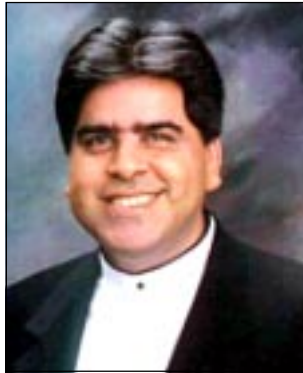


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Mr. R. R. Jain
Chairman & Managing Director



Mr. S. K. Jain
Director



Mr. R. Ramaraj
Additional Director



Mr. Pankaj Dhanuka
Nominee Director (ICICI)



Mrs. S. Jain
Director

RS MANAGEMENT TEAM



Mr. R. R. Jain
Chairman & Managing Director



Ms. Diana Adachi
President



Mr. Soubhik Ghosh
Vice President,
Execution & Delivery



Mr. Bibek Shankar Das
Vice President, Corporate



Mr. Vijendra Surana
CFO & Company Secretary



Mr. Rakesh Srivastava
General Manager,
Business Development



Mr. Aniruddha Rai Chaudhuri
General Manager,
Quality & Benchmarking



Mr. Sumit Misra
General Manager, Technology



Mr. Colonel Perminder Gill
Senior Manager
(Operations & Support)



NOTICE TO MEMBERS

The Twenty First Annual General Meeting of R S Software (India) Limited will be held on Wednesday, July 29, 2009 at 11 am at Aikatan Cultural Centre, Eastern Zonal Cultural Centre, IA- 190, Sector III, Salt Lake City, Kolkata 700 097 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as on 31.03.2009 and Profit & Loss Account for the year ended on that date and the Report of Auditors and Directors thereon.
2. To appoint a Director in place of Mrs. Sarita Jain who retires by rotation and being eligible offers herself for reappointment.
3. 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 to retire at the conclusion of the Meeting be and are hereby re-appointed 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”.

SPECIAL BUSINESS

4. To appoint Mr. R. Ramaraj, the Additional Director whose office expires at this Annual General Meeting as a Director and to consider and, if thought fit to pass, with or without modifications the following Ordinary Resolution:

“Resolved that Mr. R. Ramaraj who had been appointed as an Additional Director by the Board at its Meeting held on May 1, 2009 and whose term expires at this Annual General Meeting and in respect of whom the Company has received a Notice u/s 257 of the Companies Act, 1956, from a Member proposing the candidature of Mr. R. Ramaraj for the Office of Director be and is hereby appointed a Director of the Company whose period of Office will be liable to determine through retirement by rotation,”

By Order of the Board

Corporate Office
234/3A, A.J.C. Bose Road
Calcutta – 700 020
May 1, 2009

Vijendra Surana
CFO & Company Secretary

NOTES

1. A member entitled to attend and vote at this meeting is entitled to appoint a Proxy to attend and vote instead of himself. A Proxy need not be a member of the Company. Proxies, in order to be effective, must be received at the registered office of the Company not less than 48 hours before the meeting.
2. The Register of Members and Transfer Books of the Company will remain closed from July 22 2009 to July 29 2009 (both days inclusive).
3. Members/Proxy holder must bring the Attendance Slip to the Meeting and hand it over at the entrance duly signed.
4. Members desirous of any information on the Accounts at the Meeting are requested to send their queries at least 10 days before the Meeting.

PLEASE BRING YOUR COPY OF THE ANNUAL REPORT AT THE MEETING.

EXPLANATORY STATEMENT TO THE ITEM OF SPECIAL BUSINESS SET OUT IN THE ANNEXED NOTICE

Item 4

Mr. R. Ramaraj holds a B.Tech in chemical engineering from the University of Madras and an M.B.A. from the Indian Institute of Management, Calcutta.

Mr. Ramaraj was the Co- Founder and CEO of Sify Limited, the pioneer and leader in Internet, Networking and e - Commerce Services in India. Sify was the first Indian Internet company to be listed on the Nasdaq National Market in the US.

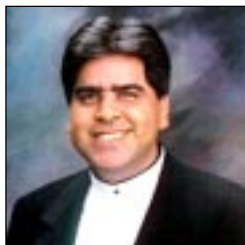
Mr. Ramaraj was recognized as the 'Evangelist of the Year' at the India Internet World Convention in September 2000. And in 2001, in a CNET.com poll in India, Mr. Ramaraj was voted the IT Person of the Year 2000. He was invited by the UN Secretary-General, Kofi Annan to be a member of UN's Working Group on Internet Governance (WGIG).

Currently Mr. Ramaraj is the Senior Advisor at Sequoia Capital and is a member of the Global Board of Trustees of TiE (The Indus Entrepreneurs). Mr. Ramaraj is the first Indian to be invited to the Board of directors of ICANN (Internet Corporation for Assigned Names and Numbers).

Mr. R. Ramaraj would bring in value addition by virtue of his experience and knowledge in IT Space.

Your Directors recommend the appointments of Mr. R. Ramaraj but none of the Directors have an personal interest or concern in the proposed resolution.

DIRECTORS' REPORT 2008 - 09



Mr. R. R. Jain, CMD

Dear Member,

Your Directors present their Twenty First Annual Report and Audited Statement of Accounts highlighting the business operations and financial results of your Company for the year ended 31st March 2009.

Financial Highlights

(Rs. in Million)

Particulars	Year Ended March 31, 2009	Year Ended March 31, 2008
Gross Revenue	1494.55	1011.17
Operating Profit (PBDIT)	191.71	109.76
Interest	40.16	49.12
Depreciation	57.40	46.18
Profit before Tax	94.15	14.46
Provision for Tax	30.92	2.79
Profit after Tax	63.23	11.67

Review & Analysis of Financial Performance

The company has achieved its revenue growth of 48% over the previous fiscal year, which you would appreciate is indeed impressive, particularly considering the global economic scenario for the past one year, which has been unprecedented in its impact on all our customer markets. RS Software is now well positioned to enter its second phase of growth cycle, and make rapid progress in fulfilling its vision of becoming a global leader in providing technology solutions to the Electronic Payments industry. RS Software is committed to demonstrate leadership in domain capability from India, bringing thereby unique contributions to its global clientele. The company has also achieved significantly higher quality of revenues, and thereby leveraging the investments it has been making in its world class Software centers in Salt Lake Electronics Complex, Kolkata. Our profitability has been increased to Rs.63.23 Million, which is a growth of 356% over our entire profitability during the last fiscal year. The Company has achieved a revenue level of Rs 149 cr.

Your company continues to focus on high opportunity growth markets and given below is a glimpse of the market place from a potential size and clientele perspective, including the macro level direction for the Indian IT industry as projected by Mckinsey. The ongoing investment by your company in enhancing the sales and marketing team are strengthening the foundation to leverage these opportunities, although in the short term these investments impact the profitability of the company. The growth in revenues of almost 48% during the last fiscal year would not be possible without the expansion of the sales team.

Nasscom is working very actively with the ministry of Human Resources and several Educational Institutions to increase the supply of talent to meet these growth rates.

The Electronic Payments Industry and its growth potential

US Senator Tim Johnson who serves on several Senate committees and chairs the Financial Institutions subcommittee of the Banking, Housing and Urban Affairs of the US Government says "There are many sectors of the current Economy that are struggling in the current downturn, but over the long term, I don't see use of Electronic Payments decreasing. Retailers and Financial institutions both benefit from the Network provided by the Electronic Payments industry, and Consumers have come to depend on the convenience of using debit and credit cards. The need for this service is unlikely to diminish in my view." The Electronic Payments industry has grown tremendously in the last 10 years and is slated to show even more impressive growth with emergence of new technologies. Many new players have entered the Payments arena over the last few years, including Paypal, Microsoft, Google, Telecom and others, and all of them are creating a host of opportunities for companies like RS Software. Those who innovate for the long run can make lots of money. Half of consumer expenditures are made with cash and checks, leaving trillions of dollars up for grabs and plenty of room for innovation in this industry. So in spite of the macro issues that encircle it, the future for payments looks bright. Profound changes are happening the kind of change that will transform how consumers shop and how business sell. Google and others have shown how crunching massive amounts of data can release enormous value. Despite all its sophistication, it's still based on a lot of guess work. Mobile phones are already revolutionizing payments in many parts of the world. It's a lot easier than putting in point-of-sale devices and wiring up card networks, and it's finally challenging the pervasive use of cash in these economies.

Redefined market; Source: Mckinsey

The addressable market for global sourcing will triple in size from USD 500 billion today to USD 1.5-1.6 trillion in 2020. 80% of incremental growth will be driven by opportunities outside the current core markets, verticals and customer segments.

India's IT industry is consistently delivering great price performance to its global clientele, and this is true of the large players and also SME companies in this industry. Your company has differentiated advantage of having domain focus in Electronic Payments that facilitate the ability to offer high value add to the work being executed, besides good price performance. This is what the Global firms are looking for as is validated by all research by lead players like Mckinsey, Gartner and Forrester.

Tactical initiatives leading to strategic advantages

On a positive note your management team introduced timely cost reduction measures, while ensuring ongoing investments in enhancing the sales capacity and infrastructure expansion. Most importantly these investments are helping to increase the quality of revenues, and building the foundation for achieving high growth rates, and getting your company closer to fulfill its vision of becoming the Global leader in providing solutions to the electronic payments industry. Our marketing strategy to reposition the Company as a domain focused player has started to pay off already and as we continue to develop more competencies, we are confident of winning strategic clients in the payments domain during 2008-09 fiscal years. We continue to participate vigorously in Industry trade shows in the US and UK, which is proving to be a good source of new sales leads, some of which have already resulted in concrete business. Our Sales Team and our Competencies Development Group are increasingly achieving better synergies by working together, resulting in enhancement of our ability to be more market driven in our investments.

Allotment of Equity Warrants on Preferential Basis

Your Directors are pleased to inform you that during the year under review 1000000 equity warrants were issued on preferential basis to the Promoter and the Chairman & Managing Director of the Company at Rs.19.50 per warrant to be converted into equity shares at Rs.10/- each at the ratio 1:1. During the year 220000 equity warrants were converted into equity shares upon receipt of the amount due. This equity warrants were allotted pursuant to the relevant Guidelines on such Issues by SEBI and Shareholders' approval accorded at the EGM held on 13th January 2009.

Fixed Deposits

The Company has not accepted any Deposits within the meaning of Section 58A of the Companies Act 1956.

Directors

- 1) Mrs. Sarita Jain retires by rotation and being eligible offer herself for re-appointment. Your Directors recommend appointment of Mrs. Sarita Jain, for a further tenure, as this would be entirely in the larger business interest of your Company.

A brief profile of Mrs. Sarita Jain given below –

Mrs. Sarita Jain: MA in English Literature and Diploma in Mass Communication

DIRECTORS' REPORT 2008 - 09 (Contd.)

and Home Science and has been Director with the Company since its inception.

Her contribution on all professional matters of the Company has been noteworthy.

- 2) Mr. R Ramaraj has been appointed as an Additional Director on 1st May, 2009, whose period of office will be up to the date of next AGM of the Company.

A brief profile of Mr. R. Ramaraj given below –

Mr. R. Ramaraj holds a B.Tech in chemical engineering from the University of Madras and a M.B.A. from the Indian Institute of Management, Calcutta. He was the Co- Founder and CEO of Sify Limited, the pioneer and leader in Internet, Networking and e-Commerce Services in India. Sify was the first Indian Internet company to be listed on the Nasdaq National Market in the US (NASDAQ:SIFY). He was recognized 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. He was invited by the UN Secretary- General, Kofi Annan to be a member of UN's Working Group on Internet Governance (WGIG). Currently Mr. 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).

- 3) ICICI Bank withdrew nomination of Mr. Pankaj Dhanuka from the Board, consequent to re-payment of foreign currency term loan by the Company. The Board acknowledged the efforts and contributions of Mr. Pankaj Dhanuka as a Member.

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 internal 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').

Audit Report

The Board has taken note of the Auditor's Report and comments thereupon on the accounts for the year ended March 31, 2009. The Audit Observation read together with the notes to accounts 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, 2009 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, 2009 on a "going concern" basis.

Social Responsibility

Your company continues to be committed to fulfill its responsibilities towards various constituents of society including various stakeholders of the company. The company keeps making contributions to charitable institution for imparting basic education. The company undertakes various activities including development of skill and capabilities of its employees. It organizes sports and cultural events at organizational level to promote harmony and sense of belongingness amongst its employees.

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 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 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 there are no employees in India employed for the year / part of the year who were in receipt of the remuneration which in the aggregate was not more than Rs.24 lacs per annum or Rs.2 lacs per month. As regards employees of the Company engaged in Information Technology sector like our Company not being Directors or their relatives and drawing salary exceeding the limits mentioned above is 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 deep sense of gratitude to the Members of the Company who have reposed faith in their Board and the Management during the days of stress and strain due to globally depressed market conditions impacting your Company's profitability.

For and on behalf of the Board of Directors

KOLKATA
1st May 2009

Raj Jain
Chairman

ANNEXURE “A” TO 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 : Business Intelligence and Mobile Payments
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 : Business Intelligence and Mobile Payments
Team size: (5 average)
BI tools, Java

(b) Technology Absorption , Adaptation and Innovation

1. Efforts made towards technology, absorption, adaptation and innovation : Research on POS devices, Residual management solutions and Gift and Loyalty solutions have been carried out. Training programs on the above topics have been carried out to the senior resources in the company. In addition to the above significant focus has been put on business intelligence and mobile 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 : Rs. 1477390701
3. Foreign Exchange Outgo : Rs. 1183623091

Details of the ESOS options granted in 2004-05 exercised in 2008-09:

- a. Option granted: 165000
- b. The pricing: Rs 15.35 per option
- c. Options vested: 25% of the total options granted would be vested on completion of each year from the date of allotment of the options
- d. Options exercised in the Financial Year 2008-09: Nil
- e. The total number of shares arising as a result of exercise of option: Nil
- f. Variation of terms of options: NA
- g. Money realized by exercise of options: Nil
- h. Equity Shares allotted under ESOS: Nil

Details of the ESOS options granted in 2005-06 exercised in 2008-09:

- a. Option granted: 176600
- b. The pricing: Rs 71.00 per option
- c. Options vested: 25% of the total options granted would be vested on completion of each year from the date of allotment of the options
- d. Options exercised in the Financial Year 2008-09: Nil
- e. The total number of shares arising as a result of exercise of option: Nil
- f. Variation of terms of options: NA
- g. Money realized by exercise of options: Nil
- h. Equity Shares allotted under ESOS: Nil

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

Option granted: 186700 options granted in 2007-08 exercised in 2008-09.

