



# BOOK OF LISTS

THE ANNUAL REPORT FOR 2012-13 THAT EXPLAINS  
THE RISE OF DIGITAL MONEY AND HOW RS SOFTWARE  
IS ACCELERATING ITS ADOPTION

R.S. Software (India) Limited  
Annual Report 2012-13

## Forward-looking statement

In this annual report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically make, contain forward-looking statements that set out anticipated results based on the management’s plans and assumptions. We have tried wherever possible to identify such statements by using words such as ‘anticipates’, ‘estimates’, ‘expects’, ‘projects’, ‘intends’, ‘plans’, ‘believes’ and words of similar substance in connection with any discussion on future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions.

Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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## The first word

The last time you bought something, did you pay by a credit card? The last time you bought a book, did you pay cash across the counter or simply clicked for it on an international website? The last time you wanted to transfer money across continents, did you carry a bag full of currency or simply asked your bank to transfer it electronically?

If the answer to all three is a 'yes', it only testifies to the growing preference for digital money.

Interestingly, the electronic payments industry is as complex as it is attractive. To provide readers with a lucid insight, we have deliberately chosen to restructure the report's format. From a conventional chapter-led approach to a list-centric treatment.

With the objective to enhance familiarity with one of the most attractive sunrise sectors in the world and the role being played by RS Software in facilitating it.

# 4 big reasons why the payments industry trend continues to be positive

- 1 Nearly \$11 trillion is spent globally each year (cash and cheques) providing a robust foundation for the growth of the electronic payments industry.
- 2 The global electronic payments industry is experiencing an unprecedented growth on account of an irreversible shift from paper to electronic payment forms, processing tens of trillions of dollars of payment transactions.
- 3 US payment transactions processing just on Visa & MasterCard networks have grown from 18% of non-auto retail sales in 1991 to 77% of non-auto retail sales in 2012 (estimated at \$4 trillion).
- 4 US consumer payments using cards are estimated to rise from 40% in 2006 to 60% by 2016 (Source: *The Nilson Report*).



## Innovation leading to disruption

The immense potential of emerging payments presents new, valuable options for consumers and merchants to graduate from small time players to long-term winners.

For instance, credit card companies are partnering issuers, merchants and even competing companies to offer competitive products and services. In early 2013, Visa and JP Morgan Chase announced a venture called Chase

Merchant Services (CMS) where Visa will help its largest client JP Morgan Chase to set up its own processing capability. This will allow CMS an enhanced flexibility in setting terms of interchange with merchants, greater cooperation between issuers and acquirers without Visa standing in between with its rules. This is similar to American Express' own closed loop network. Overall, Visa could gain a



# 5 indicators of how the global electronic payments sector has translated into valuations

This industry since 1970 has grown ~10,000%, and it is now operating in 200 countries, serving 500 mn clients, and this year its revenues are expected to be in the range of \$1 trillion. Even as the last five years have been the most challenging in decades for the financial sector, major credit card companies - Visa, MasterCard, American Express and Discover Financial Services - outperformed the rise in the S&P 500 index. Benefiting from a shift to paperless payments, higher consumer confidence, lower bankruptcy and a higher utilisation of credit cards by businesses.

1 The Visa stock price has grown by **250%**

2 The MasterCard stock price has grown by **400%**

3 The American Express stock price has grown by **650%**

4 The Discover stock price has grown by **1,000%**

5 The RS Software stock price has grown by **1,100%**

*Shares of RS Software are quoted and actively traded in NSE and BSE*

market share and some incremental revenue due to the relaxing of rules. Around the same time, MasterCard made a deal with Alibaba Group, a large China-based e-commerce company, which gave MasterCard access to 6,000,000 merchants and 800 million users. Essentially the focus is shifting to merchants and consumers, and that is where brands will get built.

Platform plays are going to make 2013 an interesting year for payments. Payments have always been about

platforms; if 2012 was the year of the 'mobile wallet', 2013 will be the year of the 'platform play'. In 2012, Discover started a whole new trend in platform plays when it made its platforms available to others (PayPal most famously) to ignite its own payments. Innovations like PayPal, Google and Facebook are changing the way we live; the way we buy and pay for things.

The Visa stock price has grown by

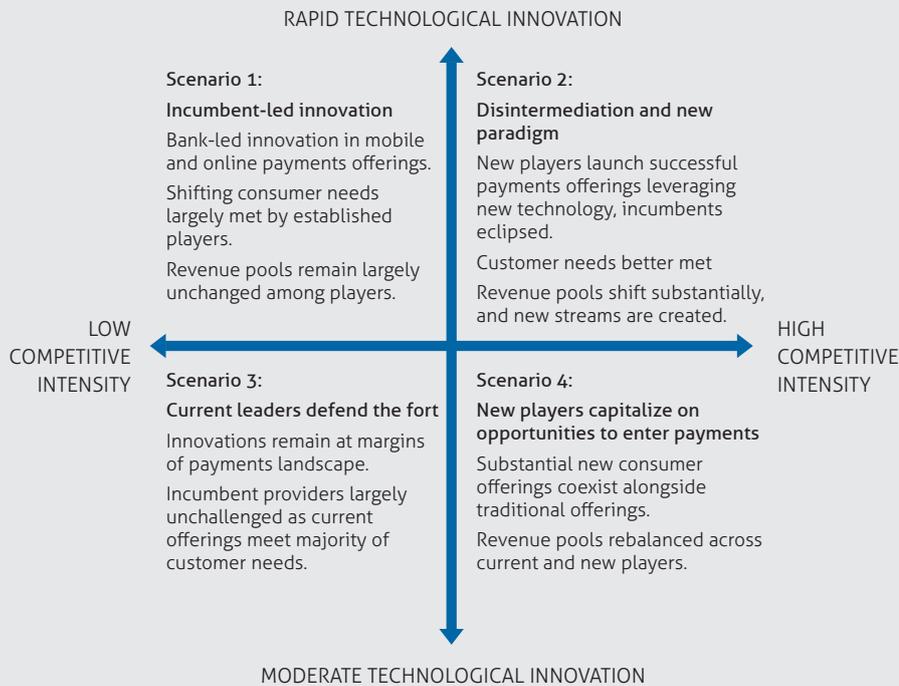
**250%**

The RS Software stock price has grown by

**1,100%**

The pictorial representation below from McKinsey & Co. gives an overview of the evolution happening in the payments ecosystem:

Competitive intensity and technology Innovation will shape the future of payments



## Payment Networks – The driver of change

Payment Networks are a critical and important player in today's electronic payments infrastructure (and this is where RS Software's largest and dominant experience lies). Therefore the pace and scale of change in the payments industry will be dictated by the dynamics of network competition and the success or failure of emerging payments offerings.

An alternate network can replace an existing network if it provides similar or better services, as with displacement of traditional mail by e-mail and mobile phones supplanting landline phones. As online and mobile networks grow in popularity and sophistication, their potential to displace existing networks increases.



# 3 unmistakable indicators that the world of electronic payments is rapidly becoming a part of our everyday lives

Innovation in computing and mobility enable point of sale capability - anytime and anywhere

- 1 Computing growth from 1980 has gone from 10M++ devices to current levels of 1B++ and estimated at 10B++ devices by 2020
- 2 Global mobile traffic has increased from 0% to 15% of the global internet traffic in the last five years, and growing rapidly
- 3 The smartphones and tablets environment is fast moving towards the wearables/drivables/flyables/scannables space

China's online payments standard, Alipay, is a compelling example of a new player leveraging the online network to offer a new payments standard – to the exclusion of incumbent payment networks. At present, mobile POS acceptance – fuelled by innovators like Square – is expanding the payments market into new merchant verticals, while online social networks such as Facebook and Zynga are fuelling innovation with multiple payment forms.

For payment networks, the

implications are more balanced. Their primary concern is to remain relevant to all parties and deliver mobile payments infrastructure to the market. Networks should consider expanding their clients to include mobile network operators as direct payments parties. Retailers have an opportunity to meet customer needs by allowing them to pay with the instrument of their choosing.

The major payment networks are increasing their focus on technologies that consumers can use to make

purchases – by simply entering a password on an e-commerce website or by tapping a smartphone against a merchant payment terminal. When paired with incentives, such services could increase transaction volume and provide new revenue streams for payment networks, banks and merchants.

# 5 indicators of the rich mobile telephony potential

**1** While the global population is around seven billion, the total number of mobile phones is close to six billion, a global penetration of nearly 85%.

**2** Developed countries like the US, the UK and Germany have a penetration of over a 100% while Hong Kong and Saudi Arabia have a penetration approaching 200% even as the mobile phone penetration in developing countries like India and China is close to 70%, representing a scope for expansion.

**3** Mobile phones are extending financial services in lieu of an

underdeveloped banking system with transactions involving SMS-based payments, direct mobile billing using PIN and onetime password (OTP) authentication and mobile web payments.

**4** The room for smartphones to grow is huge considering that there are only 1.5 billion smartphone users as against 6 billion mobile phone users in 2013

**5** The global volume of money spent using mobile phones was around \$106 billion in 2011, rising to \$171 billion in 2012, and expected to grow to about \$617 billion by 2016.

There are only 1.5 billion smartphone users as against 6 billion mobile phone users in 2013

# 8 game-changers in the global payments industry and how they are transforming the industry structure

Improving operational efficiencies and lowering costs are no longer adequate for maintaining a competitive edge in the payments processing industry. Regulations, alternative networks, rapid adoption of new technologies by consumers, and payment innovations have created a competitive environment that requires processors develop their businesses with value-added services and products.

Opportunities for such offerings are available in a variety of areas such as data analytics, business intelligence; location-based marketing, and simplified payment options.

**1 Regulation:** Governments are shaping the competitive playing field within and across borders. In the wake of the financial crisis, rewriting the established rules.

**2 Consumers:** Consumers are

demonstrating a strong willingness to change their purchasing behaviour. As evidenced by de-leveraging in advanced economies, deeply entrenched behaviours are shifting, presenting the opportunity to recast preferences.

**3 Technology:** The rapid spread of smartphones and web access has attained sufficient scale to offer a compelling alternative to existing payment mechanisms.

**4 Merchants:** As a critical segment of the payments landscape, merchants are increasingly innovating POS mechanisms. Merchant-funded, personalised reward offerings may drive new products.

**5 Competition:** Banks, payment networks, processors and other payment incumbents are increasingly encountering competition from mobile carriers, internet players, software providers, retailers and

other new entrants as the landscape evolves.

**6 Utility:** Payments have traditionally been seen as a utility supporting other revenue sources, but it is now emerging as a distinct competitive advantage that needs to be achieved.

**7 Convergence:** The convergence of physical, online and mobile channels are forcing all key participants to re-platform their systems to give customers a unique experience, starting with pre-payment to payment to post-payment.

**8 Prepaid cards:** Banks run a significant risk of wide-scale disintermediation as millions of customers turn potentially to new lower cost alternatives. Prepaid cards represent a \$3.3 trillion opportunity, helping the under-banked and un-banked population, globally.



As a critical segment of the payments landscape, merchants are increasingly innovating POS mechanisms. Merchant-funded, personalised reward offerings may drive new products.

# Is the secular trend for growth of electronic payments ending soon?

Dee Hock is the founder CEO of Visa, and also the innovator of the electronic payments industry. He said "The problem is never how to get new, innovative thoughts into your mind, but how to get old ones out. Every mind is a room packed with archaic furniture. You must get the old furniture of what you know, think, and believe out before anything new can get in. Make an empty space in any corner of your mind, and creativity will instantly fill it."

Here is one of his several quotes, which only validates the continuing journey of innovation in the electronic payments industry: "Money had become nothing but alphanumeric data recorded on valueless paper and metal. It would become data in the form of arranged electrons and photons that would move around the world at the speed of light, at minuscule cost, by infinitely diverse paths, throughout the entire electromagnetic spectrum."

The long term secular growth trend is well founded and established.

Card penetration is high in the US, but still growing at higher rates than retail sales due to more merchant categories getting added to the

Electronic Payments Industry. Technology is enabling ~35 million casual merchants in the US, who are now leveraging electronic payments (thanks to companies like Square)

In 2012, \$1.2 trillion cash was in circulation around the US (~7% of GDP), and is present in a significantly higher level in other countries. Cash and cheques still constitute \$11 trillion a year for retail payments outside the US, particularly in emerging markets, ~85% of global payment transactions are still done using paper money

Mobile phones and tablets in the US can do to brick and mortar casual 35 million merchants what PayPal has done to online payments.

MPESA in Africa has shown how mobile payments can facilitate societal inclusion, which has helped motivate governments globally to target the electronification of payments.

Without a doubt, credit card companies are here to stay and likely to capitalise on two secular trends: move to a cashless society and respond to an ever-increasing focus by regulators to lower the fee structure between merchants and issuers of payment instruments.

## Where RS Software comes in

Irrespective of whether McKinsey's four projected trends exist or any of these trends dominate over the others, stakeholders in the payments industry will need to build, enhance and consolidate their payment processing infrastructure. The result is that one can expect significantly large capital allocations to achieve this. The organisations involved in processing these payments make it all seem easy but it isn't. This is where providers like RS Software come in, a company helping build authorisation, clearing and settlement systems for more than 20 years.

# The RS Software story



RS Software has only one focus – electronic payments.

### It is our pedigree and our history.

The only reason we are in business is to address the fundamental need of humanity, and that is the movement of money globally, helping money to transform to electronic and potentially virtual, when it can travel at the most efficient

pace to facilitate both societal inclusion and happiness for humanity.

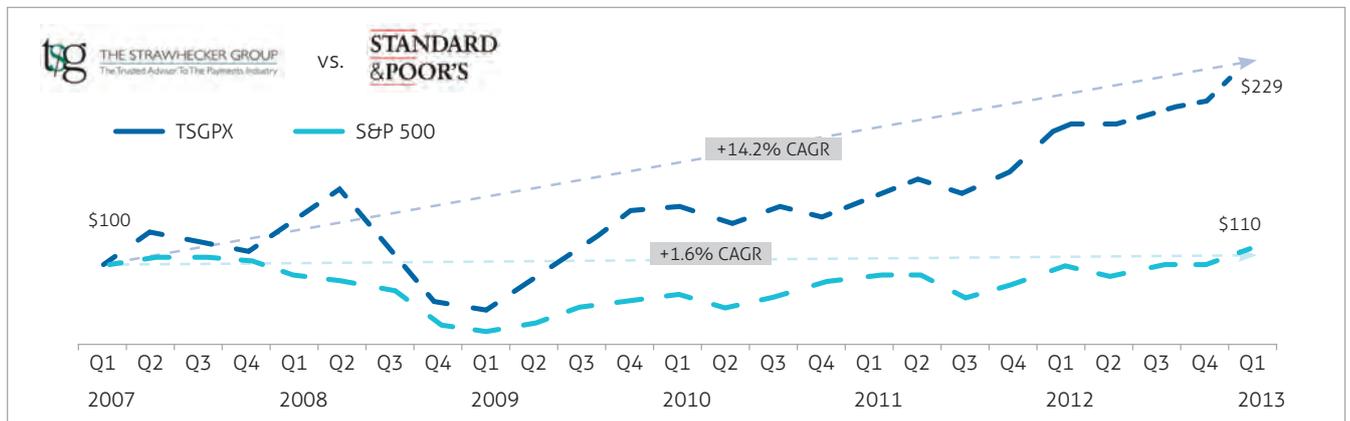
**This is the industry we are in-** We understand the Payments Processes and technologies needed by key industry participants that are faced with the challenge of responding to the drivers of disruption, and leveraging the significant growth opportunities globally.

## Strong past and strong present

### The payments industry stock market index in the US since the financial crisis of 2008

Payments Indicators: Payments Companies vs. S&P 500

The chart below displays the performance of a \$100 investment in an index of selected payments companies which represent the 'TSG Payments Index' - this index is calculated on a value weighted basis using market capitalisation and is compared to the S&P 500 which is also calculated using the same methodology. A \$100 investment in the TSGPX in Q1 2007 would now be valued at \$229, as compared to \$110 if invested in the S&P 500.



### Payment companies

- 3PEA International Inc ■ ACI Worldwide Inc ■ Alliance Data Systems Inc ■ Die Bold Incorporated ■ American Express Company ■ Card Tronics ■ Discover Financial Services ■ Euronet Worldwide Inc ■ FIS ■ Fiserv Inc ■ Global Cash Access Inc ■ Fundtech Ltd ■ Green Dot Corporation ■ Global Payments Inc ■ Jack Herry & Associates ■ Heartland Payment Systems Inc ■ MasterCard ■ NCR Corporation ■ Net Spend Corporation ■ Payment Data Systems Inc ■ Planet Payment Inc ■ The Strawhecker Group ■ Total System Services Inc ■ Tier ■ Verisign ■ Vantiv ■ VeriFone Systems Inc ■ Visa ■ Western Union Holdings Inc ■ Wright Express Corporation



## Challenges and solutions

The payments processing and services industry provides infrastructure and services that facilitate electronic payments. The key industry participants comprise merchant acquirers, processors, payment networks, card issuer processors, card issuers, point-of-sale terminal manufacturers and gateway providers. What makes this business space attractive are recurring revenues, high

operating leverage and robust free cash flow generation. The electronic payments infrastructure supports a market that generates \$900 billion in revenues annually. Payments related companies have been experiencing robust growth and returning significant value to their stake holders.

In the past, payments processors outsourced resources required to



## 7 reasons why RS Software is aware of the dynamic changes in the payments ecosystem

- 1 RS Software provides payment processors with a vertically-integrated solution.
- 2 The Company utilises an approach that integrates knowledge management, innovation and specialised methodologies
- 3 The Company is positioned as a partner of choice of leading payments brands worldwide.
- 4 The Company is focused on delivering solutions that help clients evolve and adapt to the needs of an ever-changing marketplace.
- 5 RS Software adds significant value to each player in the payments ecosystem (payment networks, acquirers, payment processors, card issuers, or merchants)
- 6 RS Software clients can 'expect more' and benefit from its understanding of their challenges, innovative thinking and responsiveness.
- 7 RS Software's guiding principle of 'think of yourself as the customer' ensures high executive attention and client focus, making it a bankable business partner.

address industry challenges. Today, they need to get more creative about the solutions they bring to the market. There is a growing focus on the use of business intelligence technologies leading to value-added services for merchants and consumers. Operational efficiencies and cost control have been the main strategies employed by this industry to maintain profitability. Payments Processors have utilised economies of scale and offshore outsourcing of development

as the primary tactics supporting these efforts.

Even as the space is financially attractive, the marketplace is competitive as ever. Competition has never been stiffer with consortiums and partnerships being developed around existing and new disruptive technologies that are putting pressure on the fees associated with issuing, acquiring, switching, authorizing, clearing and settling all these transactions. Besides, existing and

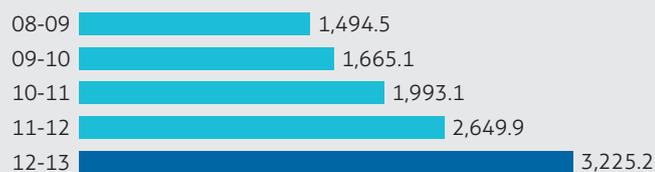
disruptive technologies are creating pressure at various points in the payments processing value chain, impacting participating issuers, acquirers and networks. Increasing transaction volumes, payment types, access points and frauds, challenge the infrastructure supported by legacy systems and software.

The result is a growing need for specialised solution providers to address these challenges and customer robustness and efficiency.

## RS Software benefiting from the trend

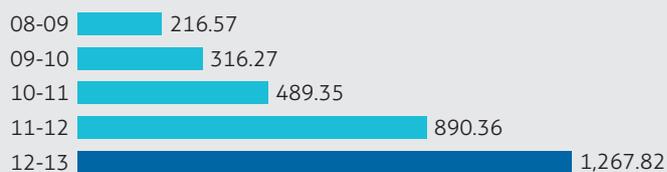
### Seven financial parameters that indicate our business traction is positive:

#### Revenue (₹ mn)



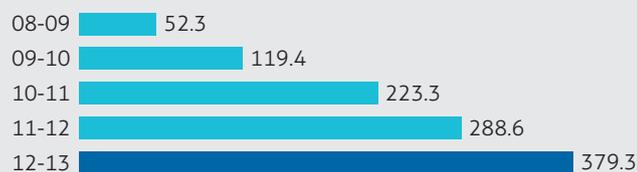
Ensuring higher revenues by helping strengthen the global payments space

#### Net Worth (₹ mn)



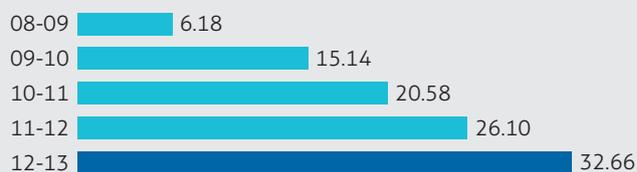
... through the development of cutting-edge solutions

#### Profit after tax (₹ mn)



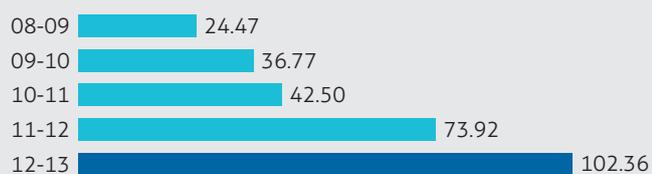
... and strengthen our bottomline

#### Earnings per share (₹)



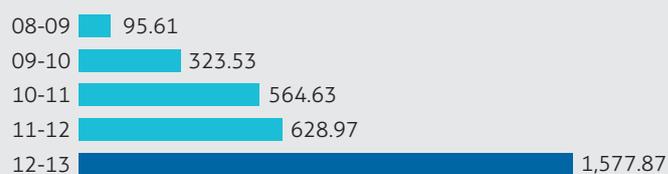
... which translates into a rise in our earnings per share

### Book Value per share (₹)



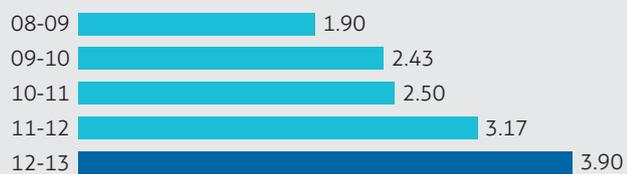
... and enhancing our valuation potential reflected in an attractively placed per share book value

### Market Cap (₹ mn)



... translating into superior shareholder value

### Current Ratio



... judiciously managing day to day business operations

### Price to Sales Ratio (PSR)



... cascading into superior valuation

### 2012-13 financials and performance highlights

- Revenues: ₹3225.18 million (up 22% y-o-y)
- Net profit: ₹379.27 million (up 31% y-o-y)
- PBT: ₹496.36 million (up 41% y-o-y)
- Networth: ₹1267.82 million (up 42% y-o-y)
- EPS: ₹32.66
- EBITDA up 36%
- Dividend: 35% (20% proposed as final dividend)
- Added five clients in FY13
- Size of order pipeline stands at \$48M for the FY 13-14
- In 2012-13, the Company grew 8% in US\$ terms and 22% in INR terms (according to Gartner, the overall IT services industry grew 2% in US\$ terms)

### 5-year performance highlights leading to 2012-13

- CAGR over 25% in revenues
- Consistent net profits for the last 23 quarters
- 219% growth in revenue
- 412% growth in EBITDA
- 4,993% growth in profit after tax
- 666% growth in cash profits
- 645% growth in networth
- Zero-debt company

### Human capital

- Total employees: 1030
- UK: 30
- US: 236
- Singapore: 57
- India: 707



## The continuing success of RS Software

Last year, the top five Indian information technology (IT) services providers - Tata Consultancy Services (TCS), Infosys, Wipro, HCL and Cognizant- together grew 13.3 per cent, accounting for revenues of \$34.3 billion. During the same period, the overall IT services industry grew just two per cent, according to research and advisory firm Gartner. RS Software grew 8%+ during 2012-13, ahead of at least two of the five large service providers. The Company also received the following recognitions:

**RS Software has appeared for the first time in Forbes 'Asia's 200 Best under a Billion' in 2012. Steady growth in revenues, profit and earnings per share has placed the Company in this elite group**

To be considered for the 'Asia's Best Under A Billion' list, a company must have positive net income, have been publicly traded for at least one year and generated annual revenue of between \$5 million and \$1 billion. From a group of 15,000 companies, 900 are selected and then ranked on sales growth, earnings growth and return on equity over the past 12 months and three years. Companies thinly traded or experiencing accounting or major legal troubles are culled from the group.

**RS Software has been listed as one of the '30 fastest growing companies in India', by *Outlook Business*. Ranked at #17, RS Software has moved into the spotlight of high performing organisations across all sectors in India.**

Using data from the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE), the companies that made it to the first list were subject to a growth filter of 25% compounded for sales and profits for the past five years (FY08-FY13), with the additional restriction that they should have delivered return on capital employed of over 15% in every year over the same period. The final list was then drawn up by a composite rank created by combining their sales and profit ranks.



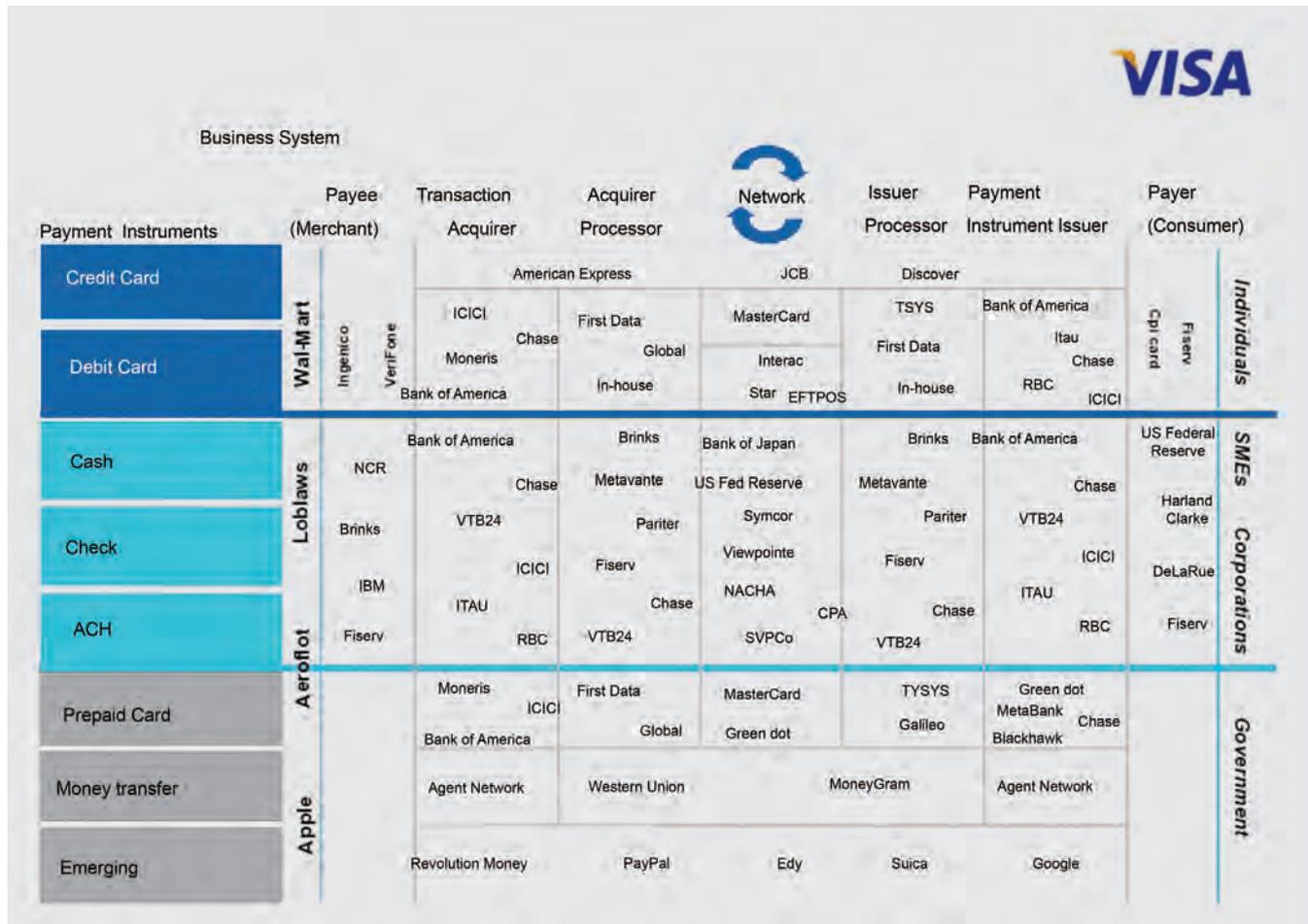
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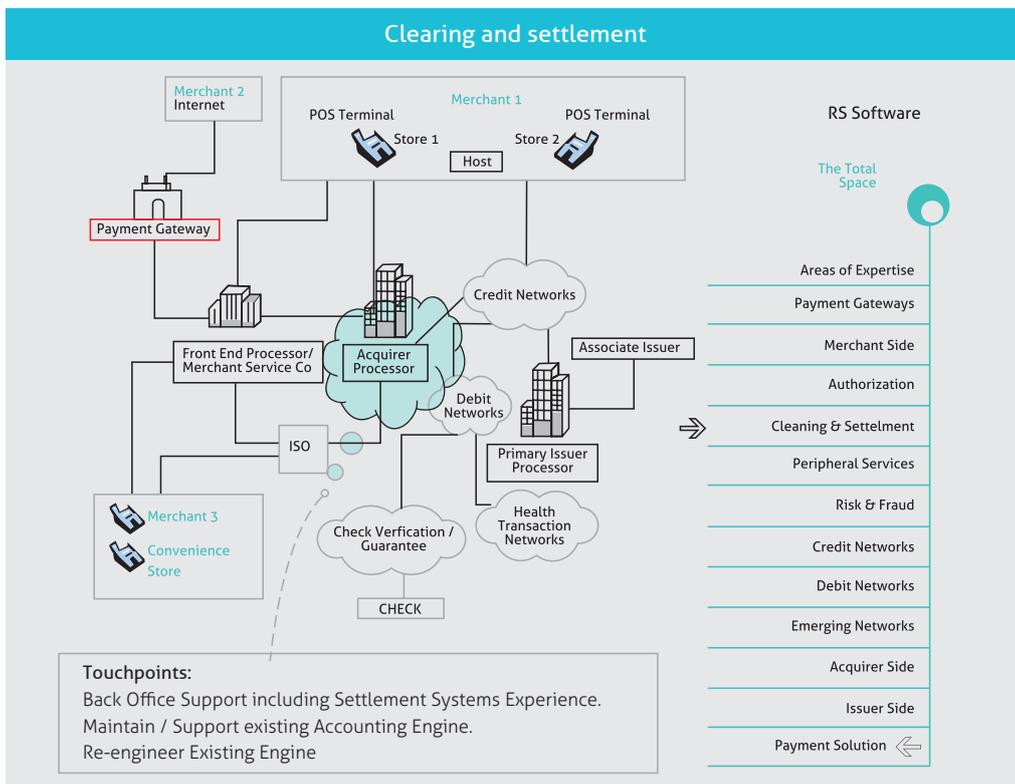
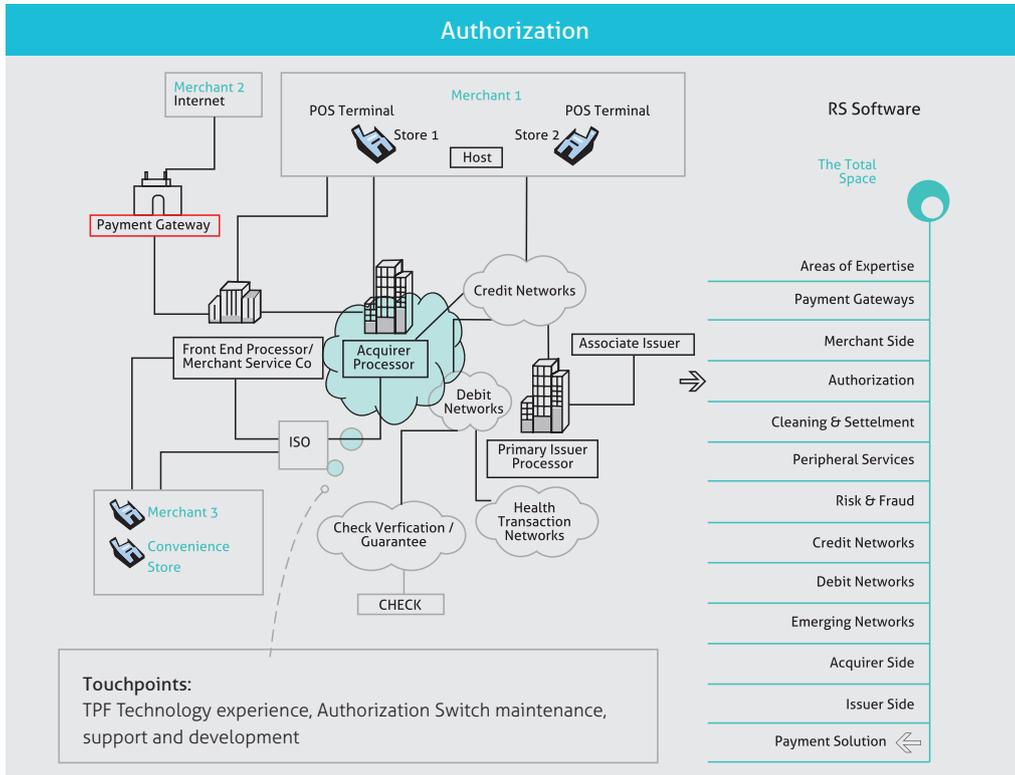
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# Fundamentals of the payments industry

The challenges faced by various payments industry stakeholders and the disruption are making it imperative for companies to invest in their technological infrastructure to be able to compete globally. Every electronic payment transaction needs to be authorised, cleared and settled for a consumer to make the payment to the merchant, and for the merchant to receive the payment. Cards enjoy the largest global payment infrastructure, constituting a dominant component of the retail electronics payments industry. While the fundamentals of the payments industry have been mentioned above, a brief discussion on how payments using cards get processed, authorised, cleared and settled will explain where RS Software fits within the payments industry.

## Payments Industry Landscape Complexity





## CASE STUDY

## Redesign of a world-class TPF Operation

**15,000 TPS, zero downtime with highly parallel loosely coupled architecture.**

One of the world's largest payment companies continues to experience double-digit, annual growth in payment and cross-border volumes across its network. The network processes transactions generated by billions of cards used at millions of merchants, ATMs and financial institutions around the global. Estimates place the value of these transactions in trillions of dollars.

As a leader in its space, the Company has always invested in infrastructure ahead of demand, deploying new processors and geographically-dispersed central processing complexes to ensure that transactions move consistently through the payment lifecycle regardless of where they originate. However, the

Company's leadership recognised the need to make strategic investments in line with the sustained growth of the electronic payments segment.

The Company turned to its long-standing partner RS Software to plot a course for implementing a 'Highly Parallel Loosely Coupled' (HPLC) system within an existing TPF operating environment. The HPLC design would support the use of multiple mainframes with connections to a single, TPF database. To ensure processing consistency, the RS Software application engineering team needed to ensure that multiple processing complexes remained synchronised in real-time.

At the beginning of the RS Software project, the payment company's system was capable of processing 5,000 TPS with zero down time and minimal application and network

latency. Today, the system comfortably handles 15,000 TPS. However, given the anticipated growth in transactions, the Company continues to invest in its future; correspondingly, planning has commenced on a follow-up project with RS Software to develop a N-processor routing ecosystem strategy.

RS Software is a leader in vertically integrated solutions involving the deployment and customisation of software in highly complex, mission-critical payments environments. The Company's exclusive focus on the payment industry for over 20 years forms the basis for its proprietary processes and methodologies that improves client time-to-market. Its global delivery model and knowledge transfer disciplines ensure that its cross-culture experience enhance maximum value for clients from start to finish.

## CASE STUDY

# Clearing and settlement

### Global payment network implements real-time clearing and settlement rules engine with zero downtime.

According to Bank for International Settlements reports (2012), regional payment volumes continue to grow across a changing mix of payment instruments and channels. With the global nature of commerce and the continuing adoption of e-commerce, institutions and merchants face an environment where fee structures and settlement times have a material impact on profitability.

