

ANNUAL REPORT

2009 - 2010

PAYMENT INDUSTRY

RS SOFTWARE



R.S. SOFTWARE (INDIA) LTD.

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Mr. R. R. Jain
Chairman & Managing Director



Mr. S.K. Jain
Director



Mr. R. Ramaraj
Director



Mr Richard Launder
Additional Director



Mrs Sarita Jain
Director



Mr. R. R. Jain
Chairman & Managing Director



Ms. Diana Adachi
President



Mr. Biswanath Sengupta
Senior Vice President,
Execution & Delivery



Mr. Bibek Das
Vice President, Corporate



Mr. Vijendra Surana
CFO & Company Secretary



Mr. Rakesh Srivastava
General Manager,
Business Development



Mr. Aniruddha Rai Chaudhuri
General Manager,
Quality & Benchmarking



Mr. Sumit Misra
General Manager, Technology



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



The Twenty Second Annual General Meeting of R S Software (India) Limited will be held on Saturday, July 24, 2010 at 11 am at Aikatan Cultural Centre, Eastern Zonal Cultural Centre, IA- 190, Sector III, Salt Lake City, Kolkata 700 097 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as on 31.03.2010 and Profit & Loss Account for the year ended on that date and the Report of Auditors and Directors thereon.
2. To appoint a Director in place of Mr. Shital Kumar Jain who retires by rotation and being eligible offers himself for reappointment.
3. To appoint Auditors and to fix their remuneration and for this purpose to consider and, if thought fit, to pass the following resolution as an Ordinary Resolution.
 “Resolved that pursuant to the provision of Sec 224 and other appropriate provision, if any, of the Companies Act 1956, Messrs Chaturvedi & Company to retire at the conclusion of the Meeting be and are hereby re-appointed Auditors of the company to hold office from conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company at a remuneration to be decided by the Board of Directors of the Company”.

SPECIAL BUSINESS

4. To appoint Mr. Richard Launder, the Additional Director whose office expires at this Annual General Meeting as a Director and to consider and, if thought fit to pass, with or without modifications the following Ordinary Resolution:
 “Resolved that Mr. Richard Launder who had been appointed as an Additional Director by the Board at its Meeting held on July 28, 2009 and whose term expires at this Annual General Meeting and in respect of whom the Company has received a Notice u/s 257 of the Companies Act, 1956, from a Member proposing the candidature of Mr. Richard Launder for the Office of Director be and is hereby appointed a Director of the Company whose period of Office will be liable to determine through retirement by rotation,”
5. To consider and, if thought fit to pass, with or without modifications the following Special Resolution:
 “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 consent of the Company be and is hereby accorded to the Board to grant 20,00,000 stock options.
 - 1) to the eligible Employees of the Company working in India or out of India;
 - 2) to the Directors of the Company and of its Subsidiary Companies, whether in India or outside India, whether whole time directors or otherwise excluding Promoters;
 - 3) to the eligible Employees of its Subsidiaries in India or out of India; through “Employee Stock Option Scheme” (ESOS), which entitles the Option holders to subscribe to 2000000 Equity Shares of the Company.”
 “Further Resolved that the Company's aforesaid ESOS Scheme shall conform to the Accounting Policy as specified in Clause 13.1 of SEBI (ESOS & ESOS) Guidelines, 1999, as amended.”
 “Further Resolved that the Company's aforesaid ESOS Scheme shall also be applicable to the employees of the Subsidiary Companies in India or outside India and the Directors of the Company whether whole – time or otherwise.”

By Order of the Board

Corporate Office
 234/3A, A.J.C. Bose Road
 Kolkata – 700 020
 April 26, 2010

Vijendra Surana
 CFO & Company Secretary

NOTES

1. A member entitled to attend and vote at this meeting is entitled to appoint a Proxy to attend and vote instead of himself. A Proxy need not be a member of the Company. Proxies, in order to be effective, must be received at the registered office of the Company not less than 48 hours before the meeting.
2. The Register of Members and Transfer Books of the Company will remain closed from July 23, 2010 to July 24, 2010 (both days inclusive).
3. A Corporate Member shall be deemed to be personally present only if it is represented in accordance with Section 187 of the Companies Act, 1956, i.e. only if the Corporate Member sends certified true copy of the board resolution / power of attorney authorizing the representative to attend and vote at the Annual General Meeting.
4. Members desirous of any information on the Accounts at the Meeting are requested to send their queries at least 10 days before the Meeting.
5. Please bring your copy of the Annual Report at the meeting.

EXPLANATORY STATEMENT TO THE ITEM OF SPECIAL BUSINESS SET OUT IN THE ANNEXED NOTICE**Item 4**

Mr. Richard Launder has 20 years experience in the Payments Business. He understands the overall payments landscape, the key players, the issues they are facing, the unique aspects of the payments arena, the nature of payments solutions and the drivers behind the decisions to change, the suppliers and competitors in the payments arena and a lot of the people in this industry. This could help in sales campaigns and for recruiting. Mr. Launder has grown and developed a Payments Company from revenues of \$15 million to \$150 million. He built a distribution model spanning all EMEA. That covers, acquiring companies, opening direct operations, forming JV's, distributors and sales agents and therefore understand a lot about the various geographic markets and their unique aspects. He built a very successful sales operation and understands strategic selling and all aspects of the sales process (including building company plans that direct how sales behave, in line with company direction). He has been a key player in the setting company strategy and plans and helping to build value propositions. He has a good understanding of senior management company plans and share option schemes. He has been involved with, acquisitions, fund raising, and due diligence.

Mr. Richard Launder would bring in value addition by virtue of his experience and knowledge in payments business.

Item 5

The last ESOS Scheme was approved by the Shareholders on 10th August 2007. That Scheme was valid for 3 years effective 1st April 2007 and lapsed on 31st March 2010. The said Scheme had a total ceiling of 21,00,000 Options of which 760400 Options were granted during those 3 years. We have therefore to introduce a new Scheme with a total ceiling of 20,00,000 option which would be effective from 1st April 2010 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 ESOS Scheme has always been useful in rewarding and attracting talents and the Company therefore wants to get the new ESOS approved by the shareholders for a period 3 years from April 1, 2010.

The Board of Directors recommends the approval by the shareholders of the new Employee Stock Option Scheme (ESOS) for a period of three years starting with effective from 1st April, 2010 to the eligible Employees of the Company as well as to the eligible employees of its Subsidiaries.

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

- (a) The total number of options to be granted: 2000000 options.
- (b) Identification of classes of employees entitled to participate in the ESOS:
 - ❖ Permanent employees of the Company and of its holding and/or 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 shall vest in a minimum period of one year and a staggered vesting period over 4 years from the date of grant of options. 25% of the total options granted to an employee will become vested after each year from the date of grant of the options and for Directors 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 and maximum period of 1 year from the date of grant of options for the Directors of the Company.
- (e) Exercise price or pricing formula: Exercise price will either be equal to the market price of RS shares on the date of grant 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 ESOS.
- (f) Exercise period and process of exercise: 25% of the total options granted to an employee will become vested and will be eligible to exercise of the options by the employees after each year from the date of grant of the options and for the Directors 100% of the total option granted will become vested and will be eligible to exercise after one year from the date of grant.
- (g) The appraisal process for determining the eligibility of employees to the ESOS: The appraisal process for determining the eligibility of the Employees will be specified by the Remuneration Committee and will be based on the criteria such as performance record, 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 under the ESOS 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 confirm to the Accounting Policies specified in Clause 13.1 of SEBI (ESOS & 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: To be decided by the Remuneration Committee.

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

April 26, 2010

By Order of the Board

Vijendra Surana
CFO & Company Secretary



Mr. R. R. Jain, CMD

Dear Member,

Your Directors are pleased to present the Twenty Second Annual Report and the audited statement of Accounts, highlighting the business operations and financial results for the year ended 31st March 2010.

Financial Highlights

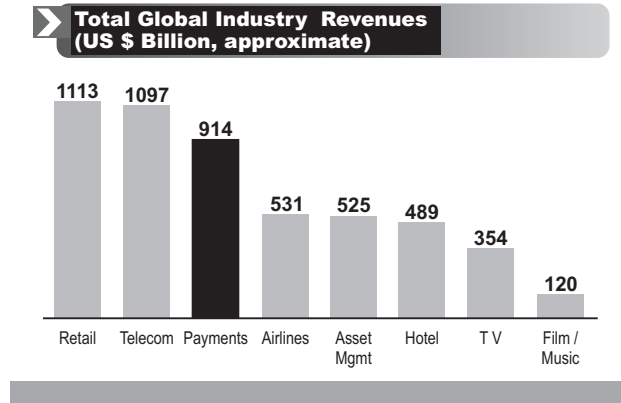
(Rs. in Millions)

Particulars	R S Software (I) Ltd.		R S Software (I) Ltd. (Consolidated)	
	2009-10	2008-09	2009-10	2008-09
Gross Revenue	1618.74	1494.55	1665.10	1494.55
Operating Profit (PBDIT)	211.84	191.71	236.37	180.85
Interest	22.72	40.16	23.15	40.17
Depreciation	71.18	57.40	71.33	57.48
Profit before Tax	117.94	94.15	141.88	83.19
Provision for Tax	22.37	30.92	22.50	30.92
Profit after Tax	95.57	63.23	119.38	52.27

Review & Analysis of the Financial Performance

During this fiscal year when Nasscom industry growth has been the lowest in years, averaging around 7%, your company has achieved a growth rate of 12%. The continued focus on a single domain, and aligning the sales and marketing investments with this domain are helping to increase the quality of revenues, and at the same time helping the company to get traction with some of the key players in the Electronic Payments Industry. The most significant part of the performance improvement has been the 120% growth in Net Profits, made possible through effective implementation of strategic cost management initiatives. The Finance process is maintaining a crucial balance between debt reduction levels, and making investments from internal accruals to build the foundation for achieving high growth rates. There is an organization-wide effort to enhance the productivity in each process area, and company's management methodology is constantly benchmarked to best practices globally. Your company is committed to take leadership from India in building a domain focused, high value add partner for its customers, and a uniquely rewarding investments for its stakeholders. The growth of five times in the market capitalization value of your company is a testimony to pursuance of this philosophy by your management.

The Electronic Payments Industry



The Payment Industry is an archaic restricted industry which is finally opening up to competition and innovation. Decentralization of the market is occurring accelerated by the economic contraction and changes in the regulations. RS Software is committed to a business model that leverages opportunistic global outsourcing against mastery or market – changing and value – creating innovations that obviate historic product, market and processing silos to ensure secure and efficient end-to-end transacting for the 21st Century

Business Model

**Delivering Technology that Drives Innovation
RS Software is the glue that makes critical applications doable**



Our marketing strategy to reposition the Company as a domain focused player has already started to pay off already and as we continue to develop more competencies, we are in discussion with and confident of winning strategic clients in the payments domain during 2010-11.

Issue of Bonus Shares

Your Directors are pleased to recommend issue of 28 bonus equity shares against every 100 equity shares held by the Members as on the record date subject to approval of shareholders and pursuant to the Guidelines issued by the Securities and Exchange Board of India (SEBI) in this behalf, out of the Capital Redemption Reserve account of Rs. 245 lacs.

Performance of Subsidiaries

Your company has started operations of its Singapore Subsidiary Company which was incorporated on April 09, 2010. The US subsidiary Responsive Solutions Inc. has also bagged a new contract and is now focusing on Non Payments Business of the company. Your company draws strength from its 100% subsidiaries in US and Singapore.

Allotment of Equity Warrants on Preferential Basis

Your Directors are pleased to update you that out of 1000000 equity warrants issued on preferential basis to the Promoter and the Chairman & Managing Director of the Company at Rs. 19.50 per warrant to be converted into equity shares at Rs. 10/- each at the ratio 1:1, during the year further 380000 equity warrants were converted into equity shares upon receipt of the amount due. This equity warrants were allotted pursuant to the relevant Guidelines on such Issues by SEBI and Shareholders' approval accorded at the EGM held on 13th January 2009.

Fixed Deposits

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

Directors

- 1) Mr. Shital Kumar Jain retires by rotation and being eligible offer himself for re-appointment. Your Directors recommend appointment of Mr. Shital Kumar Jain, for a further tenure, as this would be entirely in the larger business interest of your Company.
- 2) Mr. R Launder was appointed as an Additional Director on 28th July, 2009 and his tenure will expire at this Annual General Meeting of the Company. The Company has received a Notice u/s 257 of the Companies Act, 1956 from a Member proposing the candidature of Mr. Richard Launder for the office of the Director. Mr. Launder is also recommended for appointment as Director.

Auditor's Report

Your Directors have taken note of the Auditor's Report and comments thereupon on the accounts for the year ended March 31, 2010. The Auditor's Report read together with the notes to accounts thereupon are self-explanatory.

Directors' Responsibility Statement

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

- (i) that in the preparation of the annual accounts for the financial year ended 31st March, 2010 the applicable accounting standards have been followed along with appropriate explanation relating to material departures;
- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the states of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- (iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors have prepared the accounts for the financial year ended 31st March, 2010 on a "going concern" basis.

Social Responsibility

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

Statutory Auditors

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

Conservation of Energy, Technology Absorption.

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

Employees Stock Option

The last ESOS Scheme was approved by the Shareholders on 10th August 2007. The Scheme was valid for 3 years effective 1st April 2007 and lapsed on 31st March 2010. The said Scheme had a total ceiling of 2100000 Options of which 760400 Options were granted during those 3 years. Your Directors have recommended a new Employees Stock Option Scheme effective from 1st April 2010 for a further period of 3 years subject to approval of the shareholders. The status of the earlier ESOS is given in the Annexure 'B1' to Directors' Report. 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 highest level of transparency, accountability and fairness in respect of its operations and achievement of highest international standards in corporate governance. The Company believes that all actions and operations must sub serve its best business interest and enhance overall shareholders' value. Refer Annexure 'C' of Directors' Report.

Particulars of Employees

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

Acknowledgements

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

Thanking you,

For and on behalf of the Board of Directors

KOLKATA
April 26, 2010

Raj Jain
Chairman

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

A. Details of Conservation of Energy:

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

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

B. Technology Absorption : The details are given below:

(a) Research & Development

1. Specific area in which R & D work has been done by the Company : Business Intelligence, Mobile Payments and Merchant Boarding.
2. Benefits expected from the R & D : Going ahead the company plans to actively acquire new customers using the knowledge and competency acquired.
3. Future plan of action : BI & Data Monetization, Base 24 Mobile, Architecture, COE for Java / .NET
Team size: (10 average)

(b) Technology Absorption , Adaptation and Innovation

1. Efforts made towards technology, absorption, adaptation an innovation : Research on Acquiring Solution, Merchant Boarding and Reporting, Cognos and Micro Strategy, BI & Mobile.
2. Benefits derived as a result of the above efforts : Going ahead the company plans to actively acquire new customers using the knowledge and competency acquired.

