

2013-14

Annual report

CASHLESS SECTOR. CASH-RICH BUSINESS.

If this annual report could be concised around a single idea, it would be this.

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A cashless revolution began in 1958 when Bank of America launched its first general purpose credit card.

Disruption in the payments is accelerating the evolution in electronic payments.

Analytics are deepening the value of electronic payments.

Besides, global central banks are changing regulations that are catalysing the move from cash to electronic payments.

The results of the global cashless revolution:

Growth in volume of electronic payments.

\$1 trillion plus revenues for stakeholders in the payments industry.

Heightened interest in security, reliability and availability of payments infrastructure.

Electronic payments at physical and online locations continue to expand rapidly. With 85% of the world's retail payments still made with cash, there is considerable room for continued growth.

Considering that we are living today within a global village, this is making economies worldwide more inter-dependant. The move to a digital and digitally-integrated world is a reality and accelerating every single moment.

Even in India, there are in excess of 27 million consumers who can be categorized as digitally savvy, and they represent ~33% of the household savings pool of all online users. India has 295 million credit and debit cards issued, and 88% penetration of cell phones. Indian bank card spend is growing at a rate of 38% CAGR.

American consumers spend \$5.125 trillion at points of sale at merchant locations, and \$240 billion

through e-commerce. The United States is the largest payments market in the world, with more than \$300 billion in industry revenues.

China has 570 million Internet users, with 243 million engaged in buying online. China is the second-largest payments market in the world, and the biggest driver of future industry revenue growth.

Russia has 144 million cards issued, 236 million cell phones, and online sales growing at 22%CAGR. Russia is among the top 10 payments markets, with a growing online population of users.

Brazil has 27% of its 200 million population using credit cards. Spending with these cards represents 58% of all card spend volume, with online sales growing at 28% CAGR. Brazil is the third-largest payments market in the world, and the largest in Latin America.

The accelerating revolution in online purchases is creating unprecedented opportunities for select digital payment companies.

Niche companies like RS Software.*

* In line with its widening prospects, RS Software reported profitable growth during 2013-14. Revenues grew 21%; profit after tax increased 41%.

RS Software is not just another software service provider. We are a niche and specialized player. We address a complex and rapidly evolving space. We are exclusively focused on this space. We provide comprehensive end-to-solutions. We combine technology with domain knowledge. We deliver vertically integrated solutions. These solutions deliver a competitive advantage for our clients. Digital disruptors with deep pockets are the new challengers to the existing payment leadership brands. Nevertheless, the high cost (can approximate hundreds of millions of dollars) of building a payment infrastructure that is reliable, secure, convenient and available represents significant advantage that the incumbents enjoy. The result – disruptors and existing stakeholders continue to spend money to win the mind share of the new age consumer who wants to be empowered to pay anytime, anywhere.

RS Software began its work in the payments 20 years ago and continues to leverage its early mover's advantage in this domain to strengthen its secular growth. As this trend reinforces, the strategy of the company is to go beyond its engagement with few brands, and extend its proven RS Global Delivery Methodology™: RS GEM™ to leadership payment brands and new entrants that are disrupting the market.



Pedigree

RS Software has been providing high quality global delivery out of its world-class software development centre in Kolkata since 1991. The Company's 1,010-member team continues to address the growing needs of some of the world's leading payment brands.

Presence

The Company operates in four continents with its corporate headquarters in Kolkata (India) and global offices across the US, UK and Singapore.

Listing

The Company's shares are listed on the NSE (National Stock Exchange) and BSE (Bombay Stock Exchange).

Offerings

■ Domain-focused technology solution provider to the electronic payments industry

Awards and accolades

- RS Software featured second year in a row on 'Forbes Asia's 200 best Under a Billion' company
- RS Software featured as one of the fastest growing companies in India by Outlook Business magazine that ranks RS Software at #17 out of the 30 fastest growing companies in India
- RS Software won the award for Best Financial Performance at *The Economic Times* Bengal Corporate Awards 2014
- 'Systems and methods for facilitating customer acquisition by businesses', was RS Software's first patent awarded by the US Patent & Trademark Office (USPTO Patent # 8489450, issued on July 16, 2013)

How we strengthen the business of our customers

Financial institutions, banks, payment networks, payment processors, merchants and software product companies work together to process billions of payment transactions every year, translating into trillions of dollar value. RS Software builds, tests and maintains the mission critical software applications that allow these institutions and their providers to make their systems secure and reliable (with 99.99999% availability). This level of safety and dependability protects the brands of our customers and fosters confidence in consumers who increasingly want to pay electronically, whether in store or online.



Custom application development

We offer application lifecycle management for platform, cloud, e-commerce and mobile platforms. We leverage a wide array of development tools and methodologies (SSAD/OOAD, classic/relaxed waterfall, classic/relaxed spiral, RUP and Agile).

Quality assurance and testing

We provide standardized, specialised and automated testing services including integration, system, regression, performance, stress, security and certification testing. We work with clients to map their complex transaction landscapes and ensure that the tested applications do not impact their payment infrastructure integrity, and performance.

Application maintenance and support

RS Software offers comprehensive application life cycle management services that maintain and support existing applications and new functionalities. We deliver application and platform integration and migration, reverse engineering and 24X7 production and help-desk support.

Strategic consulting

We help clients improve their technology and business alignment. We conduct gap analyses, build remediation plans and develop roadmaps to improve returns on the customer's investment.

For consumers to part with their cash in a virtual world, the payment network needs to assure them of a few things.

Security. Speed. Reliability. Availability – all at the same time.

120+
Currencies processed

Security: Payment networks must be secured against breaches, combat fraud and minimize the occurrence of card and cardholder information being compromised.

RS Software's capability: RS Software helps to build solutions that allow payment networks to fight the creative cyber crime operators.

Speed: Millions of electronic payment transactions are processed every second, providing merchants and financial institutions with business-critical information in real time. RS also works to deliver faster analytics to help near realtime decision-making.

RS Software's capability: RS Software focuses on building solutions for high speed, high volume authorization, clearing and settlement of electronic payment transactions.

Availability: Consumers expect payment systems and networks to be available 24 hours a day, seven days a week, 365 days a year.

RS Software's capability: RS Software's knowledge of core applications and those that surround the core systems help payment networks deliver 99.99999% availability to consumers in markets around

the world. This high availability for transactions coming from in-store and online electronic payment device gives consumers convenience and helps merchants grow their business.

Reliability: Payment systems and networks need to ensure that payments are accepted and guaranteed virtually anywhere.

RS Software's capability: RS Software's strength is in building, maintaining and supporting applications that enable processing of payment transactions in 120+ different currencies in physical locations that spread to some of the most remote areas of the world, while ensuring 100% reliability. A payment transaction is a promise to be paid, and fulfillment of this promise is what builds brand trust. RS Software's 20+ years of knowledge in electronic payments helps protect clients brand value by delivering reliability.

Scalability: With billions of electronic payment transactions growing year after year, the payment networks are scaling their infrastructure to execute tens of thousands of transactions every second. The intersection of technology evolution and demographics is raising the bar for digital payments to be enabled anytime, anywhere.

RS Software's capability: RS Software has a track record stretching over two decades during which it has repeatedly helped clients achieve scalability, growing from a few hundred to several thousand transactions per second. The company's payments focused RS Global Delivery Methodology™: RS GEM™ is constantly maturing to accommodate the billions of transactions that get executed annually.

Fraud and risk management: Leading payment providers are investing heavily in risk management strategies to protect their stakeholders and consumers. The creativity of hackers in the digital space is making this a critical need of the electronic payments industry. Experience has shown that when Europe took a lead in the implementation of EMV more than 10 years ago, fraud started to spread a lot faster in other geographies.

RS Software's capability: RS Software has worked for more than a decade in the area of risk and fraud management, and continues to build risk management applications that help organizations realize their risk management goals in an electronic payments processing landscape where volumes and value increase every day.

RS Software's 20+ years of experience in the payments space, working with industry-leading brands, enables us to make this a reality for our clients doing business around the world. This is the foundation that the company is constantly building, infused by a corporate culture that motivates employees to 'Think of Yourself as the Customer.' This emphasis enables us to execute our strategy of moving from participation with a few select brands to providing vertically integrated solutions to a broader set of established and emerging brands.

You swipe a card. Almost instantaneously the transaction is secured, routed, approved and confirmed. In less than a few seconds, messages have been sent across the world and decisions made that facilitate commerce.

Informing. Confirming. Validating. Protecting.

RS Software is one of the select companies focused exclusively on supporting this use of technology to improve our lives.

Switching and authorization

Need: With an increasing number of payment instruments and regulatory requirements, transaction switching and authorization have become increasingly complex.

Solution: RS Software assists leading brands in the global payments business address the challenges of switching and authorization in a competitive 24x7 marketplace, improving availability, scalability and security. We have worked for more than 20 years to enable the speed of a transaction throughput to grow from 500 transactions per second to more than 20,000 transactions per second today!

Clearing and settlement

Need: There is a greater need for clearing and settlement operations to enhance customer security and efficiency. This priority requires technology rationalization, integration and consolidation.

Solution: RS Software provides clearing and settlement solutions that handle large transactions in an environment marked by cross-border activity, regulatory changes and payment diversity.



RS Software provides complex solutions in the area of clearing and settlement systems.

RS Software possesses more than a decade's rich experience in dispute and chargeback solutions to customers.

Risk and fraud

Need: Modern database formats, online information-sharing and increased access points have increased systemic vulnerability, fueling the adoption of sophisticated fraud prevention and detection mechanisms.

Solution: RS Software helps leading global payment brands integrate their fraud prevention and detection solutions into high-performance processing environments.

Dispute and chargeback

Need: The growth of the electronic payments industry and increase in online sales has created more disputes and chargebacks that must be handled by multiple organizations operating in a geographically diverse environment.

Solution: RS Software has more than a decade of experience in providing

proven dispute and chargeback solutions to customers all across the world. We have repeatedly delivered end-to-end solutions that include on-going testing, enhancements and support to keep our clients current with the dynamic landscape in the payments industry.

Merchant management

Need: The globalization of the payments industry, growth in electronic payment methods and increasing regulatory complexity have increased the pressures faced by acquirers when trying to compete on price and provide a comprehensive set of services required to retain the customers they acquire.

Solution: RS Software provides acquirers with a comprehensive set of merchant management solutions that reduce complexity, minimise costs and deliver a competitive advantage. Today, we serve some of the best-known

brands in the acquiring space with more than two decades of merchant management expertise.

Business analytics and tools

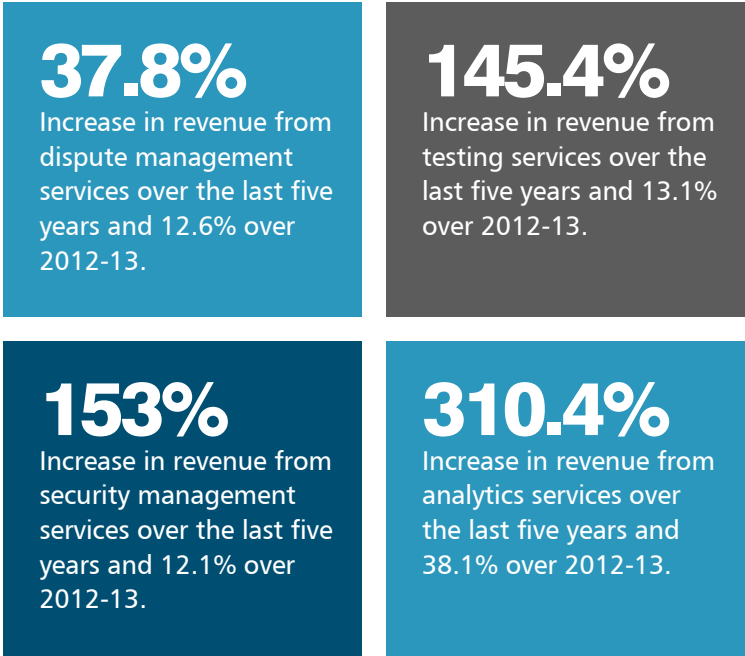
Need: Enormous data is being generated and captured regarding consumer behaviour and shopping habits in store and online. Harvesting this information requires expertise in data quality, transformation, enrichment and mining that can be applied in transactional and macro analytic spaces.

Solution: RS Software supports the needs of its clients across four key areas (technology, governance, analytics and strategy). We offer a complete set of data analytic services that include assessment, consulting, establishing migration methodologies, implementing, testing and production support.



Investing in profitability

RS Software reinforced its competence in analytics, testing, dispute management and security within the payments domain leading to higher revenues.



ANALYTICS

| | | |
|---|---|---|
| Confluence of the payment domain expertise and existing knowledge management system | Experience of working with a customer who possesses one of the largest data store in its system | Possesses data validation and sanitization capabilities |
| Resulting in 38.1% growth in revenue and 18% contribution to the Company's total revenue in 2013-14 | | |

According to IBM, organizations and individuals create 2.5 quintillion bytes of data every single day. Collectively, human beings have generated 90 percent of the world's data in just two years. One of the priorities for businesses is to covert this data into valuable and actionable information to derive a business advantage. The entire world is driven by data and representation in a meaningful manner is essential to unlocking its full value. The analytics required to achieve this involves collecting, storing, transforming and using the data in an understandable manner.

Our competence

As the growth of e-payments continues, new technologies are being introduced to help companies attract and retain customers through the use of analytics that can personalize the products and services they offer. As more and more data is collected about these transactions and the people making purchases the greater the challenge around converting this data to information that can be used to better serve customers.

