

2010 - 2011
ANNUAL REPORT



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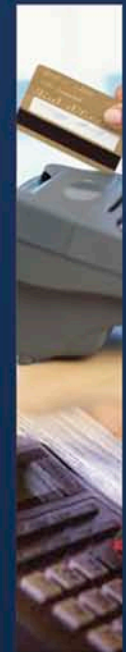
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Mr. R. R. Jain is Chairman and Managing Director of your Company. He started his professional career as a Software Systems Analyst in Los Angeles, after completing his MBA from California, USA. In 1989, he became an independent Consultant and returned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



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

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



Mr. R. Ramaraj, was the Co-Founder and CEO of Sify Limited, the pioneer and leader in Internet, Networking and eCommerce Services in India. He was recognized as the 'Evangelist of the Year' at the India Internet World Convention in September 2000 and in 2001, in a CNET.com poll in India, he was voted the IT Person of the Year 2000. Currently, Ramaraj is the Senior Advisor at Sequoia

Capital and is a member of the Global Board of Trustees of TiE (The Indus Entrepreneurs). He is the first Indian to be invited to the Board of Directors of ICANN (Internet Corporation for Assigned Names and Numbers). MBA from IIM Kolkata is currently on its Board as well.

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





Mr. R. R. Jain
Chairman and Managing Director



Mr. Ravi Chandran is Executive Vice President, Business Development and is based out of US. He has an industry experience of over 29 years. After working for CMC and IBM in senior advisory roles for 15 years, he set up his own company Tecsol in Singapore promoting an ERP package from India. Subsequently he merged Tecsol with Caritor. While in IBM, Ravi was involved when the Mainframe was acquired by RS. His key strengths lie in planning and executing market entry strategy for products and services, ability to abstract the value proposition from technology solutions, and an in-depth understanding of the benefits and challenges of the offshore delivery model.

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



Mr. John Connelly is Sr. Vice President, Business Support. With more than 30 years experience in the Payments Industry, John has in-depth knowledge of Payment Systems and an excellent grasp of high volume transaction processing, having implemented a number of large & complex payment applications. Based in the United States, John started his career at American Express in 1972, working with their Authorization system. At Visa International where he spent close to 20 years, and was involved in various key successful deliverables. He assisted in the concept of a Joint Visa MasterCard Payment product called Entrée and initiated the reengineering of the Visa Authorization Systems.

Mr. Aniruddha Rai Chaudhuri is General Manager, Quality & Benchmarking. A science graduate and Certified Quality Analyst he possesses over 15 years experience in the software industry in project management, business process re-engineering, designing and implementation of quality systems, resource management and competency development. His vision is to see R S Software emerge as one of the top five software companies in the world.





Mr. Sumit Misra, General Manager has more than 19+ years of experience in IT with 12+ years of experience dedicated to technical lead / project lead / project manager positions. At RS he leads the Competency Group, and looks after other innovation initiatives. He holds a M.E. in Electronics and Telecommunication

Engineering from Jadavpur University and is a TOGAF Certified Practitioner.

Col Perminder Singh Gill, Deputy General Manager, Operations & Support is responsible for Infrastructure Management, Physical & logical Security, Purchase, House Keeping, Vendor & Transport Management, Facilities, Assets, Management of Customs and Central Excise Issues, and Personnel

Administration. He was with the Indian Armed Forces for almost 25 years. Prior to joining RS, he was heading the Discipline & Vigilance Branch in the Headquarters of Eastern Command, Kolkata.



Mr. Sanjay Guha, Deputy General Manager heading multiple accounts has a successful track record of over 19 years, involved in Project & Delivery Management of Products/Solutions for the Financial Services sector involving Payment System, with specific focus on Credit Card segment, Prepaid/ Stored Value

Card domain, Merchant Boarding, Agent Residual Management, Chargeback & Dispute. He is a certified Project Management Professional from PMI (USA) and trained on Enterprise Architecting.

Mr. Kallol Ghosh, Deputy General Manager is Delivery Head and responsible for entire Delivery to the largest customer. He has over 20 years of industry experience in providing application software solutions, and developing, implementing and managing applications supporting high volume transactions. Kallol has

worked for multiple onsite-offshore projects across multiple locations with the world's largest payment network, and has handled multiple projects, across multiple technology platforms through which he has gained in-depth knowledge of the onsite-offshore outsourcing model.



MOMENTS FROM PREVIOUS GENERAL MEETINGS



NOTICE is hereby given that the Twenty Third Annual General Meeting of the Members of R S Software (India) Limited will be held on Wednesday, July 20, 2011 at 11 a.m. 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 31.03.2011 and Profit & Loss Account for the year ended on that date together with the Report of Auditors and Directors thereupon.
2. To declare a dividend on Equity Shares.
3.
 - a) To appoint Director in place of Mr. R. Ramaraj who retires by rotation and being eligible offers himself for re-appointment.
 - b) To appoint Director in place of Mrs. S. Jain who retires by rotation and being eligible offers herself for re-appointment.
4. To appoint Auditors and to fix their remuneration and for this purpose to consider and, if thought fit, to pass the following resolution as an Ordinary Resolution.

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

SPECIAL BUSINESS

5. To consider and, if thought fit to pass, with or without modifications the following resolution:

“Resolved that the Company do hereby approve re-appointment of Mr. R. R. Jain, Chairman and Managing Director (CMD) as the Chairman and Managing Director of the Company for a period of three years with effect from 1st October 2011 the date when the last contract with CMD expires on remuneration payable as proposed below and as determined by the Board of Directors of the Company and specified hereunder in accordance with and subject to the conditions of Schedule XIII of Companies Act and any other applicable provisions under the said Act:

Particulars	Remuneration (Rs.)
Basic	300,000.00
HRA	150,000.00
Monthly Gross	450,000.00
Yearly Gross	5,400,000.00
Annual Benefits	
Medical subject to production of bills limited to	300,000.00
LTA subject to production of bills limited to	300,000.00
PF@ 12% on Basic	432,000.00
Gratuity @ 15 days salary for each completed year of service	173,077.00
1% of Net Profit capped to a maximum of Rs. 14 lacs.	1,400,000.00
Grand Total per Annum	8,005,077.00
Other Allowances	
Club Fees in India subject to maximum of two Clubs	At actual.
Chauffer driven Car	Fuel at actual.
Reimbursement of telephone of residence used for official purpose	All actual.

Note: CMD, Mr. R. R. Jain will be entitled to reimbursement / payment of all entertainment, travelling, hotel & other expenses inclusive of such foreign allowances as may be permissible under the RBI and other applicable rules incurred by him during the course of and in connection with the business of the Company whether incurred in India or in abroad.

“FURTHER RESOLVED that the above package would be effective for a period of three years effective from 1st October 2011 and ending 30th September 2014 and that the above remuneration would be paid as minimum remuneration in case of inadequacy of profits as per the limits under the Government Notification No. GSR (E) dated 16/01/2002 under the Companies Act.”

6. To consider and, if thought fit to pass, with or without modifications the following 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 options out of the same ceiling of 20,00,000 stock options as approved by the Shareholders at the Annual General Meeting held on July 24, 2010 for the Company:

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

“Further Resolved that the aforesaid ESOS Scheme shall conform to the Accounting Policy as specified in Clause 13.1 of SEBI (ESOS & ESPS) Guidelines, 1999, as amended.”

“Further Resolved that the Company’s ESOP Scheme shall be applicable to the employees of the Subsidiary Companies in India or outside India and the Directors of the Subsidiary Companies whether whole – time or otherwise.”

By Order of the Board

Registered Office:
234/3A, A.J.C. Bose Road
Kolkata – 700 020
April 19, 2011

Vijendra Surana
CFO & Company Secretary

NOTES:

- a. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Item Nos. 5 & 6 is set out in the Notice is annexed hereto.
- b. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND, ON A POLL, TO VOTE INSTEAD OF HIMSELF. SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE VALID AND EFFECTIVE, MUST BE DELIVERED AT THE REGISTERED/CORPORATE OFFICE OF THE COMPANY NOT LATER THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- c. Members are requested to note that the Company’s equity shares are under compulsory demat trading for all investors, subject to the provisions of SEBI Circular No.21/99 dated July 8, 1999. Members are, therefore, requested to dematerialize their shareholding to avoid inconvenience.
- d. The Register of Members and Transfer Books of the Company will remain closed from July 14, 2011 to July 20, 2011 (both days inclusive). Dividend for the year ended March 31, 2011, at the rate of Rs.2/- per fully paid-up equity share, if declared at the Meeting, will be paid after July 21,2011 within 30 days from the date of AGM:
 - (i) To those Members, holding shares in physical form, whose names appear on the Register of Members of the Company, at the close of business hours on July 20, 2011 after giving effect to all valid transfers in physical form lodged on or before Wednesday, July 13, 2011 with the Company and / or its Registrar and Transfer Agent; and

- (ii) In respect of shares held in electronic form, to all beneficial owners as per the details furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) at the close of business hours on Wednesday, July 13, 2011.
- e. Members holding shares in physical form are requested to immediately notify change in their addresses, if any, to the Registrar and Transfer Agent of the Company, quoting their Folio Number (s), in order to avoid fraudulent encashment of dividend warrants. Members holding shares in physical form are requested to send to the Registrar and Transfer Agent of the Company, on or before July 13, 2011 a Bank Mandate (providing details of name and address of banker, branch, PIN code and particulars of the bank account) or changes therein, if not provided earlier, under the signature of the Sole /First holder quoting their Folio Numbers. This information will be printed on the dividend warrants. Members may also avail of the Electronic Clearing Services (ECS) mandate facility provided by the Company.
- f. Members holding shares in dematerialized mode are requested to intimate all changes pertaining to their bank details, ECS mandates, email addresses, nominations, power of attorney, change of address/name etc., to their Depository Participant (DP) only and not to the Company or its Registrar and Transfer Agent. Any such changes effected by the DPs will automatically reflect in the Company's subsequent records.
- g. Pursuant to the requirements on corporate governance under Clause 49 of listing agreements entered into with stock exchanges, the information about the Directors proposed to be re-appointed is given in the Directors' Report.
- h. The Annual Report of the Company circulated to the Members of the Company, will be made available on the Company's website at www.rssoftware.com
- i. Members desirous of getting any information about the accounts and/or operations of the Company are requested to write to the Company at least ten days before the date of the Meeting to enable the Company to keep the information ready at the Meeting.
- j. All the documents referred to in the Notice and Explanatory Statement will be available for inspection by the Members at the Registered / Corporate Office of the Company between 10.30 a.m. and 12.30 p.m. on all working days from the date hereof up-to the date of the Meeting.
- k. Shareholders holding shares in demat mode and intend to receive the Annual Report in physical form in future years may visit the web page www.cbmsl.com/green.php to exercise their option. Likewise shareholders holding shares in physical mode are requested to visit the aforesaid web page to register their e-mail id and exercise their option accordingly.

By Order of the Board

Registered Office:
234/3A, A.J.C. Bose Road
Kolkata – 700 020
April 19, 2011

Vijendra Surana
CFO & Company Secretary

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

Item 5

The current tenure of Mr. R. R. Jain, Chairman & Managing Director (CMD) who was re-appointed on 1st October, 2008 for a period of three years vides shareholders' approval in the AGM held on 31st July, 2008 is due for renewal. The reappointment will fall due for renewal w.e.f. 1st October 2011 when Mr. Jain will be completing his three years Contract with the Company.

Having regard to the fact that the Company's achievement for the past couple of years in its operational matters has been highly satisfactory and there has been at the same time escalation in the remuneration package of the CEO's in identically placed positions in the Corporate Sector, it is proposed to re-appoint and increase the emoluments of the CMD for the next tenure of three years in the manner brought out in the tabular statement in the Notice. The growth and progress of the Company in the immediate preceding period has been possible due to the dynamic leadership of Mr. R. R. Jain. The revenue of the Company has touched US\$43.78 million in 2010-11. The Company is now on a growth path and is bound to do better in the coming years. This

has been rendered possible largely due to the top class professional and pioneering competencies displayed by the CMD and his devoted band of functionaries.

The proposed new package for Mr. R. R. Jain is still quite modest from the Comparative Industry Standard and is recommended by the Board.

The Board recommends the same for the adoption by the General Body. No Directors except Mr. R. R. Jain and Mrs. S. Jain (his wife) have any interest or are concerned in the proposed resolution already adopted by the Board in which none of the aforesaid two interested Directors participated either in the discussion or voting.

Item 6

The Company's ESOS Scheme having 2000000 Options already approved by the Shareholders at the Annual General Meeting held on 24th July 2010. In accordance with the SEBI (ESOS & ESPS) Guidelines, 1999 it is required to pass a separate resolution at the General Meeting for granting options to the employees and Directors of the Subsidiary Companies whether in India or outside India out of the same ceiling of 2000000 Options as approved by the Shareholders in the last Annual General Meeting. The Remuneration Committee would decide on the vesting and the exercise period for Employees of the Subsidiary Companies which include Directors excluding the Promoters. The Board of Directors recommends the approval by the shareholders of the Employee Stock Option Scheme (ESOS) to the eligible Employees and Directors of the Subsidiary Companies as well.

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 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 / Directors 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 Directors.
- (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 the options by the employees after each year from the date of grant of the options and for Directors 100% of the total options granted will become vested and will be eligible to exercise after one year from the date of grant of the options.
- (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.

Registered Office
234/3A, A.J.C. Bose Road
Kolkata – 700 020
April 19, 2011

By Order of the Board

Vijendra Surana
CFO & Company Secretary

Dear Member,

Your Directors are pleased to present the twenty-third Annual Report and the audited Statement of Accounts, highlighting the business operations and financial results for the year ended 31st March 2011.

FINANCIAL HIGHLIGHTS

R S Software (India) Ltd.