- a. The pricing: Rs.29.90 per option
- b. Options vested: 25% of the total options granted would be vested on completion of each year from the date of allotment of the options
- c. Options exercised in the Financial Year 2008-09: Nil
- d. The total number of shares arising as a result of exercise of option: Nil.
- e. Variation of terms of options: NA
- f. Money realized by exercise of options: Nil
- g. Equity Shares allotted under ESOS: Nil

Option granted: 275200 options granted on October 4, 2008.

- a. The pricing: Rs.15.95 per option
- b. Options vested: 25% of the total options granted would be vested on completion of each year from the date of allotment of the options
- c. Options exercised in the Financial Year 2008-09: NA
- d. The total number of shares arising as a result of exercise of option: NA
- e. Variation of terms of options: NA
- f. Money realized by exercise of options: NA
- g. Equity Shares allotted under ESOS: NA

ANNEXURE “C” TO 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.

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 these 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 four Directors among them two Promoter Directors of which one is an Executive Director who is the Chairman & Managing Director, one Non-Executive Non-Independent Director and two Non-Executive Independent Directors of which one Nominee Director representing ICICI. During the fiscal 2008-2009 the Board met on 5 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. K S Bhatnagar (Passed away on May 17, 2008)	1	C	No	–	–	–
Mr. R R Jain	4	CMD	Yes	–	–	–
Maj.Gen. A Balsubramanian (Retd.) (Retired on July 31,2008)	2	NED	Yes	–	–	–
Mr. S K Jain	5	NED	Yes	–	–	–
Mrs. Sarita Jain	2	NED	No	–	–	–
Mr. P. Dhanuka*	5	NED	Yes	–	–	–

C: Chairman, CMD: Chairman & Managing Director, NED: Non-Executive Director. * Nominee Director – ICICI

Board	May 13, 2008
Meetings	July 30, 2008
held on	October 4, 2008
	November 14, 2008
	January 12, 2009

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 a 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 of 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 spokespeople 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 are 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.

8. Open Communication

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

ANNEXURE “C” TO DIRECTORS’ REPORT (Contd.)

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.

Amendment of the Code

The Company recognizes that only the 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 MD of the Company for appropriate action as deemed fit.

B. Audit Committee

The Audit Committee is constituted by Directors Mr. S. K. Jain (as Chairman w.e.f. July 30, 2008), Mr. Pankaj Dhanuka, the Non Executive Independent Directors and Mr. R.R. Jain the Chairman & Managing Director of the Company, who is an Executive Director. Mr. Vijendra Kumar Surana, the CFO & Company Secretary services the said Committee Meetings. Mr. K. S. Bhatnagar was the member of the committee till May 17, 2008, date of his expiry. 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. K.S. Bhatnagar (expired)	C	1
Mr. S.K. Jain	C	4
Mr. R. R. Jain	CMD	4
Mr. P. Dhanuka	NED	4

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 objective of the Audit Committee are to maximize the utilization of Company's financial resources, to promote it's 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 Accountant, Company Secretary, 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, debenture holders and the shareholders.

Audit	May 13, 2008
Committee	July 30, 2008
Meetings held on	October 4, 2008
	January 12, 2009

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

Shareholders’ Servicing & Grievances Committee comprises of Directors Mr. S.K. Jain (as Chairman w.e.f. July 30, 2008), and Mr. R.R. Jain (CMD) 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. K. S. Bhatnagar was the member of the committee till May 17, 2008, date of his expiry. Mr. Vijendra Kumar Surana is also the Compliance Officer of the Company. Such meetings are held on regular basis and the Shareholders’ complaints and grievances are reviewed in detail by the Committee and prompt and effective directions 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 are also placed before each Meeting. The Company has processed all share transfer requests received during the 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. K. S. Bhatnagar	C	1
Mr. R. R. Jain	CMD	4
Mr. S. K. Jain	C	2

Shareholders’ Servicing and Grievances Committee Meetings held on	April 25, 2008
	June 26, 2008
	July 30, 2008
	October 3, 2008
	January 12, 2009

D. Compensation / Remuneration Committee

The Compensation / Remuneration Committee of the Company comprises of the Chairman & Managing Director, Mr. R R Jain and two Independent Non-Executive Directors viz. Maj. Gen. A Balasubramanian (Retd) (retired w.e.f. July 31, 2008) as Chairman and Mr. S. K. Jain.(as Chairman w.e.f. July 31, 2008).

This Committee recommends and reviews the Compensation packages of the individuals and grant of ESOPs (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 Compensation/ Remuneration Committee Meetings
Mr. R. R. Jain	CMD	4
Maj. Gen. A Balasubramanian (Rtd.)	NED	2
Mr. S. K. Jain	C	4

Compensation/ Remuneration Committee Meetings held on	May 12, 2008
	July 30, 2008
	October 3, 2008
	January 12, 2009

ANNEXURE “C” TO 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 (Rs.)
Mr. Rajnit Rai Jain	2100000	1050000	252000	203574	-	3605574
Mr. K. S. Bhatnagar	-	-	-		25000	25000
Maj. Gen. A. Balasubramanian (Rtd.)	-	-	-		62500	62500
Mr. Shital Kumar Jain	-	-	-		237500	237500
Mr. P. Dhanuka	-	-	-		67500	67500
Mrs. Sarita Jain	-	-	-		27500	27500

E. General Body Meetings

The previous 3 Annual General Meetings (AGMs) were held on Friday 18th August 2006, on Friday 10th August 2007 and on Thursday 31st July, 2008. All the aforesaid Meetings were held at Sisir Mitra Hall, West Bengal Electronics Industry Development Corporation Ltd., Webel Bhavan, Block EP & GP, Sector V, Salt Lake, Kolkata – 700 091 at 3.30 pm, 3.30 pm and at 11.30 am respectively. An Extra Ordinary General Meeting was held on January 13, 2009. The Company had passed 4 special resolutions in the previous 3 Annual General Meetings.

F. Disclosures

1. There is 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.

G. Means of Communications

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

AUDITORS' 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, 2009 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

Nilima Joshi
Partner

Place : Kolkata
Date : May 1, 2009

OPERATIONAL HIGHLIGHTS 2008-09

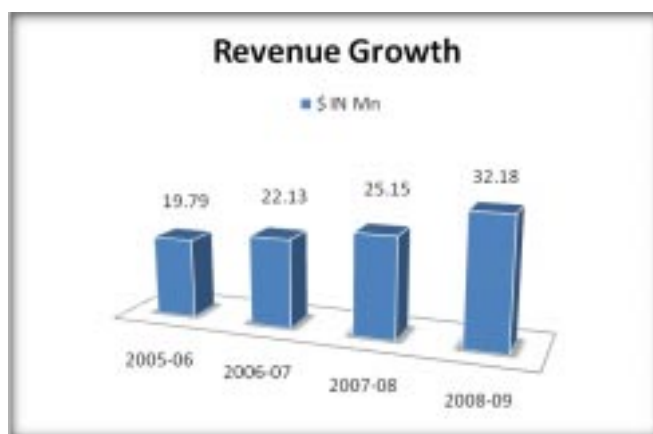
The last twelve months have been very challenging for your company due to the Global Economic Recession that has not been witnessed since the great depression of 1929. There were innumerable barriers, but your company, with its conviction and zeal, succeeded in surmounting every hurdle and continued unabated in its path of sustained growth.

This year, all our major clients in the US region have not only renewed their contracts with RS, but have also awarded us new projects, many of which have enabled us to venture into newer business areas. This is a testimony to the quality of effort and dedication that your company has shown over the years. Thanks to our delivery organization which continues to excel in their job - a fact visible from the multitude of client accolades received.

During the year, we have signed an agreement with NPC, one of the leading Acquiring Processors, to be their strategic IT partner and help them execute several mission critical projects. They have awarded us multiple contracts including design, development & implementation of their Residual Management System. This year, for the first time, RS executed an Open-Systems project called Visa Resolve Online (VROL) project. RS' release of VROL; a very significant application for Visa, demonstrated your company's capability to manage and execute large, critical and complex business applications in the Open-Systems area.

We have also successfully negotiated long term contracts with key clients like Visa, Pemco, IMS, ISD and McLane. While Pemco awarded RS with Mainframe Authorization Support, and QA and Testing projects, IMS contracted your company to provide multiple enhancements to their Residual Management System. As a reward of seventeen years of perseverance and commitment, Visa Inc. showered your company with accolades for delivery excellence and senior Visa executive management has committed additional business in the coming years. RS has renewed orders from McLane for the calendar year Jan-Dec'09 with new projects like Cognos Support, Production Support and Oracle Financials in the pipeline. The renewed orders for Mainframe Maintenance, Java Application Development and Onsite Coordination projects were rolled out in January 2009.

On the technology front, your company started working on HP NonStop (Tandem) environment from offshore to provide maintenance support and testing services to Debit Processing Systems and Prepaid Services for Visa. Side by side, RS also completed a Software License Compliance project for the Enterprise Engineering group at VISA ahead of what was contracted. This engagement not only gave RS an immense exposure and experience in this area of technology, but also established our presence in VISA's Enterprise Service Engineering Line of Business. Another significant engagement includes identification and deployment of IBM Tivoli ITCM agents and Windows servers for Visa.



HR

From the HR perspective, the key focus for 08 – 09 was on enhanced employee productivity and talent retention. In the midst of an economic downturn, the proactive measures taken by the HR team helped the company tide over this difficult phase.

In depth analysis and focus on productivity up to the individual level, initiated by the HR function, helped the company to achieve optimum productivity for every employee. HR was also involved with a host of initiatives including increment above market standard that helped RS keep attrition levels well within the industry range. In order to provide most conducive and favourable work environment to its human resources and to augment employee bonding, the HR Team focused on an array of employee welfare activities this year. In an Industry where human resource is the most valuable asset, the company will continue to acquire and retain more competent and performance oriented talent in the coming years.

Infrastructure

For the infrastructure group, 2008-09 was quite a busy year. More specifically, to leverage the existing VoIP gateway and network investment and to enable multi-party conferencing, the Facility team implemented a state-of-the-art VOIP (Voice over IP) infrastructure. To facilitate faster communication and reduce the telecommunications cost, a secure PC-2-PC chat solution was implemented this year. During the period under review, the Facility team took a major initiative of converting the Corporate Office into a wireless enabled facility, using a secure industry standard EAP/TLS technology. To bring about greater process efficiency, a large number of old desktops were replaced with more contemporary and high-end models available in the market. With a view to increasing employee productivity and communication and also to ensure business continuity, several critical team members were given laptops during the year to enable them to work when away from office.

The Operations & Support (O&S) group was responsible for commissioning the 9th floor at RS tower that now boasts of the most contemporary standard of décor and design. The 9th floor has 85 additional workspaces, 4 Manager Chambers and 2 conference rooms. The team has made elaborate arrangements to upgrade and enhance the Captive Power by installing & commissioning a new 500 KVA DG Set. Power from state utility was enhanced from 600 KVA to 700 KVA. A major task undertaken this year was the installation of 2 new 500 KVA transformers at RS Tower. Keeping to the needs of projects and processes a re-alignment of space was carried out, which yielded additional 61 workspaces.

Branding

2008-09 proved to be a year packed with activities for the Corporate Communications team. The team was instrumental in enhancing both the external and internal face of RS. Specific collaboration took place with the Sales and Execution team by designing business collateral for visiting clients, and creating inputs for showcasing our capabilities at international conferences and tradeshows like the Electronic Transactions Association annual meeting in Las Vegas and Southeast Acquirers' Association (SEAA) convention in Orlando. During the course of the year the team recreated and launched a brand new Payment Solutions focused website, which is more sales-centric and centers around our Application Management fundamentals that continue to power our core execution engine. Corporate giveaways including corporate folders, Marketing kit, and Sourcing kits were developed to represent the focus with which we are approaching our domain strategy and targeting the talent market. For the first time ever, RS participated in the NASSCOM CEO Summit as the Knowledge Partner Sponsor. From RS' side, the Corporate Communications Team coordinated the entire event to help build our professional network with the rest of the industry.

One of the key focuses during the fiscal was on delivering messages appropriately, which included both deciding on the appropriate communication channel and carefully structuring the messages to be delivered in alignment with the organization's vision. The team continued to work on the internal branding to take the benefits of the company's people policies to the employees. To make it more functional and aesthetically appealing, the Intranet was revamped and reorganized. A completely new format InSync was launched, which is new not only in style and presentation, but also new in approach to content selection. The new InSync is less of a newsletter, more of a RS Family Magazine. The RS Club continued to conduct various activities throughout the year to bring about greater sense of belonging amongst RS-ites.

We want our existing and past employees to talk about RS as a fun-place to work and grow and this message needs to go out in the market to help us with recruitment. To achieve this, the team is working on a well defined Corporate Communication Policy so that our employees are made aware of the standards expected for regular as well as statutory communication both within and outside the company.

Quality & Benchmarking

An all new team has taken over the Q&B responsibilities in the year 08-09. The primary focus of the team was to ensure high level of deliverable quality and to enhance customer confidence. The direction was towards a seamless onshore-offshore delivery model that delivers quality services incessantly.

OPERATIONAL HIGHLIGHTS 2008-09 (Contd.)

As a part of its efforts towards Quality Management and to bring about effective workplace organization and standardization of work procedures, the Q&B team conducted regular and rigorous assessments by reputed external assessors like Intertek and D&T. The team received a series of commendations from one of our premium clients for putting in place an adequate key control mechanism which was adjudged the best implementation when compared with all other vendors of this client.

During the year, the Q&B team introduced an internal quality audit automation system, to effectively and efficiently report and track the closure of negative observations/non-conformances, corrective actions taken and actual closure. QA representatives have been assigned to different projects like JCB Merchant Boarding Enhancement, Residual Management System of NPC, and PEMCO QA & Analysis Services in order to provide seamless, high quality solutions in a defined timeframe. The team also gave EQA Support to the NPC, JCBMBE and IMS Residual Management projects to ensure defect-free deliveries. The process of Project Management Office (PMO) has been delineated and the process execution is being verified through Internal Quality Audit on a regular basis.

This year, the Q&B team also conducted two important surveys on Quality & ISMS Awareness. Based on the analysis and survey findings, Q&B collaborated with Training to organize programs on information security awareness. As part of the continuing education program, members of the team have undergone IRCA approved Internal Auditor and Lead Auditor training imparted by Intertek, a leading training institution.

To address future challenges and to ensure performance improvement in an integrated manner, the Leadership Team reviews are being conducted in the form of War Room Meetings since October 2008. Inputs of which are being compiled and consolidated by Q&B at regular intervals.

Resource Allocation Committee (RAC)

During the 2008-09 period, the Resource Allocation Committee (RAC) function was responsible for providing professionals to different project/process groups based on the business requirements. RAC worked impeccably towards quick fulfillment of resource requests in varied technology and business domains. This was achieved through continuous tracking and monitoring of skill profiles and availability status of resources at different projects & organization pool and effective interlocking with concerned managers and resources. Amongst others, RAC ensured organization buffer to stay within defined targets, prepared workforce plan at regular intervals in alignment with the existing/upcoming project requirements, performed constant review of billable/non-billable pool of resources, facilitated Visa processing of the individuals, ensured updation & maintenance of skills & CV databases and helped to meet career aspiration of the individuals through desired training and allocation.

