the Foreign Branch are converted in equivalent Indian rupees at the applicable rate prevailing at the end of the year. The effect of exchange rate fluctuation in respect of fixed assets is adjusted with the cost of the respective assets. Investment in subsidiary Company is being valued at carrying cost adjusted by any non-temporary decline in their value according to the requirements of statute.

#### i) Spares and Consumables

Computer spares, accessories and stationery are charged to revenue in the year they are purchased.

#### j) Income Tax

The Company computes Income Tax Liability under the "Tax Payable" method prevailing at the time in the country. Company also has Minimum Alternate Tax (MAT) credit to be adjusted against normal tax liability.

## Notes on Accounts For the year ended March 31, 2012 (Contd.)

After consolidating the results of the Company with those of its wholly owned subsidiary Responsive Solution INC. and R.S. Software Asia Pte. Ltd.

Deferred Tax is accounted for by computing the tax effect of timing differences, which arise during the year and reverse in subsequent periods.

### k) Contingent liabilities

Contingent liabilities are not accounted for but have been disclosed by way of Notes to Accounts.

### l) Employee Benefits

Contribution of Employers share to Employees' Provident Fund and ESI are worked on accrual basis and charged to Profit & Loss Account. The Company also provides for gratuity and leave encashment based on actuarial valuation made by an Independent Actuary as per Revised AS 15 Compliance of The Institute of Chartered Accountants of India.

### m) Asset taken on Lease

Lease rentals on operating leases are charged on a monthly basis to Accounts

Assets taken on Finance Lease have been capitalized during the year of agreement and charged off in accordance with the applicable rate of Depreciation.

### n) Impairment of Assets

Property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount is assessed by reference to the net present value of expected future post-tax cash flows of the relevant cash generating unit or fair value less cost to sell, whichever is higher. The discount rate is applied, based upon the weighted average cost of capital with appropriate adjustments for the risks associated with the relevant business. Any impairment in value is charged to the Income Statement in the year, which it occurs.

### o) Segment Reporting

The company's operating businesses are organised and managed as per Location of the client. Common cost are allocated to the cost based on the Revenue Mix. Unallocated cost are disclosed separately. The company prepares its segment information in conformity with the accounting policy adapted for preparing and presenting the financial statement of the company as a whole.

### p) Earning Per Share

Basic earning per share is calculated by dividing the net profit or Loss for the period attributable to equity shareholders (after deducting preference dividends and attributable Taxes) by the weighted average number of equity shares outstanding during the period.

For Calculating Diluted earning per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of share outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

## 2. Share Capital

₹ in Lacs

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
<b>The Authorised Capital is</b>		
20,000,000 Equity Share of ₹10/- Each	2,000.00	2,000.00
2,500,000 Preference Share of ₹100/- Each	2,500.00	2,500.00
	<b>4,500.00</b>	<b>4,500.00</b>
<b>Issued Subscribed and Paid-Up-Fully Called and Paid Up</b>		
11,467,061 Equity Share of ₹10/- Each (Previous Year 11,027,996 shares)	1,146.71	1,102.80
(Of the above the Company has allotted 2,422,263 no. of fully paid Bonus Shares)		
	<b>1,146.71</b>	<b>1,102.80</b>

The company has only one shares referred to as equity share having a par value of ₹10/- . Each holder of equity share is entitled to one vote per share.

## Notes on Accounts For the year ended March 31, 2012 (Contd.)

After consolidating the results of the Company with those of its wholly owned subsidiary Responsive Solution INC. and R.S. Software Asia Pte. Ltd.

During the year ended March 31, 2012, the company has declared the interim dividend of ₹1 per share and proposes to pay final dividend to equity shareholder for ₹2 per share (Previous year Final dividend paid ₹2 per share). The total dividend appropriation amounted to ₹110.77 lacs and ₹229.34 lacs for interim and final dividend respectively (previous year ₹220.56 lacs). The corporate dividend tax on interim and proposed final dividend during the year is ₹55.17 lacs (previous year ₹36.63 lacs).

In the event of liquidation of the Company, the holder of the equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. However, no such preferential amount exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

The aggregate number of bonus share issued in the last five years immediately preceding the balance sheet date are 2,422,263 equity shares.

### Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period

Equity Share	March 31, 2012		March 31, 2011	
	No. of Share	₹ in Lacs	No. of Share	₹ in Lacs
Number of shares at the beginning	11,027,996	1,102.80	8,108,398	810.84
Add : Shares issued as Preferential Allotment	390,000	39.00	400,000	40.00
Add : Shares issued as Bonus	–	–	2,381,390	238.14
Add : Shares issued on exercise of Employee Stock option	38,425	3.84	107,975	10.80
Add : Bonus Shares issued on Employee Stock option	10,640	1.07	30,233	3.02
	<b>11,467,061</b>	<b>1,146.71</b>	<b>11,027,996</b>	<b>1,102.80</b>

Shareholder Holding more than 5% of the Share as on	March 31, 2012	March 31, 2011
Mr. Rajnit Rai Jain	3,503,519 Shares	2,968,195 Shares
	(30.55% of total shareholding)	(26.92% of total shareholding)

### Employee Stock Option Plan

The Company has granted 186,700 shares to the employees during the year 2007-08 at the fair value of and the exercise price of the option is ₹29.90 each. As on date March 31, 2012 only 25,575 option has been exercised and 161,125 options has been lapsed and hence no more valid.