C. Foreign Exchange Earnings and Outgo

1. Initiatives like increasing exports, development of new export markets etc. to foreign exchange earnings
2. Foreign Exchange earned : Rs. 1,583,722,448.00
3. Foreign Exchange Outgo : Rs. 1,242,352,299.00

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

Option granted	:	186700 options granted on October 30, 2007.
a. The pricing	:	Rs.29.90 per option.
b. Options vested	:	For employees 25% of the total options granted would be vested on completion of each year and for Directors 100% of the total options granted would be vested on completion of one year for the date of grant of options.
c. Options exercised in the Financial Year 2009-10	:	15600 options.
d. The total number of shares arising as a result of exercise of option	:	15600 equity shares.
e. Variation of terms of options	:	NA.
f. Money realized by exercise of options	:	Rs. 466,440.00.
g. Equity Shares allotted under ESOS	:	15600 equity shares.

Option granted	:	275200 options granted on October 4, 2008.
a. The pricing	:	Rs.15.95 per option.
b. Options vested	:	For employees 25% of the total options granted would be vested on completion of each year and for Directors 100% of the total options granted would be vested on completion of one year from the date of grant of options.
c. Options exercised in the Financial Year 2009-10	:	48150 options.
d. The total number of shares arising as a result of exercise of option	:	48150 equity shares.
e. Variation of terms of options	:	NA
f. Money realized by exercise of options	:	Rs. 767,992.50.
g. Equity Shares allotted under ESOS	:	48150 equity shares.

Option granted	:	298500 options granted on July 28, 2009.
a. The pricing	:	Rs. 27.95 per option.
b. Options vested	:	For employees 25% of the total options granted would be vested on completion of each year and for Directors 100% of the total options granted would be vested on completion of one year from the date of grant of options.
c. Options exercised in the Financial Year 2009-10	:	Nil.
d. The total number of shares arising as a result of exercise of option	:	N.A.
e. Variation of terms of options	:	N.A.
f. Money realized by exercise of options	:	N.A.
g. Equity Shares allotted under ESOS	:	N.A.

Disclosure under Clause 12.1 of SEBI (ESOS & ESPS) Guidelines for the new ESOS of the Company is as under:

- | | | |
|--|---|---|
| a. Options granted | : | 2000000 options. |
| b. The pricing | : | Would be decided by the Remuneration Committee. |
| 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 | : | 2000000 options. |
| j. Employee wise details of options granted to | : | 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, | | |
| (iv) Expected dividends, and | | |
| (v) The price of the underlying share in market at the time of option grant. | | |

Corporate Governance and Disclosures

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

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

A. The Board of Directors

The Board of Directors of the Company consists of five Directors among them two Promoter Directors of which one is an Executive Director who is the Chairman & Managing Director, one Non-Executive Non-Independent Director, two Non-Executive Independent Directors and one Additional Director. During the fiscal 2009-2010 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	NED	Yes	2	—	—
Mrs. S. Jain	3	NED	Yes	—	—	—
Mr. R. Ramaraj	4	NED	Yes	14	—	—
Mr. R. Launder	3	NED	Yes	—	—	—

C: Chairman, CMD: Chairman & Managing Director, NED: Non-Executive Director.

Board Meetings held on	May 1, 2009
	July 28, 2009
	October 13, 2009
	January 29, 2010

Code of Conduct

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



1. Conflict of Interest

- ❖ To conduct them ethically and honestly and act in the interests of the Company
- ❖ To avoid situations that might lead to a conflict between his personal interests and the interests of the Company. Although it is difficult to describe all situations, which could create a conflict of interest, the following are some examples:
 - ❖ Working for a competitor/ supplier/ client while working for a Company. To serve as a Director/Employee in Top Executive Management of any Company that competes with the Company. One may accept Directorship or Employment of a Company / Supplier or Business Partner only after obtaining approval from the Company's Legal Department.
 - ❖ Accepting gifts/ receiving discounts from competitors
 - ❖ Personally taking a business opportunity that arises due to a Senior Manager's position
 - ❖ Receiving a loan or a guarantee of an obligation arising due to his position

2. Confidential Information

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

3. Public Disclosures

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

4. Legal Compliance

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

5. Share Transactions

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

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

6. Fair Business Practices

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

7. Supporting Loyalty & Respect

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

8. Open Communication

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

9. Corporate Policy Awareness

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

10. Company Branding

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

Amendment of the Code

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

Violation of the Code of Conduct

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

B. Audit Committee

The Audit Committee is constituted by two Non-Executive Independent Directors (NED) and one Executive Director (ED). 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	NED	4

The Audit Committee functions as a bridge between the administration of the Company and its Board in all financial and accounting matters including budget. It also interacts between the Board, Statutory Auditors and Internal Auditors. The Committee oversees the Company's financial reporting process and ensures that the financial accounting rules and the information on the subject furnished to the Board or to any other governmental authorities is correct, appropriate and the image of the Company is projected appropriately before its stakeholders. The basic objective of the Audit Committee are to maximize the utilization of Company's financial resources, to promote 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 Accountant, Company Secretary, Dept of Company Affairs and/or SEBI. The Audit Committee also reviews the Company's financials and risk management policies, complaints of substantial defaults in matter of payments to the creditors, debentures holders and the shareholders.

Audit	May 1, 2009
Committee	July 28, 2009
Meetings held on	October 13, 2009
	January 29, 2010

Statutory Audit Observations

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

C. Shareholders' Committee

Shareholders' Servicing & Grievances Committee comprises of two Directors Mr. S.K. Jain and Mr. R.R. Jain (Chairman) 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 given to the Registrars for proper disposal. During the year the Company has not received any complaints from the Shareholders/Investors of the Company and no complaints are pending to be resolved. Share transfers are also effected 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 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	NED	4

Shareholders' Servicing and Grievances Committee Meetings held on	April 30, 2009
	July 29, 2009
	October 13, 2009
	January 29, 2010

D. Remuneration Committee

The Remuneration 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.

This Committee recommends and reviews the Compensation packages of the individuals and grant of ESOS (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 Compensation / Remuneration Committee Meetings
Mr. S.K. Jain	Chairman	4
Mr. R. R. Jain	ED	4
Mr. R. Ramaraj	NED	2
Mr. R. Launder	NED	1

Compensation/ Remuneration Committee Meetings held on	April 30, 2009
	July 28, 2009
	October 12, 2009
	January 28, 2010

Remuneration paid to the Directors

Name of the Director	Basic Salary	House Rent Allowance	Retiral Benefit	Other Allowances	Sitting Fees	Total Amount Paid (Rs.)
Mr. R. R. Jain	2400000	1200000	288000	204100	—	4092100
Mr. R. Ramaraj	—	—	—	—	195000	195000
Mr. S. K. Jain	—	—	—	—	300000	300000
Mrs. Sarita Jain	—	—	—	—	45000	45000
Mr. R. Launder	—	—	—	—	45000	45000

E. General Body Meetings

The previous 3 Annual General Meetings (AGMs) were held on Friday, the 10th August 2007, on Thursday, the 31st July, 2008 and on Wednesday, the 29th July, 2009. All the aforesaid Meetings were held at Sisir Mitra Hall, West Bengal Electronics Industry Development Corporation Ltd., Webel Bhavan, Block EP & GP, Sector V, Salt Lake, Kolkata – 700 091 at 3.30 pm, at the aforesaid venue at 11.30 am and at Aikatan Cultural Centre, Eastern Zonal Cultural Centre. IA- 190, Sector III, Salt Lake City, Kolkata 700 097 at 11 am respectively. The Company had passed 5 special resolutions in the previous 3 Annual General Meetings.

F. 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.

G. Means of Communications

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

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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, 2010 as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchange in India.

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

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

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

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

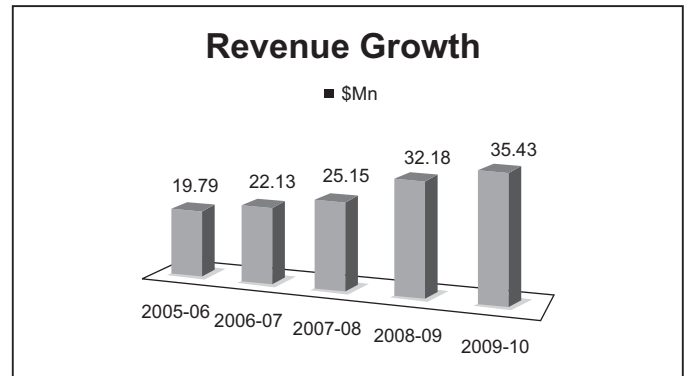
For **Chaturvedi & Company**
Chartered Accountants

Nilima Joshi
Partner

Place : Kolkata
Date : 26th April, 2010



2009-10 has been a good year for your company despite the market downturn and while we have endured many challenges of late, RS continues to outperform India's IT services industry revenue growth as reported by Nasscom. This is due to the hard work and dedication of RSites around the globe, resulting in revenue growth for the organization.



Sales Engine development and continued investment in RS' Payments domain has been the primary focus this year. A critical development has been our ability to put in place the repeatability of our pursuit methodology involving the three phases of credibility, capability and opportunity selling. The year witnessed multiple important visits by key clients who have expressed a keen interest in working with RS given our unique combination of Payments knowledge and experience coupled with our proprietary Global Execution Model. Visits from CXO level executives to our worldclass facilities in Kolkata have endorsed their confidence in RS as they shared their future direction and possible RS' participation. Our goal is for them to view RS as the 'Partner of Choice'.

Launch of Singapore operations

Recognizing the growth potential in the Asia Pacific region, we have set up our Singapore operations, and this subsidiary is already generating revenues and contributing to the growth of the organization.

In tandem, the delivery organization has been restructured into Payment Industry segments to leverage our capabilities, optimize our scalability and fulfill new business from our existing as well as new accounts, ultimately enhancing RS' ability to service our customers better. We established optimized application and production services in 24x7 mode, specific to the Payments domain. The formation of the Project Management Office (PMO) and the Payment Systems Competency Center are some of these developments to enhance delivery and customer delight. The Delivery team has also taken up RS' Knowledge Management initiatives aggressively to harness our knowledge across the organization.

Nilson Report, a leading source of news and proprietary research on consumer payment systems, recently conducted an interview with your CMD and President to profile RS Software. RS has also entered into an OEM agreement with MicroStrategy a leading worldwide provider of business intelligence (BI) software and plans to embed MicroStrategy software into its BI solution. These are just the beginning of our marketing communication and branding initiatives. Our Payments domain experience has been the key in positioning RS in this pursuit.

Your organization is committed to continue working on the many transformation initiatives started with a view to accelerate the pace of growth while working towards our goals of being a 'Partner of Choice', 'Employer of Choice' and an 'Investment of Choice'.

HR

During this review period, HR continued with its focus on effective talent management through increased employee satisfaction level which in turn ensured retention of key resources. In order to transform the organization, the Extended Management Team was formed which is entrusted with the responsibility of driving change management initiatives across the organization. HR along with EMT implemented several initiatives like Talent Profiling, ERP implementation, Suggestion box and policies to address the changed needs of the organization.

In order to provide a conducive and favorable work environment and to augment employee bonding, the HR Team focused on an array of employee motivation activities this year. HR was also involved in overhauling the appraisal system to effectively capture the achievement of each individual against the corporate goals. The scope was also enhanced to capture KRAs & KPIs of new roles and responsibilities as per the talent profile framework. Keeping in mind the significance of employees' contribution in shaping the organization's growth, the rewards and recognition program went through a transformation. New Award categories such as 'Best Project Awards' and 'Long Service Awards for completion of 15 years' were introduced.

Singapore subsidiary

With the growing focus on Singapore as the emerging business hub, HR was dedicated to formulating compensation & benefit policies for our employees operating from this location. HR had the dual responsibility of ensuring the welfare of our Singapore employees as well as statutory requirements as per Singapore Government norms.

Sourcing

During the year, the Sourcing Function has been enhanced and customized for recruiting globally payments domain focused talent. The team with its meticulous & disciplined approach generated enough traction in the talent market, a fact that is highly evident from the improved service level and customer confidence.

Quality & Benchmarking

In its relentless quest to deliver quality products and services, Q&B has taken up key initiatives during the year, such as ERP implementation, ISMS team restructuring and assignment of dedicated QA Representatives to each project. As the guardian of all processes, Q&B has taken up the mandate of facilitating a companywide implementation of ERP (Oracle Apps R12) to replace the legacy system and bring different processes under a single umbrella to ensure data sharing and higher levels of security. So far, Human Resources, Customer Relationship Management, Resource Allocation, Sourcing and Project Management modules have been implemented successfully. Finance and Purchasing modules are in the UAT phase and will go live soon.

During the year, reputed external assessors like Intertek, and D&T have conducted regular audits in which there were no non-conformances or even negative observations. The existing Internal Quality Audit automation system has been enhanced to monitor and track previous observations and findings more efficiently. QA representatives have been assigned dedicatedly to each project, so that clients get seamless, high quality solutions in defined time frames. Fortnightly QA Status Reports sent by all QA Reps are in turn monitored by Q&B to gauge the organization-wide status.

To ensure effective implementation of the Information Security Management System (ISMS) and to improve our processes continuously, the ISMS team was restructured to include team members from Q&B. Regular activities such as Quality Awareness Surveys and ISMS Awareness Surveys have been conducted as usual, and the results have been analyzed. ISMS and client specific awareness training has been imparted to all employees including Project Leaders and Project Managers based on the analysis of survey results.

Training

During the year Training played a major role in the growth process and in transitioning to a more adaptive and matured organization while continuing to reinvest in our payments domain. This has helped your company to meet the needs of your customers as well as align organizational performance parameters by equipping employees with appropriate development opportunities and implementing a measurement system to define the value generated through learning. The primary target was to ensure continuous flow of Payments domain knowledge. There is a balanced mix of programs/workshops in the technical, business, security and behavioral segments in the continuing education program category. Training addressed the needs of project-specific requirements while meeting individual career aspirations.



During this period, the Leadership team attended Growth Summit, a management development program in Dallas, USA. In December 2009, the Extended Management team at offshore attended a day long interactive session conducted by Verne Harnish on Gazelles Methodology linking the Rockefeller Habits to RS' business. The goal is to enhance company's management bandwidth to meet the dynamics of a growth organization. We have institutionalized training programs in all geographies the company operates globally.

Facility

The Facility team was busy round the year with new technology initiatives. With a view to enhance environmental conscientiousness, Server consolidation was initiated using hardware and software technologies to optimize utilization of computing resources while reducing power, cooling and space costs. In this direction, we successfully adopted blade technology on a 64-bit platform as our core hardware computing platform. On the software side, Server Virtualization on Citrix XenServer has been the essence of the Server consolidation strategy. We have also re-engineered the external access architecture of the Intranet applications to enable stronger security controls.

Operations & Support

Maintaining fiscal prudence while balancing the needs of our stakeholders and increasing productivity was the major challenge successfully faced by the Operations & Support (O&S) group. Meeting the delivery timeline for requirements, provisioning quality vendor services and maintaining statutory compliance were among the major achievements. While process improvement efforts are in progress towards achievement of these goals, the O&S team continues to interlock with other functions to establish greater synergy and cohesiveness.