In this environment, the world's largest payment network was finding it difficult to maintain the complex set of rules required to set transaction fees and charges. As their proprietary rules system were growing in

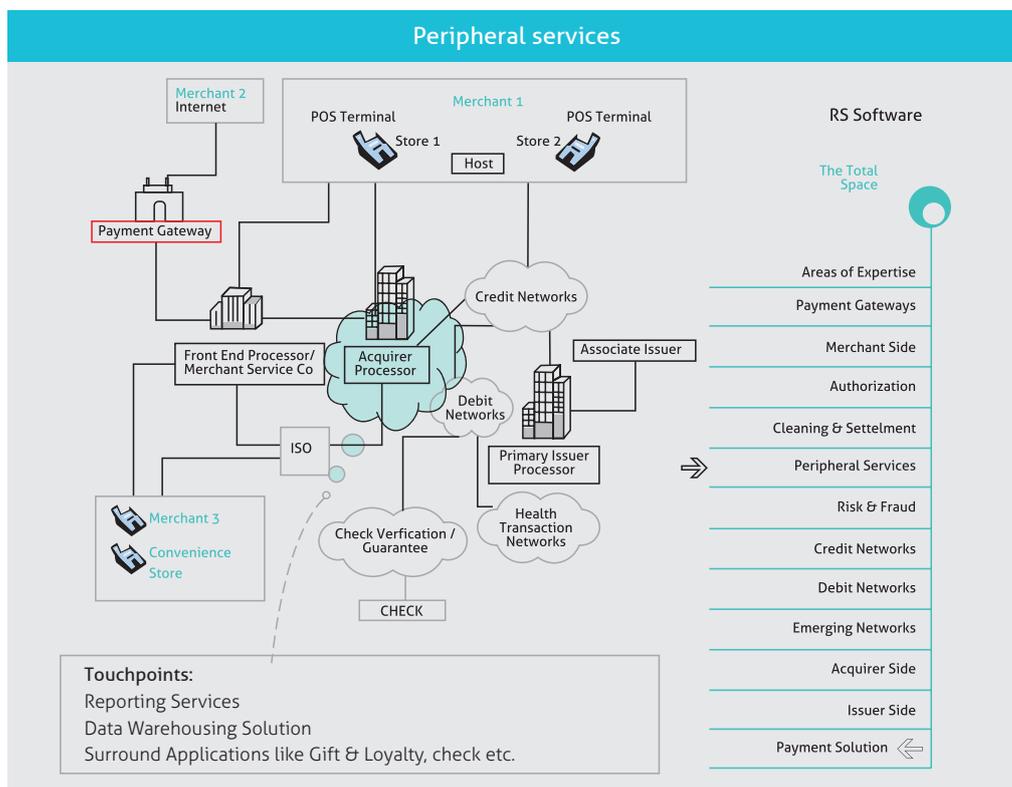
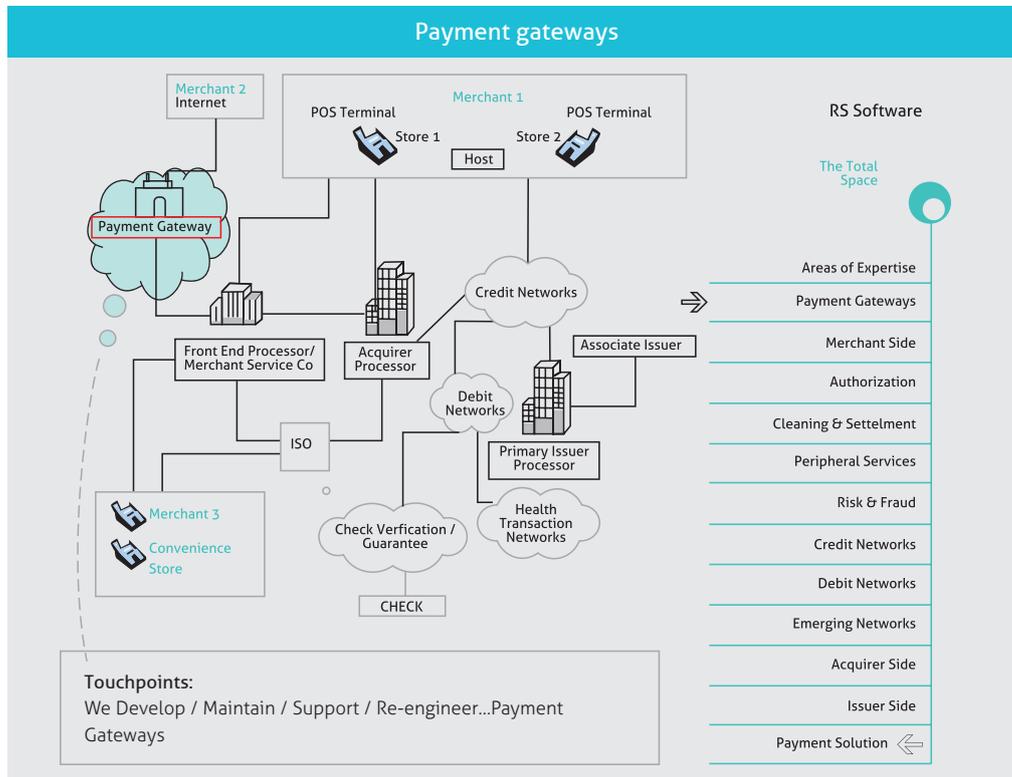
complexity and cost, the IT team was challenged to manage the changes required for the system to support this business environment with agility and flexibility.

The challenges were two-fold: replace a complex, semi-structured rule directory and allow for changes with zero impact on one of the highest-volume transaction processing systems in the world. To address this challenge and provide a new rules management solution, the client turned to RS Software.

During the development, deployment and testing phases, RS Software ensured zero impact to the existing clearing, settlement and reconciliation process. Following deployment, the RS Software solution reduced clearing and settlement processing from one day to near real-time. Today, the rules engine is capable of settling

millions of transactions within hours of processing. To address the longer-term client needs, RS Software worked with the network to develop a phased multi-year approach for reengineering and deploying existing rules in the new rule engine. RS Software's contribution to this process was based on its considerable experience in deploying and customising software in highly complex, mission-critical payment environments.

RS Software's exclusive focus on the payment industry for over 20 years forms the basis for its proprietary processes and methodologies that improves time to market for its clients. The Company's global delivery model and knowledge transfer disciplines ensure that its cross-culture experience enables maximum value to the customer from start to finish.



## Broad scope

There is an intricate set of systems and enormous group of businesses that are involved in payments. They range from the companies that print paper checks to ones that make point-of-sale terminals where you swipe debit cards, to banks that operate depository accounts, to clearing and settlement networks.

## Complex

Consider what happens when you swipe your card. The terminal sends your card information along with details of the transaction to a switch. That switch, which may be operated by a variety of payments players, has a software program that decides what to do with the transaction. The switch sends it to a merchant processor who will keep track of transaction details and act as an intermediary with a clearing and settlement system. The processor contacts the bank processor, acting on behalf of the bank that issued the card or possibly the bank itself. Many software programs running on numerous pieces of computer hardware are involved in the various steps in the process.

## Covering payment rails

What we have just described is one 'rail' in the payments system — the one for credit cards. While this may vary country-wise, in the US there are other 'rails' for debit cards, paper checks, electronic funds transfer, and other 'tender' types. One constant is that credit and debit card processing is helping businesses to grow and service customers better. As long

as the card networks deliver value at an efficient cost, the value chain will strengthen. In a world marked by rapid changes and increased competition, there is an opportunity to think differently about the business, discover new value sources, learn from mistakes-or rethink the business model.

## Card network processing

### ■ High volume transaction processing systems in place

High capacity; annual volume testing and preparation. The major networks, for example, can process thousands of transactions every second

### ■ Heavy co-dependency ensures success

Network systems/processors (acquiring and issuing)/POS and store systems

### ■ Risk management processes overlay transaction processing

- Stand-in mechanism for any Issuer down
- Security feature checking (PIN, CVV, VbV and address checking)
- Identification of suspicious patterns
- Monitoring of potentially compromised accounts
- Detection of potential merchant fraud/abuse

## Two major systems

### Authorisation

- Real-time messages from POS to card issuer and back
- Verifies not reported lost/ stolen,

other security features correct

- Verifies adequate funds available for this specific transaction, or uses issuer's stand-in specifications
- Issuer puts hold on account's open to buy

### Clearing and settlement

- At end of day, merchant sends day's transactions to acquirer
- Acquirer edits, forwards to network
- Network sorts, computes feed, routes items to issuers
- Network performs net settlement moving funds from issuer's accounts to acquirers' accounts
- Acquirers fund merchants

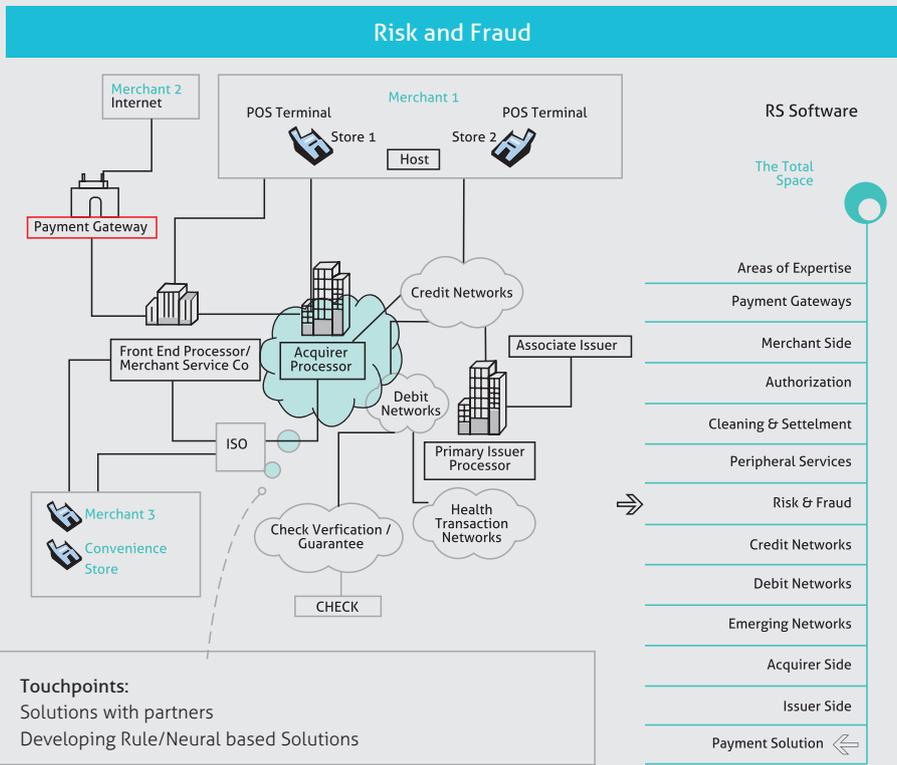
### Message systems

Dual message systems

- Credit card transactions
- Two independent processing flows linked by reference number
  - The authorisation process at the POS: a real time system
  - The settlement process: an end of day system

### Single message systems

- Debit card transactions
- Both the authorisation and the settlement of the transaction are done with one message
- Requires special merchant care for adjustments or abandoned sales
- Funds are only transferred once a day, even though items have been posted in real time





# 5 reasons why the payments network is critical to e-commerce

The payment network plays a big role in what happens behind the scenes when a cardholder swipes his or her card.

- 1 Fast:** On average, transactions are processed in less than a single second, providing merchants and financial institutions with immediate business-critical risk information.
- 2 Secure:** The network needs to be highly secure to prevent breaches, combat fraud and render

compromised card data unusable.

- 3 Reliable:** The systems need to ensure near-100 percent availability. There is no scope of downtime for the payment industry.
- 4 Consistent:** To ensure that payments will be accepted and guaranteed virtually anywhere in the world.
- 5 Economy:** The low cost of digital transactions makes the option preferable

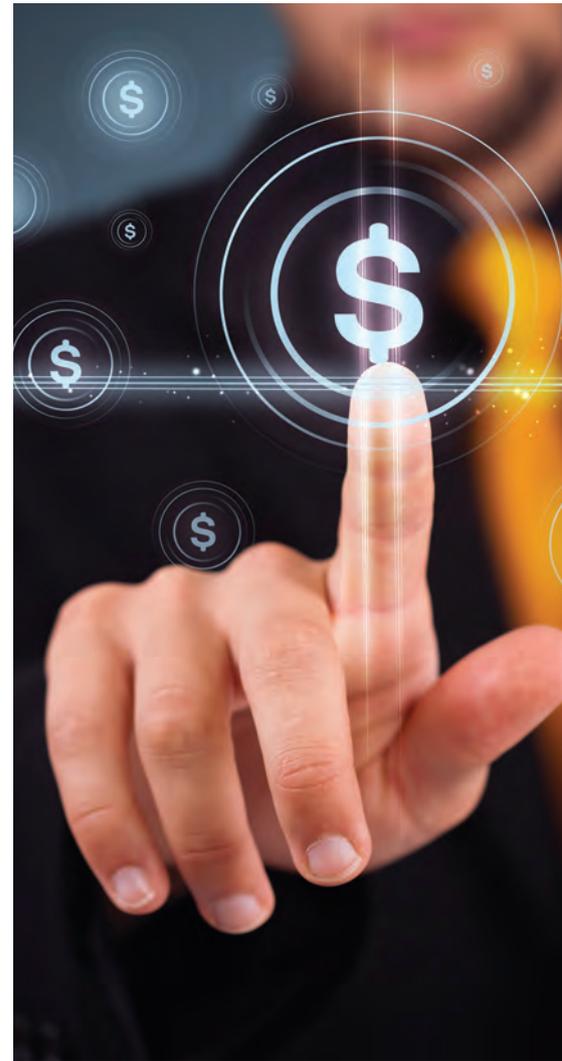
# 5 stages that make a payment gateway functional

A payment gateway facilitates the transfer of information between a payment portal (such as a website, mobile phone or IVR service) and the front-end processor or acquiring banks. A typical transaction flow may look something like this:

- 1** Customer places order by entering in credit card information (If the order is from a website, the customer's web browser encrypts the information to be sent between the browser and the merchant's server).
- 2** Once the payment is approved or declined from the bank or credit card

company, the information is sent to a payment gateway.

- 3** The payment gateway receives the response, and forwards it on to the website (or whatever interface was used to process the payment) where it is interpreted as a relevant response then relayed back to the cardholder and the merchant.
- 4** The merchant submits all their approved authorisations, in a 'batch', to their acquiring bank for settlement.
- 5** The acquiring bank deposits the total of the approved funds into the merchant's nominated account.





# 3 functions that make a payment gateway critical to the world of e-commerce

A payment gateway is critical in the entire e-commerce transaction chain. This e-commerce function authorises payments for e-businesses and online retailers.

**1 Payment gateway authorisation:** Any purchase made through a payment gateway (through a credit or debit card) must be first approved by a service providing company. For instance, the payment gateway checks if the credit card is acceptable. The payment gateway then sets up a secure link between the customer, credit card processor and merchant.

**2 Payment gateway settling:** At the end of the day, the internet payment gateway groups all transactions and sends them off to the bank in a single batch. This process passes the transaction to the bank so that it receives the payment ('settling').

**3 Payment gateway reporting:** This process records transactions and allows it for the customer's viewing, using the payment gateway reporting facilities (from where one can review, print or download on one's computer for onward processing).

# The key payment processing industry players

# 6 industry participants driving the growth of the global payment services sector

**The payments processing and services industry provides the infrastructure and complementary services that facilitate electronic payments. This business is being driven by specific stakeholders whose collective efforts are growing the business eco-system with unrelenting speed:**

**1 Merchant acquirers:** Merchant acquirers represent the 'distribution and sales' arm of the global payments industry. Acquirers sign merchants

to card acceptance agreements and are typically the merchant's first (and primary) point of contact, contracting directly with the merchant.

**2 Merchant processors:** Merchant processors represent the gateway to the payment networks, providing authorisation, data transmission, data security and settlement functions as an outsourced service to merchant acquirers. This scale-driven business is marked by a handful of large players and is often an outsourced service utilised by merchant acquirers.

**3 Payment networks:** Payment networks represent the backbone of the electronic payments system, connecting and switching transactions between acquiring banks and issuing banks. This enables electronic payments authorisation, clearance and settlement. Network providers govern interchange rates for their respective issuers, set rules and compete on the basis of merchant acceptance, reliability, price and additional value-added services.

**4 Card-issuer processors:** Issuer processors provide outsourced authorisation, settlement, customer service/call centres, loyalty programme administration and statement printing and mailing services to the card issuing community.

**5 Card issuers:** Card issuers market card-based products to consumers, generating transaction fees (e.g. interchange), nuisance fees (e.g. late fees) and net interest margins in the case of revolving cards.

**6 Others:** POS terminal providers design and manufacture payment card reader devices and systems. Gateways are the digital equivalents of physical terminals and serve to capture transactions at the points-of-sale, translate transactions to the proper message format and distribute them to the designated network. Gateway providers include retail gateways that connect e-commerce transactions to merchant acquirers, and also wholesale gateways that interface between merchants of record and merchant processors.



# The growing market opportunity

## Technology evolution

The electronic payments industry is driven by an evolution in terms of technology and culture.

The last two decades have witnessed several developments, particularly those highlighted in yellow, which already are and will continue to bring about a powerful impact on how we live, and how we pay for what we buy. The emerging markets like India which have a very poor electronic payments infrastructure today will perhaps benefit the most and the earliest from the technology trends depicted below. We have taken representative data points from both technology evolution, and the payments industry. This is followed by how this is building the future opportunities for companies like RS Software.

## Nine formative events in the last 20 years and how three influenced the payments industry the most

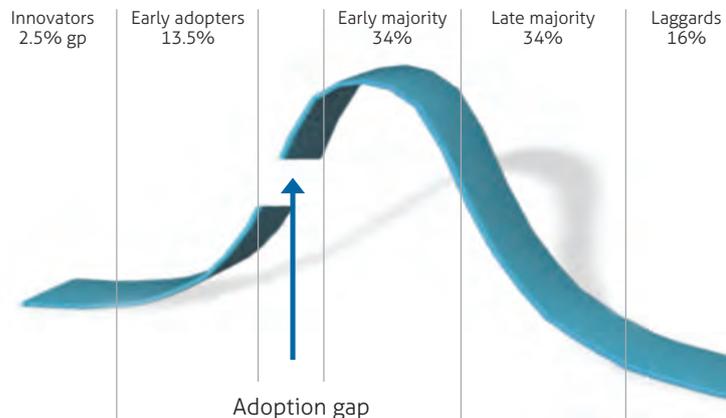
- **September, 2001 USA terrorist attacks:** Destabilised a sense of security
- **Rise of China as a global super power:** Altered global competition
- **Global financial crisis, 2008+:** Destabilised financial security
- **High unemployment levels:** Destabilised career-based optimism
- **Potential fiscal debt challenges:** Rise in need to depend on selves
- **Rise of cheap / available computing:** 24x7 global access to loads of stuff including shared goods
- **Rise of the new 'geek' entrepreneur**

**heroes:** Steve Jobs + Sergei Brin and Larry Page + Mark Zuckerberg

- **Rise in social connectivity:** Ability to find / create / share / provide + get feedback
- **Rise in the value of social / virtual vs. financial + physical currency**

## Technology adoption curve

The growth of electronic payments has reached the early majority stage of technology adoption in North America. Driving this growth are a number of trends including the expansion of merchant categories accepting electronic payments, the growth of e-commerce, the replacement of cash and innovations that offer the consumer more convenience while making a purchase.



# 5 seminal transformations happening in the global payments space even as you are reading this

Few spaces of the modern world have been as commercially transformed by technology as a true multi-channel payments experience. The fusion of regulation, competition, industrialisation and technology has created dynamic payment flows, evolved payment technologies and facilitated global interconnectedness. Result: the girl sitting in Nashik is paying for books bought in New York without unzipping her purse; the lady punching numbers into a computer moves \$100,000 across continents in the time it has taken you to read this sentence. Until just a few decades ago, people sewed secret pockets in the insides of their trousers to hide cash when traveling from one part of the city to another!

**1** After centuries of existence, cash (and a lot other things prized

and precious) is dying. An increasing number of people are paying without fishing out cash from their secure vaults. Secure vaults are becoming numbered bank accounts. Banks accounts are 'places' that people have never visited. 'Places' like vaults are dematerialised accounts storing life savings. The world is becoming progressively cashless.

**2** The world is getting increasingly demanding. Payment providers are required to enhance functionality. Networks are required to become more secure than ever. Payment environments are getting increasingly regulated. There is a robust operating structure emerging in the global payments sector.

**3** The world is not looking at incremental changes any longer. The world is seeking disruptive

technologies and payment methods. The result: a sweeping change in the way one worked and lived.

**4** The world is not seeking tooling remedies any longer. It is seeking custom software development partners (not vendors!) with a single-minded payments experience. The result: these customers are not just looking for vendors who can deliver projects; they are looking at long-term partners who can make their overall businesses more competitive.

**5** Given the fact that few players possess a rich and enduring track record in the global payments industry, there is a premium to be paid for such partners, translating into enduring engagement, growing contract sizes and the opportunity to work in cutting-edge areas.



# 3 growth opportunities in the global payments space

**1** The global electronic payments industry is experiencing unprecedented growth fuelled by continuing shift from paper to electronic forms of payment, approaching transactional revenues worth \$900 billion, while processing tens of trillions of dollars worth of payment transactions.

**2** This is an untiring, unstoppable cycle, which will keep growing with the growth of the world economy. The opportunities are endless. The market is huge with over \$41 trillion in electronic payment volume and over \$900 billion in revenue for the payments industry (*Source: JP Morgan Chase*).

**3** Payments companies can spend as much as 10% of their total revenue on technology and infrastructure leading to a sizeable opportunity and RS Software is attractively positioned to capitalise on this global phenomenon. Even though 85% of all transactions are still done in cash, there is a growing convergence of online and mobile channels of payments which is forcing payment companies to re-platform their systems to meet consumer expectations. This leaves a gamut of opportunities for RS Software, given its decades of experience in the payments industry and a domain knowledge that very few can match.

# 4 facts and some possible forecasts for the digital payments market

- 1** The performance of Alibaba (China) is indicative. In the last four years, the Company outperformed Amazon and eBay growth by a significant factor, widening the overall digital payments market.
- 2** The scan environment is expected to evolve from the use of smartphones to access product-cum-price information to use as boarding passes, tickets, payments and rewards; QR code scanning quadrupled y-o-y in China (2 million in 2011-12 to 9 million in 2012-13) with the greatest proportion (42%) derived from passcodes (coupons, rewards, tickets, check-ins among others.)
- 3** There is a large base of 600 mn - plus credit cards in USA; the average American carries three to four credit cards in addition to check cards, loyalty cards, coupons and cash in wallet.
- 4** The trend is indicative: 16 billion paper bills are sent per year in the US and only 4.3 billion bills are paid by paper cheques.

## The great global mobile potential

■ Mobile phones have taken the world by storm since the initial prototype was first developed by Motorola. While the total population of the world is around seven billion, the total number of mobile phones is close to six billion. This would mean that nearly 85% of the world's populace currently owns a mobile phone. This figure is a little skewed by the fact that some people might own more than one mobile phone and so

the actual penetration might be a little less than 85%.

■ Industry experts have extrapolated from data available that around 30% of these mobile phones will have Visa accounts based on the global leader's existing penetration; this is expected to grow Visa payment accounts from 2.1 billion to 4.1 billion by 2019 (conservatively 3.8 billion Visa payment accounts assuming



cannibalisation of credit card accounts.)

- Even after assuming a decline in transactions per card from 25.7 per year to 25.4 per year, the number of transactions processed by Visa could approach 1 trillion # by 2019.

- Developed countries like the US, the UK and Germany have a penetration of over a 100% while Hong Kong and Saudi Arabia have a penetration approaching 200%. On the other hand, the mobile phone penetration in developing countries

like India and China is close to 70%. Herein lies the potential for expansion as both of these countries have a huge reservoir of human resource with populations of over a billion.

- Mobile phones are emerging as a means of extending financial services in lieu of an underdeveloped banking system with transactions involving SMS-based payments, direct mobile billing using PIN and onetime password (OTP) authentication and mobile web payments. The global volume of money spent using mobile phones was around \$106 billion in

2011, rising to \$171 billion in 2012, and is expected to grow to about \$617 billion by 2016.

While the total population of the world is around

**7 billion,**

the total number of mobile phones is close to

**6 billion.**

# 5 indicators of a growing electronic payments industry in the US

**1** There is a historical shift towards making payments through cards (credit and debit) which have grown at the expense of cheques. From 84% of the American payment medium being cash and cheques, the level is expected to decline to 25% by 2016.

**2** Card-based payment purchase volumes are rising: this was 77% of nearly \$4 trillion in non-auto retail sales in 2012 (based on Visa/MasterCard cards), up from ~18% and ~48% in 1991 and 2001 respectively (*Source: JP Morgan*).

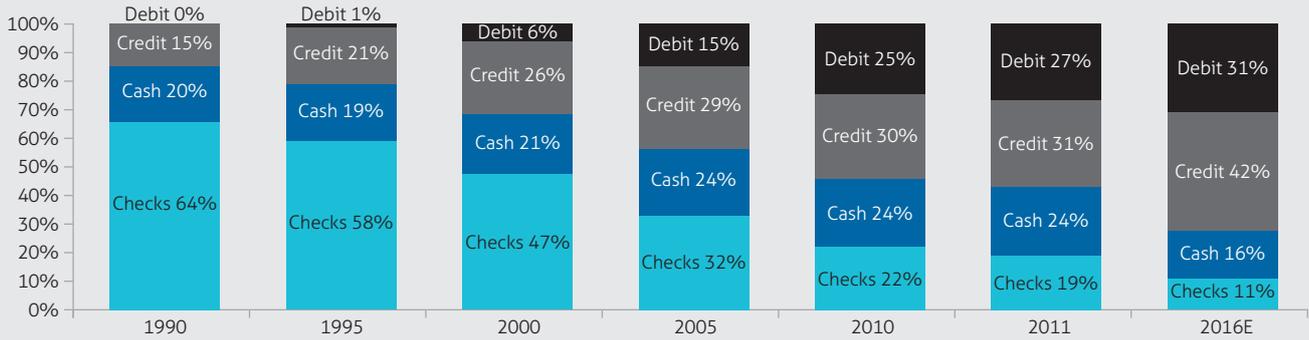
**3** Growth in card-based payments in the US has historically outpaced personal consumption expenditure growth by a factor of 2.1x. This out-performance is expected to sustain, albeit at a more modest pace.

**4** Credit card spending trends are recovering. Most of

the damage from the CARD Act and recession has played out as banks were proactive in trimming credit limits and deactivating accounts. MasterCard and Visa credit spending declined 9%, in 2009, but increased 4% in 2010 and 8% in 2011 and 2012.

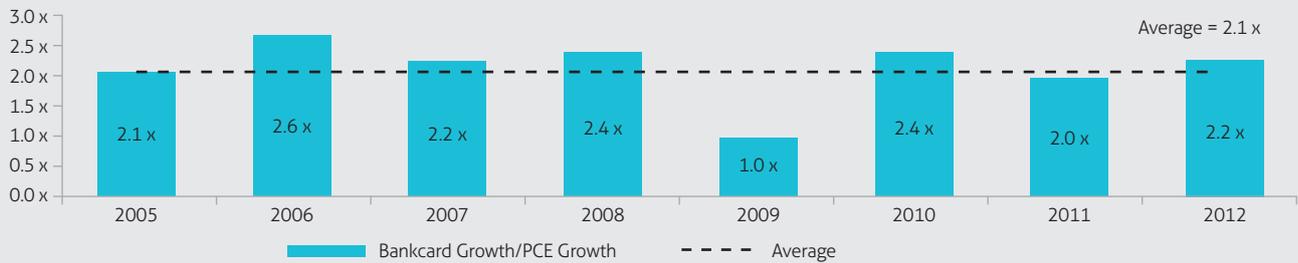
**5** The US payments industry is maturing; the double-digit growth rates of the last 20 years have moderated to the high single-digit range, but purchase volume growth still exceeds GDP and retail sales (reported purchase volume growth moderated in 2012, which can be attributed to MasterCard and Visa's volume reporting methodology that excludes PIN-debit purchase volume processed on nonaffiliated networks, which increased due to new PIN-debit routing requirements in the wake of debit regulation). A mid to high-single-digit volume and transaction growth is forecast for 2013 and 2014.

Payment medium wallet share



Source: The Nilson Report

Bank card volume growth to US PCE growth multiplier

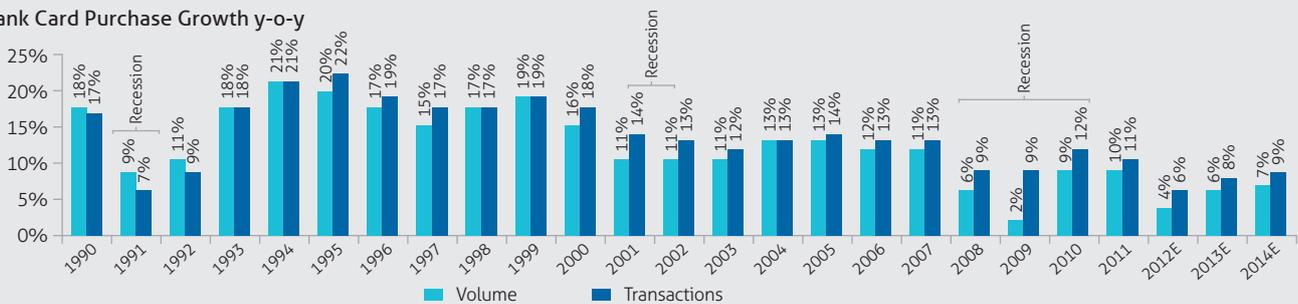


Source: U. S. Department of Commerce and JP Morgan calculations.

Note: PCE = Personal Consumption Expenditure, Multiplier = Card-based purchase volume growth / US PCE Growth

Note: 2012 Bank Card Volume Growth is JPME assuming PIN debit share shift from Visa to MasterCard that is unreported.

Bank Card Purchase Growth y-o-y



Source: Company reports and JP Morgan estimates.

Note: CY12 and CY13 volume and transaction metrics are distorted by regulation requiring debit card issuers to enable at least one non-affiliated PIN debit network on all cards. We note debit transaction/volume routed over non-affiliated PIN debit networks is not reflected in the above diagram.

# 4 indicators of the great potential of the global card market

**1** Purchase card volume growth in 2012 remains strongest in the emerging economies of Latin America (21.7%) and Asia-Pacific regions (15%), versus mid to high-single-digit growth in the US (4.4%) and Canada (7.3%), and low-double digit growth in Europe (12.6%).

**2** In 2012, the United States generated over \$3.1 trillion in purchase volume, or roughly 19% of GDP. Other mature developed markets generated approximately \$1.6 trillion in purchase volume or around 19% of GDP. Under-penetrated developed markets generated \$536 billion in purchase volume, or roughly 4% of their GDP. Emerging markets generated \$885 billion in purchase volume or roughly 5% of their GDP.

**3** Bank card per capita ratio across various regions reflected an interesting trend: the US (3.2), the UK (1.9), Japan (1.1), Brazil (1.6), Spain (0.9), South Korea (1.8) and Russia (0.4). Emerging markets were far less penetrated than the US, suggesting a long runway for growth.

**4** A handful of countries are driving volumes. Within Europe, the United Kingdom and France account for nearly half the region's bankcard purchase volume. In the Asia Pacific region, Japan, China, South Korea and Australia account for nearly 95% of bankcard purchase volume. In Latin America, Brazil, Mexico and Argentina account for approximately three-quarters of bankcard purchase volume. In the Middle East and Africa, countries like Israel, South Africa and Saudi Arabia account for over 60% of all bankcard purchase volume.



## Challenges

Every year millions of people around the world use their payment cards billions of times to purchase goods and services. The organisations involved in processing those payments make it all seem easy, but it isn't.

# 6 ways in which RS Software offers comprehensive solutions for the payments industry

RS Software integrates knowledge management, innovation and specialised methodologies with 20 years of an exclusive focus on payments processing. This approach which differentiates RS Software from mere outsourcing providers has made it the partner of choice for leading global payment brands.

## 1 Switching and authorisation:

Two things have grown significantly in the global payments industry – the sheer volume of payment instruments and regulatory requirements. The result: switching and transactional authorisation has become increasingly complex. RS Software makes it possible for leading client brands to address this growing volume

without downtime complemented by availability, scalability and security.

**2 Clearing and settlement:** Clearing and settlement operations address emerging needs and developments. This makes rationalising, integrating and consolidating technologies supporting these operations critical. RS Software has enhanced the effectiveness of clearing and settlement systems managing billions of dollars in transactions.

**3 Risk and fraud:** Payments companies need to incorporate sophisticated fraud prevention and detection solutions. RS Software has helped these leading payment brands integrate solutions into high performance processing environments.

Increasing transaction volumes, payment types, access points, and fraud present numerous challenges to an infrastructure supported by legacy systems and software.

In the past, payment processors have used outsourcing to obtain the resources required to help

them address challenges in their industry. Today, however, this option is not enough to help them compete successfully. RS Software provides payment processors with another option.

RS Software integrates knowledge management, innovation and specialised methodologies with

## 20 years

of an exclusive focus on payments processing.

**4** **Dispute and chargeback:** The growth of electronic payments and increase in sales by online merchants has resulted in a larger volume of disputes and chargeback. The processing of these disputes and chargeback may involve several systems within multiple organisations in different countries. For over a decade, RS Software has provided robust dispute and chargeback solutions to global customers.

**5** **Merchant management:** The globalisation of the payments industry, growth of electronic payment methods and increasing regulatory complexity are placing an increasing pressure on acquirers to offer competitive terms that attract merchants while providing a comprehensive range of services to retain their loyalty. RS Software provides acquirers with a comprehensive set of merchant management solutions that help

reduce complexities and costs. The Company's expertise in merchant management spans more than two decades of successfully addressing some of the world's most well-known brands.

**6** **Business analytics and tools:** E-commerce generates large data on consumer preferences. Harvesting this information and using it to support an organisation's business goals warrants expertise in data quality, transformation, enrichment and mining for onward application in transactional and macro-analytics. RS Software possesses the capability to support clients in four key areas of data analysis: technology, governance, analytics and strategy. The Company offers a complete set of data analytic services comprising assessment, consulting, established migration methodologies, implementation, testing and production-based support.

## CASE STUDY

# Dispute management

### Payments expertise improves compliance and reduces time-to-market.

Compliance is never one-time in the payments industry; it is an ongoing activity that requires audits, risk assessment and continuous monitoring across all IT systems. To meet emerging regulations, payment providers are spending more of their technology budgets on regulatory compliance and risk management solutions. IDC Financial Insights predicted that financial services organisations spent close to 10 percent more on risk management technology in 2012 than in the previous year. These IT investments were an estimated \$61 billion in hardware, software and services.

Even though budgets are strained, non-compliance with financial regulations is not an option for payment providers. It can damage a company's reputation, invite increased scrutiny from regulators and prompt legal action. To adapt more easily to business and regulatory changes related to dispute management, a global payments network turned to RS Software to develop an improved dispute management solution.

The payment network needed development and deployment services to deliver an agile, adaptive dispute management system to meet compliance requirements, manage evolving member specifications, and efficiently generate half-yearly updates to the business functionality in the code. The system also had to integrate and synchronise with changes made in other applications with which it interacted.

The payment network had relied on RS Software's unique understanding of dispute lifecycles from an issuer, acquirer and network perspective for more than ten years. The Company's exclusive focus on the payments industry, combined with the specific architectures, expertise and methodologies it uses to develop solutions, offered the network a quicker time-to-market. In addition, RS Software's extensive experience with business rules management systems helped the network comply more easily with changing global regulations.

Leveraging teams dispersed across the United States, Singapore and India, RS Software provided application development, quality assurance and deployment services.

It also developed a QTP based test automation framework to improve QA performance and coverage throughout the organisation. Automated smoke testing was created to validate multiple iterations of code before it was delivered into the system. These strategies reduced client SME analysis and review efforts, provided high volume business releases and ensured zero downtime.

In addition, features were created to address emerging industry trends. These include increased debit with PIN usage, dispute settlements in countries with domestic payment networks, and merchants switching to processors that provide competitive transaction fees. RS Software also developed a budget estimation framework for release activities, which is now being used extensively across the client landscape.

Since inception in 1991, RS Software has focused exclusively on the payments industry. Today, the Company serves a client list that includes the leading global payment brands. The RS Payments Lab delivers a framework around numerous solutions that help organisations reduce time to market and minimise risk.

## CASE STUDY

## Risk management

**Fraud reduction protects brand value for network and issuer.**

With trillions of dollars of purchases racing through networks at a rate of several thousand transactions a second, criminal organisations with sophisticated technology have been able to build lucrative enterprises through card fraud. According to a study by the Aite Group, one in four cardholders worldwide has been a victim of fraud; in the United States and Mexico, more than 40 percent of cardholders were impacted by fraud. The Nilson Report estimated the cost of fraud globally to be in excess of \$7.6 billion in 2010, increasing 10 percent over 2009.

In this environment, leading payment providers are investing heavily to protect stakeholders and consumers. When the world's largest payment network decided to deploy a risk management solution, their requirements were complex. They needed to manage risk proactively

within a real-time transaction-processing environment and provide risk analytics to various members of their network.

The system requirement included the need for multiple modules that dynamically respond to fraud. Using a real-time decision engine, the system had to be able to decline or forward transactions based on an issuer's pre-defined rules while keeping false positives to a minimum. In addition, the system had to offer the ability to configure or revise rules within this decision engine as needed and provide an alerting function to notify an issuer about compromised cardholder accounts.

RS Software has worked for more than a decade in the area of risk and fraud management. The focus and expertise of the Company in this area was a critical component in the decision by the payment network to select RS Software as their partner of choice for this project. The proprietary methodologies and processes offered by RS Software proved to be vital in

shrinking time-to-market for the new risk management system.