The Company has granted 275,200 shares to the employees during the year 2008-09 at the fair value and the exercise price of the option is ₹15.95 each. As on date March 31, 2012 only 98,975 option has been exercised and 121,025 options have lapsed due to leaving of employees. As on date 55,200 shares options are outstanding on which 15,456 Bonus Shares are outstanding.

The Company has granted 298,500 shares to the employees during the year 2009-10 at the fair value of and the exercise price of the option is ₹27.95 each. As on date March 31, 2012 only 85,175 option has been exercised and 92,625 options has been lapsed due to leaving of employees. As on date 1,20,700 shares options are outstanding on which 33,796 Bonus Shares are outstanding.

The Company has granted 105,100 shares to the employees during the year 2010-11 at the fair value of and the exercise price of the option is ₹49.55 each. As on date March 31, 2012 only 425 option has been exercised and 19,900 options has been lapsed due to leaving of employees. As on date 82,275 shares options are outstanding to be exercised.

### Allotment of Convertible Warrants on Preferential basis

The Company has issued for 15,50,000 Convertible warrants on preferential basis to Mr. Jain at ₹51.86 each to be converted in one equity share of ₹10 each by the Company for Mr. Jain. During the year 3,90,000 warrants have converted into equity shares. 25% of the total consideration has been received as share application money against warrants issued. The balance 11,60,000 no. of Convertible warrants will be due within 18 months from the date of allotment of warrants.

### Notes on Accounts For the year ended March 31, 2012 (Contd.)

After consolidating the results of the Company with those of its wholly owned subsidiary Responsive Solution INC. and R.S. Software Asia Pte. Ltd.

#### 3. Reserve and Surplus

₹ in Lacs

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
<b>Share Forfeiture</b>		
The Company has forfeited 10% Application Money on the 500,000 Warrants for Preferential Allotment to be Converted into Equity Shares against each Warrant. The Nominal Value was ₹10/- and the price at which allotted is ₹87/- inclusive of a premium amount of ₹77/-. The same has been forfeited in the absence of final call money being received within the due date in 2006-07.	43.50	43.50
<b>Securities Premium Account</b>		
Balance at the beginning of the year	1,847.90	1,794.31
Add : Receipts on exercise of Preferential Allotment	163.25	38.00
Add : Receipts on exercise of employee stock options	4.88	15.59
<b>Closing Balance</b>	<b>2,016.03</b>	<b>1,847.90</b>
<b>Preference Share Redemption Reserve</b>		
Balance at the beginning of the year	258.84	245.00
Add : Transfer from Profit & Loss A/c	-	255.00
Less : Distributed as Bonus Share	(1.07)	(241.16)
<b>Closing Balance</b>	<b>257.77</b>	<b>258.84</b>
<b>CSR Fund</b>		
Balance at the beginning of the year	75.00	-
Add : Transfer from Profit & Loss A/c	115.00	75.00
Less : Transfer to Donation	(75.00)	-
<b>Closing Balance</b>	<b>115.00</b>	<b>75.00</b>
<b>Surplus in Statement of Profit and Loss Account</b>		
Balance at the beginning of the year	1,651.61	6.01
Add : MAT Credit Entitlement created in respect of earlier years	831.28	-
Add : Net Profit after tax from Statement of Profit and Loss	2,885.96	2,232.80
	<b>5,368.85</b>	<b>2,238.81</b>
Less Appropriations :		
Trf to Preference Share Redemption Reserve		(255.00)
Interim Equity Dividend (₹1 per share)	(110.77)	
Proposed Final Equity Dividend (₹2 per share, Previous year ₹2 per share)	(229.34)	(220.56)
Equity Dividend Tax	(55.17)	(36.64)
Trf to CSR Fund	(115.00)	(75.00)
<b>Closing Balance</b>	<b>4,858.56</b>	<b>1,651.61</b>
<b>Capital Reserve</b>	<b>219.97</b>	<b>207.05</b>
<b>Inter Branch Foreign Fluctuation Reserve</b>		
Balance at the beginning of the year	(293.23)	(181.28)
Add : Fluctuation during the period	388.94	(111.95)
<b>Closing Balance</b>	<b>95.71</b>	<b>(293.23)</b>
	<b>7,606.56</b>	<b>3,790.67</b>

(MAT Credit Entitlement of earlier years has been added to the debit balance of Profit & Loss account amounting to ₹831.28 Lacs)

### Notes on Accounts For the year ended March 31, 2012 (Contd.)

After consolidating the results of the Company with those of its wholly owned subsidiary Responsive Solution INC. and R.S. Software Asia Pte. Ltd.

#### 4. Secured Loan

Company has enhanced and switched its loan limit of ₹800 lacs on from ICICI Bank to ₹950 lacs in Axis Bank ; (Secured by first charge on all the current assets, assets, ranking pari passu with other bankers, and first charge on the Registered Office premises of the Company). The liability against the same as on 31.3.2012 is NIL .