Corporate Communications & Branding

The Corporate Communications team has been instrumental in enhancing both the external and internal face of your company. The team has been an integral part of our marketing communications and branding initiatives and has helped build our professional network with the rest of the industry. During the year, the team supported the Sales and Execution organizations by designing smart, slick and professional business collateral in the form of presentations, brochures, cutsheets and mailers for client visits and external events. The team also assisted the CMD's office by designing professional presentations for the YPO Global Leadership Summit held at Barcelona, Spain where our CMD addressed an audience of CEOs from all over the world. And during the onset of the New Year, the team added a personal touch by creating personalized greeting cards for all clients.

A key focus during the fiscal was on delivering appropriate messages to external and internal entities, which included both deciding on the appropriate communication channel and carefully structuring the messages to be delivered in alignment with your organization's vision. The team continued to work on internal branding initiatives to communicate the benefits of the company's people policies to employees. The Intranet was revamped functionally and aesthetically and reorganized to highlight and focus on the company's vision. As part of RS' security policies and guidelines, posters on the same were designed and created. Specially designed messages on the thematic goals for every quarter were created thus ensuring that all within the company were aligned to the company's objectives and goals. The RS Club continued to conduct various activities throughout the year to bring about greater sense of belonging amongst RS-ites.

During the year we have strengthened the process architecture, and enhanced the global team to build a strong foundation for growth in the coming years.



Corporate HQ & Registered Office	<p>“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</p>
Date and Venue of Annual General Meeting	<p>11 am. on July 24, 2010 at Aikatan Cultural Center, Eastern Zonal Cultural Centre, IA-190, Sector III, Salt Lake City, (Opposite Columbia Asia Hospital), Kolkata 700 097</p>
Tentative Calendar of Events for the Financial Year 2007 – 08 (April – March)	<p>First Quarter - July 2009 Second Quarter - October 2009 Third Quarter - January 2010 Financial Year - May 2010</p>
Shareholders Services, Enquiries, Complaints	<p>Mr. Vijendra Kumar Surana vijendras@rssoftware.com OR Mr. Anindya Sen anindyasen@rssoftware.co.in</p>
Registrars & Share Transfer Agent	<p>C.B. Management Services (P) Ltd. P- 22, Bondel Road, Kolkata – 700 019 Phone # 033-22806692/ 40116700/711/718/723 Fax # 033-22870263</p>
Book Closure for AGM	<p>23rd July, 2010 to 24th July, 2010 (Both days inclusive)</p>
Listing on Stock Exchanges of	<p>Bombay Stock Exchange Ltd. 1st Floor, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001</p> <p>National Stock Exchange of India Ltd., Exchange Plaza, 5th Floor, Plot No. C/1, G-Block, Bandra – Kurla Complex, Bandra (E), Mumbai 400 051.</p>
Trading of Equity Shares	<p>Equity Shares are traded through :</p> <p>a. National Securities Depository Ltd. and b. Central Depository Services (India) Ltd. Company's ISIN: INE165B01011</p>
Auditors:	<p>Chaturvedi & Company 60, Bentinc Street , Kolkata.</p>
Bankers:	<p>ICICI Bank Ltd</p>
Attorneys & Solicitors:	<p>Sandersons & Morgans Royal Insurance Buildings, 5, Netaji Subhas Road, Kolkata</p>

Monthly High, Low & Closing Share Price at BSE

Month	High Price	Low Price	Closing Price
Apr' 09	17.00	11.00	15.13
May' 09	37.40	16.55	37.40
Jun' 09	39.25	23.80	25.85
Jul' 09	31.25	21.70	31.25
Aug' 09	59.15	32.80	53.90
Sep' 09	60.50	44.60	50.35
Oct' 09	58.45	45.40	45.50
Nov' 09	51.60	41.25	45.80
Dec' 09	52.35	45.50	48.35
Jan' 10	70.70	47.55	52.05
Feb' 10	51.80	39.00	42.30
Mar' 10	46.90	39.00	39.90

Monthly High, Low & Closing Share Price at NSE

Month	High Price	Low Price	Closing Price
Apr' 09	16.90	10.25	15.10
May' 09	36.95	16.70	36.95
Jun' 09	38.80	23.00	26.00
Jul' 09	31.90	21.70	31.90
Aug' 09	60.50	33.50	54.75
Sep' 09	60.70	43.75	50.10
Oct' 09	59.80	45.50	45.70
Nov' 09	51.30	42.05	46.00
Dec' 09	52.00	44.10	48.65
Jan' 10	70.80	48.15	52.30
Feb' 10	53.00	41.50	42.30
Mar' 10	46.50	38.70	39.20

Pattern of Shareholding as on March 31, 2010

Category	% of Shareholding
Promoters, Directors & Relatives	25.63
FII's, NRIs & OCB	1.29
FIs, Bank, MF & Bodies Corporate	12.72
Resident Individuals	60.36
Total	100.00

DISTRIBUTION OF SHAREHOLDING AS ON 31.03.2010

RANGE	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES	% OF SHARES
1-500	11333	88.10	1742969	21.50
501-1000	815	6.34	657292	8.11
1001-2000	390	3.03	587260	7.24
2001-3000	106	0.83	272335	3.36
3001-4000	57	0.44	205196	2.53
4001-5000	40	0.31	187535	2.31
5001-10000	63	0.49	453438	5.59
10001 & ABOVE	59	0.46	4002373	49.36
TOTAL	12863	100.00	8108398	100.00

To
The Members of
RS Software India Limited
Kolkata

1. We have audited the attached Balance Sheet of RS Software India Limited as at 31st March 2010 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. We further draw attention to:
 - a. Note No. 10 of Schedule 12 to the financial statements in respect of non-confirmation from IDBI regarding treatment of all interim payments during the year as deposits and non redemption of 12.5 % Preference Shares of Rs. 25,500,000 issued to IDBI which was due for redemption on May 31, 2004.
 - b. Debtors, Creditor and some security deposit are subject to confirmation.
5. Further to our comments in annexure referred to in para 3, and Para 4 above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit:
 - (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us;
 - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - (v) On the basis of written representations received from the Directors, as on 31st March 2010, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2010 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, subject to Para 4 above read together with other notes in Schedule 12, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- a. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2010;
 - b. in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - c. in the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

For
Chaturvedi & Company
Chartered Accountants

Nilima Joshi
Partner (M. No. 52122)

Place : Kolkata
Date : 26th April 2010

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

- 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) 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. Spares and consumables are used/charged to revenue in the year in which they are purchased and Company is maintaining proper records of the same. The inventory has been physically verified during the year, procedures of which are reasonable and adequate in relation to the size of the Company and the nature of its business. No material discrepancies were noticed on such verification.
- 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 except an advance in the nature of loan of Rs. 46,42,583 to its US subsidiary, maximum amount outstanding during the year Rs.47,83,839 and year end balance is 'Nil'.
 - b) In our opinion the advance in the nature of loan was prejudicial to the interest of the Company, as the interest is being charged w.e.f. Jan '09 on loans taken thereafter. Prior to that no interest had been charged by the Company.
 - c) The above loan has been repaid hence clause 3(d) is not applicable.
 - e) The Company has not taken any loan, secured or unsecured from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
 - f) In view of 3 (e) above, the clauses 3 (f) and 3 (g) are not applicable
- 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 Rs.53,12,762
- 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 2009 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'2010 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 not defaulted in repayment of dues to the financial institution and bank. Payment dates of dues for debentures have been extended by the Institution.
- 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. In our opinion the term loans raised during the year have been applied for the purpose for which they were raised.
- 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 a 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. Non Convertible Debentures are secured against movable asset (except book debts) and personal guarantee of Managing Director.
- 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

Nilima Joshi
Partner (M. No. 52122)

Place: Kolkata
Date: 26th April'2010

Particular	Schedule	March 31, 2010 (in Rs)	March 31, 2009 (in Rs)
Sources of Funds :			
A Shareholders' Funds			
Share Capital	1	111,713,980	132,564,765
Reserve & Surplus	2	199,588,426	177,243,399
		311,302,406	309,808,164
B Loan Funds			
Secured Loan	3	14,450,000	93,525,807
		14,450,000	93,525,807
C Deferred Tax Liability			
		12,359,908	10,029,998
	Total (a+b+c)	338,112,314	413,363,969
Application Of Funds			
A Fixed Assets			
	4		
Gross Block		791,340,719	761,527,701
Less : Depreciation		634,266,747	563,088,457
Net Block		157,073,972	198,439,244
Capital Work In Progress		892,500	593,925
B Investments			
(investment In Shares Of Wholly Owned Foreign Subsidiary)	5	802,500	500
C Current Assets, Loans And Advances			
Sundry Debtors	6	158,027,022	93,937,254
Cash And Bank Balances	7	36,163,466	19,161,872
Loans And Advances	8	113,583,317	161,720,947
		307,773,805	274,820,073
Less : Current Liabilities And Provisions	9	130,804,200	135,140,367
Net Current Assets		176,969,605	139,679,706
D Miscellaneous Expenditure			
		2,373,737	3,872,309
E Profit And Loss Account			
		—	70,778,285
	Total (a+b+c+d+e)	338,112,314	413,363,969

Notes On Accounts

12

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

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

For **CHATURVEDI & COMPANY**
Chartered Accountants

ON BEHALF OF THE BOARD

NILIMA JOSHI
Partner, M. No. 52122
Dated: April 26th 2010, Kolkata

V. SURANA
CFO & Company
Secretary

S. K. JAIN
Director

R. R. JAIN
Chairman &
Managing Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31 ' 2010


Particular	Schedule	March 31, 2010 (in Rs)	March 31, 2009 (in Rs)
I Income :			
Income From Computer Software Development Services			
Export Income		1,587,232,447	1,471,640,859
Domestic Income		31,138,972	24,071,775
Profit On Foreign Currency Transaction		(5,476,248)	(3,793,276)
Other Income (refer Note 3 Of Schedule 12)		5,854,811	2,627,060
Total		1,618,749,982	1,494,546,418
II Expenditure :			
Selling & Marketing Expenses		90,556,069	78,755,442
Salary And Other Employee Benefit	10	1,126,849,099	1,002,057,223
Administrative And Other Expenses	11	188,005,348	220,528,537
Miscellaneous Expenses Written Off		1,498,572	1,498,572
Interest & Finance Charges		22,721,719	40,160,587
Depreciation		71,178,290	57,394,815
Total		1,500,809,097	1,400,395,176
III Profit Before Tax (I - II) :		117,940,886	94,151,242
Less : Provision For Income Tax		20,047,323	10,520,046
Less : Deferred Tax Liability		2,329,910	19,104,335
Less : Fringe Benefit Tax		—	1,300,000
IV Profit After Tax :		95,563,653	63,226,861
Profit & Appropriation :			
Balance B/F From Last Year		(70,778,284)	(134,005,145)
Less : Trf To Preference Share Redemption Reserve		11,000,000	—
V Balance Carried Over To Balance Sheet :		13,785,369	(70,778,284)
Notes On Accounts		12	
Nominal Value Per Share		10	10
Basic Earning Per Share		12.03	7.65
Dilluted Earning Per Share		11.35	7.56

The Schedules Referred To Above Form An Integral Part Of The Balance Sheet.

This Is The Balance Sheet Referred To In Our Report Of Even Date.

For **CHATURVEDI & COMPANY**
Chartered Accountants

ON BEHALF OF THE BOARD

NILIMA JOSHI
Partner, M. No. 52122
Dated: April 26th 2010, Kolkata

V. SURANA
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S. K. JAIN
Director

R. R. JAIN
Chairman &
Managing Director

Particular	March 31, 2010 (in Rs)	March 31, 2009 (in Rs)
Schedule 1		
Share Capital		
Authorised Capital:		
10000000 Equity Share of Rs. 10/- each	100,000,000	100,000,000
2500000 Preference Share of Rs. 100/- each	250,000,000	250,000,000
	350,000,000	350,000,000
Issued Subscribed And Paid-up-fully Called And Paid Up		
8108398 Equity Share of Rs. 10/- each (previous Year 76,646,48 Shares)	81,083,980	76,646,480
250000 12.5% Cumulative Redeemable Preference Share Of Rs. 100/- Each Fully Paid Up (redeemable In May,2004) (previous Year 50000)	25,500,000	50,000,000
Employee Stock Option Outstanding	—	47,285
Refer Note No.14 of Schedule 12 for details		
Preferential Allotment of Equity Warrants	780,000	1,521,000
(The Company has allotted 10,00,000 Equity Warrant @ Rs. 19.50 each on Preferential Basis To CMD Mr. Rajnit Rai Jain in terms of resolution passed at Extra Ordinary General Meeting held on 13th Jan ' 09. The same is convertible into Equity Share of Rs. 10 each at a premium of Rs. 9.5 each. of the above 10,00,000 warrant 380,000 warrants (previous year 220000 warrants) have been converted into Equity Shares during the period in line with Sebi DIP Guidelines.)		
Share Forfeiture	4,350,000	4,350,000
(The Company has forfeited 10% application money on the 500,000 warrants for preferential allotment to be converted into Equity Shares against each warrant. the nominal value cs Rs. 10/- and the price at which allotted is Rs 87/- inclusive of a premium amount of Rs.77/- the same has been forfeited in the absence of final call money being released within the due date.)		
	111,713,980	132,564,765

Particular	March 31, 2010 (in Rs)	March 31, 2009 (in Rs)
Schedule -2		
Reserve And Surplus		
Share Premium Account	179,431,223	175,224,291
Preference Share Redemption Reserve	24,500,000	13,500,000
Profit And Loss Account	13,785,369	—
Inter Branch Foreign Fluctuation Reserve	(18,128,166)	(11,480,891)
	199,588,426	177,243,399

Particular	March 31, 2010 (in Rs)	March 31, 2009 (in Rs)
Schedule-3		
Secured Loan		
Loans And Advances From Banks And Financial Institutions		
Bank Overdraft With Icici Bank **	—	64,362,361
** (Secured by first charge on all the current assets, second mortgage and charge on all the company's fixed assets, ranking pari passu with other bankers, exclusive charge on the corporate office of the company and personal guarantee of two directors)		
12.5 % Non Convertible Debenture (Secured as second charge by way of hypothecation of all movable assets except book debts and demand promissory note and personal guarantee of managing director. the same is redeemable in two equal yearly installments 1st installment was due in november 2009, which has been paid and second installment is due to be paid on november 2010.)	14,450,000	28,900,000
Car Loan (Secured against the car)	—	263,446
	14,450,000	93,525,807