(Rs. in Millions)

Particulars	R S Software (India) Ltd.		R S Software (India) Ltd. (Consolidated)	
	2010-11	2009-10	2010-11	2009-10
Gross Revenue	1883.00	1618.80	1993.10	1665.10
Operating Profit (PBDIT)	308.00	211.90	327.10	236.37
Interest	8.50	22.70	8.50	23.15
Depreciation	46.00	71.20	46.00	71.33
Profit before Tax	253.50	118.00	272.60	141.89
Provision for Tax	46.40	22.30	49.30	22.30
Profit after Tax	207.10	95.70	223.30	119.59

REVIEW & ANALYSIS OF THE FINANCIAL PERFORMANCE

The company has achieved an excellent performance during the year, with growth in profits exceeding 86% over the previous fiscal year, while attaining a US dollar revenue growth of 24%. The return on net worth is exceeding 60%, and with this the company's financial foundation is much strengthened to achieve the growth planned. The company continues to deploy deep penetration strategy for its growth with its primary clientele, while building its sales engine for implementing its vision to be a global leader in providing solutions to the electronic payments industry. The unique positioning of domain focus is helping to articulate our value proposition which is being received well by the leaders in the payments industry.

IT OUTSOURCING INDUSTRY AND MEETING COMPETITION

This industry continues to be robust and growth in this decade is expected to be significantly higher than the previous decade, and herein lies the opportunity, particularly for companies that recognize the following:

- As outsourcing matures and organizations move up the value chain, managing complexities & achieving business transformation require collaboration between the service provider and the client.
- Adoption of a deep niche strategy enables small firms to remain competitive
- Building of internal resources & capabilities by SMEs are key to competitive advantage
- Entrepreneurial strategic orientation enhances firm performance

Your company is practicing all of the above, and your management team is confident that continued focus on these actions will help to build our competitive advantage against competition and large players from India.

The last four years have seen a huge transformation initiative, to ensure that this time around the company is fully prepared to capitalize on the next wave of growth for Indian companies, with industry expected to grow 3 times in the next 10 years. This coincides with the inflexion point for growth in the Payments industry. In anticipation of this opportunity, the company continues to build upon its core strength, which enables exponential rather than linear growth. The growth in both revenues and profitability in the last three years bears testimony to the success of our transformation initiatives. Amongst other parameters, the company is focusing on:

- 1) The organization structure that facilitates effective implementation of our vision and strategy.
- 2) Building a robust global sales engine, that complements the high priority accorded to the company's existing customers, and leveraging at the same time unusual growth potential.
- 3) Systems are developing, getting more refined and extensive, and institutionalization of the Gazelles methodology that focuses on best practices for mid size businesses. This has helped large number of companies to grow from mid size to world class companies.
- 4) Innovation to play a key role in enhancing RS Software's ability to integrate the emerging technologies with the legacy platforms, such that our customers are able to introduce solutions to the market, which bring about the difference in the way consumers and business experience payments.
- 5) Leveraging the unique early advantage of working in the electronic payments industry, represents a huge growth potential for RS Software.
- 6) The proximity to Silicon Valley which has a highly developed eco system for the payments industry provides access to premium payments consultants and associations to collaborate with.

THE ELECTRONIC PAYMENTS INDUSTRY

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

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

GROWTH STRATEGY

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

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

- Appropriate management bandwidth to achieve fulfillment of its vision.
- Diversified talent pool with globalised recruiting and HR practices.
- Emphasis on learning, knowledge management, and Innovation through consistent spending on research and development.
- Reusable tools and frameworks.
- Continued benchmarking to best practices and quality accreditations.

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

ISSUE OF BONUS SHARES

To reward its shareholders, during the year the company has issued 2,381,390 equity shares out of the Capital Redemption Reserve account of Rs. 245 lacs, in the ratio of 28 bonus equity shares against every 100 equity shares held by the Members.

DIVIDEND

The Board of Directors at their Meeting held on April 19, 2011 have considered and recommended a Dividend to Equity Shareholders @ 20% subject to the Shareholders' approval at this Annual General Meeting.

PERFORMANCE OF SUBSIDIARIES

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

ALOTMENT OF EQUITY SHARES ON CONVERSION OF 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 balance 400000 equity warrants were converted into equity shares upon receipt of the amount due. This equity warrants were allotted pursuant to the relevant Guidelines on such Issues by SEBI and Shareholders' approval accorded at the EGM held on 13th January 2009.

FIXED DEPOSITS

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

DIRECTORS

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

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

Mr. Rajasekhar Ramaraj: Holds a B.Tech. in chemical engineering from the University of Madras and an M.B.A. from the Indian Institute of Management, Calcutta. He was the Co- Founder and CEO of Sify Limited, the pioneer and leader in Internet, Networking and e - Commerce Services in India. Sify was the first Indian Internet company to be listed on the Nasdaq National Market in the USA. Mr. Ramaraj was recognized as the 'Evangelist of the Year' at the India Internet World Convention in September 2000. And in 2001, in a CNET.com poll in India, he was voted the IT Person of the Year 2000. He was invited by the UN Secretary-General, Kofi Annan to be a member of UN's Working Group on Internet Governance (WGIG). Currently Mr. Ramaraj is the Senior Advisor at Sequoia Capital and is a member of the Global Board of Trustees of TiE (The Indus Entrepreneurs). Mr. R. Ramaraj is the first Indian invited to the Board of directors of ICANN (Internet Corporation for Assigned Names and Numbers). Mr. R. Ramaraj has brought in the Company value additions by virtue of his experience and knowledge in IT Space.

AUDITOR'S REPORT

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) that in the preparation of the annual accounts for the financial year ended 31st March, 2011, the applicable accounting standards have been followed along with appropriate explanation relating to material departures;
- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the states of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- (iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) That the Directors have prepared the accounts for the financial year ended 31st March, 2011 on a "going concern" basis.

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 institutions 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. The company, this year, has also created Corporate Social responsibility to contribute towards creation and development of social infrastructure in the country.

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 Company's ESOS Scheme having 2,000,000 Options already approved by the Shareholders at the Annual General Meeting held on 24th July 2010. In accordance with the SEBI (ESOS & ESPS) Guidelines, 1999 it is required to pass a separate resolution at the General Meeting for granting options to the Employees and Directors of the Subsidiary Companies whether in India or outside India out of the same ceiling of 2,000,000 Options as approved by the Shareholders in the last Annual General Meeting for a period of 3 years from April 1, 2010.

During the year the employees have exercised 138,208 ESOS options and according to the Company's ESOS equity shares in the ratio 1:1 are allotted to them on January 29, 2011.

The status of earlier ESOS is given in Annexure 'B1' to Directors' Report. The Disclosure under Clause 12.1 of SEBI (ESOS & ESPS) Guidelines 1999 for ESOS of the Company as well as of the Subsidiary Companies is shown in Annexure 'B2' of the Directors' Report.

CORPORATE GOVERNANCE AND DISCLOSURES

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

PARTICULARS OF EMPLOYEES

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

ACKNOWLEDGEMENTS

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

Thanking you,

For and on behalf of the Board of Directors

Kolkata
April 19, 2011

Raj Jain
Chairman & Managing Director

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 Payment Gateway.
The company has also developed a payments laboratory where all the areas are being integrated. During the year the payment laboratory has been shown to the company's current customers and feedback received have been incorporated
2. Benefits expected from the R & D : Going ahead the company plans to actively acquire new customers using the knowledge and competency acquired.
3. Future plan of action : BI & Data Monetization, Mobile, Architecture, COE for Java / .NET
Team size: (10 average)

(b) Technology Absorption, Adaptation and Innovation

1. Efforts made towards technology, absorption, adaptation and innovation : Research on Acquiring Solution, Merchant Boarding and Reporting, Mobile payments, Payment Gateway, Payment laboratory
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. 1,965,416,726.00
3. Foreign Exchange Outgo : Rs. 1,466,972,825.00

Status of the ESOP 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 one year and for Directors 100% of the total options granted would be vested on completion of one year from the date of grant. For employees there was a staggered vesting period for 5 years from the date of grant of the options.
c. Options exercised in the Financial Year 2010-11	:	6425 options.
d. Allotment of Bonus Shares arising out of ESOP	:	1799 equity shares
e. The total number of shares arising as a result of exercise of option	:	6425 equity shares.
f. Variation of terms of options	:	NA.
g. Money realized by exercise of options	:	Rs. 192,107.50.
h. Equity Shares allotted under ESOP including ESOP Bonus	:	8224 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 one year and for Directors 100% of the total options granted would be vested on completion of one year from the date of grant. For employees there was a staggered vesting period for 5 years from the date of grant of the options.
c. Options exercised in the Financial Year 2010-11	:	32650 options.
d. Allotment of Bonus Shares arising out of ESOP	:	9142 equity shares
e. The total number of shares arising as a result of exercise of option	:	32650 equity shares.
f. Variation of terms of options	:	NA
g. Money realized by exercise of options	:	Rs. 520,767.50.
h. Equity Shares allotted under ESOP including ESOP Bonus	:	41792 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 one year and for Directors 100% of the total options granted would be vested on completion of one year from the date of grant. For employees there was a staggered vesting period for 5 years from the date of grant of the options.
c. Options exercised in the Financial Year 2010-11	:	68900 options.
d. Allotment of Bonus Shares arising out of ESOP	:	19292 equity shares
e. The total number of shares arising as a result of exercise of option	:	68900 equity shares.
f. Variation of terms of options	:	N.A.
g. Money realized by exercise of options	:	Rs.1,925,755.00
h. Equity Shares allotted under ESOS	:	88192 equity shares.

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

Option granted	:	105100 options granted on November 12, 2010.
a. The pricing	:	Rs.49.55 per option.
b. Options vested	:	For employees 25% of the total options granted would be vested on completion of each one year and for Directors 100% of the total options granted would be vested on completion of one year from the date of grant. For employees there was a staggered vesting period for 4 years from the date of grant of the options.
c. Options exercised in the Financial Year 2010-11	:	Nil.
d. Allotment of Bonus Shares arising out of ESOP	:	N.A.
e. The total number of shares arising as a result of exercise of option	:	Nil
f. Variation of terms of options	:	N.A.
g. Money realized by exercise of options	:	Nil
h. Equity Shares allotted under ESOS	:	Nil

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

- | | | | |
|----|---|---|---|
| a. | Options granted | : | 2,000,000 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 | : | 2,000,000 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.

Philosophy of Corporate Governance

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

A. The Board of Directors

The Board of Directors of the Company consists of five Directors among them two Promoter Directors of which one is an Executive Director who is the Chairman & Managing Director and one Non-Executive Director, three Non-Executive Independent Directors. During the fiscal 2010-2011 the Board met on 5 occasions as per the statutory requirements.

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

Name of the Directors	Attendance Particulars			Number of Other Directorship, Committee Membership and Chairmanship		
	Board Meetings	Category	Last AGM	Other Directorship	Committee Membership	Committee Chairmanship
Mr. R. R. Jain	5	CMD	Yes	—	—	—
Mr. S. K. Jain	5	NEID	Yes	2	—	—
Mrs. S. Jain	3	NED	Yes	—	—	—
Mr. R. Ramaraj	5	NEID	No	14	—	—
Mr. R. Launder	3	NEID	No	—	—	—

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

Board Meetings held on	April 26, 2010
	June 10, 2010
	July 23, 2010
	November 12, 2010
	January 29, 2011

Code of Conduct

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

1. Conflict of Interest

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

2. Confidential Information

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

3. Public Disclosures

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

4. Legal Compliance

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

5. Share Transactions

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

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

6. Fair Business Practices

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

7. Supporting Loyalty & Respect

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

8. Open Communication

Each Senior Manager is encouraged to discuss concerns raised by anyone in the Company, or report any suspected breach to 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.

11. Black out Period

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

Amendment of the Code

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

Violation of the Code of Conduct

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

B. AUDIT COMMITTEE**Composition**

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

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

Terms of Reference:

The Audit Committee functions as a bridge between the administration of the Company and its Board in all financial and accounting matters including budget. It also interacts between the Board, Statutory Auditors and Internal Auditors. The Committee oversees the Company's financial reporting process and ensures that the financial accounting rules and the information on the subject furnished to the Board or to any other governmental authorities is correct, appropriate and the

image of the Company is projected appropriately before its stakeholders. The basic objective of the Audit Committee are to maximize the utilization of Company's financial resources, to promote it's plans and objectives while fulfilling its obligations towards public accountability. It also ensures that the financial reporting, internal control and monitoring mechanism is transparent, adequate and fair. In its review and appraisals, the Audit Committee interacts both with the Statutory Auditors and the top Management on any matter regarding changes in accounting policies, procedures and practices and presentation of the Audit Reports to the Board and the Shareholders. It also ensures that there is due compliance of the accounting philosophy and accounting norms as laid by the Institutes of Chartered Accountant, Company Secretary, Dept of Company Affairs and/or SEBI. The Audit Committee also reviews the Company's financials and risk management policies, complaints of substantial defaults in matter of payments to the creditors, debentures holders and the shareholders.

Audit Committee Meetings held on	April 26, 2010
	July 23, 2010
	November 12, 2010
	January 29, 2011

Statutory Audit Observations

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

C. SHAREHOLDERS' COMMITTEE

Composition & terms of reference

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

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

Shareholders' Servicing and Grievances Committee Meetings held on	April 25, 2010
	July 23, 2010
	November 13, 2010
	January 28, 2011

D. REMUNERATION & NOMINATION COMMITTEE**Composition**

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

Terms of Reference

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

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

Members	Category	Attendance at Remuneration & Nomination Committee Meetings
Mr. S. K. Jain	Chairman	4
Mr. R. R. Jain	ED	4
Mr. R. Ramaraj	NEID	3
Mr. R. Launder	NEID	2

Remuneration Committee Meetings held on	April 25, 2010
	July 23, 2010
	November 12, 2010
	January 28, 2011

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	2,400,000.00	1,200,000.00	288,000.00	11,880.00	—	38,99,880.00
Mr. R. Ramaraj	—	—	—	—	240,000.00	240,000.00
Mr. S. K. Jain	—	—	—	—	315,000.00	315,000.00
Mrs. Sarita Jain	—	—	—	—	45,000.00	45,000.00
Mr. R. Launder	—	—	—	—	120,000.00	120,000.00

E. EXECUTIVE COMMITTEE**Composition**

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

Terms of reference

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

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

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

Executive Committee Meetings held on	April 26, 2010
	July 23, 2010
	November 12, 2010
	January 29, 2011

F. GENERAL BODY MEETINGS

The previous 3 Annual General Meetings (AGMs) were held, on Thursday, 31st July, 2008 at Sisir Mitra Hall, West Bengal Electronics Industry Development Corporation Ltd., Webel Bhavan, Block EP & GP, Sector V, Salt Lake, Kolkata – 700 091 at 11:30 am; on Wednesday, 29th July, 2009 at Aikatan Cultural Centre, Eastern Zonal Cultural Centre. IA- 190, Sector III, Salt Lake City, Kolkata 700 097 at 11:00 am and on Saturday, July 24, 2010 at Aikatan Cultural Centre, Eastern Zonal Cultural Centre. IA- 190, Sector III, Salt Lake City, Kolkata 700 097 at 11:00 am.