#### 5. Deferred tax Liability increase / decrease

₹ in Lacs

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
DTL on Account of Fixed Assets	125.83	158.51
DTA on Account of Accrued Employee benefits	111.16	75.87
	<b>14.67</b>	<b>82.64</b>

#### 6. Provisions

₹ in Lacs

Particulars	Long Term Provision		Short Term Provision	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Provision For Leave Encashment (refer note 30)	68.75	34.69	2.13	1.52
Provision For Gratuity (refer note 30 )	263.57	191.49	8.16	6.15
Provision For Proposed Eq Dividend			229.34	220.56
Provision For Proposed Dividend Tax			37.20	36.64
Provision For Income Tax			1,161.26	811.04
	<b>332.32</b>	<b>226.18</b>	<b>1,438.09</b>	<b>1,075.91</b>

#### 7. Trade Payable

₹ in Lacs

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Sundry Creditors - Short Term (refer note no. 33 for MSME details)	1,262.94	834.02
	<b>1,262.94</b>	<b>834.02</b>

#### 8. Other Current Liabilities

₹ in Lacs

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Salary Payable - Short Term	61.00	105.40
Statutory Liability including PF, TDS, ESI etc. - Short Term	263.60	121.43
	<b>324.61</b>	<b>226.83</b>

## Notes on Accounts For the year ended March 31, 2012 (Contd.)

After consolidating the results of the Company with those of its wholly owned subsidiary Responsive Solution INC. and R.S. Software Asia Pte. Ltd.

### 9. Details of Tangible Assets

Gross:	₹ in Lacs											Total
	Land	Building	Lease Building Expenses	Lease Plant and Machineries	Plant and Machineries	Office Equipment	Air Conditioner	Electrical Installations	Furniture and Fittings	Motor Vehicles		
Opening Balance 01.04.2011	7.76	158.14	139.83	101.92	5,810.75	199.23	128.92	309.05	706.56	66.06		7,628.23
Additions during the year ended 31.3.2012	-	-	-	-	76.00	12.69	0.33	10.90	12.14	-		112.06
Acquisitions through Business combination												
Other Adjustments				(101.92)	101.92							
<b>Sub-total</b>	<b>7.76</b>	<b>158.14</b>	<b>139.83</b>	<b>-</b>	<b>5,988.67</b>	<b>211.92</b>	<b>129.25</b>	<b>319.96</b>	<b>718.70</b>	<b>66.06</b>		<b>7,740.29</b>
Less: Disposals	-	-	-	-	-	-	-	-	-	-	-	-
<b>Gross block as at 31.03.2012</b>	<b>7.76</b>	<b>158.14</b>	<b>139.83</b>	<b>-</b>	<b>5,988.67</b>	<b>211.92</b>	<b>129.25</b>	<b>319.96</b>	<b>718.70</b>	<b>66.06</b>		<b>7,740.29</b>
<b>Less: Depreciation / Amortization</b>												
Opening depreciation/amortization	-	38.20	123.34	101.92	5,544.76	67.08	56.58	85.30	316.14	19.76		6,353.09
Depreciation/Amortization of the year	-	2.09	16.49	-	188.22	13.36	4.17	13.17	32.70	4.28		274.48
Impairment loss/Reversal of Impairment Loss				(101.92)	101.92							
Other Adjustments												
<b>Total depreciation at half year end 31.03.2012</b>	<b>-</b>	<b>40.29</b>	<b>139.83</b>	<b>-</b>	<b>5,834.90</b>	<b>80.44</b>	<b>60.76</b>	<b>98.47</b>	<b>348.84</b>	<b>24.04</b>		<b>6,627.57</b>
<b>Net Carrying Value 31.03.2012</b>	<b>7.76</b>	<b>117.85</b>	<b>0.00</b>	<b>-</b>	<b>153.77</b>	<b>131.47</b>	<b>68.49</b>	<b>221.48</b>	<b>369.86</b>	<b>42.03</b>		<b>1,112.72</b>
<b>Net Carrying Value 31.03.2011</b>	<b>7.76</b>	<b>119.94</b>	<b>16.49</b>	<b>-</b>	<b>265.99</b>	<b>132.15</b>	<b>72.33</b>	<b>223.75</b>	<b>390.43</b>	<b>46.30</b>		<b>1,275.14</b>

#### Note:

- Land includes Leasehold land amounting to ₹4.59 lacs. The lease expires in year 2086.
- Asset taken on Lease from Orix Auto Infrastructure Services Limited for ₹326 lacs of which ₹78.18 lacs is paid as Security Deposit. The lease period was for 48 months and lease rental payable monthly. This lease has expired in June '11 and negotiation are on purchase of these assets.
- Building in Sector V comprising of 59600 sq ft has taken on lease for a period of 3 years which was extended for further period of 3 year till April 2012. Company has spent an amount of ₹89.83 lacs and ₹49.99 lacs which were amortised over the respective period of lease.
- Plant and machinery taken on finance lease from CISCO in 2007, which expired on 31.3.2011. Since then the assets have been transferred to Plant and Machinery from Leased Assets and reflected as other adjustment for ₹101.92 lacs.

## Notes on Accounts For the year ended March 31, 2012 (Contd.)

After consolidating the results of the Company with those of its wholly owned subsidiary Responsive Solution INC. and R.S. Software Asia Pte. Ltd.