RS Software delivered a solution that accommodated multiple technology environments and applications as well as various interfaces to the transaction processing system. The Company also succeeded in developing a rules-based risk engine with predictive modeling, data warehousing and data service applications. These capabilities gave the payment network the ability to offer risk analytics services to other organisations. The solution contributed to a decline in fraud for issuers as well as reinforcing RS Software's status as a premium services provider.

RS Software has focused on the payments industry since its inception in 1991. Today, the Company serves a client list that includes some of the industry's leading brands. Its global delivery model and knowledge transfer disciplines ensure that RS Software's cross-culture experience enables maximum value to the customer from start to finish.

## CASE STUDY

# Billing systems

### Global payments processor drives regulatory compliance and customer satisfaction improvements.

Regional market dynamics drive persistent changes in transaction pricing around the world. For one global payment-gateway company, its legacy billing systems, applications and process designs proved inefficient at meeting growing regulatory compliance challenges and customer demands.

Faced with the need to develop a comprehensive billing solution outside the scope of current projects and in-house capabilities, the payment organisation turned to RS Software to help build an application that would manage the entire billing and payment life cycle — from invoice creation and delivery to collections and customer service support. Beginning with project requirement definition, RS Software worked with the client to create a comprehensive project requirement definition that addressed existing and prospective needs within the payment provider's operation.

The solution would have to translate raw data into the billing and pricing rules engine, which would generate and deliver accurate, timely account statements. It would need to be available 24x7 with access to internal and external inquiries allowing faster customer case resolution and improved service levels at lower cost. Reducing costly manual overrides by automating the tracking, auditing and reporting functions to improve operational and regulatory requirements also was a key requirement. Lastly, the Company required a high level of integration and synchronization between global systems and regional point solutions.

With the business objectives and scope defined, the RS Software team used a comprehensive set of custom application development tools and methodologies to complete the project on time and on budget. The team delivered an improved user interface that made navigation more intuitive by presenting relevant information and tools on a single screen and masking underlying system complexity.

The team also provided regional point solutions to address specific, business challenges and requirements locally while supporting full integration with global systems and process workflows. This integration allowed the client's distributed teams to manage the applications under common governance and operating models – providing greater enterprise visibility and control.

The new solution met highly demanding service level agreements and supported the complex queries from customers and departments inside the Company. Also of critical importance, the system upgrade enabled compliance with to the Durbin Amendment of the Dodd-Frank Act. RS Software's exclusive focus on the payment industry for over 20 years along with its proprietary processes and methodologies was key to delivering the solution required. The Company's global delivery model and knowledge transfer disciplines ensured that its cross-culture experience enabled maximum value to the customer from start to finish.



We aspire to be the infrastructure builder of the core payment systems.

## The RS Software strategy

RS Software is the leader in providing vertically integrated technology solutions to the payments industry. The Company's RS Payments Lab™, RS School of Payments™ and RS Global Execution Methodology™ combine to deliver innovation, domain knowledge depth and a faster time to market to leaders in the industry. With more than 20 years of payments experience, the RS Software account teams assist organisations in identifying strategic advantages that provide a competitive edge in the marketplace.

RS Software's mission is to deliver value to its clients by providing payments processing solutions based on a comprehensive understanding of each client's business including their target market, scale of operation, management goals, growth objectives and corporate culture. This strategy to solution approach, based on 20 years of exclusive focus on the payments industry, makes RS Software the leader in providing vertically integrated solutions for the payments industry.

### A. Long term aspiration

The Payments industry is going through major disruption and 85% of payments globally are still made in cash and cheques. We aspire to be the infrastructure builder of the core payment systems, like Cisco has become the infrastructure builder for the internet space. Our vision is to be a global leader in providing technology solutions to the electronic payments industry.

We aspire to be :

- 1) An investment of choice for our investors
- 2) An employer of choice for our employees
- 3) A partner of choice for our customers

### B. Medium-term strategy

- 4) Continue to strengthen our vertically integrated strategy, and our process architecture.
- 5) Diversification of revenues and reduce client concentration
- 6) School of payments to lead domain knowledge build and help customers win.
- 7) Reinforce the "Think of yourself as the customer" philosophy.
- 8) Continue our transformation and implement our core values.

### C. Short-term strategy

- 1) Sales and business support teams to cover the territory and strengthening of the sales engine.
- 2) Sourcing process to target talent acquisition to meet the growth planned.

Our expansion plans are two-fold. Organically, we are looking at diversification and expansion both in terms of our client and geography base. We have also started to invest significantly in our sales engine today. In FY12-13 we allocated an outlay which is 46% higher than the last fiscal for our sales engine and business development activities. As

far as inorganic growth is concerned, being a cash rich company we are regularly evaluating companies for possible acquisition and alliance to diversify our revenues, and derisk our current client concentration

We are a dominant player in the services space and are well-equipped on the technology front. We have been working for several years with one of our clients engaged in using cloud infrastructure. Our Payments Lab continues to look at emerging trends, and engage in research and development activities in areas relevant to our business. We have filed a patent for our mobile solutions in the US and other international markets, which has just been approved and explained in the initiatives for fiscal 2013-14 section of this report.

For RS Software the largest expenditure is not necessarily in the capital side, it is really about building technology and talent. So it is things like the RS School of Payments, or our Payments Lab, automation of the processes, expansion of management bandwidth, where the major investments happen. In the near-term we see significant investments under the following heads:

- Technology
- Hardware
- Software
- Expansion of our sales engine
- ERP implementation
- HR systems
- Ongoing investment in RS school of payments

We are a cash-rich company and we have no debt on our books. We have about ₹700 million on our Balance Sheet and we want to use that effectively to achieve our growth opportunity.

### The MOAT at RS Software

From the thinking, to the building, to the running phase in the software development life cycle (SDLC), RS Software adds significant value to each player in the payments ecosystem. Be they payment networks, acquirers, payment processors, card issuers, or merchants – with RS Software clients can always 'expect more' and benefit from its understanding of their challenges, innovative thinking and responsiveness. With its guiding principle of 'think of yourself as the customer' RS Software ensures high executive attention and focus on clients, making it a bankable business partner. For RS Software, the customer comes first and this enables proactive investments to address client requirements.

RS Software's key performance enablers: Global Execution Methodology™, RS Payments Lab™ and RS School of Payments™, and a robust sales & marketing team, results in a vertically-integrated value stack that improves the quality of deliverables, increases execution efficiency and enhances the end-user experience throughout the SDLC. Backed by its deep domain knowledge, RS Software facilitates better utilisation of time and effort that provides a competitive edge to its clients and the best value for money. RS Software's team of payments

experts, equipped with its proprietary RS Tool Box and RS Lifeline, reduces the client SME (Subject Matter Expert) involvement by almost 50%, development time by 24% and time to market by 20%.

RS Software is not just a software service provider.

RS Software is a domain focused player, bringing distinct value to each stakeholder in the payments industry.

### Market segmentation

Cards are the most popular consumer electronic payment vehicle in the world. So that's the dominant space for us, followed by mobile payments and online. This trend is going to continue for the next 3-5 years because that is the most trusted method of payment that has been accepted by consumers worldwide and also has the least risk and fraud. In terms of a geographic mix, almost 85% of our revenues come from our US clientele, followed by the UK, Singapore and India.

There are 1,500+ financial institutions, retailers and processors around the world who are potential buyers of the domain expertise that is offered by RS Software. All these companies are facing:

- 1) Significant growth opportunities
- 2) Disruption in the industry taking place
- 3) Cost structure gaining importance post financial crisis of 2008
- 4) For retail banks credit card payments portfolio offers the highest return on equity

Correspondingly, RS Software is

primarily focused on Financial Institutions:

- 1) engaged in retail electronic payments
- 2) with revenues of US\$ 400 mn and above
- 3) are facing challenges like time to market, sub-optimal cost structure
- 4) not happy with their existing outsourcing relationship/s

### Competition

Main competitors are large IT service companies. These companies have their brand and reach into the market as the major strengths. RS Software has flexibility, nimbleness, and significantly high executive attention leading to better focus, something that clients appreciate. For RS Software the exclusive focus on payments at the organisational

level accelerates decision-making on proactive investments to help customers win, whereas in large organisations payments-focused investments compete with larger revenue generating sources. RS Software’s vertically integrated strategy implements its vision of becoming a global leader in providing technological solutions to the electronic payments industry. The Company’s key strength is in building core systems of authorisation, clearing and settlement of electronic payment transaction. The processing of the payment transaction is perhaps the most perishable activity, and that is why testing becomes extremely critical. Therefore the focus on 99.99999% reliability and security are the hallmark of this business. RS Software has honed its testing capabilities in this space for 15+ years now. Using payments data for

provisioning business intelligence is the most significant emerging opportunity, and RS Software is amongst the world’s top few sources of lead ETL technologies in the payment space. What helps to build the MOAT are The core payment systems experience, the honed capability in testing of the electronic payment transaction, and the ability to provide business intelligence from raw data.

The focus on  
**99.99999%**  
reliability and security are the  
hallmark of this business.

### Growth strategy

The Company plans to deploy multi pronged strategy to leverage the significant opportunities in the payments industry.

- Expansion to larger coverage of the geographies (backed by a 46% higher outlay for business development in the previous fiscal year and an additional 100% during the current fiscal year).
- Expansion in service offerings

and reach to all stakeholders in the payments ecosystem such as acquirers, issuers, retail merchants, and emerging players.

- Significantly enhanced sales management, automation of processes that enhance focus on high pipeline generation, and marketing initiatives including use of advanced digital marketing tools.
- Inorganic growth opportunity

(utilise a cash balance of ₹700 million on the Balance Sheet )

- Development of technology frameworks to address key industry points
- Creating talent pool of domain experts as a key distinguisher
- Strategic alliances and channel expansion

# 3 growth drivers for RS Software in fiscal 2013-14

**1 Investments in sales engine:** The year 2013-14 is expected to be a year of transformation for RS Software. In its bid to leverage the significant opportunity in the payments industry and minimise the risk of client concentration, the company is evaluating a combination of organic and inorganic set of options. The Company has also created a corporate venture capital fund. The purpose of this fund is to invest in start-up ventures that complement RS Software's strategy implementation.

It plans to increase investments 125% in building its sales engine, which could translate into consistently higher growth compared to Indian peers. For instance, RS Software revenues in fiscal 2012-13 grew at 8% in dollar terms, as compared to 2% growth for the overall IT services industry (not including the top major companies from India, according to Gartner research)

**2 Optimisation of the vertically integrated model:** RS Software has also decided to enhance capabilities

in its vertically integrated model for fulfillment by increasing capital allocation to its school of payments, payments lab, ERP and knowledge system. This investment is expected to be significantly larger over 2012-13, which will strengthen the differentiated value proposition and enhance its capability to help customers win in a competitive marketplace. To continually grow their businesses, smaller specialised outsourcers need to develop strategies to compete against the largest outsourcing providers and a vertical integration strategy is one strategy available. As stated elsewhere in this report, RS Software is the only company from India which has the vision is to be a global leader in providing technology solutions to the electronic payments industry and continued investment in this methodology will further sharpen the capability of the vertically integrated model.

**3 Continued investment in our process architecture:** We are looking at expanding into new

territories through partnerships and alliances. To meet the increased resource requirement, we are planning an expansion of our world-class execution capability. The decision criterion is lead by the talent availability factor. To ensure continuous improvement, further investments are planned in the Company's process architecture, particularly in areas of talent management and acquisition.

We are confident that our business is built on a strong foundation and technology and cultural evolution are coming together to create a significant opportunity for us. We are clear where exactly RS Software fits in this opportunity, and this has been elaborated in this report. Our strategy to achieve our vision and long term aspirations is explained in this report. We are well equipped with strong financial foundation to make investment in areas that are prioritised for our customers to win in the market.

# 3 realities that reinforce RS Software's business model

RS Software possesses an expertise in global outsourcing and insight into electronic payment transactions. This has been supported by a business strategy to work with major stakeholders in the global payments industry.

**1 Focus:** The Company made a conscious decision to focus on the payments industry, translating into a distinctive brand recall, order book and repeat engagement. This focus translated into the establishment of captive labs to extend its cutting-edge commitment, provide the best solutions and extend consulting services. The result is that RS Software

possesses rich core payment network experience in contemporary and legacy systems. The Company possesses distinctive capabilities in the core areas of authorisation, clearing and settlement of electronic payment transactions coupled with the ability to work across payment networks, acquiring and issuing processors and emerging payments players. The result: the Company addresses the entire payment ecosystem.

**2 Customer-centric:** The Company develops and maintains mission-critical applications for leading payment networks. The Company seamlessly integrates into client

processes, develops and optimises applications within schedule and provides value-added consultancy across the information technology space benchmarked with premier institutions.

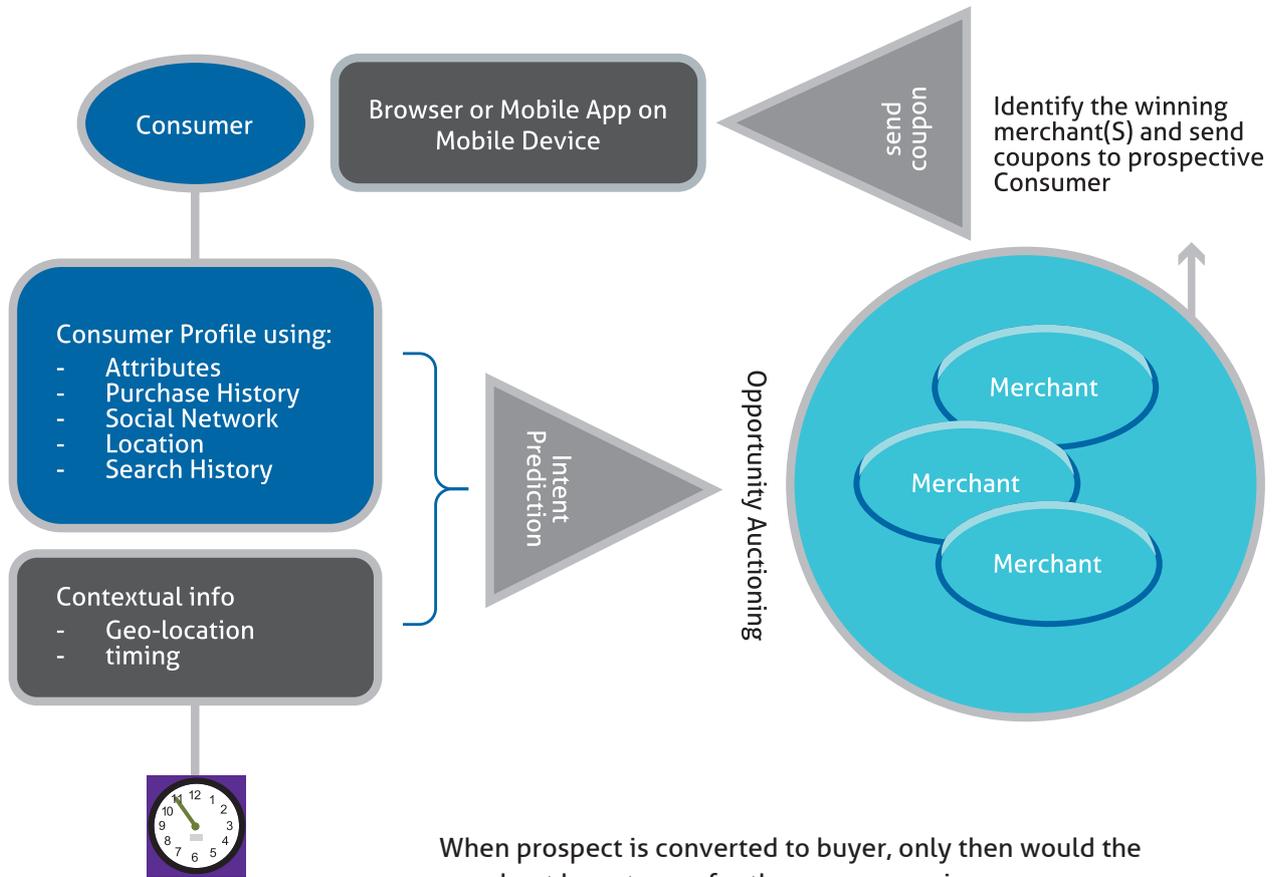
**3 Experience:** The Company works with the largest electronic payments network company resulting in the ability to work at the apex of the technology pyramid. This presence has translated into an ability to work at par with the globally best institutions. The result is a comprehensive understanding of the entire electronic payments transaction life cycle.

## Innovation – Payments Lab builds the key foundation to participate in the emerging payments infrastructure

**Patent approval:** The fiscal year 2013-14 started with the first ever patent registration for the Company. This is the hallmark of the Company's innovation capability in its Payments Lab and a testimony to the quality of its talent, motivation and commitment. This a concept patent filed in the US where our major customers reside.

**Our patent concept:** This is a method

for merchants to acquire customers using a mobile application or a browser interface of a prospective buyer, comprising: capturing attributes from the prospective buyer; creating a prospect profile for the user based on data including purchase history, social networking data; location data from location-sharing services, search history; performing predictive analysis to extrapolate prospect profile with contextual data including at least geo-location, timing, and creating an intent prediction; precisely targeting the prospective buyer by using the



prospect profile and intent prediction; locating candidate merchants and filtering merchants using the intent prediction for the prospective buyer; initiating opportunity auctioning within the candidate merchants for an opportunity to send an offer to the prospect; identifying a winning merchant; and generating a coupon for the user on behalf of the winning merchant; dispensing the advertisement or coupon to the mobile application or the browser interface

**Relevant market:** This location-based

mobile advertising segment is most relevant to the RS Software patent application - the smallest but fastest growing sub-segment. Industry analyst William Blair estimated this market to be only \$46 million in 2010, growing to \$68 million in 2011 and \$455 million in 2015.

**4. Patent categorisation:** The Company's incremental value patents indicate that the value of this would increase with time as this mechanism of customer acquisition becomes more relevant; this has good claim characteristics, i.e. one can

easily identify the characteristics of applying this mechanism for customer acquisition and hence if someone else copies it without paying appropriate royalty fees, it can be challenged in legal arena. The RS Payments Lab and the RS School of Payments will act as a catalyst in creating innovative service offerings. These enablers assist our world-class sales team, possessing 200+ years of experience in the payments domain and in approaching prospects with an unmatched value proposition.

# How RS Software excels in doing what it does

## Vertical integration

This is enabled through a vertically integrated process functions whereby each process is enabled and sensitised to the payment system domain.

The framework for the vertical integration is enabled by an enterprise knowledge management system at the centre enriched by feed from various knowledge sources:

- Capitalising the social capital that RS Software possesses in the payment space, inputs from industry leaders, payment consultants and inputs from customers are collected and curated
- Exploration and proof-of-concepts in frontier technologies performed in RS Payments Lab

- By way of a variety of customer projects in payments, deeper knowledge on processes, workflows, data architectures, best practises are imbibed, abstracted and created

- Experiences gained through execution of multi-geography projects using RS Global Execution Model (GEM) is collated

This body of rich payments knowledge is used in more than one way:

It is converted into courses and workshops and delivered back to the organisation conducted via RS School of Payments. It is used to create a toolbox for the delivery complete with reusable assets

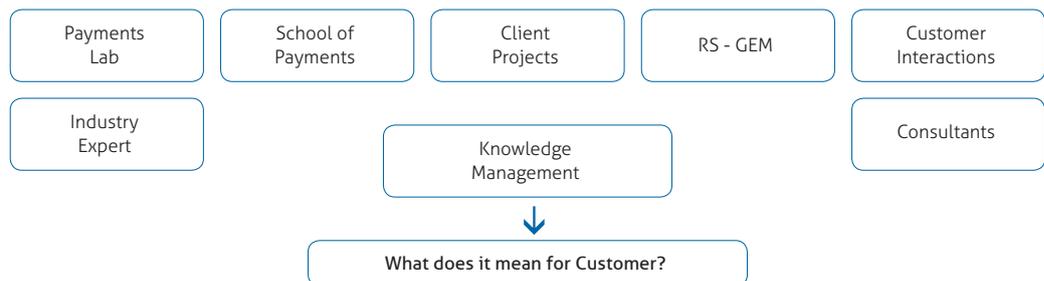
The vertical model delivers the following:

1. Reusability
2. Toolbox consisting of:  
Workflows  
Checklist  
Regulations
3. School of Payments
4. Knowledge Management – Customised to Payments
5. Communication Protocol, Life Line + GEM Process
6. Virtual Pool of Payments focused SMEs and Industry Experts
7. Pre-defined Test Scenarios

## Leading to:

For the customer – saves time and effort and creates additional time to market

### Vertical integrated model is the key to our excellence





# 5 reasons that make RS Software a preferred choice of large, specialised Payments companies

**1** RS Software has focused exclusively on the payments industry since it went into business in 1991. The result is that the Company now has hundreds of successfully closed projects behind it, a sizeable body of work through which it has enhanced client competitiveness in a fast-evolving space

**2** Few custom software providers bring as specialised a multi-sectoral experience or industry-specific knowledge to clients (who in turn, are competing for market share) in the global payments space.

**3** This rich expertise has served as an insurance for a number of customers; it has helped clients

address rapidly-evolving needs (like the convergence of payment types and proliferation of mobile devices, among others), making it possible for them in turn to capture prevailing opportunities

**4** RS Software possesses a rich experience of having worked with diverse technologies, sectors, customers and business realities, making it possible to bring the wealth of this experience to the client's table.

**5** Testing is crucial to the business and there is no margin for error in this volumes business. At RS Software, a 99.99999% reliability of transaction is ensured. We attempt to do everything with practically zero errors involved.

# 4 key advantages of working with RS Software

RS Software's 'early entry' advantage of working in the payments industry has translated into four key parameters important to clients

- 1** The expertise that we possess takes time to build for other vanilla outsourcing IT/ITes, making it very difficult for any other player to offer services in this domain.
- 2** With established methodology and experience, we possess the ability to shrink the mind-to-market time, while understanding the customer's requirement.
- 3** Since we have participated in the evolution of this industry, we understand the payments environment. Also with our emphasis on learning and research, we possess the capability to provide value-addition to the clients.
- 4** RS Software has positioned itself as a specialist; the replication of what the Company provides is not easy.





# 6 key strengths at RS Software

RS Software is a global leader in providing technology solutions to the electronic payments industry from India outperforming the software industry average and growing at a CAGR of 26% in the last five years leading to 2012-13.

**1 Focus:** A singular focus on the electronic payments system and the rich experience of having been associated with this segment since its evolution.

**2 Financials:** A zero-debt company with growing cash on the Balance Sheet, providing the foundation to grow the business.

**3 Intellectual capital:** A dedicated 1,030-member team with a rich experience in providing technology solutions to the \$900 billion electronic payments industry.

**4 Innovation:** A focus on innovative cutting-edge solutions that leverage cutting-edge technologies and

competencies.

**5 Quality:** Accredited with highest quality standards across compliance, security and quality including certifications from the ISO 9001:2008, SEI-PCMM Level 3 and ISO 27001:2005 Information Security.

**6 Experience:** The experience of having worked closely with the world's largest payments companies for more than a decade in the delivery of customised solutions.

# 7 risks associated with the business and the Company – and how we are countering them

The business of RS Software is exposed to risks that can have a material impact on performance. The Company has focused on risk mitigation, thereby strengthening its sustainability.

**1 Client concentration risk:** An excessive dependence on a single large client can be a daunting challenge, although it is not uncommon in this industry even with companies significantly larger than RS Software. Our dominant customer is on a risk management cycle and they have decided to rationalise their supply sources with other vendors. Our response is that we are indeed their best partners, and with presence of over 20+ years we understand their core systems better than any other vendor globally. A strategic route, taken five years ago is still being followed where we cautiously balanced cost structure and investment to provide higher returns to our customer. This is where our passion to make our customers win has indeed paid off. As a result, over the last five years, our revenues increased by 120%. To rationalise this

excessive dependence, the Company is widening its customer base.

**2 Competition risk:** Growing competition, not addressed can affect both growth and profitability. RS Software is amongst the few global companies to have worked exclusively within the area of core payment systems for more than two decades, enhancing its brand and competence. For RS Software the exclusive focus on payments at the organisational level accelerates decision-making on proactive investments to help customers win, whereas in large organisations payments-focused investments compete with larger revenue generating sources. The Company in pursuance of its vertically-integrated strategy is enhancing its investments significantly in marketing and sales, and most importantly consolidating and expanding its core strengths to compete in the market place. The growth strategy of the Company recognises these risks and the Company has accordingly planned initiatives in each of these areas. As large global players attempt to gain share in this space, RS Software is accelerating its ability to offer

enhanced capability for clients to compete, and also expand its market coverage to reach out to larger set of prospects.

**3 Sector concentration risk:** A singular dependence on the payments sector can affect growth in the event of a decline in the importance of this vertical. Although this is generally seen as a risk, but the secular trend for growth in this sector is all set to continue for many years to come. The electronic payments system is perceived as an enduring format of commerce and money transfers, which is only at a nascent stage of growth. Much of the growth of this segment is being derived from aggressive growth plans of downstream e-commerce and m-commerce players. The growth of its space is expected to be catalysed by growing internet connectivity, growing multi-locational commerce, increasing convenience to shop online, increasing penetration of smartphones and rising internet connectivity. Essentially incumbents and leaders need to invest to protect their turf, while new players need to build and enhance infrastructure. RS Software stands to benefit from the enhanced technology

spending through both developments.

**4 Intellectual capital risk:** Attrition in this knowledge-driven business can affect competitiveness. RS Software provides an invigorating workplace that is adequately empowered when it comes to decision-making, enhancing a sense of involvement. The Company conducts ongoing training drills that enhance knowledge and provide career growth. The Company has a strong culture of reward and recognition. RS Payments Lab and Knowledge management systems are the key pillars for enhancement of intellectual capital. The Company makes proactive R&D investments in emerging payment technologies. It develops blueprints, concept papers and architectural frameworks/solution accelerators.

**5 Technology risk:** Inability to keep pace with evolving technologies can affect growth. The Company invests in ongoing skill replenishment through the creation of the RS School of Payments and its training process. The Company has repeatedly acquired and built new technologies, while also achieving scalability in the creation of payment-focused technologies

like TPF, Abinitio and Hadoop. The Company is favourably located for talent acquisition and continues to enhance its ability to source talent globally.

**6 Business expansion risk:** Our sales engine improved its efficiency in 2012-13 over the previous year but is still in its early stages. The Company invested in strengthening its sales engine which possesses the responsibility to source business from different customers and geographies. During 2013-14, sales investments will go up by 100% on top of the 46% increase in fiscal 2012-13 translating into a larger growth compared to industry peer despite a weak market scenario.

**7 Scalability:** Lack of ability to scale can impact the Company's ability to implement its growth strategy. RS Software has strong core competencies (The case studies shared in this report are a testimony to this) to meet the requirements of the payment industry, time bound tested capability to provide additional offerings as technology innovation brings about disruption in the industry, and most importantly

a strong financial foundation to support both organic and inorganic growth. The Company's presence in Silicon Valley enables early access to new emerging innovation, and access to thought leadership in the payments industry. The Company has demonstrated its ability to enhance its management bandwidth to achieve high growth rates over the past five years, and it continues to build on this through its several leadership-building initiatives, globally benchmarked performance management systems, domain credits that emulate continuing education system of American universities. The Company, last year, created an executive position to lead and benchmark productivity enhancement in all areas of the business.



# Fulfilment of strategy

## Business enablers

### Business development and sales



In the contemporary world, it is imperative to evolve with the changing technologies and regulatory environment to provide cutting-edge services to customers.

At RS Software, the Company ensures that customer needs are identified and addressed through its front-end sales and business development teams.

The Company recognised a growing need to reduce dependence on its largest customer and acquire new clients covering e-commerce, m-commerce, prepaid cards and EMV, among others. What differentiates our team from others is its domain expertise, making it possible to understand business requirements and graduate to the role of a consultant, positioning the

Company as a long-term business partner - as distinct from a one-time technology service provider.

### Guiding principle and optimism

Since inception, RS Software has focused on improved project delivery competence resulting in the establishment of unique methodologies and processes.

■ **The RS Global Delivery Methodology™:** The USP of the Company's Global Delivery Methodology is its process-oriented approach towards project execution, leading to economies of scale and quicker problems resolution. Through its established offshore model, reconciled with state-of-the-art back-end software engineering within India, RS Software ensures

that its front-end client solutions are delivered on schedule - every time. The consistent growth of RS Software has been derived from its robust proven RS Global Execution Methodology (RS GEM™). This trademarked process combines a unique combination of experiential knowledge derived from customer engagements and a keen insight into key emerging trends.

- **The RS Customer View™:** This technological tool provides the Company with a lowdown into the ever-changing aspirations of clients, in terms of the business, competitive landscape, target markets, scale, goals, objectives and culture. A comprehensive knowledge of all these parameters acts as the fulcrum around which solutions are provided. The result is that 'think of yourself as the customer' is the operating philosophy at RS Software.

- **Frameworks:** The framework suite represents the residual knowledge of the organisation. It comprises reusable components that help shorten project life-cycle implementation. The Company possesses such suites focused on the acquiring space covering merchant on-boarding, virtual terminal, payment gateway, merchant reporting and residual calculations. This helps

reduce requirement definition time, implementation time and communicates our knowledge in respective areas. The frameworks are also used as training supplements and platforms to test proof-of-concepts developed in the RS Payments Lab.

### Business-strengthening initiatives, 2012-13

- Substantial investments were made in getting experienced people on board. The Company recruited a professional to head sales efforts, who brought with him 25 years of payments domain experience.

- The Company recruited management trainees from IIM Kolkata to work with the sales team and eventually move towards front-end sales and marketing.

- The Company recruited pre-sales professionals to support the sales function by providing customer solutions and identifying target markets and customers.

- The Company introduced a Customer Relation Management platform to track customers and strengthen workflow. The Company also implemented a knowledge-sharing platform, which acts as a collaborating medium facilitating two-way communication.

- The Company's entire website

was recreated; steps were taken towards search engine optimisation to enhance corporate visibility.

- The Company invested in HADOOP technology to build competencies in data extraction; the resulting 'big data' segment represents an area of focus.

- The Company is enhancing value to its e-commerce service, strengthening testing competencies and the management of service modes.

- The Company is identifying target markets and customers.

### Outlook, 2013-14

- The Company will strengthen its focus on the merchant-acquiring aspect of the payments landscape.

- Procedural improvements in CRM and share points will reduce the sales life cycle, reducing turnaround time.

- Focused e-mail marketing to generate a strong response.

- Stronger recruitment to strengthen the sales team.

All initiatives undertaken in 2012-13 – strengthening the team and processes – are expected to start showing results from 2013-14 onwards.

## Business enablers

2  
Quality and  
benchmarking

In the electronic payments sector, service providers need to be always working with cutting-edge applications directed at leading payment networks. In this demanding segment, even a few seconds of downtime could lead to revenue drain and brand loss. As a result, service providers need to deliver robust solutions to payment networks, processors, acquirers, issuers and other payment sector companies.

At RS Software, there are clearly defined parameters for judging the quality based on parameters of cost, defects, timeliness and customer value-addition.

The Company ensures competitive pricing derived from efficient resource utilisation. A standard

mechanism makes it possible to review and test all deliverables before project hand-over. The Company's strong testing team is backed by an internal audit group to verify that all processes were adhered to.

The Company leverages its strong domain experience to shrink mind-to-market tenure. The Company is a trusted service provider to the global electronic payments industry, matching customer specifications with compatible solutions delivered at the right time and costs.

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

The Company invested in a robust security network reflected in its ISO 27001 compliance. This overarching commitment is dovetailed with stringent physical security for strategic locations and devices as well as logical security of strategic information. At RS Software, a dedicated information security management team and a high-speed network backbone ensure router, LAN, firewall and intrusion security, which is designed to ensure business continuity even during unexpected developments.

### Business strengthening initiatives, 2012-13

- All projects and processes are audited every 45 days. The Company is ISO 9001 and ISO 27001-certified. Compliance and surveillance audits are conducted bi-annually by DNB and BVQI.
- The Company invested in informational security management systems that ensure that data, resources and organisational assets remain protected. The Company's processes are benchmarked with stringent information technology norms of ISO 27001 audited by a third party to ensure compliance.
- The Company conducts a semi-annual customer survey to generate feedback on its service and

value-addition leading to relevant improvements.

- The Company is a payment-focused organisation in which an annual FISAP assessment is conducted by a third party (Deloitte & Haskins) to benchmark with the best data and security practices.
- The Company conducts a morning meeting to help resources overcome daily hurdles and guide them with solutions (as per the Gazelles methodology). A structured weekly meeting assesses performance.
- The Company initiated an effective planning mechanism to capture goals, activities, performance measurements and measurement parameters.
- The Company generated a systematic monthly report to the top management to update on the team's achievements and goals for the next month.
- The Company engaged in process assessment of the testing process of its largest customer for the first time (successfully completed).
- The Company identified business process areas that can be automated to reduce manual effort. For instance, it automated the internal audit process except for areas where manual intervention is required.

- The Company focused on the standardisation of risk assessment processes.

### Outlook, 2013-14

Following an internal process survey, the Company will focus on enhancing application and payments system knowledge while reducing redundant steps in processes and automating others.

At RS Software, there are clearly defined parameters for judging the quality based on parameters of cost, defects, timeliness and customer value-addition.

## Business enablers

# 3

## Human resource management



At RS Software, the competent management of people ensures an increase in productivity translating into incremental revenues, margins and profits.

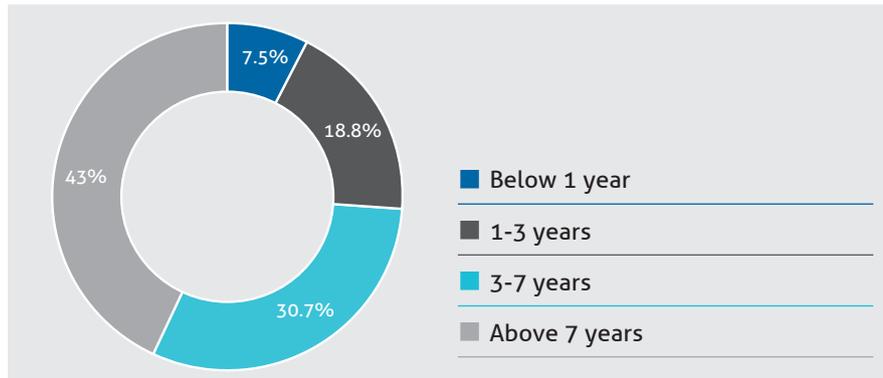
Over the years, the increase in the ability to aggregate domain knowledge and find solutions for customer benefit has graduated RS Software into a preferred partner and employer.

The 1,030-member RS Software team aggregates domain knowledge. The software developed and maintained is responsible for processing transactions worth billions of dollars wherein any error can translate into massive revenue losses for its customers. The Company's strength lies in

the entrepreneurial mindset of its people and willingness to embrace challenges in new technologies.

The Company's HR team attracts talent which ensures that recruits fit their respective roles. This is followed by talent development which works in tandem with talent retention in arriving at a work-life balance. The Company's average age of 32 years was complemented by 527 people-years of experience among senior managers. The criticality of the intellectual capital is reflected in the technical-to-support employee ratio of 9:1. Retention was 88.1% in 2012-13, higher than the industry average of 87%. The Company has over the years witnessed high rejoining ratio among its senior employees.

## Employee experience at RS Software



In 2012-13,  
**84%**  
of the resources hired were  
experienced professionals with  
payment domain experience

### HR objectives

**Recruitment:** The Company has selected to recruit through fresh and lateral means (portals, consultants, referrals and campuses). The Company added 207 members to its team during the year under review.

■ **Recruitment of fresh graduates:** The Company recruited fresh graduates from premium Engineering Colleges through a rigorous selection process involving written tests, group discussions, and personal interviews to evaluate their technical competence and emotional stability. During 2012-13, the Company fulfilled 16% of its resource requirements through hiring of fresh engineering graduates who were put through a rigorous domain and technical

training process. Additionally, Company hired management graduates with engineering background from IIM Kolkata to infuse fresh blood into operations and sales.

■ **Recruitment of laterals:** The Company's business requires experienced professionals, making lateral recruitment necessary. Company hires laterals from Tier-I companies to bring in new ideas and best practices from the industry. The laterals are evaluated for their technical, domain and analytical skills and their ability to assimilate with the competitive RS work environment. We understand that a cultural match is important to an employee's longevity with the organisation and therefore pay special focus to this. Due to this,

RS Software is able to ensure lower than industry attrition.

■ **Training:** In a fast-changing environment, there is a growing need to be updated with changing technologies. The Company has revamped its Individual Development Programme for employees. At the beginning of the year, an IDP based on the organisational needs, project needs and the individual needs is prepared for each employee in discussion with the business heads, Project Managers and the individual. The training comprises technical, domain and soft skills and aims to focus on an individual's growth in all areas. Each employee undergoes a minimum 40 hours of annual training conducted by industry experts – internal as well



The Company has established a leadership team to focus on strategies to differentiate the Company from peers.

as external. The employees are also encouraged to get industry recognised certifications to validate their skill levels.

**Performance appraisal:** The Company has strengthened its appraisal system. Quarterly appraisals are conducted for project leaders and senior managers while bi-annual appraisals are undertaken for the rest of the population based on the goals set at the beginning of the year. The three-step appraisal process comprises of self-appraisal, appraiser (immediate line manager) review and reviewer appraisal (senior manager).