The Company had passed 4 resolutions as Special Business in the previous 3 Annual General Meetings.

The resolutions are as under:

- Resolution passed at the AGM held on July 31, 2008 as Special Business:

“Resolved that the Company do hereby approve the re-appointment and remuneration payable as given below to Shri R R Jain, Vice Chairman & Managing Director (VCMD) of the Company with effect from 1st October 2008, the date when the last contract with VCMD expired as determined by the Board of Directors of the Company and specified hereunder in accordance with and subject to the conditions of Schedule XIII of Companies Act and any other applicable provisions under the said Act:

Monthly	(Rs.)
Basic	200,000
HRA	100,000
Monthly Gross	300,000
Yearly Gross	3,600,000
Annual Benefits	
Medical subject to production of bills limited to	200,000
LTA subject to production of bills limited to	200,000

PF@ 12% on Basic	288,000
Gratuity @ 15 days salary for each completed year of service	115,385
Grand Total per annum	4,403,385
Other Allowances	
Club Fees in India subject to max. of two Clubs	At actual
Chauffer driven Car	Fuel at Actual
Reimbursement of Telephone of residence used for official purpose	All Actual

Note: VCMD, Mr. R. R. Jain will be entitled to reimbursement/payment of all entertainment, travelling, hotel & other expenses inclusive of such foreign allowance as may be admissible under the RBI and other applicable Rules incurred by him during the course of and in connection with the business of the Company whether incurred in India or abroad.”

2. Resolution passed at the AGM held on July 29, 2009 as Special Business:

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

3. Resolutions passed at the AGM held on July 24, 2010 as Special Business:

“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,”

4. Resolutions passed at the AGM held on July 24, 2010 as Special Business:

“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 & ESPS) 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.”

G. DISCLOSURES

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

H. MEANS OF COMMUNICATIONS

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

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, 2011 as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchange in India.

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

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

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

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

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

Nilima Joshi
Partner
Mem. No. 52122

Place : Kolkata
Date : 19th April, 2011

2010-11 was yet another successful year in RS Software's history. Despite tough business challenges amidst rising stakeholder expectations, RS continued to unleash its potential unabated. Strengthened by able leadership, positive determination and stringent execution standards, your company has already embarked on a high growth path.

RS continues to meet & exceed the ever-increasing demands of its customers by progressively raising the bar. In its relentless quest for creating residual value, RS has made investments in building an in-house innovation lab to work on solutions for the emerging payments market, especially in the area of mobile payments.

During the year, your company has been an eager host to several industry icons & leaders in the payment space who have visited India, and offered valuable insights into the dynamically changing business climate and how RS is well-poised to get a share of the Indian market by harnessing the power within.

In this backdrop of a dynamically game-changing business scenario that requires constant rethinking, restructuring and reprioritization, RS continues to surge ahead with an unfailing, single-minded dedication to its vision of becoming a global leader in providing technology solutions to the electronic payments industry.

HR

Organizational transformation and effective talent management were the focus areas for HR. Along with the Extended Management Team, HR process carried forward the Talent Profiling and ERP implementation activities to address the changing needs of the organization. Several activities have also been automated to ensure better efficiency of the overall process. Best Suggestion Awards were introduced to encourage RSites share their ideas. Knowledge Management initiative was taken to tap and capture the vast pool of knowledge residing with us.

The team focused on an array of employee motivation activities for creating a favorable work environment and to enhance employee bonding. A focused approach has also been taken to institutionalize the Individual Development Plan and Domain Credit to enhance the internal brand value of RS.

HR practices were also enhanced at other geographies where the company does business, and monthly HR meetings with employees for proactive issue resolution were initiated. Formal induction programs have been introduced and training sessions were conducted by external vendors for key employees.

Sourcing

The Sourcing function at different geographies was deeply involved in recruiting payments domain focused talent globally. Operating from multiple countries under multiple time zones, a major achievement has been a recruitment of talent to meet both strategic and immediate growth needs of the organization.

Information Security and Quality & Benchmarking

In alignment with our strategic focus on the Electronic Payment domain, the ISMS team has developed a guideline on secure coding practices keeping in mind the latest version standards that are followed in the electronic payment domain across the world. To ensure effective implementation of ISMS, an Information Security Dashboard has been developed to provide a comprehensive view of security controls, performance outcomes and compliance to statutory laws and regulations.

In an effort to deliver quality services, the Q&B team initiated an external assessment by Deloitte, of our security management system. The assessment AUP (Agreed Upon Procedure) and SIG (Standard Information Gathering) are part of FISAP (Financial Institution Shared Assessment Program) which are aligned with ISO 27002:2005, PCI DSS, COBIT and NIST as well as FFIEC guidance and AICPA/CICA Privacy framework. This assessment report allows our prospective clients to evaluate the security controls that are in place.

Meanwhile Q&B has been working extensively on bringing about improvements in internal processes of the company. Project Management Reviews are now done for successful completion of specific project goals & objectives, and enhancement of the in-house Audit Tool application has been started for better control of audit observations. Process metrics are being fine-tuned to gauge the performance of a process more efficiently, regular surveys on ISMS and QMS are conducted to assess employee awareness and internal audit findings are analyzed weekly for better tracking of non-compliance issues. Satisfaction Surveys are regularly conducted to take feedback from customers in terms of project performance and planning for corrective actions.

ERP

We have successfully implemented different process related modules of Oracle Applications which are all operational now. The team has also achieved ERP implementation and successfully integrated several existing applications with the ERP system for better achievement of our operational efficiency. It has helped us in getting the complete data integrity, and sharing of information and knowledge, organization wide.

Training

With our focused knowledge in payment systems business domain and its different segments, the Training Process has facilitated the transition from the existing need-based skill development model to an Enterprise Learning Solution model. During the year, the Leadership and the Extended Management teams attended a series of In-STEP (In-house Strategic Transformation and Empowerment Program) sessions to discuss the business dynamics and the corresponding delivery models that help in achieving the growth target of the organization.

Infrastructure – Facility and Operations & Support

Disaster recovery and benchmarking to best practices in facilities management were amongst the major activities for the Facility team. To upgrade the existing network security, inclusion of Network Access Control, Intrusion Prevention System and Threat Management Gateway were processed.

The major challenge successfully faced by the Operations & Support team during the year was to achieve maximum productivity alongside ensuring optimum utilization of resources. Meeting the delivery timeline for various requirements, bettering vendor services and maintaining compliance with statutory formalities were amongst the major tasks for the team. While process improvement efforts are in progress towards achievement of goals, the O&S team continues to interlock with other functions to establish greater synergy and cohesiveness.

Corporate Communications & Branding

With RS poised to take advantage of the huge growth opportunity in the Electronic payments Industry worldwide, several branding initiatives have been initiated during the year. For the Corporate Communications team, this meant focusing on making RS 'a partner of choice', 'an employer of choice' and 'an investment of choice'. In addition to creating business collateral to support the Sales & Marketing team in customer interactions, external events and proposals, the team has been busy supporting the initiatives of the newly formed Innovation think-tank and Payment Lab. Significant efforts have also been put in to strengthen the RS brand for Press meets, Newspaper Advertisements and for inter-college festivals that are attended by prospective employees.

Delivering appropriate messages in line with your organization's vision to all its stakeholders remained a key focus area for the team. Internally, the different modes of communication were enhanced and new initiatives introduced. The CMD's video blog has become a platform where our employees interact with our CMD regularly on issues pertinent to the growth of the company. The team launched new newsletters to keep our employees abreast with all the latest in the technology and business world. Specific videos on RS were created which has now become a part of the Induction curriculum. To ensure bonhomie amongst our employees, several internal events were organized and variations in RS Club events were brought about to bring in a greater sense of belonging. Open houses and Annual Day event provide a great platform for RSITES to interact and to bring improved transparency in the functioning of the organization.

Corporate HQ & Registered Office	<p>“FMC FORTUNA”, 1st Floor, A-2, 234/3A, AJC Bose Road, Kolkata - 700 020 Phone # 033 - 2287 6254 / 6255 / 2281 0106-09 Fax # 033- 2287 6256 Website: www.rssoftware.com</p>
Date and Venue of Annual General Meeting	<p>11 A.M. on July 20, 2011 at Aikatan Cultural Center, Eastern Zonal Cultural Centre, IA-190, Sector III, Salt Lake City, Kolkata 700 097 (Opposite Columbia (Asia) Hospital)</p>
Tentative Calendar of Events for the Financial Year 2011 – 12 (April – March)	<p>First Quarter - July 2011 Second Quarter - November 2011 Third Quarter - January 2012 Financial Year - April 2012</p>
Shareholders Services, Enquiries, Complaints	<p>Mr. Vijendra Kumar Surana vijendras@rssoftware.co.in</p> <p>OR</p> <p>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 - 94 / 2486 / 2937 Fax # 033-22870263</p>
Book Closure for AGM	<p>14th July, 2011 to 20th July, 2011 (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 Limited. and b. Central Depository Services Ltd. Company’s ISIN: INE165B01011</p>
Auditors:	<p>Chaturvedi & Company 60, Bentinck 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 PRICE AT BSE

MONTHLY HIGH, LOW & CLOSING PRICE AT NSE

Month	High Price	Low Price	Close Price
Apr 10	62.20	39.65	55.80
May 10	58.55	43.50	46.35
Jun 10	57.20	42.00	42.60
Jul 10	47.50	41.55	44.05
Aug 10	45.80	39.80	41.95
Sep 10	48.90	40.80	41.20
Oct 10	59.85	41.25	46.15
Nov 10	53.90	41.00	43.35
Dec 10	47.50	38.25	44.40
Jan 11	46.30	38.20	43.20
Feb 11	64.40	41.50	48.90
Mar 11	52.95	47.55	51.20

Month	High Price	Low Price	Close Price
Apr 10	62.25	39.00	56.20
May 10	58.45	42.85	46.80
Jun 10	57.20	42.00	42.40
Jul 10	47.45	41.65	44.00
Aug 10	45.70	40.00	41.75
Sep 10	48.95	40.90	41.50
Oct 10	59.95	41.20	46.00
Nov 10	53.95	40.50	43.50
Dec 10	47.65	39.00	44.65
Jan 11	46.25	38.20	43.45
Feb 11	65.60	42.55	49.00
Mar 11	54.10	47.40	50.80

PATTERN OF SHAREHOLDING AS ON MARCH 31, 2011

Category	% of Shareholding
Promoters, Directors & Relatives	28.95
FII's, NRIs & OCB	1.61
FIs, Bank, MF & Bodies Corporate	17.89
Resident Individuals	51.55
Total	100.00

DISTRIBUTION OF EQUITY SHAREHOLDING AS ON 31.03.2011

Range	No. of Shareholders	% to Total Shareholders	Issued Share Capital	% to Total Share Capital
1-500	10231	83.83	15,762,470.00	14.29
501-1000	1073	8.79	7,328,100.00	6.65
1001-2000	516	4.23	7,220,290.00	6.55
2001-3000	122	0.99	3,045,190.00	2.76
3001-4000	62	0.51	2,195,460.00	1.99
4001-5000	29	0.24	1,348,560.00	1.22
5001-10000	94	0.77	6,514,370.00	5.91
10001 & ABOVE	78	0.64	66,865,520.00	60.63
TOTAL	12205	100.00	110,279,960.00	100.00

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

1. We have audited the attached Balance Sheet of R S Software (India) Limited as at 31st March, 2011 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 that Debtors, Creditors and some security deposit are subject to confirmation.
5. Further to our comments in annexure referred to in 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 2011, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2011 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 2011;
 - 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
Reg. No. : 302137E

Nilima Joshi
Partner
(Memb. No. 52122)

Place: Kolkata
Date: 19th April 2011

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. The Company does not have any inventory and as such clause (ii) (a),(b) & (c) of Caro are not applicable to the company.
- iii.
 - a) On the basis of examination of records and according to the information and explanation given to us, we report that the Company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
 - b) In view of (iii) (a) above clause (iii) (b),(c) & (d) are not applicable to the Company.
 - c) The Company has not taken any loan, secured or unsecured from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
 - d) In view of (iii)(c) above, the clauses (iii)(f) and (iii)(g) of Caro are not applicable to the company.
- iv. In our opinion and according to the information and explanations given to us, there is adequate internal system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal control system.
- v.
 - (a) In our opinion and according to information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
 - (b) In our opinion and according to information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five lakhs in respect of any party during the year (other than transactions dealt with in (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. 3,51,38,676/-.
- 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 2011 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'2011 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. The Company has repaid the debentures in full and it has not defaulted in repayment of dues of the same.
- 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 banks or financial institutions.
- xvi. The Company has not raised any term loan during the year and as such this clause will not be applicable to the company.
- xvii. During the accounting period covered by our report, we report that no fund raised on short term basis have been used for long-term investments.
- xviii. The Company has made preferential allotment of Shares to Parties covered in the register maintained u/s 301 of the Act. The price at which Shares have been issued is not prejudicial to the interest of the Company.
- xix. The Company has repaid the debentures in full and no debentures exist as on balance sheet date and a such this clause is not applicable to the company.
- xx. According to the information/explanations given to us, the Company has not raised any money by Public Issue during the year.
- xxi. Based on information and explanations given by the Management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