Training

During this year, the Training Function continued to enhance the knowledge and skill bandwidth of professionals by making appropriate skills available at the right time through business-focused planning, dynamic fulfillment and timely tracking & reporting. There has been a tremendous emphasis on training to consistently upgrade the skills and knowledge of the employees. The training programs and knowledge sharing sessions that happened not only had a direct impact on our existing business but also created ample opportunities for new business. These were effectively achieved by planning the training and knowledge sharing in alignment with organization business direction, organizing training and knowledge propagation events, fostering an environment of delivery excellence and ensuring that the process is continuously tracked at regular intervals.

Sessions led by internal instructors on technology, methodology, business domain, specific rare upcoming skills, management & soft skills and client-specific systems and procedures were organized using different learning modes. External agencies like Oracle India, GST, STG International, Power Trainer supplemented the training provided by our own trainers. During the review period, the Training function was also involved in online archival of training materials in the SharePoint portal, which not only benefited our employees at offshore but also were of help to RS-ites based at various onsite locations.

Sourcing

2008-09 was a busy year for the Sourcing team, as they were extensively involved in recruiting and talent acquisition in outsourcing recruitment across diversified regions covering the US and UK. Performing the function of recruitment i.e., increasing the selection ration is not as easy as it seems to be. But the Sourcing team with their ardor and perseverance achieved the organizational goal of recruiting more than one new resource per day. They recruited people with multi-dimensional skills and experiences that fit the present and future organizational strategies.

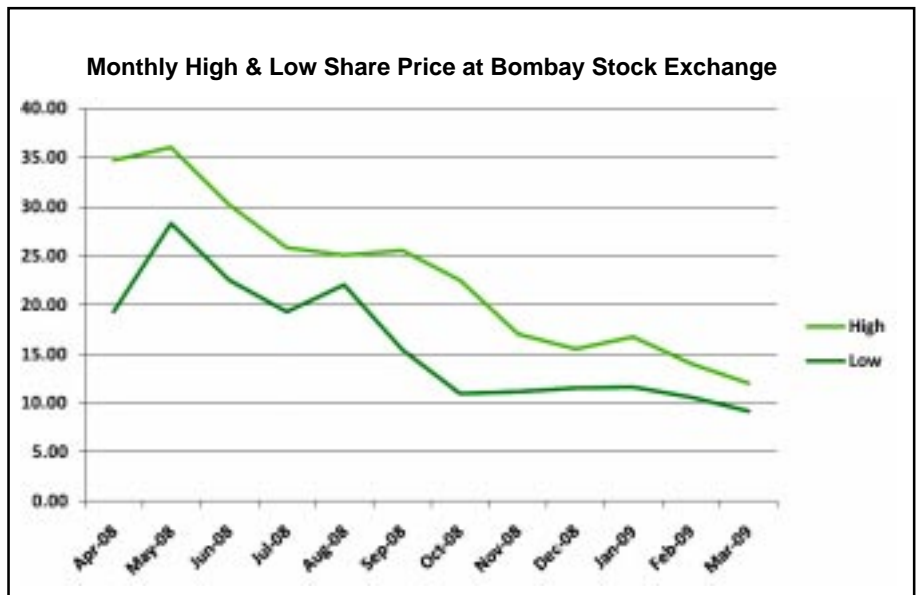
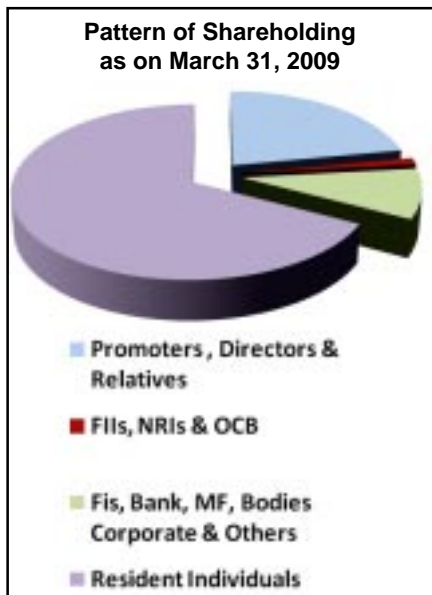
The focus of the Global Sourcing engine has been to employ effective measures for attracting potential talent in adequate numbers to facilitate the selection of an efficient workforce. While requirements had to be fulfilled at a very short notice, the team worked meticulously to generate good traction in the talent market.

GENERAL INFORMATION FOR SHAREHOLDERS AND INVESTORS



Registered Office	“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
Date and Venue of Annual General Meeting	<i>11 am on July 29, 2009 at Aikatan Cultural Center, Eastern Zonal Cultural Centre, IA-190, Sector III, Salt Lake City, (Opposite Columbia Asia Hospital), Kolkata 700 097</i>
Tentative Calendar of Events for the Financial Year 2007 – 08 (April – March)	<i>First Quarter - July 2009 Second Quarter - October 2009 Third Quarter - January 2010 Financial Year - May 2010</i>
Shareholders Services, Enquiries, Complaints	Mr. Vijendra Kumar Surana vijendras@rssoftware.co.in or Mr. Anindya Sen anindyasen@rssoftware.co.in
Registrars & Share Transfer Agent	C.B. Management Services (P) Ltd. P- 22, Bondel Road, Kolkata – 700 019 Phone # 033-22806692-94/2486/40116700 Fax # 033-22870263
Book Closure for AGM	22 nd July, 2009 to 29 th July, 2009 (both days inclusive)
Listing on Stock Exchanges of	Bombay Stock Exchange Ltd. 1 st Floor, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001 National Stock Exchange of India Ltd., Exchange Plaza, 5 th Floor, Plot No. C/1, G Block, Bandra – Kurla Complex, Bandra (E), Mumbai 400 051
Trading of Equity Shares	Equity Shares are traded through: a. National Securities Depository Limited. and b. Central Depository Services Ltd. Company's ISIN: INE 165B01011
Auditors	Chaturvedi & Company 60, Bentinck Street, Kolkata
Bankers	ICICI Bank Ltd
Attorneys & Solicitors	Sandersons & Morgans Royal Insurance Buildings, 5, Netaji Subhas Road, Kolkata

General Information for Shareholders and Investors (Contd.)



DISTRIBUTION SCHEDULE AS ON MARCH 31 2009.

Share holding for nominal value of			Share Holders		Share Amount	
Rs.	(1)	Rs.	Number	% to Total Nos.	In Rs.	% to Total Amount
			(2)	(3)	(4)	(5)
Upto		5,000	12656	87.54	20176490	26.32
5,001	to	10,000	991	6.86	8021360	10.46
10,001	to	20,000	453	3.13	6849050	8.94
20,001	to	30,000	132	0.91	3367920	4.39
30,001	to	40,000	61	0.42	2203860	2.88
40,001	to	50,000	47	0.33	2173430	2.84
50,001	to	1,00,000	63	0.44	4595520	6.00
1,00,001	and	Above	54	0.37	29258850	38.17
Total			14457	100.00	76646480	100.00

To
The Members of
RS Software India Limited
Kolkata

1. We have audited the attached Balance Sheet of RS Software India Limited as at 31st March 2009 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.
2. 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.
3. 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.
4. We further draw attention to:
 - a. *Note No. 10 of Schedule 12 to the financial statements regarding treatment of all interim payments during the year as deposits and non redemption of 14.6 % Preference Shares of Rs. 50,000,000 issued to IDBI which was due for redemption on May 31, 2004.*
 - b. *Note no. 13 of Schedule 12 to the financial statements in respect of payment of Rs. 36,05,574 as managerial remuneration which have been paid subject to the approval of the Central Government.*
 - c. *Debtors, Creditors, Advances and Car loan balance are subject to confirmation.*
5. Further to our comments in annexure referred to in para 3, and Para 4 above, we report that:
 - (i) 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:
 - (ii) 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;
 - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) 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.
 - (v) On the basis of written representations received from the Directors, as on 31st March 2009, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2009 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - (vi) *There is a change in accounting policy with respect to accounting for effects of change in foreign exchange for foreign enterprises in accordance with AS11(Revised). The foreign exchange difference arising due to transition*

AUDITOR'S REPORT (Contd.)

from integral operations to non integral operations of foreign branch is taken to " Inter Branch Foreign Fluctuation Reserve" Account, due to which the profit have been overstated by Rs. 11,480,891/-..

- (vii) 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 and 5(vi) 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:
- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2009;
 - (b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

For
Chaturvedi & Company
Chartered Accountants
Nilima Joshi
Partner, (M. No. 52122)

Place : Kolkata
Date : May 1, 2009

Refer Auditors' Report of RS Software (India) Limited, referred to in paragraph 3 of our report of even date:

- 1 (a) The Company has generally maintained proper records of all tangible assets showing full particulars including quantitative details *except location thereof*.
- (b) 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.
- (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.
2. Spares and consumables are used/charged to revenue in the year in which they are purchased and Company is maintaining proper records of the same. The inventory has been physically verified during the year, procedures of which are reasonable and adequate in relation to the size of the Company and the nature of its business. No material discrepancies were noticed on such verification.
- 3 (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 except *an advance in the nature of loan of Rs. 1,85,05,115 to its US subsidiary*.
- (b) In our opinion *the advance in the nature of loan is prejudicial to the interest of the Company, as the interest is being charged w.e.f. January '09 on loans taken thereafter. Prior to that no interest has been charged by the Company*.
- (c) *There are no fixed terms / period for repayment of above advances and as such there is no repayment*.
- (d) It is not possible to comment whether the company has taken reasonable steps or not to recover the principal amount due.
- (e) 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.

In view of 3 (e) above, the clauses 3 (f) and 3 (g) are not applicable

4. 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 services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal control system.
- 5 (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the Company during the year has not entered into any contract with the parties referred to in Section 301 of the Act.

In view of 5 (a) above, the clause 5 (b) is not applicable.

6. 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.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. The Central Government has not prescribed for the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956.

ANNEXURE (Contd.)

- 9 (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.

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 2009 for a period of more than six months from the date they became payable.

- (b) 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.
10. The accumulated losses of the Company is not more than fifty percent of its net worth. The Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
11. Based on our audit procedures and on the information and explanations given by the Management, the Company has not defaulted in repayment of dues to the financial institution and bank. Payment dates of dues for debentures have been extended by the Institution.
12. 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.
13. The Company is not a chit fund company/nidhi/mutual benefit fund/societies; hence provisions of any special statute are not applicable.
14. 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.
15. The Company has not given any guarantee for loans taken by others from bank or financial institutions.
16. In our opinion the term loans raised during the year have been applied for the purpose for which they were raised.
17. 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.
18. The Company has made Preferential allotment of Shares to a party covered in the register maintained u/s 301 of the Act. The price at which shares has been issued is not prejudicial to the interest of the Company.
19. Non Convertible Debentures are secured against movable asset (except book debts) and personal guarantee of Managing Director..
20. According to the information and explanations given to us , the Company has not raised any money by public issue during the year.
21. 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.

Place : Kolkata
Date : May 1, 2009

For **Chaturvedi & Company**
Chartered Accountants
Nilima Joshi
Partner (M. No. 52122)

BALANCE SHEET AS AT MARCH 31, 2009


	Schedule	March 31, 2009 (in Rs)	March 31, 2008 (in Rs)
Sources of Funds:			
A Shareholders' Funds			
Share Capital	1	132,564,765	128,843,765
Reserves & Surplus	2	177,243,399	186,634,291
		309,808,164	315,478,056
B Deffered Tax Liability		10,029,998	—
C Loan Funds			
Secured Loan	3	93,525,807	156,018,974
		93,525,807	156,018,974
	Total (A+B+C)	413,363,969	471,497,029
Application of Funds			
A Fixed Assets			
Gross Block	4	761,527,701	700,436,754
Less: Depreciation		563,088,457	505,693,639
Net Block		198,439,244	194,743,115
Capital Work In Progress		593,925	—
B Investments			
Investment in shares of Wholly Owned Foreign Subsidiary	5	500	500
C Deferred Tax Asset			
		—	9,074,337
D Current Assets, Loans and Advances			
Sundry Debtors	6	93,937,254	62,455,653
Cash and Bank Balances	7	19,161,872	38,014,886
Loans and Advances	8	161,720,947	104,360,090
		274,820,073	204,830,630
Less: Current Liabilities and Provisions	9	135,140,367	76,527,581
Net Current Assets		139,679,706	128,303,049
E Miscellaneous Expenditure			
		3,872,310	5,370,883
F Profit & Loss Account			
		70,778,285	134,005,145
	Total (A+B+C+D+E+F)	413,363,969	471,497,029

NOTES ON ACCOUNTS

12

The Schedule 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

On behalf of the Board

NILIMA JOSHI
Partner, (M. No. 52122)
Dated: May 1, 2009, Kolkata

V. SURANA
CFO & Co. Secretary

SHITAL KR. JAIN
Director

R. R. JAIN
Chairman &
Managing Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

	Schedule	Year Ended March 31, 2009 (in Rs.)	Year Ended March 31, 2008 (in Rs.)
I Income :			
Income from Computer Software Development			
Export Income		1,471,640,859	975,221,828
Domestic Income		24,071,775	28,369,039
Profit on Foreign Currency Translation		(3,793,276)	3,578,275
Other Income (Refer Note 3 of Schedule 12)		2,627,126	4,005,837
	Total	1,494,546,418	1,011,174,979
II Expenditure :			
Selling & Marketing Expenses		78,755,442	52,598,439
Salary and Other Employee Benefit	10	1,002,057,223	647,327,910
Administrative and Other Expenses	11	220,478,537	199,985,648
Miscellaneous Expenses written off		1,548,572	1,499,134
Interest & Finance Charges		40,160,587	49,117,392
Depreciation		57,394,815	46,180,051
	Total	1,400,395,176	996,708,572
III Profit before Tax (I - II) :		94,151,242	14,466,408
Less : Provision for Income Tax		10,520,046	1,491,780
Less : Deffered tax Assets Written off		19,104,335	—
Less : Fringe Benefit Tax		1,300,000	1,300,000
IV Profit after Tax :		63,226,861	11,674,628
Profit & Appropriation :			
Balance brought forward from last year		(134,005,145)	(116,779,772)
Less : Adjustment of Prior Period Interest (Refer Note 10 of Schedule 12)		—	28,900,000
V Balance carried over to Balance Sheet :		(70,778,285)	(134,005,145)
NOTES ON ACCOUNTS	12		
Nominal value per Share		10	10
Basic Earning per Share		7.65	0.73
Diluted Earning per Share		7.56	0.73