**Leadership:** The Company has established a leadership team to focus on strategies to differentiate the Company from peers. The team defines strategy and metrics to measure the success of its implementation. The RS Software Leadership Team and the extended management team meet offsite to take stock of corporate strategies and plans coupled with brainstorming and workshops. As part of this initiative, the leadership team attends learning forums in India and overseas with the aim of enhancing organisational effectiveness in handling change.

**The RS School of Payments:** A knowledge-intensive training

curriculum has been created by industry experts providing employees with a robust knowledge of the electronic payments sector. This school was commissioned to enhance capabilities, shrink the learning curve and maximise productivity.

The school runs graded training to cater to the stepped knowledge acquisition starting with a broad overview of the entire payments systems during induction, moving on to a deeper dive on each of the salient areas via a payments fundamental course and then allocated courses with significant details for selected areas aligned with the business requirements. The payments fundamentals course is further customised to cater to the various requirements for knowledge of the various departments, for example while sales and business support need to have a deeper business perspective of the payments business functions delivery would need to understand more on the workflow, system integration and dependencies for the areas, and resourcing would need the understanding of the prevalent technology and skills in each of the areas as they need that perspective for getting the right talent from the marketplace.

**RS Payments Lab:** This is an infrastructural measure mediated towards knowledge exploration and referential implementation of technology solutions for the electronic payments space. This helps increase the knowledge of applying frontier technology in payments systems at the organisational level. In the RS Payments Lab, our subject matter and industry experts also focus on emerging technologies that our clients need, to be competitive.

The Lab is an integral part of the knowledge development platform. In the payments arena we are constantly observing that advancement in technology is reducing the barrier to entry in the payments ecosystem paving the path for innovators like Square, iZettle, and others to intelligently use the mobile device platform to extend point-of-acquiring to small business which were till recently underserved in the payment acceptance; social networks are serving as good platform to integrate for KYC purposes and to extend targeted offers; closed loop networks are using the ubiquitous internet to reach out to far more users than it was earlier possible without a dedicated network; cloud and electronic wallet are making it much convenient for consumers; big

data is shaping the analytics in a big way; and the list goes on. We, at RS Payments Lab facilitate technology exploration to be abreast with the technologies so that we can offer our customer this technology expertise applied to the domain of payments at competitive price.

Knowledge Management forms the foundation on which the superstructure for harnessing knowledge is built. It insulates the Company from attrition, by providing knowledge insurance. This reduces monotony and also the efforts needed to put in by the customer personnel. The Knowledge Management team has thus been growing and creating a base for reuse and micro-innovation within each project.

The organisational experience is captured and curated through a structured process and is applied to every project. We use this knowledge to prepare the team before they wet their feet in the engagement and as they gain knowledge about the customer applications, the knowledge is securely made available to the project members who join the team later, or move across the functional areas within the same project or even across projects. This not only provides a knowledge insurance of sorts but the distilled experience

becomes a learning curve for the team which benefits the customer in return.

Initiatives that strengthened the business, 2012-13

- Initiated open houses to derive feedback in real time to enhance organisational transparency; initiated a sharing of business plans and opportunities.
- Initiated online employee feedback on each process followed by an action plan to resolve issues raised by employees within six months.
- Provided the right opportunity to the right employees with the facility of feedback.
- Initiated bi-annual skip-level meetings making it possible for employees to meet their second-level superiors to discuss workplace issues.
- Strengthened employee grooming initiatives
- Conducted recorded or online (webinars), e-learning to enhance employee growth.

#### Plan of action, 2013-14

Being a payment domain focused organisation; the Company intends to strengthen recruitment, training and domain focus.

## Business enablers

Finance  
management

Financial Management at RS Software has been driven by the philosophy of maximisation of value for stakeholders that includes shareholders, customers, employees and vendors through a culture of financial discipline laying foundation for RS Software as investment of choice, employer of choice and partner of choice

The financial management at RS is not restricted to merely a money management process but it is a holistic approach to proactively

enable the Company to improve its performance through a galore of metrics ranging from utilisation to cost structure shifts which facilitates improved decision-making process.

Finance as a custodian of resources of the Company targets to optimise utilisation of resources and infrastructure to maximise shareholder's value.

A detailed analysis of the financial performance of the company has been provided in the Directors Report.



# Profile of the Key Executives and Board of Directors

## Key Executives

RS Software's management team combines in-depth expertise in electronic payments with hands-on technical experience. Our seasoned executives are leaders in the payment industry by virtue of their depth of knowledge in several key areas including program management, consulting, security, and risk management. Our management understands the contemporary payment environment because it has been a participant in its evolution, having witnessed directly the challenges that our clients face on a daily basis.



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**Raj Jain**  
**Chairman and Managing Director**

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Raj Jain, a pioneer and an entrepreneur in business co-founded the fourth chapter in Silicon Valley of Young Presidents Organisation (YPO)-a global network of young chief executives that connects 18,000 peers and their families in more than 100 countries to learn, exchange ideas and address the challenges leaders face today. Mr. Jain also started the TiE chapter in Kolkata. TiE's mission is to foster entrepreneurship globally through mentoring, networking, and education and facilitate wealth creation. Additionally, he has served on the Executive Council of NASSCOM when in 1999 he was elected Chairman of NASSCOM and, in that same year, acknowledged by Ernst & Young as one of the top-20 Outstanding Entrepreneurs of the Year. He is a regular speaker at global forums and universities.

After receiving his BS and MBA degrees in the United States, he could see an emerging opportunity in the area of Information technology outsourcing. He left his job as a software systems analyst in Los Angeles, California and returned to India founding R.S. Software (India) Ltd. with the goal of providing quality software services to international markets. With more than 30 years of professional experience, Mr. Jain has pioneered the domain-focused model for IT outsourcing.

Mr. Jain management style is to lead from the front. His work around the world has provided him with a solid understanding of and appreciation for the diversity of global business and culture. He hires the best and the brightest, providing RS Software with a world-class team to support its vision of being the global leader in the electronic payments industry.

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**Dale Van Stratten**  
**Vice President, Global Sales**

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Dale Van Stratten has been contributing to the success of companies in the payments industry for more than 29 years. His body of work includes management positions at First Data Corporation, Omaha Merchant Processing, ACI Worldwide, ElectraCard Services and the BPC Group. Dale helped grow their revenues in new, emerging and established markets while managing third party, national and international sales. His experience has helped him develop a thorough understanding of what customers need from service providers. He received his Bachelor's degree in General Studies at the University of Nebraska at Omaha and served as an Officer in the US Army.

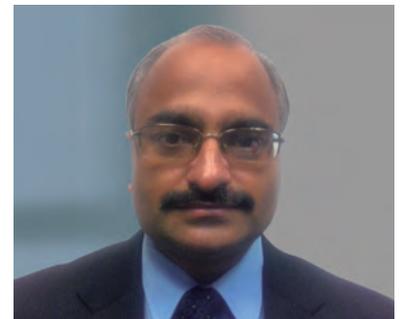


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**Ashok Gaur**  
**Vice President, Operations and Productivity Enhancement**

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Ashok Gaur has an engineering degree in Computer Science and in his 23-year long career in the financial services technology outsourcing industry includes pre-sales, business development, service delivery, customer relationship management, line management, and programme management. He has worked in the Americas, Europe, Middle East, India and other Asian countries. Mr. Gaur has been responsible for delivering solutions to large organisations such as JP Morgan, Midland Bank, ABSA Bank, Citibank, PEMCO, GEICO, and Liberty Mutual. He has a strong understanding of process flow and has been involved in multiple implementations of CMM, CMMI and PCMM Level-5 practices.





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**Prasanta Chakraborty**  
**VP Corporate**

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Prasanta Chakraborty holds a degree in Electronics and Communications and has served in a variety of leadership roles with major global corporations delivering large scale outsourcing deals, managing key customer accounts and overseeing business development. During his two decade-long career, he has worked in multi-cultural environments executing projects around the world. At RS Software he leads business support group globally, and ensures the highest quality of pre-sales and post-sales experience for the customers.



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**Vijendra Surana**  
**CFO and Company Secretary**

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Vijendra Surana has more than 17 years of experience in the finance, accounting and capital management areas and has helped to build a comprehensive understanding of the financial needs of an organization, strategies and tactics required to ensure business continuity for customers and corporate governance practices which build a strong foundation for all statutory compliances. At RS Software he is responsible for all of financial accounting, budgetary management, capital structure, treasury functions, and legal compliances. Mr. Surana is an accredited Chartered Accountant (FCA), Company Secretary (ACS) and Cost Accountant (AICWA), and is a qualified MBA.

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**Sumit Misra**  
**General Manager**

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Sumit Misra has the distinction of serving for major companies in the IT outsourcing industry working as an engineer, project lead and project manager with a professional career that spans more than two decades. He now helps leading companies in the payment industry determine technical strategies that help them build competencies that best fit the needs of their customers. At RS Software, Mr. Misra strengthens and extends our position as a leader in the payments industry by managing the RS School of Payments and RS Payments Lab enhancing our domain expertise by instituting best practices in knowledge management. He holds a Master's degree in Electronics and Telecommunication Engineering.



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**Aniruddha Rai Chaudhuri**  
**General Manager, Quality and Benchmarking**

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Aniruddha Rai Chaudhuri's career in the software industry spans more than 20 years, with a focus on benchmarking and developing process architecture within organisations. His depth and range of experience includes project management, business process re-engineering and the design and implementation of highly reliable quality systems. At RS Software, Mr. Chaudhuri directs the continuous benchmarking of our process architecture to best practices globally and, in particular, at RS Software customer locations. He holds a Science degree and is a Certified Quality Analyst from QAI in the United States.





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**Sanjay Guha**  
**Deputy General Manager**

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Sanjay Guha's significant experience delivering large complex projects to leading organisations in the electronic payments industry in the US, Europe and. His expertise includes the credit card segment, prepaid/stored value cards, merchant boarding, agent residual management as well as chargeback and dispute management. In his career, which spans more than 20 years, he has worked as a developer, project manager and business analyst. At RS Software Mr. Guha provides the entrepreneurial leadership necessary to expand our world-class delivery organisation, which is vital to our vision of being the global leader in providing technology solutions for the payments industry.



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**Kallol Ghosh**  
**Deputy General Manager**

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In a career that covers more than two decades, Kallol Ghosh has become expert in delivering complex projects involving multiple systems in scalable, high volume, transaction-processing environments. This experience has provided him with a broad skill set related to understanding, implementing and replicating methodologies that enhance the effectiveness and efficiency of mission critical systems in core areas of electronic payments industry. At RS Software, Mr. Ghosh leads our delivery of solutions for systems that process several trillion dollars of transactions. He has a degree in Science and holds a Master's degree in Business Administration.



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**Indrani Roychowdhury**  
**Senior Manager**

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During her 22-year career Indrani Roychowdhury's career has interfaced with customers from around the world to help develop an understanding of how to effectively communicate corporate messaging across different cultures. Her work with the media and industry associations has provided her with a unique understanding of how a company is perceived within the industry. At RS Software, Ms. Roychowdhury manages our corporate communications for internal and external audiences. She holds a degree in Psychology and has a diploma in Software Systems Development.

## Board of Directors

The RS Software Board of Directors is a team of industry veterans with a long-term commitment to maximising value for our stakeholders by supporting the RS Software vision of being the global leader in technology solutions for the electronic payments industry. This seasoned Board of Directors, all longstanding members of the team and experts in their field, establish our key policies and Company objectives, ensuring the availability of adequate financial resources, and approving annual budgets.

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### Raj Jain

#### Chairman & Managing Director

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As Chairman and Managing Director of RS Software, Raj Jain is responsible for providing the leadership required to realise our vision of being the global leader in providing technology solutions for the electronic payments industry. In 1989, Mr. Jain left his job as a software systems analyst in Los Angeles, California and returned to India where he founded R.S. Software (India) Ltd. with the goal of providing quality software services to international markets. At the time, the prospects for the software market in India were less than idea but Mr. Jain's entrepreneurial talents and leadership traits established him as a pioneer in a field that would soon blossom into a multi-billion dollar industry.

Mr. Jain has over 30 years of industry experience and holds a BS and MBA from California State University. He has served on the Executive Council of National Association of Software and Services Companies (NASSCOM), both as a member and officer. In 1999, he was elected Chairman of NASSCOM by its Executive Council and, in that same year, acknowledged by Ernst & Young as one of the top 20 Outstanding Entrepreneurs of the Year. Mr. Jain's remains an active member of NASSCOM and serves as a member of their Chairmen Emeritus. He also has been a member of TIE (The IndUS Entrepreneurs) and YPO (Young Presidents Organisation).





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**R. Ramaraj**  
**Director**

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R. Ramaraj is an icon in his field. He was recognised as the 'Evangelist of the Year' at the India Internet World Convention in September 2000 and voted IT Person of the Year in a CNET.com poll in India that same year. Mr. Ramaraj was invited by the UN Secretary-General Kofi Annan to be a member of UN's Working Group on Internet Governance (WGIG) and was the Co-Founder and CEO of Sify Limited, the pioneering company in internet, networking and e-commerce services in India. Mr. Ramaraj is the Senior Advisor at Sequoia Capital, a member of the Global Board of Trustees of TiE (The Indus Entrepreneurs) and the first Indian to be invited to serve on the Board of Directors of ICANN (Internet Corporation for Assigned Names and Numbers). He holds a B.Tech in Chemical Engineering from the University of Madras as well as an MBA from the Indian Institute of Management, Calcutta.



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**Shital Jain**  
**Director**

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Shital Jain brings to our Board more than 31 years of experience with Citibank and has worked in Hong Kong, Taiwan, the Philippines, Thailand, and Canada. Mr. Jain remains active in the financial services industry participating in consulting assignments worldwide, including ongoing projects in Thailand and Indonesia. Mr. Jain is a Fulbright scholar, receiving his MBA from Indiana University, where he was elected to the Beta Gamma Society, whose membership includes the top 25 percent of MBAs in the US.

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**Richard Launder****Director**

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



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**Sarita Jain****Director**

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Sarita Jain has been a Director on the RS Software Board since the Company's inception in 1989. In addition to possessing exemplary administrative, communication and organisational skills, Mrs. Jain holds a Masters degree in English Literature and an undergraduate degree in Mass Communication.





## R.S. Software (India) Limited

Registered Office: FMC Fortuna  
A-2, 234/3A, A.J.C.Bose Road, Calcutta - 700 020

### Notice to Members

NOTICE is hereby given that the Twenty Fifth Annual General Meeting of the Members of R S Software (India) Limited will be held on Thursday, July 18, 2013 at 11:30 a.m. at Rabindra-Okakura Bhawan, Paschimbanga Bangla Academy, 27A/1 DD Block, Salt Lake City, (Near to City Centre I, Salt Lake), Kolkata – 700 064 to transact the following business:

#### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as on 31.03.2013 and Profit & Loss Account for the year ended on that date together with the Report of Auditor's and Directors' thereupon.
2. To declare the final dividend on Equity Shares for the financial year ended March 31, 2013.
3. a) To appoint Directors in place of Mrs. Sarita Jain who retires by rotation and being eligible offers herself for re-appointment.  
b) To appoint Directors in place of Mr. Rajasekhar Ramaraj who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration and for this purpose to consider and, if thought fit, to pass the following resolution as an Ordinary Resolution.

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

Board of Directors of the Company".

#### SPECIAL BUSINESS

5. To consider and, if thought fit to pass, with or without modifications the following resolutions:
  - a) "RESOLVED THAT pursuant to the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 [including any statutory modification(s) or re-enactment thereof] and subject to the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and subject to such approvals, permissions and sanctions as may be necessary and subject to such conditions as may be prescribed or imposed while granting such approvals and which may be agreed to or accepted by the Board of Directors (hereinafter referred to as the "Board" which expression shall include a committee thereof) at its sole discretion, the approval of the Company be and is hereby accorded to the Employee Stock Option Scheme ("ESOP Scheme"), copy of which was placed in the meeting for review and consideration by the shareholders.
  - b) "RESOLVED THAT pursuant to the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 [including any statutory modification(s) or re-enactment thereof] and subject to

the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and subject to such approvals, permissions and sanctions as may be necessary and subject to such conditions as may be prescribed or imposed while granting such approvals and which may be agreed to or accepted by the Board at its sole discretion, the consent of the Company be and is hereby accorded to the Board to grant up to 10,00,000 stock options under the ESOP Scheme ("ESOP Pool") to :

- 1) the eligible Employees of the Company working in India or out of India;
- 2) the Directors of the Company whether in India or outside India, whether whole time directors or otherwise excluding Promoters";

"RESOLVED FURTHER THAT any Director or Secretary of the Company, be and is hereby authorized to do all such acts, deeds, matters and things as may be needed to give effect to the above resolution"

- c) "RESOLVED FURTHER THAT pursuant to the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 [including any statutory modification(s) or re-enactment thereof] and subject to the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and subject to such approvals, permissions and sanctions as may be necessary and subject to such conditions as may be prescribed or imposed while granting such approvals and which may be agreed to or accepted by the Board of Directors (hereinafter referred to as "the Board" which expression shall include a committee thereof) at its sole discretion, the consent of the Company be and is hereby accorded to the Board to grant options out of the ESOP Pool to:

- 1) the eligible Employees of the Subsidiary Companies working in India or out of India;
- 2) the Directors of the Subsidiary Companies whether in India or outside India, whether whole time directors or otherwise excluding Promoters."

"RESOLVED FURTHER THAT the Company's ESOP Scheme shall be applicable to the employees of the Subsidiary Companies in India or outside India and the Directors of the Subsidiary Companies whether whole – time or otherwise."

"RESOLVED FURTHER THAT the Company's aforesaid ESOP Scheme shall conform to the Accounting Policy as specified in Clause 13.1 of SEBI (ESOP & ESPS) Guidelines, 1999, as amended."

"RESOLVED FURTHER THAT any Director or Secretary of the Company, be and is hereby authorized to do all such acts, deeds, matters and things as may be needed to give effect to the above resolution"

- d) "RESOLVED THAT pursuant to the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 [including any statutory modification(s) or re-enactment thereof] and subject to the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and subject to such approvals, permissions and sanctions as may be necessary and subject to outcome of the informal guidance to be sought by the Company from SEBI under the SEBI Informal Guidance Scheme, 2003, the Company hereby approves and consents that upon exercise of the Stock Options in the ESOP Pool by the Eligible Employees in accordance with the provisions of the ESOP Scheme, the Company could either issue requisite number fresh equity shares to such exercising Eligible Employees or transfer requisite number of equity shares to such exercising Eligible Employees from the 5,74,320 equity shares of the Company already acquired by R S Software Employee Welfare Trust (RSSEWT) (under the 'Existing Acquisition Shares'), at the discretion of the Board.

By Order of the Board

Oberoi,  
Nariman Point,  
Mumbai  
April 12, 2013

**Vijendra Surana**  
CFO & Company Secretary

**NOTES:**

- a. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Item No.5 is set out in the Notice is annexed hereto.
- b. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND, ON A POLL, TO VOTE INSTEAD OF HIMSELF. SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE VALID AND EFFECTIVE, MUST BE DELIVERED AT THE REGISTERED/CORPORATE OFFICE OF THE COMPANY NOT LATER THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING
- c. Members are requested to note that the Company's equity shares are under compulsory demat trading for all investors, subject to the provisions of SEBI Circular No.21/99 dated July 8, 1999. Members are, therefore, requested to dematerialize their shareholding to avoid inconvenience.
- d. The Register of Members and Transfer Books of the Company will remain closed from July 9, 2013 to July 18, 2013 (both days inclusive).
- e. Members who have not yet encashed their dividend warrant for the financial year ended 2010-11 onwards are requested to claim the amount of dividend from the Company or its Registrars and Share Transfer Agent immediately.
- f. Subject to the provisions of Section 206A of the Companies Act, 1956, final dividend as recommended by the Board of Directors, if declared at the meeting, will be paid after July 19, 2013 within 30 days from the date of AGM:
  - (i) To those Members, holding shares in physical form, whose names appear on the Register of Members of the Company after giving effect to all valid request for transfers in physical form lodged on or before Monday, July 8, 2013 with the Company and / or its Registrar and Transfer Agent; and
  - (ii) In respect of shares held in electronic form, to all beneficial owners as per the details furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) at the close of business hours on Monday, July 8, 2013.
- g. Members holding shares in physical form are requested to immediately notify change in their addresses, if any, to the Registrar and Transfer Agent of the Company, quoting their Folio Number (s) with a self-attested copy of address proof, i.e. Voter Identity Card, Electric / Telephone (BSNL) Bill or Driving License or Passport before July 8, 2013.
- h. Interm of Circular No. CIR/MRD/DP/10/2013 dated March 21, 2013 of Securities and Exchange Board of India for making cash payments to the investors Companies shall mandatorily print the bank account details of the investors on such payment instruments. Therefore the Members holding shares in physical form are requested to send to the Registrar and Transfer Agent of the Company, before July 8, 2013 a Bank Mandate (providing details of name and address of banker, branch, PIN code and particulars of the bank account) or changes therein, if not provided earlier, under the signature of the Sole /First holder quoting their Folio Numbers. This information will be printed on the dividend warrants. Members may also avail of the Electronic Clearing Services (ECS) mandate facility provided by the Company
- i. Members holding shares in dematerialized mode are requested to intimate the changes pertaining to their bank account details, NECS mandates, email addresses, nominations, change of addresses, change of names etc. if any, to their Depository Participant (DP) only before July 8, 2013. Any such changes effected by the DPs will automatically reflect in the Company's subsequent records.
- j. Pursuant to the requirements on corporate governance under Clause 49 of listing agreements entered into with stock exchanges, the information about the Directors proposed to be re-appointed is given in the Directors' Report.
- k. The Annual Report of the Company circulated to the Members of the Company, will be made available on the Company's website at [www.rssoftware.com](http://www.rssoftware.com)
- l. Members desirous of getting any information about the accounts and/or operations of the Company are requested to write to the Company at least ten days before the date of the Meeting to enable the Company to keep the information ready at the Meeting.
- m. All the documents referred to in the Notice will be

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

- n. Shareholders holding shares in demat mode and desirous of receiving the Annual Report in physical form may visit the web page [www.cbmsl.com/green.php](http://www.cbmsl.com/green.php) to exercise their option. Likewise shareholders holding shares in physical mode are requested to visit the aforesaid web page to register their e-mail id and exercise their option accordingly.
- o. The Ministry of Corporate Affairs (MCA), Government of India, has by its Circular Nos. 17 / 2011 and 18 / 2011, dated April 21, 2011 and April 29, 2011 respectively,

permitted companies to send official documents to the shareholders electronically as a part of its green initiatives in corporate governance. Recognizing the spirit of the circular issued by MCA, the documents like the Notice convening the General Meetings, Financial Statements, Directors' Report, Auditor's Report etc. will be sent to the e-mail addresses as provided by the shareholders with their depositories.

By Order of the Board

**Obero,**  
**Nariman Point,**  
**Mumbai**  
**April 12, 2013**

**Vijendra Surana**  
CFO & Company Secretary

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

The last ESOP scheme was approved by the Shareholders on 10th August 2007. That Scheme was valid for 3 years effective 1st April 2010 and lapsed on 31st March 2013. The said Scheme had a total ceiling of 2,000,000 Options of which 190,100 Options were granted during those 3 years. We have to therefore introduce the ESOP Scheme, which would be effective from 1st April 2013 for a further period of 3 years. The Remuneration Committee would decide on the vesting and the exercise period for Employees, which includes Directors. The ESOP Scheme has always been useful in rewarding and attracting talents and the Company therefore wants to get the new ESOP approved by the shareholders for a period 3 years from April 1, 2013.

The Board of Directors recommends the approval by the shareholders of the ESOP Scheme for a period of three years starting with effective from 1st April, 2013 to the eligible Employees of the Company as well as to the eligible employees of its Subsidiaries.

RSSEWT was formed on September 4, 2012 by the Company, acting as the Settlor for benefit of its employees as well as the employees of the Subsidiary Companies. Underlying Employee Welfare Scheme called RSS Employee Welfare Trust – Employee Welfare Master Scheme (the 'Master Scheme') was set up there under which among others

provided for medical assistance, scholarships and assistance for higher education, housing facilities, marriage expenses and talent attraction of new employees. Barclays Wealth Trustees (India) Private Limited ('BWTIPL') was appointed as Independent Trustees.

Under the aforesaid structure RSSEWT acquired the Existing Acquisition Shares from the secondary market. In view of SEBI circulars CIR/CFD/DIL/3/2013 dated January 17, 2013 and CIR/CFD/DIL/7/2013 dated May 13, 2013, the Company is under an obligation to align the Master Scheme with the SEBI ESOP Guidelines or wind-up the scheme before December 31, 2013. However, the Company is allowed to continue holding the Existing Acquisition Shares even after aligning or winding up the Master Scheme. Since, the Company has already acquired the Existing Acquisition Shares under the Master Scheme; the Company intends to use the Existing Acquisition Shares for the benefit of the employees of the Company. Therefore, the Company is proposing that the Existing Acquisition Shares be transferred to Eligible Employees exercising their stock options under the ESOP Scheme instead of issuing fresh shares to such Eligible Employees. This arrangement will be in the best interest of the Company and the employees as this would help the Company in winding up the Master Scheme which is currently not in compliance with ESOP Guidelines and enable

the employees to receive the shares that they are entitled to. This proposed arrangement is a deviation from ESOP rule; it has to be specifically confirmed with SEBI if the arrangement is tenable. The Company is seeking clarifications from SEBI on whether the proposed arrangement is tenable or not by way of informal guidance under the SEBI Informal Guidance Scheme, 2003. Depending upon the views expressed by SEBI in the informal guidance, a final decision will be taken on whether the Existing Acquisition Shares would be transferred to employees exercising options under the ESOP Scheme instead of fresh issuance of shares. If SEBI is of the view that the proposed arrangement is not tenable then the Company would only issue fresh shares to employees exercising stock options under the ESOP Scheme.

The information for ESOP Scheme as per SEBI (ESOP & ESPS) Guidelines, 1999, as amended is as follows:

- (a) The total number of options to be granted: 10,00,000 options, which include 5,74,320 equity shares of the Company already acquired by RSSEWT under the R S Software Employee Welfare Trust – Employee Welfare Master Scheme.
- (b) Identification of classes of employees entitled to participate in the ESOP:
  - Permanent employees of the Company and of its Subsidiary Companies, whether working in India or outside India; and
  - Directors, whether whole time or not, of the Company and of its Subsidiary Companies, whether working in India or outside India, excluding the Promoters.
- (c) Requirements of vesting and period of vesting: The Employees Stock Options to be granted to the employees of the Company and its Subsidiaries shall vest in a minimum period of one year and a staggered vesting period of 4 years from the date of grant of options. 25% of the total options granted to an employee will become vested after one year from the date of grant of options. For Directors of the Company and its Subsidiaries 100% of the total options granted will become vested after one year from the date of grant of the options.
- (d) Maximum period within which the options shall be vested: Maximum period of 4 years from the date of

grant of options for the employees of the Company and its Subsidiaries and a maximum period of 1 year from the date of grant of options for the Directors of the Company and its Subsidiaries.

- (e) Exercise price or pricing formula: Exercise price will either be equal to the market price of the Company's shares or alternately a price recommended by the Evaluation Committee, and approved thereafter by the Remuneration Committee. For the purpose of the market price it will be determined as per the SEBI Guidelines on ESOP.
- (f) Exercise period and process of exercise: 25% of the total options granted to an employee of the Company and its Subsidiaries will be vested and exercised by the employee after each one year from the date of grant of the options and for Directors of the Company and its Subsidiaries 100% of the total options granted will be vested and exercised after one year from the date of grant of the options.
- (g) The appraisal process for determining the eligibility of employees to the ESOP: The appraisal process for determining the eligibility of the employees of the Company and its Subsidiaries will be specified by the Remuneration Committee and will be based on the criteria such as performance records, role & criticality of the employees, future contribution potential of the employees and /or such other criteria as may be determined by the Remuneration Committee at its sole discretion.
- (h) Maximum number of options to be issued per employee and in aggregate: The maximum number of options that may be granted in any financial year to any specific employee of the Company and its Subsidiaries under ESOP shall not exceed 1% of the total issued capital of the Company.
- (i) A statement to the effect that the Company shall conform to the accounting policies specified in clause 13.1: The Company shall conform to the Accounting Policies specified in Clause 13.1 of SEBI (ESOP & ESPS) Guidelines, 1999 as amended.
- (j) The method, which the company shall use to value its options whether, fair value or intrinsic value: Intrinsic

Value considering the market price of share.

(k) The following statement;

'In case the company calculates the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed in the Directors' Report and also the impact of this difference on profits and on EPS of the company shall also be disclosed in the Directors' Report.'

(l) The price of the shares and also the number of shares to be offered to each employee: To be decided by the Remuneration Committee.

(m) Total number of shares to be issued: A maximum of

10,00,000 equity shares against the total ceiling of 10,00,000 options, which include 5,74,320 equity shares of the Company already acquired by RSSEWT under the R S Software Employee Welfare Trust – Employee Welfare Master Scheme.

(n) Upon exercise of the stock options by the Eligible Employees in accordance with the provisions of the ESOP Scheme, the Company could either issue requisite number fresh equity shares to such exercising Eligible Employees or transfer requisite number of equity shares from the Existing Acquisition Shares, at the discretion of the Board.

By Order of the Board

Obero, Nariman Point, Mumbai April 12, 2013

**Vijendra Surana**  
CFO & Company Secretary

# Directors' Report

*Dear members*

Your Directors are pleased to present the twenty-fifth Annual Report and the audited Statement of Accounts, highlighting the business operations and financial results for the year ended 31st March 2013.

## Financial Highlights

R. S. Software (India) Ltd.

(₹ in Lacs)

	Standalone		Consolidated	
	2012-13	2011-12	2012-13	2011-12
Gross Revenue	29755.51	24809.72	32251.78	26498.97
Operating Profit (PBDIT)	5130.60	3794.47	5404.43	3972.75
Interest	91.91	44.31	94.22	45.48
Depreciation	346.57	417.91	346.57	417.91
Profit before Tax	4692.12	3332.25	4963.64	3509.36
Provision for Tax	1147.66	589.19	1170.90	623.40
Profit after Tax	3544.46	2743.06	3792.74	2885.96

## Review & Analysis of the Financial Performance

### Revenue analysis

The net revenues grew 22 % from ₹26,499 lacs in 2011-12 to ₹32,251.78 lacs in 2012-13. This growth can be attributed to primarily strategic cost management initiatives and early payoff from investments in enhancing our sales and marketing infrastructure. I am pleased to inform that The company also received the following recognition during the fiscal year:

- RS Software has appeared for the first time in Forbes "Asia's 200 Best under a Billion" in 2012. Steady Growth in Revenues, Profit and Earnings per Share has placed the company in this Elite Group.
- RS Software has been listed as one of the "30 fastest

growing companies in India", by Outlook Business. Ranked at #17, RS Software has moved into the spotlight of high performing organizations across all sectors in India.

### Management discussion

An extensive commentary has been provided about the company in the fulfillment of the strategy section, which shows the management leadership being provided in each area of the business. According to Dee Hock, the founder of the electronics payment industry, "an organization, no matter how well designed, is only as good as the people who live and work in it. Ultimately what determines the organization's performance is the approach to management its leaders take." At RS Software we consciously pursue leadership development at various levels, and constantly are on the look for talent globally that can help us to implement our strategy effectively.

Last year, the top five Indian information technology (IT) services providers - Tata Consultancy Services (TCS), Infosys, Wipro, HCL and Cognizant- together grew 13.3 %, accounting for revenues of \$34.3 billion. During the same period, the overall IT services industry grew just 2%, according to research and advisory firm Gartner. RS Software grew 8%+ during 2012-13, ahead of at least two of the five large service providers, which grew at a pace of ~4% over the previous fiscal year.

The performance of the company has reinforced its commitment to capitalize on the next wave of growth for the Indian IT companies, and is expected to grow 3 times in the next 10 years. As mentioned elsewhere in the report the long term secular growth trend for the Payments industry is well established. We are constantly preparing ourselves to leverage this opportunity.

In order to be in the drivers' seat to ride on this opportunity, the company continues to reinforce its core strength, which will be an enabler for the company to achieve exponential growth. The company continues to focus on:

- 1) Pursuing Its longer term Operational and Strategic plan.
- 2) Putting a robust global sales engine to leverage upon the growth potential that exists in the global market place.
- 3) Having an efficient organization structure which is decentralized and provides adequate platform for effective growth.
- 4) Developing systems coupled with installation of an ERP system.
- 5) Institutionalization of the Gazelles methodology of management & planning that focuses on best practices for mid-size businesses.
- 6) Innovation to play a key role in enhancing RS Software's ability to marry the emerging technologies with the changing demands of consumers and business in the way they experience payments.
- 7) Targeting increased emphasis on operational and risk governance with formalized PMO and QA practices.
- 8) Its proximity to Silicon Valley, a highly developed ecosystem for the payments industry, providing access

to premium payments consultants and associations to collaborate with.

To fulfill its vision of becoming a global leader in providing technology solutions to the Electronic Payments industry, the company will work with major Payment networks, Acquiring and Issuing processors, Emerging Payment players, and Technology solution providers, who continually invest in the development and enhancement of their systems to compete in an increasing competitive market. The Marketing and sales strategy, complemented by the company's Innovation and fulfillment strategy, are all aligned to target the next phase of growth.

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

The five years consistent track record is indicative of company's commitment to leverage this growth potential both over short term and long term period.

## Financial Highlights of RS Software for last 5 years

### Highlights of 5 years analysis

- Crossed revenue level of ₹320 crore in FY 13
- Revenues in re terms have trebled : from ₹101 crore in 2007-08 to ₹322 crore in 2012-13
- CAGR (compounded annual growth rate) of revenues for the 5 year period has been 26%
- Consistent net profits for the last 23 quarters
- Earnings before Interest, Depreciation and Taxes (Operating Profits) have increased 5 times over the 5 year period
- Net margin has improved 51 times over 5 years (from less than ₹1 crore in 2007-08 to ₹38 crore in 2012-13)
- Zero Debt Company
- Significant cash on balance sheet to make investments to leverage the growth opportunity
- Book value in FY 13 increased 5 times over FY 08
- Net Worth has crossed ₹100 crore as on 31st March 2013

(₹127 crore) : a 7 times jump from ₹17 crore in 2007-08

- Again became a dividend paying Company from 2010-11, after a decade..
- In 2010-11, 20% dividend was declared, followed by 30% dividend in 2011-12 and 35% dividend in 2012-13.

### Expenditure analysis – Fiscal 2012-13

Total operating cost as a proportion of net revenue declined to 83 % in 2012-13 from 85% in the previous year, after absorbing increased investments in enhancing our sales and marketing process, expansion of our management bandwidth, strengthening of our vertically integrated execution model by making investments in RS School of Payments, and investment in our Payments lab, that is focused on Innovation. This is testimony to our commitment to consistently improve our cost management infrastructure.

### Margins analysis

The Company's EBITDA margin strengthened to 16.76 % in 2012-13 from 14.99% in 2011-12, while profit after taxes improved from 11.76% in 2012-13 compared to 10.89% in 2011-12, after absorbing significantly higher Income taxes.

### Investments

The Company made significant investments during the year and Investment as on 31 March 2013 stood at ₹2,976.47 lacs out of which 808.03 lacs were non-current investments and ₹2,168.17 lacs as current investments. The Company generated a return of between 8% -10 % from these investments during the year.

### Free cash flows

The company's free cash flows increased by 25% in this fiscal year as compared to the previous fiscal year, and by 130% as compared to two years ago.

### Capital employed

The total capital employed increased from 8,903.63 lacs to ₹12,678.23 lacs in 2012-13 largely due to an increase in reserves and surplus. The return on net worth stands at 30%.

### Trade receivables

Sundry debtors increased from ₹2,723.06 lacs as on 31st

March 2012 to ₹3,797.56 lacs as on 31 st March 2013. The Sundry debtors reflected are net of Invoice funding which has reduced by ₹1082.57 lacs. Hence there has been no increase in debtors despite increase in revenues.

### Trade payables

Trade payables: Sundry creditors declined to ₹794.42 lacs as on 31 st March 2013 from ₹1234.65 lacs as on 31 st March 2012.

### Liquidity

The Company was debt-free during the year under review. The company's current liquidity ratio stands at 3.90 demonstrating the confidence of the company to meet all its financial obligations.

### Working capital

The Company's working capital outlay increased from ₹5, 877.98 lacs in the year ended 31 st March 2012 to ₹7,991.68 lacs in the year ended 31 st March 2013 due to an increase in operations, as a result of growth.

### Loans and advances

Loans and advances increased 102% from ₹1,703.88 lacs as on 31 st March 2012 to ₹3440.38 lacs as on 31 st March 2013. This increase is due to long term investments made in the form of loans and an increase in Advance tax.

### Increase in share capital

Share capital comprised 12,109,537 equity shares with a face value of ₹10 each. The Company's share capital increased from ₹1,146.71 lacs in 2011-12 to ₹1,210.95 lacs in 2012-13 consequent to allotment of 77476 equity shares under ESOP & ESOP pursuant to Bonus and 565,000 equity shares on conversion of convertible warrants allotted to the Promoter on preferential basis at ₹51.86 each convertible into one equity share each out of the total 15,50,000 warrants (the remaining 5,95,000 share warrants will be due in September 2013).