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

Nilima Joshi
Partner
(Memb. No. 52122)

Place: Kolkata
Date: 19th April 2011

Particulars	Schedule	March 31, 2011 (In Rs.)	March 31, 2010 (In Rs.)
Sources Of Funds :			
A Shareholders' Funds			
Share Capital	1	114,629,960	111,713,980
Reserve & Surplus	2	351,040,375	199,588,426
		465,670,335	311,302,406
B Loan Funds			
Secured Loan	3	—	14,450,000
		—	14,450,000
C Deferred Tax Liability			
		8,264,315	12,359,908
	Total (a+b+c)	473,934,650	338,112,314
Application Of Funds			
A Fixed Assets			
	4		
Gross Block		818,168,149	791,340,719
Less : Depreciation		679,217,354	634,266,747
Net Block		138,950,795	157,073,972
B Capital Work In Progress			
		2,526,825	892,500
C Investments			
(Investment In Shares Of Wholly Owned Foreign Subsidiary)	5	802,500	802,500
D Current Assets, Loans And Advances			
Sundry Debtors	6	290,657,482	158,027,022
Cash And Bank Balances	7	136,827,217	36,163,466
Loans And Advances	8	139,323,782	113,583,317
		566,808,481	307,773,805
Less : Current Liabilities And Provisions	9	235,153,953	130,804,200
Net Current Assets		331,654,529	176,969,606
E Miscellaneous Expenditure			
		—	2,373,736
	Total(a+b+c+d+e)	473,934,650	338,112,314

Notes On Accounts

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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
(Regn. No. 302137E)

ON BEHALF OF THE BOARD

NILIMA JOSHI
Partner, Memb. No. 52122
Dated: April 19th, 2011, Kolkata

V. SURANA
CFO &
Company Secretary

S. K. JAIN
Director

R. R. JAIN
Chairman &
Managing Director

Particulars	Schedule	March 31, 2011 (In Rs.)	March 31, 2010 (In Rs.)
I Income :			
Income From Computer Software Development			
Export Income		1,855,625,305	1,587,232,447
Domestic Income		27,013,166	31,138,972
Profit/(Loss) On Foreign Currency Transaction		(296,689)	(5,476,248)
Other Income (Refer Note 3 Of Schedule 12)		671,239	5,854,811
Total		1,883,013,022	1,618,749,982
II Expenditure :			
Selling & Marketing Expenses		72,947,816	90,556,069
Salary And Other Employee Benefits	10	1,310,792,497	1,126,849,099
Administrative And Other Expenses	11	188,875,491	188,005,348
Miscellaneous Expenses Written Off		2,373,738	1,498,572
Interest & Finance Charges		8,489,593	22,721,719
Depreciation		45,969,217	71,178,290
Total		1,629,448,352	1,500,809,097
III Profit Before Tax (I - II):		253,564,670	117,940,886
Less : Provision For Income Tax		50,536,707	20,047,323
Less : Deferred Tax Liability		(4,095,593)	2,329,910
IV Profit After Tax :		207,123,556	95,563,653
Profit & Appropriation :			
Balance B/F From Last Year		13,785,369	(70,778,284)
Less : Trf To Preference Share Redemption Reserve		25,500,000	11,000,000
Less : Dividend Equity		22,055,992	
Less : Proposed Dividend Tax		3,663,500	
Less : Trf To CSR Fund		7,500,000	
V Balance Carried Over To Balance Sheet :		162,189,433	13,785,369
Notes On Accounts	12		
Nominal Value Per Share		10	10
Basic Earning Per Share		18.40	9.15
Dilluted Earning Per Share		17.94	8.76

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
(Regn. No. 302137E)

ON BEHALF OF THE BOARD

NILIMA JOSHI
Partner, Memb. No. 52122
Dated: April 19th, 2011, Kolkata

V. SURANA
CFO &
Company Secretary

S. K. JAIN
Director

R. R. JAIN
Chairman &
Managing Director

Particulars	March 31, 2011 (In Rs.)	March 31, 2010 (In Rs.)
SCHEDULE 1 : SHARE CAPITAL		
Authorised Capital:		
20000000 Equity Share Of Rs. 10/- Each	200,000,000	100,000,000
2500000 Preference Share Of Rs. 100/- Each	250,000,000	250,000,000
	450,000,000	350,000,000
Issued Subscribed And Paid-up-fully Called And Paid Up		
11027996 Equity Share Of Rs. 10/- Each (Previous Year 8,108,398 Shares) (Of The Above The Company Has Allotted 2,411,623 No. Of Fully Paid Bonus Shares)	110,279,960	81,083,980
— 12.5% Cumulative Redeemable Preference Shares of Rs. 100/- Each Fully Paid Up (Previous Year 255,000)	—	25,500,000
Preferential Allotment of Equity Warrants	—	780,000
(The Company Has Allotted 10,00,000 Equity Warrants @ 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. 10.00 each at a premium of Rs.9.50 each. Of the above 10,00,000 warrants 400,000 warrants (previous years 600,000 warrants) have been converted into equity shares during the year 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 is 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 received within the due date.)		
	114,629,960	111,713,980

Particulars	March 31, 2011 (In Rs.)	March 31, 2010 (In Rs.)
SCHEDULE 2 : RESERVE AND SURPLUS		
SHARE PREMIUM ACCOUNT	184,790,103	179,431,223
PREFERENCE SHARE REDEMPTION RESERVE (The Company has transferred Rs. 2,411,623 out of the Preference Share Redemption Reserve in FY 2010-11 to Equity Share Capital for issue of Bonus Share)	25,883,770	24,500,000
CSR FUND	7,500,000	—
PROFIT AND LOSS ACCOUNT	162,189,433	13,785,369
INTER BRANCH FOREIGN FLUCTUATION RESERVE	(29,322,931)	(18,128,166)
	351,040,375	199,588,426
SCHEDULE 3 : SECURED LOAN		
LOANS AND ADVANCES FROM BANKS AND FINANCIAL INSTITUTIONS		
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 redeemed and charges have been released.)	—	14,450,000
	—	14,450,000

SCHEDULE 4 : FIXED ASSETS

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	OPENING	ADDITIONS	SALES/ ADJUSTMENT	CLOSING	ACCUMULATED	DEPRECIATION	SALES /	ACCUMULATED	AS AT	AS AT
	BALANCE	FOR THE YEAR	ADJUSTMENT	BALANCE	DEPRECIATION	FOR 2010-11	ADJUST.	DEPRECIATION	31.3.2011	01.04.2010
01.04.2010	2010-11		31.03.2011	01.04.2010				31.03.2011		
LAND	775,994	—	—	775,994	—	—	—	—	775,994	775,994
BUILDING	15,814,206	—	—	15,814,206	3,610,870	209,138	—	3,820,008	11,994,198	12,203,336
LEASE BUILDING EXPENSES	13,982,571	—	—	13,982,571	10,685,381	—	1,648,584	12,333,965	1,648,606	3,297,190
LEASE PLANT AND MACHINERIES	1,127,265	—	—	1,127,265	940,323	186,941	—	1,127,264	1	186,942
PLANT AND MACHINERIES	622,895,602	23,262,199	672,664	645,485,137	569,575,522	37,873,825	—	607,449,347	38,035,790	53,320,080
OFFICE EQUIPMENT	19,579,082	343,664	—	19,922,746	5,956,727	751,328	—	6,708,055	13,214,691	13,622,355
AIR CONDITIONER	12,668,754	223,138	—	12,891,892	5,249,213	409,248	—	5,658,461	7,233,431	7,419,541
ELECTRICAL INSTALLATIONS	30,173,896	731,582	—	30,905,478	7,286,176	1,244,203	—	8,530,379	22,375,099	22,887,720
FURNITURE AND FITTINGS	68,848,993	1,807,462	—	70,656,454	28,466,576	3,147,316	—	31,613,892	39,042,562	40,382,416
MOTOR VEHICLES	5,474,356	4,012,003	2,879,954	6,606,405	2,495,957	498,633	1,018,609	1,975,982	4,630,424	2,978,399
TOTAL	791,340,719	30,380,048	3,552,617	818,168,149	634,266,746	44,320,633	2,667,193	679,217,354	138,950,795	157,073,972
PREVIOUS YEAR 09-10	761,527,701	29,813,018	—	791,340,719	563,088,457	69,529,706	1,648,583	634,266,746	157,073,972	198,439,244

Notes:

1. Land includes Leasehold land amounting to Rs. 458,694/-. The lease expires in the year 2086.
2. Asset has taken on Lease from Orix Auto Infrastructure Services Limited for Rs. 3.26 crores of which Rs. 78.18 lakhs is given as Security Deposit. The lease period will be expiring on June'11.
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 balanced period of lease i.e 36 months.

Particulars	March 31, 2011 (In Rs.)	March 31, 2010 (In Rs.)
SCHEDULE 5 : INVESTMENTS		
Long Term & Unquoted (At Cost)		
In Wholly Owned Subsidiary		
RS Software (Asia) Pte Ltd. (25000 No. Equity Share Of Sgd 1 Each)	802,000	802,000
Responsive Solution Inc. (500 No. Equity Share Of Usd 0.01 Each)	16,330,000	16,330,000
	17,132,000	17,132,000
Less: Provision Of Diminution In Value Of Investments (For Responsive Solution Inc.)	16,329,500	16,329,500
	802,500	802,500
SCHEDULE 6 : SUNDRY DEBTORS		
Receivables		
(Unsecured And Considered Good)		
Debts Outstanding For A Period Exceeding Six Months	—	1,149,583
Other Debts (For Period Less Than Six Month)	290,657,482	156,877,438
	290,657,482	158,027,022
SCHEDULE 7 : CASH AND BANK BALANCES		
Cash In Hand	17,725	39,290
Cash At Bank With :		
Schedule Banks		
— In Current Account (Axis Bank Ltd., Allahabad Bank)	13,257,205	2,207,700
— In No Lien Account	8,694,006	—
— In O/D Account (ICICI Bank)	4,840,845	15,405,764
Foreign Bank		
— In Current Account (Bank of America, Silicon Valley Bank, ICICI Bank UK Ltd.)	104,317,914	17,107,094
Fixed Deposits		
Axis Bank (On Lien)	5,052,472	785,072
Allahabad Bank (On Lien)	647,049	618,546
	136,827,217	36,163,466

Particulars	March 31, 2011 (In Rs.)	March 31, 2010 (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 Staff	1,282,746	1,834,953
Advance Taxes	110,756,634	52,967,053
Prepaid Expenses	7,780,012	10,388,968
Advance Against Expenses	528,187	4,522,737
Deposits	18,976,204	43,869,606
	139,323,782	113,583,317
SCHEDULE 9 : CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities		
Sundry Creditors	82,261,829	56,492,484
Salary And Other Tax Liability	22,683,134	17,704,791
Liability To The Subsidiary	—	2,543,373
Provisions		
Provision For Leave Encashment	3,620,865	7,117,542
Provision For Gratuity	19,764,557	11,059,470
Provision For Proposed Dividend Tax	3,663,500	—
Provision For Proposed Eq Dividend	22,055,992	—
Provision - Research & Development	—	—
Provision For Fringe Benefit Tax 06-07	—	1,227,390
Provision For Fringe Benefit Tax 07-08	—	1,300,000
Provision For Fringe Benefit Tax 08-09	—	1,300,000
Provision For Income Tax 07-08	—	1,491,780
Provision For Income Tax 08-09	10,520,046	10,520,046
Provision For Income Tax 09-10	20,047,323	20,047,323
Provision For Income Tax 10-11	50,536,707	—
	235,153,954	130,804,200

Particulars	March 31, 2011 (In Rs.)	March 31, 2010 (In Rs.)
SCHEDULE 10 : SALARY AND OTHER EMPLOYEE BENEFITS		
Salary, Wages And Bonus	965,701,214	815,996,808
Subcontracting Charges	243,734,948	217,338,273
Contribution To Provident And Other Funds	21,055,500	18,824,641
Workman And Staff Welfare Expenses	80,300,835	74,689,377
	1,310,792,497	1,126,849,099
SCHEDULE 11 : ADMINISTRATIVE AND OTHER EXPENSES		
Travelling	11,172,817	22,997,436
Conveyance	12,433,257	10,900,150
Staff Welfare	9,237,139	7,573,059
Telephone	18,686,477	20,471,842
Printing And Stationery	1,210,401	2,209,167
Electricity And Power	12,659,460	11,016,390
Rent - Equipment	8,506,280	8,335,852
Rent - Apartment And Ground	30,446,315	26,966,571
Repairs - Machinery	11,558,671	8,963,763
Repairs - Building	4,938,341	7,736,959
Repairs - Others	83,581	73,981
Education And Training Expenses	935,007	3,355,359
Insurance	8,040,313	7,275,368
Miscellaneous Expenses	—	6,190
Auditors' Remuneration - Audit Fees	175,000	150,000
Tax Audit Fees	55,000	50,000
Other Audit Certificates	69,000	90,000
Books And Periodicals	155,445	328,387
Directors' Fees	720,000	587,914
Rates And Taxes	20,817,839	16,165,699
Legal / Professional Fees	9,562,775	6,269,833
Consultancy Charges	7,644,576	4,808,148
Recruitment And Relocation Expenses	8,256,982	3,592,825
General And Board Meeting Expenses	3,576,123	3,051,879
Membership And Subscriptions	1,607,882	1,308,098
Business Promotion	4,952,702	3,801,340
Advertisements	560,301	321,647
Seminar And Conferences	32,955	340,381
Loss Of Assets	780,851	—
Deposits Written Off	—	9,257,112
	188,875,491	188,005,348

SCHEDULE 12 : NOTES ON ACCOUNTS

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 year. 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 has been written off during the year.