The Schedules 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

On behalf of the Board

NILIMA JOSHI
Partner, (M. No. 52122)
Dated: May 1, 2009, Kolkata

V. SURANA
CFO & Co. Secretary

SHITAL KR. JAIN
Director

R. R. JAIN
Chairman &
Managing Director

SCHEDULES TO BALANCE SHEET AS AT MARCH 31, 2009


	March 31, 2009 (in Rs.)	March 31, 2008 (in Rs.)
Schedule - 1		
Share Capital		
Authorised Capital:		
10000000 Equity Shares of Rs. 10/- each	100,000,000	100,000,000
2500000 Preference Shares of Rs. 100/- each	250,000,000	250,000,000
	350,000,000	350,000,000
Issued Subscribed and Paid-up: Fully Called and Paid up		
7664648 Equity Shares of Rs. 10/- each (Previous Year 7,434,648)	76,646,480	74,446,480
500000 12.5% Cumulative Redeemable Preference Shares of Rs. 100/- each fully paid up (Redeemable in May,2004) (Previous Year 500000)	50,000,000	50,000,000
Employee Stock Option Outstanding	47,285	47,285
<p>The Company has granted the following options:</p> <p>a) 165000 share options in 2004-05 under the Employee Stock Option Scheme @ Rs. 15.35. The Closing Market Price Preceding the date of the Board Meeting where the ESOS was approved was Rs. 16.76. 55350 Options have already been exercised and further 12050 shares have lapsed till time.</p> <p>b) 176,600 shares options in 2005-06 under the Employee stock option scheme at the closing of the Market Price of Rs 71/- preceding the date of the Board Meeting where ESOS was approved. 2298 options have been exercised and converted into equity shares till date.</p>		
Preferential Allotment of Equity Warrants		
(The Company has allotted 10,00,000 Equity warrant @ Rs. 19.50 Each on Preferential basis to CMD Mr. Rajnit rai jain in terms of resolution passed at Extra Ordinary General Meeting held on 13th Jan ' 09. The same is convertible into Equity share of Rs. 10 Each at a premium of Rs. 9.5 Each. Of the above 10,00,000 warrant 220000 warrant have been converted into Equity shares during the period in line with SEBI DIP Guidelines.)	1,521,000	—
Share Forfeiture		
(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 cs Rs. 10/- and the price at which allotted cs Rs 87/- inclusive of a premium amount of Rs.77/-. The same has been forfeited in the absence of final call money being released within the due date.)	4,350,000	4,350,000
	132,564,765	128,843,765

SCHEDULES TO BALANCE SHEET AS AT MARCH 31, 2009 (Contd.)

	March 31, 2009 (in Rs.)	March 31, 2008 (in Rs.)
Schedule - 2		
Reserves and Surplus		
Share Premium Account	175,224,291	173,134,291
Preference Share Redemption Reserve	13,500,000	13,500,000
Inter Branch Foreign Fluctuation Reserve	(11,480,891)	—
	177,243,399	186,634,291

	March 31, 2009 (in Rs.)	March 31, 2008 (in Rs.)
Schedule-3		
Secured Loan		
Loans and Advances from Banks and Financial institutions		
ICICI Limited		
Term Loan *	—	15,179,116
Corporate Loan *	—	32,489,616
* (Secured by a first mortgage and charge on all the Company's immovable property at Salt Lake City and movable property, both present and future, book debts and by personal guarantee of and equity shares of the company held by two Directors)		
Bank Overdraft with ICICI Bank **	64,362,361	78,753,500
** (Secured by first charge on all the current assets, second mortgage and charge on all the Company's fixed assets, ranking pari passu with other bankers, exclusive charge on the Corporate Office of the Company and personal guarantee of two Directors)		
12.5 % Non Convertible Debenture (Secured as second charge by way of hypothecation of all movable assets save & except book debts and demand promissory note and Personal Guarantee of Managing Director redeemable in two equal yearly installments in November 2009 and November 2010.	28,900,000	28,900,00
Car Loan (Secured against the car)	263,446	696,742
	93,525,807	156,018,974

Schedule 4

FIXED ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Opening Balance 01.4.08	Additions For the year 2008-09	Sales/ Adjustment	Closing Balance 31.3.2009	Accumulated Depreciation 01.4.08	Depreciation For 2008-09	Sales/ Adjust	Accumulated Depreciation 31.3.2009	As at 31.03.09	As at 01.04.08
Land	775,994			775,994	–			–	775,994	775,994
Building	15,814,206			15,814,206	3,192,592	209,141		3,401,733	12,412,473	12,621,614
Lease Building Expenses	8,983,039	4,999,532		13,982,571	4,826,173		4,210,624	9,036,797	4,945,774	4,156,866
Lease Plant and Machineries	1,127,265			1,127,265	188,888	375,717		564,605	562,660	938,377
Plant and Machineries	550,982,822	42,407,063		593,389,885	459,269,166	47,260,667		506,529,833	86,860,053	91,713,656
Office Equipment	17,622,603	1,773,074		19,395,677	4,498,763	698,177		5,196,940	14,198,737	13,123,840
Air Conditioner	11,575,771	1,079,871		12,655,642	4,486,863	357,550		4,844,413	7,811,229	7,088,908
Electrical Installations	24,673,034	5,500,862		30,173,896	4,983,290	1,060,082		6,043,372	24,130,524	19,689,744
Furniture and Fittings	63,527,663	5,210,546		68,738,209	22,537,873	2,830,882		25,368,754	43,369,454	40,989,790
Motor Vehicles	5,354,356	120,000		5,474,356	1,710,031	391,978		2,102,008	3,372,348	3,644,325
Total	700,436,753	61,090,948	–	761,527,701	505,693,639	53,184,194	4,210,624	563,088,457	198,439,244	194,743,115
Previous Year 07-08	656,957,174	43,979,579	–	700,936,754	460,013,588	42,031,031	4,149,020	506,193,639	194,743,115	196,943,586

Note:

1. Land includes Leasehold land amounting to Rs. 458,694/-. The lease expires in year 2086.
2. Asset has taken on Lease from Orix Auto Infrastructure Services Limited for Rs. 3.26 crores of which Rs. 65.40 lakhs is given as Security Deposit. The lease period is for 48 months starting from 10th August 2006 and lease rental are being paid every month.
3. New Building in Sector V comprising of 59600 sq ft has been taken on lease for a period of 36 months starting from May 2006 to April 2009 against which a expense of Rs 88,02,989 was incurred in earlier years. These expense has been amortised over the period of lease. The period of Lease is being renewed for 36 months wef May '09. The expense for the year has been amortised during the year and shown under sales/adjustments. Additional Expense of Rs 4,999,532 has been incurred during the month March '09 and the same is being written over the period of lease.
4. A Lease agreement for the sum of Rs 101.92 Lac has been entered into with CISCO Systems Capital India Pvt. Ltd as finance Lease for the period of 36 Months w.e.f. 13.10.2007.

SCHEDULES TO BALANCE SHEET AS AT MARCH 31, 2009 (Contd.)

	March 31, 2009 (in Rs.)	March 31, 2008 (in Rs.)
Schedule -5		
Investments		
Long Term & Unquoted		
in Wholly Owned Subsidiary Responsive Solution inc. (500 no. Equity Share of USD 0.01 each)	16,330,000	16,330,000
	16,330,000	16,330,000
Less: Provision of Diminution in value of investments	16,329,500	16,329,500
	500	500

	March 31, 2009 (in Rs.)	March 31, 2008 (in Rs.)
Schedule-6		
Sundry Debtors		
Receivables		
(Unsecured and Considered good) Debts Outstanding for a period exceeding six months- (including Rs. 10,555,914/- From the subsidiary)	12,588,577	28,753,104
Other Debts	81,348,677	33,702,549
	93,937,254	62,455,653

	March 31, 2009 (in Rs.)	March 31, 2008 (in Rs.)
Schedule-7		
Cash and Bank Balances		
Cash in hand	49,782	410,881
Cash at Bank with :		
Scheduled Banks		
- in Current Account (Axis bank Ltd., ICICI Bank Ltd.)	12,383,617	14,327,222
- in No Lien Account	1,742	3,762
Foreign Banks		
- in Current Account (Bk of America, Silicon Valley Bk, ICICI Bk UK Ltd.)	5,616,732	20,781,514
Fixed Deposits		
Axis Bank (on lien)	492,487	1,921,496
Allahabad Bank	617,511	570,011
	19,161,872	38,014,886

	Year Ended March 31, 2009 (in Rs.)	Year ended March 31, 2008 (in Rs.)
Schedule-8		
Loans and Advances		
(Unsecured and Considered good)		
Advances		
(Recoverable in cash or in kind or for value to be received)		
Advance to subsidiary	18,505,115	10,043,080
Advances to Staff	1,754,169	1,109,511
Advance Taxes	50,467,748	31,153,910
Prepaid Expenses	4,340,171	5,064,723
Others	8,262,227	1,798,690
Deposits	78,391,517	55,190,176
	161,720,947	104,360,090

	March 31, 2009 (in Rs)	March 31, 2008 (in Rs)
Schedule-9		
Current Liabilities and Provisions		
Current Liabilities		
Sundry Creditors	89,460,170	52,535,643
(Including due to MSME Rs. 388,357)		
Other Liability	18,139,979	10,161,067
Interest Accrued but not due	—	1,360,083
Provisions		
Liability Provision for Leave Encashment	5,177,972	2,540,881
Liability Provision for Gratuity	6,523,030	4,853,634
Provision of Fringe Benefit Tax	1,227,390	1,748,446
ProVISION of Fringe Benefit Tax-07-08	1,300,000	1,300,000
Provision of Income Tax 2006-07	—	536,047
Provision of Income Tax 2007-08	1,491,780	1,491,780
ProVISION for Fringe Benefit Tax 08-09	1,300,000	—
	10,520,046	—
Provision of Income Tax 2008-09	135,140,367	76,527,581

SCHEDULE TO PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED AS AT MARCH 31, 2009

	Year Ended March 31, 2009 (in Rs.)	Year Ended March 31, 2008 (in Rs.)
Schedule-10		
Salary & other employment benefits		
Salary, Wages & Bonus	714,375,487	461,248,129
Subcontracting Charges	231,360,834	142,487,943
Contribution to PF & other Funds	16,608,369	10,115,893
Workman & Staff Welfare Expenses	39,712,533	33,475,945
	1,002,057,223	647,327,910
Schedule-11		
Administrative and other expenses		
Travelling	37,139,404	35,311,259
Conveyance	6,040,657	4,521,864
Staff Welfare	3,942,101	2,505,176
Communication Costs	4,391,032	5,122,573
Telephone	19,488,849	8,914,605
Printing and Stationery	2,749,868	4,478,886
Electricity and Power	10,855,338	9,963,430
Rent - Equipment	8,660,920	8,514,567
Rent - Apartment & Ground	26,018,250	25,111,003
Repairs - Machinery	6,432,894	3,649,493
Repairs - Building	5,885,967	7,645,417
Repairs - Others	453,471	170,018
Education and Training Expenses	658,551	428,264
Insurance	9,324,007	7,928,528
Miscellaneous Expenses	529,956	1,343,717
Auditors' Remuneration - Audit Fees	150,000	150,000
Tax Audit Fee	50,000	50,000
Other Audit Certification	73,001	82,500
Books and Periodicals	586,099	472,943
Directors' Fees	420,000	562,500
Rates and Taxes	164,857	144,757
Legal / Professional Fee	56,211,362	52,804,265
Consultancy Charges	3,759,729	3,566,048
Recruitment & Relocation Expenses	8,093,204	5,422,315
General and Board Meeting expenses	1,805,101	2,083,998
Membership and Subscription	1,623,461	2,658,979
Business Promotion	1,928,097	3,089,412
Advertisement	817,954	504,044
Seminar & Conferences	2,092,407	171,085
Donation	132,000	—
Bad Debt written off	—	2,614,004
	220,478,537	199,985,648

Schedule 12**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

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.

e) Depreciation

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 Rs.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. Significant purchased application software that is an integral part of the computer system expected to provide lasting benefits is capitalized and amortized in three years. Expenses incurred on leased premises are amortized over the remaining period of lease.

f) Investments

Current Investments are valued at lower of cost or market value.

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.

g) Miscellaneous Expenditure

Share Issue Expenses are being written off in sixty monthly installments commencing from the date of closing of the Right Issue.

h) Foreign Currency Translation

Foreign Currency transactions are recorded at exchange rate prevailing on the dates of respective transactions. 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 after taking credit for allowances

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31.03.2009 (Contd.)

and exemptions under section 10B of the Income Tax Act, 1961 for the Export Oriented Unit with the assumption that realization from debtors in convertible foreign exchange shall be received within a period of six months from the end of the previous year or any extended period by competent authority. Minimum Alternate Tax (MAT) to the extent applicable is considered.

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 Accountant 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.

2. Contingent Liabilities:

- a) Guarantees outstanding as at 31.03.09 is Rs 1,524,900 (Previous Financial year 31.03.08 Rs. 4,396,300)
 - b) Liabilities in respect of bills discounted by the Company as on 31.03.09 is amounting to Rs. 191,277,731 (Previous Financial year 31.03.08 Rs. 150,174,671)
3. a) Debit in Interest and Finance Charges Account includes Interest to Banks and Financial Institutions Rs. 32,360,931 incurred during the year ended 31.03.09 (Previous Financial Year 31.03.08 Rs. 44,593,957). It also includes interest on Debenture amounting to Rs. 3,615,856 (previous year Rs. 1,879,147).
 - b) Other income for the period ended 31.03.09 includes Interest Received from Bank amounting (including TDS Rs. 35,610) to Rs 246,140 (Previous Year Rs. 202,829 (including TDS Rs. 34,642)), interest received from subsidiary Rs.13884 (Previous Year Rs. NIL) and Conversion fees amounting to Rs. NIL (Previous year Rs. 3,725,742).
4. a. The income tax deducted at source on domestic income during the year is Rs. 3,033,838 (Previous Financial Year Rs. 3,614,795).
 - b. The Company has provided an amount of Rs. 10,029,998 as deferred tax Liability during the period ended 31.03.09. The detail for the same is given as below:-

Deferred Tax Liability	As ON 31-03-09
Tax Rate	33.99%
Depreciation Difference 2008-09 (A)	(33,931,563)
As per Companies Act	53,184,194
As per Income Tax	19,252,631
WDV Difference opening as on 1.4.08 (B)	75,141,239
As per Companies Act	190,586,249
As per Income Tax	115,445,009
Closing TD (A + B)	41,209,677
Closing Balance DTL	14,007,169
Deferred Tax Asset	
Tax Rate	33.99%
Opening TD	
Provision for Gratuity & Leave	11,701,002
Originating TD	11,701,002
Closing TD	11,701,002
Closing Balance DTA	3,977,171

4. c. There is no Impairment of assets during the year.
5. a. Legal /Professional Fees and Taxes is inclusive of value added tax for the period ended 31.03.09 amounting to Rs. 36,133,666 (Previous Financial year 31.03.08 Rs. 27,247,397). It also includes the amount of Rs .10,290,260 paid as legal charges for a case filed in USA by Identity Check for infringement of copy right. The company may undergo out of court settlement, however the amount for the same has not yet been determined.
5. b. Prior period expenses incurred till date Rs. 1,541,425/- (Previous Financial Year 31.03.08 Rs. 2,429,092)

Particulars	Amount (Rs.)
Printing & Stationery	5,610
Rent Equipment	21,442
Repairs - Machinery	255,729
Sales & Marketing	538,147
Staff Welfare	166,169
Travelling	554,328
TOTAL	1,541,425

6. Considering increasing self financing of foreign business by way of bill discounting and increasing volume of onsite business and clientele for onsite business the company has reclassified it's foreign operations as non integral unit as per AS 11. These necessitated change in accounting policy and need to create a "Inter Branch Foreign Currency Fluctuation Reserve" Account as per AS 11. The same has been institutionalized wef 1st Oct' 08 and the difference arising out of the same during the period Oct'08 to March' 09, not being of revenue in nature i.e Rs. (11,480,891) has been transferred to the said Account.