### Fixed assets

The Company's gross block increased 4.4% from ₹8381 Lac as on 31 st March 2012 to ₹8750 as on 31 st March 2013. The tangible gross block increased 3%. The major investments for RS Software are not in capital outlay, but in

areas like RS School of payments, expansion of sales and marketing infrastructure, Payments lab, enhancement of management bandwidth, and these are all expensed in the profit and loss statement each year. For RS Software the largest expenditure is in building technology and talent. In the fiscal 2013-14 we see significant investments on:

- Technology
- Hardware
- Software
- Expansion of our sales engine
- ERP implementation
- HR systems
- Ongoing investment in RS School of payments

## Dividend

The Board of Directors at their Meeting held on April 12, 2013 have considered and recommended a final dividend to Equity Shareholders @ 20% subject to the Shareholders' approval at this Annual General Meeting in addition to the interim dividend declared and paid. The Board had recommended and approved an Interim dividend @15% at the meeting held on January 08, 2013.

## Performance of Subsidiaries

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

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

Your Directors are pleased to update you that 15,50,000 Convertible Warrants were allotted on preferential basis to the Promoter and the Chairman & Managing Director of the Company at ₹51.86 per warrant to be converted into equity shares at ₹10/- each at the ratio of 1:1. During the year 2012-13, 565,000 convertible warrants were converted into equity shares upon receipt of the amount due and further 595,000 convertible warrants would be converted during the current fiscal. The 15,50,000 convertible warrants were allotted to the Promoter pursuant to SEBI (ICDR) Regulations and Shareholders' approval accorded through Postal Ballot on 4th March 2012.

## Fixed Deposits

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

## Directors

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

A brief profile of Mr. R. Ramaraj is given below:

Mr. Rajasekhar 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. 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 USA. 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, 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). Mr. R. Ramaraj is the first Indian invited to the Board of Directors of ICANN (Internet Corporation for Assigned Names and Numbers). Mr. R. Ramaraj has brought value additions to the Company by virtue of his experience and knowledge in IT Space.

1) Mrs. Sarita Jain retires by rotation and being eligible offers herself for re-appointment. Your Directors recommend appointment of Mrs. 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 is given below:

Mrs. Sarita Jain is an MA in English Literature and holds a Diploma in Mass Communication and Home Science. She is one of the Promoter Directors of your Company and her contribution on all professional matters of the Company has been noteworthy.

## Auditor's Report

Your Directors have taken note of the Auditor's Report and comments thereupon on the accounts for the year ended 31 st March 2013. The Auditor's Report read together with the Notes to accounts thereupon are self-explanatory.

## Directors' Responsibility Statement

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

- (i) that in the preparation of the annual accounts for the financial year ended March 31 st 2013, 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 March 31 st 2013 on a "going concern" basis.

## Corporate Social Responsibility

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

As part of the Corporate Social Responsibility of giving back to society, your company is closely associated with the philanthropic activities of Veerayatan, a non-profit, non-governmental organisation that strives to uplift and empower humanity through the three jewels of humanitarianism, education and inner development irrespective of caste, creed, race, religion or socio economic status. Through its Eye and Orthopedic hospitals in Bihar, Veerayatan has performed thousands of surgeries for

patients who come from poor economic backgrounds. For Education, it has established at Jakhania (Gujarat) primary and secondary schools, a vocational training center, a Pharmacy College along with a Health Centre for health check-ups and awareness for villagers.

The Company is maintaining a separate fund to support activities of NGOs engaged in improving the living conditions of the underprivileged segment of the society by appropriating from its reserves a sum of ` 190 lacs towards CSR, out of which the Company contributed ` 75 lacs in 2011-12 and ` 50 lacs in 2012-13 for social activities.

RS also works alongside other key NGOs, organizing the donation of old clothes, medicine, old PCs, money, and other essentials for the less fortunate. At RS Software, we never lose sight of who we are and the communities in which we operate and will continue to help organizations such as Veerayatan build a better world.

## Statutory Auditors

M/s Chaturvedi & Co., Chartered Accountants and Statutory Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting, and being eligible, offer themselves for reappointment. Their reappointment for a further term is recommended by your Board at such remuneration as the Board may be allowed to fix by the General Body.

## Conservation of Energy, Technology Absorption

The particulars as prescribed under sub-section (1)(e) of the Section 217 of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, are given at Annexure ' A ' to the Directors' Report.

## Employees Stock Option

During the financial year 2012-13 the employees had exercised 61,250 ESOP options and according to the Company's ESOP Scheme equity shares in the ratio of 1:1 were allotted to eligible employees. The Company had also allotted 16,226 equity shares to the eligible employees by way of ESOP pursuant to Bonus. The details of ESOP allotments are given in Annexure 'B1' to Directors' Report.

The Company's last ESOP Scheme was approved by the Shareholders on 24th July 2010. The Scheme was valid

for 3 years effective 1st April 2010 and expired on 31st March 2013. The said Scheme had a total ceiling of 2000000 Options. Your Directors have recommended a new Employees Stock Option Scheme effective from 1st April 2013 for a further period of 3 years subject to approval of the shareholders. The Disclosure under Clause 12.1 of SEBI (ESOS & ESPS) Guidelines for the new ESOS of the Company is in the Annexure 'B2' of the Directors' Report.

### Corporate Governance and Disclosures

Our Company's philosophy on Corporate Governance envisages attainment of the highest level of transparency, accountability and fairness in respect of its operations and achievement of highest international standards in corporate governance. The Company believes that all actions and operations must subserve its best business interest and enhance overall shareholders' value. Refer Annexure 'C' to Directors' Report.

### Particulars of Employees

Information as per Section 217(2A) of the Companies Act 1956 read with Companies (Particulars of Employees) Rules, 1975 forming part of this Report does not apply to our Company because the employees of the Company

engaged in Information Technology sector like our Company not being Directors or their relatives and drawing salaries exceeding the prescribed limits are exempted from being included in such statement of the Board's Report as per the Government's Notification no.: G.S.R 212 (E) dated 24.3.2004.

### Acknowledgements

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

Thanking you,

For and on behalf of the Board of Directors

Mumbai  
April 12, 2013

**Rajnit Rai 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	Business Intelligence, Mobile Payments, Hadoop, Testing Automation, Cloud Computing and Merchant Management in the Payments laboratory where all the areas are being integrated. During the year the payment laboratory has been shown to the company's current customers and feedback received has been incorporated
2.	Benefits expected from the R & D	The competence built is helping the company gain mileage to acquire new customers. Going ahead the company plans to actively acquire new customers using the knowledge and competency acquired.
3.	Future plan of action	BI & Data Monetization, Mobile POS, MDM, Architecture, Gigaspaces, Large data analytics, Loyalty

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

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

### (C) Earnings and Expenditures in Foreign Currency

1.	Initiatives like increasing exports, development of new export markets etc. to earnings in foreign currency.	
2.	Earning in Foreign Currency (INR in Lacs)	29,324.67
3.	Expenditure in Foreign Currency (INR in Lacs)	17,524.80

# Annexure "B1" to Directors' Report

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

a.	The pricing: ₹15.95 per option.	₹15.95 per option.
b.	Options vested	For employees 25% of the total options granted would be vested on completion of each one year and for Directors 100% of the total options granted would be vested on completion of one year from the date of grant of the options. For employees there was a staggered vesting period for 5 years from the date of grant of the options.
c.	Options exercised in the Financial Year 2012-13	22850 options.
d.	Allotment of Bonus Shares arising out of ESOP	6398 equity shares
e.	The total number of shares arising as a result of exercise of option	22850 equity shares.
f.	Variation of terms of options	NA
g.	Money realized by exercise of options	₹364457.50.
g.	Equity Shares allotted under ESOP including ESOP Bonus	29248 equity shares.

## Option granted: 298500 options granted on July 28, 2009.

a.	The pricing	₹27.95 per option.
b.	Options vested	For employees 25% of the total options granted would be vested on completion of each one year and for Directors 100% of the total options granted would be vested on completion of one year from the date of grant of the options. For employees there was a staggered vesting period for 5 years from the date of grant of the options.
c.	Options exercised in the Financial Year 2012-13	35100 options.
d.	Allotment of Bonus Shares arising out of ESOP	9828 equity shares
e.	The total number of shares arising as a result of exercise of option	35100 equity shares.
f.	Variation of terms of options	N.A.
g.	Money realized by exercise of options	₹981045.00
g.	Equity Shares allotted under ESOP including ESOP Bonus	44928 equity shares.

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

### Option granted: 105100 options granted on November 12, 2010.

a. The pricing:	₹49.55 per option.
b. Options vested:	For employees 25% of the total options granted would be vested on completion of each one year and for Directors 100% of the total options granted would be vested on completion of one year from the date of grant of the options. For employees there was a staggered vesting period for 4 years from the date of grant of the options.
c. Options exercised in the Financial Year 2012-13:	3300 options.
d. Allotment of Bonus Shares arising out of ESOP:	Nil.
e. The total number of shares arising as a result of exercise of option:	3300 equity shares
f. Variation of terms of options:	N.A.
g. Money realized by exercise of options:	₹163515.00
h. Equity Shares allotted under ESOP:	3300 equity shares.

### Option granted: 75000 options granted on July 12, 2012.

a. The pricing:	₹84.75 per option.
b. Options vested:	For employees 25% of the total options granted would be vested on completion of each one year and for Directors 100% of the total options granted would be vested on completion of one year from the date of grant of the options. For employees there was a staggered vesting period for 4 years from the date of grant of the options.
c. Options exercised in the Financial Year 2012-13:	Nil

d. Allotment of Bonus Shares arising out of ESOP:	N.A.
e. The total number of shares arising as a result of exercise of option:	Nil
f. Variation of terms of options:	N.A.
g. Money realized by exercise of options:	Nil
h. Equity Shares allotted under ESOP:	Nil

### Option granted: 10000 options granted on January 8, 2013.

a. The pricing:	₹191.70 per option.
b. Options vested:	For employees 25% of the total options granted would be vested on completion of each one year and for Directors 100% of the total options granted would be vested on completion of one year from the date of grant of the options. For employees there was a staggered vesting period for 4 years from the date of grant of the options.
c. Options exercised in the Financial Year 2012-13:	Nil.
d. Allotment of Bonus Shares arising out of ESOP:	N.A.
e. The total number of shares arising as a result of exercise of option:	Nil
f. Variation of terms of options:	N.A.
g. Money realized by exercise of options:	Nil
h. Equity Shares allotted under ESOP:	Nil

# Annexure "B2" to Directors' Report

## Disclosure under Clause 12.1 of SEBI (ESOP & ESPS) Guidelines for the ESOP of the Company & its Subsidiary Companies as under:

a. Options granted:	10,00,000 options, which include 5,74,320 equity shares of the Company already acquired by RSSEWT under the RSS Employee Welfare Trust – Employee Welfare Master Scheme.		
b. The pricing:	Exercise price will either be equal to the market price of the Company's shares or alternately a price recommended by the Evaluation Committee, and approved thereafter by the Remuneration Committee. For the purpose of the market price it will be determined as per the SEBI Guidelines on ESOP.		
c. Options vested:	Nil		
d. Options exercised:	Nil		
e. The total number of shares arising as a result of exercise of option:	N.A.		
f. Options lapsed:	N.A.		
g. Variation of terms of options:	N.A.		
h. Money realized by exercise of options:	N.A.		
i. Total number of options in force:	10,00,000 options, which include 5,74,320 equity shares of the Company already acquired by RSSEWT under the RSS Employee Welfare Trust – Employee Welfare Master Scheme.		
j. Employee wise details of options granted to:	d. Would be granted by the Remuneration Committee.		
k. Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (IAS)33:	N.A.		
		l. Where the company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed:	N.A.
		m. Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock:	N.A.
		n. A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following Weighted-average information:	N.A.
		(i) Risk-free interest rate,	
		(ii) Expected life,	
		(iii) Expected volatility,	
		(v) The price of the underlying share in market at the time of option grant.	

# Annexure "C" to Directors' Report

## Corporate Governance and Disclosures

The Company recognizes that good corporate governance is a continuous exercise and always acts as a good corporate citizen which is inherent in the culture of the Organization. The Company believes in good and ethical Corporate Governance practices and follows the same by adopting fairness, transparency and accountability in all its operations as an on-going exercise. The Company believes that these aspects by and large set out 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.

### A. The Board of Directors

The Board of Directors of the Company consists of five Directors among them two Promoter Directors of which one is an Executive Director who is the Chairman & Managing Director, one Non-Executive Director and three Non-Executive Independent Directors. During the fiscal 2012-2013 the Board met on 4 occasions as per the statutory requirements.

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

Name of the Directors	Attendance Particulars			Number of other Directorship, Committee Membership and Chairmanship		
	Board Meetings	Category	Last AGM	Other Directorship	Committee Membership	Committee Chairmanship
Mr. R R Jain	4	* CMD	Yes	-	-	-
Mr. S. K. Jain	4	*** NEID	Yes	2	-	-
Mrs. S. Jain	1	** NED	No	-	-	-
Mr. R. Ramaraj	4	*** NEID	Yes	6	-	-
Mr. R. Launder	3	*** NEID	Yes	-	-	-

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

Board Meetings held on	April 18, 2012
	July 12, 2012
	October 9, 2012
	January 8, 2013

## Code of Conduct

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

### 1. Conflict of Interest

■ To conduct them ethically and honestly and act in the interests of the Company

■ To avoid situations that might lead to a conflict between his personal interests and the interests of the Company.

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

■ Working for a competitor/ supplier/ client while working for the Company. To serve as a Director/Employee in Top Executive Management of any Company that competes with the Company. One may accept Directorship or Employment of a Company / Supplier or Business Partner only after obtaining approval from the Company's Legal Department.

■ Accepting gifts/ receiving discounts from competitors

- Personally taking a business opportunity that arises due to a Senior Manager's position
- Receiving a loan or a guarantee or an obligation arising due to his position

## 2. Confidential Information

- Each Director & Senior Manager is expected to protect the Company's confidential proprietary business information.
- Each Director & Senior Manager's commitment is evidenced by a confidentiality agreement.
- Being a Director / Senior Member, one is expected to keep certain information confidential which have been discussed in the Senior Management Meetings.
- Re-enforcing the confidentiality agreement as stated in the appointment terms and conditions as well as in the service rule of the Organization
- Only authorized Company spokesperson may communicate with the press on behalf of the Company

## 3. Public Disclosures

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

## 4. Legal Compliance

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

## 5. Share Transactions

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

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

## 6. Fair Business Practices

Each Director / Senior Manager of the Organization is committed to conduct business fairly without engaging

in corrupt practices and unfair competition. Therefore, manipulation, concealment, abuse of privileged information, misrepresentation of facts is not considered as fair business practice.

## 7. Supporting Loyalty & Respect

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

## 8. Open Communication

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

## 9. Corporate Policy Awareness

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

## 10. Company Branding

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

## 11. Black out Period

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

## Amendment of the Code

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

## Violation of the Code of Conduct

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

## A. Audit Committee

## Composition

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

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

## Terms of Reference:

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

Committee also reviews the Company's financials and risk management policies, complaints of substantial defaults in matter of payments to the creditors, debentures holders and the shareholders.

Audit Committee Meetings held on	April 18, 2012
	July 12, 2012
	October 9, 2012
	January 8, 2013

## Statutory Audit Observations

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

## C. Shareholders' Committee

### Composition & terms of reference

Shareholders' Servicing & Grievances Committee comprises of two Directors, Mr. S.K. Jain (Non Executive Independent Director) and Mr. R.R. Jain (Chairman & Managing Director), who is the Chairman of the Committee and Mr. Vijendra Kumar Surana, CFO & Company Secretary, services this Committee and he may also be co-opted as a member in case of need. Mr. Vijendra Kumar Surana is also the Compliance Officer of the Company. Such meetings are held on quarterly basis and the Shareholders' complaints and grievances are reviewed in detail by the Committee and prompt and effective directions are given to the Registrars for proper disposal. During the year the Company has received 5 complaints from the Shareholders/Investors through "SEBI-SCORES" and no complaints are pending to be resolved. Share transfers, transmissions, issue of duplicate share certificates, issue of share certificates through sub-division and consolidation are also given effect on fortnightly basis through the 'Share Transfer Committee' constituted by the CFO & Company Secretary of the Company. The Company has processed all share transfer requests received during the last financial year. The constitution of the Committee, number of meetings held and attendance of the members are given below.

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

Shareholders' Servicing and Grievances Committee Meetings held on	April 17, 2012
	July 12, 2012
	October 10, 2012
	January 7, 2013

In compliance of SEBI Circular No. CIR/OIAE/2/2011 dated June 3, 2011, the Company has obtained a user id and password for uploading the status of the complaints received through 'SCORES' (SEBI Complaint Redress System). During the financial year 2012-13 the Company received only 5 complaints through 'SCORES' and all the complaints were redressed well within the stipulated timeframe and uploaded the status in 'SCORES'.

## D. Remuneration Committee & Nomination Committee

### Composition

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

the Committee is among the Non-Executive Independent Directors.

### Terms of reference

This Committee recommends and reviews the Compensation packages of the individuals and grant of ESOP (Refer: Annexure 'B1' & 'B2' to Directors' Report) to eligible candidates. The Compensation Policy is directed towards rewarding performance based on review of achievements on a periodical basis and has the overall approval from the Board of Directors.

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

Members	Category	Attendance at Remuneration & Nomination Committee Meetings
Mr. S. K. Jain	Chairman	4
Mr. R. R. Jain	ED	4
Mr. R. Ramaraj	NEID	4
Mr. R. Launder	NEID	3

Remuneration Committee Meetings held on	April 17, 2012
	July 12, 2012
	October 10, 2012
	January 7, 2013

### Remuneration paid to the Directors

Name of the Director	Basic Salary	House Rent Allowance	Retiral Benefit	Other Allowances	Sitting Fees	Total Amount Paid (₹)
Mr. R. R. Jain	3600000.00	1800000.00	432000.00	2100000.00	-	7932000.00
Mr. R. Ramaraj	-	-	-	-	320000.00	320000.00
Mr. S. K. Jain	-	-	-	-	400000.00	400000.00
Mrs. Sarita Jain	-	-	-	-	20000.00	20000.00
Mr. R. Launder	-	-	-	-	180000.00	180000.00

## E. Executive committee

### Composition

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

### Terms of reference:

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

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

Members	Category	Attendance at Remuneration & Nomination Committee Meetings
Mr. S. K. Jain	NEID	4
Mr. R. R. Jain	Chairman	4
Mr. R. Ramaraj	NEID	4
Mr. R. Launder	NEID	3

Executive Committee Meetings held on	April 18, 2012
	July 12, 2012
	October 9, 2012
	January 7, 2013

## F. General Body Meetings

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

Year	Day, Date & time	Venue	Special resolution passed
2009-10	Saturday, 24th July 2010 at 11 AM	Aikatan Cultural Centre, Eastern Zonal Cultural Centre. IA- 190, Sector III, Salt Lake City, Kolkata 700 097	Issue of shares under Employee Stock Option Scheme
2010-11	Wednesday, 20th July 2011 at 11 AM	Aikatan Cultural Centre, Eastern Zonal Cultural Centre. IA- 190, Sector III, Salt Lake City, Kolkata 700 097	Nil
2011-12	Friday, 13th July, 2012 at 11 AM	Rabindra-Okakura Bhawan, Paschimanga Bangla Academy, 27A/1 DD Block, Salt Lake City, (Near to City Centre I, Salt Lake), Kolkata – 700 064	Nil

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

Year	Day, Date & time	Venue	Special resolution passed
2010-11	Thursday, 10th June, 2010 at 11 : 30 AM	Aikatan Cultural Centre, Eastern Zonal Cultural Centre. IA- 190, Sector III, Salt Lake City, Kolkata 700 097	Increase in Authorized Equity Capital of the Company and Issue of Bonus Equity Shares.
2010-11	Monday, 7th March 2011 at 11 AM	Aikatan Cultural Centre, Eastern Zonal Cultural Centre. IA- 190, Sector III, Salt Lake City, Kolkata 700 097	Offer and Allotment of 1100000 Equity Warrants to the Promoter on preferential basis.

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

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

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

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

#### Details of voting pattern

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

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

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

## G. Subsidiary Companies

The Company has two wholly owned Subsidiaries; one is in USA and the other is in Singapore and both are non-listed Companies.

## H. Disclosures

1. There were no materially significant transactions with related parties i.e. Promoters, Directors or the Management, their subsidiaries or relatives conflicting with the Company's interests.
2. There were no instances of non-compliance on any matter related to the capital markets during the last 3 years.

## I. Means of Communications

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

# Auditor's Certificate

To the Members of  
**R S Software India Limited**  
Kolkata

We have examined the compliance of conditions of Corporate Governance by R S Software (India) Limited for the year ended 31st March, 2013 as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchange in India.

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

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

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

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Chaturvedi & Company**

*Chartered Accountants*

Reg. No. 302137E

Nilima Joshi

Partner

Memb. No. 52122

Place: Mumbai

Date: 12th April, 2013

# CEO and CFO Certificate

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

Dear Sirs,

- a) We have reviewed the financial statements and the cash flow statement of the Company for the financial year ended 31st March 2013 and that to the best of our knowledge and belief:
- i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
  - ii) These statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the Auditors and the Audit Committee :
- i) Significant changes in internal control over financial reporting during the year ;
  - ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii) There are no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or any employee having a significant role in the Company's internal control system over financial reporting.

Place: Mumbai

Date: April 12, 2013

Sd/-

**Rajnit Rai Jain**

*Chairman & Managing Director*

Sd/-

**Vijendra Kumar Surana**

*Chief Financial Officer &  
Company Secretary*

## General Information for Shareholders and Investors

Corporate HQ & 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	11:30 AM on July 18, 2013 at Rabindra- Okakura Bhawan, Paschimbanga Bangla Academy, 27A/1 DD Block, Salt Lake City (Near to City Centre I, Salt Lake), Kolkata – 700 064
Tentative Calendar of Events for the Financial Year 2013 – 14 (April – March)	First Quarter - July 2013 Second Quarter - October 2013 Third Quarter - January 2014 Financial Year - April 2014
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 / 2937 Fax # 033-22870263
Book Closure for AGM	9th July, 2013 to 18th July, 2013 (both days inclusive)
Listing on Stock Exchanges of	Bombay Stock Exchange Ltd. 1st Floor, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001  National Stock Exchange of India Ltd., Exchange Plaza, 5th 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: INE165B01011
Auditors:	Chaturvedi & Company 60, Bentinck Street, Kolkata.
Bankers:	Axix Bank Ltd ICICI Bank Ltd Yes Bank Ltd
Attorneys & Solicitors:	Sandersons & Morgans Royal Insurance Buildings, 5, Netaji Subhas Road, Kolkata

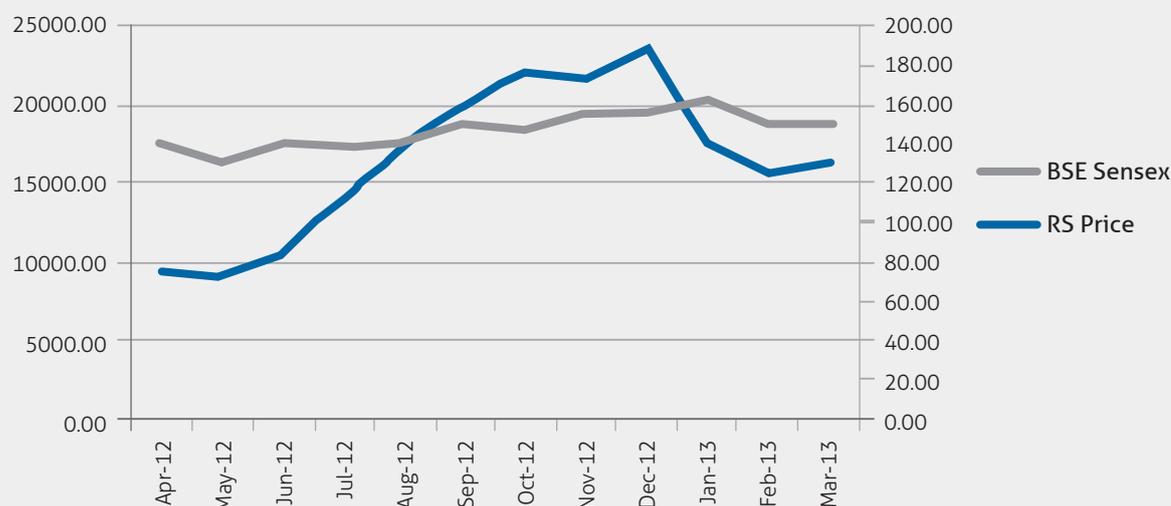
### Monthly High, Low & Closing Share Price at BSE

Month	High	Low	Close
	Price	Price	Price
Apr-12	84.30	60.95	76.80
May-12	77.85	64.00	71.95
Jun-12	86.50	68.70	85.00
Jul-12	124.30	78.40	112.40
Aug-12	147.90	112.85	138.10
Sep-12	169.70	137.10	158.65
Oct-12	197.35	157.00	175.45
Nov-12	182.50	162.00	173.30
Dec-12	198.35	173.00	188.75
Jan-13	208.90	138.15	139.75
Feb-13	167.45	117.00	125.45
Mar-13	142.00	114.10	129.80

### Monthly High, Low & Closing Share Price at NSE

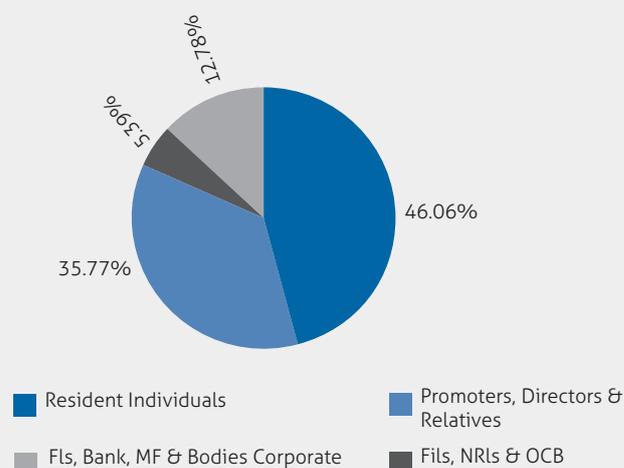
Month	High	Low	Close
	Price	Price	Price
Apr-12	84.40	59.10	77.10
May-12	77.90	63.50	72.45
Jun-12	86.70	68.25	84.90
Jul-12	123.70	78.05	112.80
Aug-12	148.30	112.35	137.85
Sep-12	169.45	137.30	159.00
Oct-12	197.40	156.60	175.30
Nov-12	182.50	163.10	174.00
Dec-12	198.20	172.75	188.85
Jan-13	208.95	137.65	139.80
Feb-13	167.35	117.05	125.80
Mar-13	142.40	115.00	130.30

### RS Share Price with BSE Sensex



### Pattern of Shareholding as on March 31, 2013

Category	% of Shareholding
Promoters, Directors & Relatives	35.77
FIs, NRIs & OCB	5.39
FIs, Bank, MF & Bodies Corporate	12.78
Resident Individuals	46.06
<b>Total</b>	<b>100.00</b>



**Distribution of equity Shareholding as on March 31, 2013**

<b>Range</b>	<b>No. of Shareholders</b>	<b>% to Total Shareholders</b>	<b>Issued Share</b>	<b>% to Total Share</b>
1-500	11112	86.31	1526361.00	12.60
501-1000	913	7.09	649683.00	5.37
1001-2000	439	3.41	621523.00	5.13
2001-3000	138	1.07	344109.00	2.84
3001-4000	63	0.49	224822.00	1.86
4001-5000	42	0.33	193965.00	1.60
5001-10000	80	0.62	544595.00	4.50
10001 & ABOVE	88	0.68	8004479.00	66.10
<b>TOTAL</b>	<b>12875</b>	<b>100.00</b>	<b>12109537.00</b>	<b>100.00</b>



# FINANCIAL SECTION

## Independent Auditor's Report

To  
The Members of  
RS Software India Limited  
Kolkata

1. We have audited the accompanying financial statements of RS Software (India) Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.
2. Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.
6. We further draw attention that Debtors, Creditors and some security deposit are subject to confirmation. In our opinion and to the best of our information and according to the explanations given to us, the financial statements subject to para 6 above give the information required by the Act 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 March 31, 2013;
  - b) in the case of the Profit and Loss Account, of the profit/ loss 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.
7. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

8. As required by section 227(3) of the Act, we report that:
- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
  - c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
  - e) on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For **Chaturvedi & Company**  
Chartered Accountants  
Firm's Registration No : 302137E

**Nilima Joshi**  
Partner  
Mem. No. 52122

Place : Mumbai  
Date : 12th April,2013

The Annexure referred to in paragraph 1 of the Our Report of even date to the members of R. S. Software (India) Limited on the accounts of the company for the year ended 31st March, 2013

On the basis of such checks as we considered appropriate and according to the information and explanation to us during the course of our audit we report that –

- i. a) The Company has generally maintained proper records of all tangible assets showing full particulars including quantitative details except location thereof.
- b) As explained by the Management, all the assets have been physically verified by the management during the year-end which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- c) As informed to us 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.
- ii. The Company does not have any inventory and as such clause (ii) (a),(b) & (c) of Caro are not applicable to the company.
- iii. a) On the basis of examination of records and according to the information and explanation given to us, we report that the Company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- b) In view of (iii) (a) above clause (iii) (b),(c) & (d) are not applicable to the Company. .
- c) The Company has not taken any loan, secured or unsecured from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
- d) In view of (iii)(c) above, the clauses (iii)(f) and (iii)(g) of Caro are not applicable to the company.
- iv. In our opinion and according to the information and explanations given to us, there is adequate internal system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal control system.
- v. (a) In our opinion and according to information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five lakhs in respect of any party during the year (other than transactions dealt with in Pt (v) (a) above ,have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time, other than providing of services of employees of the company at cost to the subsidiary amounting to ₹1,86,65,754/-.
- vi. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public and as such compliance with the provisions of Sections 58A, 58AA or any other relevant provision of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 does not arise. According to the information and explanation given to us no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal in respect of deposits.
- vii. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- viii. The Central Government has not prescribed for the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956.
- ix. a) According to the records of the Company, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales tax, wealth tax, service tax, custom duty, cess and other material statutory dues applicable to it.

- b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty, excise duty, value added tax, cess and other material statutory dues were outstanding, as at 31st March 2013 for a period of more than six months from the date they became payable.
- c) According to the records of the Company, there are no dues of sales tax, customs duty / wealth-tax, service tax, excise duty/cess which have not been deposited on account of any dispute / appeal filed with the Commissioner.
- x. The Company does not have accumulated losses as at 31st March'2013 and has not incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- xi. Based on our audit procedures and on the information and explanations given by the Management, the Company has no dues to the financial institution and bank and hence this clause is not applicable to the Company.
- xii. Based on our examination of documents and records, we are of the opinion that the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. The Company is not a chit fund company/nidhi/mutual benefit fund/societies; hence provisions of any special statute are not applicable.
- xiv. In our opinion, the Company is not dealing in, or trading in shares, securities, debentures and other investments. Accordingly the provisions of clause 4(xiv) of the Companies (Auditors Report), Order 2003 are not applicable to the Company.
- xv. The Company has not given any guarantee for loans taken by others from bank or financial institutions.
- xvi. The Company has not raised any term loan during the year and as such this clause will not to the company.
- xvii. During the accounting period covered by our report, we report that no fund raised on short term basis have been used for long-term investments.
- xviii. The Company has made preferential allotment of Shares to Parties covered in the register maintained u/s 301 of the Act. The price at which Shares have been issued is not prejudicial to the interest of the Company.
- xix. The Company has not issued any debentures on balance sheet date and as such this clause is not applicable to the company.
- xx. According to the information/explanations given to us, the Company has not raised any money by Public Issue during the year.
- xxi. Based on information and explanations given by the Management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For **Chaturvedi & Company**  
Chartered Accountants  
Firm's Registration No : 302137E

**Nilima Joshi**  
Partner  
Mem. No. 52122

Place : Mumbai  
Date : 12th April,2013

## Balance Sheet As At March 31 '2013

(₹ in Lacs)

PARTICULAR	Notes	As at March 31, 2013	As at March 31, 2012
<b>I. EQUITY AND LIABILITIES :</b>			
<b>1) SHAREHOLDERS' FUNDS</b>			
(A) SHARE CAPITAL	3	1,210.95	1,146.71
(B) RESERVE & SURPLUS	4	10,415.11	7,190.89
(C) APP. MONEY RECD. AGAINST SHARE WARRANT	3	77.14	150.40
<b>2) NON-CURRENT LIABILITIES</b>			
(A) DEFERRED TAX LIABILITY (NET)	6	-	15.94
(B) LONG TERM PROVISIONS	7	422.51	332.32
(C) TRADE PAYABLES	8	-	-
<b>3) CURRENT LIABILITIES</b>			
(A) SHORT TERM PROVISIONS	7	294.55	276.82
(B) TRADE PAYABLES	8	743.75	1,234.65
(C) OTHER CURRENT LIABILITIES	9	309.92	273.50
<b>TOTAL (1+2+3)</b>		<b>13,473.93</b>	<b>10,621.23</b>
<b>II. ASSETS</b>			
<b>1) NON CURRENT ASSETS</b>			
<b>(A) FIXED ASSETS</b>			
(I) TANGIBLE ASSETS	10	1,172.10	1,112.72
(II) INTANGIBLE ASSETS	11	43.87	69.05
(III) INTANGIBLE ASSETS UNDER DEVELOPMENT	12	37.20	25.27
(B) NON CURRENT INVESTMENT	13	808.03	908.03
(C) DEFERRED TAX ASSETS (NET)	6	13.25	-
(D) LONG TERM LOANS & ADVANCES	14	3,029.53	1,276.95
<b>2) CURRENT ASSETS</b>			
(A) SHORT TERM LOANS AND ADVANCES	14	331.88	373.01
(B) CURRENT INVESTMENT	15	2,168.17	2,421.90
(C) TRADE RECEIVABLES	16	3,768.76	2,690.52
(D) CASH & CASH EQUIVALENTS	17	2,060.39	1,743.78
(E) OTHER CURRENT ASSETS	18	40.75	-
<b>TOTAL (1+2+3)</b>		<b>13,473.93</b>	<b>10,621.23</b>

Significant accounting policies and notes on accounts

1 To 41

The notes referred to above form an integral part of the balance sheet.

This is the balance sheet referred to in our report of even date.