RS Software's experience in high volume payments processing provides the foundation for its capabilities in data validation, sanitation and analytics. Working with one of the largest storages of data in the world located at a large global network provider, we have developed deep subject matter expertise in loading, extracting and segmenting data in a cost effective manner.

Turning data into information that can be used to acquire customers and build their loyalty, has been part of the pedigree of RS Software over its more than two decades focused on the payments industry. Such capability is becoming increasingly important as data stores swell and competition for customers becomes more intense.

Outlook

RS Software will see an increased demand for data analytics services. The foundational expertise already present in the company will get supplemented with additional resources to address this opportunity.

REPORTING AND ANALYTICS

Our experience with a leading payment network

Experience in different kind of reports and data elements

| Transaction Life Cycle | Reversal & Chargeback | Fraud & Risk | Loyalty | Billing | Analytics |
|--|--|--|---|---|--|
| <ul style="list-style-type: none">Transaction Life Cycle -180 daysSettlement Report | <ul style="list-style-type: none">DuplicateRefundReversal StateAcquirer PerformanceChargeback Reason codeChargeback PerformanceChargeback Rate | <ul style="list-style-type: none">Fraud by top merchantsOnline transactionsPOS transactionsAuthorization Status | <ul style="list-style-type: none">Dollar band-Prepaid | <ul style="list-style-type: none">BusinessConsumerPrepaid | <ul style="list-style-type: none">Contactless vs. POSMarket segmentMarket channelPrepaid cashFraud Chargeback/ Sales |

CASE: REPORTING AND ANALYTICS WITH OVER 900 MILLION DATA IN ACS

| Business Objective | Solution Highlights | Key takeaways |
|---|--|---|
| Achieve higher performance for critical applications while rationalizing the cost | Establishing Enterprise Level ETL Framework/ Infrastructure | Expertise in fail over model and high availability environment |
| Improve system latency by providing near real time feed to downstream applications with optimal usage of system resources with higher maintainability | Implementation of near Real Time Services using Ab Initio | Reduced the latency of data availability in the order of minutes from hours. 20% reduction in licensing and tuning cost and 10% reduction in maintenance cost |
| Rationalize cost of historical data analytics while maintaining system performance | Moved to File based Data Store to reduce maintenance cost and cost of Physical database system | Built and implemented RS reference architecture to reduce the time to market |

FOCUS ON INNOVATION

Working in RS Payments Lab:

- On POCs to use big data to reduce cost and faster turnaround
- Understanding and integrating the impact of Social media
- Development of reusable frameworks

Big data analytics

- Analytics to explore data monetization opportunities for different market participants
- Actionable analytics on big data

Behavioural Analytics and Social Media integration

- Framework to extract sentiment from comments/reviews/ ratings in social media and determine the perception of the end customers towards a merchant

Gaming – Skill based gaming and Wagering

- Monetization platform for changing business models in skill based gaming
- POC on development of a white labeled solution for acquirers to implement end to end Loyalty services for Casinos

iBeacon / offering targeted in-store loyalty

- Building solution around iBeacon, BLE



TESTING

An independent verification of software codes for the payments domain, bringing in industry best practices

Ability to derive solutions for any new technology development owing to its rich domain knowledge and proven capabilities

Established automation centre - Centre of Excellence (COE) tests softwares under different circumstances

Delivered solutions faster, saved money through automation and reduced time-to-market for customers

Resulting in **13.1%** growth in revenue and **26%** contribution to the Company's total revenue in 2013-14

Daily payment organizations must meet the challenges associated with the introduction of new payment instruments, increasing transactional volumes, consolidation, restructuring, mandates and system migrations comprise of growing payment concerns. In addition, the globalization of software development, presence of legacy systems and introduction of a variety of IT-based strategies are a standard part of many of their operations.

These conditions have created an increasing need for complex testing to ensure that payment systems can serve businesses and consumers that depend on them 24 four hours a day, seven days a week, 365 days a year.

To address the need for testing in these dynamic environments, payment providers need special tools, new skill

sets and subject matter expertise. Disparate systems, new software installs, increasing regulatory oversight and competitive pressures are making it difficult to identify and manage the resources required to do the testing necessary with the timeline required.

Given these conditions, payment organizations must partner with companies that understand the complexities inherent in the industry. These partner automated test tools, a variety of testing methodologies and resources to assist their clients whenever and wherever required. RS Software provides testing and quality assurance services to the largest payment network in the World. Our expertise in testing high performance, complex payment environments spans more than a decade.

Criticality

Mistakes in the payment industry are often very costly. Errors made by software running in payment systems can lead to monetary losses and brand damage RS Software's largest customer knows how important it is to assure the quality of the system that support its global operations that deliver digital currencies to more than 200 countries and territories. Testing across groups dispersed around the globe is a basic requirement for such a client and it is increasing required by many organizations as the infrastructure supporting our global economy continues to expand.

A well-managed testing solution provides an effective foundation for addressing the increasingly complex environment in which payments are processed. In order to address the real time, real world conditions faced by a leading global payments network such a solution must come from a service provider that possesses expertise in the payments industry and a comprehensive understanding of the client's technology infrastructure including applications, interfaces and hardware platforms.

Competence

RS Software has provided independent testing services for payment organizations for more than a decade. Our breadth of experience with various testing frameworks allows us to

provide our clients with the flexibility required to assure quality across their diverse IT infrastructures. We have demonstrated our expertise in testing in all the key areas associated with payments processing including clearing, settlement, authorization, dispute, risk and fraud, data and information service, loyalty programmes, analytics, social and mobile analytics, gaming and mobile payments. As new technologies are introduced into the industry, we invest in studying and applying our testing knowledge base to them to ensure we can support our clients' future needs.

As part of any testing engagement, RS Software assesses customer requirements starting with a determination of best-testing strategies for business needs. Critical business areas and priorities are identified and reviewed by RS Software's subject matter experts who are involved from the onset. These subject matter experts established processes needed to ensure that testing services meet all compliance and certification requirements.

In 2013, we increased our investment in this area by establishing the RS Centre of Excellence (COE) to test softwares under different circumstances. We staffed the centre with experts in testing methodologies and established processes using the best of breed practices. As a result, RS Software can now reduce time-to-market through additional automated testing scenarios.

This blend of automation and domain knowledge has provided us with a competitive edge in the marketplace.

Outlook

RS Software's track record in testing has allowed it to attract some of the top talent in the industry. Our testing services are offered as a separate service to our clients. It can also be included as part of a vertically integrated enterprise solution.

In addition to rich domain-specific testing services, RS Software possesses the credibility of working with the world's largest data warehouse service.

CASE STUDY

High Value Testing Solution for the World's Largest Payment Network.

Testing in a dynamic, demanding payments environment

New payment instruments, increasing transaction volumes, consolidation, restructuring, mandates and system migrations are just some of the pressures facing payment operations worldwide. The globalization of software development, the presence of legacy systems and the introduction of a variety of IT system strategies complicate things further for such operations. These conditions create an increasing need for complex testing scenarios to ensure that payment systems can serve the businesses and consumers that depend on them twenty-four hours a day, seven days a week.

There are many challenges to testing in such dynamic environments. There may be disparate systems involved. Special tools may be required for automating the testing process. Timelines may be compressed. There may be a need for new skill sets and subject matter expertise. It may be difficult to identify internal resources to support the testing requirements when they arise. To meet these challenges, payment providers need partners who understand the payments industry and can address their specific testing needs with a customized solution.

That is why the world's largest payments network turned to RS Software for a solution to its quality

assurance and testing requirements. RS Software has focused exclusively on the payments industry since 1991 providing the expertise and solutions its clients require to address an industry undergoing a radical transformation. It was RS Software's managed services engagement solution that allowed the world's largest payments network to streamline its testing processes and meet the increasing demands for performance and availability.

Testing real time, real world conditions

For a payments network, the authorization system is its heartbeat. For the largest payments network in the world, that authorization system is like no other in terms of the transaction volumes and values it accommodates daily. For the testing of the real time processing applications that support this authorization system to be effective, it must simulate peak production loads and response requirements for a full range of payment services.

In addition, with a global operational footprint that delivers digital currency to more than 200 countries and territories, testing across the geographically dispersed groups that compose this payments network must be done in a fashion that reduces cost, enhances productivity and improves efficiencies. Key to achieving these goals is the access



to and availability of resources with a strong base of experience in payments and niche skills in high performance hardware and software applications. To maximize the productivity of these testing professionals, a current set of testing tools for a variety of testing types (e.g., regression, stress, etc.) is necessary.

The flexibility and power of managed services built on industry expertise

A managed services solution provides the most effective foundation for addressing the increasingly complex nature of testing in a dynamic payments environment and the most flexibility for addressing the real time, real world conditions faced by a leading global payments network. However, for this solution to deliver on its promises, the provider of it must possess expertise in the payments industry and a comprehensive understanding of the client's overall technology infrastructure including applications, interfaces and hardware platforms.

RS Software's two decades of service to the payments industry, combined

Fifty percent reduction in four years

The RS Software managed service solution optimized the test environments for the world's largest payments network across a multi-vendor, heterogeneous application landscape. A combination of domain and technology skills was deployed to meet the client's needs for zTPF platform experts and Assembler/C++ developers. A variety of tools such as ITSM, TPF and Rational Software Architect was utilized to enhance productivity. In addition, RS Software created more than 30 tools for automating the testing process in a variety of languages (e.g., VC/VC++, REXX, S/390 assembly).

The business benefits for the client included an increase in productivity with a reduction in effort by almost 50% over four years through the use of standard and customized testing tools. In addition, the implementation of RS Software's knowledge management and transfer practices ensured the availability of the necessary resources required whenever and wherever they were needed. Lastly, the application of RS Software's experience, accumulated over more than two decades in the payments industry, provided a long term testing strategy and implementation plan that included emerging payment types such as mobile payments, contactless transactions and mobile money transfers.

| The RS Software managed services solution provided a testing strategy addressing |
|---|
| All payment services such as Pin, CVV, CVV2, EMV [Chip] and AVS |
| Encryption key exchanges including dynamic and static key exchanges with hardware security modules using DES, TDES/3DES |
| All gateways with other payment networks |
| New and emerging payment types including mobile payments, contactless transactions and mobile money transfers |

It was RS Software's managed services engagement solution that allowed the world's largest payments network to streamline its testing processes.

| RS Software's quality assurance processes addressed |
|--|
| Interoperability testing for payment gateways/networks |
| Testing of real-time processing application |
| Simulation of production environment |
| Regression tool development for TPF-based transaction processing |
| Complete testing of client's new mobile payment application |
| Complete testing of member's contactless payment service |

DISPUTE

Rich domain knowledge combined with technology know-how

Translating into comprehensive understanding of the dispute lifecycle from the perspective of the network, issuer and acquirer

Helped in creating reference architecture and tools in compliance with the industry-best practices and regulations

Speedy development of dispute solution

Resulting in **12.6%** growth in revenue and **10%** contribution to the Company's total revenue in 2013-14

Consumers within emerging economies are conducting more electronic transactions than ever before. In addition, the increased adoption of digital devices by users everywhere is presenting an increasing number of new payment methods. The demand for convenience and service by the customer buying goods and services is higher than ever. With the growth of e-commerce, the frequency of card-not-present disputes has exceeded claims from card-present purchases. It is estimated that organizations without a viable dispute management system may lose more than 20 percent of their repeat businesses annually!

Handling disputes and related chargebacks are complicated with multiple parties involved including the cardholder, merchant, acquiring bank, card issuer and card association.

There are numerous dispute causes like fraud, merchandise non-receipt or errors in processing/authorization, credit issued but not posted among others. The rights, rules and laws concerning disputes vary across from country to country. In addition, acquirers and issuers must pay a fee for every dispute higher than the processing charge for a normal transaction.

Criticality

Dispute management is primarily a back-end management process, which needs to interact with multiple critical areas within an operation including authorization, clearing and data warehousing systems. A majority of the acquirers and issuers are still dependent on legacy systems in many of these critical areas and there is a need to modernize them to address the continuing growth in e-payments.

Our competence has been built around a comprehensive understanding of the dispute lifecycle from the perspective of the network, issuer and acquirer.

For many organizations, dispute management involves a significant amount of manual intervention with documentation needing to be prioritized, scanned, stored and submitted as each case is processed. Many of these activities can be improved with automation that will lower costs, improve efficiencies and improve response times.

Because dispute management needs to work in association with other segments (e.g., authorization, clearing and settlement) expands our market in which we possess a proven expertise. We have a proven expertise in Dispute Management which needs to work in close association with the various segments in a payment lifecycle. These segments can include areas like Authorization and Clearing and Settlement.

Our competence

RS Software is a technology service provider with rich domain experience in payments and a significant pedigree in dispute management. Our competence has been built around a comprehensive understanding of the dispute lifecycle from the perspective of the network, issuer and acquirer. RS Software uses a proprietary set of tools to accelerate development and integration of the dispute management system. This comprises of the following:

- A reference architecture created for

dispute/chargeback processing

- A requirements and features checklist for dispute/chargeback solutions
- Business test cases for the comprehensive testing of a dispute/chargeback system
- Industry-best practices for managing disputes/chargebacks

The need to increase cardholder confidence, while reducing rising costs, has caused an increasing number of acquirers and issuers to evaluate options to improve dispute and chargeback processes. Many of these organisations are struggling with monolithic systems that slow dispute resolution and increase financial losses and write-offs. There is an immediate need in the marketplace to rebuild these systems

and processes so that they become more flexible, efficient and accurate.