h) Foreign Currency Transactions

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

i) Spares and Consumables

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

j) Income Tax

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

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

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

k) Contingent Liabilities

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

l) Employee Benefits

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

m) Asset taken on Lease

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

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

n) Impairment of Assets

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

2. Contingent Liabilities:

- a) Guarantees outstanding as at 31.03.2011 is Rs.5,256,500 (Previous Financial year 31.03.10 Rs.1,155,500)
- b) Liabilities in respect of bills discounted with Silicon Valley Bank by the Company as on 31.03.2011 is amounting to Rs.22,479,327 (Previous Financial year 31.03.10 Rs.69,941,756).
- 3. a) Debit in Interest and Finance Charges Account includes Interest to Banks Rs.231,291 (Previous Year 31.03.2010 Rs.7,606,153) and Financial Charges to Bank Rs.6,351,630 (Previous Financial Year 31.03.2010 Rs.14,215,747) and other charges paid to bank Rs.812,388 (Previous Financial Year 31.03.2010 Rs.899,818) incurred during the year ended 31.03.2011. It also includes interest on Debenture amounting to Rs.1,094,284 paid during the year ended 31.03.2011 (previous year 31.03.2010 Rs.2,912,159).
- b) Other income for the year ended 31.03.2011 includes Interest Received from Bank amounting to Rs.630, 653 (including TDS Rs.62,210),{Previous Year 31.03.2010 Rs.1,163,937 (including TDS Rs.70,252)} and Conversion fees amounting to Rs.NIL. (Previous year 31.03.2010 Rs.479,824).
- 4. a) The income tax deducted at source on domestic income during the year ended 31.03.2011 is Rs.3,495,086 (Previous Financial Year 31.03.2010 Rs.1,886,750).
- b) The Company has written back a provision of Rs.4,095,593 for deferred tax Liability decreased as on 31.03.2011 (Previous Financial Year Rs.10,029,998). The detail for the same is given as below:-

Deferred Tax Liability	As ON 31-3-11
Tax Rate	32.45
Opening TD	
Depreciation Difference 2010-11	(7,331,780)
As per Companies Act	44,320,633
Amortised Building Expenses as per Companies Act	1,648,584
As per Income Tax	38,637,437

WDV Difference opening	56,188,969
As per Companies Act	153,776,781
As per Income Tax	97,587,812
Closing TD	48,857,191
Closing Balance DTL	15,851,716
Deferred Tax Asset	As ON 31-3-11
Tax Rate	32.45
Opening TD	
Provision for Gratuity & Leave	23,385,422
Originating TD	23,385,422
Closing TD	23,385,422
Closing Balance DTA	7,587,400
Net Deferred Tax /(Liability)	(8,264,315)

c) There is no Impairment of assets during the year ended 31.03.2011.

5. Rates and Taxes is inclusive of value added tax for the year ended 31.03.2011 amounting to Rs.20,480,204 (Previous Financial year 31.03.10 Rs.14,812,381).

6. a) Prior period expenses incurred till date 31.03.2011 Rs.72,534 (Previous Financial Year 31.03.10 Rs.826,875) which is on account of re-imbursement to the employees.

Particulars as on 31.03.2011	Amount (Rs.)
Conveyance	6,316
Electricity	2,225
Staff Welfare	13,736
US Taxes	3,851
Repairs & Maintainance - Machinery	46,406
TOTAL	72,534

b) The Company has created a Corporate Social Responsibility Fund by appropriating a sum of Rs.7,500,000, towards meeting its social obligation. Such fund is created for spending in social sector directly or indirectly by contributing in social activities and build up of social infrastructure which will benefit different classes of the society

7. a) The Company has taken equipments from Orix Auto Infrastructure Service Ltd. Under operating clause and lease rent and paid an amount of Rs.299,984 during the year ended 31.03.2011 (previous year 31.03.2010 - Rs.8,328,018) has been charged to the Profit & Loss Account. The Future Minimum Lease Payment are as under:

	Total Minimum Lease Payment outstanding as at 31.03.2011
Within One Year	Rs. 299,984

b) 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.14,187,780 (Previous Year 31.03.2010 - Rs.18,711,420) has been charged to the Profit & Loss Account during the year ended 31.03.2011.

	Total Minimum Lease Payment outstanding as at 31.03.2011
Within One Year	Rs.18,917,040
Later than One Year and not Later than Five Year	Rs.1,576,420

8. DEFINED BENEFIT PLAN

As per Actuarial Valuation as on 31.03.2011, the Company has recognized the appreciation in value of liability into the books in addition to One fifth of the transactional difference arisen on 31.03.2008, of the same Rs.1,440,780 and Rs.770,828 for Gratuity and Leave encashment respectively. The Balance of Rs.1,440,780 and Rs.770,828 are being carried forward to be charged off in the following year.

PARTICULARS	Gratuity (Rs.)	Leave (Rs.)
A Components of Employer Expenses		
1 Current Service Cost	4,716,961	973,958
2 Interest Cost	1,325,463	423,950
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	2,454,231	(12,420)
8 Actuarial (Losses)/Gains on plan Assets	—	—
9 Total Expenses recognised in the Statement of Profit & Loss A/C	8,496,655	1,385,488
B Actual Contribution and Benefit Payments for period ending 31 March 2011		
1 Actual Benefit Payments	562,450	1,860,944
2 Actual Contributions	562,450	1,860,944
C Funded Status		
1 Present value of Defined Benefit Obligation	20,525,385	5,061,645
2 Fair value of plan assets	—	—
3 Funded Status [Surplus/(Deficit)]	(20,525,385)	(5,061,645)
4 Effect of balance sheet asset limit	—	—
5 Unrecognised Past Service Costs	—	—
6 Net asset/(liability) recognised in balance sheet	(20,525,385)	(5,061,645)
1 Net asset/(liability) recognised in balance sheet at beginning of period	(12,601,180)	(5,537,101)
2 Employer Expenses	8,496,655	1,385,488
3 Employer Contribution	562,450	1,860,944
4 Net asset/(liability) recognised in balance sheet at end of the period	(20,535,385)	(5,061,645)
D Change in Defined Benefit Obligation		
1 Present value of PBO at beginning of period	(+) 12,601,180	5,537,101
2 Current Service Cost	(+) 4,716,961	973,958
3 Interest Cost	(+) 1,325,463	423,950
4 Curtailment cost/(credit)	(-) —	—
5 Settlement cost/(credit)	(-) —	—
6 Employee contribution	(-) —	—
7 Plan amendments	(-) —	—
8 Acquisitions	(-) —	—
9 Actual (gains)/Losses	2,454,231	(12,420)
10 Benefits Paid	(-) (562,450)	(1,860,944)
11 Present value of PBO at the end of period	(-) 20,535,385	5,061,645

E Change in Fair Value of Assets

1	Plan Assets at beginning of period	—	—
2	Expected return on plan assets	—	—
3	Actual company contributions	562,450	1,860,944
4	Employee contributions	—	—
5	Acturial Gain/(Loss) on plan assets	—	—
6	Benefits paid	(562,450)	(1,860,944)
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	-	Chairman and Managing Director
Mr. Shital Kr. Jain	-	Director
Mrs Sarita Jain	-	Director
Mr. R Ramaraj	-	Director
Mr. Richard Launder	-	Director
Mr. Vijendra Surana	-	CFO & Company Secretary

c) Disclosure of transactions between the Company and Related Parties and the status of outstanding balances as on 31.03.2011

	Wholly Owned Subsidiary (WOS)	Key Management Personnel
1. Reimbursement of expense incurred on behalf of Subsidiary. Responsive Solution Inc.	35,138,676	
Reimbursing the subsidiary towards service rendered at market price. R S Software (Asia) (pte.) Ltd.	57,162,655	
2. Remuneration to Key Personnel:		
- Directors (Sitting Fees)		720,000
- Chairman & Managing Director		3,899,880
3. Balance as on 31.03.2011:		
Debtors		
Responsive Solution Inc	NIL	
Creditors		
RS Software (Asia) Pte Ltd	NIL	
4. Maximum balance outstanding during the year		
Debtors		
Responsive Solution Inc	10,988,589	
Creditors		
RS Software (Asia) Pte Ltd	15,140,217	

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.500 Lac till 31st March '09 against CRPS. In the year 2009-10 company had redeemed the preference shares for Rs.245 Lac after transferring Rs 110 Lac during 2009-10 and the balance of Rs.255 Lac has been redeemed after transferring Rs 255 lacs to Preference Share Redemption Reserve.
- b) 12.5% NCD for Rs.289Lacs had been issued in Nov '07. Debentures were repayable in 2 equal installments payable in November 2009 & 2010 respectively, Installments have been paid on due date.

11. Auditor's Remuneration	Year Ended	Year Ended
	31.03.2011	31.03.2010
	(In Rs.)	(In Rs.)
As Statutory Auditors	175,000	150,000
Tax Audit	55,000	30,000

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	31.03.2011	31.03.2010
Numerator for Basic and Diluted EPS:		
Profit for the period	199,623,556	95,563,653
Less: Dividend on Pref Shares	-	3,187,500
	199,623,556	92,376,153
Denominator for Basic EPS:		
Equity Shares	10,520,021	10,076,271
Add: ESOP Conversion	18,341	10654
Preferential Issue	313,425	6247
Weighted no. of Equity Shares	10,851,777	10,093,162
Denominator for Diluted Shares		
Weighted No. of Basic Equity Shares	10,851,777	10,093,162
Add: ESOP Conversion		
ESOP Dilutive	275,130	216,915
Pref Share allotment	—	238,208
Weighted no. of Equity Shares	11,126,907	10,548,285
Nominal Value of share	10.00	10.00
Basic Earning per Share	18.40	9.15
Diluted Earning per Share	17.94	8.76

*EPS as on 31.03.2010 has been re-stated to the extent of Bonus Issue

13. Salary and Other Employee Benefits include the remuneration to Chairman & Managing Director as follows:

	Year Ended	Year Ended
	31.03.2011	31.03.2010
	(Rs.)	(Rs.)
Salaries	2,400,000	2,400,000
Other Benefits	1,211,880	1,372,149
Provident Fund	288,000	288,000
	3,899,880	4,060,149

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 31.03.2011 only 80,800 option has been exercised.
 b) The Company has granted 186,700 shares to the employees during the year 2008-09 at the fair value and the exercise price of the option is Rs.29.90 each. As on date 31.03.2011 only 22025 option has been exercised.
 c) The Company has granted 298,500 shares to the employees during the year 2009-10 at the fair value and the exercise price of the option is Rs.27.95 each. As on date 31.03.2011 only 68,900 option has been exercised.
 d) The company has granted 30,233 shares as bonus shares in the ratio of 28 shares against 100 shares each held on the above ESOSs granted.
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 400,000 shares (previous year 600,000 shares) were allotted to the him @ face value Rs.10 per share and Rs.9.50 as premium. The money has been 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 of 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.

	Yr. Ended 31.03.2011 (In Rs.)	Yr. Ended 31.03.2010 (In Rs.)
Expenditure in Foreign Currency:		
Foreign branch expenditure	1,373,042,432	1,242,352,299
Earning in Foreign Currency		
a) Export of services	1,855,330,169	1,583,300,465
b) Interest Income	Nil	421,983

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

Particulars	Year ended 31.03.2011	Year ended 31.03.2010
1. Segment Revenue (net sale / income from each segment should be disclosed)		
a. Segment - A (USA)	1,720,105,150	1,476,782,743
b. Segment - B (ROW)	162,236,632	136,112,428
Total	1,882,341,782	1,612,895,171
Other Income		
Segment - B (ROW)	671,239	5,854,811
Total	1,883,013,021	1,618,749,982
Less : Inter - segment revenue		
Net Revenue from Operations	1,883,013,021	1,618,749,982
2. Segment Results Profit/(Loss) before Tax & Interest from each segment		
a. Segment - A (USA)	364,494,947	268,119,388
b. Segment - B (ROW)	36,968,504	31,772,006
Total	401,463,451	299,891,394
Less : Interest	8,489,593	22,721,719
Less : Depreciation	45,969,217	71,178,290
Less : Unallocable Selling, General & Administrative Expenses	93,439,972	88,000,499
Profit before tax	253,564,669	117,990,886



3. Capital Employed

Total Assets	70,908,8602	468,916,514
Total Liabilities	70,908,8602	468,916,514

(See note below*)

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

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

For **CHATURVEDI & COMPANY**
Chartered Accountants
(Regn. No. 302137E)

ON BEHALF OF THE BOARD

NILIMA JOSHI
Partner, Memb. No. 52122
Dated: April 19th, 2011, Kolkata

V. SURANA
CFO &
Company Secretary

S. K. JAIN
Director

R. R. JAIN
Chairman &
Managing Director

CASH FLOW STATEMENT



Particulars	March 31, 2011 (In Rs.)	March 31, 2010 (In Rs.)
A Cash Flow From Operating Activities:		
Net Profit After Tax And Extra Ordinary Items	207,123,556	95,563,653
Adjustment For :		
Depreciation	45,969,217	71,178,290
Interest Paid	8,489,593	22,721,719
Provision For Tax	46,441,114	22,377,233
Foreign Exchange Fluctuation Reserve	(11,194,765)	(6,647,275)
Provision For Gratuity, Leave Encashment	6,799,061	6,476,010
Interest Received	(630,653)	5,105,967
Employees Expenses Amortization	(1,590,651)	—
Miscellaneous Expenditure Written Off	2,373,736	1,498,572
Operating Profit Before Working Capital Charges	303,780,208	218,274,169
Adjustment For :		
Trade And Other Receivables	(158,370,926)	(15,952,138)
Trade Payables	28,204,315	(30,859,500)
Provisions	(5,319,170)	—
Cash Generated From Operations	168,294,426	171,462,531
Interest Paid	(8,489,593)	(22,721,719)
Cash Flow Before Extraordinary Items	159,804,834	148,740,812
Net Cash From Operating Activities	159,804,834	148,740,812
B Cash Flow From Investment Activities :		
Purchase Of Fixed Assets	(29,480,366)	(30,111,593)
Interest Received	630,653	(5,105,967)
Investment In Subsidiary	—	(802,000)
Net Cash From Investment Activities	(28,849,713)	(36,019,560)
C Cash Flow From Finance Activities:		
Proceeds From Share Application	9,658,630	7,856,148
Proceeds From Long Term Borrowings	—	(64,362,361)
Preference Share Redemption	(25,500,000)	(24,500,000)
Repayment Of Loan	(14,450,000)	(14,713,445)
Net Cash From Financing Activities	(30,291,370)	(95,719,658)
Net Increase /Decrease In Cash And Cash Equivalentents (A+B+C)	100,663,751	17,001,594
Opening Cash And Cash Equivalentents	36,163,466	19,161,872
Closing Cash And Cash Equivalentents	136,827,217	36,163,466

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
(Regn. No. 302137E)

ON BEHALF OF THE BOARD

NILIMA JOSHI
Partner, Memb. No. 52122
Dated: April 19th, 2011, 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	31-03-2011

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

Public Issue (Warrants converted into shares)	Nil
Rights Issue	Nil
Bonus Issue	241,161
Private Placement	400
ESOS	1,076

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

Total Liabilities	709,089
Total Assets	709,089

Sources of Funds

Paid up Capital	114,630
Reserves & Surplus	351,040
Deferred Tax Liability	8,264
Secured Loans	—
Unsecured Loans	—

Application of Funds

Net Fixed Assets	138,951
Investments	803
Net Current Assets	331,655
Misc. Expenditure	—
Accumulated Losses	—

IV Performance of Company (Amount in Rs. Thousands)

Turnover and Other Income	1,883,013
Total Expenditure	1,629,448
Profit/(Loss) before Tax and Extraordinary items	253,565
Profit/(Loss) after Tax and Extraordinary items	207,124
Earnings per share in Rs.	18.40
Dividend %	20%

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.