If the company would have considered the same w.e.f 1.4.2004, the balance in the above said account and Profit & Loss of the company would have been as below:-

Year	Foreign Exchange Fluctuation considered as Revenue	Profit after Tax (PAT)	Revised PAT
2003-04	—	(88,350,861)	(88,350,861)
2004-05	(719,382)	(14,882,026)	(14,162,644)
2005-06	1,956,869	59,306,534	57,349,665
2006-07	5,456,811	48,490,239	43,033,428
2007-08	(236,292)	11,674,628	11,910,920
2008-09 (till Sep '08)	6,456,290	26,122,149	19,665,859

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31.03.2009 (Contd.)

7. a. i.) In respect of equipment acquired on finance lease, the minimum lease rental outstanding as on 31st March' 2009 and their present value are as under :-

	Total Minimum Lease Payment outstanding as at 31 st March' 2009	Future Interest on Outstanding Lease Payment	Present Value of minimum Lease Payment as at 31 st March' 2009
Within One Year	2,843,844	221,676	2,622,168
Later than One Year and not Later than Five Year	1,421,922	31,959	1,389,963

- ii.) General description of Lease Agreement
a) Lease rental are charged on the basis of agreed terms.
b) Assets are taken on lease for a period of 3 years

7. b.i.) The Company has taken equipments from Orix Auto Infrastructure Service Ltd. Under operating clause and lease rent amounting to Rs. 2,061,944 (previous Year 31.03.08 Rs 7,791,707) has been charged to the profit & Loss Account. The Future Minimum Lease Payment are as under

	Total Minimum Lease Payment outstanding as at 31 st March' 2009
Within One Year	8,277,384
Later than One Year and not Later than Five Year	11,344,582

- ii.) The Company has also entered into an operating lease for Building with Saltee Infotex (India) Pvt. Ltd. for the period of 3 years expiring on 30th April' 09. The amount of Rs. 16,449,600 (Previous Year 31.03.08 Rs. 16,449,600) has been charged to the profit & Loss Account.

	Total Minimum Lease Payment outstanding as at 31 st March' 2009
Within One Year	1,370,800
Later than One Year and not Later than Five Year	NIL

8. DEFINED BENEFIT PLAN

As per Actuarial Valuation as on 31.03.2009, the company has recognized the appreciation in the value of the liability into the books in addition to the One fifth of the Transitional difference arises as on 31.03.08 of the same has been charged to P/L A/c amounting to Rs. 1,440,780 & 770,828 for Leave Encashment & Gratuity respectively. And the balance of Rs 4,322,339, & 2,313,028 are being carried forward to be charged off in balance three installments in respect of Leave Encashment & Gratuity respectively.

TABLE 1

A	Net Asset/(Liability) Recognised in Balance Sheet – 1 April 2008	Gratuity	Leave
1	Present value of Defined Benefit Obligation:	79.37	38.42
2	Fair Value of Plan Assets	0.00	0.00
3	Funded Status [Surplus/(Deficit)]	(79.37)	(38.42)
4	Unrecognized Past Service Costs	0.00	0.00
5	Net Asset / (Liability) recognized in the Balance Sheet	(79.37)	(38.42)
	Assumptions at 1 April 2008		
	Discount Rate	8.00%	7.50%

TABLE 2

Disclosure of employer expense for the year ended 31 March 2009			
A	Components of Employer Expense	Gratuity	Leave
1	Current Service Cost	28.87	32.10
2	Interest Cost	6.71	3.55
3	Return on plan assets	0.00	0.00
4	Curtailment cost (credit)	0.00	0.00
5	Settlement cost (credit)	0.00	0.00
6	Amortization of Past Service Cost	0.00	0.00
7	Actuarial Losses/(Gains)	(5.03)	(1.00)
8	Total employer expense recognized in P&L	30.55	34.65
Assumptions at 31st March '2009			
	Discount Rate	8.00%	7.5

TABLE 3

A	Estimated Net Asset/(Liability) Recognised in Balance Sheet–31 March 2009	Gratuity	Leave
1	Present value of Defined Benefit Obligation	88.36	50.38
2	Fair Value of Plan Assets	0.00	0.00
3	Funded status [Surplus/(Deficit)]	(88.36)	(50.38)
4	Unrecognized Past Service Costs	0.00	0.00
5	Net Asset / (Liability) recognized in the Balance Sheet	(88.36)	(50.38)

TABLE 4

A	Change in Defined Benefit Obligation	Gratuity	Leave
1	Present value of PBO at beginning of period	79.37	38.42
2	Current Service Cost	28.87	32.10
3	Interest Cost	6.71	3.55
4	Curtailment cost/(credit)	0.00	0.00
5	Settlement cost/(credit)	0.00	0.00
6	Employee contribution	0.00	0.00
7	Plan amendments	0.00	0.00
8	Acquisitions	0.00	0.00
9	Actual (gains)/Losses	(5.03)	(1.00)
10	Benefits Paid	(21.56)	(22.69)
11	Present value of PBO at the end of period	88.36	50.38
B	Change in Fair Value of Assets		
1	Plan Assets at beginning of period	0.00	0.00
2	Expected return on plan assets	0.00	0.00
3	Actual company contributions	21.56	22.69
4	Employee contributions	0.00	0.00
5	Actuarial Gain/(Loss) on plan assets	0.00	0.00
6	Benefits paid	(21.56)	(22.69)
7	Plan assets at the end of period	0.00	0.00
Assumptions at 31 March 2009			
	Discount Rate	8.00%	7.50%

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31.03.2009 (Contd.)

9. Related Party Disclosures:

a) Enterprises where control exists:

Wholly Owned Subsidiaries:	Percentage of holding	Country of Incorporation
Responsive Solutions Inc	100%	United States of America

b) Key Management Personnel:

Mr. R R Jain	- Vice Chairman and Managing Director
Mr. S K Jain	- Director
Mr. Pankaj Dhanuka	- Nominee Director – ICICI Appointed on 30 th Oct' 2007)
Mrs. S Jain	- Director

c) Disclosure of transactions between the Company and Related Parties and the status of outstanding balances as on 31.03.2009

	Wholly Owned Subsidiary (WOS)	Key Management Personnel
1 Advances given	5,796,930	
2. Interest Receivable from Subsidiary	13,884	
3. Remuneration to Key Personnel:		
- Directors		420,000
- Managing Director		3,888,000
4. Professional Fee to a Director		
5. Balance as on 31.03.09 :		
Advances given	18,505,115	
Debtors	10,555,914	
6. Maximum balance outstanding during the year		
Advance given	18,505,115	
Debtors	10,555,914	

d) The company has charged interest on advance given to subsidiary after 1st January'2009. The interest is treated as further advance given.

10. a) 14.6% Cumulative Redeemable Preference Shares (CRPS) amounting to Rs. 50,000,000 issued to IDBI were due to be redeemed on May 30, 2004 but have not been redeemed. IDBI has made following restructuring on the following terms and conditions:

- Roll over of Rs. 500 lacs of CRPS to be redeemed in three installments in October 2005, November 2007 and November 2008.
 - Conversion of entire unpaid dividend of Rs. 264 lacs (accrued upto May 2005) along with unpaid interest of Rs. 25 lacs on defaulted dividend totaling Rs. 289 lacs (subject to reconciliation) as Non Convertible Debentures redeemable in two equal yearly installments in November 2007 and November 2008.
 - Reduction in dividend rate from 14.6% p.a. to 12.5% p.a. on CRPS and at 12.5% on NCD (Rs. 289 lacs).
 - Waiver of entire unpaid overdue liquidated damages of Rs. 32 lacs after Company deposits atleast Rs. 200 lacs in FD/ICD with IDBI.
- b) NCD for 289 Lac have been issued in Nov '07. Due to insufficient profit in the books, the company has not created the Debenture Redemption Reserve. IDBI has agreed in modifying the term for repayment of debenture, which is now due in 2 equal installments payable in November 2009 & 2010 respectively and all the interim payments should be treated as deposits. IDBI has formally approved the same. The Company has paid Rs. 592.57 Lacs till date as against CRPS of Rs 500 Lac and are in talks for adjustment of balance against NCD, which it has treated as deposits.

Due to past losses incurred by the Company no amount has been transferred to Preference Shares Redemption Reserve account during the year 31.03.09.

11. Auditor's Remuneration

	31.03.09 (In Rs.)	31.03.08 (In Rs.)
As Statutory Auditors	150,000	150,000
Tax Audit	50,000	50,000
In Other Capacity Certification work	73,000	82,500
The above remuneration are not inclusive of service tax as applicable		

12. 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 :

	31.03.09	31.03.08
Numerator for Basic and Diluted EPS:		
Profit for the period	63,226,861	11,674,628
Less: Dividend on Pref Shares	6,250,000	6,250,000
	56,976,861	5,424,628
Denominator for Basic EPS:		
Equity Shares	7,444,648	7,434,648
Add: ESOP Conversion		10,000
Add: Preferential Issue	603	
Weighted no. of Equity Shares	7,445,251	7,444,648
Denominator for Diluted Shares		
Weighted No. of Basic Equity Shares	7,444,648	7,444,648
Add: ESOP Conversion		
ESOP Dilutive	17,394	17,394
Pref Share allotment		
ESOP (2006-07)	78,603	
Weighted no. of Equity Shares	7,540,644	7,462,042

13. Salary and Other employee benefits include the remuneration to Managing Directors as follows:

	31.03.09 (Rs.)	31.03.08 (Rs.)
Salaries	2,100,000	515,333
Other Benefits	1,253,574	257,667
Provident Fund	252,000	216,000
Total	3,605,574	989,000

An application has been filled with central Government for approval of the managerial remuneration on ground of his being an NRI as per the definition of the companies Act'1956, which is pending for approval.

14. a. Outstanding ESOS Account represent the intrinsic value of Rs. 1.40 each of 33,775 ESOS Warrants granted to employees and yet to be exercised out of 165,000 ESOS actually granted.
- b. The Company has granted 176,600 options to it's employees during the year 2005-06, the fair value and the exercise price of the options is Rs. 71/- each. As on date (31ST March 2009) 2,298 option has been exercised.
- c. During the year 2006-07 the company has granted 75,000o options to its directors at the price of Rs 66.60 per option and none of the options has been exercised till date.

15. During the year company has received 10% of the application money for 10,00,000 equity warrants @ Rs. 19.50 each from CMD as preferential allotment Out of these 220,000 share were allotted to the him @ Rs. 10 per and Rs. 9.50 as premium

The money received is lying unutilized with ICICI Bank

16. As per information received from the vendor's of the company, there exists amount dues to micro, small and medium enterprises for more than the terms specified.

VENDOR NAME	AMOUNT O/S As on 31.03.09	Due Since	TERMS OF PAYMENT
Sankar Bain	222,681	31.03.09	30 Days
Sumangal Infotec	165,676	28.02.09	45 Days

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31.03.2009 (Contd.)

17. 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.

	31.03.09 (In Rs.)	31.03.08 (In Rs.)
Expenditure in Foreign Currency:		
a. Foreign branch expenditure	1181,569,012	783,701,106
b. Interest paid to ICICI Bank	2,054,079	7,288,933
Earning in Foreign Currency		
a. Export of services	1477,376,117	977,774,077
b. Interest Income	14,584	NIL

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

Particulars	For the year ended March 31, 2009	For the year ended March 31, 2008
1. Segment Revenue (net sale/income from each segment should be disclosed)		
a. Segment-A (USA)	1,233,037,258	795,405,899
b. Segment-B (ROW)	261,509,160	215,769,080
Total	1,494,546,418	1,011,174,979
Less: Inter segment revenue	—	—
Net sales/income from operations	1,494,546,418	1,011,174,979
2. Segment Results Profit (+) / (loss)(-) before tax and interest from each segment		
a. Segment-A (USA)	181,638,324	115,893,563
b. Segment-B (ROW)	85,418,489	77,415,273
Total	267,056,813	193,308,836
Less: i. Interest & Finance Charges	40,660,587	49,117,392
ii. Depreciation	57,394,815	46,231,030
a. Provision for Diminution in value of investments		
b. Share Issue Expenses W/off	1,548,572	1,499,134
c. Selling, General & Administrative Expenses	73,301,597	81,994,872
Total Profit/(Loss) Before Tax	94,151,242	14,466,408
3. Capital Employed		
Total Assets	413,363,969	471,497,029
Total Liabilities	413,363,969	471,497,029

(See note below*)

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.