RS Software possesses knowledge of the operating rules and complexities pertaining to disputes management that is part of our basic and advance-level training at the RS School of Payments. This insures that the RS Software team possesses the knowledge needed to address the need of customers using differing technology stacks (e.g., IBM, Oracle). Our understanding of system-based dispute management methodologies in a constantly-evolving dispute management space allows us to provide our clients with solutions that provide for their needs today and tomorrow as the complexity of the e-payments ecosystem continues to grow.



Dispute Management:

New system protects investment in existing systems

According to the American Bankers Association, credit cards are used for approximately \$2.5 trillion in transactions a year in more than 24 million locations around the world. With more than 10,000 card transactions every second, it's no surprise that banks are seeing a significant increase in credit card dispute cases. These costs have risen to more than \$750 million annually. This expense, combined with regulatory reform and customer demand, increases the pressure to resolve each case efficiently.

Leading payment providers are searching for solutions to help process and settle these costly disputes more effectively. When Europe's largest Acquiring processor divested from its parent company, it needed an internal dispute management solution. In addition, the company had the added challenge of

leveraging a heavy investment in its Oracle middleware platform stack. An adaptive, flexible solution was required to process disputes and chargebacks, manage fraud, and comply with stringent regulations. The dispute management solution needed to be built on the Oracle platform, include testing and support services while ensuring zero downtime throughout the implementation process.

Finding a company with the payments industry experience to meet these challenges is difficult. To build this leading edge core solution this company looked globally for a provider that has both the domain knowledge and global execution methodology to build and integrate the solution into their payment platform. Focused exclusively on the payments industry, RS Software serves leading merchant acquirers and networks worldwide. Its core



competencies and proven track record exclusively in the payments industry help clients speed time to market and mitigate implementation risk. RS Software delivered an end-to-end solution with an expansive technology portfolio that spanned across all business process management systems. It also leveraged the Oracle Fusion 11g Middleware Stack and deployed a BPM application that eliminated the need for developing any new code.

RS Software delivered an end-to-end solution with an expansive technology portfolio that spanned across all business process management systems.

The project team provided process analysis to create a solution blueprint and predictive modeling, developed a business catalog design, and restructured the BRMS to meet industry regulations. These capabilities enable the payment provider to resolve disputes more quickly, reduce transaction expenses, and increase customer satisfaction with improved resolution processes.

RS Software has focused on the

payments industry since its inception in 1991. Today, the company serves a client list that includes the leading global brands. The company's core competencies include RS Global Execution Methodology™ (RS GEM™), designed for the unique dynamics of the payments industry. This proprietary methodology reduces risk and improves time to market for organizations. For more information, please visit www.rssoftware.com.

SECURITY

Developed competencies to ascertain where security is most needed

Demonstrated capabilities with EMV solutions

Ability to engage in a comprehensive analysis of the implementation of tokenization

Ability to enhance accuracy, improve detection with reduced need for manual intervention

Resulting in **12.1%** growth in revenue and **3%** contribution to the Company's total revenue in 2013-14

The payment ecosystem – from point of sale to clearing and settlement – must be secured against hackers working on behalf of organized crime syndicates that seek to compromise them. There have been significant data breaches involving millions of cards and cardholder records this past year resulting in multi-billion dollar losses and several changes made at the executive levels by the companies affected to ensure accountability.

Our competency

With our deep domain expertise in payments RS Software has developed core competencies to help organizations ascertain where security is most needed. The Company has built solutions to support the introduction of several new services designed to better manage risk in the payments environment such as EMV, encryption and tokenization.

In the wake of the 2013 holiday season

breaches, we delivered proactive risk management solution that helped minimise issuer exposure by automating the analysis process using a combination of technological tools (ETL, Hadoop) and expertise to run “what-if analyses” that drilled down and across data being analyzed. RS Software prioritized communications to issuers based on portfolio size and risk exposure to address related problems.. We also engaged in data qualification and pre-screening for compromised merchant locations using geo-location, photonic/ mnemonic searches to identify affected issuers.

Due to its deep understanding of tokenization stemming from experience in the end-to-end lifecycle of transactions, EMV enablement, parsing and routing, authorization, clearing, settlement, and dispute management, RS Software can provide clients with a comprehensive analysis

RS Software has developed core competencies to help organizations ascertain where security is most needed.

for the implementation of tokenization as provided by EMV Co. In their recent specifications, including its impact on services like authorization cycle, clearing and settlement, dispute management and downstream value-added services. In addition, RS Software provides additional services for consulting and scoping as well as defining development, testing implementation and support for tokenization projects.

For more than a decade, RS Software enhanced transactional security in the following ways:

- Enhanced accuracy and reduced false positives
- Improved detection and reduced the need for manual intervention
- Minimized cardholder and issuer impact
- Improved operational efficiency and data reporting
- Lowered overall operational costs

Between December 2013

and March 2014, a number of leading companies, including the second largest US-based discount retailer and a luxury merchant, reported security breaches. The retailer confirmed that unauthorized access to payment card and cardholder data impacted as many as 110 million customers. The luxury merchant indicated that some customers' credit and debit cards had possibly been fraudulently used to make unauthorized purchases in one or more of 40 upscale stores and clearance operations.

Tokenization:

The Future of Payments Security?

Sponsored by RS Software (India) Limited



Background

The Payment Card Industry Data Security Standard (PCI-DSS) was created to increase controls around cardholder data to reduce credit card fraud via its exposure. From nearly the beginning of its introduction, the standard has been criticized for the expense associated with annual certification and for security being less than advertised. The recent increase in public data breaches has underlined concerns around whether the investment required provides the level of security needed.

Many conversations around options for security have suggested use of tokenization, which substitutes

sensitive cardholder information with tokens. Since the tokens contain no cardholder or card data, they present no value to criminals and improve consumers' level of trust. In addition, issuers avoid the expense associated with notification, loss reimbursement, and legal action. Furthermore, by removing the need to store actual card details, this approach significantly reduces the costs and hours associated with the compliance requirements.

By eliminating the need to store sensitive information, a successful tokenization strategy would also enable merchants to shift many business processes and IT systems to the cloud realizing significant

advantages in IT efficiency, costs and flexibility provided in that environment.

Impacts to Stakeholders

For tokenization to be possible, the organizations involved in payment processing need to make modifications to their existing systems.

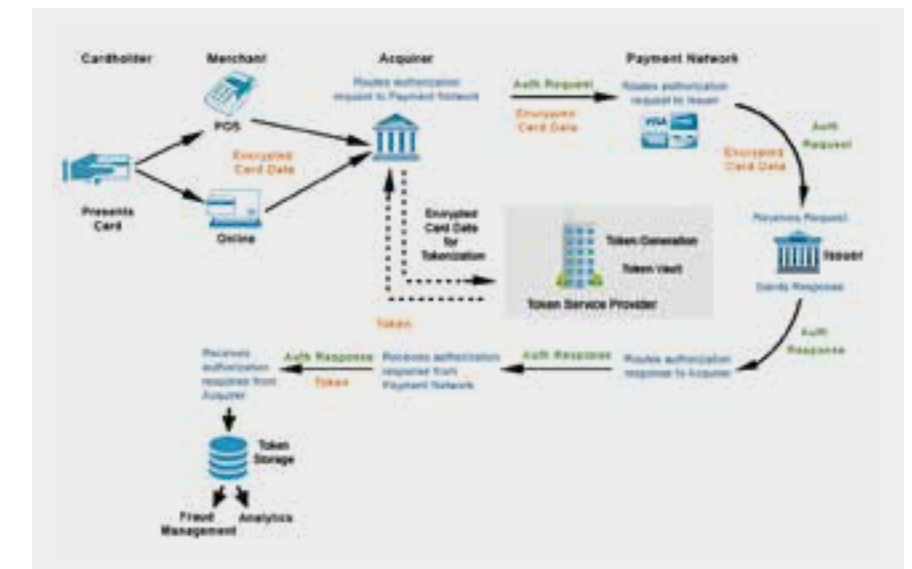
Merchants: Tokenization requires merchants to change the PAN and expiry date information in their databases to token and token expiry date information. Tokenization allows for additional messages to be embedded in transactions, thus increasing merchant discounts. Merchants using on-premise token solutions would experience a greater impact in terms of infrastructure and

change in business processes than those who use a tokenization service.

Token Service Providers (TSP):

There are two major areas of setup for a TSP: infrastructure preparation and information preparation. Infrastructure preparations include setting up the token vault, firewall and strong access control measures. An encryption system for the vault, a token provisioning

platform, and access APIs also need to be set up. Information preparation involves defining and codifying token presentment modes for token-based transactions at the point of sale. Supported domains with restrictions and controls, assurance levels and Token BINs used to distinguish tokens from each other need to be established.

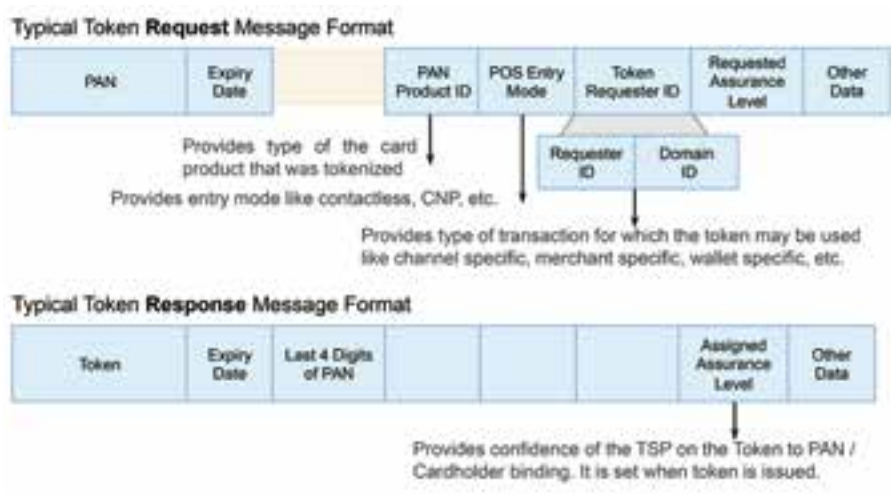


Merchant Acquirer/Processor: A merchant acquirer or processor first needs to select a TSP and register as a token requestor (TR). Once this step is taken, impacts for the merchant acquirer or processor include implementation of new token POS entry modes, token domain restrictions and controls, new token acquisition APIs, related exceptions, and token acceptance processes. In addition, merchant acquirers and processors need to reconfigure their PAN analytics strategy to accommodate the fact that post-tokenization data is segmented by domain.

Network: Payment networks typically play the role of a TSP. However, other entities in the payments supply chain can also apply to be registered as a

TSP and provide the services. Fulfilling this role requires networks to consider how they will distinguish tokens, what parameters they will use for token assurance, the domains to be provided (e.g., NFC only, contactless, e-commerce, CNP, merchant specific, wallet specific or combinations), and changes that need to be introduced to merchant on-boarding to support token registration.

Issuer: Issuers need to make modifications to log the token / PAN mapping for transactions to allow merchants using tokenization to refer to a transaction using a token and not PAN. In addition, issuers may wish to consider alterations to authorization scoring.



Impacting the Ecosystem

Token creation and storage, the primary responsibility of the TSPs, serves as the standard foundation for the tokenization process. However, the approach to tokenization taken by various payment processing intermediaries is not standardized. For example, some merchants have implemented tokenization as an on-premise solution that tokenizes data before it is passed to the payment gateway, network or processor.

Another common approach involves the merchant utilizing a tokenization service provided by the processor. This

approach requires the cardholder data to be encrypted through the application of an algorithm and key before being passed to the processor. Then the encrypted data is accepted, decrypted and tokenized by the processor. The card is then processed for authorization and the response paired with the token and then sent back to the merchant. A processor providing this service generally partners directly with a TSP or purchases the service from the network that, in turn, would partner with a TSP.

Many tier 1 and tier 2 retailers work with multiple payment processors and thus need an on-premise solution that

is vendor agnostic. However, a hosted solution frees merchants from the complexities and costs of creating and maintaining the tokenization engine and the secure token vault. In addition, an outsourced solution shifts the risks and costs of PCI compliance to trusted third parties with proven capabilities for securing card data. However, if merchants use a tokenization service provided by an acquirer, migrating to a new acquirer will require that all card-on-file information be migrated to the new service provider since merchants do not retain the card information when tokenization is used in this manner.

Key Considerations

Regardless of the approach taken towards tokenization, most organizations are demanding a solution that allows for multiple uses of the token values. In this scenario, tokens can potentially be used for repeat purchases, recurring payments, and even chargebacks and refunds. In addition, multiple use token values can be utilized for post-processing functions such as sales analysis, velocity checking, or customer relationship management.

Other areas for consideration also come into play, either directly or indirectly depending on the role of the intermediary, when considering a strategic solution for tokenization.

Token Values: Token values can be generated randomly or customized for the merchant. The customization of the token must be done under a set of established guidelines and can include the last four digits of the card number or be a format-preserving token designed

to cater to the merchant’s legacy applications. The specific operational and business needs of merchants will determine which of these methods are most viable for their organizations.

Single Pay vs. Multiple Pay Tokens: A multi-pay token is unique to a specific card used with a specific merchant. Multi-pay tokens are especially useful in CNP transactions (e.g. e-commerce purchases) that tend to store payment card information in a mobile wallet



or on a website for repeat customers. Merchants using multi-pay tokens with a hosted payment page also provide an environment hostile to CNP fraud removing the need to capture card data within their environment and minimizing the risk of card data being stolen.