### 10. Details of Intangible Assets

Particulars	₹ in Lacs
Opening Balance 01.04.2011	542.18
Additions till March 2012	98.11
<b>Sub-total</b>	<b>640.29</b>
Less: Disposals	-
<b>Gross block as at 31.03.2012</b>	<b>640.29</b>
<b>Less: Depreciation / Amortization</b>	
Opening depreciation / amortization as on 1.04.2011	427.81
Depreciation/Amortization of the year	143.43
Impairment loss/Reversal of Impairment Loss	
<b>Total depreciation at half year end 31.03.2012</b>	<b>571.24</b>
<b>Net Carrying Value 31.03.2012</b>	<b>69.05</b>
<b>Net Carrying Value 31.03.2011</b>	<b>114.36</b>

### 11. Intangible Assets under Development

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
ERP Implementation	22.83	22.83
Web Site Designing	2.44	2.44
	<b>25.27</b>	<b>25.27</b>

### 12. Non-Current Investments (at Cost)

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
<b>In Mutual Fund</b>		
DSP BlackRock FMP - Series 38 - 12.5 M Growth Maturity Plan	200.00	-
HDFC 400D March 2012	300.00	-
ICICI Prudential	200.00	-
IDFC Fixed Maturity Plan - 13 Months Series	200.00	-
(Aggregate NAV of Mutual Fund as on March 31, 2012 ₹907.86 lacs)		
	<b>900.00</b>	<b>-</b>

### Notes on Accounts For the year ended March 31, 2012 (Contd.)

After consolidating the results of the Company with those of its wholly owned subsidiary Responsive Solution INC. and R.S. Software Asia Pte. Ltd.

#### 13. Loans and Advances

(Unsecured and Considered good)

₹ in Lacs

	Long Term Loans & Advances		Short Term Loans & Advances	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
<b>Advances</b>				
(refundable in more than 12 months)				
(Recoverable in cash or in kind or for value to be received)				
Capital Advance			33.19	-
Advance Against Expenses			47.82	5.28
Prepaid Expenses	2.12	8.60	106.73	69.20
Deposits	114.23	189.76	90.34	
Advance To Staff			23.55	12.83
<b>Other Loans &amp; Advances</b>				
Advance Taxes	1,332.04	722.46	770.06	385.11
Mat Credit Entitlement	345.07			
	<b>1,793.46</b>	<b>920.82</b>	<b>1,071.69</b>	<b>472.42</b>

#### 14. Current Investment

(At Cost)

₹ in Lacs

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
<b>Investment in Mutual Fund</b>		
Reliance Liquid Fund- TPIO - Growth	800.00	-
ICICI Prudential Flexible Income Plan Premium- Weekly Dividend	616.82	-
ICICI Prudential - Interval IV -Qtrly Interval Plan B	600.00	-
L&T Ultra STF Inst. Daily Divi. Reinvested	405.08	-
(Aggregate NAV of Mutual Fund as on March 31, 2012 ₹2423.88 lacs)		
	<b>2,421.90</b>	<b>-</b>

#### 15. Trade Receivables

(Unsecured and Considered good)

₹ in Lacs

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Trade Receivable for a period exceeding Six Months		
Others	2,723.06	2,905.19
	<b>2,723.06</b>	<b>2,905.19</b>

### Notes on Accounts For the year ended March 31, 2012 (Contd.)

After consolidating the results of the Company with those of its wholly owned subsidiary Responsive Solution INC. and R.S. Software Asia Pte. Ltd.

#### 16. Cash and Bank Balance

₹ in Lacs

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
<b>Cash &amp; Cash Equivalents</b>		
Cash in Hand	0.33	0.18
<b>Balance With Bank :</b>		
<b>Scheduled Banks</b>		
- in Current Account (Axis Bank Ltd., Allahabad Bank)	212.94	132.57
- in Current Account (HDFC Bank)	6.69	86.94
- in Current Account (ICICI Bank)	18.02	48.41
<b>Foreign Bank</b>		
- in Current Account (Bk of America, Silicon Valley Bk, ICICI Bk UK Ltd. )	996.39	1,300.75
<b>EEFC Account</b>		
- in ICICI Bank	-	-
<b>Other Bank Balances</b>		
<b>Fixed Deposits - For Less than 12 Months Maturity</b>		
Fixed Deposits with Yes Bank	908.00	-
In Margin Money deposits against guarantees (in lien)		
Axis Bank	10.97	50.52
Allahabad Bank	7.06	6.47
	<b>2,160.40</b>	<b>1,625.84</b>

#### 17. Contingent Liabilities

(To the extent not provided for in the books)

₹ in Lacs

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Guarantee Outstanding	9.50	52.57
Bill Discounting with Silicon Valley Bank	1,523.90	224.79

#### 18. Commitments

##### a Capital Commitment

The company has issued following PO against which delivery of material is pending

Sl. No.	Name of the Vendor	Item details	Amount	Expected date of delivery
1	Godrej & Boyce Mfg. Co.Ltd	Supply of Workstation Chairs etc	3,99,880.00	Delivery to be completed by 15th April, 2012

## Notes on Accounts For the year ended March 31, 2012 (Contd.)

After consolidating the results of the Company with those of its wholly owned subsidiary Responsive Solution INC. and R.S. Software Asia Pte. Ltd.

### b Other Commitment

Company has a lease agreement with Saltee Infotech India Pvt. Ltd. for the rent at his premises of DN-11, Saltlake City, Sector V, Kolkata-91, The Lease will be expiring on 30th April 2012 which is renewable with the consent of both the parties.

Company has spent ₹22.83 lacs towards ERP implementation in 31.3.2011, which is still under development stage and expected to be completed by FY 2013

Company has spent ₹2.24 lacs towards Web DESIGNING in 31.3.2011, which is still under development stage and expected to be upgraded by July 2012.

There is a security deposit with Orix for assets taken on Rent from them which has expired in June 2012. Company is in the process of negotiating for the purchase of such assets pending which amounts are shown under security deposit and advances.