19. The previous year figures have been recast / restated, wherever necessary, to the current year's classification.

20. Financial figures have been rounded off to nearest rupee.

For CHATURVEDI & COMPANY
Chartered Accountants

On behalf of the Board

NILIMA JOSHI
Partner, (M. No. 52122)
Dated: May 1, 2009, Kolkata

V. SURANA
CFO & Co. Secretary

SHITAL KR. JAIN
Director

R. R. JAIN
Chairman &
Managing Director

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2009

Particulars	Year Ended March 31, 2009 (in Rs.)	Year ended March 31, 2008 (in Rs.)
A Cash Flow from Operating Activities:		
Net Profit after Tax and Extra ordinary Items	63,226,861	11,674,690
Adjustments for :		
Depreciation	57,394,815	46,180,051
Interest Paid	40,160,587	49,117,392
Provision for Tax	30,924,381	2,791,780
Provision for Gratuity, Leave Encashment	4,473,712	9,586,139
Interest (Received)	(260,024)	(202,829)
Employees expenses Amortization	(167,225)	(7,428,587)
Miscellaneous Expenditure written off	1,498,573	1,498,570
Operating Profit before Working Capital changes	197,251,680	113,217,205
Adjustments for :		
Trade and other Receivables	(89,899,557)	5,738,518
Trade Payables	44,903,438	9,045,933
Cash generated from operations	152,255,561	128,001,656
Interest Paid	(41,520,669)	(49,956,433)
Cash Flow before Extraordinary Items	110,734,892	78,045,224
Net Cash from Operating Activities	110,734,892	78,045,224
B Cash Flow from Investing Activities :		
Purchase of Fixed Assets	(61,684,872)	(43,979,580)
Interest received	260,024	202,829
Net Cash from Investing Activities	(61,424,848)	(43,776,751)
C Cash Flow from Financing Activities:		
Proceeds from Share Application	(5,669,891)	117,065
Proceeds from Long term Borrowings	(14,391,138)	18,948,427
Share Issue Expenses		
Repayment of Loan	(48,102,028)	(63,317,859)
Net Cash from Financing Activities	(68,163,058)	(44,252,367)
Net Increase /Decrease in Cash and Cash Equivalentents (A+B+C)	(18,853,014)	(9,983,894)
Opening Cash and Cash Equivalentents	38,014,886	47,998,780
Closing Cash and Cash Equivalentents	19,161,872	38,014,886

The Schedules 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

On behalf of the Board

NILIMA JOSHI
Partner, (M. No. 52122)
Dated: May 1, 2009, Kolkata

V. SURANA
CFO & Co. Secretary

SHITAL KR. 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

I Registration details

Registration No.	L72200WB1987PLC043375
State code	21
Balance Sheet Date	31-03-2009

II Capital raised during the year (Amount in Rs. Thousands)

Public Issue (Warrants converted into shares)	Nil
Rights Issue	Nil
Bonus Issue	Nil
Private Placement	220,000
ESOS	Nil

III Position of Mobilisation and Deployment of funds (Amount in Rs. Thousand)

Total Liabilities	413,364
Total Assets	413,364

Sources of Funds

Paid up Capital	132,565
Reserves & Surplus	177,243
Deferred Tax Liability	10,030
Secured Loans	93,526
Unsecured Loans	

Application of Funds

Net Fixed Assets	198,439
Investments	1
Deferred Tax Assets	—
Net Current Assets	139,680
Misc. Expenditure	3,872
Accumulated Losses	70,778

IV Performance of Company (Amount in Rs. Thousand)

Turnover and Other Income	1,494,546
Total Expenditure	1,400,395
Profit/(Loss) before Tax and Extraordinary items	94,151
Profit/(Loss) after Tax and Extraordinary items	63,227
Earnings per share in Rs.	7.65
Dividend %	Nil

V Generic Names of Two Principal Products/Services of Company (as per monetary terms)

Item code No.	N.A.
Item code No.	N.A.
Product Description	N.A.

For CHATURVEDI & COMPANY
Chartered Accountants

On behalf of the Board

NILIMA JOSHI
Partner, (M. No. 52122)
Dated: May 1, 2009, Kolkata

V. SURANA
CFO & Co. Secretary

SHITAL KR. JAIN
Director

R. R. JAIN
Chairman &
Managing Director

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956



		Amount (Rs) Responsive Solutions, Inc.	Amount (Rs) TOTAL
1.	R S Software (India) Ltd holds the entire paid up Equity Share Capital of wholly Owned Subsidiaries As at 31 st March, 2009	500	500
2.	Net aggregate amount of the Subsidiary Company's Profit /Loss not dealt with in the Company's accounts		
	For the Subsidiary's financial year ended 31 st March 2009	(10,960,181)	(10,960,181)
	For the Subsidiary's previous financial year since it became a subsidiary.	(4,227,536)	(4,227,536)
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 31 st March 2009	Nil	Nil
	For the Subsidiary's previous financial year since it became a subsidiary.	Nil	Nil

On behalf of the Board

May 1, 2009
Kolkata

V. SURANA
CFO & Co. Secretary

SHITAL KR. JAIN
Director

R. R. JAIN
Chairman &
Managing Director

DIRECTORS' REPORT

The Directors present their report together with the audited accounts for the period ended 31st March, 2009.

Review of Financial Performance & Dividend

The company during the year under review reported a loss of \$ 0.22 mn (Previous year Loss \$ 0.11 mn). The company is exploring different avenues of revenues, particularly in areas where the Parent Company RS Software is not focusing, and the plan is to achieve profits during the fiscal year 2009-10.

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

The Directors confirm:

- (i) That the Directors have selected 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 & 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, 2009 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 own 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

R R JAIN

Chairman

April 27, 2009

April 27, 2009

To

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

We have reviewed the accompanying balance sheet of Responsive Solutions, as of March 31, 2009 and, the related statement of income, retained earnings, and cash flows for the period then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All of the information included in the financial statements is the representation of the management of Responsive Solutions.

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 standards, 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.

Satya Narayan, CPA
Silicon Valley Books and Taxes, Inc
3740 Freedom Circle
Santa Clara, CA 95054

RESPOSIVE SOLUTION INC.

RESULT FOR THE WHOLLY OWNED SUBSIDIARY FOR YEAR ENDED 31st MARCH 2009

PROFIT AND LOSS ACCOUNT	Year ended 31st March, 2009 (in US \$)	Year ended 31st March, 2008 (in US \$)
Income		
Sales		
Other Income	1.31	1.31
	1.31	1.31
Expenditure		
Payroll	90,378.72	92,304.05
Operating Expenses	124,037.87	11,589.00
Depreciation	1,743.82	1,743.82
Interest Cost	274.17	—
	216,434.58	105,636.87
Profit before Tax	(216,433.27)	(105,635.56)
Provision for Tax	—	—
Profit after Tax	(216,433.27)	(105,635.56)

BALANCE SHEET As at 31st March 2009

Shareholder's Fund		
Share Capital	500,000.00	500,000.00
TOTAL OF SOURCES	500,000.00	500,000.00
Fixed Assets	3,946.63	5,690.45
Current Assets Loans and Advances		
Sundry Debtors	—	104,785.69
Cash & Bank Balance	1,162.60	6,792.19
Other current Assets	2,500.00	2,500.00
Loans and advances	180,542.45	180,542.45
Less : Current Liabilities	552,219.29	450,945.12
Net Current Assets	(371,014.24)	(156,324.79)
Profit & Loss Accounts (Dr. Balance)	867,067.61	650,634.34
TOTAL OF APPLICATION	500,000.00	500,000.00

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

CASH FLOW STATEMENT	Year Ended 31st March, 2009 (in US \$)	Year Ended 31st March, 2008 (in US \$)
A. Cash Flow from Operating Activities	(216,433.27)	(105,635.56)
Net Profit before Tax and Extra Ordinary Items		
Adjustment for :		
Depreciation	1,743.82	1,743.82
Interest Paid	274.17	
Trade and Other Receivables	104,785.69	
Net Cash from Operating Activities	(109,629.59)	(103,891.74)
B. Cash Flow from Investing Activities		
Advance given to Company	—	—
Net Cash from Investing Activities	—	—
C. Cash Flow from Financing Activities		
Proceeds from Short Term Borrowings	104,274.17	107,000.00
Interest Paid	(274.17)	
Net Cash from Financing Activities	104,000.00	107,000.00
Net Increase / Decrease in Cash and Cash Equivalents (A+B+C)	(5,629.59)	3,108.26
Operating Cash and Cash Equivalents	6,792.19	3,683.93
Closing Cash and Cash Equivalents	1,162.60	6,792.19

NOTES TO FINANCIAL STATEMENTS :

Receivables that have been outstanding for more than 3 years for \$104,786 has been written off during the fiscal period ending Mar' 09 as Per discussion with management.

Interest @ 1% pm is being payable to the Parent Company on all advance received after 1st Jan '09.

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

Current liability includes \$365424.86 payable to Parent Company towards transfer price agreement.

**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 SUBSIDIARY RESPONSIVE SOLUTIONS INC.**

We have examined the attached Consolidated Balance Sheet of R S Software Ltd. and its subsidiary Responsive Solutions, Inc, as at 31st March, 2009, the Consolidated Profit & Loss Account and the Cash Flow Statement for the year then 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 respects, 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 subsidiary, whose financial statements reflect total *negative* assets of Rs. 18,58,8303.77 as at 31st March, 2009 and total revenues of Rs. 57.22 for the year then ended. These financial statements have been audited by other auditor whose report have been furnished to us, and our opinion, insofar as it relates to the amounts included in respect of the subsidiary 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 RS Software India Ltd., and its subsidiary 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 RS Software India Ltd., and its aforesaid subsidiary, we are of the opinion that :

- (a) The Consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of R S Software India Ltd., and its subsidiary as at 31st March, 2009.
- (b) The Consolidated Profit & Loss Account gives a true and fair view of the consolidated results of operations of RS Software India Ltd and its subsidiary for the year then ended ; and
- (c) The Consolidated Cash Flow Statement given a true and fair view of the Cash flow of R S Software India Ltd., and its subsidiary for the year then ended.

Place : Kolkata
Date : May 1, 2009

For **Chaturvedi & Company**
Chartered Accountants
Nilima Joshi
(Partner)
M. No. 55122

BALANCE SHEET AS AT MARCH 31, 2009

After consolidating the results of the Company with those of its wholly owned subsidiary Responsive Solution INC.

	Schedule (in Rs)	March 31, 2009 (in Rs)	March 31, 2008 (in Rs)
Sources of Funds:			
A Shareholders' Funds			
Share Capital	1	132,564,765	128,843,765
Reserves & Surplus	2	177,243,399	186,634,291
Capital Reserve		18,409,763	20,009,500
		328,217,927	335,487,555
B Deferred Tax Liability		10,029,998	—
C Loan Funds			
Secured Loan	3	93,525,807	156,018,974
		93,525,807	156,018,974
Total (A+B+C)		431,773,732	491,506,529
Application of Funds			
A Fixed Assets			
Gross Block	4	762,916,112	701,764,732
Less: Depreciation		564,277,010	506,793,886
Net Block		198,639,102	194,970,846
Capital Work In Progress		593,925	—
C Deferred Tax Asset		—	9,074,337
D Current Assets, Loans and Advances			
Sundry Debtors	5	83,381,338	58,307,002
Cash and Bank Balances	6	19,220,746	38,286,710
Loans and Advances	7	152,485,102	101,642,369
		255,087,186	198,236,082
Less: Current Liabilities and Provisions	8	134,195,643	76,189,150
Net Current Assets		120,891,544	122,046,932
E Miscellaneous Expenditure		3,872,310	5,370,883
F Profit & Loss Account		107,776,852	160,043,531
Total (A+B+C+D+E+F)		431,773,732	491,506,528

NOTES ON ACCOUNTS

12

The Schedule 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

On behalf of the Board

NILIMA JOSHI
Partner, (M. No. 52122)
Dated: May 1, 2009, Kolkata

V. SURANA
CFO & Co. Secretary

SHITAL KR. JAIN
Director

R. R. JAIN
Chairman &
Managing Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

After consolidating the results of the Company with those of its wholly owned subsidiary Responsive Solution INC.

Schedule	Year Ended Mar 31' 2009 (in Rs.)	Year ended Mar 31 2008 (in Rs.)
I Income :		
Income from Computer Software Development		
Export Income	1,471,640,859	975,221,828
Domestic Income	24,071,775	28,369,039
Profit on Foreign Currency Translation	(3,793,276)	3,578,275
Other Income (Refer Note 3 of Schedule 12)	2,627,126	4,005,889
Total	1,494,546,484	1,011,175,032
II Expenditure :		
Selling & Marketing Expenses	78,755,442	52,598,439
Salary and Other Employee Benefit	9	1,006,634,001
Administrative and Other Expenses	10	226,759,815
Miscellaneous Expenses written off	1,548,572	1,499,134
Interest & Finance Charges	40,174,471	49,117,392
Depreciation	57,483,122	46,249,839
Total	1,411,355,423	1,000,936,160
III Profit before Tax (I - II) :	83,191,061	10,238,872
Less : Provision for IncomeTax	10,520,046	1,491,780
Less : Deferred tax Assets Written off	19,104,335	
Less: Fringe Benefit Tax	1,300,000	1,300,000
IV Profit after Tax :	52,266,680	7,447,092
Profit & Appropriation :		
Balance brought forward from last year	(160,043,531)	(196,390,623)
Less : Adjustment of Prior Period Interest (Refer Note 10 of Schedule 12)	—	28,900,000
V Balance carried over to Balance Sheet :	(107,776,852)	(160,043,531)
NOTES ON ACCOUNTS	12	
Nominal value per Share		10
Basic Earning per Share	6.15	0.73
Diluted Earning per Share	6.07	0.73

The Schedules 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

On behalf of the Board

NILIMA JOSHI
Partner, (M. No. 52122)
Dated: May 1, 2009, Kolkata

V. SURANA
CFO & Co. Secretary

SHITAL KR. JAIN
Director

R. R. JAIN
Chairman &
Managing Director

	March 31, 2009 (in Rs.)	March 31, 2008 (in Rs.)
Schedule - 1		
Share Capital		
Authorised Capital:		
10000000 Equity Shares of Rs. 10/- each	100,000,000	100,000,000
2500000 Preference Shares of Rs. 100/- each	250,000,000	250,000,000
	350,000,000	350,000,000
Issued Subscribed and Paid-up: Fully Called and Paid up		
7664648 Equity Shares of Rs. 10/- each (Previous Year 7,434,648)	76,646,480	74,446,480
500000 12.5% Cumulative Redeemable Preference Shares of Rs. 100/- each fully paid up (Redeemable in May,2004) (Previous Year 500000)	50,000,000	50,000,000
Employee Stock Option Outstanding The Company has granted the following options: a) 165000 share options in 2004-05 under the Employee Stock Option Scheme @ Rs. 15.35. The Closing Market Price Preceding the date of the Board Meeting where the ESOS was approved was Rs. 16.76. 55350 Options have already been exercised and further 12050 shares have lapsed till time. b) 176,600 shares options in 2005-06 under the Employee stock option scheme at the closing of the Market Price of Rs 71/- preceding the date of the Board Meeting where ESOS was approved. 2298 options have been exercised and converted into equity shares till date.	47,285	47,285
Preferential Allotment of Equity Warrants (The Company has allotted 10,00,000 Equity warrant @ Rs. 19.50 Each on Prefrencial basis to CMD Mr. Rajnit rai jain in terms of resolution passed at Extra Ordinary General Meeting held on 13th Jan ' 09. The same is convertible into Equity share of Rs. 10 Each at a premium of Rs. 9.5 Each. Of the above 10,00,000 warrant 220000 warrant have been converted into Equity shares during the period in line with SEBI DIP Guidelines.)	1,521,000	—
Share Forfeiture (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 cs Rs. 10/- and the price at which allotted cs Rs 87/- inclusive of a premium amount of Rs.77/- . The same has been forfeited in the absence of final call money being released within the due date.)	4,350,000	4,350,000
	132,564,765	128,843,765

SCHEDULES TO BALANCE SHEET AS AT MARCH 31, 2009 (Contd.)