For **Chaturvedi & Company**

Chartered Accountants

(Reg. no : 302137E)

On Behalf Of The Board

**Nilima Joshi**

Partner, M. No. 52122

Dated: April 12th, 2013, Mumbai

**V. Surana**

CFO &amp; Company

Secretary

**S. K. Jain**

Director

**R. R. Jain**

Chairman

&amp; Managing Director

## Statement Of Profit And Loss Account For The Year Ended March 31 ' 2013

(₹ in Lacs)

PARTICULARS	Notes	Year Ended March 31, 2013	Year Ended March 31, 2012
<b>I REVENUE FROM OPERATION</b>	21	29,322.29	24,713.96
<b>II OTHER INCOME</b>	22	433.22	95.76
<b>III TOTAL REVENUE</b>		<b>29,755.51</b>	<b>24,809.72</b>
<b>IV EXPENSES :</b>			
EMPLOYEE BENEFIT EXPENSES	23	20,918.56	17,422.30
FINANCE COST	24	91.91	44.31
DEPRECIATION	10 & 11	346.57	417.91
OPERATION AND OTHER EXPENSES	25	3,706.35	3,592.95
	<b>Total</b>	<b>25,063.39</b>	<b>21,377.47</b>
<b>V PROFIT BEFORE TAX :</b>	<b>(III - IV)</b>	<b>4,692.12</b>	<b>3,432.25</b>
<b>VI TAX EXPENSES</b>			
CURRENT TAX		1,517.19	1,142.10
MAT CREDIT UTILISED		(340.34)	(486.21)
DEFERRED TAX		(29.19)	(66.71)
<b>VII PROFIT FOR THE PERIOD :</b>	<b>(V - VI)</b>	<b>3,544.46</b>	<b>2,743.06</b>
<b>VIII EARNING PER EQUITY SHARE :</b>	34		
BASIC		30.52	24.81
DILLUTED		29.09	24.43
RESTATED EPS FOR PREVIOUS YEAR :			
BASIC			24.80
DILLUTED			24.43

Significant Accounting Policies and Notes on Accounts 1 to 41

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

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

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

On Behalf Of The Board

**Nilima Joshi**  
Partner, M. No. 52122  
Dated: April 12th, 2013, Mumbai

**V. Surana**  
CFO & Company  
Secretary

**S. K. Jain**  
Director

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

## Cash Flow Statement For The Year Ended March 31 ' 2013

(₹ in Lacs)			
PARTICULARS	Notes	Year Ended March 31, 2013	Year Ended March 31, 2012
<b>A CASH FLOW FROM OPERATING ACTIVITIES:</b>			
NET PROFIT BEFORE TAX		4,692.12	3,332.24
ADJUSTMENT FOR :			
DEPRECIATION		346.57	417.91
INTEREST PAID		91.91	44.31
FOREIGN EXCHANGE FLUCTUATION RESERVE		(21.51)	365.87
PROVISION FOR GRATUITY, LEAVE ENCASHMENT		146.21	183.86
INTEREST RECEIVED		(92.49)	(38.93)
DIVIDEND RECEIVED		(138.18)	(56.83)
EMPLOYEES EXPENSES AMORTIZATION		(53.23)	(75.12)
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHARGES</b>		<b>4,971.39</b>	<b>4,174.32</b>
ADJUSTMENT FOR :			
TRADE AND OTHER RECEIVABLES		(1,078.24)	216.06
LOANS AND ADVANCES AND OTHER ASSETS		(2,929.05)	(586.70)
TRADE PAYABLES & OTHER LIABILITIES		(454.46)	150.97
CASH GENERATED FROM OPERATIONS		<b>509.64</b>	<b>3,954.65</b>
CASH FLOW BEFORE EXTRAORDINARY ITEMS		<b>509.64</b>	<b>3,954.65</b>
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>509.64</b>	<b>3,954.65</b>
<b>B CASH FLOW FROM INVESTMENT ACTIVITIES :</b>			
PURCHASE OF FIXED ASSETS		(392.70)	(210.17)
INTEREST RECEIVED		92.49	38.93
DIVIDEND RECEIVED		138.18	56.83
INVESTMENT MADE DURING THE YEAR		353.73	(3,321.90)
<b>NET CASH FROM INVESTMENT ACTIVITIES</b>		<b>191.70</b>	<b>(3,436.32)</b>
<b>C CASH FLOW FROM FINANCE ACTIVITIES:</b>			
PROCEEDS FROM SHARE APPLICATION		234.84	362.43
INTEREST PAID		(91.91)	(44.31)
DIVIDEND AND DIVIDEND TAX PAID		(477.66)	(385.94)
PAYMENT OF CSR FUND		(50.00)	(75.00)
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<b>(384.73)</b>	<b>(142.82)</b>
<b>NET INCREASE /DECREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>		<b>316.61</b>	<b>375.52</b>
OPENING CASH AND CASH EQUIVALENTS		1,743.78	1,368.27
CLOSING CASH AND CASH EQUIVALENTS		2,060.39	1,743.78

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  
(Reg. no : 302137E)

On Behalf Of The Board

**Nilima Joshi**  
Partner, M. No. 52122  
Dated: April 12th, 2013, Mumbai

**V. Surana**  
CFO & Company  
Secretary

**S. K. Jain**  
Director

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

## Notes On Accounts For The Year Ended March 31 ' 2013

### 1 Corporate Information

RS Software has focused exclusively on providing software solution to electronic payment industries since its inception. The company is engaged in development, testing and maintenance of software for its clients based in different geographies. The company operates in US, UK and India.

### 2 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 or Fixed Bid or Milestone as specified in the work order. 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 Fixed Bid contract is sent on monthly basis as per contract terms. Revenue from Milestone base contract is being recognised based on effort given during the period but the Invoice is sent to customer when the milestone is achieved as per contract. Value Added tax in UK is not included in the income from Software development. Cheques issued in USA which are not encashed for two years are there after written back.

#### d) Fixed Assets

##### Tangible Assets

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

##### Intangible Assets

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

#### e) Depreciation and Amortisation

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

#### f) Investments

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

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

**g) Foreign Currency Translation**

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

**h) Spares and Consumables**

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

**i) Income Tax**

Current Income tax expense comprise taxes on income from operation in India and in foreign jurisdiction. Income tax payable in India is determination in accordance with the provision of I. Tax Act 1961. Tax expense relating to foreign operation is determined in operator is determined in accordance with the laws applicable in accordance with tax laws applicable in countries where such operations are domicited.

Advance tax and provisions for current income taxes are presented in the Balance Sheet after off setting advance taxes paid and income tax provision arising in the same tax jurisdiction and where the company intends to settle the assets and liabilities on a net basis.

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

**j) Contingent liabilities**

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

**k) 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.

**l) 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.

**m) 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.

**n) Segment Reporting**

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

**o) Earning Per Share**

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

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

**3 Share Capital**

	(₹ in Lacs)	
	March 31, 2013	March 31,2012
<b>a The Authorised Capital Is :</b>		
20,000,000 Equity Share Of ₹ 10/- Each	2,000.00	2,000.00
2,500,000 Preference Share Of ₹ 100/- Each	2,500.00	2,500.00
	<b>4,500.00</b>	<b>4,500.00</b>
<b>b Issued Subscribed And Paid-Up-Fully Called And Paid Up</b>		
12,109,537 Equity Share Of ₹ 10/- Each (Previous Year 11,467,061 Shares)	1,210.95	1,146.71
	<b>1,210.95</b>	<b>1,146.71</b>

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

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

The company has allotted 2411623 equity share in FY11,10640 equity share in FY 12 and 16226 equity share in FY 13 as bonus share.

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

Equity Share	March 31, 2013		March 31,2012	
	No. of Share	₹ in Lac	No. of Share	₹ in Lac
Number of shares at the beginning	11,467,061	1,146.71	11,027,996	1,102.80
Add : Shares issued as Preferential Allotment	565,000	56.50	390,000	39.00
Add : Shares issued as Bonus	-	-	-	-
Add : Shares issued on exercise of Employee Stock option	61,250	6.12	38,425	3.84
Add : Bonus Shares issued on Employee Stock option	16,226	1.62	10,640	1.07
	<b>12,109,537</b>	<b>1,210.95</b>	<b>11,467,061</b>	<b>1,146.71</b>

**d SHAREHOLDER HOLDING MORE THAN 5% OF THE SHARE as on**

(₹ in Lacs)

	March 31, 2013	March 31, 2012
Mr. Rajnit Rai Jain	4,078,519 Shares	3,503,519 Shares
	(33.68% of total shareholding)	(30.55% of total shareholding)

**e Employee Stock option Plan**

The Company has granted 275,200 shares to the employees during the year 2008-09 at the fair value and the exercise price of the option is ₹ 15.95 each. As on date 'March 31, 2013 only 122,175 option has been opted. The scheme is closed on 31st March 2013 and hence no more valid.

The Company has granted 298,500 shares to the employees during the year 2009-10 at the fair value of and the exercise price of the option is ₹ 27.95 each. As on date March 31 2012 only 120,275 option has been exercised and 107,750 options has lapsed due to leaving of employees. As on date 70,475 shares options are outstanding on which 19,733 Bonus Shares are outstanding.

The Company has granted 105,100 shares to the employees during the year 2010-11 at the fair value of and the exercise price of the option is ₹ 49.55 each. As on date March 31 2013 only 3725 option has been exercised and 34,300 options has been lapsed due to leaving of employees. As on date 67,075 shares options are outstanding to be exercised.

The Company has granted 75000 options to the directors and employees to be convertible into one equity share each, on 12th July' 2012 at the exercise price of ₹ 84.75 each. The same will be exercised after one year from the date of allotment of options.

The Company has granted 10000 options to one employees to be convertible into one equity share each, on 8th January' 2013 at the exercise price of ₹ 191.7 each. The same will be due to be exercised after one year in four equal instalments.

**f Application Money Received Against Convertible Share Warrant on Preferential Basis**

The Company has issued 1,550,000 convertible warrants on preferential basis to Mr. Rajnit Rai Jain at a price of ₹ 51.86 each to be converted into one equity share each of ₹ 10 each in January '2012 . As on date 955,000 warrants has been converted into equity shares and Balance 595,000 no. of share warrant will be due within 18 months from the date of allotment of warrants.

**4 RESERVE AND SURPLUS**

(₹ in Lacs)

	March 31, 2013	March 31, 2012
<b>SHARE FORFEITURE</b>		
The Company had forfeited 10% Application Money on 500,000 Warrants for Preferential Allotment to be Converted into Equity Shares against each Warrant in the absence of final call money being received within the due date in FY 2006-07 . The Warrant was allotted at ₹ 87 which included premium amount of ₹ 77.	43.50	43.50
<b>SECURITIES PREMIUM ACCOUNT</b>		
Balance at the beginning of the year	2,016.03	1,847.90
Add : Receipts on exercise of Preferential Allotment	236.51	163.25
Add : Receipts on exercise of employee stock options	8.97	4.88
<b>Closing Balance</b>	<b>2,261.51</b>	<b>2,016.03</b>
<b>PREFERENCE SHARE REDEMPTION RESERVE</b>		
Balance at the beginning of the year	257.77	258.84
Add : Transfer from Profit & Loss A/c		-
Less : Distributed as Bonus Share	(1.62)	(1.07)
<b>Closing Balance</b>	<b>256.15</b>	<b>257.77</b>

<b>CSR FUND</b>		
Balance at the beginning of the year	115.00	75.00
Add : Transfer from Profit & Loss A/c		115.00
Less : Transfer to Donation	(50.00)	(75.00)
<b>Closing Balance</b>	<b>65.00</b>	<b>115.00</b>
<b>SURPLUS IN STATEMENT OF PROFIT AND LOSS ACCOUNT</b>		
Balance at the beginning of the year	4,685.95	1,621.89
Add : MAT Credit Entitlement ( created in respect of earlier years)	-	831.28
Add : Net Profit after tax from Statement of Profit and Loss	3,544.46	2,743.06
	<b>8,230.41</b>	<b>5,196.23</b>
Less Appropriations :		
	-	-
Interim Equity Dividend ( ₹ 1.5 per share, Previous year ₹ 1 per share)	(181.64)	(110.77)
Proposed Final Equity Dividend ( ₹ 2 per share, Previous year ₹ 2 per share)	(242.19)	(229.34)
Equity Dividend Tax	(68.76)	(55.17)
Trf to CSR Fund	-	(115.00)
<b>Closing Balance</b>	<b>7,737.82</b>	<b>4,685.95</b>
<b>INTER BRANCH FOREIGN FLUCTUATION RESERVE</b>		
Balance at the beginning of the year	72.64	(293.23)
Add : Fluctuation during the period	(21.51)	365.87
<b>Closing Balance</b>	<b>51.13</b>	<b>72.64</b>
	<b>10,415.11</b>	<b>7,190.89</b>

( In FY 2011-12 MAT Credit Entitlement of earlier years has been added to the debit balance of Profit & Loss account amounting to ₹ 831.28 Lacs )

## 5 SECURED LOAN

Company has enhanced and switched its loan limit of ₹ 800 Lac from ICICI Bank to ₹ 950 Lac in Axis Bank ; (Secured by first charge on all the current assets, assets, ranking pari passu with other bankers, and first charge on the Corporate Office premises of the Company). The liability against the same as on March 31 2013 is NIL .

## 6 DEFERRED TAX ASSETS / (LIABILITY) - NET

(₹ in Lacs)

	March 31, 2013	March 31, 2012
	<b>13.25</b>	<b>(15.94)</b>
DTL on Account of Fixed Assets	128.07	127.10
DTA on Account of Accrued Employee benefits	141.32	111.16
<b>NET DEFERRED TAX ASSETS / (LIABILITY)</b>	<b>13.25</b>	<b>(15.94)</b>

## 7 PROVISIONS

(₹ in Lacs)

	Long Term Provision		Short Term Provision	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
PROVISION FOR LEAVE ENCASHMENT *	82.05	68.76	2.54	2.13
PROVISION FOR GRATUITY *	340.46	263.56	10.53	8.15
PROVISION FOR PROPOSED EQ DIVIDEND			242.19	229.34
PROVISION FOR PROPOSED DIVIDEND TAX	-	-	39.29	37.20
* (Refer note 30)				
	<b>422.51</b>	<b>332.32</b>	<b>294.55</b>	<b>276.82</b>

**8 TRADE PAYABLE**

(₹ in Lacs)

	Long Term Provision		Short Term Provision	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Other Than Acceptances (refer note no. 33 for MMSE details )	-	-	743.75	1,234.65
	-	-	<b>743.75</b>	<b>1,234.65</b>

**9 OTHER CURRENT LIABILITIES**

(₹ in Lacs)

	March 31, 2013	March 31, 2012
SALARY PAYABLE	79.08	61.00
STATUTORY LIABILITY including PF, TDS, ESI etc.	215.25	203.50
OTHERS PAYABLES	15.59	9.00
	<b>309.92</b>	<b>273.50</b>

**10 DETAILS OF TANGIBLE ASSETS**

(₹ in Lacs)

Gross:	Land	Building	Lease Building Expenses	Plant And Machineries	Office Equipment	Air Conditioner	Electrical Installations	Furniture And Fittings	Motor Vehicles	Total
<b>Opening Balance 01.04.2012</b>	7.76	158.14	139.83	5,988.67	211.92	129.25	319.96	718.70	66.06	7,740.29
Additions during the year ended 31.3.13	-	-	-	145.17	50.23	28.45	-	28.12	-	251.97
Acquisitions through Business combination	-	-	-	-	-	-	-	-	-	-
Other Adjustments	-	-	-	-	18.74	0.24	-	-	-	18.98
<b>Sub-total</b>	<b>7.76</b>	<b>158.14</b>	<b>139.83</b>	<b>6,133.84</b>	<b>243.40</b>	<b>157.45</b>	<b>319.96</b>	<b>746.82</b>	<b>66.06</b>	<b>7,973.27</b>
Less: Disposals	-	-	-	-	-	-	-	-	-	-
<b>Gross block as at 31.3.2013</b>	<b>7.76</b>	<b>158.14</b>	<b>139.83</b>	<b>6,133.84</b>	<b>243.40</b>	<b>157.45</b>	<b>319.96</b>	<b>746.82</b>	<b>66.06</b>	<b>7,973.27</b>
<b>Less: Depreciation / Amortization</b>	-	-	-	-	-	-	-	-	-	-
Opening depreciation / amortization	-	40.29	139.83	5,834.90	80.44	60.76	98.47	348.84	24.04	6,627.57
Depreciation/ Amortization of the period	-	2.09	-	116.55	9.37	4.63	13.29	33.71	5.01	184.66
Impairment loss/Reversal of Impairment Loss	-	-	-	-	-	-	-	-	-	-
Other Adjustments	-	-	-	-	11.06	-	-	-	-	11.06
<b>Total depreciation as at 31.3.2013</b>	-	<b>42.38</b>	<b>139.83</b>	<b>5,951.45</b>	<b>78.76</b>	<b>65.39</b>	<b>111.76</b>	<b>382.55</b>	<b>29.05</b>	<b>6,801.17</b>
<b>Net Carrying Value 31.3.2013</b>	<b>7.76</b>	<b>115.76</b>	-	<b>182.40</b>	<b>164.64</b>	<b>92.07</b>	<b>208.19</b>	<b>364.28</b>	<b>37.01</b>	<b>1,172.10</b>
<b>Net Carrying Value 31.03.2012</b>	<b>7.76</b>	<b>117.85</b>	<b>0.00</b>	<b>153.77</b>	<b>131.47</b>	<b>68.49</b>	<b>221.48</b>	<b>369.86</b>	<b>42.03</b>	<b>1,112.72</b>

**Note:**

- 1 Land includes Leasehold land amounting to ₹458,694/-. The lease expires in year 2086.
- 2 Asset taken on Lease from Orix Auto Infrastructure Services Limited for ₹3.26 crores of which ₹78.18 lakhs paid as Security Deposit. The lease period was for 48 months and lease rentals payable monthly. The company has purchased these assets from Orix at agreed terms.
- 3 Building in Sector V comprising of 59600 sq ft was taken on lease for a period of 3 years which was extended for further period of 3 years till April 2015. Company has spent an amount of ₹89.83 lac and ₹49.99 lac which were amortised over the respective period of lease.
- 4 Plant and machinery taken on finance lease from CISCO in 2007, which expired on 31.3.11, since then the assets have been transferred to Plant and Machinery from Leased Assets and reflected as other adjustment for ₹101.92 Lac in FY 11-12.

**11 INTANGIBLE ASSETS UNDER DEVELOPMENT**

		(₹ in Lacs)
<b>Gross:</b>	<b>COMPUTER SOFTWARE &amp; LICENCES</b>	
<b>Opening Balance 01.04.2012</b>		640.29
Additions during the year ended 31.3.13		136.73
Acquisitions through Business combination		
Other Adjustments		
<b>Sub-total</b>		<b>777.02</b>
Less: Disposals		-
<b>Gross block as at 31.3.2013</b>		<b>777.02</b>
<b>Less: Depreciation / Amortization</b>		
Opening depreciation / amortization		571.25
Depreciation/Amortization of the period		161.91
Impairment loss/Reversal of Impairment Loss		
<b>Total depreciation as at 31.3.2013</b>		<b>733.16</b>
<b>Net Carrying Value 31.3.2013</b>		<b>43.87</b>
<b>Net Carrying Value 31.03.2012</b>		<b>69.05</b>

**12 INTANGIBLE ASSETS UNDER DEVELOPMENT**

			(₹ in Lacs)
	<b>March 31, 2013</b>	<b>March 31, 2012</b>	
ERP IMPLEMENTATION	29.32	22.83	
WEB SITE DESIGNING	7.88	2.44	
	<b>37.20</b>	<b>25.27</b>	

**13 NON-CURRENT INVESTMENTS (AT COST)**

(₹ in Lacs)

<b>(Others - Unquoted)</b>	<b>No. of unit</b>	<b>March 31, 2013</b>	<b>No. of unit</b>	<b>March 31, 2012</b>
<b>In Wholly Owned Subsidiary</b>				
RS SOFTWARE ASIA PTE LTD. (25000 no. (previous year 25000 no.) Equity share of SGD 1 each fully paid up)		8.02		8.02
RESPONSIVE SOLUTION INC. (500 no.(Previous year 500 no.) Equity Share of USD 0.01 each fully paid up)		163.30		163.30
		<b>171.32</b>		<b>171.32</b>
Less: Provision for Diminution in value of investments ( For Responsive Solution Inc.)		163.29		163.29
( Aggregate amount of investment as on March 31 2013 ₹8.03 Lac) (As on March 31, 2012 ₹8.03 Lac)		<b>8.03</b>		<b>8.03</b>
<b>In Mutual Fund -</b>				
DSP BlackRock FMP - Series 38 - 12.5 M Gwth Maturity Plan	0	-	2,000,000	200.00
HDFC 400D March 12 - Growth Series XXI (FMP)	0	-	3,000,000	300.00
ICICI Prudential FMC Series 63-384 Days Plan A (FMP)	0	-	2,000,000	200.00
IDFC Fixed Matutity Plan - 13 Months Series	0	-	2,000,000	200.00
Reliance Fixed Horizon Fund - Xxiii- series 4- Growth plzn	3000000	300.00		
Reliance Fixed Horizon Fund - Xxiii- series 5- Growth plzn	2000000	200.00		
ICICI Prudential Fixed Maturity Plan - Series 67	3000000	300.00		
( Aggregate NAV of Mutual Fund as on MARCH '13 ₹802.31 ) (as on 'March 31, 2012 ₹907.86 lac)				
		<b>808.03</b>		<b>908.03</b>

**14 LOANS AND ADVANCES**

(₹ in Lacs)

	<b>Long Term Loans &amp; Advances</b>		<b>Short Term Loans &amp; Advances</b>	
	<b>March 31, 2013</b>	<b>March 31, 2012</b>	<b>March 31, 2013</b>	<b>March 31, 2012</b>
(Unsecured and Considered good)				
<b>LOAN</b>				
(Recoverable in cash or in kind or for value to be received)				
ADVANCE TO R S EMPLOYEE WELFARE TRUST	1,500.00	-	-	-
<b>ADVANCES</b>				
(Recoverable in cash or in kind or for value to be received)				
CAPITAL ADVANCE			-	33.19
ADVANCE AGAINST EXPENSES	-	-	17.69	47.82
PREPAID EXPENSES	118.86	2.12	145.05	81.41
DEPOSITS	151.69	114.23	-	78.17
ADVANCE TO STAFF	-	-	36.85	7.11
ADVANCE TAXES	1,077.96	673.62	31.45	-
BALANCES WITH GOVT. AUTHORITIES	181.02	141.91	100.84	125.31
MAT CREDIT ENTITLEMENT	-	345.07	(0.00)	-
	<b>3,029.53</b>	<b>1,276.95</b>	<b>331.88</b>	<b>373.01</b>

**15 CURRENT INVESTMENT**

(₹ in Lacs)

	No. of unit	March 31, 2013	No. of unit	March 31,2012
(At Cost or Fair value whichever is less)				
Investment in Mutual Fund (Others - unquoted)				
Reliance Liquid Fund- TPIO - Growth			3067108	800.00
ICICI PRUDENTIAL FLEXIBLE INCOME PLAN PREMIUM- Weekly Dividend			584957	616.82
ICICI PRUDENTIAL - Interval IV -Qtrly Interval Plan B			5088886	600.00
L&T Ultra STF Inst. Daily Divi. Reinvested			<b>3988920</b>	<b>405.08</b>
Religare Ultra Short Term Fund - Direct Plan Daily Dividend	25070	251.13	-	-
Templeton - Indian Ultra Short Bond Fund - Weekly Dividend	4118365	416.94	-	-
Reliance Dynamic Bond Fund - Growth Plan (NI-GP)	2663580	400.10	-	-
HDFC 400D March 12 - Growth Series XXI (FMP)	3000000	300.00	-	-
ICICI Prudential FMC Series 63-384 Days Plan A (FMP)	2000000	200.00	-	-
DSP BlackRock FMP - Series 38 - 12.5 M Growth Maturity Plan (FMP)	2000000	200.00	-	-
IDFC Fixed Matutity Plan - 13 Months Series	2000000	200.00	-	-
IDFC - SSIF - Inv Plan- Plan A - Growth Option	742539	200.00	-	-
( Aggregate NAV of Mutual Fund as on March 31, 2013 ₹2275.71 Lac) (as on 'March 31, 2012 ₹2423.88 Lac )				
		<b>2,168.17</b>		<b>2,421.90</b>

**16 TRADE RECEIVABLES**

(₹ in Lacs)

	March 31, 2013	March 31,2012
<b>a) TRADE RECEIVABLES</b>		
(Unsecured and Considered good)		
Trade Receivable for a period exceeding Six Months	-	-
Others	3,768.76	2,690.52
	<b>3,768.76</b>	<b>2,690.52</b>

**b) UNBILLED REVENUE:**

Unbilled revenue included in Trade receivable valued as on March 31st ' 2013 amounting to ₹ 2099.82 lac (March 31' 2012 ₹ 231.04 Lac) primarily comprises of revenue recognised in relation to a percentage of work completed during the period which would be invoiced on achieving the particular milestone i.e based on the work order or contractual terms and also include the Invoices which due to be sent to customer as on 31.3.2013 ₹ 1270.03 Lac (March 31' 2012 ₹ 1744.27 Lac)

**17 CASH AND BANK BALANCE**

(₹ in Lacs)

	March 31, 2013	March 31, 2012
<b>CASH &amp; CASH EQUIVALENTS</b>		
CASH IN HAND	3.49	0.33
Fixed Deposits with Yes Bank - for less than 3 Months Maturity	100.10	
<b>BALANCE WITH BANK :</b>		
<b>SCHEDULED BANKS</b>		
- in Current Account (Axis bank Ltd., Allahabad Bank)	18.25	212.94
- in Current Account (HDFC Bank)	2.30	6.69
- in Current Account (ICICI Bank)	6.28	18.01
- in Current Account (YES Bank)	6.05	-
<b>FOREIGN BANK</b>		
- in Current Account ( Bk of America, Silicon Valley Bk, ICICI Bk UK Ltd. )	403.58	579.78
<b>EEFC Account</b>		
- in ICICI Bank	-	-
<b>OTHER BANK BALANCES</b>		
<b>FIXED DEPOSITS - For Less Than 12 Months Maturity</b>		
Fixed Deposits with Yes Bank	1,503.31	908.00
<b>In margin Money deposits against guarantees (in lien)</b>		
Axis Bank	9.76	10.97
Allahabad Bank	7.27	7.06
	<b>2,060.39</b>	<b>1,743.78</b>

The Company has four Dividend Accounts with HDFC Bank being balances comprising of amount of ₹ 21.48 Lac which are still unpaid since FY 10-11. The same is not included in current assets and Current Liability of the company

**18 OTHER CURRENT ASSETS**

(₹ in Lacs)

	March 31, 2013	March 31, 2012
<b>INTEREST ACCRUED ON R S EMPLOYEE WELFARE TRUST</b>	40.75	-
	<b>40.75</b>	-

**19 CONTINGENT LIABILITIES**

(₹ in Lacs)

	March 31, 2013	March 31, 2012
(To the extent not provided for in the books)		
Guarantee Outstanding	9.50	9.50
Invoice funding facility with Silicon Valley Bank	441.33	1,523.90

**20 COMMITMENTS****a Capital Commitment**

The Company has entered into and 3 years agreement with Duckback for "Microsoft Enterprise Agreement True Ups". The agreement will expire in May'2015

**b Other Commitment**

Company has a lease agreement with Saltee Infotex India Pvt. Ltd. for the premises of Saltlake City, Sector V, Kolkata, The Lease will be expiring on 30th April'15 which is renewable with the consent of both the parties.

Company has spent ₹33.45 lac towards ERP implementation as on March 31, 2013 which is still under development stage by in house team and expected to be completed by FY 2014

Company has spent ₹7.88 lac towards Web designing as on March 31, 2013 , which is still under development stage by in house team and expected to be upgraded by July'13.

The company has issued purchase order to KPMG ADVISORY SERVICES PVT.LTD for Oracle Payroll , Hyperian Planning - Production and Oracle Human Resource implementation for ₹96.96 Lac.

## 21 REVENUE FROM OPERATION

(₹ in Lacs)

	March 31, 2013	March 31,2012
<b>SALE OF SOFTWARE SERVICES</b>		
Export Income	29,200.56	24,496.76
Domestic Income	121.73	217.20
	<b>29,322.29</b>	<b>24,713.96</b>

Note : The company has changed its policy in respect of income from software development which does not include Value added tax. This has no impact on the profit of the company.

## 22 DETAILS OF OTHER INCOME

(₹ in Lacs)

	March 31, 2013	March 31,2012
Interest Received from Bank	92.49	38.93
(including TDS ₹7.77 Lac (previous year ₹3.33lac)		
Net gain/ loss on Foreign currency Transaction	(16.99)	(4.93)
Net gain/ loss on Investments in Mutual Funds	37.68	-
Other Non-operating Income From Subsidiary	20.44	0.85
Dividend Income	138.18	54.05
Interest from Employee Welfare Trust	40.75	
Liability No longer required written back	120.67	6.86
	<b>433.22</b>	<b>95.76</b>

## 23 EMPLOYEE BENEFIT EXPENSES

(₹ in Lacs)

	March 31, 2013	March 31,2012
Salary Wages And Bonus *	14,808.18	12,342.13
Subcontracting Charges	4,542.43	3,994.12
Contribution to PF And Other Funds	642.53	299.99
Staff Welfare Expenses	925.42	786.06
( * Refer Note No. 28 )	<b>20,918.56</b>	<b>17,422.30</b>

## 24 FINANCE COST

(₹ in Lacs)

	March 31, 2013	March 31,2012
Interest Expenses	64.93	25.48
Other Borrowing Cost	26.98	18.83
	<b>91.91</b>	<b>44.31</b>

**25 OPERATION AND OTHER EXPENSES**

(₹ in Lacs)

	<b>March 31, 2013</b>	<b>March 31, 2012</b>
Travelling	1,319.69	1,071.41
Conveyance	54.88	171.65
Staff Welfare	113.00	151.96
Communication	300.82	213.08
Printing and Stationery	21.63	20.10
Electricity and Power	170.46	126.00
Rent - Equipment	11.14	5.70
Rent - Apartment & Ground	551.24	523.73
Repairs - Machinery	228.74	186.07
Repairs - Building	81.12	97.81
Repairs - Others	0.41	0.82
Education and Training Expenses	17.84	17.49
insurance	91.08	104.46
Auditors' Remuneration - Refer Note no.25	3.33	2.93
Books and Periodicals	0.75	1.18
Directors' Fees	9.20	9.00
Rates & Taxes	209.34	331.26
Legal / Professional Fee	12.48	76.52
Consultancy Charges	220.56	137.52
Recruitment & Relocation Expenses	122.69	196.64
General and Board Meeting expenses	33.94	34.60
Membership and Subscription	24.75	23.59
Business Promotion	72.85	65.16
Advertisement	16.74	8.95
Seminar & Conferences	5.69	15.33
Net gain/ loss on sale of Mutual Funds	5.80	
Net gain/ loss on Discard of Assets	6.18	-
	<b>3,706.35</b>	<b>3,592.95</b>

**26 TAX DEDUCTION ON DOMESTIC INCOME**

(₹ in Lacs)

	<b>March 31, 2013</b>	<b>March 31, 2012</b>
Income Tax deducted on domestic income	15.12	28.61

**27 AUDITOR'S REMUNERATION**

(₹ in Lacs)

	<b>March 31, 2013</b>	<b>March 31, 2012</b>
As Statutory Auditors	2.00	1.75
Tax Audit	0.50	0.50
Other certification	0.83	0.68
The above remunerations are not inclusive of service tax as applicable		
	<b>3.33</b>	<b>2.93</b>

**28 PRIOR PERIOD EXPENSES INCURRED**

(₹ in Lacs)

Particulars	March 31, 2013	March 31, 2012
Postal & Courier	-	0.02
Repair & Maintenance	0.80	0.43
Communication	-	1.48
Conveyance	0.33	0.00
Staff Welfare	-	0.04
Travel	-	0.11
Recruitment	0.09	-
Managing Director's Commission (included in Salary cost)	7.00	-
	<b>8.22</b>	<b>2.08</b>

29 There is no Impairment of assets during the period ended March 31st ' 2013.

30 As per the requirement of revised schedule VI, the company has changed its policy from current financial year by not including value added tax of UK in the income from software development due to which there is no effects on the profit of the company. Rate and taxes for the year ended 31.3.2013 include the Value added Tax of ₹ NIL , (as on 31.3.2012 - ₹ 331.26 Lac )

31 The Company has renewed lease for Building with Saltee Infotex (India) Pvt. Ltd. for the period of 3 years expiring on 30th April' 15. The amount of ₹ 213.21 Lac (Previous Year 31.03.12 ₹ 189.17 Lac) has been charged to the profit & Loss Account during the period ended March 31st ' 2013.

(₹ in Lacs)

Total Minimum Lease Payment outstanding	As at March 31, 2013
Within One Year	217.55
More than One Year	235.67

**32 EMPLOYEE BENEFIT PROVISIONS**

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

(₹ in Lacs)

	March 31, 2013	March 31, 2012
Provision for Leave Encashment	37.43	65.29
Provision for Gratuity	108.78	118.57
	<b>146.21</b>	<b>183.86</b>

**TABLE 1**

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

(₹ in Lacs)

Sl.	Description	GRATUITY FUND		LEAVE ENCASHMENT	
		31st March, 2013	31st March, 2012	31st March, 2013	31st March, 2012
i)	Present Value of Defined Benefit Obligation	-350.99	-271.71	84.59	70.88
ii)	Fair Value of Plan Assets	-	-	-	-
iii)	Funded Status [ Surplus / (Deficit)]	-350.99	-271.71	-84.59	-70.88
iv)	Unrecognised Past Service Cost	-	-	-	-
v)	Effect of balance sheet asset limit	-	-	-	-
vi)	Net Asset / (Liability) recognized in the Balance Sheet	-350.99	-271.71	-84.59	-70.88

(₹ in Lacs)

Sl.	Description	GRATUITY FUND		LEAVE ENCASHMENT	
		31st March, 2013	31st March, 2012	31st March, 2013	31st March, 2012
	<b>REVISED SCHEDULE VI COMPANIES ACT</b>				
<b>a)</b>	<b>Current Liability</b>				
i)	Current Liability on retirement	-	-	-	-
ii)	Current Liability on attrition	10.53	8.15	2.54	2.13
	Total Current Liability	10.53	8.15	2.54	2.13
<b>b)</b>	<b>Non Current Liability</b>	<b>340.46</b>	<b>263.56</b>	<b>82.05</b>	<b>68.75</b>

**TABLE 2**

Actuarial calculations for AS 15 (Rev. 2005) for the purpose of Disclosure of employer expense.

(₹ in Lacs)

Sl.	Description	GRATUITY FUND		LEAVE ENCASHMENT	
		2012-13	2011-12	2012-13	2011-12
i)	Current Service cost (including risk premium for fully insured benefits)	94.15	77.65	20.14	18.22
ii)	Interest Cost	26.46	20.28	6.61	5.16
iii)	Expected Return of Asset (-)	-	-	-	-
iv)	Curtailment Cost (+)	-	-	-	-
v)	Settlement Cost (+)	-	-	-	-
vi)	Past Service Cost	-	-	-	-
vii)	Actuarial Gains (-) / Loss (+)	-11.84	12.94	10.68	27.50
viii)	Appreciation/Depreciation of Plan Assets	-	-	-	-
	<b>Total employer expenses recognized in P &amp; L</b>	<b>108.78</b>	<b>110.87</b>	<b>37.43</b>	<b>50.88</b>

**TABLE 3**

Actuarial calculations for AS 15 (Rev. 2005) purpose change in obligations / assets in the year ending 31.03.2013.