Legacy Data in Storage: To help prevent potential breaches and reduce PCI scope and maintenance costs, merchants can use tokens to completely remove legacy and stored primary account numbers (PANs) in the card data environment (CDE). When adopting this approach, it is important to ensure that the tokenization solution selected provides the capability to tokenize existing cardholder data in the merchant environment and not just data acquired going forward.

In addition to these primary areas, related subjects for consideration include token lifetime, distinguishability, domain setup and assurance levels.

RS Software

When considering implementing a tokenization solution, it’s important to carefully consider the impact on your system’s performance, the commitment

of vendors to encryption and NIST certification, and the ability to store data tokens separate from production data.

RS Software has participated in the evolution of the payments industry for more than two decades working with industry leaders including major card associations, large and small acquirers and other participants in the payments industry in North America, Japan and the UK.

The RS School of Payments and RS Payments Lab are cornerstones for our vertically integrated approach to assisting our clients. We engage with customers in the consulting stage to plan the necessary downstream priorities including custom application development, upgrades, implementation and integration.

RS Software has the ability to do a comprehensive analysis of how implementation of tokenization impacts services like authorization cycle (token extraction, token generation, etc.), clearing and settlement, dispute management and downstream value-added services such as the evaluation of where PANs potentially impact tokenization. Our deep understanding

of tokenization stems from experience in end-to-end lifecycle of transactions, EMV enablement, parsing and routing, authorization, clearing, settlement, and dispute management. In addition, RS Software provides additional services for consulting, scoping and requirements definition, development, testing implementation and support.

RS Software wrote “Tokenization: The Future of Payment Security?” For more than 20 years, RS Software has been a leading provider of electronic payment solutions for issuers, acquirers and processors. Today, many of the world’s best-known brands in the payments space utilize RS Software’s vertically integrated approach of providing solutions to gain a competitive advantage.

EMV Solution Overview.

The EMV standard was introduced to utilize dynamic authentication to deliver a higher level of security than is provided by the magnetic stripe technology widely deployed in many large markets.



In addition to better security, the EMV standard offers the opportunity for more payment card interoperability across borders and throughout the world.

The roll-out of EMV however, has a significant and broad impact on the organizations that must implement it. Payment types, channels, devices and networks require modifications. Changes must be made to a number of major systems that acquire, route and authorize transactions. Documenting areas of non-compliance and establishing a plan for meeting the standard throughout complex operations will be a major undertaking.

With the deadline for EMV approaching, leading payments providers are turning to RS Software to help them meet the challenges. RS Software's EMV offerings have been created for merchants, payment networks, acquirers, issuers, ATM processors and other organizations that need to modify their

operations to accommodate the new standard

Why RS Software

Financial institutions, payment network providers, payment processors and software companies providing products to the payment industry need a development partner who understands the complexities of their industry.

RS Software is the leading custom software development house for the payments industry. With more than 20 years in the payments industry, we have participated in and helped create the products and services that have transformed this marketplace.

Our proven RS GEM™, comprehensive set of services and continuing innovation are focused specifically on the needs of the space we have served exclusively since we opened our doors in 1991. No other provider in our space can deliver more industry knowledge and experience.

The RS Software EMV offerings include:

Compliance auditing and strategic planning:

An end-to-end system audit to identify areas of non-compliance and a roadmap for achieving EMV compliance within the required timeline.

Solutions supporting multiple EMV payment types:

The flexibility necessary to accept and process a variety of EMV payment types including contact, contactless, dual and EMV compliant hardware (e.g., dongle) attached to a computer.

Solutions addressing multiple channels, devices and networks:

EMV compliant multi-acquiring capabilities for multiple channels and devices operating within international and domestic networks.

Updating of format adapters:

Modification of existing format adapters to accommodate EMV fields from card networks.

Solutions for EMV card and cardholder management:

EMV compliant data using magnetic stripe plus data preparation, definition, generation of profiles, script management and management of keys and certificates.

EMV data compliance for internal systems:

Modification of internal systems to insure all card-related information meets EMV data requirements.

Acquirer message compliance:

Revision of all acquirer message specifications to support EMV.

Compliance for custom POS system:

Upgrades to custom and in-house developed POS systems to support EMV messaging changes.

Enriched reporting and analytics:

Monitoring and reporting on the percentage of transactions processed under the EMV standard providing the

data necessary to take advantage of incentives from card networks.

Added security layers for online transactions:

Integrates the usage of Verified by Visa (VbV) or MasterCard PayPass to further reduce fraud exposure.

Reengineering of dispute management systems:

Implementation of changes required for internal and external networks to accommodate new reason codes generated under the EMV standard.

Modification of interchange management systems:

Interchange management system enhancements to address new scenarios introduced under EMV.

Updating of front-end processors

and ATM drivers:

Upgrade of current system to support EMV, which will have significant impact on ATM drivers.

With more than two decades of experience in the payments industry, no other solutions provider delivers more industry-specific knowledge and experience to speed EMV migration and compliance than RS Software.

Our proven delivery methodology and knowledge transfer processes mitigate risk, improve time to market and deliver attractive price performance.

Our experience in and focus on the payments space gives us the depth necessary to assist clients facing the challenges that must be addressed in successfully implementing EMV.

| RS Software's EMV Offerings | Merchant | Payment Networks | Acquirer | Issuer | ATM Processors |
|--|----------|------------------|----------|--------|----------------|
| Compliance auditing and strategic planning | ✓ | ✓ | ✓ | ✓ | ✓ |
| Solutions supporting multiple EMV payment types | ✓ | | | | |
| Solutions addressing multiple channels, devices and networks | | ✓ | ✓ | ✓ | ✓ |
| Updating of format adapters | ✓ | ✓ | ✓ | | ✓ |
| Solutions for EMV card and cardholder management | | | | ✓ | |
| EMV data compliance for internal systems | ✓ | | | | |
| Acquirer message compliance | | | ✓ | | |
| Compliance for custom POS systems | ✓ | | | | |
| Enriched reporting and analytics | ✓ | ✓ | ✓ | | ✓ |
| Added security layers for online transactions | ✓ | | | | |
| Reengineering of dispute management systems | | ✓ | ✓ | ✓ | |
| Modification of interchange management systems | | ✓ | ✓ | ✓ | |
| Updating of front end processors and ATM drivers | | | ✓ | ✓ | ✓ |

Payments Security and The 2013 **Holiday** **Season Breaches:** Analysis and Recommendations

Sponsored by RS Software (India) Limited



HOW DID IT ALL START?

On December 19, 2013, the second largest discount retailer in the United States, Target Corporation, confirmed in a news release that unauthorized access to payment card data may have impacted certain guests making credit and debit card purchases in its stores. Initially, Target estimated that approximately 40 million customers might have been impacted between November 27 and December 15 of 2013. That number was later revised upward to include more than 110 million consumers.

As the payments industry was absorbing the news from Target, on January 11, 2014, luxury merchant Neiman Marcus announced on January 11, 2014 that it had been notified in mid-December 2013 that some of its customers' credit and debit cards were possibly used by

thieves to make unauthorized purchases in one or more of its 40 upscale stores and clearance operations.

Neiman Marcus didn't say whether the breach was in any way related to the massive data theft at Target, but security experts believe both breaches could be part of the same scam. Whatever the case, the recent security breaches at two major retailers over a holiday shopping season has raised a question about the security of the entire card payments ecosystem and the practices of the companies that participate in it.

The following provides more details on the breaches, an analysis of the reactions by key participants in the industry and a description of the changes the industry faces if it is to win back the confidence of the consumer who uses credit and debit cards.

SO WHAT REALLY HAPPENED?

Before we analyze the impact of the 2013 holiday season breaches, it is useful to look at a few basic facts about what happened.

What data was breached? Initially the indications were that two kinds of information about the cardholder had been compromised. Specifically, card data stored on the magnetic strip on the back of the credit and debit cards had been stolen by the thieves. In addition, in some cases the four-digit personal identification numbers (PINs) of the debit cards were taken. At Target, in addition to PINs, criminals captured personal information – names, physical addresses, email addresses and telephone numbers from approximately 70 million cards.

criminals, a Reuters report suggested otherwise. Reuters disclosed that the use of "RAM scraping," a technique that captures data while it is in a computer's working memory before it is encrypted for storage or transmission, could have been used. Some experts initially speculated that the Target breaches were the result of an inside job, but when Neiman Marcus added its name to the list of those operations affected by similar attacks, the consensus became that the attackers had found a common vulnerability in the retailers' systems through which they were able to insert malware.

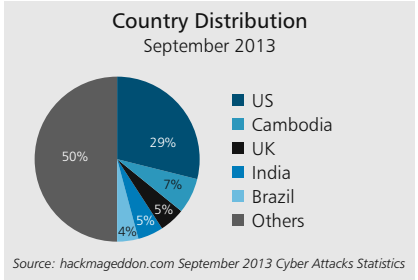
What are the retailers and banks doing to address these breaches?

The retailers targeted by the thieves have identified and are attempting to contact via email and other means the customers affected. Target is offering its affected customers a free credit monitoring service and identity theft protection. The financial institutions that issued the credit and debit cards caught in the breach are independently notifying their customers but their strategies for addressing the breach with their cardholders vary. For example, some banks have elected not to re-issue cards that may have been compromised and instead have notified customers that they should monitor their accounts and report any fraudulent activity. The consumer will not be responsible for reported fraud but will be for any fraud that is not reported within a specified timeframe. Other banks have reissued new cards to their customers and cancelled the cards impacted to minimize the inconvenience to their cardholders.

How common is this type of breach?

The Identity Theft Resource

Centre tracks data breach incidents and the number of exposed records related to payment cards, customer, university or patient data when known. From 2005 through 2013, the Centre tallied 4253 breaches of more than a half a billion records. Many of these breaches involved payment cards and cardholder data; e.g., the March 2007 TJX and January 2009 Heartland Payment Systems breaches. The presence of large credit and debit card databases held by a variety of organizations – such as Apple's database of more than a half billion credit and debit cards – continues to represent a lucrative and tempting opportunity for highly organized, international criminal enterprises.



THE CHAOS THAT ENSUED

In the past, confessing to a cyber attack, while costly in terms of monetary losses and negative public relations, has seldom led to longer term damage to relations with the general public, the payments industry, investors or other stakeholders. Shares generally would shrug slightly and sales remain mostly steady even when confidential customer data or vital intellectual property was lost, as confused consumers and investors either did not know how to react or believed the lasting effects to be limited. The attacks during the 2013 holiday season were different.

Let's start with Target.

When Target admitted that the data from as many



Possibly the one good thing that comes out of these damaging criminal acts is the long-awaited push for EMV adoption.

complied with Payment Card Industry (PCI) security standards.

Clearly that wasn't enough to prevent the largest security breach in history and these new investments, unlike those for PCI compliance, are reactive rather than proactive which may not satisfy consumer concerns about to paying for goods and services with cards.

Possibly the one good thing that comes out of these damaging criminal acts is the long-awaited push for EMV adoption, something that has become the norm in Europe but has lacked support from merchants in the United States. Roughly a decade ago, Target executives ended an attempt to convert to EMV-chip payment cards to improve security. Since the breach, Target's CEO Gregg Steinhafel has been urging retailers and banks to deploy EMV chip-based cards.

Target is not alone in its recent renewed support of EMV. According to Chester Wisniewski, senior security at Sophos, without a massive shift towards EMV, data breaches of this size and scale will continue to plague the retail industry. Additionally, there has been a renewed focus on the utilization of encryption and tokenization to strengthen the payment system further.

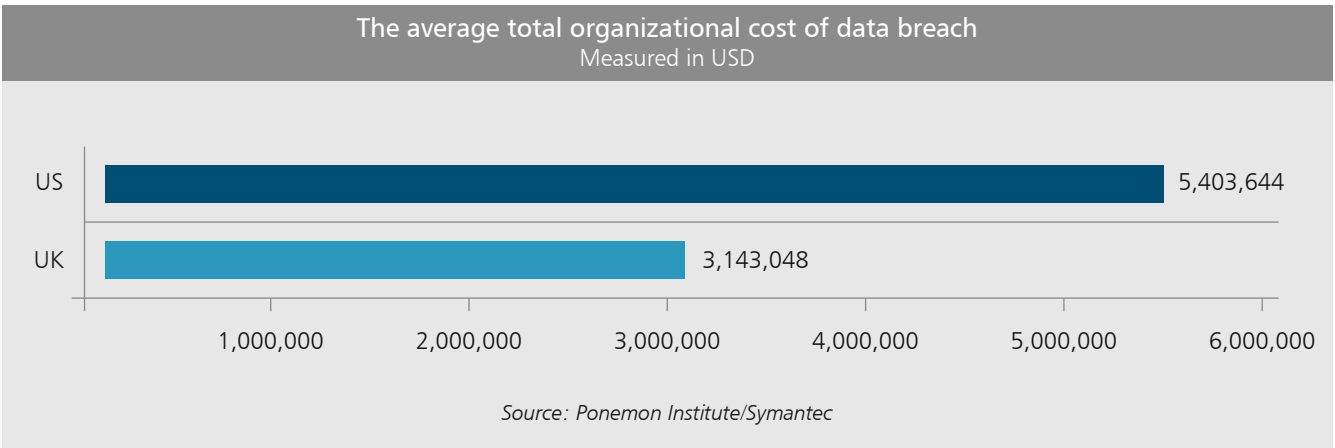
as 110 million customers and cards was stolen in a cyber attack, something unusual happened: it damaged business. Target sales declined almost immediately after the breach was made public as the theft scared some customers off.