	Responsive Solution 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 2011.	500	802,000	802,500
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 31 st March 2011	10,949,075	5,207,052	16,156,127
For the Subsidiary's previous financial year since it became Subsidiary	22,392,411	1,421,882	23,814,293
3. Net aggregate amount of the Subsidiary Company's Profit Less Losses dealt with or provided for in the Company's accounts:			
For the subsidiary's financial year ended 31 st March 2011	Nil	Nil	Nil
For the Subsidiary's previous financial year since it became a subsidiary	Nil	NA	Nil

ON BEHALF OF THE BOARD

V. SURANA

CFO &

Company Secretary

S. K. JAIN

Director

R. R. JAIN

Chairman &

Managing Director

Dated: April 19th, 2011, Kolkata

DIRECTORS' REPORT

The Directors present their report together with the audited accounts for the period ended 31st March, 2011.

Review of Financial Performance & Dividend

The company during the year under review reported a profit of \$0.25mn (Previous year Profit \$0.49 mn). The company is exploring different avenues of revenue, particularly in areas where the Parent Company R S Software (India) Ltd is not focusing, and the plan to achieve more profits during the fiscal year 2011-12.

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, 2011 on a "going concern" basis.

Acknowledgements

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

On behalf of the Board of Directors

**Milpitas
April 11, 2011**

**R R Jain
Chairman**

April 11, 2011

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

We have reviewed the accompanying Balance Sheet of Responsive Solutions as of March 31st, 2011, 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 inquiries of company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of any opinion regarding the financial statements taken as a whole. Accordingly we do not express such an opinion.

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

Satya Narayan, CPA
Silicon Valley Books and Taxes, Inc
440 N Wolfe Road
Sunnyvale, CA 94087

Notes :

Related Party & Offshore development costs:

Gross margin is high due to the fact that Responsive is using off shore facilities in executing this project that was received from the customers. In addition to that, parent company, RS Software (India) Ltd., is billing Responsive for executing this project in India. In other words, related party transactions and off shore development cost benefits exists in the period in Review for the year 2010-2011. Per discussion with the management, it was noted that there is an added component of cost advantage by executing work order in India, which is normally prevailing in the industry.

RESULT FOR THE WHOLLY OWNED SUBSIDIARY FOR THE PERIOD ENDED 31st MARCH '2011

	Year ended 31ST MARCH 2011 (in US\$)	Year ended 31ST MARCH 2010 (in US\$)
PROFIT AND LOSS ACCOUNT		
Income		
Sales	\$ 1197123	\$ 952,568
Other Income	\$ 1	\$ 1
	\$ 1,197,124	\$ 952,569
Expenditure		
Payroll	\$ 102,879	\$ 104,378
Operating Expenses	\$ 792,960	\$ 336,348
Depreciation	\$ 459	\$ 3,488
Interest Cost	\$ —	\$ 9,637
	\$ 896,298	\$ 453,851
Profit before Tax	\$ 300,826	\$ 498,717
Provision for Tax	\$ 55,275	\$ —
Profit after Tax	\$ 245,551	\$ 498,717
Profit Transfer to Balance Sheet	\$ 245,551	\$ 498,717
	Year ended 31ST MARCH 2011 (in US\$)	Year ended 31ST MARCH 2010 (in US\$)
BALANCE SHEET AS AT 31st MARCH 2011		
Shareholder's Fund		
Share Capital	\$ 500,000	\$ 500,000
Profit & Loss Accounts (Dr. Balance)	\$ (122,800)	\$ (368,350)
TOTAL OF SOURCES	\$ 377,200	\$ 131,650
Fixed Assets	\$ —	\$ 459
Current Assets Loans and Advances		
Sundry Debtors	\$ (15,978)	\$ 123,996
Cash & Bank Balance	\$ 434,692	\$ 17,195
Total Current Assets	\$ 418,714	\$ 141,191
Less : Current Liabilities	\$ 10,000	\$ 10,000
Less : Tax Liability	\$ 31,514	\$ —
Net Current Assets	\$ 377,200	\$ 131,191
TOTAL OF APPLICATION	\$ 377,200	\$ 131,650

CASH FLOW STATEMENT

	YEAR ENDED 31 ST Mar 2011 (in US \$)	YEAR ENDED 31 ST March 2010 (in US \$)
A. Cash Flow from Operating Activities		
Net Profit before Tax and Extra Ordinary Items	245,551	498,717
Adjustment for:		
Depreciation	—	3,488
Interest Paid	—	9,637
Trade and Other Receivables	171,488	59,046
Net Cash from Operating Activities	417,039	570,888
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)
Interest Paid	—	(9,637)
Net Cash from Financing Activities	—	(554,856)
Net Increase / Decrease in Cash and Cash Equivalent (A+B+C)	417,039	16,032
Operating Cash and Cash Equivalents	17,195	1,163
Closing Cash and Cash Equivalents	434,692	17,195

NOTES TO FINANCIAL STATEMENTS :

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

DIRECTORS' REPORT

For the financial year ended 31 March 2011

The directors present their report to the members together with the audited financial statements of the Company for the financial year ended 31st March 2011.

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 year 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 year had any interest in the shares or debentures of the Company or its related corporations, except as follows :

	Holdings registered in name of Director		Holdings in which a director is deemed to have an interest	
	At 01.04.2010	At 31.03.2011	At 01.04.2010	At 31.03.2011
The Company				
(Ordinary shares)	—	—	—	25,000
Rajnit Rai Jain				
R. S. Software (India) Limited				
- holding company				
(Ordinary shares of INR 10 Each)				
Rajnit Rai Jain	1,538,465	2,968,165	—	—
Diana Hall	23,500	55,180	—	—

Directors' contractual benefits

Since the end of the previous financial period, 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 year to subscribe for unissued shares of the Company.

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

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

Independent auditors

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

On behalf of the directors

Rajnit Rai Jain
Director

Diana Hall
Director

Singapore, April 18, 2011

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of R S Software (Asia) Pte Limited (the "Company"), which comprise the statement of financial position as at 31 March 2011, and the statement of comprehensive income, state of changes in equity and statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company as at 31 March 2011 and the results, changes in equity and cash flows of the Company for the financial year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act 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 2011 and the results, changes in equity and cash flows of the Company for the financial year ended on that date.

ENTRUST PUBLIC ACCOUNTING CORPORATION

Public Accountants and

Certified Public Accountants

Singapore, April 18, 2011

RESULT FOR THE WHOLLY OWNED SUBSIDIARY FOR THE PERIOD ENDED 31st MARCH '2011

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2011

	01.04.2010 to 31.03.2011 (in SGD)	09.04.2009 to 31.03.2010 (in SGD)
Revenue	1,602,793	317,790
Expenses		
Employee compensation	(1,270,328)	(209,976)
Other expenses	(174,938)	(59,652)
Profit before income tax	157,527	48,162
Income tax expense	(10,352)	(3,839)
Profit for the financial year/period	147,175	44,323
Total comprehensive income	147,175	44,323

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2011

	2011 (in SGD)	2010 (in SGD)
ASSETS		
Current Assets		
Trade and other receivables	16,067	361,405
Other current assets	50,240	—
Cash and Cash Equivalents	180,167	—
Total Assets	246,474	361,405
LIABILITIES		
Current Liabilities		
Other Payables	19,624	288,243
Current income tax liabilities	10,352	3,839
Total Liabilities	29,976	292,082
Net Assets	216,498	69,323
EQUITY		
Share Capital	25,000	25,000
Retained Earnings	191,498	44,323
Total Equity	216,498	69,323

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011**

	Share Capital (SGD)	Retained Earnings (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
Balance at 1 April 2010	25,000	44,323	69,323
Total comprehensive income for the financial year	—	147,175	147,175
Balance at 31 March 2011	25,000	191,498	216,498

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011**

	01.04.2010 to 31.03.2011 SGD	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	157,527	48,162
Changes in working capital :		
Trade and other receivables	345,338	(361,405)
Other current assets	(50,240)	—
Other payables	(268,619)	288,243
Cash generated from/(used in) operations	184,006	(25,000)
Income tax paid	(3,839)	—
Net cash inflow/(outflow) from operating activities	180,167	(25,000)
Cash flows from financing activities		
Proceeds from issue of ordinary shares	—	25,000
Net cash inflow from financing activities	—	25,000
Net increase in cash and cash equivalents held	180,167	—
Cash and equivalents at the beginning of the Financial year/date of incorporation	—	—
Cash and cash equivalents at the end of financial Year/period	180,167	—

We have examined the attached Consolidated Balance Sheet of R S Software (India) Ltd. and its subsidiary Responsive Solutions Inc, & R. S. Software (Asia) Pte. Ltd., as at 31st March, 2011, 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 assets(net) of Rs. 236.77 lacs as at 31st March, 2011 and total revenue of Rs.1,100.87 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, in so far as it relates to the amounts included in respect of the subsidiaries is based solely on the report of the other auditor.

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

On the basis of the information and explanation given to us and on the consideration of the separate audit reports on individual audited financial statement of 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, 2011.
- (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
Reg. No. : **302137E**

Nilima Joshi
(Partner)
Mem. No. 52122

Place : Kolkata
Date : 19th April 2011

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

Particulars	Schedule	March 31, 2011 (In Rs.)	March 31, 2010 (In Rs.)
Sources Of Funds :			
A Shareholders' Funds			
Share Capital	1	114,629,960	111,713,980
Reserve & Surplus	2	354,012,269	186,404,156
Capital Reserve		20,704,671	20,527,427
		489,346,900	318,645,563
B Loan Funds			
Secured Loan	3	—	14,450,000
		—	14,450,000
C Deferred Tax Liability			
		8,264,315	12,359,908
	Total (a+b+c)	497,611,215	345,455,471
Application Of Funds			
A Fixed Assets			
Gross Block	4	819,533,764	792,706,476
Less : Depreciation		680,582,969	635,611,895
Net Block		138,950,795	157,094,581
B Capital Work In Progress			
		2,526,825	892,500
C Current Assets, Loans And Advances			
Sundry Debtors	5	290,513,474	163,594,442
Cash And Bank Balances	6	162,584,458	36,935,502
Loans And Advances	7	141,101,265	114,180,507
		594,199,197	314,710,451
Less : Current Liabilities And Provisions	8	238,065,603	129,615,798
Net Current Assets		356,133,594	185,094,653
D Miscellaneous Expenditure			
		—	2,373,737
	Total(a+b+c+d)	497,611,214	345,455,471

Notes On Accounts 11

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
(Regn. No. 302137E)

ON BEHALF OF THE BOARD

NILIMA JOSHI
Partner, Memb. No. 52122
Dated: April 19th, 2011, 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.

Particulars	Schedule	March 31, 2011 (In Rs.)	March 31, 2010 (In Rs.)
I Income:			
Income From Computer Software Development			
Export Income		1,965,711,839	1,633,589,759
Domestic Income		27,013,166	31,138,972
Profit/(Loss) On Foreign Currency Transaction		(296,689)	(5,476,248)
Other Income (Refer Note 3 Of Schedule 11)		671,262	5,854,839
Total		1,993,099,578	1,665,107,322
II Expenditure:			
Selling & Marketing Expenses		72,947,816	90,556,069
Salary And Other Employee Benefits	9	1,395,682,163	1,137,514,135
Administrative And Other Expenses	10	194,953,881	199,170,901
Miscellaneous Expenses Written Off		2,373,738	1,498,572
Interest & Finance Charges		8,600,509	23,154,421
Depreciation		45,989,683	71,334,885
Total		1,720,547,791	1,523,228,983
III Profit Befor Tax (I - II) :		272,551,787	141,878,339
Less : Provision For Income Tax		53,367,661	20,170,478
Less : Deferred Tax Liability		(4,095,593)	2,329,910
IV Profit After Tax :		223,279,720	119,377,951
PROFIT APPROPRIATION :			
BALANCE B/F FROM LAST YEAR		601,100	(107,776,851)
LESS : TRF TO PREFERENCE SHARE REDEMPTION RESERVE		25,500,000	11,000,000
LESS : DIVIDEND EQUITY		22,055,992	—
LESS : PROPOSED DIVIDEND TAX		3,663,500	—
LESS : TRF TO CSR FUND		7,500,000	—
V BALANCE CARRIED OVER TO BALANCE SHEET :		165,161,327	601,100
Notes On Accounts	11		
Nominal Value Per Share		10	10
Basic Earning Per Share		19.88	11.52
Dilluted Earning Per Share		19.39	11.03

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
(Regn. No. 302137E)

ON BEHALF OF THE BOARD

NILIMA JOSHI
Partner, Memb. No. 52122
Dated: April 19th, 2011, 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.