Schedule - 2

	March 31, 2009 (in Rs.)	March 31, 2008 (in Rs.)
Reserves and Surplus		
Share Premium Account	175,224,291	173,134,291
Preference Share Redemption Reserve	13,500,000	13,500,000
Inter Branch Foreign Fluctuation Reserve	(11,480,891)	—
	177,243,399	186,634,291

Schedule-3

	March 31, 2009 (in Rs.)	March 31, 2008 (in Rs.)
Secured Loan		
Loans and Advances from Banks and Financial institutions		
ICICI Limited		
Term Loan *	—	15,179,116
Corporate Loan *	—	32,489,616
* (Secured by a first mortgage and charge on all the Company's immovable property at Salt Lake City and movable property, both present and future, book debts and by personal guarantee of and equity shares of the company held by two Directors)		
Bank Overdraft with ICICI Bank **	64,362,361	78,753,500
** (Secured by first charge on all the current assets, second mortgage and charge on all the Company's fixed assets, ranking pari passu with other bankers, exclusive charge on the Corporate Office of the Company and personal guarantee of two Directors)		
12.5 % Non Convertible Debenture (Secured as second charge by way of hypothecation of all movable assets save & except book debts and demand promissory note and Personal Guarantee of Managing Director redeemable in two equal yearly installments in November 2009 and November 2010.	28,900,000	28,900,00
Car Loan (Secured against the car)	263,446	696,742
	93,525,807	156,018,974

Schedule 4

FIXED ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Opening Balance 01.4.08	Additions For the year 2008-09	Sales/ Adjustment	Closing Balance 31.3.2009	Accumulated Depreciation 01.4.08	Depreciation For 2008-09	Sales/ Adjust	Accumulated Depreciation 31.3.2009	As at 31.3.200	As at 01.04.08
Land	775,994			775,994	–			–	775,994	775,994
Building	15,814,206			15,814,206	3,192,592	209,141		3,401,733	12,412,473	12,621,614
Lease Building Expenses	8,983,039	4,999,532		13,982,571	4,826,173		4,210,624	9,036,797	4,945,774	4,156,866
Lease Plant and Machineries	1,127,265			1,127,265	188,888	375,717		564,605	562,660	938,377
Plant and Machineries	550,982,822	42,407,063		593,389,885	459,269,166	47,260,667		506,529,833	86,860,053	91,713,656
Office Equipment	17,622,603	1,773,074		19,395,677	4,498,763	698,177		5,196,940	14,198,737	13,123,840
Air Conditioner	11,575,771	1,079,871		12,655,642	4,486,863	357,550			4,844,413	7,811,229
Electrical Installations	24,673,034	5,500,862		30,173,896	4,983,290	1,060,082		6,043,372	24,130,524	19,689,744
Furniture and Fittings	63,527,663	5,210,546		68,738,209	22,537,873	2,830,882		25,368,754	43,369,454	40,989,790
Motor Vehicles	5,354,356	120,000		5,474,356	1,710,031	391,978		2,102,008	3,372,348	3,644,325
Subsidiary Fixed Assets	1,327,978		60,433	1,388,411	1,100,247	88,307		1,188,554	199,857	227,731
Total	701,764,731	61,090,948	60,433	762,916,112	506,793,886	53,272,501	4,210,624	564,277,010	198,639,102	194,970,846
Previous Year 07-08	658,320,709	43,979,579	35,557	702,264,732	461,044,047	42,100,819	4,149,020	507,293,886	194,970,846	197,276,662

Note:

1. Land includes Leasehold land amounting to Rs. 458,694/-. The lease expires in year 2086.
2. Asset has taken on Lease from Orix Auto Infrastructure Services Limited for Rs. 3.26 crores of which Rs. 65.40 lakhs is given as Security Deposit. The lease period is for 48 months starting from 10th August 2006 and lease rental are being paid every month.
3. New Building in Sector V comprising of 59600 sq ft has been taken on lease for a period of 36 months starting from May 2006 to April 2009 against which a expense of Rs 88,02,989 was incurred in earlier years. These expense has been amortised over the period of lease. The period of Lease is being renewed for 36 months wef May '09. The expense for the year has been amortised during the year and shown under sales/adjustments. Additional Expense of Rs 4,999,532 has been incurred during the month March '09 and the same is being written over the period of lease.
4. A Lease agreement for the sum of Rs 101.92 Lac has been entered into with CISCO Systems Capital India Pvt. Ltd as finance Lease for the period of 36 Months w.e.f. 13.10.2007.

SCHEDULES TO BALANCE SHEET AS AT MARCH 31, 2009 (Contd.)

	March 31, 2009 (in Rs.)	March 31, 2008 (in Rs.)
Schedule -5		
Sundry Debtors		
Receivables		
(Unsecured and Considered good)		
Debts Outstanding for a period exceeding six months-	2,032,663	24,604,453
Other Debts	81,348,675	33,702,549
	83,381,338	58,307,002

	March 31, 2009 (in Rs.)	March 31, 2008 (in Rs.)
Schedule-6		
Cash and Bank Balances		
Cash in hand	49,782	410,881
Cash at Bank with :		
Scheduled Banks		
- in Current Account (Axis bank Ltd., ICICI Bank Ltd.)	12,383,617	14,327,222
- in No Lien Account	1,742	3,762
Foreign Banks		
- in Current Account (Bk of America, Silicon Valley Bk, ICICI Bk UK Ltd.)	5,675,606	21,053,338
Fixed Deposits		
Axis Bank (on lien)	492,487	1,921,496
Allahabad Bank	617,511	570,011
	19,220,746	38,286,710

	March 31, 2009 (in Rs.)	March 31, 2008 (in Rs.)
Schedule-7		
Loans and Advances		
(Unsecured and Considered good)		
Advances		
(Recoverable in cash or in kind or for value to be received)		
Advances to Staff	1,754,169	1,109,512
Advance Taxes	50,467,748	31,153,910
Prepaid Expenses	4,340,171	5,064,723
Others	17,531,496	9,124,049
Deposits	78,391,517	55,190,176
	152,485,102	101,642,369

Schedule-8	March 31, 2009 (in Rs)	March 31, 2008 (in Rs)
Current Liabilities and Provisions		
Current Liabilities		
Sundry Creditors (Including due to MSME Rs. 388357)	88,515,446	52,197,213
Other Liability	18,139,979	10,161,067
Interest Accrued but not due	—	1,360,083
Provisions		
Liability Provision for Leave Encashment	5,177,972	2,540,881
Liability Provision for Gratuity	6,523,030	4,853,634
Provision of Fringe Benefit Tax	1,227,390	1,748,446
Provision of Fringe Benefit Tax-07-08	1,300,000	1,300,000
Provision of Income Tax 2006-07	—	536,047
Provision of Income Tax 2007-08	1,491,780	1,491,780
Provision for Fringe Benefit Tax 08-09	1,300,000	—
Provision of Income Tax 2008-09	10,520,046	—
	134,195,643	76,189,150

SCHEDULE-9	Year Ended March 31, 2009 (in Rs.)	Year ended March 31, 2008 (in Rs.)
Salary and other Employee Benefits		
Salary, Wages & Bonus	718,554,223	461,248,129
Subcontracting Charges	231,360,834	142,487,943
Contribution to PF & other Funds	17,006,411	10,115,893
Workman & Staff Welfare Expenses	39,712,533	33,475,945
	1,006,634,001	647,327,910

SCHEDULES TO PROFIT AND LOSS ACCOUNT MARCH 31, 2009

SCHEDULE-10

	Year Ended March 31, 2009 (in Rs.)	Year Ended March 31, 2008 (in Rs.)
Administrative and other expenses		
Travelling	37,139,404	35,311,259
Conveyance	6,040,657	4,521,864
Staff Welfare	3,942,101	2,505,176
Communication Costs	4,391,032	5,122,573
Telephone	19,488,849	8,914,605
Printing and Stationery	2,749,868	4,478,886
Electricity and Power	10,855,338	9,963,430
Rent - Equipment	8,660,920	8,514,567
Rent - Apartment & Ground	26,018,250	25,111,003
Repairs - Machinery	6,432,894	3,649,493
Repairs - Building	5,885,967	7,645,417
Repairs - Others	453,471	170,018
Education and Training Expenses	658,551	428,264
Insurance	9,324,007	7,928,528
Miscellaneous Expenses	1,428,926	1,283,687
Auditors' Remuneration - Audit Fees	225,960	210,030
Tax Audit Fee	50,000	50,000
Other Audit Certification	73,001	82,500
Books and Periodicals	586,099	472,943
Directors' Fees	420,000	562,500
Rates and Taxes	164,857	144,757
Legal / Professional Fee	56,211,362	52,804,265
Consultancy Charges	3,759,729	3,566,048
Recruitment & Relocation Expenses	8,093,204	5,422,315
General and Board Meeting expenses	1,805,101	2,083,998
Membership and Subscription	1,623,461	2,658,979
Business Promotion	1,928,097	3,089,412
Advertisement	817,954	504,044
Seminar & Conferences	2,092,407	171,085
Donation	132,000	—
Bad Debt written off	—	2,614,004
Subsidiary Debtor's written off	5,306,347	—
	226,759,815	199,985,648

Schedule 11

(Forming part of Consolidated Financial statement with wholly owned Subsidiaries Responsive Solution Inc.)

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

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.

e) Depreciation

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 Rs.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. Significant purchased application software that is an integral part of the computer system expected to provide lasting benefits is capitalized and amortized in three years. Expenses incurred on leased premises are amortized over the remaining period of lease.

f) Investments

Current Investments are valued at lower of cost or market value.

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.

g) Miscellaneous Expenditure

Share Issue Expenses are being written off in sixty monthly installments commencing from the date of closing of the Right Issue.

h) Foreign Currency Translation

Foreign Currency transactions are recorded at exchange rate prevailing on the dates of respective transactions. 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.

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31.03.2009 (Contd.)

j) Income Tax

The Company computes income tax liability under the "Tax Payable" method after taking credit for allowances and exemptions under section 10B of the Income Tax Act, 1961 for the Export Oriented Unit with the assumption that realization from debtors in convertible foreign exchange shall be received within a period of six months from the end of the previous year or any extended period by competent authority. Minimum Alternate Tax (MAT) to the extent applicable is considered.

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 Accountant 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.

2. Contingent Liabilities:

- a) Guarantees outstanding as at 31.03.09 is Rs 1,524,900 (Previous Financial year 31.03.08 Rs. 4,396,300)
 - b) Liabilities in respect of bills discounted by the Company as on 31.03.09 is amounting to Rs. 191,277,731 (Previous Financial year 31.03.08 Rs. 150,174,671)
3. a) Debit in Interest and Finance Charges Account includes Interest to Banks and Financial Institutions Rs. 32,360,931 incurred during the year ended 31.03.09 (Previous Financial Year 31.03.08 Rs. 44,593,957). It also includes interest on Debenture amounting to Rs. 3,615,856 (previous year Rs. 1,879,147).
 - b) Other income for the period ended 31.03.09 includes Interest Received from Bank amounting (including TDS Rs. 35,610) to Rs 246,140 (Previous Year Rs. 202,829 (including TDS Rs. 34,642)), interest received from subsidiary Rs.13884 (Previous Year Rs. NIL) and Conversion fees amounting to Rs. NIL (Previous year Rs. 3,725,742).
4. a. The income tax deducted at source on domestic income during the year is Rs. 3,033,838 (Previous Financial Year Rs. 3,614,795).
 - b. Responsive has written off it's debtors for (\$ 1047,86) Rs. 5,306,363 as bad debt for the reason non recoverable.
 - c. The Company has provided an amount Rs. 10,029,998 as deferred tax Liability during the period ended 31.3.09. The detail for the same is given below:

Deferred Tax Liability	As ON 31-03-09
Tax Rate	33.99
Depreciation Difference 2008-09 (A)	(33,931,563)
As per Companies Act	53,184,194
As per Income Tax	19,252,631
WDV Difference opening as on 1.4.08 (B)	75,141,239
As per Companies Act	190,586,249
As per Income Tax	115,445,009
Closing TD (A + B)	41,209,677
Closing Balance DTL	14,007,169
Deferred Tax Asset	
Tax Rate	33.99
Opening TD	
Provision for Gratuity & Leave	11,701,002
Originating TD	11,701,002
Closing TD	11,701,002
Closing Balance DTA	3,977,171

- 4 d. There is no Impairment of assets during the year.
5. a. Legal /Professional Fees and Taxes is inclusive of value added tax for the period ended 31.03.09 amounting to Rs. 36,133,666 (Previous Financial year 31.03.08 Rs. 27,247,397). It also includes the amount of Rs .10,290,260 paid as legal charges for a case filed in USA by Identity Check for infringement of copy right. The company may undergo out of court settlement, however the amount for the same has not yet been determined.
5. b. Prior period expenses incurred till date Rs. 1,541,425/- (Previous Financial Year 31.03.08 Rs. 2,429,092)

Particulars	Amount (Rs.)
Printing & Stationery	5,610
Rent Equipment	21,442
Repairs - Machinery	255,729
Sales & Marketing	538,147
Staff Welfare	166,169
Travelling	554,328
TOTAL	1,541,425

6. Considering increasing self financing of foreign business by way of bill discounting and increasing volume of onsite business and clientele for onsite business the company has reclassified it's foreign operations as non integral unit as per AS 11. These necessitated change in accounting policy and need to create a "Inter Branch Foreign Currency Fluctuation Reserve" Account as per AS 11. The same has been institutionalized wef 1st Oct' 08 and the difference arising out of the same during the period Oct'08 to March' 09, not being of revenue in nature i.e Rs. (11,480,891) has been transferred to the said Account.

If the company would have considered the same w.e.f 1.4.2004, the balance in the above said account and Profit & Loss of the company would have been as below:-

Year	Foreign Exchange Fluctuation considered as Revenue	Profit after Tax (PAT)	Revised PAT
2003-04	—	(88,350,861)	(88,350,861)
2004-05	(719,382)	(14,882,026)	(14,162,644)
2005-06	1,956,869	59,306,534	57,349,665
2006-07	5,456,811	48,490,239	43,033,428
2007-08	(236,292)	11,674,628	11,910,920
2008-09 (till Sep '08)	6,456,290	26,122,149	19,665,859

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31.03.2009 (Contd.)