### 19. Revenue from operation

₹ in Lacs

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
<b>Sale of Software Services</b>		
Export Income	26,186.01	19,657.12
Domestic Income	217.20	270.13
	<b>26,403.21</b>	<b>19,927.25</b>

### 20. Details of Other Income

₹ in Lacs

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Interest Received from Bank (including TDS ₹3.33 lacs (previous year ₹0.62 lacs))	38.93	6.31
Net gain/ loss on Foreign currency Transaction	(4.93)	(2.97)
Other Non-operating Income (net of expenses)	0.85	0.41
Dividend Income	54.04	-
Liability no longer required written back	6.86	-
	<b>95.76</b>	<b>3.75</b>

### 21. Employee Benefit Expenses

₹ in Lacs

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Salary Wages and Bonus	13,703.31	10,486.02
Subcontracting Charges	3,994.13	2,437.34
Contribution to Provident Fund and Other Funds	304.84	231.36
Workman and Staff Welfare Expenses	786.06	599.06
	<b>18,788.33</b>	<b>13,753.78</b>

### 22. Finance Cost

₹ in Lacs

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Interest Expenses	26.65	52.36
Other Borrowing Cost	18.83	33.65
	<b>45.48</b>	<b>86.01</b>

## Notes on Accounts For the year ended March 31, 2012 (Contd.)

After consolidating the results of the Company with those of its wholly owned subsidiary Responsive Solution INC. and R.S. Software Asia Pte. Ltd.

### 23. Other Expenses

₹ in Lacs

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Travelling	1,209.91	821.29
Conveyance	171.66	124.67
Staff Welfare	151.96	112.58
Communication	213.35	190.54
Printing and Stationery	20.10	13.79
Electricity and Power	126.00	126.59
Rent - Equipment	5.70	85.06
Rent - Apartment & Ground	523.73	516.39
Repairs - Machinery	186.07	115.59
Repairs - Building	97.81	49.38
Repairs - Others	0.82	0.90
Education and Training Expenses	17.49	9.35
Insurance	104.46	80.40
Auditor's Remuneration - Audit Fees	8.45	4.49
Books and Periodicals	1.18	1.55
Directors' Fees	9.00	7.20
Rates & Taxes	331.26	208.18
Legal / Professional Fee	76.52	97.04
Consultancy Charges	137.52	77.64
Recruitment & Relocation Expenses	197.29	85.20
General and Board Meeting expenses	34.60	36.12
Membership and Subscription	23.59	21.28
Business Promotion	65.16	78.37
Advertisement	8.95	7.62
Seminar & Conferences	15.33	2.91
Donation	-	7.91
Miscellaneous Expenses Written Off	-	23.74
	<b>3,737.89</b>	<b>2,905.79</b>

### 24. Income Tax deducted on domestic income

₹ in Lacs

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
	28.61	34.95

### 25. Auditor's Remuneration

₹ in Lacs

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
As Statutory Auditors	1.75	1.75
Tax Audit	0.50	0.55
Other Certification	0.68	-
The above remunerations are not inclusive of service tax as applicable		
	<b>2.93</b>	<b>2.30</b>



## Notes on Accounts For the year ended March 31, 2012 (Contd.)

After consolidating the results of the Company with those of its wholly owned subsidiary Responsive Solution INC. and R.S. Software Asia Pte. Ltd.

### 26. Prior period expenses incurred

₹ in Lacs

Particulars	Year ended	
	March 31, 2012	March 31, 2011
Postal & Courier	0.02	-
Repair & Maintenance	0.43	-
Communication	1.47	0.46
Conveyance	0.00	0.06
Staff Welfare	0.04	0.14
Travel	0.11	-
Electricity	-	0.02
US Taxes	-	0.04
	<b>2.08</b>	<b>0.73</b>

### 27. There is no Impairment of assets during the period ended 31.03.2012.

₹ in Lacs

Particulars	Year ended	
	March 31, 2012	March 31, 2011
28. Rates and Taxes is inclusive of value added tax	331.26	208.18

### 29. The Company has also entered into an operating lease for Building with Saltee Infotech (India) Pvt. Ltd. for the period of 3 years expiring on 30th April 2012. The amount of ₹189.17 lacs (Previous Year 31.03.2011 ₹189.17 lacs) has been charged to the Profit & Loss Account during the period ended March 31 2012.

₹ in Lacs

Total Minimum Lease Payment outstanding as at March 31, 2012	Amount
Within One Year	15.71

### 30. Employee Benefit Provisions

The Company has got the actuarial valuation of employee benefit done at year end. The provision made during the year by the Company based on actuarial valuation is reflected hereunder.

₹ in Lacs

Particulars	Year ended	
	March 31, 2012	March 31, 2011
Provision for Leave Encashment	65.29	(24.68)
Provision for Gratuity	118.57	92.68
	<b>183.86</b>	<b>67.99</b>

Table 1

Actuarial calculations for AS 15 (Rev. 2005) for the purpose of Net Asset/Liability, Recognised in the Balance Sheet. ₹ in Lacs

Sl.	Description	Gratuity Fund		Leave Encashment Scheme	
		March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
1	Present Value of Defined Benefit Obligation	(271.71)	(205.35)	70.88	50.62
2	Fair Value of Plan Assets	-	-	-	-
3	Funded Status [ Surplus / (Deficit)]	(271.71)	(205.35)	(70.88)	(50.62)
4	Effect of balance sheet asset limit	-	-	-	-
5	Unrecognised Past Service Cost	-	-	-	-
6	Net Asset / (Liability) recognized in the Balance Sheet	(271.71)	(205.35)	(70.88)	(50.62)

## Notes on Accounts For the year ended March 31, 2012 (Contd.)

After consolidating the results of the Company with those of its wholly owned subsidiary Responsive Solution INC. and R.S. Software Asia Pte. Ltd.