Particulars	March 31, 2011 (In Rs.)	March 31, 2010 (In Rs.)
SCHEDULE 1 : SHARE CAPITAL		
Authorised Capital:		
20000000 Equity Share Of Rs. 10/- Each	200,000,000	100,000,000
2500000 Preference Share Of Rs. 100/- Each	250,000,000	250,000,000
	450,000,000	350,000,000
Issued Subscribed And Paid-up-fully Called And Paid Up		
11027996 Equity Share Of Rs. 10/- Each (Previous Year 81,083,980 Shares) (Of The Above The Company Has Allotted 2,411,623 No. Of Fully Paid Bonus Shares)	110,279,960	81,083,980
NIL 12.5% Cumulative Redeemable Preference Shares of Rs. 100/- Each Fully Paid Up (Previous Year 255,000)	—	25,500,000
Preferential Allotment of Equity Warrants	—	780,000
(The Company Has Allotted 10,00,000 Equity Warrants @ 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. 10.00 each at a premium of Rs.9.50 each. Of the above 10,00,000 warrants 400,000 warrants (previous years 600,000 warrants) have been converted into equity shares during the year 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 is 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 received within the due date.)		
	114,629,960	111,713,980

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

Particulars	March 31, 2011 (In Rs.)	March 31, 2010 (In Rs.)
SCHEDULE 2 : RESERVE AND SURPLUS		
SHARE PREMIUM ACCOUNT	184,790,103	179,431,223
PREFERENCE SHARE REDEMPTION RESERVE (The Company has transferred Rs.24,11,623 out of the Preference Share Redemption Reserve in FY 2010-11 to Equity Share Capital for issue of Bonus Share)	25,883,770	24,500,000
CSR FUND	7,500,000	—
PROFIT AND LOSS ACCOUNT	165,161,327	601,100
INTER BRANCH FOREIGN FLUCTUATION RESERVE	(29,322,931)	(18,128,166)
	354,012,269	186,404,156
SCHEDULE 3 : SECURED LOAN		
LOANS AND ADVANCES FROM BANKS AND FINANCIAL INSTITUTIONS		
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 redeemed and charges have been released.)	—	14,450,000
	—	14,450,000

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

SCHEDULE 4 : FIXED ASSETS

	GROSS BLOCK				DEPRECIATION			NET BLOCK		
	OPENING BALANCE 01.04.2010	ADDITIONS FOR THE YEAR 2010-11	SALES/ ADJUSTMENT	CLOSING BALANCE 31.03.2011	ACCUMULATED DEPRECIATION 01.04.2010	DEPRECIATION FOR 2010-11	SALES / ADJUST.	ACCUMULATED DEPRECIATION 31.03.2011	AS AT 31.3.11	AS AT 01.04.2010
LAND	775,994	—	—	775,994	—	—	—	—	775,994	775,994
BUILDING	15,814,206	—	—	15,814,206	3,610,870	209,138	—	3,820,008	11,994,198	12,203,336
LEASE BUILDING EXPENSES	13,982,571	—	—	13,982,571	10,685,381	—	1,648,584	12,333,965	1,648,606	3,297,190
LEASE PLANT AND MACHINERIES	1,127,265	—	—	1,127,265	940,323	186,941	—	1,127,264	1	186,942
PLANT AND MACHINERIES	622,895,602	23,262,199	672,664	645,485,137	569,575,522	37,873,825	—	607,449,347	38,035,790	53,320,080
OFFICE EQUIPMENT	19,579,082	343,664	—	19,922,746	5,956,727	751,328	—	6,708,055	13,214,691	13,622,355
AIR CONDITIONER	12,668,754	223,138	—	12,891,892	5,249,213	409,248	—	5,658,461	7,233,431	7,419,541
ELECTRICAL INSTALLATIONS	30,173,896	731,582	—	30,905,478	7,286,176	1,244,203	—	8,530,379	22,375,099	22,887,720
FURNITURE AND FITTINGS	68,848,993	1,807,462	—	70,656,454	28,466,576	3,147,316	—	31,613,892	39,042,562	40,382,416
MOTOR VEHICLES	5,474,356	4,012,003	2,879,954	6,606,405	2,495,957	498,633	1,018,609	1,975,982	4,630,424	2,978,399
SUBSIDIARY FIXED ASSETS	1,365,757	—	(142)	1,365,615	1,345,149	20,466	—	1,365,615	—	20,609
TOTAL	792,706,476	30,380,048	3,552,475	819,533,764	635,611,895	44,341,099	2,667,193	680,582,969	138,950,795	157,094,581
PREVIOUS YEAR 09-10	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	193,635,102

Notes:

1. Land includes Leasehold land amounting to Rs. 458,694/-. The lease expires in year 2086.
2. Asset has been taken on Lease from Orix Auto Infrastructure Services Limited for Rs. 3.26 crores of which Rs. 78.18 lakhs is given as Security Deposit. The lease period will be expiring on June 2011.
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 balanced period of lease i.e 36 months.

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

Particulars	March 31, 2011 (In Rs.)	March 31, 2010 (In Rs.)
SCHEDULE 5 : SUNDRY DEBTORS		
Receivables		
(Unsecured And Considered Good)		
Debts Outstanding For A Period Exceeding Six Months	—	1,149,583
Other Debts (For Period Less Than Six Months)	290,513,474	162,444,859
	290,513,474	163,594,442
SCHEDULE 6 : CASH AND BANK BALANCES		
Cash In Hand	17,725	39,290
Cash At Bank With :		
Schedule Banks		
— In Current Account (Axis Bank Ltd., Allahabad Bank, ICICI Bank Ltd.)	13,257,205	2,207,700
— In No Lien Account	8,694,006	—
— In O/D Account (ICICI Bank)	4,840,845	15,405,764
Foreign Bank		
— In Current Account (Bank Of America, Silicon Valley Bank, ICICI Bank UK Ltd.)	130,075,155	17,879,130
Fixed Deposits		
Axis Bank (On Lien)	5,052,472	785,072
Allahabad Bank (On Lien)	647,049	618,546
	162,584,458	36,935,501
SCHEDULE 7 : LOANS AND ADVANCES		
(Unsecured And Considered Good)		
ADVANCES		
<i>(Recoverable In Cash Or In Kind Or For Value To Be Received)</i>		
Advance To Staff	3,060,229	1,834,953
Advance Taxes	110,756,634	52,967,053
Prepaid Expenses	7,780,012	10,986,158
Advance Against Expenses	528,187	4,522,737
Deposits	18,976,204	43,869,606
	141,101,265	114,180,507

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

Particulars	March 31, 2011 (In Rs.)	March 31, 2010 (In Rs.)
SCHEDULE 8 : CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities		
Sundry Creditors	83,402,027	57,724,300
Salary And Other Tax Liability	22,683,134	17,704,791
Provisions		
Provision For Leave Encashment	3,620,865	7,117,542
Provision For Gratuity	19,764,557	11,059,470
Provision - Research & Development	—	—
Provision For Proposed Dividend Tax	3,663,500	—
Provision For Proposed Eq Dividend	22,055,992	—
Provision For Fringe Benefit Tax 06-07	—	1,227,390
Provision For Fringe Benefit Tax 07-08	—	1,300,000
Provision For Fringe Benefit Tax 08-09	—	1,300,000
Provision For Income Tax 07-08	—	1,491,780
Provision For Income Tax 08-09	10,520,046	10,520,046
Provision For Income Tax 09-10	20,047,323	20,170,478
Provision For Income Tax 10-11	52,308,158	—
	238,065,602	129,615,798

SCHEDULES TO THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

SCHEDULE 9 : SALARY AND OTHER EMPLOYEE BENEFIT

Salary, Wages And Bonus	1,050,590,880	826,661,844
Subcontracting Charges	243,734,948	217,338,273
Contribution To Provident And Other Funds	21,055,500	18,824,641
Workman And Staff Welfare Expenses	80,300,835	74,689,377
	1,395,682,163	1,137,514,135

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

Particulars	March 31, 2011 (In Rs.)	March 31, 2010 (In Rs.)
SCHEDULE 10 : ADMINISTRATIVE AND OTHER EXPENSES		
Travelling	16,844,691	24,822,852
Conveyance	12,433,257	10,900,150
Staff Welfare	9,237,139	7,573,059
Telephone	18,686,477	20,471,842
Printing And Stationery	1,221,015	2,209,167
Electricity And Power	12,659,460	11,016,390
Rent - Equipment	8,506,280	8,335,852
Rent - Apartment And Ground	30,446,315	26,966,571
Repairs - Machinery	11,558,671	8,963,763
Repairs - Building	4,938,341	7,736,959
Repairs - Others	83,581	73,981
Education And Training Expenses	935,007	3,355,359
Insurance	8,040,313	7,275,368
Miscellaneous Expenses	—	6,190
Auditors' Remuneration - Audit Fees	393,648	238,220
Tax Audit Fee	55,000	50,000
Other Audit Certificate	69,000	90,000
Books And Periodicals	155,445	328,387
Directors' Fees	861,520	716,234
Rates And Taxes	20,817,839	16,165,699
Legal / Professional Fee	9,562,775	6,269,833
Consultancy Charges	7,680,310	4,808,148
Recruitment And Relocation Expenses	8,256,982	3,592,825
General And Board Meeting Expenses	3,576,123	3,051,879
Membership And Subscription	1,607,882	1,308,098
Business Promotion	4,952,702	3,801,340
Advertisement	560,301	321,647
Seminar And Conferences	32,955	340,381
Loss Of Assets	780,851	—
Deposits Written Off	—	9,257,112
Donation	—	—
Bad Debt Written Off By Subsidiary	—	9,123,596
	194,953,881	199,170,901

SCHEDULE 11 : NOTES ON ACCOUNTS

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 year. 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 has been written off during the year.

h) Foreign Currency Transactions

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

i) Spares and Consumables

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

j) Income Tax

The Company computes income tax liability under the "Tax Payable" method 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 reversed in subsequent periods.

k) Contingent liabilities

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

l) Employee Benefits

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

m) Asset taken on Lease

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

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

n) Impairment of Assets

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

2. Contingent Liabilities:

- a) Guarantees outstanding as at 31.03.2011 is Rs.5,256,500 (Previous Financial year 31.03.2010 Rs.1,155,500)
- b) Liabilities in respect of bills discounted with Silicon Valley Bank by the Company as on 31.03.2011 is amounting to Rs.22,479,327 (Previous Financial year 31.03.2010 Rs.69,941,756).
- 3. a) Debit in Interest and Finance Charges Account includes Interest to Banks Rs.231,291 (Previous Year 31.03.2010 Rs.7,606,153) and Financial Charges to bank Rs.6,351,630 (Previous Financial Year 31.03.2010 Rs.14,215,747) and other charges paid to bank Rs.812,388 (Previous Financial Year 31.03.2010 Rs.899,818) incurred during the year ended 31.03.2011. It also includes interest on Debenture amounting to Rs.1,094,284 paid during the year ended 31.03.2011 (previous year 31.03.2010 Rs.2,912,159).
- b) Other income for the year ended 31.03.2011 includes Interest Received from Bank amounting to Rs.630,653 (including TDS Rs.62,210),{Previous Year 31.03.2010 Rs.1,163,937 (including TDS Rs.70,252)} and Conversion fees amounting to Rs.Nil. (Previous year 31.03.2010 Rs.479,824).
- 4. a) The income tax deducted at source on domestic income during the year ended 31.03.2011 is Rs.3,495,086 (Previous Financial Year 31.03.2010 Rs.1,886,750).
- b) The Company has written back a provision of Rs.4,095,593 for deferred tax Liability decreased as on 31.03.2011 (Previous Financial Year Rs.10,029,998). The detail for the same is given as below:-

Deferred Tax Liability	As ON 31-3-11
Tax Rate	32.45
Opening TD	
Depreciation Difference 2010-11	(7,331,780)
As per Companies Act	44,320,633
Amortised Building Expenses as per Companies Act	1,648,584
As per Income Tax	38,637,437
WDV Difference opening	56,188,969

As per Companies Act	153,776,781
As per Income Tax	97,587,812
Closing TD	48,857,191
Closing Balance DTL	15,851,716
Deferred Tax Asset	As ON 31-3-11
Tax Rate	32.45
Opening TD	
Provision for Gratuity & Leave	23,385,422
Originating TD	23,385,422
Closing TD	23,385,422
Closing Balance DTA	7,587,400
Net Deferred Tax /(Liability)	(8,264,315)

c) There is no Impairment of assets during the year ended 31.03.2011.

5. Rates and Taxes is inclusive of value added tax for the year ended 31.03.2011 amounting to Rs.20,480,204 (Previous Financial year 31.03.10 Rs.14,812,381).

6. a) Prior period expenses incurred till date 31.03.2011 Rs.72,534 (Previous Financial Year 31.03.10 Rs.826,875) which is on account of re-imburement to the employees.

Particulars as on 31.03.2011	Amount (Rs.)
Conveyance	6,316
Electricity	2,225
Staff Welfare	13,736
US Taxes	3,851
Repairs & Maintainance - M/C	46,406
TOTAL	72,534

b) The Company has created a Corporate Social Responsibility Fund by appropriating a sum of Rs.7,500,000, towards meeting its social obligation. Such fund is created for spending in social sector directly or indirectly by contributing in social activities and build up of social infrastructure which will benefit different classes of the society

7. a) The Company has taken equipments from Orix Auto Infrastructure Service Ltd. Under operating clause and lease rent and paid an amounting of Rs.299,984 during the year ended 31.03.2011 (previous Year 31.03.2010 Rs.8,328,018) has been charged to the profit & Loss Account. The Future Minimum Lease Payment are as under:

Total Minimum Lease Payment outstanding as at 31.03.2011	
Within One Year	Rs. 299,984

b) 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 2012. The amount of Rs.14,187,780 (Previous Year 31.03.2010 Rs.18,711,420) has been charged to the profit & Loss Account during the year ended 31.03.2011.