Schedule -4

Fixed Assets	Gross Block				Depreciation				Net Block	
	Opening	Additions	Sales/	Closing	Accumulated	Depreciation	Sales /	Accumulated	As At	As At
	Balance	For Year Ended	Adjustment	Balance	Depreciation	For Year Ended	Adjustment	Depreciation	31.03.2010	01.04.09
	01.4.09	March '10		31.03.2010	01.4.09	March '10		31.03.2010		
Land	775,994	-	-	775,994	-	-	-	-	775,994	775,994
Building	15,814,206	-	-	15,814,206	3,401,733	209,137	-	3,610,870	12,203,336	12,412,473
Lease Building Expenses	13,982,571	-	-	13,982,571	9,036,797	-	1,648,584	10,685,381	3,297,190	4,945,774
Lease Plant And Machineries	1,127,265	-	-	1,127,265	564,605	375,717	-	940,323	186,942	562,660
Plant And Machineries	593,389,885	29,505,717	-	622,895,602	506,529,833	63,045,690	-	569,575,522	53,320,080	86,860,053
Office Equipment	19,395,677	183,405	-	19,579,082	5,196,940	759,787	-	5,956,727	13,622,355	14,198,737
Air Conditioner	12,655,642	13,112	-	12,668,754	4,844,413	404,800	-	5,249,213	7,419,541	7,811,229
Electrical Instalations	30,173,896	-	-	30,173,896	6,043,372	1,242,804	-	7,286,176	22,887,720	24,130,524
Furniture And Fittings	68,738,209	110,784	-	68,848,993	25,368,754	3,097,822	-	28,466,576	40,382,416	43,369,454
Motor Vehicles	5,474,356	-	-	5,474,356	2,102,008	393,949	-	2,495,957	2,978,399	3,372,348
Total	761,527,701	29,813,018	-	791,340,719	563,088,457	69,529,706	1,648,584	634,266,747	157,073,972	198,439,244
Previous Year 08-09	700,436,753	61,690,948	-	761,527,701	505,693,639	53,184,194	4,210,624	563,088,457	198,439,244	194,743,110

Note:

1. Land includes Leasehold land amounting to Rs. 458,694/-. The lease expires in year 2086.
2. Asset has taken on Lease from Orix Auto Infrastructure Services Limited for Rs. 3.26 crores of which Rs. 65.40 lakhs is given as Security Deposit. The lease period is for 48 months starting from 10th August 2006 and lease rental are being paid every month.
3. New Building in Sector V comprising of 59600 sq ft has been taken on lease for a period of 36 months starting from May 2009 to April 2012 . Company has incurred additional Expense of Rs 4,999,532 in March '09 and the same is being written over the renewed period of lease i.e 36 months.
4. A Lease agreement for the sum of Rs 101.92 Lac has been entered into with CISCO Systems Capital India Pvt. Ltd as finance Lease for the period of 36 Months w.e.f. 13.10.2007.

Particular	March 31, 2010 (in Rs)	March 31, 2009 (in Rs)
Schedule -5		
Investments		
Long Term & Unquoted		
In Wholly Owned Subsidiary		
RS Software Asia Pte Ltd. (25000 No. Equity Share Of Sgd 1 Each)	802,000	—
Responsive Solution Inc. (500 No. Equity Share Of Usd 0.01 Each)	16,330,000	16,330,000
	17,132,000	16,330,000
Less: Provision of diminution in value of investments (For Responsive Solution Inc.)	16,329,500	16,329,500
	802,500	500

Particular	March 31, 2010 (in Rs)	March 31, 2009 (in Rs)
Schedule-6		
Sundry Debtors		
Receivables		
(Unsecured And Considered Good)		
Debts outstanding for a period exceeding six months-	1,149,583	12,588,577
Other Debts (for period less than six month)	156,877,438	81,348,677
	158,027,022	93,937,254

Particular	March 31, 2010 (in Rs)	March 31, 2009 (in Rs)
Schedule -7		
Cash And Bank Balances		
Cash In Hand	39,290	49,782
Cash At Bank With :		
Schedule Banks		
— In Current Account (axis Bank Ltd., Icici Bank Ltd., Allahabad Bank)	2,207,700	12,383,617
— In No Lien Account	—	1,742
— In O/D Account (ICICI Bank)	15,405,764	
Foreign Bank		
— In Current Account (Bk of America, Silicon Valley Bk, ICICI BK UK Ltd.)	17,107,094	5,616,732
Fixed Deposits		
Axis Bank (on Lien)	785,072	492,487
Allahabad Bank (on Lien)	618,546	617,511
	36,163,466	19,161,872

Particular	March 31, 2010 (in Rs)	March 31, 2009 (in Rs)
Schedule -8		
Loans And Advances		
(unsecured And Considered Good)		
Advances		
(Recoverable in cash or in kind or for value to be received)		
Advance To Subsidiary	—	18,505,115
Advance To Staff	1,834,953	1,754,169
Advance Taxes	52,967,053	50,467,748
Prepaid Expenses	10,388,968	4,340,171
Advance Against Expenses	4,522,737	8,262,227
Deposits	43,869,606	78,391,517
	113,583,317	161,720,947

Particular	March 31, 2010 (in Rs)	March 31, 2009 (in Rs)
Schedule-9		
Current Liability And Provisions		
Current Liability		
Sundry Creditors	56,492,484	89,460,170
Salary And Other Tax Liability	17,704,791	18,139,979
Liability To The Subsidiary	2,543,373	—
Provisions		
Provision For Leave Encashment	7,117,542	5,177,972
Provision For Gratuity	11,059,470	6,523,030
Provision For Fringe Benefit Tax 06-07	1,227,390	1,227,390
Provision For Fringe Benefit Tax 07-08	1,300,000	1,300,000
Provision For Fringe Benefit Tax 08-09	1,300,000	1,300,000
Provision For Income Tax 07-08	1,491,780	1,491,780
Provision For Income Tax 08-09	10,520,046	10,520,046
Provision For Income Tax 09-10	20,047,323	—
	130,804,200	135,140,367

Particular	March 31, 2010 (in Rs)	March 31, 2009 (in Rs)
Schedule-10		
Salary And Other Employee Benefit		
Salary, Wages And Bonus	815,996,808	714,375,487
Subcontracting Charges	217,338,273	231,360,834
Contribution To Pf And Other Funds	18,824,641	16,608,369
Workman And Staff Welfare Expenses	74,689,377	39,712,533
	1,126,849,099	1,002,057,223

Particular	March 31, 2010 (in Rs)	March 31, 2009 (in Rs)
Schedule-11		
Administrative And Other Expenses		
Travelling	22,997,436	37,139,404
Conveyance	10,900,150	6,040,657
Staff Welfare	7,573,059	3,942,101
Telephone	20,471,842	23,879,881
Printing And Stationery	2,209,167	2,749,868
Electricity And Power	11,016,390	10,855,338
Rent - Equipment	8,335,852	8,660,920
Rent - Apartment And Ground	26,966,571	26,018,250
Repairs - Machinery	8,963,763	6,432,894
Repairs - Building	7,736,959	5,885,967
Repairs - Others	73,981	453,471
Education And Training Expenses	3,355,359	658,551
Insurance	7,275,368	9,324,007
Miscellaneous Expenses	6,190	529,956
Auditors' Remuneration - Audit Fees	150,000	150,000
Tax Audit Fee	50,000	50,000
Other Audit Certificate	90,000	73,001
Books And Periodicals	328,387	586,099
Directors' Fees	587,914	420,000
Rates And Taxes	1,353,318	164,857
Legal / Professional Fee	21,082,214	56,211,362
Consultancy Charges	4,808,148	3,759,729
Recruitment And Relocation Expenses	3,592,825	8,093,204
General And Board Meeting Expenses	3,051,879	1,805,101
Membership And Subscription	1,308,098	1,623,461
Business Promotion	3,801,340	1,928,097
Advertisement	321,647	817,954
Seminar And Conferences	340,381	2,092,407
Deposits Written Off	9,257,112	
Donation	—	132,000
	188,005,348	220,478,537

Schedule 12**1. Significant Accounting Policies****a) Convention**

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

b) Basis of Accounting

The Company follows accrual basis of accounting.

c) Revenue Recognition

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

d) Fixed Assets

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

e) Depreciation

Depreciation on fixed assets is provided using the straight-line method at the rates prescribed under the Schedule XIV of the Indian Companies Act, 1956. However, Plant & Machinery is being depreciated @ 33.33%. Assets costing less than Rs.5,000/- are depreciated in full in the year of purchase. Depreciation on additions due to realignment of rupee value of foreign currency loan or fixed assets has been charged proportionately on the productive life of the assets. Significant purchased application software that is an integral part of the computer system expected to provide lasting benefits is capitalized and amortized in three years. Expenses incurred on leased premises are amortized over the remaining period of lease.

f) Investments

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

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

g) Miscellaneous Expenditure

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

h) Foreign Currency Translation

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

i) Spares and Consumables

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

j) Income Tax

The Company computes income tax liability under the "Tax Payable" method after taking credit for allowances and exemptions under section 10B of the Income Tax Act, 1961 for the Export Oriented Unit with the assumption that

realization from debtors in convertible foreign exchange shall be received within a period of six months from the end of the previous year or any extended period by competent authority. Minimum Alternate Tax (MAT) to the extent applicable is considered.

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

k) Contingent liabilities

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

l) Employee Benefits

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

m) Asset taken on Lease

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

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

n) Impairment of Assets

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

2. Contingent Liabilities:

- a) Guarantees outstanding as at 31.3.10 is Rs 1,155,500 (Previous Financial year 31.03.09 Rs. 1,524,900)
- b) Liabilities in respect of bills discounted with Sillicon Valley Bank by the Company as on 31.3.10 is amounting to Rs.69,941,756 (Previous Financial year 31.03.09 Rs. 191,277,731)
- 3. a) Debit in Interest and Finance Charges Account includes Interest to Banks Rs.7,606,153 and Financial Charges to bank Rs. 14,215,747 and other charges paid to bank Rs.899,818 incurred during the year ended 31.3.10 (Previous Financial Year 31.03.09 Rs. 32,360,931). It also includes interest on Debenture amounting to Rs. 2,912,159 (previous year Rs. 3,615,856).
- b) Other income for the year ended 31.3.10 includes FD earlier written off now recovered on reconciliation amount to Rs.3,520,046 (including TDS Rs. 190,680), Interest Received from Bank amounting to Rs.1163937 (including TDS Rs.70,252) (Previous Year Rs. 246,140 (including TDS Rs. 35,610)), Interest income received from Income Tax Rs. 1,383,989 interest received from subsidiary Rs 421,983 (Previous Year Rs. 13,884) and Conversion fees amounting to Rs. 479,824 (Previous year Rs. NIL).
- 4. a. The income tax deducted at source on domestic income during the year is Rs.1,886,750 (Previous Financial Year Rs. 3,033,838).
- 4. b. The Company has provided an amount of Rs.2,329,910 as deferred tax Liability as on 31.3.10 (Previous Financial Year Rs. 10,029,998). The detail for the same is given as below:-

Deferred Tax Liability	As ON 31-03-10
Tax Rate	33.99%
Depreciation Difference 2009-10	(21,301,904)
As per Companies Act	69,529,716
Amortised Building Expenses as per Companies Act	1,648,584
As per Income Tax	49,876,396
WDV Difference opening	75,842,281
As per Companies Act	193,493,470
As per Income Tax	117,651,189
Closing TD	54,540,377
Closing Balance DTL	18,538,274
Deferred Tax Asset	As ON 31-3-10
Tax Rate	33.99%
Provision for Gratuity & Leave	18,177,012
Originating TD	18,177,012
Closing TD	18,177,012
Closing Balance DTA	6,178,366
NET DEFERRED TAX LIABILITY	12,359,908

- 4 c. There is no Impairment of assets during the year.
5. a. Legal /Professional Fees and Taxes is inclusive of value added tax for the year ended 31.3.10 amounting to Rs. 14,812,381 (Previous Financial year 31.03.09 Rs. 36,133,666). It also includes the amount of Rs. 358,994 (Previous Financial Year 31.3.09 Rs. 10,290,260) paid during the year ended 31.3.10 as legal charges for a case filed in USA by Identity Check for infringement of copy right. The company has entered into out of court settlement during the year and has incurred a cost of Rs. 1,649,200. Henceforth the case is resolved.
6. Prior period expenses incurred till date 31.03.10 Rs. 826,875- (Previous Financial Year 31.03.09 Rs. 1,541,425/-) which is on account of re-imburement to the employees.

Particulars as on 31.3.10	Amount (Rs.)
Travelling Expenses	727,461
Telephone	68,702
Staff Welfare	13,750
Bank & Misc. Charges	16,962
TOTAL	826,875

7. a. i.) In respect of equipment acquired on finance lease , the minimum lease rental outstanding as on 31.3.10 and their present value are as under :-

	Total Minimum Lease Payment outstanding as at 31st Mar' 2010	Future Interest on Outstanding Lease Payment	Present Value of minimum Lease Payment as at 31st Mar' 2010
Within One Year	1,421,922	31,959	1,389,963

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

7. b. i.) The Company has taken equipments from Orix Auto Infrastructure Service Ltd. Under operating clause and lease rent and paid an amounting of Rs. 8,328,018 during the year ended 31.3.10 (previous Year 31.03.09 Rs. 8,277,384) has been charged to the profit & Loss Account. The Future Minimum Lease Payment are as under

	Total Minimum Lease Payment outstanding as at 31st Mar' 2010
Within One Year	2,749,256

ii.) The Company has also entered into an operating lease for Building with Saltee Infotex (India) Pvt. Ltd. for the period of 3 years expiring on 30th April' 12. The amount of Rs. 18,711,420 (Previous Year 31.03.09 Rs. 16,449,600) has been charged to the profit & Loss Account.

	Total Minimum Lease Payment outstanding as at 31st Mar' 2010
Within One Year	18,917,040
Later than One Year and not Later than Five Year	20,493,460

8. DEFINED BENEFIT PLAN

As per Actuarial Valuation as on 31.03.2010, the company has recognized the appreciation in the value of the liability into the books in addition to the One fifth of the Transitional difference arises as on 31.03.08 of the same has been charged to P/L A/c amounting to Rs. 1,440,780 & 770,828 for Leave Encashment & Gratuity respectively. And the balance of Rs 2,881,559, & 1,542,200 are being carried forward to be charged off in balance two installments in respect of Leave Encashment & Gratuity respectively.