**A. Change in Obligation in the year ended 31.03.2013**

(₹ in Lacs)

Sl.	Description	GRATUITY FUND		LEAVE ENCASHMENT	
		2012-13	2011-12	2012-13	2011-12
i)	Present Value of Defined Benefit Obligation at the beginning of the year.	271.71	205.35	70.88	50.62
ii)	Employer Service Cost (+)	94.15	77.65	20.14	18.22
iii)	Interest Cost (+)	26.46	20.28	6.61	5.16
iv)	Curtailment Cost (+)	-	-	-	-
v)	Settlement Cost (+)	-	-	-	-
vi)	Employee contribution	-	-	-	-
vii)	Plan Amendments	-	-	-	-
viii)	Acquisitions	-	-	-	-
ix)	Actuarial Gains (-) / Loss (+)	(11.84)	12.94	10.68	27.50
x)	Benefit Payments (-)	(29.50)	44.51	-23.72	-30.62
xi)	Present Value of DB obligations at the end of the year	350.99	271.71	84.59	70.88

**B. Change in Assets**

(₹ in Lacs)

Sl.	Change in Assets	GRATUITY FUND		LEAVE ENCASHMENT	
		2012-13	2011-12	2012-13	2011-12
i)	Fair value of Plan Assets at the beginning of the year	-	-	-	-
ii)	Expected Return of Asset (+)	-	-	-	-
iii)	Actuarial Gains (-) / Loss (+)	-	-	-	30.62
iv)	Actual Company Contribution (+)	-	44.51	-	-
v)	Benefit Payments (-)	-	44.51	-	-30.62
vi)	Appreciation / Depreciation of Plan Assets	-	-	-	-
vii)	Fair Value of Plan Assets at the end of the period	-	-	-	-
viii)	Actual return on Plan Assets	-	-	-	-

**TABLE 4**

Reconciliation of Net Assets / (Liability) recognized in the Balance Sheet as at 31st March, 2013

(₹ in Lacs)

Sl.	Change in Assets	GRATUITY FUND		LEAVE ENCASHMENT	
		2012-13	2011-12	2012-13	2011-12
i)	Net Asset / (Liability) recognized in the Balance Sheet at the beginning of the year.	-271.71	-205.35	-70.88	50.62
ii)	Employer Expenses	108.78	110.87	37.43	50.88
iii)	Employer Contributions.	-29.50	44.51	-23.72	-30.62
iv)	Acquisitions.	-	-	-	-
v)	Net Asset / (Liability) recognized in balance sheet at the ending of the year	-350.99	-271.71	-84.59	-70.88

**B. Summary of Membership Date**

(₹ in Lacs)

Active Members	March 31, 2013	March 31, 2012
Number of Employees	738	627
Total Monthly Salaries (INR in Lac)	211.40	173.90
Avg. Monthly Salary per employees (INR in Lac)	0.29	0.28
Average past services (yrs)	3.91	3.84
Average future services (yrs)	25.46	25.47
Average age at valuation date (yrs)	32.54	32.53

**33 RELATED PARTY DISCLOSURES****a) Enterprises where control exists:**

(₹ in Lacs)

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

**b) Key Management Personnel:**

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

## c) Disclosure of transactions between the Company and Related Parties and the status of outstanding balances

## i With Wholly Owned Subsidiary (WOS)

Particulars	(₹ in Lacs)	
	March 31, 2013 Amount	March 31, 2012 Amount
Reimbursement of Cost of services incurred on behalf of Subsidiary including margin on actual cost thereon .		
Responsive Solution Inc	186.66	373.96
Reimbursing the subsidiary towards service rendered by them at a commission margin.		
R S Software Asia (pte.) Ltd.	2,354.98	689.45
Reimbursing the Other Cost from subsidiary on actual.		
R S Software Asia (pte.) Ltd.	272.19	1,274.28
Balance as on March 31, 2013 :		
Advance taken against services		
Responsive Solution Inc	NIL	NIL
Reimbursement of expenses payable		
RS Software (Asia) Pte Ltd	NIL	NIL
Maximum balance outstanding during the year		
Advance taken against services		
Responsive Solution Inc	105.67	100.72
Reimbursement of expenses payable		
RS Software (Asia) Pte Ltd	253.92	89.71

## ii With Related parties

Particulars	(₹ in Lacs)	
	March 31, 2013 Amount	March 31, 2012 Amount
Remuneration to Key Personnel:		
- Directors (Sitting Fees)	9.20	9.20
- Managing Director	79.32	48.60

## 34 EPS HAS BEEN CALCULATED AS PER THE PROVISIONS OF AS-20, ISSUED BY THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA. THE DETAILS OF CALCULATION ARE AS FOLLOWS

Particulars	(₹ in Lacs)	
	March 31, 2013	March 31, 2012
Numerator for Basic and Diluted EPS:		
Profit for the period	3,544.46	2,743.06
Denominator for Basic EPS:		
Equity Shares	11,467,061	11,027,996
Add: ESOP Conversion	13,928	10,184
Add: Preferential Issue	128,479	6,393
Add : Bonus Issue	3,690	10,640
<b>Weighted no. of Equity Shares</b>	<b>11,613,158</b>	<b>11,055,213</b>
Denominator for Diluted Shares		
Weighted No. of Basic Equity Shares	11,613,158	11,055,213
Add: ESOP Conversion		
ESOP Dilutive	165,556	149,803
Pref Share allotment	405,552	21,773
<b>Weighted no. of Equity Shares</b>	<b>12,184,266</b>	<b>11,226,789</b>
Nominal Value of share	10.00	10.00
<b>Basic Earning per Share</b>	<b>30.52</b>	<b>24.81</b>
<b>Diluted Earning per Share</b>	<b>29.09</b>	<b>24.43</b>

35 There is no declaration received from vendor for small, medium & Micro registration.

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

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

(₹ in Lacs)

Particulars	Year Ended March 31, 2013	Year Ended March 31,2012
<b>Expenditure in Foreign Currency:</b>		
a) Foreign branch expenditure	17,524.80	14,655.20
<b>Earning in Foreign Currency</b>		
Export of services	29,324.67	24,500.33

b) Dividend Remittance in Foreign Currency

The Company has remitted ₹ Nil (March 31, 2011 : ₹ Nil) in foreign currencies on accounts of dividends during the year and does not have information as to the extent to which remittance, if any, in foreign currencies on account of dividends have been made by / on behalf of non-resident shareholders. The Particulars of dividends declared and paid on account of non-resident shareholders for the year 2011-12 and 2012-13 are as under :-

	No. of Non-resident shareholders	No. of equity shares held	Gross amount of dividend	
			March'2013 (₹ in Lacs)	March'2012 (₹ in Lacs)
final dividend for 2010-11 declared in July'11	134	205495	-	4,10,990.00
Interim Dividend for 2011- 12 declared in January'12	130	126018	-	1,26,018.00
Final dividend for 2011-12 declared in July'12	134	468631	9.37,262.00	-
Interim dividend for 2012- 13 declared in January'13	202	511382	7,67,073.00	-

37 **REPORTING OF SEGMENT WISE REVENUE, RESULTS AND CAPITAL EMPLOYED**

(₹ in Lacs)

Particulars	Year Ended March 31, 2013	Year Ended March 31,2012
<b>1. Segment Revenue ( net sale / income from each segment should be disclosed</b>		
a. Segment - A (USA)	27,315.43	22,627.24
b. Segment - B (ROW)	2,006.86	2,086.72
<b>Total</b>	<b>29,322.29</b>	<b>24,713.96</b>
<b>Other Income</b>		
Segment - B (ROW)	433.22	95.76
<b>Total</b>	<b>29,755.51</b>	<b>24,809.72</b>
Less : Inter - segment revenue	-	-
<b>Net Revenue from Operations</b>	<b>29,755.51</b>	<b>24,809.72</b>
<b>2.Segment Results Profit/(Loss) before Tax &amp; Interest from each segment</b>		
a. Segment - A (USA)	5,458.76	4,268.84
b. Segment - B (ROW)	897.81	592.82
<b>Total</b>	<b>6,356.57</b>	<b>4,861.66</b>

Less : Interest	91.91	44.31
Less : Depreciation	346.57	417.91
Less : Unallocable Selling , General & Administrative Expenses	1,225.95	1,067.19
<b>Profit before tax</b>	<b>4,692.15</b>	<b>3,332.24</b>
<b>3. Capital Employed</b>		
Total Assets	<b>13,473.93</b>	<b>11,782.49</b>
Total Liability	<b>13,473.93</b>	<b>11,782.49</b>

**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.

### 38 DISCLOSURE UNDER CLAUSE 32 OF THE LISTING AGREEMENT AMOUNT OF LOANS AND ADVANCES OUTSTANDING FROM SUBSIDIARY

	(₹ in Lacs)	
	March 31, 2013	March 31, 2012
<b>Outstanding as on</b>		
Responsive Solution Inc	NIL	NIL
RS Software (Asia) Pte Ltd	NIL	NIL
<b>Maximum balance outstanding during the period</b>		
Responsive Solution Inc	105.67	100.72
RS Software (Asia) Pte Ltd	253.92	89.71

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

**40** The previous year figures have been regrouped, reclassified and restated, wherever necessary, to correspond with the current year's classification.

**41** Financial figures have been rounded off to nearest ₹ Lac.

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

On Behalf Of The Board

**Nilima Joshi**  
Partner, M. No. 52122  
Dated: April 12th, 2013, Mumbai

**V. Surana**  
CFO & Company  
Secretary

**S. K. Jain**  
Director

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

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**  
(In terms of amendment to Part IV of Schedule VI)  
**INFORMATION PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956**

(₹ in Lacs)

<b>I</b>	<b>Registration details</b>	
	Registration No.	L72200WB1987PLC043375
	State code	21
	Balance Sheet Date	3/31/13
<b>II</b>	<b>Capital raised during the year (Amount in ₹ Lac)</b>	
	Public Issue	Nil
	Rights Issue	Nil
	Bonus Issue	1.62
	Private Placement (Warrants converted into shares)	56.50
	ESOS	6.13
<b>III</b>	<b>Position of Mobilisation and Deployment of funds (Amount in ₹ Lac)</b>	
	Total Liabilities	13,474
	Total Assets	13,474
	<b>I. EQUITY AND LIABILITIES :</b>	
	1. Shareholders' Fund	
	(a) Share Capital	1,211
	(b) Reserve & Surplus	10,415
	(c) APP. Money Recd. Against Share Warrant	77
	2. Non-Current Liabilities	
	(a) Long Term Provisions	423
	3. Current Liabilities	
	(a) Short Term Provisions	295
	(b) Trade Payable	744
	(c) Other Current Liability	310
	<b>II. ASSETS</b>	
	1. Fixed Assets	1,216
	2. Intangible Assets Under Development	37
	3. Non Current Investment	808
	4. Deferred tax Assets (Net)	13
	5. Long Term Loans & Advances	3,030
	6. Current Assets	
	(a) Short Term Loans & Advances	332
	(b) Current Investment	2,168
	(c) Trade Receivables	3,769
	(d) Cash & Cash Equivalents	2,060
	(e) Other Current Assets	41
<b>IV</b>	<b>Performance of Company (Amount in ₹ Lac)</b>	
	Turnover and Other Income	29,756
	Total Expenditure	25,063
	Profit/(Loss) before Tax and Extraordinary items	4,692
	Profit/(Loss) after Tax and Extraordinary items	3,544
	Basic Earnings per share in ₹	30.52
	Dividend %	Final 20% , Interim 15%
<b>V</b>	<b>Generic Names of Two Principal Products/Services of Company (as per monetary terms)</b>	
	Item code No.	N.A.
	Item code No.	N.A.
	Product Description	N.A.

For **Chaturvedi & Company**

Chartered Accountants

(Reg. no : 302137E)

On Behalf Of The Board

**Nilima Joshi**

Partner, M. No. 52122

Dated: April 12th, 2013, Mumbai

**V. Surana**

CFO &amp; Company

Secretary

**S. K. Jain**

Director

**R. R. Jain**

Chairman

&amp; Managing Director

## STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

		<b>Responsive Solution Inc. Amount (₹)</b>	<b>R S Software (Asia) Pte Ltd Amount (₹)</b>	<b>Total Amount (₹)</b>
1.	R S Software (India) Ltd holds the entire paid up Equity Share Capital of Wholly Owned Subsidiaries as on March 31 2013	500	802000	802500
2.	Net aggregate amount of the Subsidiary Company's Profit/Loss not dealt with in the Company's account			
	For the Subsidiary's financial year ended 31st March 2013	6,817,365	18,007,544	24,824,909
	For the Subsidiary's previous financial year	4,575,312	9,715,012	14,290,324
3.	Net aggregate amount of the Subsidiary Company's Profit Less Losses dealt with or provided for in the Company's accounts:			
	For the subsidiary's financial year ended 31st March 2013	Nil	Nil	Nil
	For the Subsidiary's previous financial year since it became a subsidiary	Nil	Nil	Nil

On Behalf Of The Board

April 12th 2013  
Mumbai**V.SURANA**  
CFO & Company  
Secretary**S.K. JAIN**  
Director**R .R.JAIN**  
Chairman &  
Managing Director

## RESPONSIVE SOLUTION INC.

### DIRECTORS' REPORT

The Directors present their report together with the audited accounts for the period ended 31st March, 2013.

#### **Review of Financial Performance & Dividend**

The company during the year under review reported a profit of US\$0.13million (Previous year ProfitUS\$ 0.09 million). The company is exploring different avenues of revenues, particularly in areas where the Parent Company RS Software is not focusing, and the plan to achieve more profits during the fiscal year 2013-14.

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

#### **Directors' Responsibilities**

- (i) That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true & fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review.
- (ii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records for safeguarding the assets of the Company.
- (iii) That the Directors have prepared the accounts for the financial year ended 31st March, 2013 on a "going concern" basis.

#### **Acknowledgements**

Your Directors' place on record their deep appreciation of the continued assistance and co-operation extend to the Company by its customers, investors, bankers, Government agencies and its dedicated employees. We are particularly grateful to all the shareholders for keeping faith and commitment in the management team to achieve significantly better financial results.

On behalf of the Board of Directors

Milpitas  
April 9, 2013

**R R Jain**  
*Chairman*

**RESPONSIVE SOLUTION INC.****AUDITOR'S REPORT**

April 9th 2013

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 31st, 2013 and the related Statement of Operations, Retained earnings, and Cash flows for the years then ended, in accordance with statements on Standards for Accounting and Review Service issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management.

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

Satya Narayan, CPA

**Notes:****Related Party & Offshore development costs**

Gross margin is high due to the fact that Responsive is using off shore facilities in exercising this project that was received from the customers. In addition to that, parent company, RS Software, is billing Responsive for executing the project in India. In other words, related party transactions and off shore development cost benefits exist in the period in Review for the year 2012-2013. Per discussion with the management, it was noted that there is an added component of cost advantage by executing the work orders in India, which is normally prevailing in the Industry. Inter-Company transactions are based on Transfer price agreement.

**RESPONSIVE SOLUTION INC.****FINANCIAL RESULT FOR THE PERIOD ENDED 31 MARCH '2013**

(in US \$)

<b>PARTICULARS</b>	<b>Year Ended March 31, 2013</b>	<b>Year Ended March 31, 2012</b>
<b>PROFIT AND LOSS ACCOUNT</b>		
Income		
Sales	580,329.40	987,792.00
<b>Other Income</b>	0.24	0.39
	<b>580,329.64</b>	<b>987,792.39</b>
<b>Expenditure</b>		
Payroll	102,626.94	105,054.05
Operating Expenses	342,497.97	747,933.62
Payroll Charges	3,688.68	-
Other expenses	72.99	1,500.00
Audit Fee	4,250.00	
Interest Expenses	72.00	
	<b>453,208.58</b>	<b>854,487.67</b>
<b>Profit before Tax</b>	<b>127,121.06</b>	<b>133,304.72</b>
Provision for Tax	1,778.81	43,873
<b>Profit after Tax</b>	<b>125,342.25</b>	<b>89,431.43</b>
<b>PROFIT TRANSFER TO BALANCE SHEET</b>	<b>125,342.25</b>	<b>89,431.43</b>

**BALANCE SHEET AS AT 31 MARCH '2013**

Shareholder's Fund		
Share Capital	500,000.00	500,000.00
Profit & Loss Accounts (Dr. Balance)	91,975.82	(33,368.20)
<b>TOTAL OF SOURCES</b>	<b>591,975.82</b>	<b>466,631.80</b>
<b>Current Assets Loans and Advances</b>		
Sundry Debtors	52,958.80	63,601.00
Cash & Bank Balance	614,345.19	479,917.81
<b>Total Current Assets</b>	<b>667,303.99</b>	<b>543,518.81</b>
Less : Current Liabilities	10,000.00	10,000.00
Less : Tax Liability	65,328.17	66,887.01
<b>Net Current Assets</b>	<b>591,975.82</b>	<b>466,631.80</b>
<b>TOTAL OF APPLICATION</b>	<b>591,975.82</b>	<b>466,631.80</b>

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

## RESPONSIVE SOLUTION INC.

## CASH FLOW STATEMENT

(in US \$)

PARTICULARS	Year Ended March 31, 2013	Year Ended March 31, 2012
<b>PROFIT AND LOSS ACCOUNT</b>		
<b>A. Cash Flow from Operating Activities</b>		
Net Profit before Tax and Extra Ordinary Items	125,342	89,431
Adjustment for :		
Depreciation	-	-
Interest Paid	-	-
Trade and Other Receivables	10,644	(44,206)
Trade Payables and other liability	(1,559)	
Net Cash from Operating Activities	<b>134,427</b>	<b>45,226</b>
<b>B. Cash Flow from Investing Activities</b>		
Advance given to Company	-	-
Net Cash from Investing Activities	-	-
<b>C. Cash Flow from Financing Activities</b>		
Proceeds from Short Term Borrowings		
Interest Paid		
Net Cash from Financing Activities	-	-
<b>Net Increase / Decrease in Cash and Cash Equivalents (A+B+C)</b>	<b>134,427</b>	<b>45,226</b>
<b>Opening Cash and Cash Equivalents</b>	<b>479,918</b>	<b>434,692</b>
<b>Closing Cash and Cash Equivalents</b>	<b>614,345</b>	<b>479,918</b>

**NOTES TO FINANCIAL STATEMENTS :**

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

## RS SOFTWARE (ASIA) PTE. LIMITED

### DIRECTORS' REPORT

For the financial year ended 31 March 2013

The directors present their report to the members together with the audited financial statements of the Company for the financial year ended 31 March 2013.

#### Directors

The directors of the Company in office at the date of this report are as follows:

Rajnit Rai Jain  
Vijendra Kumar Surana  
Luk ChiewPeng

#### Arrangements to enable directors to acquire shares and debentures

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

#### Directors' interests in shares or debentures

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

	Holdings registered in name of director		Holdings in which a director is deemed to have an interest	
	At 01.04.2012	At 31.03.2013	At 01.04.2012	At 31.03.2013
<b>The Company</b>				
(Ordinary shares)				
Rajnit Rai Jain			25000	25000
<b>R. S. Software (India) Limited</b>				
<b>- holding company</b>				
(Ordinary shares of INR 10 each)				
Rajnit Rai Jain	3,503,519	4,078,519		
Vijendra Kumar Surana	11,000	-		

#### Share options

There were no options granted during the financial year to subscribe for unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the end of the financial year.

#### Independent auditors

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

On behalf of the directors:

**Rajnit Rai Jain**

Director

**Vijendra Kumar Surana**

Director

Singapore  
12 April 2013

**R S SOFTWARE (ASIA) PTE. LIMITED****AUDITOR'S REPORT**

To  
The Members Of  
R S Software (Asia) Pte. Limited  
Report On The Financial Statements

We have audited the accompanying financial statements of R S Software (Asia) Pte. Limited (the "Company"), which comprise the statement of financial position as at 31 March 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

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

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

**Opinion**

In our opinion, the financial statements of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company as at 31 March 2013 and the results, changes in equity and cash flows of the Company for the financial year ended on that date.

**Report on Other Legal and Regulatory Requirements**

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

ENTRUST PUBLIC ACCOUNTING CORPORATION

Public Accountants and  
Certified Public Accountants  
Singapore  
12 April 2013

## RS SOFTWARE (ASIA) PTE. LIMITED

### Statement Of Comprehensive Income For the financial year ended 31 March 2013

	Note	2013 SGD	2012 SGD
Revenue		4,979,294	2,918,885
Other Income		5,000	-
Employee Benefits Expense		(3,916,739)	(2,280,058)
Other Expenses		(601,722)	(367,807)
<b>Profit (Loss) Before Tax from Continuing Operations</b>		<b>465,833</b>	<b>271,020</b>
Income Tax Benefit (Expense)		(54,232)	(31,498)
<b>Profit (Loss) from Continuing Operations, Net of Tax</b>		<b>411,601</b>	<b>239,522</b>
Profit (Loss) Net of Tax		411,601	239,522
<b>Total Comprehensive Income</b>		<b>411,601</b>	<b>239,522</b>

### Statement Of Financial Position As at 31 March 2013

	Note	2013 SGD	2012 SGD
<b>ASSETS</b>			
<b>Current Assets</b>			
Trade and Other Receivables, Current		91,849	40,521
Other Receivables, Current		91,849	40,521
Other Assets, Current		88,673	92,445
Cash and Cash Equivalents		841,411	421,801
<b>Total Current Assets</b>		<b>1,021,933</b>	<b>554,767</b>
<b>Total Assets</b>		<b>1,021,933</b>	<b>554,767</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share Capital		25,000	25,000
Retained Earnings (Accumulated Losses)		842,621	431,020
Other Reserves, Total		-	-
<b>Total Equity</b>		<b>867,621</b>	<b>456,020</b>
<b>Current Liabilities</b>			
Income Tax Payable, Current		50,911	29,018
Trade and Other Payables, Current		103,401	69,729
Other Payables, Current		103,401	69,729
<b>Total Current Liabilities</b>		<b>154,312</b>	<b>98,747</b>
<b>Total Liabilities</b>		<b>154,312</b>	<b>98,747</b>
<b>Total Equity and Liabilities</b>		<b>1,021,933</b>	<b>554,767</b>

**R S SOFTWARE (ASIA) PTE. LIMITED****Statement Of Cash Flows** For the financial year ended 31 March 2013

	Note	2013 SGD	2012 SGD
<b>Cash Flows From Operating Activities</b>			
Profit (Loss) before Tax		465,833	271,020
<b>Operating Cash Flows before Changes in Working Capital</b>		<b>465,833</b>	<b>271,020</b>
<b>Capital</b>			
<b>Total Changes in Working Capital</b>		<b>(13,884)</b>	<b>(16,554)</b>
Cash Flows From (Used In) Operations		451,949	254,466
Income Taxes Paid		(32,339)	(12,832)
<b>Net Cash Flows From (Used In) Operating Activities</b>		<b>419,610</b>	<b>241,634</b>
Cash Flows From Investing Activities			
<b>Net Cash Flows From (Used In) Investing Activities</b>		-	-
Cash Flows From Financing Activities			
<b>Net Cash Flows From (Used In) Financing Activities</b>		-	-
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>		<b>419,610</b>	<b>241,634</b>
Cash and Cash Equivalents, Statement of Cash Flows, <b>Beginning Balance</b>		421,801	180,167
Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance		841,411	421,801

## Independent Consolidated Auditor's Report

To  
The Board of Directors  
RS Software (India) Limited  
Kolkata

We have audited the accompanying consolidated financial statements of RS Software (India) Limited (the Company) and its subsidiaries Responsive Solutions, Inc and R.S. Software (Asia) Pte. Ltd., (the Company its subsidiary Constituted "group") which comprise the consolidated Balance Sheet as at March 31, 2013, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are

appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India ;

- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2013.
- (b) in the case of the consolidated Profit and Loss Account, of the profit / loss for the year ended on that date ; and
- (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

### Other matter

We did not audit the financial statement / financial information of M/s. Responsive Solutions, Inc and R.S. Software (Asia) Pte. Ltd., subsidiaries, whose financial statement / financial information reflect total asset (net) ₹701.56 Lac as at 31.3.2013 and total revenues of ₹2496 Lac and net cash flow amounting to ₹285.64 Lac for the year ended on that date as considered in the consolidated financial statement. These financial statutory financial information have been audited by other auditors whose reports have been furnished to us by the management and our opinions in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the reports of the other auditors. Our report is not qualified in respect of this matter.

For **Chaturvedi & Company**  
Chartered Accountants  
Firm's Registration No : 302137E

**Nilima Joshi**  
Partner

Place : Mumbai  
Date : 12th April, 2013

Mem. No. 52122

**Balance Sheet** As At March 31 '2013

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

(₹ in Lacs)

PARTICULARS	Notes	As at March 31, 2013	As at March 31, 2012
<b>I. EQUITY AND LIABILITIES :</b>			
<b>1 SHAREHOLDERS' FUNDS</b>			
(a) SHARE CAPITAL	3	1,210.95	1,146.71
(b) RESERVE & SURPLUS	4	11,108.67	7,606.56
(c) APP. MONEY RECD. AGAINST SHARE WARRANT	3	77.14	150.39
<b>2 NON-CURRENT LIABILITIES</b>			
(a) DEFERRED TAX LIABILITY (Net)	6	-	15.94
(b) LONG TERM PROVISIONS	7	422.51	332.32
(C) TRADE PAYABLES	8	-	-
<b>3 CURRENT LIABILITIES</b>			
(a) SHORT TERM PROVISIONS	7	294.55	276.82
(b) TRADE PAYABLES	8	794.42	1,262.92
(C) OTHER CURRENT LIABILITIES	9	367.69	324.62
<b>TOTAL (1+2+3)</b>		<b>14,275.93</b>	<b>11,116.28</b>
<b>II. ASSETS</b>			
<b>1 NON CURRENT ASSETS</b>			
(a) FIXED ASSETS			
(i) TANGIBLE ASSETS	10	1,172.10	1,112.72
(ii) INTANGIBLE ASSETS	11	43.87	69.05
(iii) INTANGIBLE ASSETS UNDER DEVELOPMENT	12	37.20	25.27
(b) NON CURRENT INVESTMENT	13	800.00	900.00
(c) DEFERRED TAX ASSETS (Net)	6	13.25	-
(d) LONG TERM LOANS & ADVANCES	14	3,042.65	1,266.88
<b>2 CURRENT ASSETS</b>			
(a) SHORT TERM LOANS AND ADVANCES	14	397.73	437.00
(b) CURRENT INVESTMENT	15	2,168.17	2,421.90
(c) TRADE RECEIVABLES	16	3,797.56	2,723.06
(d) CASH & CASH EQUIVALENTS	17	2,762.65	2,160.40
(e) OTHER CURRENT ASSETS	18	40.75	-
<b>TOTAL (1+2)</b>		<b>14,275.93</b>	<b>11,116.28</b>

Significant Accounting Policies and Notes on Accounts

1 To 41

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

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

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

On Behalf Of The Board

**Nilima Joshi**  
Partner, M. No. 52122  
Dated: April 12th, 2013, Mumbai

**V. Surana**  
CFO & Company  
Secretary

**S. K. Jain**  
Director

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

## Statement Of Profit And Loss Account For The Year Ended March 31 ' 2013

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

(₹ in Lacs)

PARTICULARS	Notes	Year Ended March 31, 2013	Year Ended March 31, 2012
<b>I REVENUE FROM OPERATION</b>	21	31,816.37	26,403.21
<b>II OTHER INCOME</b>	22	435.41	95.76
<b>III TOTAL REVENUE</b>		<b>32,251.78</b>	<b>26,498.97</b>
<b>IV EXPENSES :</b>			
EMPLOYEE BENEFIT EXPENSES	23	22,877.69	18,788.32
FINANCE COST	24	94.22	45.48
DEPRECIATION	10 & 11	346.57	417.91
OPERATION AND OTHER EXPENSES	25	3,969.66	3,592.95
	<b>Total</b>	<b>27,288.14</b>	<b>22,989.61</b>
<b>V PROFIT BEFORE TAX :</b>	<b>(III - IV)</b>	<b>4,963.64</b>	<b>3,509.36</b>
<b>VI TAX EXPENSES</b>			
CURRENT TAX		1,540.43	1,176.32
MAT CREDIT UTILISED		(340.34)	(486.21)
DEFERRED TAX		(29.19)	(66.71)
<b>VII PROFIT FOR THE PERIOD :</b>	<b>(V - VI)</b>	<b>3,792.74</b>	<b>2,743.06</b>
<b>VIII EARNING PER EQUITY SHARE :</b>	32		
BASIC		32.66	26.11
DILLUTED		31.13	25.71
RESTATEd EPS FOR PREVIOUS YEAR :			
BASIC			26.10
DILLUTED			25.70

Significant Accounting Policies and Notes on Accounts

1 to 41

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

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

For **Chaturvedi & Company**

Chartered Accountants

(Reg. no : 302137E)

On Behalf Of The Board

**Nilima Joshi**

Partner, M. No. 52122

Dated: April 12th, 2013, Mumbai

**V. Surana**

CFO & Company

Secretary

**S. K. Jain**

Director

**R. R. Jain**

Chairman

& Managing Director

**Cash Flow Statement** For The Year Ended March 31 ' 2013

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

(₹ in Lacs)			
PARTICULARS	Notes	Year Ended March 31, 2013	Year Ended March 31, 2012
<b>CASH FLOW STATEMENT</b>			
<b>A CASH FLOW FROM OPERATING ACTIVITIES:</b>			
NET PROFIT BEFORE TAX		4,963.64	3,509.36
<b>ADJUSTMENT FOR :</b>			
DEPRECIATION		346.57	417.91
INTEREST PAID		94.22	45.48
FOREIGN EXCHANGE FLUCTUATION RESERVE		8.12	401.87
PROVISION FOR GRATUITY, LEAVE ENCASHMENT		146.21	183.86
INTEREST RECEIVED		(94.68)	(38.93)
DIVIDEND RECEIVED		(138.18)	(56.83)
EMPLOYEES EXPENSES AMORTIZATION		(53.23)	(75.12)
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHARGES</b>		<b>5,272.67</b>	<b>4,388.61</b>
<b>ADJUSTMENT FOR :</b>			
TRADE AND OTHER RECEIVABLES		(1,074.51)	182.14
LOANS AND ADVANCES AND OTHER ASSETS		(2,977.34)	(640.63)
TRADE PAYABLES & OTHER LIABILITIES		(425.43)	184.74
CASH GENERATED FROM OPERATIONS		<b>795.39</b>	<b>4,114.85</b>
CASH FLOW BEFORE EXTRAORDINARY ITEMS		<b>795.39</b>	<b>4,114.85</b>
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>795.39</b>	<b>4,114.85</b>
<b>B CASH FLOW FROM INVESTMENT ACTIVITIES :</b>			
PURCHASE OF FIXED ASSETS		(392.70)	(210.17)
INTEREST RECEIVED		94.68	38.93
DIVIDEND RECEIVED		138.18	56.83
INVESTMENT MADE DURING THE YEAR		353.73	(3,321.90)
NET CASH FROM INVESTMENT ACTIVITIES		<b>193.89</b>	<b>(3,436.32)</b>
<b>C CASH FLOW FROM FINANCE ACTIVITIES:</b>			
PROCEEDS FROM SHARE APPLICATION		234.85	362.43
INTEREST PAID		(94.22)	(45.48)
DIVIDEND AND DIVIDEND TAX PAID		(477.66)	(385.94)
PAYMENT OF CSR FUND		(50.00)	(75.00)
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<b>(387.03)</b>	<b>(143.99)</b>
NET INCREASE /DECREASE IN CASH AND CASH EQUIVALENTS (A+B+C)		<b>602.25</b>	<b>534.55</b>
OPENING CASH AND CASH EQUIVALENTS		2,160.40	1,625.84
CLOSING CASH AND CASH EQUIVALENTS		2,762.65	2,160.40

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  
(Reg. no : 302137E)

On Behalf Of The Board

**Nilima Joshi**  
Partner, M. No. 52122  
Dated: April 12th, 2013, Mumbai

**V. Surana**  
CFO & Company  
Secretary

**S. K. Jain**  
Director

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

## Notes On Accounts For The Year Ended March 31 ' 2013

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

### 1 Corporate Information

RS Software has focused exclusively on providing software solution to electronic payment industries since its inception. The company is engaged in development, testing and maintenance of software for its clients based in different geographies. The company operates in US, UK and India.

### 2. 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 or Fixed Bid or Milestone as specified in the work order. 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 Fixed Bid contract is sent on monthly basis as per contract terms. Revenue from Milestone base contract is being recognised based on effort given during the period but the Invoice is sent to customer when the milestone is achieved as per contract. Value Added tax in UK is not included in the income from Software development. Cheques issued in USA which are not encashed for two years are there after written back.

#### d) Fixed Assets

##### Tangible Assets

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

##### Intangible Assets

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

#### e) Depreciation and Amortisation

Depreciation on fixed assets is provided using the straight-line method at the rates prescribed under the Schedule XIV of the Indian Companies Act, 1956. However, Plant & Machinery is being depreciated @ 33.33%. Assets costing less than ₹ 5,000/- are depreciated in full in the year of purchase. Depreciation on additions due to realignment of rupee value of foreign currency loan or fixed assets has been charged proportionately on t Investments, which are readily realizable and intended to be held for not more than one year from the date of investment made are classified as Current Investments. All investments other than long term investments are classified as non-current investments. Current Investment are valued at lower of Cost or Fair Value.

#### f) Investments

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

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

**g) Foreign Currency Translation**

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

**h) Spares and Consumables**

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

**i) Income Tax**

Current Income tax expense comprise taxes on income from operation in India and in foreign jurisdiction. Income tax payable in India is determination in accordance with the provision of I. Tax Act 1961. Tax expense relating to foreign operation is determined in operator is determined in accordance with the laws applicable in accordance with tax laws applicable in countries where such operations are domicited.

Advance tax and provisions for current income taxes are presented in the Balance Sheet after off setting advance taxes paid and income tax provision arising in the same tax jurisdiction and where the company intends to settle the assets and liabilities on a net basis. Deferred Tax is accounted for by computing the tax effect of timing differences, which arise during the year and reverse in subsequent periods.

**j) Contingent liabilities**

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

**k) 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.

**l) 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.

**m) 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.

**n) Segment Reporting**

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

**o) Earning Per Share**

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

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

**3 Share Capital**

	(₹ in Lacs)	
	<b>March 31, 2013</b>	<b>March 31,2012</b>
<b>a The Authorised Capital Is :</b>		
20,000,000 Equity Share Of ₹ 10/- Each	2,000.00	2,000.00
2,500,000 Preference Share Of ₹ 100/- Each	2,500.00	2,500.00
	<b>4,500.00</b>	<b>4,500.00</b>
<b>b Issued Subscribed And Paid-Up-Fully Called And Paid Up</b>		
12,109,537 Equity Share Of ₹ 10/- Each (Previous Year 11,467,061 Shares)	1,210.95	1,146.71
	<b>1,210.95</b>	<b>1,146.71</b>

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

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

The company has allotted 2411623 equity share in FY11,10640 equity share in FY 12 and 16226 equity share in FY 13 as bonus share.

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

	(₹ in Lacs)			
Equity Share	March 31, 2013		March 31,2012	
	No. of Share	₹ in Lac	No. of Share	₹ in Lac
Number of shares at the beginning	11,467,061	1,146.71	11,027,996	1,102.80
Add : Shares issued as Preferential Allotment	565,000	56.50	390,000	39.00
Add : Shares issued as Bonus	-	-	-	-
Add : Shares issued on exercise of Employee Stock option	61,250	6.12	38,425	3.84
Add : Bonus Shares issued on Employee Stock option	16,226	1.62	10,640	1.07
	<b>12,109,537</b>	<b>1,210.95</b>	<b>11,467,061</b>	<b>1,146.71</b>

**d SHAREHOLDER HOLDING MORE THAN 5% OF THE SHARE as on**

	March 31, 2013	March 31,2012
Mr. Rajnit Rai Jain	4,078,519 Shares	3,503,519 Shares
	(33.68% of total shareholding)	(30.55% of total shareholding)

**e Employee Stock option Plan**

The Company has granted 275,200 shares to the employees during the year 2008-09 at the fair value and the exercise price of the option is ₹15.95 each. As on date 'March 31, 2013 only 122,175 option has been opted. The scheme is closed on 31st March 2013 and hence no more valid.

The Company has granted 298,500 shares to the employees during the year 2009-10 at the fair value of and the exercise price of the option is ₹27.95 each. As on date March 31 2012 only 120,275 option has been exercised and 107,750 options has lapsed due to leaving of employees. As on date 70,475 shares options are outstanding on which 19,733 Bonus Shares are outstanding.

The Company has granted 105,100 shares to the employees during the year 2010-11 at the fair value of and the exercise price of the option is ₹49.55 each. As on date March 31 2013 only 3725 option has been exercised and 34,300 options has been lapsed due to leaving of employees. As on date 67,075 shares options are outstanding to be exercised.

The Company has granted 75000 options to the directors and employees to be convertible into one equity share each, on 12th July' 2012 at the exercise price of ₹84.75 each. The same will be exercised after one year from the date of allotment of options.

The Company has granted 10000 options to one employees to be convertible into one equity share each, on 8th January' 2013 at the exercise price of ₹191.7 each. The same will be due to be exercised after one year in four equal instalments.

**f Application Money Received Against Convertible Share Warrant on Preferential Basis**

The Company has issued 1,550,000 convertible warrants on preferential basis to Mr. Rajnit Rai Jain at a price of ₹51.86 each to be converted into one equity share each of ₹10 each in January '2012 . As on Date 955,000 warrants has been converted into equity shares and Balance 595,000 no. of share warrant will be due within 18 months from the date of allotment of warrants.

**4 RESERVE AND SURPLUS**

	(₹ in Lacs)	
	March 31, 2013	March 31, 2012
<b>SHARE FORFEITURE</b>		
The Company had forfeited 10% Application Money on 500,000 Warrants for Preferential Allotment to be Converted into Equity Shares against each Warrant in the absence of final call money being received within the due date in FY 2006-07 . The Warrant was allotted at ₹87 which included premium amount of ₹77.	43.50	43.50
<b>SECURITIES PREMIUM ACCOUNT</b>		
Balance at the beginning of the year	2,016.03	1,847.90
Add : Receipts on exercise of Preferential Allotment	236.51	163.25
Add : Receipts on exercise of employee stock options	8.97	4.88
Closing Balance	<b>2,261.51</b>	<b>2,016.03</b>
<b>PREFERENCE SHARE REDEMPTION RESERVE</b>		
Balance at the beginning of the year	257.77	258.84
Add : Transfer from Profit & Loss A/c	-	-
Less : Distributed as Bonus Share	(1.62)	(1.06)
Closing Balance	<b>256.15</b>	<b>257.77</b>
<b>CSR FUND</b>		
Balance at the beginning of the year	115.00	75.00
Add : Transfer from Profit & Loss A/c	-	115.00
Less : Transfer to Donation	(50.00)	(75.00)
Closing Balance	<b>65.00</b>	<b>115.00</b>
<b>SURPLUS IN STATEMENT OF PROFIT AND LOSS ACCOUNT</b>		

Balance at the beginning of the year	4,858.56	1,651.61
Add : MAT Credit Entitlement ( created in respect of earlier years)	-	831.28
Add : Net Profit after tax from Statement of Profit and Loss	3,792.74	2,885.96
	<b>8,651.30</b>	<b>5,368.85</b>
Less Appropriations :	-	-
Interim Equity Dividend ( ₹1.5 per share, Previous year ₹1 per share)	(181.64)	(110.77)
Proposed Final Equity Dividend ( ₹2 per share, Previous year ₹2 per share)	(242.19)	(229.34)
Equity Dividend Tax	(68.76)	(55.17)
Trf to CSR Fund	-	(115.00)
Closing Balance	<b>8,158.71</b>	<b>4,858.56</b>
<b>CAPITAL RESERVE</b>	<b>219.97</b>	<b>219.97</b>
<b>INTER BRANCH FOREIGN FLUCTUATION RESERVE</b>		
Balance at the beginning of the year	95.71	(293.23)
Add : Fluctuation during the period	8.12	388.94
Closing Balance	<b>103.83</b>	<b>95.71</b>
	<b>11,108.67</b>	<b>7,606.56</b>

( In FY 2011-12 MAT Credit Entitlement of earlier years has been added to the debit balance of Profit & Loss account amounting to ₹831.28 Lacs )

#### 5 SECURED LOAN

Company has enhanced and switched its loan limit of ₹800 Lac from ICICI Bank to ₹950 Lac in Axis Bank ; (Secured by first charge on all the current assets, assets, ranking pari passu with other bankers, and first charge on the Corporate Office premises of the Company). The liability against the same as on March 31 2013 is NIL .