This downward trend in sales will not likely be short term. Since the December 2013 announcement of the breach, Target has acknowledged that patrons who shopped at the retailer outside of the November 27 and December 15 period may have also been affected. If this proves to be the case, such news will add to the overall impact of the breach to Target's business as will the more than 40 lawsuits related to the breach filed thus far against the large discount retailer.

Target has taken steps to try and limit the damage of the data theft to its brand by releasing full-page newspaper advertisements apologizing for the attack. In addition, the company is providing customers with free services designed to protect their credit ratings and identity.

What about the merchant community in general? IntelCrawler, a cyber security firm, has reported that BlackPOS, the point-of-sale (POS)-targeting malware implicated in the Target and Neiman Marcus breaches, has been discovered at six other U.S. retailers. As the news of additional breaches emerges, the impact of them spreads more broadly across the general merchant community. It is likely that one of the results of this impact will be a loss in consumer confidence that could create a downdraft on retail sales in general.

To address the erosion of consumer confidence, retailers and other industry players will see an increase in their expense related to their technology infrastructure as upgrades designed to limit exposure of card and customer data are done. These additional expenses come on the heels of merchants spending tens of billions of dollars over the past five years to ensure that the estimated 12.6 million "endpoints" where consumers transact



What is the mindset of cardholders?

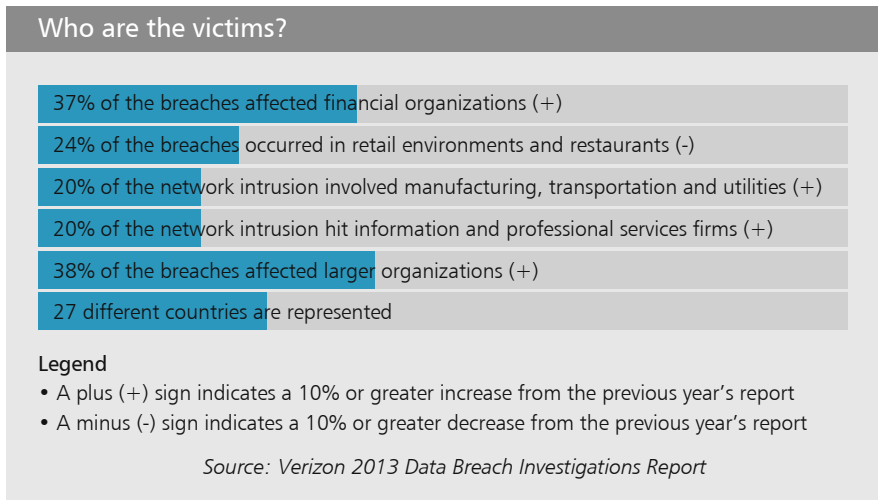
In the wake of the 2013 holiday season breaches, multiple experts have pointed out that while consumers are not more at risk now than they were before, most are more aware of the danger. Many more cardholders may now understand the difference between the level of inconvenience and exposure they will experience when a debit card versus a credit card is compromised. So, though few commentators are suggesting that consumers will stop using cards to purchase goods and services, what type of card they use – debit or credit – and whose card they use, may change. In the long run, the concern created among consumers by the recent breaches may generally heighten their awareness concerning ways they can better protect their cards and identity

Many more may become proactive in monitoring their card accounts and avoiding the fraud schemes perpetrated on the telephone, email and social media. Also, to protect the consumer further, there is a growing discussion around increasing the government's power for regulating the security practices being used by merchants, financial institutions, networks and processors.

Are issuers up to the task? Issuers have used a combination of tactics to address the recent breaches with the goal of limiting losses in the short term. Some have taken the bulk of the cost and inconvenience on themselves, cancelling the compromised cards and re-issuing new ones. Others have placed the burden on the cardholder to monitor and report fraudulent transactions or incur liability for them. In addition, some issuers set limits on cash withdrawals and purchase amounts in the middle of the holiday season when consumer purchases are highest in volume and value. In some cases, these actions by issuers have

stemmed the erosion of the cardholder's trust. In other cases, they have further compromised the consumers' view of issuers as trusted payment providers.

Many more may become proactive in monitoring their card accounts and avoiding the fraud schemes perpetrated on the telephone, email and social media.



In addition to supporting the acceleration of the implementation of EMV in the United States, some issuers have begun to advocate technology that would leapfrog existing solutions and provide more comprehensive security measures. During a quarterly earnings conference call in January 2014, U.S. Bancorp CEO Richard Davis expressed concerns that EMV did not go far enough. According to Davis, now is the time to consider options such as tokenization, a method of obscuring card information by replacing it with a limited-use token, and encrypting data before storing it in the cloud. Both strategies would further secure sensitive information while laying the foundation for growth in the adoption of payments made with mobile devices.

Networks: Of all the players in the payments ecosystems, networks have a track record for being most actively engaged in educating retailers about security threats and advising about the measures that should be taken to address the related risks. In April 2013, Visa published a bulletin to its retailers describing mitigation strategies to address the malware used to attack Target. The bulletin entitled “Retail Merchants Targeted by Memory-Parsing Malware” was updated in August 2013 describing specifics actions Visa retailers should take to prevent or limit intrusions in their networks and POS systems. After disclosure of the breach, the networks were key in helping their issuers identify the exact impact of the breach and in defining what options were available to the retailers for addressing the damage done. Networks also have been aggressive in addressing

the cardholders’ concerns by publicising their zero-liability offerings and offering counselling and assistance to identify theft victims. Longer term, networks will assess the fraud and risk measures adopted by issuers and acquirers using the results of that assessment to establish future interchange rates.

WHY THE INDUSTRY SHOULD BE CONCERNED ABOUT THE FUTURE

Data theft is lucrative: Stolen data can be worth as much as \$80 per card making the Target breach alone a several billion-dollar payday for those involved. This type of opportunity is attracting international, organized crime rings willing to make substantial investments in the tools required to compromise databases around the world. In addition, the extent of thefts by these groups are broader and deeper than the general public is aware since financial institutions and payment networks are forbidden by law from naming merchants that have been breached, unless the merchants themselves disclose their exposure. Whatever the actual numbers are, experts agree that attacks targeting card information will not only continue but also increase.

Data theft impacts consumers broadly: Though the cardholders’ liability for unauthorized transactions is limited under federal law, the impact to consumers whose debit and credit cards are compromised reaches beyond the monetary. Repeatedly having to review transactions across multiple accounts, reporting fraud and waiting for a credit

card to be re-issued or re-activated is a time-consuming experience one out of 10 Americans go through annually. With debit cards, the impact on a cardholder’s life is worse. Monetary exposure can be as high as \$500 depending on when the cardholder reports the fraud. If a report is filed beyond 60 days, all losses fall to the cardholder. In addition, studies have shown that a breach involving an ATM/debit card can require more than 300 hours of effort from the cardholder to address. Such inconveniences directly impact cardholder loyalty and use levels as well as the profitability of the payments industry.

Data theft can be a catalyst for the next wave of innovation: The breaches announced in late 2013 should create a greater sense of urgency around the adoption of technologies designed to limit the vulnerability of payments systems. This includes near term, generally available technologies such as those used in the EMV standard. It also should encourage investigation into the viability of options such as tokenization, encryption and similar strategies that rely on credentials that are never “in the clear.”

Studies focused on the obstacles that have slowed the adoption of payments made with digital devices (e.g., Smartphones, tablets, laptops) online and in-store have shown consistently that the greatest areas of concern for consumers exist around security. Innovations that address data breaches and work within the growing ecosystem of devices used by the consumer could limit the success of the criminal

participants in the industry and unlock a potentially lucrative digital payments segment for the legitimate players in the payments space.

A WORD ABOUT THE SPONSOR OF THIS PAPER

RS Software understands today’s payment environment because it has participated in its evolution through two decades of working with industry leaders. We have helped our clients address the convergence of payment types, the proliferation of mobile devices, the move to cloud computing and the introduction of new strategies, such as behavioural targeting. We have built solutions to support the introduction of new standards such as EMV, encryption, and tokenization and of new technologies such as mobile and contactless payments, while mitigating the pain and cost associated with the legacy systems supporting them. Our largest client is the world’s biggest payments network. We have worked

with this client for more than 20 years investing over 6000 person years across 150 payment applications within their organization. After the breaches reported in December 2013, we worked with them to deliver proactive risk management and help minimize the risk exposure to issuers. Our areas of focus included:

- Automation of the analysis process using a combination of technology (ETL, Hadoop) and domain expertise (what-if analysis, drill-down / drill across) to define the overall objectives of the analysis
- Prioritization of communications to issuers, based on the size of the portfolio and the risk exposure, to tackle the problem of a huge amount of data
- Qualification and pre-screening of the data for compromised merchant locations for reported duration using geo-location, photonic / pneumatic searches to identify the affected issuers
- Creation of rule-based strategies

that match activity against conditions that help to accurately derive lists of compromised card numbers and the number and value of transactions performed on cards during the period

- Development of a risk based, anti-fraud detection tool to establish intricate identity linkage across transactions that establishes scores and attributes that readily expose fraudulent activity within affected cards (establish and establishes in same sentence?)
- These activities resulted in the following benefits for our client:
- Enhanced accuracy and reduced false positives
 - Improved detection and reduced need for manual intervention
 - Minimized cardholder and issuer impact
 - Improved operational efficiency and data reporting
 - Lower overall operational costs



RS Software, the sponsor of this report, is a company of 1,000 resources focused specifically on the acquiring, issuing and payment processing space. For more than 20 years, RS Software has served this space with a vertically integrated approach to providing solutions to many of the leading brands in it.

RS Software.

Growing faster than ever.
More profitably than ever.

Performance

- 21% growth in revenues from ₹322.52 crore in 2012-13 to ₹389.20 crore (8% growth in terms of US dollar)
- 56% growth in profit before tax from ₹49.64 crore in 2012-13 to ₹77.47 crore (40% growth in terms of US dollar)
- 41% growth in profit after tax from ₹37.93 crore in 2012-13 to ₹53.58 crore (27% growth in terms of US dollar)

Profitability

- 1906 bps increase in EBITDA margins from 36.04% in 2012-13 to 55.10% in 2013-14
- 986 bps increase in net profit margin from 31.42% in 2012-13 to 41.28% in 2013-14

Business

- Order book of USD 60 million for 2014-15
- Zero debt status

Revenues
21%
Five-year CAGR

Net worth
52%
Five-year CAGR

Profit after tax
59%
Five-year CAGR

EBIDTA
36%
Five-year CAGR

Performance highlights



Robust business.

Enhancing stakeholder value.

RS Software has enhanced stakeholder value through a combination of robust business strategy, implementation and profit sharing.

1,398%

Five-year returns (between March 31, 2009 and March 31, 2014)
Beating the Sensex returns (131%) 11x during the given period

239%

Three-year returns (between March 31, 2011 and March 31, 2014)
Beating Sensex returns (15%) 16x during the given period

34%

One-year return (between March 31, 2013 and March 31, 2014)
Beating Sensex returns (19%) 2x during the given period

Value-enhancing business model

RS Software has focused exclusively on the payments industry, translating into the following competencies:

- No other custom software provider delivers more industry-specific knowledge and experience to payments clients
- Payments expertise that helps clients address challenging market realities such as convergence of payment types, proliferation of mobile devices, ecommerce payments, prepaid cards, loyalty and analytics.
- Proven capabilities in risk management as cyber crime continues to increase and

threatening the reliability of the digital payment world

- Experience of working with the world's leading payment brands

RS Software has focused exclusively on the payments industry.



LEVERAGING THE 'VALUE-ADD' - GEM

Value Proposition: RS Software leverages its payments focused Global Execution Methodology (GEM) to provide custom application management that achieves effective price-performance and faster time to market for its customers.



RS Software leverages its payment focused GEM to provide custom application management.



RS School of Payments™ aims to maximize productivity and minimize employee learning curve.

Value-enhancing business methodology

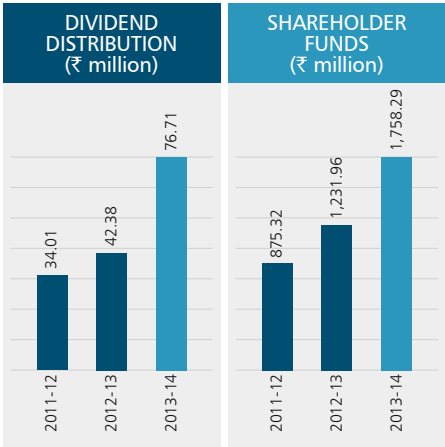
*The RS School of Payments™ aims to maximize productivity and minimize employee learning curve through a knowledge management system woven around the payments industry to maximize client value throughout the project lifecycle.

■ The RS Customer View™ provides a comprehensive understanding of the client’s business, which is combined

with the global sourcing model and knowledge transfer disciplines to enhance client value.

■ The RS Project Delivery Framework™ is a proven, process-oriented tool that enables clients to meet performance objectives within a given timeline and budget.

■ These methodologies are underpinned by a philosophy we seek to instill in each on our team members: ‘Think of Yourself as the Customer’.