	PARTICULARS	Gratuity	Leave
A	Components of Employer Expenses	Rupees	Rupees
1	Current Service Cost	3,351,838	383,764
2	Interest Cost	857,470	423,016
3	Expected Return on plan assets	—	—
4	Curtailement cost (credit)	—	—
5	Settlement cost (credit)	—	—
6	Amortization of Past Service Cost	—	—
7	Actuarial Losses/(Gains) on defined benefit obligation	1,748,723	2,502,610
8	Actuarial (Losses)/Gains on plan Assets	—	—
9	Total Expenses recognised in the Statement of Profit & Loss A/C	5,958,031	3,309,390
B	Actual Contribution and Benefits Payments for period ending 31 March 2010	Rupees	Rupees
1	Actual Benefit Payments	2,192,419	2,810,600
2	Actual Contributions	2,192,419	2,810,600

A	Funded Status		Rupees	Rupees
1	Present value of Defined Benefit Obligation		12,601,180	5,537,101
2	Fair value of plan assets		-	-
3	Funded Status [Surplus/(deficit)]		(12,601,180)	(5,537,101)
4	Effect of balance sheet asset limit		-	-
5	Unrecognised Past Service Costs		-	-
6	Net asset/(liability) recognised in balance sheet		(12,601,180)	(5,537,101)
1	Net asset/(liability) recognised in balance sheet at beginning of period		(8,835,568)	(5,038,311)
2	Employer Expenses		5,958,031	3,309,390
3	Employer Contribution		2,192,419	2,810,600
4	Net asset/(liability) recognised in balance sheet at end of the period		(12,601,180)	(5,537,101)
A	Change in Defined Benefit Obligation		Rupees	Rupees
1	Present value of PBO at beginning of period	(+)	8,835,568	5,038,311
2	Current Service Cost	(+)	3,351,838	383,764
3	Interest Cost	(+)	857,470	423,016
4	Curtailment cost/(credit)	(-)	-	-
5	Settlement cost/(credit)	(-)	-	-
6	Employee contribution	(-)	-	-
7	Plan amendments	(-)	-	-
8	Acquisitions	(-)	-	-
9	Actual (gains)/Losses		1,748,723	2,502,610
10	Benefits Paid	(-)	(2,192,419)	(2,810,600)
11	Present value of PBO at the end of period	(-)	12,601,180	5,537,101
B	Change in Fair Value of Assets		—	—
1	Plan Assets at beginning of period		—	—
2	Expected return on plan assets		—	—
3	Actual company contributions		2,192,419	2,810,600
4	Employee contributions		—	—
5	Acturial Gain/(Loss) on plan assets		—	—
6	Benefits paid		(2,192,419)	(2,810,600)
7	Plan assets at the end of period		—	—

9 Related Party Disclosures:

a) Enterprises where control exists:

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

b) Key Management Personnel:

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

c) Disclosure of transactions between the Company and Related Parties and the status of outstanding balances as on 31.03.2010

		Wholly Owned Subsidiary (WOS)	Key Management Personnel
1	Advances given		
	Responsive Solution Inc	4,220,600	
	RS Software (Asia) Pte Ltd	8,453,306	
	Advances recovered		
	Responsive Solution Inc	26,347,096	
2	Interest Receivable from Subsidiary	421,983	
	Reimbursement of expense incurred on behalf of Subsidiary.		
	Responsive Solution Inc	5,312,762	
	Reimbursing the subsidiary towards service rendered at market price.		
	R S Software Asia (pte.) Ltd.	10,194,680	
3	Remuneration to Key Personnel:		
	— Directors		587,914
	— Managing Director		3,892,100
	ESOP Allotted and amount recovered		
	— Shital Kr Jain (10000 Shares @ Rs. 15.95 per share)		159,500
	— Vijendra Surana (2500 Shares @ Rs.15.95 per share)		39,875
4	Balance as on 31.3.10 :		
	Advances given		
	Responsive Solution Inc	NIL	
	Debtors		
	Responsive Solution Inc	NIL	
	Creditors		
	RS Software (Asia) Pte Ltd	1,741,373	
5	Maximum balance outstanding during the year		
	Advances given		
	Responsive Solution Inc	4,783,839	
	Debtors		
	Responsive Solution Inc	9,791,263	
	Creditors		
	RS Software (Asia) Pte Ltd	1,741,373	

- d) The company has charged interest on advance given to subsidiary after 1st January'2009. The interest is treated as further advance given.
- e) Company has formed one 100 % subsidiary at Singapore with the name RS Software (Asia) Pte Ltd. with the capital of 25000 Singapore Dollar @ SGD 1 (Rs 32.08) per share on 9th April' 09. Shares have been issued for which payment is due and will be paid subsequently.

10. a) 12.5% Cumulative Redeemable Preference Shares (CRPS) amounting to Rs. 500 Lac issued to IDBI were due to be redeemed on May 30, 2004 but have not been redeemed. Company has paid a total amount of Rs. 592.57 Lac till 31st March '09 against CRPS. The Company had made a provision of Rs. 92.57 lac in the June quarter against deposits with IDBI, Which has been finally written off. During the year company has redeemed the preference shares for Rs. 245 Lac after transferring Rs 110 Lac during the year to Preference Share Redemption Reserve. Due to accumulated past losses incurred by the Company only Rs 110 Lac has been transferred to Preference share redemption reserve during the year ended 31.3.10
- b) 12.5% NCD for 289 Lac had been issued in Nov '07. Debentures were repayable in 2 equal installments payable in November 2009 & 2010 respectively out of which 1st Installment which was due on Nov'09 has been paid on due date.

11. Auditor's Remuneration

	31.3.2010 (In Rs.)	31.03.09 (In Rs.)
As Statutory Auditors	150,000	150,000
Tax Audit	50,000	50,000
In Other Capacity Certification work	90,000	73,000
The above remunerations are not inclusive of service tax as applicable		

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

Particulars	31.03.10	31.03.09
Numerator for Basic and Diluted EPS:		
Profit for the period	95,563,653	63,226,861
Less: Dividend on Pref Shares	3,187,500	6,250,000
	92,376,153	56,976,861
Denominator for Basic EPS:		
Equity Shares	7,664,648	7,444,648
Add: ESOP Conversion	10654	
Add: Preferential Issue	6247	603
Weighted no. of Equity Shares	7,681,549	7,445,251
Denominator for Diluted Shares		
Weighted No. of Basic Equity Shares	7,681,549	7,445,251
ESOP Dilutive	216,915	17,394
Pref Share allotment	238,208	
ESOP (2006-07)		78,000
Weighted no. of Equity Shares	8,136,672	7,540,645
Nominal Value of share	10	10
Basic Earning per Share	12.03	7.65
Diluted Earning per Share	11.35	7.56

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

	31.3.2010 (Rs.)	31.03.2009 (Rs.)
Salaries	2,400,000	2,100,000
Other Benefits	1,372,149	1,253,574
Provident Fund	288,000	252,000
Total	4,060,149	3,605,574

Central Government approval for managerial remuneration on ground of his being an NRI as per the definition of the companies Act'1956 has been received as per letter dated 23rd June '2009.

14. a) The Company has granted 275,200 shares to the employees during the year 2007-08 at the fair value and the exercise price of the option is Rs. 15.95 each. As on date 31.3.10 48,150 option has been exercised.
- b) The Company has granted 186,700 shares to the employees during the year 2008-09 at the fair value of and the exercise price of the option is Rs. 29.90 each. As on date 31.3.10 15,600 option has been exercised.
- c) The Earlier provision of liability against Employee Stock option for a sum of Rs. 47,285 has been written off to the employee expenses as the same has not been exercised by any employees during the year and has lapsed as on 31st Dec '2009

- d. 165000 share options in 2004-05 under the Employee Stock Option Scheme @ Rs. 16.76 was given out of which 55350 shares were allotted and balance options have lapsed now.
- e. 176,600 shares options in 2005-06 under the Employee stock option scheme at the closing of the Market Price of Rs 71/- preceding the date of the Board Meeting where ESOS was approved. 2298 options have been exercised and converted into equity shares and balance have now lapsed.
15. The company has received 10% of the application money in the year 2008-09 for 10,00,000 equity warrants @ Rs. 19.50 each from CMD as preferential allotment out of which 380,000 shares (previous year 220000 shares) were allotted to the him @ Rs. 10 per share and Rs. 9.50 as premium. The money received and used for business of the company
16. There is no declaration received from vendor for being Small, Medium & Micro Registration.
17. Additional Information pursuant to provisions of the Para 3 and 4 of Part II Schedule VI for the Companies Act, 1956:-
The Company is engaged in the business of development & maintenance of computer software and other related services. The production and sale of such software services are not capable of being expressed in generic terms.

	31.03.10 (In Rs.)	31.03.09 (In Rs.)
Expenditure in Foreign Currency:		
a) Foreign branch expenditure	1,242,352,299	1,181,569,012
b) Interest paid to ICICI Bank	NIL	2,054,079
Earning in Foreign Currency		
a) Export of services	1,583,300,465	1,477,376,117
b) Interest Income	421,983	14,584

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

Particulars	For the year Ended March 31, 2010	For the year ended March 31, 2009
1. Segment Revenue (net sale/income from each segment should be disclosed)		
a. Segment – A (USA)	1,476,782,743	1,233,037,258
b. Segment – B (ROW)	141,967,240	261,509,160
Total	1,618,749,983	1,494,546,418
Less: Inter segment revenue	—	—
Net sales/income from operations	1,618,749,983	1,494,546,418
2. Segment Results Profit (+) / (loss)(-) before tax and interest from each segment		
a. Segment –A (USA)	268,119,388	181,638,324
b. Segment – B (ROW)	31,772,006	85,468,489
Total	299,891,394	267,106,813
Less: i. Interest & Finance Charges	22,721,719	40,660,587
ii. Depreciation	71,178,290	57,394,815
a. Provision for Diminution in value of investments		
b. Share Issue Expenses W/off	1,498,572	1,498,572
c. Selling, General & Administrative Expenses	86,551,927	73,301,597
Total Profit/(Loss) Before Tax	117,940,886	94,251,242
3. Capital Employed		
Total Assets	338,112,314	413,363,969
Total Liabilities		
(See note below *)	338,112,314	413,363,969

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

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

For **CHATURVEDI & COMPANY**
Chartered Accountants

ON BEHALF OF THE BOARD

NILIMA JOSHI
Partner, M. No. 52122
Dated: April 26th 2010, Kolkata

V. SURANA
CFO & Company
Secretary

S. K. JAIN
Director

R. R. JAIN
Chairman &
Managing Director

CASH FLOW STATEMENT



Particular	March 31, 2010 (in Rs)	March 31, 2009 (in Rs)
A Cash Flow From Operating Activities:		
Net Profit After Tax And Extra Ordinary Items	95,563,653	63,226,861
Adjustment For :		
Depreciation	71,178,290	57,394,815
Interest paid	22,721,719	40,160,587
		—
Provision For Tax	22,377,233	30,924,381
Foreign Exchange Fluctuation Reserve	(6,647,275)	
Provision For Gratuity, Leave Encashment	6,476,010	4,473,712
Interest Received	5,105,967	(260,024)
Employees Expenses Amortization	—	(167,225)
Miscellaneous Expenditure Written Off	1,498,572	1,498,573
Operating Profit Before Working Capital Charges	218,274,169	197,251,680
Adjustment For :		
Trade And Other Receivables	(15,952,138)	(89,899,557)
Trade Payables	(30,859,500)	44,903,438
Cash Generated From Operations	171,462,531	152,255,561
Interest Paid	(22,721,719)	(41,520,669)
Cash Flow Before Extraordinary Items	148,740,812	110,734,892
Net Cash From Operating Activities	148,740,812	110,734,892
B Cash Flow From Investment Activities :		
Purchase Of Fixed Assets	(30,111,593)	(61,684,872)
Interest Received	(5,105,967)	260,024
Investment In Subsidiary	(802,000)	
Net Cash From Investment Activities	(36,019,560)	(61,424,848)
C Cash Flow From Finance Activities:		
Proceeds From Share Application	7,856,148	(5,669,891)
Proceeds From Long Term Borrowings	(64,362,361)	(14,391,138)
Preference Share Redemption	(24,500,000)	
Repayment Of Loan	(14,713,446)	(48,102,028)
Net Cash From Financing Activities	(95,719,659)	(68,163,058)
Net Increase /decrease In Cash And Cash Equivalents (a+b+c)	17,001,593	(18,853,014)
Opening Cash And Cash Equivalents	19,161,872	38,014,886
Closing Cash And Cash Equivalents	36,163,465	19,161,872

The Schedules Referred To Above Form An Integral Part Of The Balance Sheet.
This Is The Balance Sheet Referred To In Our Report Of Even Date.

For **CHATURVEDI & COMPANY**
Chartered Accountants

ON BEHALF OF THE BOARD

NILIMA JOSHI
Partner, M. No. 52122
Dated: April 26th 2010, Kolkata

V. SURANA
CFO & Company
Secretary

S. K. JAIN
Director

R. R. JAIN
Chairman &
Managing Director

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

I Registration details	
Registration No.	L72200WB1987PLC043375
State code	21
Balance Sheet Date	31-03-2010
II Capital raised during the year (Amount in Rs. Thousands)	
Public Issue (Warrants converted into shares)	Nil
Rights Issue	Nil
Bonus Issue	Nil
Private Placement	3,800
ESOS 638	
III Position of Mobilisation and Deployment of funds (Amount in Rs. Thousand)	
Total Liabilities	338,112
Total Assets	338,112
Sources of Funds	
Paid up Capital	111,714
Reserves & Surplus	199,588
Deferred Tax Liability	12,360
Secured Loans	14,450
Unsecured Loans	
Application of Funds	
Net Fixed Assets	157,074
Investments	803
Deferred Tax Assets	—
Net Current Assets	176,970
Misc. Expenditure	2,374
Accumulated Losses	—
IV Performance of Company (Amount in Rs. Thousand)	
Turnover and Other Income	1,618,750
Total Expenditure	1,500,809
Profit/(Loss) before Tax and Extraordinary items	117,941
Profit/(Loss) after Tax and Extraordinary items	95,564
Earnings per share in Rs.	12.03
Dividend %	Nil
V Generic Names of Two Principal Products/Services of Company (as per monetary terms)	
Item code No.	N.A.
Item code No.	N.A.
Product Description	N.A.

For **CHATURVEDI & COMPANY**
Chartered Accountants

ON BEHALF OF THE BOARD

NILIMA JOSHI
Partner, M. No. 52122
Dated: April 26th 2010, Kolkata

V. SURANA
CFO & Company
Secretary

S. K. JAIN
Director

R. R. JAIN
Chairman &
Managing Director

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956



		Responsive Solution Inc. Amount (Rs)	R S Software (Asia) Pte Ltd Amount (Rs)	Total Amount (Rs)
1.	R S Software (India) Ltd holds the entire paid up Equity Share Capital of wholly Owned Subsidiaries as on March 31 2010.	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 2010	22392411	1421882	23814293
	For the Subsidiary's previous financial year since it became Subsidiary	(10960181)	NA	(10960181)
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 2010	Nil	Nil	Nil
	For the Subsidiary's previous financial year since it became a subsidiary	Nil	NA	Nil

ON BEHALF OF THE BOARD

April 26th 2010
Kolkata

V. SURANA
CFO & Company
Secretary

S. K. JAIN
Director

R. R. JAIN
Chairman &
Managing Director

DIRECTORS' REPORT

The Directors present their report together with the audited accounts for the period ended 31st March, 2010.

Review of Financial Performance & Dividend

The company during the year under review reported a profit of \$0.49mn (Previous year Loss \$0.22 mn). The company is exploring different avenues of revenues, particularly in areas where the Parent Company RS Software is not focusing, and the plan is to achieve more profits during the fiscal year 2010-11.

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, 2010 on a "going concern" basis.