₹ in Lacs

Sl.	Description	Gratuity Fund		Leave Encashment Scheme	
		March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
	Revised Schedule VI Companies Act				
a)	Current Liability				
i)	Current Liability on retirement	-	-	-	-
ii)	Current Liability on attrition	8.15	6.16	2.13	1.52
	<b>Total Current Liability</b>	<b>8.15</b>	<b>6.16</b>	<b>2.13</b>	<b>1.52</b>
b)	Non Current Liability	263.56	199.19	68.75	49.10

Table 2

Actuarial calculations for AS 15 (Rev. 2005) for the purpose of Disclosure of employer expense for the year ending 31st March, 2012.

₹ in Lacs

Sl.	Description	Year ended March 31, 2012	Year ended March 31, 2011
i)	Current Service cost (including risk premium for fully insured benefits)	77.65	18.22
ii)	Interest Cost	20.28	5.16
iii)	Expected Return of Asset (-)	-	-
iv)	Curtailement Cost (+)	-	-
v)	Settlement Cost (+)	-	-
vi)	Past Service Cost	-	-
vii)	Actuarial Gains (-) / Loss (+)	12.94	27.50
viii)	Appreciation/Depreciation of Plan Assets	-	-
	<b>Total employer expenses recognized in P &amp; L</b>	<b>110.87</b>	<b>50.88</b>

Table 3

Actuarial calculations for AS 15 (Rev. 2005) purpose change in obligations / assets in the year ending 31.03.2012.

#### A. Change in Obligation in the year ended 31.03.2012

₹ in Lacs

Sl.	Description	Year ended March 31, 2012	Year ended March 31, 2011
1	Present Value of Defined Benefit Obligation at the beginning of the year.	205.35	50.62
2	Employer Service Cost (+)	77.65	18.22
3	Interest Cost (+)	20.28	5.16
4	Curtailement Cost (+)	-	-
5	Settlement Cost (+)	-	-
6	Employee contribution	-	-
7	Plan Amendments	-	-
8	Acquisitions	-	-
9	Actuarial Gains (-) / Loss (+)	12.94	27.50
10	Benefit Payments (-)	44.51	(30.62)
11	Present Value of Defined Benefit obligations at the end of the year	271.71	70.88

## Notes on Accounts For the year ended March 31, 2012 (Contd.)

After consolidating the results of the Company with those of its wholly owned subsidiary Responsive Solution INC. and R.S. Software Asia Pte. Ltd.

B. Change in Assets		₹ in Lacs	
Sl.	Description	Year ended March 31, 2012	Year ended March 31, 2011
i)	Fair value of Plan Assets at the beginning of the year	-	-
ii)	Acquisition adjustments	-	-
iii)	Actual return on Plan Assets (+)	-	30.62
iv)	Actual Company Contribution (+)	44.51	-
v)	Benefit Payments (-)	44.51	(30.62)
vi)	Appreciation / Depreciation of Plan Assets	-	-
vii)	Fair Value of Plan Assets at the end of the period	-	-

Table 4

### A. Reconciliation of Net Assets / (Liability) recognized in the Balance Sheet as at 31st March, 2012

A. Reconciliation of Net Assets / (Liability) recognized in the Balance Sheet as at 31st March, 2012		₹ in Lacs	
Sl.	Description	Year ended March 31, 2012	Year ended March 31, 2011
i)	Net Asset / (Liability) recognized in the Balance Sheet at the beginning of the year.	(205.35)	50.62
ii)	Employer Expenses	110.87	50.88
iii)	Employer Contributions.	44.51	(30.62)
iv)	Acquisitions.	-	-
v)	Net Asset / (Liability) recognized in balance sheet at the ending of the year	(271.71)	(70.88)

### B. Summary of Membership Date

Active Members	Year ended March 31, 2012	Year ended March 31, 2011
Number of Employees	627	515
Total Monthly Salaries (₹)	173.90	116.57
Avg. Monthly Salary per employee (₹)	0.28	0.23
Average past services (yrs.)	3.84	4.13
Average future services (yrs.)	25.47	25.36
Average age at valuation date (yrs.)	32.53	32.64

### 31. Related Party Disclosures:

#### a) Enterprises where control exists:

Wholly Owned Subsidiaries	% of holding	Country of Incorporation
Responsive Solutions Inc	100%	USA
R.S. Software (Asia) Pte. Ltd.	100%	Singapore

#### b) Key Management Personnel:

Mr. Rajnit Rai Jain	Chairman and Managing Director
Mr. Richard Launder	Director
Mr. Shital Kr. Jain	Director
Mr. R Ramaraj	Director
Mrs Sarita Jain	Director
Mr. Vijendra Surana	CFO & Company Secretary

## Notes on Accounts For the year ended March 31, 2012 (Contd.)

After consolidating the results of the Company with those of its wholly owned subsidiary Responsive Solution INC. and R.S. Software Asia Pte. Ltd.