7. a. i.) In respect of equipment acquired on finance lease, the minimum lease rental outstanding as on 31st March' 2009 and their present value are as under :-

	Total Minimum Lease Payment outstanding as at 31 st March' 2009	Future Interest on Outstanding Lease Payment	Present Value of minimum Lease Payment as at 31 st March' 2009
Within One Year	2,843,844	221,676	2,622,168
Later than One Year and not Later than Five Year	1,421,922	31,959	1,389,963

- ii.) General description of Lease Agreement
a) Lease rental are charged on the basis of agreed terms.
b) Assets are taken on lease for a period of 3 years

7. b.i.) The Company has taken equipments from Orix Auto Infrastructure Service Ltd. Under operating clause and lease rent amounting to Rs. 2,061,944 (previous Year 31.03.08 Rs 7,791,707) has been charged to the profit & Loss Account. The Future Minimum Lease Payment are as under

	Total Minimum Lease Payment outstanding as at 31 st March' 2009
Within One Year	8,277,384
Later than One Year and not Later than Five Year	11,344,582

- ii.) The Company has also entered into an operating lease for Building with Saltee Infotex (India) Pvt. Ltd. for the period of 3 years expiring on 30th April' 09. The amount of Rs. 16,449,600 (Previous Year 31.03.08 Rs. 16,449,600) has been charged to the profit & Loss Account.

	Total Minimum Lease Payment outstanding as at 31 st March' 2009
Within One Year	1,370,800
Later than One Year and not Later than Five Year	NIL

8. DEFINED BENEFIT PLAN

As per Actuarial Valuation as on 31 .03.2009, the company has recognized the appreciation in the value of the liability into the books in addition to the One fifth of the Transitional difference arises as on 31.03.08 of the same has been charged to P/L A/c amounting to Rs. 1,440,780 & 770,828 for Leave Encashment & Gratuity respectively. And the balance of Rs 4,322,339, & 2,313,028 are being carried forward to be charged off in balance three installments in respect of Leave Encashment & Gratuity respectively.

TABLE 1

A	Net Asset/(Liability) Recognised in Balance Sheet – 1 April 2008	Gratuity	Leave
1	Present value of Defined Benefit Obligation:	79.37	38.42
2	Fair Value of Plan Assets	0.00	0.00
3	Funded Status [Surplus/(Deficit)]	(79.37)	(38.42)
4	Unrecognized Past Service Costs	0.00	0.00
5	Net Asset / (Liability) recognized in the Balance Sheet	(79.37)	(38.42)
	Assumptions at 1 April 2008		
	Discount Rate	8.00%	7.50%

TABLE 2

Disclosure of employer expense for the year ended 31 March 2009			
A	Components of Employer Expense	Gratuity	Leave
1	Current Service Cost	28.87	32.10
2	Interest Cost	6.71	3.55
3	Return on plan assets	0.00	0.00
4	Curtailement cost (credit)	0.00	0.00
5	Settlement cost (credit)	0.00	0.00
6	Amortization of Past Service Cost	0.00	0.00
7	Actuarial Losses/(Gains)	(5.03)	(1.00)
8	Total employer expense recognized in P&L	30.55	34.65
Assumptions at 31st March '2009			
	Discount Rate	8.00%	7.50%

TABLE 3

A	Estimated Net Asset/(Liability) Recognised in Balance Sheet-31 March 2009	Gratuity	Leave
1	Present value of Defined Benefit Obligation	88.36	50.38
2	Fair Value of Plan Assets	0.00	0.00
3	Funded status [Surplus/(Deficit)]	(88.36)	(50.38)
4	Unrecognized Past Service Costs	0.00	0.00
5	Net Asset / (Liability) recognized in the Balance Sheet	(88.36)	(50.38)

TABLE 4

A	Change in Defined Benefit Obligation	Gratuity	Leave
1	Present value of PBO at beginning of period	79.37	38.42
2	Current Service Cost	28.87	32.10
3	Interest Cost	6.71	3.55
4	Curtailement cost/(credit)	0.00	0.00
5	Settlement cost/(credit)	0.00	0.00
6	Employee contribution	0.00	0.00
7	Plan amendments	0.00	0.00
8	Acquisitions	0.00	0.00
9	Actual (gains)/Losses	(5.03)	(1.00)
10	Benefits Paid	(21.56)	(22.69)
11	Present value of PBO at the end of period	88.36	50.38
B	Change in Fair Value of Assets		
1	Plan Assets at beginning of period	0.00	0.00
2	Expected return on plan assets	0.00	0.00
3	Actual company contributions	21.56	22.69
4	Employee contributions	0.00	0.00
5	Actuarial Gain/(Loss) on plan assets	0.00	0.00
6	Benefits paid	(21.56)	(22.69)
7	Plan assets at the end of period	0.00	0.00
Assumptions at 31 March 2009			
	Discount Rate	8.00%	7.50%

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31.03.2009 (Contd.)

9. Related Party Disclosures:

a) Enterprises where control exists:

Wholly Owned Subsidiaries:	Percentage of holding	Country of Incorporation
Responsive Solutions Inc	100%	United States of America

b) Key Management Personnel:

Mr. R R Jain	– Vice Chairman and Managing Director
Mr. S K Jain	– Director
Mr. Pankaj Dhanuka	– Nominee Director – ICICI Appointed on 30 th Oct' 2007)
Mrs. S Jain	– Director

c) Disclosure of transactions between the Company and Related Parties and the status of outstanding balances as on 31.03.2009

		Wholly Owned Subsidiary (WOS)	Key Management Personnel
1	Advances given	5,796,930	
2.	Interest Receivable from Subsidiary	13,884	
3.	Remuneration to Key Personnel:		
	– Directors		420,000
	– Managing Director		3,888,000
4.	Professional Fee to a Director		
5.	Balance as on 31.03.09 :		
	Advances given	18,505,115	
	Debtors	10,555,914	
6.	Maximum balance outstanding during the year		
	Advance given	18,505,115	
	Debtors	10,555,914	

d) The company has charged interest on advance given to subsidiary after 1st January'2009. The interest is treated as further advance given.

10. a) 14.6% Cumulative Redeemable Preference Shares (CRPS) amounting to Rs. 50,000,000 issued to IDBI were due to be redeemed on May 30, 2004 but have not been redeemed. IDBI has made following restructuring on the following terms and conditions:
- Roll over of Rs. 500 lacs of CRPS to be redeemed in three installments in October 2005, November 2007 and November 2008.
 - Conversion of entire unpaid dividend of Rs. 264 lacs (accrued upto May 2005) along with unpaid interest of Rs. 25 lacs on defaulted dividend totaling Rs. 289 lacs (subject to reconciliation) as Non Convertible Debentures redeemable in two equal yearly installments in November 2007 and November 2008.
 - Reduction in dividend rate from 14.6% p.a. to 12.5% p.a. on CRPS and at 12.5% on NCD (Rs. 289 lacs).
 - Waiver of entire unpaid overdue liquidated damages of Rs. 32 lacs after Company deposits atleast Rs. 200 lacs in FD/ICD with IDBI.
- b) NCD for 289 Lac have been issued in Nov '07. Due to insufficient profit in the books, the company has not created the Debenture Redemption Reserve. IDBI has agreed in modifying the term for repayment of debenture, which is now due in 2 equal installments payable in November 2009 & 2010 respectively and all the interim payments should be treated as deposits. IDBI has formally approved the same. The Company has paid Rs. 592.57 Lacs till date as against CRPS of Rs 500 Lac and are in talks for adjustment of balance against NCD, which it has treated as deposits.

Due to past losses incurred by the Company no amount has been transferred to Preference Shares Redemption Reserve account during the year 31.03.09.

11. Auditor's Remuneration

	31.03.09 (In Rs.)	31.03.08 (In Rs.)
As Statutory Auditors	225,960	150,000
Tax Audit	50,000	50,000
In Other Capacity Certification work	73,000	82,500

The above remuneration are not inclusive of service tax as applicable

12. 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 :

	31.03.09	31.03.08
Numerator for Basic and Diluted EPS:		
Profit for the period	52,056,994	11,674,628
Less: Dividend on Pref Shares	6,250,000	6,250,000
	45,806,994	5,424,628
Denominator for Basic EPS:		
Equity Shares	7,444,648	7,434,648
Add: ESOP Conversion		10,000
Add: Preferential Issue	603	
Weighted no. of Equity Shares	7,445,251	7,444,648
Denominator for Diluted Shares		
Weighted No. of Basic Equity Shares	7,444,648	7,444,648
Add: ESOP Conversion		
ESOP Dilutive	17,394	17,394
Pref Share allotment		
ESOP (2006-07)	78,603	
Weighted no. of Equity Shares	7,540,644	7,462,042

13. Salary and Other employee benefits include the remuneration to Managing Directors as follows:

	31.03.09 (Rs.)	31.03.08 (Rs.)
Salaries	2,100,000	515,333
Other Benefits	1,253,574	257,667
Provident Fund	252,000	216,000
Total	3,605,574	989,000

An application has been filled with central Government for approval of the managerial remuneration on ground of his being an NRI as per the definition of the companies Act'1956, which is pending for approval.

14. a. Outstanding ESOS Account represent the intrinsic value of Rs. 1.40 each of 33,775 ESOS Warrants granted to employees and yet to be exercised out of 165,000 ESOS actually granted.
- b. The Company has granted 176,600 options to it's employees during the year 2005-06, the fair value and the exercise price of the options is Rs. 71/- each. As on date (31ST March 2009) 2,298 option has been exercised.
- c. During the year 2006-07 the company has granted 75,000o options to its directors at the price of Rs 66.60 per option and none of the options has been exercised till date.

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31.03.2009 (Contd.)

15. During the year company has received 10% of the application money for 10,00,000 equity warrants @ Rs. 19.50 each from CMD as preferential allotment Out of these 220,000 share were allotted to the him @ Rs. 10 per and Rs. 9.50 as premium
The money received is lying unutilized with ICICI Bank

16. As per information received from the vendor's of the company, there exists amount dues to micro, small and medium enterprises for more than the terms specified.

VENDOR NAME	AMOUNT O/S As on 31.03.09	Due Since	TERMS OF PAYMENT
Sankar Bain	222,681	31.03.09	30 Days
Sumangal Infotec	165,676	28.02.09	45 Days

17. 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.

	31.03.09 (In Rs.)	31.03.08 (In Rs.)
Expenditure in Foreign Currency:		
a. Foreign branch expenditure	845,334,767	783,701,106
b. Interest paid to ICICI Bank	2,054,079	7,288,933
Earning in Foreign Currency		
a. Export of services	1053,144,704	977,774,077
b. Interest Income	14,584	NIL

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

Particulars	For the year ended March 31, 2009	For the year ended March 31, 2008
1. Segment Revenue (net sale/income from each segment should be disclosed)		
a. Segment-A (USA)	1,233,037,325	795,405,899
b. Segment-B (ROW)	261,509,160	215,769,080
Total	1,494,546,484	1,011,174,979
Less: Inter segment revenue	—	—
Net sales/income from operations	1,494,546,484	1,011,174,979
2. Segment Results Profit (+) / (loss)(-) before tax and interest from each segment		
a. Segment-A (USA)	170,678,147	111,666,027
b. Segment-B (ROW)	85,418,489	77,415,273
Total	256,096,636	189,081,300
Less: i. Interest & Finance Charges	40,660,587	49,117,392
ii. Depreciation	57,394,815	46,231,030
a. Provision for Diminution in value of investments		
b. Share Issue Expenses W/off	1,548,572	1,499,134
c. Selling, General & Administrative Expenses	73,301,597	81,994,872
Total Profit/(Loss) Before Tax	83,191,066	10,238,872
3. Capital Employed		
Total Assets	431,773,732	491,506,529
Total Liabilities	431,773,732	491,506,529

(See note below*)

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.

19. The previous year figures have been recast / restated, wherever necessary, to the current year's classification.
20. Financial figures have been rounded off to nearest rupee.

For CHATURVEDI & COMPANY
Chartered Accountants

On behalf of the Board

NILIMA JOSHI
Partner, (M. No. 52122)
Dated: May 1, 2009, Kolkata

V. SURANA
CFO & Co. Secretary

SHITAL KR. JAIN
Director

R. R. JAIN
Chairman &
Managing Director

CONSOLIDATED CASH FLOW STATEMENT

Particulars

After consolidating the results of the Company with those of its wholly owned subsidiary Responsive Solution INC.

	Year ended March 31, 2009 (in Rs.)	Year ended March 31 2008 (in Rs.)
A Cash Flow from Operating Activities:		
Net Profit after Tax and Extra ordinary Items	52,266,680	7,447,154
Adjustments for :		
Inter branch Reserve	(1,625,639)	1,678,605
Depreciation	57,483,122	46,249,839
Interest Paid	40,174,471	49,117,392
Provision for Tax	30,924,381	2,791,780
Provision for Gratuity, Leave Encashment	4,473,712	9,586,139
Interest (Received)	(260,024)	(202,829)
Employees expensesAmortization	(167,225)	(7,428,587)
Miscellaneous Expenditure written off	1,498,573	1,498,570
Operating Profit before Working Capital changes	184,768,051	110,738,062
Adjustments for :		
Trade and other Receivables	(76,948,268)	22,515,773
Trade Payables	44,297,145	(3,622,018)
Cash generated from operations	152,116,929	129,631,817
Interest Paid	(41,534,553)	(49,956,432)
Cash Flow before Extraordinary Items	110,582,375	79,675,385
Net Cash from Operating Activities	110,582,375	79,675,385
B Cash Flow from Investing Activities :		
Purchase of Fixed Assets	(61,745,305)	(43,944,022)
Interest received	260,024	202,829
Net Cash from Investing Activities	(61,485,281)	(43,741,193)
C Cash Flow from Financing Activities:		
Proceeds from Share Application	(5,669,891)	(1,435,606)
Proceeds from Long term Borrowings	(14,391,138)	18,948,427
Share Issue Expenses		
Repayment of Loan	(48,102,028)	(63,317,861)
Net Cash from Financing Activities	(68,163,058)	(45,805,039)
Net Increase /Decrease in Cash and Cash Equivalents (A+B+C)	(19,065,964)	(9,870,847)
Opening Cash and Cash Equivalents	38,286,710	48,157,557
Closing Cash and Cash Equivalents	19,220,746	38,286,710

The Schedules 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

On behalf of the Board

NILIMA JOSHI
Partner, (M. No. 52122)
Dated: May 1, 2009, Kolkata

V. SURANA
CFO & Co. Secretary

SHITAL KR. 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, Calcutta - 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 _____
(of 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 First ANNUAL GENERAL MEETING of the Company, to be
held at 11 am on Wednesday, July 29, 2009 and at any adjournment thereof.

As witness my / our hand/hands this _____ day of _____ 2009.

Signed by the said

fix Re. 1/- Revenue Stamp

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, Calcutta – 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, Calcutta – 700 020

I hereby record my presence at the ANNUAL GENERAL MEETING at Aikatan Cultural Centre, Eastern Zonal Cultural Centre, IA- 190, Sector III, Salt Lake City, Kolkata 700 097 at 11 am on Wednesday, July 29, 2009.

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