Strengthening shareholder funds

RS Software grew profits at a CAGR of 59% in the five years leading to 2013-14, commensurately rewarded shareholders and reinvested in its business. During the year under review, the Company proposed an ₹76.71 million dividend outflow and ploughed ₹459.13 million into its business, which were 81% and 36% higher than in the previous year. The Company’s payout ratio corresponded to 14% during the year under review.



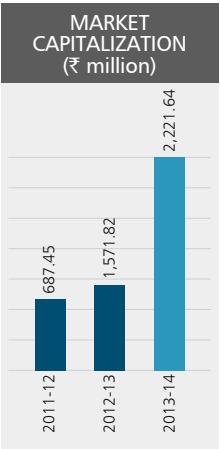
Business growth

RS Software’s robust business model translated into solid fundamentals, reflected in progressively stronger book value per share.



Enhancing stakeholder confidence

The Company enhanced stakeholder awareness around its business model and long-term prospects, strengthening its market capitalization to a peak of ₹222.16 crore as on March 31, 2014.





Enter

This is what sets
RS Software apart

RS Software has been engaged with the world's leading payment brands that cover the entire range of stakeholders.

20+
experience

Domain focus: RS Software's singular focus on the payments industry positions it as a specialist with a singular focus on deep domain experience that improves time to market and provides a competitive advantage for its clients.

Core values: RS Software's role as a leading global technology solutions provider to the electronic payments industry is built on core values that include honesty, integrity, mutual respect and individual initiative.

Solutions-focused: RS Software has provided solutions to leading brands across the payment industry including: issuers, acquirers, processors, networks, merchants, established software providers and new emerging companies attempt to disrupt the existing ecosystem.

Strong financials: RS Software has no debt, low equity and ₹953 million available cash – including liquid investment.

Experience: RS Software strengthened its industry respect by staying consistent with its strategic focus on one single domain of electronic payments, where it has been working closely with the world's largest payment network for more than 20 years.

Intellectual capital: The Company's average age of 33 years was complemented by 582 people-years of experience among senior managers. The criticality of the intellectual capital is reflected in the technical-to-support employee ratio of 9:1. Over 26% of our employees with more than five years of tenure have demonstrable global electronic payments capabilities.

Quality-focused: RS Software maintains the highest standards related to compliance, security and quality including ISO 9001:2008, SEI-PCMM Level-III and ISO 27001:2005 certifications.

Constant innovation: RS Software continuously upgrades its technology capability by leveraging cutting edge technologies and competencies that grow the business of its customers.



RS Software

Cause

\$712

Trillion worth non cash transaction estimated by 2022 (Source: BCG)

1

Single domain focus with a boutique of innovative solutions with a quicker time-to-market

22

Years of industry presence with an exclusive focus on the payments domain

20+

Years of experience in working with the largest payment network company

7

Areas of specialization in line with technology

1,010

Members providing cutting-edge solutions in the niche payments domain

1

First to establish the RS School of Payments and RS Payments Lab; developed RS Global Methodology to enhance customer service.

Effect

0

A zero-debt company for four years with reserves and surplus of ₹163.02 crore in 2013-14

₹412.99 million

Cash balance as on March 31, 2014. In the last three years, the Company generated ₹1,326 million in cash

986 bps

Margins growth owing to higher growth in revenues and improved expense management

14%

Dividend payout ratio, the highest in 15 years

59%

Profit growth over the last five years (CAGR)

60%

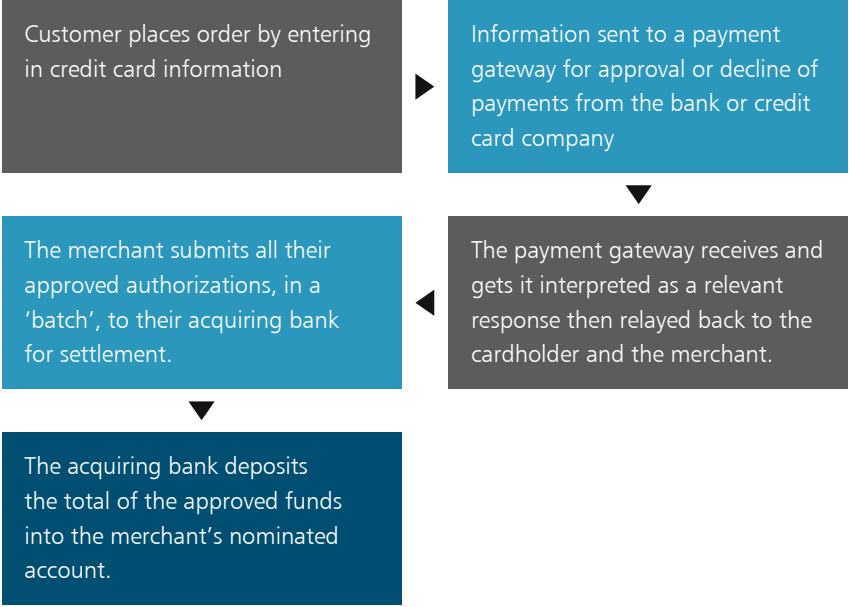
The Company has declared 60% dividend, the highest in its history



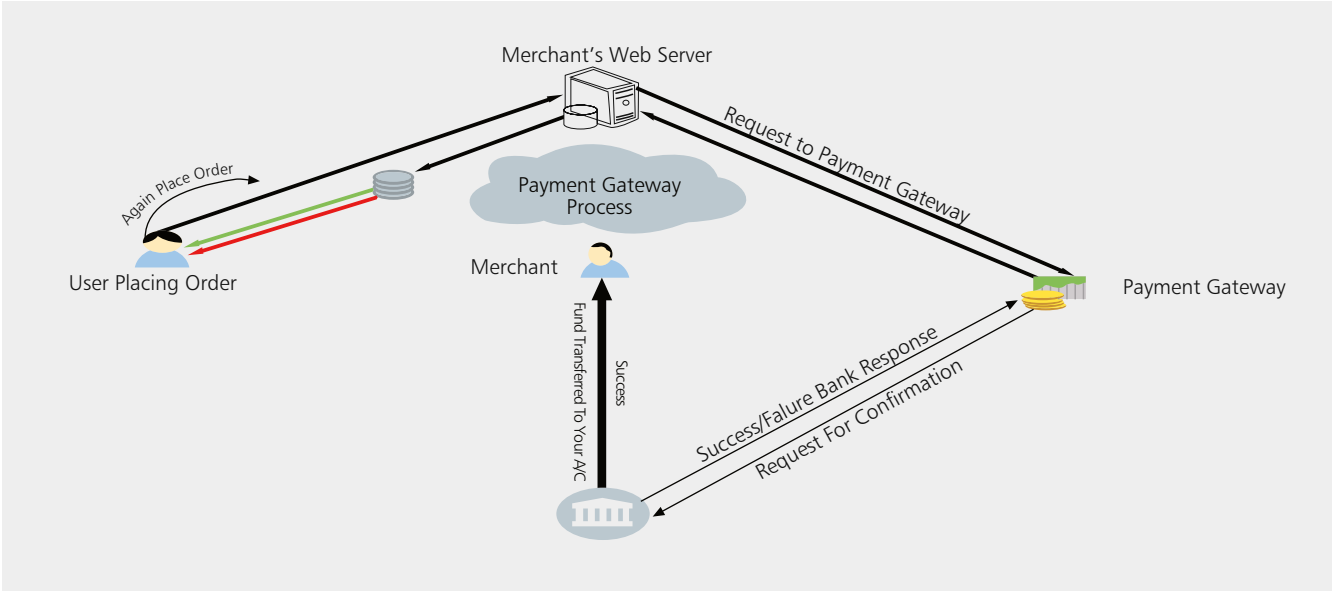
The modern payment gateway facilitates data transfer between a payment portal (website, mobile phone or IVR service) and front-end processor or acquiring banks.

This online transaction is processed through secure networks, payment gateways and banks, enhancing customer security.

A typical transaction flow can look like this:



The key payment processing industry players



The integrity of the payment network is supported by the payment processing and services industry that provides infrastructural and complementary services. This business is driven by the following stakeholders:

Merchant acquirers: They represent the 'distribution and sales' arm of the global payments industry. Acquirers get merchants to sign card acceptance agreements; they are typically the merchant's first (and primary) point of contact, interacting directly with the merchant.

Merchant processors: They represent the gateway to payment networks, providing data authorization, transmission and security and settlement functions as an outsourced service provider to merchant acquirers. This scale-driven business is marked by a

handful of large players and is often outsourced and utilized by merchant acquirers.

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

Card-issuer processors: They provide outsourced authorization, settlement, customer service/call centres, loyalty program administration and statement printing and mailing services to the card-issuing community.

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

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

Cash to cashless

There are a number of reasons why modern society could be heading towards a cashless world.

- There is an increased cost for retailers to maintain cash for transactions.
- The administration cost in handling money is high.
- There is a cost of insurance in theft protection.
- There could be an error in the management of cash transactions.
- Cards (debit or credit) are seen as a status symbol.
- There is a growing incidence of mobile wallet transactions and cashless currencies (Bitcoin and Ven) to buy, share and trade knowledge, goods and services.

Optimism

This optimism is also based on emerging trends in payment modes:

Online transactions: This payment method (card-not-present) facilitates a transaction whereby we just provide the card number to make a payment without a physical card present, usually when we transact on the internet.

Mobile transactions: Usually exercised to make payments via a mobile phone or smartphone (mobile wallet).

Person-to-person: Facilitates the transfer of virtual cash from one person to another with a transfer of physical cash.

Digital currency: Comprises digital

currencies (Bitcoin and Ven) used is making digital transfers and payments.

Rising online payments

The global e-commerce market is estimated to grow at a CAGR of 13.54 percent over 2013-18, riding on online and mobile use adding to an influx of payment options.

Following the increasing use of smartphones, the mobile commerce has virtually exploded; in 2013, the People's Bank of China handled 1.67 billion mobile payment transactions.

Correspondingly, India's e-commerce reality has changed significantly:

- Internet user base is estimated to increase from 5.5 million in 2000 to 300 million by 2015
- India's broadband subscribers are expected to reach 150 million by 2020
- The number of credit and debit cards in India are close to 73.7 million and 350.4 million (2014) respectively
- The country's 3G subscriber base is expected to increase to 303.1 million by 2020
- The number of Indian users transacting online could exceed from 11 million in 2011 to 38 million by 2015

The reality then is that India is sitting at the cusp of a huge transition from the conventional marketplace to the virtual,

widening the market for specialised service providers like RS Software.

Scenario

Players in the payments value chain are grappling with their place in the world. They are coming to grips with the fact that their industry is part of a far broader commerce ecosystem. And they are no longer insulated from the forces reshaping commerce in areas including regulation, technology, retailing and even consumer behaviour. While such momentous change may sound like a major challenge for industry incumbents, it also presents substantial opportunities. Globally, payments industry revenues in 2011 were approximately \$900 billion. The addition of potential commerce-related economics, including offer delivery, personalized marketing, and related business models, could increase those revenues nearly sevenfold. (Source: Mckinsey)

Just recently president of paypal left to join Facebook to help build their payment solutions. These are exciting times, and new digital currencies like Bitcoin are sounding the revolution bell. Apple is now promoting Bitcoin through its applications store.

Apple – potential disruptor to accelerate payments?

Over the years, Apple has created a pretty attractive ecosystem of apps



and app developers and hardware that merchants of all sizes find pretty attractive and use – and that innovators have made even more attractive by producing lots of new things that add value to merchants. That attractiveness became even greater with the launch of iBeacon last year and the ability for merchants with iOS devices to communicate with consumers carrying around the same. It was also heard that Apple announced that it would make its TouchID available to third parties, just the latest set of assets alongside of its Passbook “wallet” functionality and its mega asset of 800 million iTunes accounts with registered payments credentials waiting to be commerce-enabled. (Source: PYMNTS.com)



The global e-commerce market is estimated to grow at a CAGR of 13.54 percent over 2013-18.

35%
Global internet user penetration

26%
Global active social network user penetration

93%
Mobile subscriber penetration

(Source: US Census Bureau, January 2014)

Investing in continuous innovation.



Over the years, RS Software has distinguished itself by emerging as one of the specialized payment service providers in the world. This specialization has been derived from the institutionalization of various competencies. This institutionalization, in turn, has been driven by the RS School of Payments (RSSOP) and the RS Payments Lab (RSPL) with the objective to develop domain-based and technology-based payment solutions. These institutions have strengthened the Company's global brand, not just as a competent service provider but as a thought leader.

The RS School of Payments:

There is a specific need for such a 'school'. Few organisations specialize in payment systems; fewer run educational

systems comprising of payment courses addressing recruits who possess the technical competencies but lack in the domain knowledge.

For such individuals, RS School of Payments provides relevant induction training, fundamental courses and detailed courses across verticals (switching and authorization, clearing and settlement, dispute management and acquiring, among others) before they can be deployed in live projects. Besides, the company weaves niche courses around emerging areas like tokenization and payments in gaming to name a few..