Acknowledgements

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

On behalf of the Board of Directors

R R Jain
Chairman

KOLKATA
April 26, 2010

April 21, 2010

To

The Board of Directors
Responsive Solutions
1900 McCarthy Blvd, # 103
Milpitas, CA95035

We have reviewed the accompanying balance sheet of Responsive Solutions as of March 31st 2010 and the related statements of operations retained earnings and cash flows for the years then ended in accordance with statements on Standards for Accounting and Review Services 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 inquires of company personnel and analytical procedures applied to financial data it is substantially less in scope than an audit in accordance with generally accepted auditing standards the objective of which is the expression of an opinion regarding the financial statements taken as a whole Accordingly we do not express such an opinion.

Based on our review we are not aware of any maternal 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 maternal 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 maternal modifications that should be made thereto

Satya Narayan CPA
Silicon Valley Books and Taxes, Inc
440 N Wolfe Road
Sunnyvale. CA94087

Notes:

Related Party & Offshore development costs

Gross margin is high due to the fact that Responsive is using off shore facilities in executing this project that was received from the customers in addition to that parent company RS Software, is billing Responsive for executing this project in India. In other words, related party transactions and off shore development cost benefits exists in the periods in Review for the year 2009-2010. Per discussion with the management. It was noted that there is an added component of cost advantage by executing the work order in India, which is normally prevailing in the industry.

Loans and Advances

Company write off Loans & Advances for \$ 200.698 in the current fiscal period as unrecoverable Management informed that these are very old balances and unable to collect payments made over the past several years

RESULT FOR THE WHOLLY OWNED SUBSIDIARY FOR THE YEAR ENDED 31ST MARCH 2010

PROFIT AND LOSS ACCOUNT	Year Ended	Year Ended
	31st March 2010 (in Us \$)	31st March 2010 (in Us \$)
Income		
Sales	\$ 952,568.00	
Other Income	\$ 0.62	\$ 1.31
	\$ 952,568.62	\$ 1.31
Expenditure		
Payroll	\$ 104,378.32	\$ 90,378.72
Operating Expenses	\$ 336,348.48	\$ 124,037.87
Depreciation	\$ 3,487.64	\$ 1,743.82
Interest Cost	\$ 9,637.01	\$ 274.17
	\$ 453,851.45	\$ 216,434.58
Profit Before Tax	\$ 498,717.17	\$ (216,433.27)
Provision For Tax		\$ —
Profit After Tax	\$ 498,717.17	

BALANCE SHEET As At 31st March 2010	Year Ended	Year Ended
	31st March 2010 (in Us \$)	31st March 2010 (in Us \$)
Shareholder's Fund		
Share Capital	\$ 500,000.00	\$ 500,000.00
Profit & Loss Accounts (dr. Balance)	\$ (368,350.44)	\$ (867,067.61)
Total of Sources	\$ 131,649.56	\$ (367,067.61)
Fixed Assets	\$ 458.99	\$ 3,946.63
Current Assets Loans And Advances		
Sundry Debtors	\$ 123,996.00	\$ —
Cash & Bank Balance	\$ 17,194.57	\$ 1,162.60
Other Current Assets		\$ 2,500.00
Loans And Advances		\$ 180,542.45
Less:current Liabilities	\$ 10,000.00	\$ 555,219.29
Less : Tax Liability	\$ —	
Net Current Assets	\$ 131,190.57	\$ (371,014.24)
Profit & Loss Account (dr. Balance)		
Total of Application	\$ 131,649.56	\$ (367,067.61)

Note : Previous Year Figures Have Been Regrouped And Rearranged Wherever Necessary

CASH FLOW STATEMENT	Year Ended	Year Ended
	31st March 2010	31st March 2010
	(in Us \$)	(in Us \$)
A. Cash Flow From Operating Activities		
Net Profit before Tax and Extra Ordinary Items	\$ 498,717.17	\$ (216,433.27)
Adjustment for :		
Depreciation	\$ 3,487.64	\$ 1,743.84
Interest Paid	\$ 9,637.01	\$ 274.17
Trade and Other Receivables	\$ 59,046.45	\$ 104,785.69
Net Cash form Operating Activities	\$ 570,888.27	\$ (109,629.59)
B. Cash Flow from Investing Activities		
Advance given to Company	\$ —	\$ —
Net Cash from Investing Activities	\$ —	\$ —
C. Cash Flow from Financing Activities		
Proceeds from Short Term Borrowings	\$ (545,219.29)	\$ 104,274.17
Interest Paid	\$ (9,637.01)	\$ (274.17)
Net Cash from Financing Activities	\$ (554,856.30)	\$ 104,000.00
Net Increase/Decrease in Cash and Cash Equivalents(A)	\$ 16,031.97	\$ (5,629.59)
Operating Cash and Cash Equivalents	\$ 1,162.60	\$ 6,792.19
Closing Cash and Cash Equivalents	\$ 17,194.57	\$ 1,162.60

NOTES TO FINANCIAL STATEMENTS :

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

DIRECTORS' REPORT

For the financial period from 9 April 2009, the date of incorporation, to 31 March 2010

The directors present their report to the members together with the audited financial statements of the Company for the financial period from 9 April 2009, the date of incorporation, to 31 March 2010.

Directors

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

Rajnit Rai Jain
Diana Hall
Luk Chiew Peng

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial period was the Company a party to any arrangement whose object is 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 period had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of director		Holdings in which a director is deemed to have an interest	
	At 09.04.2009 (date of incorporation)	At 31.03.2010	At 09.04.2009 (date of incorporation)	At 31.03.2010
The Company				
(Ordinary shares)				
Rajnit Rai Jain	2,500	—	22,500	25,000
R. S. Software (India) Limited				
- holding company				
(Ordinary shares of INR 10 each)				
Rajnit Rai Jain	1,538,465	1,918,465	—	—

Directors' contractual benefits

Since the date of incorporation, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest, except as disclosed in the accompanying financial statements and in this report, and except that certain directors have employment relationships with the Company and its related corporations and have received remuneration in those capacities.

Share options

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

No shares have been issued during the financial period 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 period.

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

Diana Hall
Director



INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF
R S SOFTWARE (ASIA) PTE. LIMITED

We have audited the accompanying financial statements of R S Software (Asia) Pte. Limited, which comprise the statement of financial position as at 31 March 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial period then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes:

- (a) 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;
- (b) selecting and applying appropriate accounting policies; and
- (c) making accounting estimates that are reasonable in the circumstances.

Auditors' 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 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 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 entity's preparation and fair presentation of the financial statements 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.

In our opinion,

- (a) 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 2010 and the results, changes in equity and cash flows of the Company for the financial period ended on that date; and
- (b) the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

ENTRUST PUBLIC ACCOUNTING CORPORATION

Public Accountants and Certified Public Accountants
Singapore

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD FROM 9 APRIL 2009, THE DATE OF INCORPORATION, TO 31 MARCH 2010

	09.04.2009 to 31.03.2010 SGD
Revenue	317,790
Expenses:	
Employee compensation	(209,976)
Other expenses	(59,652)
Profit before income tax	48,162
Income tax expense	(3,839)
Profit for the financial period	44,323
Total comprehensive income	44,323

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2010

	2010 SGD
ASSETS	
Current assets	
Trade and other receivables	361,405
	361,405
Total assets	361,405
LIABILITIES	
Current liabilities	
Other payables	288,243
Current income tax liabilities	3,839
	292,082
Total liabilities	292,082
Net assets	69,323
EQUITY	
Share capital	25,000
Retained earning	44,323
Total equity	69,323



STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD FROM 9 APRIL 2009, THE DATE OF INCORPORATION, TO 31 MARCH 2010

	Share capital SGD	Retained earning SGD	Total equity SGD
Issue of ordinary share at date of incorporation	25,000	—	25,000
Total comprehensive income for the financial period	—	44,323	44,323
Balance at 31 March 2010	25,000	44,323	69,323

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD FROM 9 APRIL 2009, THE DATE OF INCORPORATION, TO 31 MARCH 2010

	09.04.2009 to 31.03.2010 SGD
Cash flows from operating activities	
Profit before income tax and operating cash flow before working capital changes	48,162
Changes in working capital:	
Trade and other receivables	(361,405)
Other payables	288,243
Net cash outflow from operating activities	(25,000)
Cash flows from financing activities	
Proceeds from issue of ordinary shares	25,000
Net cash inflow from financing activities	25,000
Net cash and cash equivalents held	-
Cash and cash equivalents at the date of incorporation	-
Cash and cash equivalents at the end of financial period	



We have examined the attached Consolidated Balance Sheet of R S Software Ltd. and its subsidiary Responsive Solutions, Inc, as at 31st March, 2010, the Consolidated Profit & Loss Account and the Cash Flow Statement for the year then ended.

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting, framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of subsidiaries, whose financial statements reflect total network of Rs. 79.05 lacs as at 31st March, 2010 and total turnover of Rs.529.65 lacs for the year then ended. These financial statements have been audited by other auditor whose report have been furnished to us, and our opinion, insofar as it relates to the amounts included in respect of the subsidiaries is based solely on the report of the other auditor.

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

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

- (a) The Consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of R.S. Software India Ltd., and its subsidiaries as at 31st March, 2010.
- (b) The Consolidated Profit & Loss Account gives a true and fair view of the consolidated results of operations of RS Software India Ltd and its subsidiaries for the year then ended ; and
- (c) The Consolidated Cash Flow Statement given a true and fair view of the Cash flow of R S Software India Ltd., and its subsidiaries for the year then ended.

For Chaturvedi & Company
Chartered Accountants

Place : Kolkata
Date : 26th April 2010

Nilima Joshi
(Partner)
M. No. 52122

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

Particular	Schedule	Year Ended March 31,2010 (in Rs)	Year Ended March 31,2009 (in Rs)
Sources of Funds :			
A Shareholders' Funds			
Share Capital	1	111,713,980	132,564,765
Reserve & Surplus	2	186,404,156	177,243,399
Capital Reserve		20,527,427	18,409,763
		318,645,563	328,217,927
B Loan Funds			
Secured Loan	3	14,450,000	93,525,807
		14,450,000	93,525,807
C Deferred Tax Liability			
		12,359,908	10,029,998
	Total (a+b+c)	345,455,471	431,773,732
Application Of Funds			
A Fixed Assets			
	4		
Gross Block		792,706,476	762,916,112
Less : Depreciation		635,611,895	564,277,010
Net Block		157,094,581	198,639,102
Capital Work In Progress		892,500	593,925
			—
B Current Assets, Loans And Advances			
Sundry Debtors	5	163,594,442	83,381,338
Cash And Bank Balances	6	36,935,502	19,220,746
Loans And Advances	7	114,180,507	152,485,102
		314,710,451	255,087,186
Less : Current Liabilities And Provisions	8	129,615,798	134,195,643
Net Current Assets		185,094,653	120,891,544
C Miscellaneous Expenditure			
		2,373,737	3,872,310
D Profit And Loss Account			
		—	107,776,852
	Total (a+b+c+d)	345,455,471	431,773,732
Notes On Accounts	12		

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

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

For **CHATURVEDI & COMPANY**
Chartered Accountants

ON BEHALF OF THE BOARD

NILIMA JOSHI
Partner, M. No. 52122
Dated: April 26th 2010, Kolkata

V. SURANA
CFO & Company
Secretary

S. K. JAIN
Director

R. R. JAIN
Chairman &
Managing Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2010



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

Particular	Schedule	Year Ended March 31,2010 (in Rs)	Year Ended March 31,2009 (in Rs)
I Income :			
Income From Computer Software Development			
Export Income		1,633,589,759	1,471,640,859
Domestic Income		31,138,972	24,071,775
Profit on Foreign Currency Transaction		(5,476,248)	(3,793,276)
Other Income (refer Note 3 of Schedule 11)		5,854,839	2,627,126
Total		1,665,107,322	1,494,546,484
II Expenditure :			
Selling & Marketing Expenses		90,556,069	78,755,442
Salary And Other Employee Benefit	9	1,131,535,685	1,006,634,00
Administrative And Other Expenses	10	205,149,351	226,809,815
Miscellaneous Expenses Written Off		1,498,572	1,498,572
Interest & Finance Charges		23,154,421	40,174,471
Depreciation		71,334,885	57,483,122
Total		1,523,228,983	1,411,355,423
III Profit Befor Tax (I - II) :		141,878,339	83,191,061
Less : Provision Against Deposits		—	—
Less : Provision For Income Tax		20,170,478	10,520,046
Less : Defferes Tax Liability		2,329,910	19,104,335
Less : Fringe Benefit Tax		—	1,300,000
IV Profit After Tax :		119,377,951	52,266,680
Profit Appropriation :			
Balance B/f From Last Year		(107,776,851)	(160,043,531)
Less : Trf To Prefrence Share Redemption Reserve		11,000,000	—
V Balance Carried Over To Balance Sheet :		601,100	(107,776,851)
Notes On Accounts	11		
Nominal Value Per Share		10	10
Basic Earning Per Share		15.14	6.18
Dilluted Earning Per Share		14.29	6.10

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

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

For **CHATURVEDI & COMPANY**
Chartered Accountants

ON BEHALF OF THE BOARD

NILIMA JOSHI
Partner, M. No. 52122
Dated: April 26th 2010, Kolkata

V. SURANA
CFO & Company
Secretary

S. K. JAIN
Director

R. R. JAIN
Chairman &
Managing Director

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

	March 31,2010 (in Rs)	March 31,2009 (in Rs)
Schedule 1		
Share Capital		
Authorised Capital:		
10,000,000 Equity Share of Rs. 10/- each	100,000,000	100,000,000
25,00,000 Preference Share of Rs. 100/- each	250,000,000	250,000,000
	350,000,000	350,000,000
Issued Subscribed And Paid-up-fully Called And Paid Up		
81,08,398 Equity Share of Rs. 10/- each (previous Year 76,646,48)	81,083,980	76,646,480
5,00,000 12.5% Cumulative Redeemable Preference Share of Rs. 100/- each fully paid up (Redeemable in May, 2004) (Previous Year 50000)	25,500,000	50,000,000
Employee Stock Option Outstanding Refer Note No.14 of Schedule 12 for details	—	47,285
Preferential Allotment of Equity Warrants (The Company has allotted 10,00,000 Equity Warant @ Rs. 19.50 each on Preferential Basis To CMD Mr. Rajnit Rai Jain in terms of resolution passed at Extra Ordinary General Meeting held on 13th Jan ' 09. The same is convertible into Equity Share of Rs. 10 each at a premium of Rs. 9.5 each. of the above 10,00,000 warant 380,000 warants (previous year 220000 warants) have been converted into Equity Shares during the period in line with Sebi DIP Guidlines.)	780,000	1,521,000
Share Forfeiture (The Company has forfeited 10% application money on the 500,000 warrants for preferential allotment to be converted into Equity Shares against each warrant. the nominal value cs Rs. 10/- and the price at which allotted is Rs 87/- inclusive of a premium amount of Rs.77/- . the same has been forfeited in the absence of final call money being released within the due date.)	4,350,000	4,350,000
	111,713,980	132,564,765