### c) Disclosure of transactions between the Company and Related Parties and the status of outstanding balances as on 'March 31, 2012

Particulars	Wholly Owned Subsidiary (WOS)	Key Management Personnel
Reimbursement of Cost of services incurred on behalf of Subsidiary at the margin of 12% on actual cost		
Responsive Solution Inc	373.96	
Reimbursing the subsidiary towards service rendered by them at market price.		
R.S. Software Asia (Pte.) Ltd.	689.45	
Reimbursing the Other Cost from subsidiary at actuals.		
R.S. Software Asia (Pte.) Ltd.	1,274.28	
Remuneration to Key Personnel:		
- Directors (Sitting Fees)		9.20
- Chairman & Managing Director		48.60
Balance as on 30.09.2011		
Debtors		
Responsive Solution Inc	NIL	
Creditors		
R.S. Software (Asia) Pte Ltd	NIL	
Maximum balance outstanding during the year		
Debtors		
Responsive Solution Inc	100.72	
Creditors		
R.S. Software (Asia) Pte Ltd	89.71	

32. EPS has been calculated as per the provisions of AS-20, issued by the Institute of Chartered Accountants of India. The details of calculation are as follows:

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Numerator for Basic and Diluted EPS:		
Profit for the period	2,885.96	2,232.80
Denominator for Basic EPS:		
Equity Shares	11,027,996	8,108,398
Add: ESOP Conversion	10,184	18,341
Add: Preferential Issue	6,393	313,425
Add : Bonus Issue	10,640	2,411,623
<b>Weighted no. of Equity Shares</b>	<b>11,055,213</b>	<b>10,851,777</b>
Denominator for Diluted Shares		
Weighted No. of Basic Equity Shares	11,055,213	10,851,777
Add: ESOP Conversion	-	-
ESOP Dilutive	149,803	275,130
Pref Share allotment	21,773	-
<b>Weighted no. of Equity Shares</b>	<b>11,226,789</b>	<b>11,126,907</b>
Nominal Value of share	10.00	10.00
Basic Earning per Share	26.10	20.58
Diluted Earning per Share	25.71	20.07

## Notes on Accounts For the year ended March 31, 2012 (Contd.)

After consolidating the results of the Company with those of its wholly owned subsidiary Responsive Solution INC. and R.S. Software Asia Pte. Ltd.

33. There is no declaration received from vendor for being Small, Medium & Micro registration.

34. Additional Information pursuant to provisions of the Para 3 and 4 of Part II Schedule VI for the Companies Act, 1956:-

The Company is engaged in the business of development & maintenance of computer software and other related services. The production and sale of such software services are not capable of being expressed in generic terms.

₹ in Lacs

Active Members	Year ended March 31, 2012	Year ended March 31, 2011
<b>Expenditure in Foreign Currency:</b>		
a) Foreign branch expenditure	16,201.55	14,669.73
b) Dividend paid in Foreign Currency	4.11	-
<b>Earning in Foreign Currency</b>		
a) Export of services	26,189.59	19,654.17

35. Reporting of Segment Wise Revenue, Results and Capital Employed:

Amount in ₹

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
<b>1. Segment Revenue (net sale/income from each segment should be disclosed)</b>		
a. Segment - A (USA)	23,132.59	18,301.92
b. Segment - B (ROW)	3,270.62	1,622.37
<b>Total</b>	<b>26,403.21</b>	<b>19,924.29</b>
<b>Other Income</b>		
Segment - B (ROW)	95.76	6.71
<b>Total</b>	<b>26,498.97</b>	<b>19,931.00</b>
Less : Inter - segment revenue	-	-
<b>Net Revenue from Operations</b>	<b>26,498.97</b>	<b>19,931.00</b>
<b>2. Segment Results Profit/(Loss) before Tax &amp; Interest from each segment</b>		
a. Segment - A (USA)	4,390.66	3,831.69
b. Segment - B (ROW)	649.29	374.15
<b>Total</b>	<b>5,039.95</b>	<b>4,205.83</b>
Less : Interest	45.48	86.01
Less : Depreciation	417.91	459.90
Less : Unallocable Selling , General & Administrative Expenses	1,067.19	934.41
<b>Profit before tax</b>	<b>3,509.37</b>	<b>2,725.52</b>
<b>3. Capital Employed</b>		
Total Assets	12,277.55	7,339.05
Total Liabilities	12,277.55	7,339.05

**Note :** Assets used in the Company's business are not capable of being specifically identified with any of the segments, and it is not practicable to provide segmented disclosures in relation to total assets and liabilities with any reasonable degree of accuracy. Unallocated expenses have not been disclosed in any segment.

## Notes on Accounts For the year ended March 31, 2012 (Contd.)

After consolidating the results of the Company with those of its wholly owned subsidiary Responsive Solution INC. and R.S. Software Asia Pte. Ltd.

36. The Company is primarily engaged in the rendering services relating to maintenance and testing of Computer Software . These cannot be expressed in any generic units. Hence it is not possible to give the quantitative details of sales and certain information as required under paragraph 5 (viii) (c) of general instructions for preparation of statement of profit and loss as per revised Schedule VI of the Companies Act 1956.

37. The revised Schedule has become effective from 01.04.2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in financial statement. The previous year figures have been regrouped, reclassified and restated, wherever necessary, to correspond with the current year's classification and revised Schedule VI.

38. Financial figures have been rounded off to nearest ₹ in lacs.

For Chaturvedi & Company

Chartered Accountants

(Reg. No : 302137E )

On behalf of the Board

Nilima Joshi

Partner, Memb. No. 52122

Dated: April 18th, 2012, Kolkata

V. Surana

CFO & Company

Secretary

S. K. Jain

Director

R.R. Jain

Chairman

& Managing Director



## Balance Sheet Abstract and Company's General Business Profile

(In terms of amendment to Part IV of Schedule VI)

After consolidating the results of the Company with those of its wholly owned subsidiary Responsive Solution INC. and R.S. Software Asia Pte. Ltd.