A knowledge-intensive training curriculum has been created by industry experts providing employees with a robust knowledge of the electronic

payments sector. This school was commissioned to enhance capabilities, shrink the learning curve and maximise productivity. The school runs graded training to cater to the stepped knowledge acquisition starting with a broad overview of the entire payments systems during induction, moving on to a deeper dive on each of the salient areas via a payments fundamental course and then allocated courses with significant details for selected areas aligned with the business requirements. The payments fundamentals course is further customised to cater to the various requirements for knowledge of the various departments, for example while sales and business support need to have a deeper business perspective of the payments business functions delivery would need to understand

Lab is an integral part of the knowledge development platform. In the payments arena we are constantly observing that advancement in technology is reducing the barrier to entry in the payments ecosystem paving the path for innovators like Square, iZettle, and others to intelligently use the mobile device platform to extend point-of-acquiring to small business which were till recently underserved in the payment acceptance; social networks are serving as good platform to integrate for KYC purposes and to extend targeted offers; closed loop networks are using the ubiquitous internet to reach out to far more users than it was earlier possible without a dedicated network; cloud and electronic wallet are making it much convenient for consumers; big data is shaping the analytics in a big way; and the list goes on. We, at RS Payments Lab facilitate technology exploration to be abreast with the technologies so that we can offer our customer this technology expertise applied to the domain of payments at competitive price. Knowledge Management forms the foundation on which the superstructure for harnessing knowledge is built. It insulates the Company from attrition, by providing knowledge insurance. This reduces monotony and also the efforts needed to put in by the customer personnel. The Knowledge Management team has thus been growing and creating a base for reuse and micro-innovation within each project. The organisational experience is captured and curated through a structured process and is applied to every project. We use this knowledge to

prepare the team before they wet their feet in the engagement and as they gain knowledge about the customer applications, the knowledge is securely made available to the project members who join the team later, or move across the functional areas within the same project or even across projects. This not only provides a knowledge insurance of sorts but the distilled experience becomes a learning curve for the team which benefits the customer in return.

Over the last two years, the RS Payments Lab has invested in the use of open source platforms in analytics (Hadoop), mobile (Android, iOS) and test automation (Selenium). The result is attractive customer accretion towards these platforms marked by RS Software providing quicker and more reliable services.

Knowledge management framework

Whatever knowledge the organization gains through working in this area of payment systems (starting from customer interactions, market research, interactions with experts, reports and webinars) are collated, white-labeled and curated in a knowledge centre accompanied by a deep search facility.

Outlook

RS Software intends to reinforce focus on analytics, mobile and test automation coupled with investment in the development of electronic payments intellectual property. The Company has also developed niche courses in areas like tokenization, P2P and cross-border money transfers.

more on the workflow, system integration and dependencies for the areas, and resourcing would need the understanding of the prevalent technology and skills in each of the areas as they need that perspective for getting the right talent from the marketplace.

RS Payments Lab

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

Investing in our people

7,494

Cumulative industry
experience among
senior members
(person years)

83%

Employees with
over three years of
experience in the
Company

18,000+

Cumulative training
hours

11.64

Attrition rate (%)

33.4

Average age of
employees



At RS Software, we are driven by the vision of retaining its position as a preferred employer. We reinforce this with our motto of ‘Think of Yourself as the Customer’.

The Company’s competitiveness is driven by the competence of its human capital, related productivity, incremental revenues, attractive margins and sustainable profits.

Over the years, RS Software 1,010 members, 31 March 2014) strengthened its deep domain knowledge reflected in its ability to develop and process transactions worth billions of

dollar without error or revenue losses for customers. RS’s people capital is marked by an entrepreneurial mindset and willingness to embrace challenges.

Highlights, 2013-14

The Company’s HR team attracts top talent which ensures that recruits fit their respective roles. This is followed by talent development which works in tandem with talent retention in arriving at a work-life balance. The Company’s average age of 33 years was complemented by 582 people-years of experience among

end, RS initiated skip-level meetings between employees and the next managerial level to help employees resolve project-related issues. Regular satisfaction surveys were conducted leading to necessary corrective action. The frequency of town hall meetings were increased (half-yearly to quarterly) coupled with regular open houses.

Despite being comfortably placed in terms of attrition (11.64% during the year against industry average of 18%), there was an increased focus to retain seniors and top performers. Events were conducted to counter workplace monotony; an annual awards night recognized employee contributions (offshore and on-site).

Recruitment

RS Software balanced talent attraction with retention on one hand with a mix of experience and fresh talent on the other. The Company recruited through portals, consultants, referrals and campuses. The Company added 219 members during the year under review; these recruits were passed through induction drill (domain, technology and project-specific training).

Training

A fast-evolving environment prioritized a need to remain relevant with evolving technologies. Key focus areas were determined; a team of senior personnel with extensive domain and technical knowledge trained newcomers; the Company invested 80 hours in training from industry experts.

Performance management

The Company has strengthened its appraisal system. Quarterly appraisals are conducted for project leaders and senior managers while bi-annual appraisals are undertaken for the rest of the population based on the goals set at the beginning of the year. The three-step appraisal process comprises of self-appraisal, appraiser (immediate line manager) review and reviewer appraisal (senior manager). During the year, A leading HR Consulting Organization was hired to revamp the Performance Management System and make it more objective and goal driven. The new PMS, will be rolled out in 2nd quarter of fiscal 2014-15. The Company has established a leadership team to focus on strategies to differentiate the Company from peers. The team defines strategy and metrics to measure the success of its implementation. As part of this initiative, the leadership team attends learning forums in India and overseas with the aim of enhancing organisational effectiveness in managing change.

Outlook

Going ahead, the Company will focus on individual development programmes to fast-track top performers and shrink the time to enhance their knowledge curve. The focus areas would comprise of career development and domain training. RS additionally plans to invest in team bonding to enhance organizational pride. Besides, RS expects to increase the offshore proportion of employees from 65%, strengthening competitiveness.

* All figures are for the year 2013-14

Investing in quality and benchmarking

In the electronic payment sector, service providers need to work at the cutting-edge of applications directed at leading payment networks. In this demanding segment, even nominal downtime could lead to revenue and brand loss. As a result, service providers need to deliver absolutely first-rate solutions to payment networks, processors, acquirers, issuers and other payment sector companies.

At RS Software, there are defined parameters to judge quality around cost, defects, timeliness and customer value-addition. RS Software enhances customer delight through defect-free, on-time and budgeted delivery. The comprehensive assurance is the result of a procedural discipline which is periodically monitored for effectiveness, efficiency and continuous improvement.

RS Software undertakes verification initiatives through internal auditors and

external audits by certified agencies. Following audit, the feedback is reviewed for corrective action. All projects and processes are audited every 45 days. The Company is ISO 9001- and ISO 27001-certified, vindicating its robust security. Compliance and surveillance audits are conducted biannually by DNB and BVQI. The tracking mechanism is overseen weekly by the project manager; observations and defects are logged on the system. The Company is a payment-focused organisation in which an annual FISAP assessment is conducted by a third party (Deloitte & Haskins) benchmarked with the best data and security practices.

Over the years, RS Software strengthened its globally-benchmarked process architecture with defined management practices. RS Software's competitive pricing was derived from efficient resource utilization. A standard

mechanism helped review and test deliverables before project hand-over. RS's strong testing team was backed by an internal audit group to verify processes adherence. The Company leveraged its domain experience to shrink mind-to-market tenure. It matched customer specifications with compatible solutions.

RS Software's security management systems ensured that data, resources and organisational assets remained protected. The Company's investments (dedicated information security management team, high-speed network backbone ensure router, LAN, firewall and intrusion security) ensured business continuity across all junctures.

Highlights, 2013-14

RS Software's dashboard assessed performance at various stages leading to customers staying continuously updated. RS Software initiated measures to link efforts with benefit provided to justify spending and optimize resources. RS strengthened its defect management system which involved continuous defects capture, analysis and detection followed by corrective action. The Company's operational/ internal risk management process assessed procedural and project-related risks for onward mitigation.

Outlook

RS Software expects to invest in automation to reduce manual involvement and errors. Going ahead, the Company will implement improved global benchmarking with the goal of bringing domain focused value add to its clientele



RS Software is committed to constantly benchmark its Quality processes globally, and engages world-class consulting companies like KPMG and Deloitte consulting to ensure effective implementation.

Investing in sales, marketing and business development

RS Software is focused exclusively on the payments industry, evolving with changing technologies and regulatory requirements.

The company's efforts to build its payments focused sales engine is work in progress. Results are already visible to acquire new clients covering a wider spectrum of the payments domain (e-commerce, m-commerce, prepaid cards and EMV, among others).

The strategy of the company is now to expand its focus from participation with select few payment brands to a broader set of clientele in the payments domain. The sales and business support team has enabled the company to achieve CAGR of 21% for the last six years, and the goal is to enhance this in order to leverage the large growth opportunity in this domain.

Highlights, 2013-14

During the year under review, RS Software conducted several marketing campaigns. The process comprised recognition of strength areas and identifying corporations with whom these strengths would resonate. This information was then disseminated through e-mailers which highlighted RS Software's related competencies. The Company implemented an automation tool through which it attained the read receipts of these e-mailers and based on which the Company engaged in timely follow-ups. The Company engaged in four such campaigns during the year under review. In each campaign, the resulting email open rate met or exceeded industry standards.



RS Software attended forums and trade shows, strengthening its presence through marketing collaterals.

RS Software attended forums and trade shows, strengthening its presence through marketing collaterals. RS leveraged the use of the social media to enhance its visibility and search engine optimization.

The Company streamlined processes in line with CRM requirements through which it managed customer leads; automation helped centralize records.

The sales and business development team kept itself updated with marketplace changes. New market developments were tracked. The team analyzed competencies in new segments along with a pool of resources ready to address segment requirements.

Because of a deep market and domain understanding, RS Software provided efficient solutions with minimal customer interface leading to faster project migration.

Outlook

The Company will strengthen its focus on expanding its clientele to all the stakeholders ranging from Issuers to Acquiring processors to payment networks to merchants.

- Added to the list are the new emerging players that are bringing about disruption in payments industry.

- Focused e-mail marketing and several other marketing tools will be deployed, including social media to enhance the brand and reach to a broader set of clientele to accelerate diversification of revenues.

- Stronger recruitment to strengthen the sales team and the business support team to cover a significantly larger marketplace in North America and Europe.

| | |
|--|---|
| <p>The RS Global Delivery Methodology™: The consistent growth of RS Software has been derived from its robust proven RS Global Execution Methodology (RS GEM™). This trademarked process combines a unique combination of experiential knowledge derived from customer engagements and a keen insight into key emerging trends. The RS Customer View™: This technological tool provides the Company with a lowdown into the ever-changing aspirations of clients, in terms of the business, competitive landscape, target markets, scale, goals, objectives and culture. A comprehensive knowledge of all these parameters acts as the fulcrum around which solutions are provided. The result is that ‘think of yourself</p> | <p>as the customer’ is the operating philosophy at RS Software. Frameworks: The framework suite represents the residual knowledge of the organisation. It comprises reusable components that help shorten project life-cycle implementation. The Company possesses such suites focused on the acquiring space covering merchant on-boarding, virtual terminal, payment gateway, merchant reporting and residual calculations. This helps reduce requirement definition time, implementation time and communicates our knowledge in respective areas. The frameworks are also used as training supplements and platforms to test proof-of-concepts developed in the RS Payments Lab.</p> |
| <p>The RS Customer View™: This provides a comprehensive understanding of the client business including target markets, operational scale, management goals, growth objectives and corporate values. The use of this information with our global sourcing model and knowledge transfer</p> | <p>disciplines ensures that RS Software’s cross-culture experience maximizes customer value. The Company nurtured long-term relationships and established ‘Think of Yourself as the Customer’ as its operating philosophy.</p> |
| <p>The RS Project Delivery Framework™: This framework suite represents the organization’s residual knowledge. It comprises reusable components that help shorten project life-cycle implementation. RS Software possesses suites focused on the acquiring space covering merchant on-boarding, virtual terminals, payment gateways, merchant</p> | <p>reporting and residual calculations. This helps reduce definition time and implementation time across operational areas. The framework is also used as a training supplement and mechanism to test proof-of-concepts developed in the RS Payments Lab.</p> |

Financial management

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

The financial management at RS is not restricted to merely a money management process but it is a holistic approach to proactively enable the Company to improve its performance through a galore of metrics ranging from utilisation to cost structure shifts which facilitates improved decision-making process. Finance as a custodian

of resources of the Company targets to optimise utilisation of resources and infrastructure to maximise shareholder’s value.

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

Addressing business risks

Every business is marked by a variety of risks. RS Software identified and assessed risks associated with its business and correspondingly coordinated optimum resource application to minimize losses and maximize realizations.

Will RS Software’s singular dependence on the payments sector affect growth in the event of a decline in the importance of the vertical?

Answer: Although the cashless revolution began in 1958 and that the stakeholders in this industry have revenues in excess of \$1 trillion, the electronic payments industry secular growth is only now getting accelerated. The technology trends are now translating into consumer trends, supported in particular by Generation Y eagerness to adopt convenience to pay anytime anywhere. The convergence of mobile technology into scalable global payment infrastructure is helping to bring this to fruition, and both digital disruptors and existing payment leadership brands are investing heavily to transition from brick and mortar, to online, and now M-commerce. These are early days where technology and demographics are exponentially increasing the potential of electronic payments. No wonder the largest need in the marketplace is to convert 85% of global retail payments that are still done in cash to become electronic. RS Software has been engaged in building the high fixed cost payments infrastructure for over 20+ years now, and will continue to accelerate the enhancement of this and importantly help to leverage utilization of the built infrastructure to expand the reach of electronic payments over the next 20 years at a minimum, pretty much like Google is leveraging the internet infrastructure built by Cisco.

Will an excessive dependence on a single large client affect growth?