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

	March 31,2010 (in Rs)	March 31,2009 (in Rs)
Schedule -2		
Reserve And Surplus		
Share Premium Account	179,431,223	175,224,291
Preference Share Redemption Reserve	24,500,000	13,500,000
Profit And Loss Account	601,100	—
Inter Branch Foreign Fluctuation Reserve	(18,128,166)	(11,480,891)
	186,404,156	177,243,399

	March 31,2010 (in Rs)	March 31,2009 (in Rs)
Schedule-3		
Secured Loan		
Loans and Advances from banks and financial institutions	—	64,362,361
Bank Overdraft with ICICI Bank ** **(Secured by first charge on all the current assets, second mortgage and charge on all the company's fixed assets, ranking pari passu with other bankers, exclusive charge on the corporate office of the company and personal guarantee of two Directors)		
12.5 % Non Convertible Debenture (secured as second charge by way of hypothecation of all movable assets except book debts and demand promissory note and personal guarantee of managing director. The same is redeemable in two equal yearly installments 1st installment was due in November 2009, which has been paid and second installment is due to be paid on November 2010.)	14,450,000	28,900,000
Car Loan (Secured against the car)	—	263,446
	14,450,000	93,525,807

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

SCHEDULE 4

Fixed Assets	Gross Block				Depreciation				Net Block	
	Opening Balance	Additions For Year Ended	Sales/ Adjustment	Closing Balance	Accumulated Depreciation	Depreciation For Year Ended	Sales / Adjustment	Accumulated Depreciation	As At	As At
	01.4.09	March '10		31.03.2010	01.4.09	March '10		31.03.2010	31.03.2010	01.04.09
Land	775,994	—	—	775,994	—	—	—	—	775,994	775,994
Building	15,814,206	—	—	15,814,206	3,401,733	209,137	—	3,610,870	12,203,336	12,412,473
Lease Building Expenses	13,982,571	—	—	13,982,571	9,036,797	—	1,648,584	10,685,381	3,297,190	4,945,774
Lease Plant And Machineries	1,127,265	—	—	1,127,265	564,605	375,717	—	940,323	186,942	562,660
Plant And Machineries	593,389,885	29,505,717	—	622,895,602	506,529,833	63,045,690	—	569,575,522	53,320,080	86,860,053
Office Equipment	19,395,677	183,405	—	19,579,082	5,196,940	759,787	—	5,956,727	13,622,355	14,198,737
Air Conditioner	12,655,642	13,112	—	12,668,754	4,844,413	404,800	—	5,249,213	7,419,541	7,811,229
Electrical Installations	30,173,896	—	—	30,173,896	6,043,372	1,242,804	—	7,286,176	22,887,720	24,130,524
Furniture And Fittings	68,738,209	110,784	—	68,848,993	25,368,754	3,097,822	—	28,466,576	40,382,416	43,369,454
Motor Vehicles	5,474,356	—	—	5,474,356	2,102,008	393,949	—	2,495,957	2,978,399	3,372,348
Subsidiary Fixed Assis	1,388,411	—	(22,654)	1,365,757	1,188,554	156,595	—	1,345,149	20,609	199,857
Total	762,916,112	29,813,018	(22,654)	792,706,476	564,277,010	69,686,301	1,648,584	635,611,895	157,094,581	198,639,102
Previous Year 08-09	701,764,731	61,090,948	60,433	762,916,112	506,793,886	53,272,501	4,210,624	564,277,010	198,639,102	194,970,846

Note:

1. Land includes Leasehold land amounting to Rs. 458,694/- . The lease expires in year 2086.
2. Asset has taken on Lease from Orix Auto Infrastructure Services Limited for Rs. 3.26 crores of which Rs. 65.40 lakhs is given as Security Deposit. The lease period is for 48 months starting from 10th August 2006 and lease rental are being paid every month.
3. New Building in Sector V comprising of 59600 sq ft has been taken on lease for a period of 36 months starting from May 2009 to April 2012 . Company has incurred additional Expense of Rs 4,999,532 in March '09 and the same is being written over the renewed period of lease i.e 36 months.
4. A Lease agreement for the sum of Rs 101.92 Lac has been entered into with CISCO Systems Capital India Pvt. Ltd as finance Lease for the period of 36 Months w.e.f. 13.10.2007.

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

	March 31,2010 (in Rs)	March 31,2009 (in Rs)
Schedule-5		
Sundry Debtors		
Receivables		
(unsecured And Considered Good)		
Debts Outstanding For A Period Exceeding Six Months-	1,149,583	2,032,663
Other Debts (for Period Less Than Six Month)	162,444,859	81,348,675
	163,594,442	83,381,338

	March 31,2010 (in Rs)	March 31,2009 (in Rs)
Schedule -6		
Cash And Bank Balances		
Cash In Hand	39,290	49,782
Cash At Bank With :		
Schedule Banks		
— In Current Account (axis Bank Ltd., Icici Bank Ltd., Allahabad Bank)	2,207,700	12,383,617
— In No Lien Account	—	1,742
— In O/D Account (icici Bank)	15,405,764	
Foreign Bank		
— In Current Account (Bk of America, Silicon Valley Bk, ICICI Bk Uk Ltd.)	17,879,130	5,675,606
Fixed Deposits		
Axis Bank (on Lien)	785,072	492,487
Allahabad Bank (on Lien)	618,546	617,511
	36,935,502	19,220,746

	March 31,2010 (in Rs)	March 31,2009 (in Rs)
Schedule -7		
Loans And Advances		
(unsecured And Considered Good)		
Advances		
(recoverable In Cash Or In Kind Or For Value To Be Received)		
Advance To Staff	1,834,953	1,754,169
Advance Taxes	52,967,053	50,467,748
Prepaid Expenses	10,986,158	4,340,171
Advance Against Expenses	4,522,737	17,531,496
Deposits	43,869,606	78,391,517
	114,180,507	152,485,102

	Year Ended March 31,2010 (in Rs)	Year Ended March 31,2009 (in Rs)
Schedule-8		
Current Liability And Provisions		
Current Liability		
Sundry Creditors	57,724,300	88,515,446
Salary And Other Tax Liability	17,704,791	18,139,979
Provisions		
Provision For Leave Encashment	7,117,542	5,177,972
Provision For Gratuity	11,059,470	6,523,030
Provision For Fringe Benefit Tax 06-07	1,227,390	1,227,390
Provision For Fringe Benefit Tax 07-08	1,300,000	1,300,000
Provision For Fringe Benefit Tax 08-09	1,300,000	1,300,000
Provision For Income Tax 07-08	1,491,780	1,491,780
Provision For Income Tax 08-09	10,520,046	10,520,046
Provision For Income Tax 09-10	20,170,478	
	129,615,798	134,195,643

SCHEDULE TO PROFIT & LOSS ACCOUNTS FOR THE YEAR ENDED 31.03.2010

	Year Ended March 31,2010 (in Rs)	Year Ended March 31,2009 (in Rs)
Schedule-9		
Salary And Other Employee Benefit		
Salary, Wages And Bonus	820,683,394	718,554,223
Subcontracting Charges	217,338,273	231,360,834
Contribution To Pf And Other Funds	18,824,641	17,006,411
Workman And Staff Welfare Expenses	74,689,377	39,712,533
	1,131,535,685	1,006,634,001

	Year Ended March 31,2010 (in Rs)	Year Ended March 31,2009 (in Rs)
Schedule-10		
Administrative And Other Expenses		
Travelling	24,822,852	37,139,404
Conveyance	10,900,150	6,040,657
Staff Welfare	7,573,059	3,942,101
Telephone	20,471,842	23,879,881
Printing And Stationery	2,209,167	2,749,868
Electricity And Power	11,016,390	10,855,338
Rent - Equipment	8,335,852	8,660,920
Rent - Apartment And Ground	32,945,021	26,018,250
Repairs - Machinery	8,963,763	6,432,894
Repairs - Building	7,736,959	5,885,967
Repairs - Others	73,981	453,471
Education And Training Expenses	3,355,359	658,551
Insurance	7,275,368	9,324,007
Miscellaneous Expenses	6,190	1,428,926
Auditors' Remuneration - Audit Fees	238,220	225,960
Tax Audit Fee	50,000	50,000
Other Audit Certificate	90,000	73,001
Books And Periodicals	328,387	586,099
Directors' Fees	716,234	420,000
Rates And Taxes	1,353,318	164,857
Legal / Professional Fee	21,082,214	56,211,362
Consultancy Charges	4,808,148	3,759,729
Recruitment And Relocation Expenses	3,592,825	8,093,204
General And Board Meeting Expenses	3,051,879	1,805,101
Membership And Subscription	1,308,098	1,623,461
Business Promotion	3,801,340	1,928,097
Advertisement	321,647	817,954
Seminar And Conferences	340,381	2,092,407
Deposits Written Off	9,257,112	
Donation	—	132,000
Bad Debt Written Off By Subsidiary	9,123,596	5,306,347
	205,149,351	226,759,815

Schedule 11

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

1. Significant Accounting Policies

a) Convention

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

b) Basis of Accounting

The Company follows accrual basis of accounting.

c) Revenue Recognition

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

d) Fixed Assets

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

e) Depreciation

Depreciation on fixed assets is provided using the straight-line method at the rates prescribed under the Schedule XIV of the Indian Companies Act, 1956. However, Plant & Machinery is being depreciated @ 33.33%. Assets costing less than Rs.5,000/- are depreciated in full in the year of purchase. Depreciation on additions due to realignment of rupee value of foreign currency loan or fixed assets has been charged proportionately on the productive life of the assets. Significant purchased application software that is an integral part of the computer system expected to provide lasting benefits is capitalized and amortized in three years. Expenses incurred on leased premises are amortized over the remaining period of lease.

f) Investments

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

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

g) Miscellaneous Expenditure

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

h) Foreign Currency Translation

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

i) Spares and Consumables

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

j) Income Tax

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

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

k) Contingent liabilities

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

l) Employee Benefits

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

m) Asset taken on Lease

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

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

n) Impairment of Assets

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

2. Contingent Liabilities:

- a) Guarantees outstanding as at 31.3.10 is Rs 1,155,500 (Previous Financial year 31.03.09 Rs. 1,524,900)
- b) Liabilities in respect of bills discounted with Silicon Valley Bank by the Company as on 31.3.10 is amounting to Rs.69,941,756 (Previous Financial year 31.03.09 Rs. 191,277,731)
- c) The US Subsidiary of the company has written off loans and advances for USD 203198 (Rs.91.23 Lac) as bad debt.
- 3. a) Debit in Interest and Finance Charges Account includes Interest to Banks Rs.7,606,153 and Financial Charges to bank Rs. 14,215,747 and other charges paid to bank Rs.899,818 incurred during the year ended 31.3.10 (Previous Financial Year 31.03.09 Rs. 32,360,931). It also includes interest on Debenture amounting to Rs. 2,912,159 (previous year Rs. 3,615,856).
- b) Other income for the year ended 31.3.10 includes FD earlier written off now recovered on reconciliation amount to Rs.3,520,046 (including TDS Rs. 190,680) ,Interest Received from Bank amounting to Rs.1163937 (including TDS Rs.70,252) (Previous Year Rs. 246,140 (including TDS Rs. 35,610)), Interest income received from Income Tax Rs. 1,383,989 interest received from subsidiary Rs 421,983 (Previous Year Rs. 13,884) and Conversion fees amounting to Rs. 479,824 (Previous year Rs. NIL).
- 4. a. The income tax deducted at source on domestic income during the year is Rs.1,886,750 (Previous Financial Year Rs. 3,033,838).
- 4. b. The Company has provided an amount of Rs. 2,329,910 as deferred tax Liability as on 31.3.10 (Previous Financial Year Rs. 10,029,998). The detail for the same is given as below:-

Deferred Tax Liability	As ON 31-3-10
Tax Rate	33.99%
Opening TD	
Depreciation Difference 2009-10	-21,301,904
As per Companies Act	69,529,716
Amortised Building Expenses as per Companies Act	1,648,584
As per Income Tax	49,876,396
WDV Difference opening	75,842,281
As per Companies Act	193,493,470
As per Income Tax	117,651,189
Closing TD	54,540,377
Closing Balance DTL	18,538,274

Deferred Tax Asset	As ON 31-3-10
Tax Rate	33.99%
Provision for Gratuity & Leave	18,177,012
Originating TD	18,177,012
Closing TD	18,177,012
Closing Balance DTA	6,178,366
NET DEFERRED TAX LIABILITY	12,359,908

- 4 c. There is no Impairment of assets during the year.
5. a. Legal /Professional Fees and Taxes is inclusive of value added tax for the year ended 31.3.10 amounting to Rs. 14,812,381 (Previous Financial year 31.03.09 Rs. 36,133,666). It also includes the amount of Rs. 358,994 (Previous Financial Year 31.3.09 Rs. 10,290,260) paid during the year ended 31.3.10 as legal charges for a case filed in USA by Identity Check for infringement of copy right. The company has entered into out of court settlement during the year and has incurred a cost of Rs. 1,649,200. Henceforth the case is resolved.
6. Prior period expenses incurred till date 31.03.10 Rs. 826,875- (Previous Financial Year 31.03.09 Rs. 1,541,425/-) which is on account of re-imburement to the employees.

Particulars as on 31.3.10	Amount (Rs.)
Travelling Expenses	727,461
Telephone	68,702
Staff Welfare	13,750
Bank & Misc. Charges	16,962
TOTAL	826,875

7. a. i.) In respect of equipment acquired on finance lease , the minimum lease rental outstanding as on 31.3.10 and their present value are as under :-

	Total Minimum Lease Payment outstanding as at 31st Mar' 2010	Future Interest on Outstanding Lease Payment	Present Value of minimum Lease Payment as at 31st Mar' 2010
Within One Year	1,421,922	31,959	1,389,963

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

7. b. i.) The Company has taken equipments from Orix Auto Infrastructure Service Ltd. Under operating clause and lease rent and paid an amounting of Rs. 8,328,018 during the year ended 31.3.10 (previous Year 31.03.09 Rs. 8,277,384) has been charged to the profit & Loss Account. The Future Minimum Lease Payment are as under

dsad	Total Minimum Lease Payment outstanding as at 31st Mar' 2010
Within One Year	2,749,256

- ii.) The Company has also entered into an operating lease for Building with Saltee Infotex (India) Pvt. Ltd. for the period of 3 years expiring on 30th April' 12. The amount of Rs. 18,711,420 (Previous Year 31.03.09 Rs. 16,449,600) has been charged to the profit & Loss Account.

	Total Minimum Lease Payment outstanding as at 31st Mar' 2010
Within One Year	18,917,040
Later than One Year and not Later than Five Year	20,493,460

8. DEFINED BENEFIT PLAN

As per Actuarial Valuation as on 31 .03.2010, the company has recognized the appreciation in the value of the liability into the books in addition to the One fifth of the Transitional difference arises as on 31.03.08 of the same has been charged to P/L A/c amounting to Rs. 1,440,780 & 770,828 for Leave Encashment & Gratuity respectively. And the balance of

Rs 2,881,559, & 1,542,200 are being carried forward to be charged off in balance two installments in respect of Leave Encashment & Gratuity respectively.