Total Minimum Lease Payment outstanding as at 31.03.2011	
Within One Year	Rs.18,917,040
Later than One Year and not Later than Five Year	Rs.1,576,420

8. DEFINED BENEFIT PLAN

As per Actuarial Valuation as on 31.03.2011, the Company has recognized the appreciation in value of liability into the books in addition to One fifth of the transactional difference arisen on 31.03.2008 , of the same Rs.1,440,780 and Rs.770,828 for Gratuity and Leave encashment respectively. The Balance of Rs.1,440,780 and Rs.770,828 are being carried forward to be charged off in the following year.

PARTICULARS	Gratuity (Rs.)	Leave (Rs.)
A Components of Employer Expenses		
1 Current Service Cost	4,716,961	973,958
2 Interest Cost	1,325,463	423,950
3 Expected Return on plan assets	—	—
4 Curtailment cost (credit)	—	—
5 Settlement cost (credit)	—	—
6 Amortization of Past Service Cost	—	—
7 Acturial Losses/(Gains) on defined benefit obligation	2,454,231	(12,420)
8 Acturial (Losses)/Gains on plan Assets	—	—
9 Total Expenses recognised in the Statement of Profit & Loss A/C	8,496,655	1,385,488
B Actual Contribution and Benefits Payments for period ending 31 March 2011		
1 Actual Benefit Payments	562,450	1,860,944
2 Actual Contributions	562,450	1,860,944
C Funded Status		
1 Present value of Defined Benefit Obligation	20,525,385	5,061,645
2 Fair value of plan assets	—	—
3 Funded Status [Surplus/(Deficit)]	(20,525,385)	(5,061,645)
4 Effect of balance sheet asset limit	—	—
5 Unrecognised Past Service Costs	—	—
6 Net asset/(liability) recognised in balance sheet	(20,525,385)	(5,061,645)
1 Net asset/(liability) recognised in balance sheet at beginning of period	(12,601,180)	(5,537,101)
2 Employer Expenses	8,496,655	1,385,488
3 Employer Contribution	562,450	1,860,944
4 Net asset/(liability) recognised in balance sheet at end of the period	(20,535,385)	(5,061,645)
D Change in Defined Benefit Obligation		
1 Present value of PBO at beginning of period	(+) 12,601,180	5,537,101
2 Current Service Cost	(+) 4,716,961	973,958
3 Interest Cost	(+) 1,325,463	423,950
4 Curtailment cost/(credit)	(-) —	—
5 Settlement cost/(credit)	(-) —	—
6 Employee contribution	(-) —	—
7 Plan amendments	(-) —	—
8 Acquisitions	(-) —	—
9 Actual (gains)/Losses	2,454,231	(12,420)
10 Benefits Paid	(-) (562,450)	(1,860,944)
11 Present value of PBO at the end of period	(-) 20,535,385	5,061,645
E Change in Fair Value of Assets		
1 Plan Assets at beginning of period	—	—
2 Expected return on plan assets	—	—
3 Actual company contributions	562,450	1,860,944
4 Employee contributions	—	—
5 Acturial Gain/(Loss) on plan assets	—	—
6 Benefits paid	(562,450)	(1,860,944)
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	-	Chairman and Managing Director
Mr. Shital Kr. Jain	-	Director
Mrs Sarita Jain	-	Director
Mr. R Ramaraj	-	Director
Mr. Richard Launder	-	Additional Director
Mr. Vijendra Surana	-	CFO & Company Secretary

c) Disclosure of transactions between the Company and Related Parties and the status of outstanding balances as on 31.03.2011

	Wholly Owned Subsidiary (WOS)	Key Management Personnel
1. Reimbursement of expense incurred on behalf of Subsidiary. Responsive Solution Inc.	35,138,676	
Reimbursing the subsidiary towards service rendered at market price. R S Software (Asia) pte. Ltd.	57,162,655	
2. Remuneration to Key Personnel:		
- Directors (Sitting Fees)		720,000
- Chairman & Managing Director		3,899,880
3. Balance as on 31.03.2011:		
Debtors		
Responsive Solution Inc	Nil	
Creditors		
R S Software (Asia) Pte Ltd	Nil	
4. Maximum balance outstanding during the year		
Debtors		
Responsive Solution Inc	10,988,589	
Creditors		
R S Software (Asia) Pte Ltd	15,140,217	

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.500 Lac till 31st March '09 against CRPS. In the year 2009-10 company had redeemed the preference shares for Rs.245 Lac after transferring Rs 110 Lac during 2009-10 and the balance of Rs.255 Lac has been redeemed after transferring Rs 255 lacs to Preference Share Redemption Reserve.

b) 12.5% NCD for Rs.289 Lacs had been issued in Nov '07. Debentures were repayable in 2 equal installments payable in November 2009 & 2010 respectively, Installments have been paid on due date.

11. Auditor's Remuneration

	Year Ended 31.03.2011 (In Rs.)	Year Ended 31.03.2010 (In Rs.)
As Statutory Auditors	175,000	150,000
Tax Audit	55,000	30,000

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	31.03.2011	31.03.2010
Numerator for Basic and Diluted EPS:		
Profit for the period	215,779,720	119,501,106
Less: Dividend on Pref Shares	—	3,187,500
	215,779,720	116,313,606
Denominator for Basic EPS:		
Equity Shares	10,520,021	10,076,271
Add: ESOP Conversion	18,341	10,654
Preferential Issue	313,425	6,247
Weighted no. of Equity Shares	10,851,787	10,093,172
Denominator for Diluted Shares		
Weighted No. of Basic Equity Shares	10,851,787	10,093,172
Add: ESOP Conversion		
ESOP Dilutive	275,130	216,915
Pref Share allotment	—	238,208
Weighted no. of Equity Shares	11,126,917	10,548,285
Nominal Value of share	10.00	10.00
Basic Earning per Share	19.88	11.52
Diluted Earning per Share	19.39	11.03

*EPS as on 31.03.2010 has been re-stated to the extent of Bonus Issue

13. Salary and Other Employee Benefits include the remuneration to Managing Directors as follows:

	Year Ended 31.03.2011 (Rs.)	Year Ended 31.03.2010 (Rs.)
Salaries	2,400,000	2,400,000
Other Benefits	1,211,880	1,372,149
Provident Fund	288,000	288,000
	3,899,880	4,060,149

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 31.03.2011 only 80,800 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 31.03.2011 only 22025 option has been exercised.
- c) The Company has granted 298,500 shares to the employees during the year 2009-10 at the fair value of and the exercise price of the option is Rs.27.95 each. As on date 31.03.2011 only 68,900 option has been exercised.
- d) The company has granted 30,233 shares as bonus shares in the ratio of 28 shares against 100 shares each held on the above ESOSs granted.
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 400,000 shares (previous year 600,000 shares) were allotted to the him @ face value Rs.10 per share and Rs.9.50 as premium. The money has been 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 of 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.

	Year Ended 31.03.2011 (In Rs.)	Year Ended 31.03.2010 (In Rs.)
Expenditure in Foreign Currency:		
a) Foreign branch expenditure	1,466,972,825	1,242,352,299
Earning in Foreign Currency		
a) Export of services	1,965,416,726	1,583,300,465
b) Interest Income	NIL	421,983

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

Particulars	Year ended 31.03.2011	Year ended 31.03.2010
1. Segment Revenue (net sale / income from each segment should be disclosed)		
a. Segment - A (USA)	1,830,191,707	1,523,140,082
b. Segment - B (ROW)	162,236,609	136,062,401
Total	1,992,428,316	1,659,202,483
Other Income		
Segment - B (ROW)	671,262	5,854,839
Total	1,993,099,578	1,665,057,322
Less : Inter - segment revenue		
Net Revenue from Operations	1,993,099,578	1,665,057,322
2 Segment Results Profit/(Loss) before Tax & Interest from each segment		
a. Segment - A (USA)	383,168,702	292,473,214
b. Segment - B (ROW)	37,414,638	31,944,930
Total	420,583,340	324,418,144
Less : Interest	8,600,509	23,154,421
Less : Depreciation	45,989,683	71,334,885
Less : Selling, General & Administrative Expenses	93,441,361	88,050,499
Profit before tax	272,551,787	141,878,339
3. Capital Employed		
Total Assets	735,676,818	475,071,269
Total Liabilities	735,676,818	475,071,269

(See note below*)

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

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

For **CHATURVEDI & COMPANY**
 Chartered Accountants
 (Regn. No. 302137E)

ON BEHALF OF THE BOARD

NILIMA JOSHI
 Partner, Memb. No. 52122
 Dated: April 19th, 2011, 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.

Particulars	March 31, 2011 (In Rs.)	March 31, 2010 (In Rs.)
A Cash Flow From Operating Activities:		
Net Profit After Tax And Extra Ordinary Items	223,279,720	119,501,106
Adjustment For :		
Depreciation	45,989,683	71,334,885
Interest Paid	8,600,509	23,154,421
Capital Reserve	177,244	2,117,664
Provision For Tax	49,272,067	22,377,233
Foreign Exchange Fluctuation Reserve	(11,194,765)	(6,647,275)
Provision For Gratuity, Leave Encashment	6,799,061	6,476,010
Interest Received	(630,653)	(5,105,967)
Employees Expenses Amortization	(1,590,651)	—
Miscellaneous Expenditure Written Off	2,373,738	1,498,573
Operating Profit Before Working Capital Charges	323,075,954	234,706,650
Adjustment For :		
Trade And Other Receivables	(153,839,790)	(41,908,509)
Trade Payables	29,473,411	(31,226,333)
Provisions	(5,319,170)	
Cash Generated From Operations	193,390,405	161,571,808
Interest Paid	(8,600,509)	(23,154,421)
Cash Flow Before Extraordinary Items	184,789,896	138,417,388
Net Cash From Operating Activities	184,789,896	138,417,388
B Cash Flow From Investment Activities :		
Purchase Of Fixed Assets	(29,480,223)	(30,088,939)
Interest Received	630,653	5,105,967
Net Cash From Investment Activities	(28,849,570)	(24,982,973)
C CASH FLOW FROM FINANCE ACTIVITIES:		
Proceeds From Share Application	9,658,630	7,856,148
Proceeds From Long Term Borrowings	—	(64,362,361)
Preference Share Redemption	(25,500,000)	(24,500,000)
Repayment Of Loan	(14,450,000)	(14,713,446)
Net Cash From Financing Activities	(30,291,370)	(95,719,660)
Net Increase /Decrease In Cash And Cash Equivalents (A+B+C)	125,648,957	17,714,755
Opening Cash And Cash Equivalents	36,935,501	19,220,746
Closing Cash And Cash Equivalents	162,584,458	36,935,501

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
(Regn. No. 302137E)

ON BEHALF OF THE BOARD

NILIMA JOSHI
Partner, Memb. No. 52122
Dated: April 19th, 2011, 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.

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	31-03-2011

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

Public Issue (Warrants converted into shares)	Nil
Rights Issue	Nil
Bonus Issue	241,161
Private Placement	400
ESOS	1,076

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

Total Liabilities	735,677
Total Assets	735,677

Sources of Funds

Share Capital	114,630
Reserves & Surplus	354,012
Capital Reserve	20,705
Deferred Tax Liability	8,264
Secured Loans	—
Unsecured Loans	—

Application of Funds

Net Fixed Assets	138,951
CWIP	2,527
Net Current Assets	356,134
Misc. Expenditure	—
Accumulated Losses	—

IV Performance of Company (Amount in Rs. Thousands)

Turnover and Other Income	1,993,100
Total Expenditure	1,720,548
Profit/(Loss) before Tax and Extraordinary items	272,552
Profit/(Loss) after Tax and Extraordinary items	223,280
Earnings per share in Rs.	19.88
Dividend %	20%

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.



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 / her
of
as my/our proxy in my/our absence to attend and vote for me/us, and on my/our behalf, at the Twenty Third ANNUAL
GENERAL MEETING of the Company, to be held at 11 am on Wednesday, July 20, 2011 and at any adjournment
thereof.

As witness my / our hand/hands this day of 2011.

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 Cultural Centre, IA- 190, Sector III, Salt Lake City, Kolkata 700 097at 11 am on Wednesday, July 20, 2011.

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

TEAR HERE

C B MANAGEMENT SERVICES (P) LTD.
 UNIT: R S SOFTWARE (INDIA) LIMITED
 P-22, Bondel Road, Kolkata -700 019

Dear Sirs,

Payment of Dividend through NECS

I hereby give my mandate to credit Dividend on the shares held by me directly to my Bank Account Through National Electronic Clearing Services (NECS). The details of my Bank Account are given below :

(PLEASE USE CAPITAL LETTERS)

Folio No..... No. of shares.....

Name of the first/sole shareholder :

Name of the Bank :

Branch and Full Address :

.....

Account Type (Savings/current/cash Credit) :

Account Number
 (as appearing on the cheque book :

Ledger Folio No.
 (if any, as appearing on the cheque book) :

9-digit Code Number of the Bank and Branch
 (appearing on the MICR cheque issued by the Bank) :

I hereby declare that the particulars furnished above are correct and complete. If any transaction is delayed or not effected at all for reasons of incompleteness or incorrectness of information provided as above or any error made by the Bank(s), the Company will not be held responsible. I hereby undertake to inform the Company immediately of any change in my Bank/Branch and account number.

Date...../...../2011

Place :

 Signature of the First/Sole Shareholder

Encl:Copy of Bank Cheque Leaf

TEAR HERE

Offices:

India

Corporate Office:

A-2, FMC Fortuna, 234/3A, A.J.C. Bose Road, Kolkata 700020, India
Board: 91 33 2287 5746 / 91 33 2281 0106/07/08/09
Fax: 91 33 2287 6256

Development Center:

RS Tower, Block DN-9, Salltec Sector - V, Salt Lake City, Kolkata 700091, India
Board: 91 33 6601 8899
Fax: 91 33 2367 4469

Singapore

R.S. Software (Asia) Pte. Limited
10 Anson Road #12-14, International Plaza, Singapore 079903

North America

Silicon Valley Office:

1900 McCarthy Boulevard, Suite #103, Milpitas, CA 95035
Board: 001 408 382 1200
Fax: 001 408 382 0083

Atlanta Office:

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Board: 001 678 366 5179
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