#### 6 DEFERRED TAX ASSETS / (LIABILITY) - NET

(₹ in Lacs)

	March 31, 2013	March 31, 2012
	<b>13.25</b>	<b>(15.94)</b>
DTL on Account of Fixed Assets	128.07	127.10
DTA on Account of Accrued Employee benefits	141.32	111.16
<b>NET DEFERRED TAX ASSETS / (LIABILITY)</b>	<b>13.25</b>	<b>(15.94)</b>

#### 7 PROVISIONS

(₹ in Lacs)

	Long Term Provision		Short Term Provision	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Provision for leave encashment *	82.05	68.75	2.54	2.13
Provision for gratuity *	340.46	263.57	10.53	8.15
Provision for proposed eq dividend			242.19	229.34
Provision for proposed dividend tax	-	-	39.29	37.20
* (Refer note 30)				
	<b>422.51</b>	<b>332.32</b>	<b>294.55</b>	<b>276.82</b>

#### 8 TRADE PAYABLE

(₹ in Lacs)

	Long Term Provision		Short Term Provision	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Other Than Acceptances (refer note no. 33 for MMSE details )	-	-	794.42	1,262.92
	-	-	<b>794.42</b>	<b>1,262.92</b>

**9 OTHER CURRENT LIABILITIES**

(₹ in Lacs)

	March 31, 2013	March 31, 2012
Salary payable	79.08	61.00
Statutory liability including pf, tds, esi etc.	273.03	254.61
Others payables	15.58	9.00
	<b>367.69</b>	<b>324.62</b>

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

**10 DETAILS OF TANGIBLE ASSETS**

(₹ in Lacs)

Gross:	Land	Building	Lease Building Expenses	Plant And Machineries	Office Equipment	Air Conditioner	Electrical Installations	Furniture And Fittings	Motor Vehicles	Total
<b>Opening Balance 01.04.2012</b>	7.76	158.14	139.83	5,988.67	211.92	129.25	319.96	718.70	66.06	7,740.29
Additions during the year ended 31.3.13	-	-	-	145.17	50.23	28.45	-	28.12	-	251.97
Acquisitions through Business combination	-	-	-	-	-	-	-	-	-	-
Other Adjustments	-	-	-	-	18.74	0.24	-	-	-	18.98
<b>Sub-total</b>	<b>7.76</b>	<b>158.14</b>	<b>139.83</b>	<b>6,133.84</b>	<b>243.40</b>	<b>157.45</b>	<b>319.96</b>	<b>746.82</b>	<b>66.06</b>	<b>7,973.27</b>
Less: Disposals	-	-	-	-	-	-	-	-	-	-
<b>Gross block as at 31.3.2013</b>	<b>7.76</b>	<b>158.14</b>	<b>139.83</b>	<b>6,133.84</b>	<b>243.40</b>	<b>157.45</b>	<b>319.96</b>	<b>746.82</b>	<b>66.06</b>	<b>7,973.27</b>
<b>Less: Depreciation / Amortization</b>	-	-	-	-	-	-	-	-	-	-
Opening depreciation / amortization	-	40.29	139.83	5,834.90	80.44	60.76	98.47	348.84	24.04	6,627.57
Depreciation/ Amortization of the period	-	2.09	-	116.55	9.37	4.63	13.29	33.71	5.01	184.66
Impairment loss/Reversal of Impairment Loss	-	-	-	-	-	-	-	-	-	-
Other Adjustments	-	-	-	-	11.06	-	-	-	-	11.06
<b>Total depreciation as at 31.3.2013</b>	-	<b>42.38</b>	<b>139.83</b>	<b>5,951.45</b>	<b>78.76</b>	<b>65.39</b>	<b>111.76</b>	<b>382.55</b>	<b>29.05</b>	<b>6,801.17</b>
<b>Net Carrying Value 31.3.2013</b>	<b>7.76</b>	<b>115.76</b>	-	<b>182.40</b>	<b>164.64</b>	<b>92.07</b>	<b>208.19</b>	<b>364.28</b>	<b>37.01</b>	<b>1,172.10</b>
<b>Net Carrying Value 31.03.2012</b>	<b>7.76</b>	<b>117.85</b>	<b>0.00</b>	<b>153.77</b>	<b>131.47</b>	<b>68.49</b>	<b>221.48</b>	<b>369.86</b>	<b>42.03</b>	<b>1,112.72</b>

**Note:**

- 1 Land includes Leasehold land amounting to ₹ 458,694/-. The lease expires in year 2086.
- 2 Asset taken on Lease from Orix Auto Infrastructure Services Limited for ₹ 3.26 crores of which ₹ 78.18 lakhs paid as Security Deposit. The lease period was for 48 months and lease rentals payable monthly. The company has purchased these assets from Orix at agreed terms.

- 3 Building in Sector V comprising of 59600 sq ft was taken on lease for a period of 3 years which was extended for further period of 3 years till April 2015. Company has spent an amount of ₹ 89.83 lac and ₹ 49.99 lac which were amortised over the respective period of lease.
- 4 Plant and machinery taken on finance lease from CISCO in 2007, which expired on 31.3.11, since then the assets have been transferred to Plant and Machinery from Leased Assets and reflected as other adjustment for ₹ 101.92 Lac in FY 11-12.

#### 11 INTANGIBLE ASSETS UNDER DEVELOPMENT

		(₹ in Lacs)
<b>Gross:</b>	<b>COMPUTER SOFTWARE &amp; LICENCES</b>	
<b>Opening Balance 01.04.2012</b>		640.29
Additions during the year ended 31.3.13		136.73
Acquisitions through Business combination		-
Other Adjustments		-
<b>Sub-total</b>		<b>777.02</b>
Less: Disposals		-
<b>Gross block as at 31.3.2013</b>		<b>777.02</b>
<b>Less: Depreciation / Amortization</b>		<b>-</b>
Opening depreciation / amortization		571.25
Depreciation/Amortization of the period		161.91
Impairment loss/Reversal of Impairment Loss		-
<b>Total depreciation as at 31.3.2013</b>		<b>733.16</b>
<b>Net Carrying Value 31.3.2013</b>		<b>43.87</b>
<b>Net Carrying Value 31.03.2012</b>		<b>69.05</b>

#### 12 INTANGIBLE ASSETS UNDER DEVELOPMENT

		(₹ in Lacs)	
		March 31, 2013	March 31, 2012
ERP IMPLEMENTATION		29.32	22.83
WEB SITE DESIGNING		7.88	2.44
		<b>37.20</b>	<b>25.27</b>

#### 13 NON-CURRENT INVESTMENTS (AT COST)

(Others - unquoted)

		(₹ in Lacs)			
		No. of unit	March 31, 2013	No. of unit	March 31, 2012
<b>In Mutual Fund -</b>					
DSP BlackRock FMP - Series 38 - 12.5 M Gwth Maturity Plan	-	-		2,000,000	
HDFC 400D March 12 - Growth Series XXI (FMP)	-	-		3,000,000	200.00
ICICI Prudential FMC Series 63-384 Days Plan A (FMP)	-	-		2,000,000	300.00
IDFC Fixed Matutity Plan - 13 Months Series	-	-		2,000,000	200.00
Reliance Fixed Horizon Fund - Xxiii- series 4- Growth plzn	3000000		300.00		200.00
Reliance Fixed Horizon Fund - Xxiii- series 5- Growth plzn	2000000		200.00		
ICICI Prudential Fixed Maturity Plan - Series 67	3000000		300.00		
( Aggregate NAV of Mutual Fund as on MARCH '13 ₹802.31 )					
(as on 'March 31, 2012 ₹907.86 lac)					
			<b>800.00</b>		<b>900.00</b>

**14 LOANS AND ADVANCES**

(Unsecured and Considered good)

(₹ in Lacs)

	Long Term Loans & Advances		Short Term Loans & Advances	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
<b>LOAN</b>				
(Recoverable in cash or in kind or for value to be received)				
ADVANCE TO R S EMPLOYEE WELFARE TRUST	1,500.00	-	-	-
<b>ADVANCES</b>				
(Recoverable in cash or in kind or for value to be received)				
CAPITAL ADVANCE			-	33.19
ADVANCE AGAINST EXPENSES	-	-	17.69	47.82
PREPAID EXPENSES	118.86	2.12	170.72	106.73
DEPOSITS	164.81	114.23	-	90.34
ADVANCE TO STAFF	-	-	77.03	23.55
ADVANCE TAXES	1,077.96	673.61	31.45	-
BALANCES WITH GOVT. AUTHORITIES	181.02	131.85	100.84	135.37
MAT CREDIT ENTITLEMENT	-	345.07	(0.00)	-
	<b>3,042.65</b>	<b>1,266.88</b>	<b>397.73</b>	<b>437.00</b>

**15 CURRENT INVESTMENT**

(At Cost or Fair value whichever is less)

(₹ in Lacs)

	No. of unit	March 31, 2013	No. of unit	March 31, 2012
<b>Investment in Mutual Fund (Others - unquoted)</b>				
Reliance Liquid Fund- TPIO - Growth			3067108	800.00
ICICI PRUDENTIAL FLEXIBLE INCOME PLAN PREMIUM- Weekly Dividend			584957	616.82
ICICI PRUDENTIAL - Interval IV -Qtrly Interval Plan B			5088886	600.00
L&T Ultra STF Inst. Daily Divi. Reinvested			3988920	405.08
Religare Ultra Short Term Fund - Direct Plan Daily Dividend	25069.883	251.13	-	-
Templeton - Indian Ultra Short Bond Fund - Weekly Dividend	4118364.967	416.94	-	-
Reliance Dynamic Bond Fund - Growth Plan (NI-GP)	2663580.495	400.10	-	-
HDFC 400D March 12 - Growth Series XXI (FMP)	3000000	300.00	-	-
ICICI Prudential FMC Series 63-384 Days Plan A (FMP)	2000000	200.00	-	-
DSP BlackRock FMP - Series 38 - 12.5 M Growth Maturity Plan (FMP)	2000000	200.00	-	-
IDFC Fixed Matutity Plan - 13 Months Series	2000000	200.00	-	-
IDFC - SSIF - Inv Plan- Plan A - Growth Option	742539.336	200.00	-	-
( Aggregate NAV of Mutual Fund as on March 31, 2013 ₹2275.71 Lac) (as on 'March 31, 2012 ₹2423.88 Lac)				
		2,168.17		2,421.90

**16 TRADE RECEIVABLES**

(₹ in Lacs)

	March 31, 2013	March 31, 2012
<b>a) TRADE RECEIVABLES</b>		
(Unsecured and Considered good)		
Trade Receivable for a period exceeding Six Months	-	-
Others	3,797.56	2,723.06
	<b>3,797.56</b>	<b>2,723.06</b>

**b) UNBILLED REVENUE:**

Unbilled revenue included in Trade receivable valued as on March 31st ' 2013 amounting to ₹2099.82 lac (March 31' 2012 ₹231.04 Lac) primarily comprises of revenue recognised in relation to a percentage of work completed during the period which would be invoiced on achieving the particular milestone i.e based on the work order or contractual terms and also include the Invoices which due to be sent to customer as on 31.3.2013 ₹1270.03 Lac (March 31' 2012 ₹1744.27 Lac)

**17 CASH AND BANK BALANCE**

(₹ in Lacs)

	March 31, 2013	March 31, 2012
<b>CASH &amp; CASH EQUIVALENTS</b>		
CASH IN HAND	3.49	0.33
Fixed Deposits with Yes Bank - for less than 3 Months Maturity	100.10	
<b>BALANCE WITH BANK :</b>		
<b>SCHEDULED BANKS</b>		
- in Current Account	18.25	212.94
(Axis bank Ltd., Allahabad Bank)		
- in Current Account (HDFC Bank)	2.30	6.69
- in Current Account (ICICI Bank)	6.28	18.02
- in Current Account (YES Bank)	6.05	-
<b>FOREIGN BANK</b>		
- in Current Account	1,105.84	996.39
( Bk of America, Silicon Valley Bk, ICICI Bk UK Ltd. )		
<b>EEFC Account</b>		
- in ICICI Bank	-	-
<b>OTHER BANK BALANCES</b>		
<b>FIXED DEPOSITS - For Less Than 12 Months Maturity</b>		
Fixed Deposits with Yes Bank	1,503.31	908.00
<b>In margin Money deposits against guarantees (in lien)</b>		
Axis Bank	9.76	10.97
Allahabad Bank	7.27	7.06
	<b>2,762.65</b>	<b>2,160.40</b>

The Company has four Dividend Accounts with HDFC Bank being balances comprising of amount of ₹21.48 Lac which are still unpaid since FY 10-11. The same is not included in current assets and Current Liability of the company

**18 OTHER CURRENT ASSETS**

(₹ in Lacs)

	March 31, 2013	March 31, 2012
<b>INTEREST ACCRUED ON R S EMPLOYEE WELFARE TRUST</b>	40.75	-
	<b>40.75</b>	-

**19 CONTINGENT LIABILITIES:**

(₹ in Lacs)

	March 31, 2013	March 31, 2012
(To the extent not provided for in the books)		
Guarantee Outstanding	9.50	9.50
Invoice funding facility with Silicon Valley Bank	441.33	1,523.90

**20 COMMITMENTS****a Capital Commitment**

The Company has entered into and 3 years agreement with Duckback for "Microsoft Enterprise Agreement True Ups". The agreement will expire in May'2015

**b Other Commitment**

Company has a lease agreement with Saltee Infotex India Pvt. Ltd. for the premises of Saltlake City, Sector V, Kolkata, The Lease will be expiring on 30th April'15 which is renewable with the consent of both the parties.

Company has spent ₹33.45 lac towards ERP implementation as on March 31, 2013 which is still under development stage by in house team and expected to be completed by FY 2014

Company has spent ₹7.88 lac towards Web DESIGNING as on March 31, 2013, which is still under development stage by in house team and expected to be upgraded by July'13.

The company has issued purchase order to KPMG ADVISORY SERVICES PVT.LTD for Oracle Payroll, Hyperian Planning - Production and Oracle Human Resource implementation for ₹96.96 Lac.

**21 REVENUE FROM OPERATION**

	(₹ in Lacs)	
	March 31, 2013	March 31,2012
SALE OF SOFTWARE SERVICES		
Export Income	31,694.64	26,186.01
Domestic Income	121.73	217.20
	<b>31,816.37</b>	<b>26,403.21</b>

Note : The company has changed its policy in respect of income from software development which does not include Value added tax. This has no impact on the profit of the company.

**22 DETAILS OF OTHER INCOME**

	(₹ in Lacs)	
	March 31, 2013	March 31,2012
Interest Received from Bank	94.68	38.93
(including TDS ₹7.77 Lac (previous year ₹3.33lac)		-
Net gain/ loss on Foreign currency Transaction	(16.99)	(4.93)
Net gain/ loss on Investments in Mutual Funds	37.68	0.85
Other Non-operating Income From Subsidiary	20.44	54.05
Dividend Income	138.18	
Interest from Employee Welfare Trust	40.75	
Liability No longer required written back	120.67	6.86
	<b>435.41</b>	<b>95.76</b>

**23 EMPLOYEE BENEFIT EXPENSES**

	(₹ in Lacs)	
	March 31, 2013	March 31,2012
Salary Wages And Bonus *	16,765.86	13,703.31
Subcontracting Charges	4,542.43	3,994.12
Contribution to PF And Other Funds	643.98	304.84
Staff Welfare Expenses	925.42	786.06
( * Refer Note No. 28 )	<b>22,877.69</b>	<b>18,788.32</b>

**24 FINANCE COST**

	(₹ in Lacs)	
	March 31, 2013	March 31,2012
Interest Expenses	67.24	26.65
Other Borrowing Cost	26.98	18.83
	<b>94.22</b>	<b>45.48</b>

**25 OPERATION AND OTHER EXPENSES**

(₹ in Lacs)

	<b>March 31, 2013</b>	<b>March 31,2012</b>
Travelling	1,573.35	1,209.91
Conveyance	54.88	171.66
Staff Welfare	113.00	151.96
Communication	301.23	213.35
Printing and Stationery	21.63	20.10
Electricity and Power	170.46	126.00
Rent - Equipment	11.14	5.70
Rent - Apartment & Ground	551.24	523.73
Repairs - Machinery	228.74	186.07
Repairs - Building	81.15	97.81
Repairs - Others	0.41	0.82
Education and Training Expenses	17.84	17.49
insurance	91.08	104.46
Auditors' Remuneration - Refer Note no.25	11.99	8.45
Books and Periodicals	0.75	1.18
Directors' Fees	9.20	9.00
Rates & Taxes	209.34	331.26
Legal / Professional Fee	12.48	76.52
Consultancy Charges	220.56	137.52
Recruitment & Relocation Expenses	122.86	197.29
General and Board Meeting expenses	34.33	34.60
Membership and Subscription	24.75	23.59
Business Promotion	72.85	65.16
Advertisement	16.74	8.95
Seminar & Conferences	5.69	15.33
Net gain/ loss on sale of Mutual Funds	5.80	-
Net gain/ loss on Discard of Assets	6.17	-
	<b>3,969.66</b>	<b>3,737.89</b>

**26 INCOME TAX DEDUCTED ON DOMESTIC INCOME**

(₹ in Lacs)

	<b>March 31, 2013</b>	<b>March 31,2012</b>
Income Tax deducted on domestic income	15.12	28.61

**27 AUDITOR'S REMUNERATION**

(₹ in Lacs)

	<b>March 31, 2013</b>	<b>March 31,2012</b>
As Statutory Auditors	2.00	1.75
Tax Audit	0.50	0.50
Other certification	0.83	0.68
The above remunerations are not inclusive of service tax as applicable		
	<b>3.33</b>	<b>2.93</b>

**28 PRIOR PERIOD EXPENSES INCURRED**

(₹ in Lacs)

Particulars	March 31, 2013	March 31, 2012
Postal & Courier		0.02
Repair & Maintenance	0.80	0.43
Communication	-	1.47
Conveyance	0.33	0.00
Staff Welfare	-	0.04
Travel	-	0.11
Recruitment	0.09	-
Managing Director's Commission (included in Salary cost)	7.00	-
	<b>8.22</b>	<b>2.08</b>

29 There is no Impairment of assets during the period ended March 31st ' 2013.

30 As per the requirement of revised schedule VI, the company has changed its policy from current financial year by not including value added tax of UK in the income from software development due to which there is no effects on the profit of the company. Rate and taxes for the year ended 31.3.2013 include the Value added Tax of NIL , (as on 31.3.2012 - ₹331.26 Lac )

31 The Company has renewed lease for Building with Saltee Infotex (India) Pvt. Ltd. for the period of 3 years expiring on 30th April' 15. The amount of ₹213.21 Lac (Previous Year 31.03.12 ₹189.17 Lac) has been charged to the profit & Loss Account during the period ended March 31st ' 2013.

(₹ in Lacs)

Total Minimum Lease Payment outstanding	As at March 31, 2013
Within One Year	217.55
More than One Year	235.67

**32 Employee Benefit Provisions**

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

(₹ in Lacs)

	March 31, 2013	March 31, 2012
Provision for Leave Encashment	37.43	65.29
Provision for Gratuity	108.78	118.57
	<b>146.21</b>	<b>183.86</b>

**TABLE 1**

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

(₹ in Lacs)

Sl.	Description	GRATUITY FUND		LEAVE ENCASHMENT	
		31st March, 2013	31st March, 2012	31st March, 2013	31st March, 2012
i)	Present Value of Defined Benefit Obligation	-350.99	-271.71	84.59	70.88
ii)	Fair Value of Plan Assets	-	-	-	-
iii)	Funded Status [ Surplus / (Deficit)]	-350.99	-271.71	-84.59	-70.88
iv)	Unrecognised Past Service Cost	-	-	-	-
v)	Effect of balance sheet asset limit	-	-	-	-
vi)	Net Asset / (Liability) recognized in the Balance Sheet	-350.99	-271.71	-84.59	-70.88

(₹ in Lacs)

Sl.	Description	GRATUITY FUND		LEAVE ENCASHMENT	
		31st March, 2013	31st March, 2012	31st March, 2013	31st March, 2012
	<b>REVISED SCHEDULE VI COMPANIES ACT</b>				
<b>a)</b>	<b>Current Liability</b>				
i)	Current Liability on retirement	-	-	-	-
ii)	Current Liability on attrition	10.53	8.15	2.54	2.13
	<b>Total Current Liability</b>	<b>10.53</b>	<b>8.15</b>	<b>2.54</b>	<b>2.13</b>
<b>b)</b>	<b>Non Current Liability</b>	<b>340.46</b>	<b>263.56</b>	<b>82.05</b>	<b>68.75</b>

**TABLE 2**

Actuarial calculations for AS 15 (Rev. 2005) for the purpose of Disclosure of employer expense.

(₹ in Lacs)

Sl.	Description	GRATUITY FUND		LEAVE ENCASHMENT	
		2012-13	2011-12	2012-13	2011-12
i)	Current Service cost (including risk premium for fully insured benefits)	94.15	77.65	20.14	18.22
ii)	Interest Cost	26.46	20.28	6.61	5.16
iii)	Expected Return of Asset (-)	-	-	-	-
iv)	Curtailment Cost (+)	-	-	-	-
v)	Settlement Cost (+)	-	-	-	-
vi)	Past Service Cost	-	-	-	-
vii)	Actuarial Gains (-) / Loss (+)	-11.84	12.94	10.68	27.50
viii)	Appreciation/Depreciation of Plan Assets	-	-	-	-
	<b>Total employer expenses recognized in P &amp; L</b>	<b>108.78</b>	<b>110.87</b>	<b>37.43</b>	<b>50.88</b>

**TABLE 3**

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

**A. Change in Obligation in the year ended 31.03.2013**

(₹ in Lacs)

Sl.	Description	GRATUITY FUND		LEAVE ENCASHMENT	
		2012-13	2011-12	2012-13	2011-12
i)	Present Value of Defined Benefit Obligation at the beginning of the year.	271.71	205.35	70.88	50.62
ii)	Employer Service Cost (+)	94.15	77.65	20.14	18.22
iii)	Interest Cost (+)	26.46	20.28	6.61	5.16
iv)	Curtailment Cost (+)	-	-	-	-
v)	Settlement Cost (+)	-	-	-	-
vi)	Employee contribution	-	-	-	-
vii)	Plan Amendments	-	-	-	-
viii)	Acquisitions	-	-	-	-
ix)	Actuarial Gains (-) / Loss (+)	(11.84)	12.94	10.68	27.50
x)	Benefit Payments (-)	(29.50)	44.51	-23.72	-30.62
xi)	Present Value of DB obligations at the end of the year	350.99	271.71	84.59	70.88

**B. Change in Assets**

(₹ in Lacs)

Sl.	Change in Assets	GRATUITY FUND		LEAVE ENCASHMENT	
		2012-13	2011-12	2012-13	2011-12
i)	Fair value of Plan Assets at the beginning of the year	-	-	-	-
ii)	Expected Return of Asset (+)	-	-	-	-
iii)	Actuarial Gains (-) / Loss (+)	-	-	-	30.62
iv)	Actual Company Contribution (+)	-	44.51	-	-
v)	Benefit Payments (-)	-	44.51	-	-30.62
vi)	Appreciation / Depreciation of Plan Assets	-	-	-	-
vii)	Fair Value of Plan Assets at the end of the period	-	-	-	-
viii)	Actual return on Plan Assets	-	-	-	-

**TABLE 4**

Reconciliation of Net Assets / (Liability) recognized in the Balance Sheet as at 31st March, 2013

(₹ in Lacs)

Sl.	Description	GRATUITY FUND		LEAVE ENCASHMENT	
		2012-13	2011-12	2012-13	2011-12
i)	Net Asset / (Liability) recognized in the Balance Sheet at the beginning of the year.	-271.71	-205.35	-70.88	50.62
ii)	Employer Expenses	108.78	110.87	37.43	50.88
iii)	Employer Contributions.	-29.50	44.51	-23.72	-30.62
iv)	Acquisitions.	-	-	-	-
v)	Net Asset / (Liability) recognized in balance sheet at the ending of the year	-350.99	-271.71	-84.59	-70.88

**B. Summary of Membership Date**

(₹ in Lacs)

Active Members	March 31, 2013	March 31, 2012
Number of Employees	738	627
Total Monthly Salaries (INR in Lac)	211.40	173.90
Avg. Monthly Salary per employees (INR in Lac)	0.29	0.28
Average past services (yrs)	3.91	3.84
Average future services (yrs)	25.46	25.47
Average age at valuation date (yrs)	32.54	32.53

**33 Related Party Disclosures:****a) Enterprises where control exists:**

(₹ in Lacs)

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

**b) Key Management Personnel:**

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

**c) Disclosure of transactions between the Company and Related Parties and the status of outstanding balances**  
**i With Wholly Owned Subsidiary (WOS)**

(₹ in Lacs)

Particulars	March 31, 2013	March 31, 2012
	Amount	Amount
Reimbursement of Cost of services incurred on behalf of Subsidiary including margin on actual cost thereon .		
Responsive Solution Inc	186.66	373.96
Reimbursing the subsidiary towards service rendered by them at a commission margin.		
R S Software Asia (pte.) Ltd.	2,354.98	689.45
Reimbursing the Other Cost from subsidiary on actual.		
R S Software Asia (pte.) Ltd.	272.19	1,274.28
Balance as on March 31, 2013 :		
Advance taken against services		
Responsive Solution Inc	NIL	NIL
Reimbursement of expenses payable		
RS Software (Asia) Pte Ltd	NIL	NIL
Maximum balance outstanding during the year		
Advance taken against services		
Responsive Solution Inc	105.67	100.72
Reimbursement of expenses payable		
RS Software (Asia) Pte Ltd	253.92	89.71

**ii With Related parties**

(₹ in Lacs)

Particulars	March 31, 2013	March 31, 2012
	Amount	Amount
Remuneration to Key Personnel:		
- Directors (Sitting Fees)	9.20	9.20
- Managing Director	79.32	48.60

**34** 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:

(₹ in Lacs)

Particulars	March 31, 2013	March 31, 2012
Numerator for Basic and Diluted EPS:		
Profit for the period	3,792.74	2,885.96
Denominator for Basic EPS:		
Equity Shares	11,467,061	11,027,996
Add: ESOP Conversion	13,928	10,184
Add: Preferential Issue	128,479	6,393
Add : Bonus Issue	3,690	10,640
<b>Weighted no. of Equity Shares</b>	<b>11,613,158</b>	<b>11,055,213</b>
Denominator for Diluted Shares		
Weighted No. of Basic Equity Shares	11,613,158	11,055,213
Add: ESOP Conversion		
ESOP Dilutive	165,556	149,803
Pref Share allotment	405,552	21,773
Weighted no. of Equity Shares	<b>12,184,266</b>	<b>11,226,789</b>
Nominal Value of share	10.00	10.00
Basic Earning per Share	32.66	26.11
Diluted Earning per Share	31.13	25.71

35 There is no declaration received from vendor for small, medium & Micro registration.

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

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

(₹ in Lacs)

Particulars	Period Ended March 31, 2013	Year Ended March 31, 2012
<b>Expenditure in Foreign Currency:</b>		
a) Foreign branch expenditure	17,524.80	16,201.55
<b>Earning in Foreign Currency</b>		
Export of services	29,324.67	26,189.59

b) Dividend Remittance in Foreign Currency

The Company has remitted ₹ Nil (March 31, 2011 : ₹ Nil) in foreign currencies on accounts of dividends during the year and does not have information as to the extent to which remittance, if any, in foreign currencies on account of dividends have been made by / on behalf of non-resident shareholders. The Particulars of dividends declared and paid on account of non-resident shareholders for the year 2011-12 and 2012-13 are as under :-

	No. of Non-resident shareholders	No. of equity shares held	Gross amount of dividend	
			March'2013 (₹ in Lacs)	March'2012 (₹ in Lacs)
final dividend for 2010-11 declared in July'11	134	205495	-	4,10,990.00
Interim Dividend for 2011- 12 declared in January'12	130	126018	-	1,26,018.00
Final dividend for 2011-12 declared in July'12	134	468631	9.37,262.00	-
Interim dividend for 2012- 13 declared in January'13	202	511382	7,67,073.00	-

**37** Reporting of Segment Wise Revenue, Results and Capital Employed:

(₹ in Lacs)

Particulars	Year Ended March 31, 2013	Year Ended March 31,2012
<b>1. Segment Revenue ( net sale / income from each segment should be disclosed</b>		
a. Segment - A (USA)	27,631.07	23,132.59
b. Segment - B (ROW)	4,185.30	3,270.62
<b>Total</b>	<b>31,816.37</b>	<b>26,403.21</b>
<b>Other Income</b>		
Segment - B (ROW)	435.41	95.76
<b>Total</b>	<b>32,251.78</b>	<b>26,498.97</b>
<b>Less : Inter - segment revenue</b>	-	-
<b>Net Revenue from Operations</b>	<b>32,251.78</b>	<b>26,498.97</b>
<b>2.Segment Results Profit/(Loss) before Tax &amp; Interest from each segment</b>		
a. Segment - A (USA)	5,606.44	4,390.66
b. Segment - B (ROW)	1,023.93	649.29
<b>Total</b>	<b>6,630.37</b>	<b>5,039.95</b>
Less : Interest	94.22	45.48
Less : Depreciation	346.57	417.91
Less : Unallocable Selling , General & Administrative Expenses	1,225.95	1,067.19
<b>Profit before tax</b>	<b>4,963.64</b>	<b>3,509.36</b>
<b>3. Capital Employed</b>		
Total Assets	<b>14,275.93</b>	<b>12,277.55</b>
Total Liability	<b>14,275.93</b>	<b>12,277.55</b>

**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.

**38** Disclosure under clause 32 of the listing agreement amount of loans and advances outstanding from subsidiary

(₹ in Lacs)

	March 31, 2013	March 31,2012
<b>Outstanding as on</b>		
Responsive Solution Inc	NIL	NIL
RS Software (Asia) Pte Ltd	NIL	NIL
<b>Maximum balance outstanding during the period</b>		
Responsive Solution Inc	105.67	100.72
RS Software (Asia) Pte Ltd	253.92	89.71

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

**40** The previous year figures have been regrouped, reclassified and restated, wherever necessary, to correspond with the current year's classification.

**41 Financial figures have been rounded off to nearest ₹ Lac.**  
**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**  
**(In terms of amendment to Part IV of Schedule VI)**  
**II INFORMATION PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956**

(₹ in Lacs)

<b>I</b>	<b>Registration details</b>	
	Registration No.	L72200WB1987PLCO43375
	State code	21
	Balance Sheet Date	3/31/13
<b>II</b>	<b>Capital raised during the year (Amount in ₹Lac)</b>	
	Public Issue	Nil
	Rights Issue	Nil
	Bonus Issue	1.62
	Private Placement (Warrants converted into shares)	56.50
	ESOS	6.13
<b>III</b>	<b>Position of Mobilisation and Deployment of funds (Amount in ₹ Lac)</b>	
	Total Liabilities	14,276
	Total Assets	14,276
	<b>I. EQUITY AND LIABILITIES :</b>	
	1. Shareholders' Fund	
	(a) Share Capital	1,211
	(b) Reserve & Surplus	11,109
	(c) APP. Money Recd. Against Share Warrant	77
	2. Non-Current Liabilities	
	(a) Long Term Provisions	423
	3. Current Liabilities	
	(a) Short Term Provisions	295
	(b) Trade Payable	794
	(c) Other Current Liability	368
	<b>II. ASSETS</b>	
	1. Fixed Assets	1,216
	2. Intangible Assets Under Development	37
	3. Non Current Investment	800
	4. Deferred tax Assets (Net)	13
	5. Long Term Loans & Advances	3,043
	6. Current Assets	
	(a) Short Term Loans & Advances	398
	(b) Current Investment	2,168
	(c) Trade Receivables	3,798
	(d) Cash & Cash Equivalents	2,763
	(e) Other Current Assets	41
<b>IV</b>	<b>Performance of Company (Amount in ₹ Lac)</b>	
	Turnover and Other Income	32,252
	Total Expenditure	27,288
	Profit/(Loss) before Tax and Extraordinary items	4,964
	Profit/(Loss) after Tax and Extraordinary items	3,793
	Basic Earnings per share in ₹	32.66
	Dividend %	Final 20% , Interim 10%
<b>V</b>	<b>Generic Names of Two Principal Products/Services of Company (as per monetary terms)</b>	
	Item code No.	N.A.
	Item code No.	N.A.
	Product Description	N.A.

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

On Behalf Of The Board

**Nilima Joshi**  
Partner, M. No. 52122  
Dated: April 12th, 2013, Mumbai

**V. Surana**  
CFO & Company  
Secretary

**S. K. Jain**  
Director

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



## R.S. Software (India) Limited

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 .....  
(or failing him/her .....  
of .....  
as my/our proxy in my/our absence to attend and vote for me/us, and on my/our behalf, at the Twenty Fifth ANNUAL GENERAL MEETING of the Company, to be held at 11:30 am on Thursday, July 18, 2013 and at any adjournment thereof.

As witness my / our hand/hands this ..... day of ..... 2013.

Signed by the said

**NOTE :** The proxy must be deposited at the Registered Office of the Company with the Secretarial Department, FMC Fortuna, A-2, 1st Floor, 234/3A, A J C Bose Road, Kolkata – 700 020, not less than 48 hours before the time for holding the meeting.

**This attendance slip duly filled in to be handed over at the entrance of the Meeting Hall**



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-----------	--

DP ID	
Client ID	

NAME OF THE ATTENDING MEMBER:
NAME OF PROXY:

(in block letters)

(in block letters, to be filled in if the Proxy attends instead of the Member)

NO. OF SHARES HELD
--------------------

I hereby record my presence at the ANNUAL GENERAL MEETING at Rabindra-Okakura Bhawan, Paschimbanga Bangla Academy, 27A/1 DD Block, Salt Lake City, (Near to City Centre I, Salt Lake), Kolkata – 700 064 at 11:30 am on Thursday, July 18, 2013.

*MEMBER'S/PROXY'S SIGNATURE
-----------------------------

*\*To be signed at the time of handing over this slip*





## R.S. Software (India) Limited

Registered Office: FMC Fortuna  
A-2, 234/3A, A.J.C.Bose Road, Calcutta - 700 020

Dear Shareholder,

We invite your attention to the following points and request you to take necessary action(s) as applicable to you.

In terms of Circular No. CIR/MRD/DP/10/2013 dated 21st March, 2013 issued by SEBI, henceforth payment of dividend will be made through ECS/NECS/NEFT etc. only.

- 1) Accordingly you are requested to send your correct bank account details (including MICR No., IFSC Code, Account Type etc.) to your Depository Participant before July 8, 2013, if you are holding shares in demat form.
- 2) If you are holding shares in physical form, Company will mandatorily print the bank account details of the shareholders on physical dividend warrant. In cases where either the bank details such as MICR/IFSC etc. that are required for making electronic payment are not available or the electronic payment instructions have failed or have been rejected by the bank dividend warrant will be sent after printing the correct bank account details on it only. Accordingly, you are requested to send before July 8, 2013 (as per the format given below) your complete bank details along with a cancelled cheque to C.B. Management Services (P) Ltd, the Registrars & Share Transfer Agents of the Company at the address P-22, Bondel Road, Kolkata – 700 019 to enable us to credit the dividend amount directly to your Bank account.

(PLEASE USE CAPITAL LETTERS)

Folio No ..... No. of shares .....

Name of the first/sole shareholder : .....

Name of the Bank : .....

Branch and Full Address : .....

.....  
.....  
.....

Account Type : .....  
(Savings/current/cash Credit)

Account Number : .....  
(as appearing on the cheque book)

RTGS/NEFT IFSC Code : .....

Ledger Folio No. : .....  
(if any, as appearing on the cheque book)

9-digit Code Number of the Bank and Branch : .....  
(appearing on the MICR cheque issued by the Bank)

I hereby declare that the particulars furnished above are correct and complete. If any transaction is delayed or not effected at all for reasons of incompleteness or incorrectness of information provided as above or any error made by the Bank(s), the Company will not be held responsible. I hereby undertake to inform the Company immediately of any change in my Bank/Branch and account number.

Date...../...../13

Place:

.....  
Signature of the First/Sole Shareholder

Encl: Copy of Bank Cheque Leaf

3) In respect of Non-resident shareholders, as a general rule, the dividend income on shares acquired subject to the condition that they will not carry the right of repatriation, are required to be credited to the Investor's NRO account. In other cases, (i.e., shareholders having the right of repatriation), the Indian Companies are required to remit dividend to such non-resident shareholders through the Authorized Dealers. In this view the non-resident shareholders must provide the information as mentioned below:-

(PLEASE USE CAPITAL LETTERS)

Name of Shareholder (s) : .....

Folio No/DP ID / CL ID : .....

Number of shares : .....

Place/Country of permanent residence : .....

Nationality : .....

Reserve Bank Approval No and Date for Acquiring shares : .....

Beneficiary Status : With Repatriation right/  
With Non-Repatriation right

Contact No : .....

Email ID : .....

Name of the Bank : .....

Bank Account No : .....

Account Type : NRO / NRE / FCNR

Branch Name & Address : .....

.....

.....

.....

IFSC ( Indian Financial System Code ) : .....

9 digit MICR (Magnetic Ink Character Recognition) : .....

I hereby declare that the particulars furnished above are correct and complete. If any transaction is delayed or not effected at all for reasons of incompleteness or incorrectness of information provided as above or any error made by the Bank(s), the Company will not be held responsible. I hereby undertake to inform the Company immediately of any change in my Bank/ Branch and account number.

Date ...../...../13

.....

Place:

Signature of the First/Sole Shareholder

Encl: Copy of Bank Cheque Leaf











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

A-2, FMC FORTUNA, 234/3A, A.J.C. BOSE ROAD, KOLKATA 700020, INDIA