	PARTICULARS	Gratuity	Leave
A	Components of Employer Expenses	Rupees	Rupees
1	Current Service Cost	3,351,838	383,764
2	Interest Cost	857,470	423,016
3	Expected Return on plan assets	—	—
4	Curtailment cost (credit)	—	—
5	Settlement cost (credit)	—	—
6	Amortization of Past Service Cost	—	—
7	Actuarial Losses/(Gains) on defined benefit obligation	1,748,723	2,502,610
8	Actuarial (Losses)/Gains on plan Assets	—	—
9	Total Expenses recognised in the Statement of Profit & Loss A/C	5,958,031	3,309,390
B	Actual Contribution and Benefits Payments for period ending 31 March 2010	Rupees	Rupees
1	Actual Benefit Payments	2,192,419	2,810,600
2	Actual Contributions	2,192,419	2,810,600
A	Funded Status	Rupees	Rupees
1	Present value of Defined Benefit Obligation	12,601,180	5,537,101
2	Fair value of plan assets	—	—
3	Funded Status [Surplus/(deficit)]	(12,601,180)	(5,537,101)
4	Effect of balance sheet asset limit	—	—
5	Unrecognised Past Service Costs	—	—
6	Net asset/(liability) recognised in balance sheet	(12,601,180)	(5,537,101)
1	Net asset/(liability) recognised in balance sheet at beginning of period	(8,835,568)	(5,038,311)
2	Employer Expenses	5,958,031	3,309,390
3	Employer Contribution	2,192,419	2,810,600
4	Net asset/(liability) recognised in balance sheet at end of the period	(12,601,180)	(5,537,101)
A	Change in Defined Benefit Obligation	Rupees	Rupees
1	Present value of PBO at beginning of period (+)	8,835,568	5,038,311
2	Current Service Cost (+)	3,351,838	383,764
3	Interest Cost (+)	857,470	423,016
4	Curtailment cost/(credit) (-)	-	-
5	Settlement cost/(credit) (-)	-	-
6	Employee contribution (-)	-	-
7	Plan amendments (-)	-	-
8	Acquisitions (-)	-	-
9	Actual (gains)/Losses	1,748,723	2,502,610
10	Benefits Paid (-)	(2,192,419)	(2,810,600)
11	Present value of PBO at the end of period (-)	12,601,180	5,537,101

B	Change in Fair Value of Assets	—	—
1	Plan Assets at beginning of period	—	—
2	Expected return on plan assets	—	—
3	Actual company contributions	2,192,419	2,810,600
4	Employee contributions	—	—
5	Actuarial Gain/(Loss) on plan assets	—	—
6	Benefits paid	(2,192,419)	(2,810,600)
7	Plan assets at the end of period	—	—

9 Related Party Disclosures:

a) Enterprises where control exists:

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

b) Key Management Personnel:

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

Disclosure of transactions between the Company and Related Parties and the status of outstanding balances as on 31.03.2010

		Wholly Owned Subsidiary (WOS)	Key Management Personnel
1	Advances given		
	Responsive Solution Inc	4,220,600	
	RS Software (Asia) Pte Ltd	8,453,306	
	Advances recovered		
	Responsive Solution Inc	26,347,096	
2	Interest Receivable from Subsidiary	421,983	
	Reimbursement of expense incurred on behalf of Subsidiary.		
	Responsive Solution Inc	5,312,762	
	Reimbursing the subsidiary towards service rendered at market price.		
	R S Software Asia (pte.) Ltd.	10,194,680	
3	Remuneration to Key Personnel:		
	- Directors		587,914
	- Managing Director		3,892,100
	ESOP Allotted and amount recovered		
	- Shital Kr Jain (10000 Shares @ Rs. 15.95 per share)		159,500
	- Vijendra Surana (2500 Shares @ Rs.15.95 per share)		39,875

		Wholly Owned Subsidiary (WOS)	Key Management Personnel
4	Balance as on 31.3.10 :		
	Advances given		
	Responsive Solution Inc	NIL	
	Debtors		
	Responsive Solution Inc	NIL	
	Creditors		
	RS Software (Asia) Pte Ltd	1,741,373	
5	Maximum balance outstanding during the year		
	Advances given		
	Responsive Solution Inc	4,783,839	
	Debtors		
	Responsive Solution Inc	9,791,263	
	Creditors		
	RS Software (Asia) Pte Ltd	1,741,373	

- d) The company has charged interest on advance given to subsidiary after 1st January'2009. The interest is treated as further advance given.
- e) Company has formed one 100 % subsidiary at Singapore with the name RS Software (Asia) Pte Ltd. with the capital of 25000 Singapore Dollar @ SGD 1 (Rs 32.08) per share on 9th April' 09. The investment in share is due and will be done subsequently.
10. a) 12.5% Cumulative Redeemable Preference Shares (CRPS) amounting to Rs. 500 Lac issued to IDBI were due to be redeemed on May 30, 2004 but have not been redeemed. Company has paid a total amount of Rs. 592.57 Lac till 31st March '09 against CRPS. The Company had made a provision of Rs. 92.57 lac in the June quarter against deposits with IDBI, Which has been finally written off. During the year company has redeemed the preference shares for Rs. 245 Lac after transferring Rs 110 Lac during the year to Preference Share Redemption Reserve. Due to accumulated past losses incurred by the Company only Rs 110 Lac has been transferred to Preference share redemption reserve during the year ended 31.3.10
- b) 12.5% NCD for 289 Lac had been issued in Nov '07. Debentures were repayable in 2 equal installments payable in November 2009 & 2010 respectively out of which 1st Installment which was due on Nov'09 has been paid on due date.

11. Auditor's Remuneration

	31.3.2010 (In Rs.)	31.03.09 (In Rs.)
As Statutory Auditors	150,000	150,000
Tax Audit	50,000	50,000
In Other Capacity Certification work	90,000	73,000

The above remunerations are not inclusive of service tax as applicable

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

	31.03.10	31.03.09
Numerator for Basic and Diluted EPS:		
Profit for the period	119,501,106	52,266,680
Less: Dividend on Pref Shares	3,187,500	6,250,000
	116,313,606	46,016,680
Denominator for Basic EPS:		
Equity Shares	7,664,648	7,444,648
Add: ESOP Conversion	10654	
Add: Preferential Issue	6247	603
Weighted no. of Equity Shares	7,681,549	7,445,251
Denominator for Diluted Shares		
Weighted No. of Basic Equity Shares	7,681,549	7,445,251
Add: ESOP Conversion		
ESOP Dilutive	216,915	17,394
Pref Share allotment	238,208	
ESOP (2006-07)		78,000
Weighted no. of Equity Shares	8,136,672	7,540,644
Nominal Value of share	10.00	10.00
Basic Earning per Share	15.14	6.18
Diluted Earning per Share	14.29	6.10

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

	31.03.2010 (Rs.)	31.03.2009 (Rs.)
Salaries	2,400,000	2,100,000
Other Benefits	1,372,149	1,253,574
Provident Fund	288,000	252,000
Total	4,060,149	3,605,574

Central Government approval for managerial remuneration on ground of his being an NRI as per the definition of the companies Act' 1956 has been received as per letter dated 23rd June '2009.

14. a. The Company has granted 275,200 shares to the employees during the year 2007-08 at the fair value and the exercise price of the option is Rs. 15.95 each. As on date 31.3.10 48,150 option has been exercised.
- b. The Company has granted 186,700 shares to the employees during the year 2008-09 at the fair value of and the exercise price of the option is Rs. 29.90 each. As on date 31.3.10 15,600 option has been exercised.
- c. The Earlier provision of liability against Employee Stock option for a sum of Rs. 47,285 has been written off to the employee expenses as the same has not been exercised by any employees during the year and has lapsed as on 31st Dec '2009
- d. 165000 share options in 2004-05 under the Employee Stock Option Scheme @ Rs. 16.76 was given out of which 55350 shares were allotted and balance options have lapsed now.
- e. 176,600 shares options in 2005-06 under the Employee stock option scheme at the closing of the Market Price of Rs 71/- preceding the date of the Board Meeting where ESOS was approved. 2298 options have been exercised and converted into equity shares and balance have now lapsed.
- 15 The company has received 10% of the application money in the year 2008-09 for 10,00,000 equity warrants @ Rs. 19.50 each from CMD as preferential allotment out of which 380,000 shares (previous year 220000 shares) were allotted to the him @ Rs. 10 per share and Rs. 9.50 as premium. The money received and used for the business of the company
16. There is no declaration received from vendor for being Small, Medium & Micro Registration.
17. Additional Information pursuant to provisions of the Para 3 and 4 of Part II Schedule VI for the Companies Act, 1956:-
The Company is engaged in the business of development & maintenance of computer software and other related services. The production and sale of such software services are not capable of being expressed in generic terms.

	31.03.10 (In Rs.)	31.03.09 (In Rs.)
Expenditure in Foreign Currency:		
a) Foreign branch expenditure	1,242,352,299	1,181,569,012
b) Interest paid to ICICI Bank	NIL	2,054,079
Earning in Foreign Currency		
a) Export of services	1,583,300,465	1,477,376,117
b) Interest Income	421,983	14,584

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

Particulars	For the year Ended March 31, 2010	For the year ended March 31, 2009
1. Segment Revenue (net sale/income from each segment should be disclosed)		
a. Segment – A (USA)	1,519,557,546	1,233,037,258
b. Segment – B (ROW)	141,967,240	261,509,226
Total	1,661,524,786	1,494,546,484
Less: Inter segment revenue	—	—
Net sales/income from operations	1,661,524,786	1,494,546,484
2. Segment Results Profit (+) / (loss)(-)		
before tax and interest from each segment		
a. Segment –A (USA)	301,922,563	170,678,147
b. Segment – B (ROW)	31,944,930	85,418,489
Total	333,867,493	256,096,636
Less: i. Interest & Finance Charges	23,154,421	40,660,587
ii. Depreciation	71,334,885	57,394,815
a. Provision for Diminution in value of investments		
b. Share Issue Expenses W/off	1,498,572	1,498,572
c. Selling, General & Administrative Expenses	86,551,927	73,351,602
Total Profit/(Loss) Before Tax	151,327,688	83,191,061
3. Capital Employed		
Total Assets	34,578,626	431,773,732
Total Liabilities (See note below *)	34,578,626	431,773,732

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

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

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

For **CHATURVEDI & COMPANY**
Chartered Accountants

ON BEHALF OF THE BOARD

NILIMA JOSHI
Partner, M. No. 52122
Dated: April 26th 2010, Kolkata

V. SURANA
CFO & Company
Secretary

S. K. JAIN
Director

R. R. JAIN
Chairman &
Managing Director

CONSOLIDATED CASH FLOW STATEMENT



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

	31.03.10 (In Rs.)	31.03.09 (In Rs.)
A Cash Flow From Operating Activities:		
Net Profit After Tax And Extra Ordinary Items	119,377,951	52,266,680
Adjustment For :		
Depreciation	71,334,885	57,483,122
Interest Paid	23,154,421	40,174,471
Capital Reserve	2,117,664	(1,625,639)
Provision For Tax	22,500,388	30,924,381
Foreign Exchange Fluctuation Reserve	(6,647,275)	
Provision For Gratuity, Leave Encashment	6,476,010	4,473,712
Interest Received	(5,105,967)	(260,024)
Employees Expenses Amortization	—	(167,225)
Miscellaneous Expenditure Written Off	1,498,572	1,498,573
Operating Profit Before Working Capital Charges	234,706,649	184,768,051
Adjustment For :		
Trade And Other Receivables	(41,908,506)	(76,948,268)
Trade Payables	(31,226,333)	44,297,145
Cash Generated From Operations	161,571,810	152,116,929
Interest Paid	(23,154,421)	(41,534,553)
Cash Flow Before Extraordinary Items	138,417,389	110,582,375
Net Cash From Operating Activities	138,417,389	110,582,375
B Cash Flow From Investment Activities :		
Purchase of Fixed Assets	(30,088,939)	(61,745,305)
Interest Received	5,105,967	260,024
Net Cash From Investment Activities	(24,982,972)	(61,485,281)
C Cash Flow From Finance Activities:		
Proceeds From Share Application	7,856,148	(5,669,891)
Proceeds From Long Term Borrowings	(64,362,361)	(14,391,138)
Preference Share Redemption	(24,500,000)	—
Repayment of Loan	(14,713,446)	(48,102,028)
Net Cash From Financing Activities	(95,719,661)	(68,163,058)
Net Increase /Decrease in Cash and Cash Equivalents (a+b+c)	17,714,756	(19,065,964)
Opening Cash and Cash Equivalents	19,220,746	38,286,710
Closing Cash and Cash Equivalents	36,935,502	19,220,746

The Schedules Referred To Above Form An Integral Part Of The Balance Sheet.

This Is The Balance Sheet Referred To In Our Report Of Even Date.

For **CHATURVEDI & COMPANY**
Chartered Accountants

ON BEHALF OF THE BOARD

NILIMA JOSHI
Partner, M. No. 52122
Dated: April 26th 2010, Kolkata

V. SURANA
CFO & Company
Secretary

S. K. JAIN
Director

R. R. JAIN
Chairman &
Managing Director



R S SOFTWARE (INDIA) LTD

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

of _____

as my / our proxy in my / our absence to attend and vote for me/us, and on my our behalf, at the ANNUAL GENERAL MEETING of the Company, to be held at 11.00AM on July 24, 2010 and at any adjournment thereof.

As witness my / our hand/hands this _____ day of _____ 2010.

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, Calcutta – 700 020, not less than 48 hours before the time for holding the meeting.

This attendance slip duly filled in to be handed over at the entrance of the Meeting Hall

R S SOFTWARE (INDIA) LTD

Registered Office:

FMC Fortuna, A-2, 234/3A, A J C Bose Road, Calcutta – 700 020

I hereby record my presence at the ANNUAL GENERAL MEETING at Aikatan Cultural Centre, Eastern Zonal Centre, IA-190, Sector III, Salt lake City, Kolkata -700 097 at 11.00 am on JULY 24, 2010.

Name of the attending Member _____

(in block letters)

Folio No / DP ID & Client ID _____

Name of Proxy _____

(in block letters, to be filled in if the Proxy attends instead of the Member)

No. of shares held _____

*Member's/Proxy's Signature

*To be signed at the time of handing over this slip

Offices:

India

Corporate Office:

A-2, FMC Fortuna, 234/3A, A.J.C. Bose Road, Kolkata 700020, India

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Fax: 91 33 2287 6256

Development Center:

RS Tower, Block DN-9, Saltlec Sector - V, Salt Lake City, Kolkata 700091, India

Board: 91 33 6601 8899

Fax: 91 33 2367 4469

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