### INFORMATION PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956

<b>I Registration details</b>	
Registration No.	L72200WB1987PLC043375
State code	21
Balance Sheet Date	31/03/2012
<b>II Capital raised during the year (Amount in ₹ Lacs)</b>	
Public Issue	Nil
Rights Issue	Nil
Bonus Issue	1.06
Private Placement (Warrants converted into shares)	39.00
ESOS	3.84
<b>III Position of Mobilisation and Deployment of funds (Amount in ₹ Lacs)</b>	
Total Liabilities	12,278
Total Assets	12,278
<b>I. Equity and Liabilities :</b>	
1. Shareholders' Fund	
(a) Share Capital	1,147
(b) Reserve & Surplus	7,607
(c) App. Money recd. against Share Warrant	150
2. Non-Current Liabilities	348
3. Current Liabilities	3,026
<b>II. Assets</b>	
1. Fixed Assets	1,182
2. Intangible Assets Under Development	25
3. Non Current Investment	900
4. Long Term Loans & Advances	1,793
5. Current Assets	
(a) Current Investment	2,422
(b) Trade Receivables	2,723
(c) Cash and Cash Equivalentents	2,160
(d) Short Term Loans and Advances	1,072
<b>IV Performance of Company (Amount in ₹ Lacs)</b>	
Turnover and Other Income	26,499
Total Expenditure	22,990
Profit/(Loss) before Tax and Extraordinary items	3,509
Profit/(Loss) after Tax and Extraordinary items	2,886
Basic Earnings per share in ₹	26.10
Dividend %	Final 20% , Interim 10%
<b>V Generic Names of Two Principal Products/Services of the Company (as per monetary terms)</b>	
Item code No.	N.A.
Item code No.	N.A.
Product Description	N.A.

For Chaturvedi & Company

Chartered Accountants

(Reg. No : 302137E )

On behalf of the Board

Nilima Joshi  
Partner, Memb. No. 52122  
Dated: April 18th, 2012, Kolkata

V. Surana  
CFO & Company  
Secretary

S. K. Jain  
Director

R.R. Jain  
Chairman  
& Managing Director

## R.S. SOFTWARE (INDIA) LTD

Registered Office: FMC Fortuna  
A-2, 234/3A, A.J.C. Bose Road, Kolkata - 700 020.

Folio No. .... DP ID ..... Client ID .....

### PROXY

I / We .....  
of ..... being a Member/Members of  
R.S. Software (India) Ltd., hereby appoint .....  
of .....  
(or failing him/her .....  
of .....  
as my/our proxy in my/our absence to attend and vote for me/us, and on my/our behalf, at the Twenty Fourth ANNUAL GENERAL MEETING of the Company, to be held at 11 am on Friday, July 13, 2012 and at any adjournment thereof.

As witness my / our hand/hands this ..... day of ..... 2012.

Signed by the said

**NOTE :** The proxy must be deposited at the Registered Office of the Company with the Secretarial Department, FMC Fortuna, A-2, 1st Floor, 234/3A, A J C Bose Road, Kolkata – 700 020, not less than 48 hours before the time for holding the meeting.

.....  
This attendance slip duly filled in to be handed over at the entrance of the Meeting Hall

## R.S. SOFTWARE (INDIA) LTD

Registered Office: FMC Fortuna  
A-2, 234/3A, A.J.C. Bose Road, Kolkata - 700 020.

I hereby record my presence at the ANNUAL GENERAL MEETING at Rabindra-Okakura Bhawan, Paschimbanga Bangla Academy, 27A/1 DD Block, Salt Lake City, (Near to City Centre I, Salt Lake), Kolkata – 700 064 at 11 am on Friday, July 13, 2012.

Name of the attending Member .....  
(in block letters)

Folio No / DP ID & Client ID .....

Name of Proxy.....  
(in block letters, to be filled in if the Proxy attends instead of the Member)

No. of shares held .....

\*Member's/Proxy's Signature

\*To be signed at the time of handing over this slip



C B MANAGEMENT SERVICES (P) LTD.  
 Unit: R.S. Software (India) Limited  
 P-22, Bondel Road, Kolkata -700 019

Dear Sirs,

**Payment of Dividend through NECS**

I hereby give my mandate to credit Dividend on the shares held by me directly to my Bank Account Through National Electronic Clearing Services (NECS). The details of my Bank Account are given below:

(PLEASE USE CAPITAL LETTERS)

Folio No. .... No. of shares .....

Name of the first/sole shareholder : .....

Name of the Bank : .....

Branch and Full Address: : .....

Account Type  
 (Savings/current/cash Credit) : .....

Account Number  
 (as appearing on the cheque book) : .....

Ledger Folio No.  
 (if any, as appearing on the cheque book) : .....

9-digit Code Number of the Bank and Branch  
 (appearing on the MICR cheque issued by the Bank) : .....

I hereby declare that the particulars furnished above are correct and complete. If any transaction is delayed or not effected at all for reasons of incompleteness or incorrectness of information provided as above or any error made by the Bank(s), the Company will not be held responsible. I hereby undertake to inform the Company immediately of any change in my Bank/Branch and account number.

Date ..... / ..... /12

Place:

\_\_\_\_\_  
 Signature of the First/Sole Shareholder

Encl: Copy of Bank Cheque Leaf