Answer: The company’s strategy is clearly defined to move from working with few select payment leadership brands to a significantly broader set of clientele, and ensure larger reach into the continuing secular growth in this sector. The company’s investment in sales, marketing and business support is growing year after year, and the goal is to go after existing and emerging payment focused stakeholders globally, and as a result diversify its revenue base. The Company is targeting both organic and inorganic growth to achieve its goals.

Can growing competition affect the Company’s profitability?

Answer: RS Software has early start advantage, particularly working with some select global leadership brands in the electronic payments space. The Company has demonstrated track record for the past five years to achieve growth in profitability at CAGR of 59%. RS Software enjoys the reputation of being a domain specialist, it is now investing upfront to reach out to much larger clientele, and also enhance its investments in RS School of Payments and the Payments Lab - the twin pillars of its foundation to provide the best value to its customers. The Company’s strategy in the medium to long term is to continue to outperform its growth in profitability, and target being an investment of choice for its investors.

Will resource attrition in this knowledge-driven business affect competitiveness of RS Software?

Answer: RS Software is committed to be an employer of choice, and pursues this as an extension of its vision. The Company provides invigorating workplace that is focused to synchronize the goals of the individual with that of the organization. Domain focus capability is the largest need of the marketplace, and this helps employees to get disproportionate advancement in their career growth, as compared to vanilla offering organizations. Retention of talent is top priority and the company constantly benchmarks to best practices, and considers this to be always work in progress. The Company attracts good talent in Eastern India, and is continuously enhancing sourcing of talent from global locations. RS Software focuses on continuing skill development, and invests to strengthen its RS school of Payments and ongoing research and development in its RS Payments lab. The knowledge management system is constantly improved, with contributions from industry specialists and visiting clients. This foundation, accompanied by benchmarking of our people process to PCMM level 3 facilitates to achieve above average retention of talent in the industry. The Company is committed to maintain and enhance its leadership in this domain focus, and therefore be always competitive.

Board of Directors



Raj Jain
Chairman and Managing Director



R. Ramaraj
Director



Shital Jain
Director



Richard Launder
Director



Sarita Jain
Director

Raj Jain

Chairman and Managing Director

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

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

R. Ramaraj

Director

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

Shital Jain

Director

Shital Jain brings to our Board more than 31 years of experience with Citibank and has worked in Hong Kong, Taiwan, the Philippines, Thailand, and Canada. Mr. Jain remains active in the financial services industry participating in consulting assignments worldwide, including ongoing projects in Thailand and Indonesia. Mr. Jain is a Fulbright

scholar, receiving his MBA from Indiana University, where he was elected to the Beta Gamma Society, whose membership includes the top 25 percent of MBAs in the US.

Richard Launder

Director

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

Sarita Jain

Director

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

Key Executives



Raj Jain
Chairman and Managing Director



Ashok Gaur
Vice President, Operations and Productivity Enhancement



Prasanta Chakraborty
Vice President Corporate



Vijendra Surana
CFO and Company Secretary



Sumit Misra
General Manager



Aniruddha Rai Chaudhuri
General Manager, Quality and Benchmarking



Sanjay Guha
Deputy General Manager



Kallol Ghosh
Deputy General Manager



Indrani Roychowdhury
Senior Manager

Raj Jain

Chairman and Managing Director

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

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

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

Ashok Gaur

Vice President, Operations and Productivity Enhancement

Ashok Gaur has an engineering degree in Computer Science. His 25-year long career in the financial services technology outsourcing industry includes experience in pre-sales, business development, service delivery, customer relationship management, programme management and operations. He has worked in the Americas, Europe, Middle East, India and other Asian countries. He has a strong understanding of quality processes and has been involved in multiple implementations of CMM, CMMI and PCMM Level-5 practices.

Prior to joining RS Software, Ashok has worked with TCS, Polaris, CSC and Xchanging in multiple roles.

Prasanta Chakraborty

Vice President Corporate

Prasanta Chakraborty holds a degree in electronics and communications and has served in a variety of leadership roles with major global corporations

delivering large scale outsourcing deals, managing key customer accounts and overseeing business development. During his two decade-long career, he has worked in multi-cultural environments executing projects around the world. At RS Software he leads the account management and business support groups globally, and ensures the highest quality of pre-sales and post-sales experience for the customers.

Vijendra Surana

CFO and Company Secretary

Vijendra Surana has 19 years of experience in Strategic Management, Corporate Planning and Financial Management including Financial Planning, Budgeting, Accounting and Corporate Secretarial functions in varied sectors including Merchant Banking, Financial Services, Information Technology, Tea, Power, and International Trade.

At RS Software he is responsible for financial accounting, budgetary management, capital structure, treasury functions, and legal compliances. Over the last seven years he has helped build comprehensive strategies and tactics based on the financial needs of the organization. Diligent financial management through operational efficiencies and process improvement have ensured corporate governance and business continuity for customers leading to significant improvement in the performance of the company.

Prior to RS Software, Vijendra worked for VISA International as CFO & CS. He started his career with leading merchant

bankers Prudential Capital Markets. During his career, he was associated with leading businesses such as SREI and Ispat and was also part of ITES venture Teaauction.com in early 2000. Vijendra is a B.Com (Hons.) from St. Xavier’s College Kolkata. A qualified MBA, he is an accredited Chartered Accountant (FCA), Company Secretary (ACS) and Cost & Management Accountant (ACMA).

Sumit Misra

General Manager

Sumit Misra has the distinction of serving major companies in the IT outsourcing industry working as an engineer, project lead and project manager. During a professional career that spans 22 years, Sumit has helped leading companies in the payment industry determine technical strategies to build competencies that best fit the needs of their customers. At RS Software, Mr. Misra strengthens and extends our position as a leader in the payments industry by managing the RS School of Payments and the RS Payments Lab, enhancing our domain expertise by instituting best practices in knowledge management.

Sumit holds a Master’s degree in Electronics and Telecommunication Engineering.

Aniruddha Rai Chaudhuri

General Manager, Quality and Benchmarking

Aniruddha Rai Chaudhuri’s career in the software industry spans more than 20 years, with a focus on benchmarking

and developing process architecture within organizations. His depth and range of experience includes project management, business process re-engineering and the design and implementation of highly reliable quality systems. At RS Software, Mr. Chaudhuri directs the continuous benchmarking of our process architecture to best practices globally and, in particular, at R.S. Software customer locations. He holds a Science degree and is a Certified Quality Analyst from QAI in the United States.

Sanjay Guha

Deputy General Manager

Sanjay Guha has significant experience delivering large complex projects to leading organizations in the electronic payments industry in the US, Europe and India. His expertise includes the credit card segment, merchant boarding, agent residual management as well as chargeback and dispute management. In a career that spans more than 22 years, Sanjay has worked as a developer, project manager and business analyst. At RS Software Mr. Guha provides the entrepreneurial leadership necessary to expand our world-class delivery organization, which is vital to our vision of being the global leader in providing technology solutions to the payments industry. Sanjay holds a master’s degree in Science from Jadavpur University, Kolkata.

Kallol Ghosh

Deputy General Manager

In a career that covers nearly two decades, Kallol Ghosh has become

expert in delivering complex projects involving multiple systems in mission-critical, high volume, transaction-processing environments. This experience has provided him with a broad skill set related to understanding, defining, implementing and replicating methodologies that enhance the effectiveness, efficiency and scalability of mission critical systems in core areas of electronic payments industry.

At R.S. Software, Mr. Ghosh leads our delivery of solutions for systems that process several trillion dollars of transactions across the globe. He has a degree in Science and holds a master’s degree in business administration.

Indrani Roychowdhury

Senior Manager

During her 23-year career, Indrani Roychowdhury has interfaced with customers from around the world to help develop an understanding of how to effectively communicate corporate messaging across different cultures. Her work with the media and industry associations has provided her with a unique understanding of how a company is perceived within the industry and to transmit its coherence, credibility and ethic. At RS Software, Ms. Roychowdhury manages the corporate communications process and she along with her team has the charter to combine the Company’s news in line with its vision and values into a cohesive message to its internal and external stakeholders. Indrani holds a degree in psychology and has a diploma in software systems development.

Notice to Members

NOTICE is hereby given that the Twenty Sixth Annual General Meeting of the Members of R. S. Software (India) Limited will be held on Friday, July 18, 2014 at 11:30 a.m. at RABINDRA TIRTHA, 33-1111, Major Arterial Road, 3rd Rotary, New Town, Kolkata – 700 156 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the financial statements of the Company for the year ended March 31, 2014, including the audited Balance Sheet as at March 31, 2014, the Statement of Profit and Loss for the year ended on that date and the reports of the Board of Directors (the 'Board') and Auditors thereon.
2. To declare a final dividend of ₹2.50 per equity share and to confirm interim dividends of ₹2.50 per equity share and ₹1.00 per equity share already paid for the year ended March 31, 2014.
3. To appoint a Director in place of Mr. Rajnit Rai Jain (holding DIN 00122942), who retires by rotation and, being eligible, seeks re-appointment.
4. To re-appoint Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration and to pass the following resolution thereof.

"Resolved that pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Rules made thereunder and pursuant to the recommendations of the Audit Committee of the Board of Directors Chaturvedi & Company (Registration No. 302137E) be and are hereby re-appointed as the Auditors of the Company, to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and that the Board of Directors be and are hereby authorized to fix such remuneration as may be determined by the Audit Committee and as to be agreed upon between the Auditors and the Board of Directors of the Company".

SPECIAL BUSINESS

5. To re-appoint Mr. Rajnit Rai Jain (holding DIN 00122942) as Chairman and Managing Director (CMD) and in this regard to consider and, if thought fit to pass, with or without modifications the following resolutions as a Special Resolution:

"Resolved that in accordance with the provisions of Sections 196, 197, 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications or re-enactment thereof for the time being in force) the consent

and approval of the Company be and is hereby granted to the re-appointment and the terms and revised remuneration of being provided to Mr. Rajnit Rai Jain (holding DIN 00122942) as Chairman and Managing Director (CMD) of the Company for a period of three years with effect from 1st October, 2014 on the terms and conditions including remuneration as set out in the Statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include the , Nomination and Remuneration Committee of the Board) to alter and vary the terms and conditions of the said re-appointment and / or remuneration as it may deem fit and as may be acceptable to Mr. Rajnit Rai-Jain , subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof;

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to vary or increase the remuneration (subject to the approval of Nomination and Remuneration Committee) in the said draft Letter of appointment to the extent the Board of Directors may consider appropriate and as may be permitted or authorised in accordance with any provision under the Act for the time being in force provided, however, that the remuneration payable to Mr. Rajnit Raj Jain shall be within the limits set out in the said Act including the said Schedule V to the Act or any amendments thereto or any modification(s) or statutory re-enactment(s) thereof and / or any rules or regulations framed thereunder and the terms of the aforesaid Letter between the Company and Mr. Rajnit Raj Jain shall be suitably modified to give effect to such variation or increase as the case may be".

"RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year of the Company during the term of Mr. Rajnit Raj Jain office as Chairman & Managing Director, the remuneration set out in the aforesaid draft Letter of appointment be paid or granted to Mr. Rajnit Raj Jain as minimum remuneration provided that the total remuneration by way of salary and other allowances shall not exceed the ceiling provided in Section II of Part II of Schedule V to the said Act or such other amount as may be provided in the said Schedule V as may be amended from time to time or any equivalent statutory re-enactment(s) thereof."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to do all acts and take all such steps as may

be necessary, proper or expedient to give effect to this resolution."

6. Appointment of Mr. Shital Kumar Jain (holding DIN 00047474) as an Independent Director and in this regard to consider and, if thought fit to pass, with or without modifications the following resolutions as an Ordinary Resolution:

"RESOLVED THAT, pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Shital Kumar Jain (holding DIN 00047474), Director of the Company whose period of office is liable to determination by retirement of directors by rotation at this Annual General Meeting and who in accordance with the Companies Act, 2013 is required to be appointed as an Independent Director be and is hereby appointed as an Independent Director of the Company to hold office up to March 31,2019, who, pursuant to the provisions of the Companies Act, 2013 (being an independent director) is no longer liable to retire by rotation."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

7. Appointment of Mr. Rajasekhar Ramaraj (holding DIN 00090279) as an Independent Director and in this regard to consider and, if thought fit to pass, with or without modifications the following resolutions as an Ordinary Resolution:

"RESOLVED THAT, pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Rajasekhar Ramaraj (holding DIN 00090279), Director of the Company whose period of office is liable to determination by retirement of directors by rotation at the Annual General Meeting and who in accordance with the Companies Act, 2013 is required to be appointed as an Independent Director be and is hereby appointed as an Independent Director of the Company to hold office up to March 31,2019, who, pursuant to the provisions of the Companies Act, 2013 (being an independent director) is no longer liable to retire by rotation."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

8. Appointment of Mr. Richard Nicholas Launder (holding DIN 03375772) as an Independent Director and in this regard

to consider and, if thought fit to pass, with or without modifications the following resolutions as an Ordinary Resolution:

"RESOLVED THAT, pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Richard Nicholas Launder (holding DIN 03375772), Director of the Company whose period of office is liable to determination by retirement of directors by rotation at the Annual General Meeting and who in accordance with the Companies Act, 2013 is required to be appointed as an Independent Director be and is hereby appointed as an Independent Director of the Company to hold office up to March 31,2019, who, pursuant to the provisions of the Companies Act, 2013 (being an independent director) is no longer liable to retire by rotation."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

9. To approve the payment of remuneration to non-executive directors and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 197,198 and all other applicable provisions of the Companies Act, 2013 and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the non-executive directors of the Company (i.e. directors other than the Managing Director and / or the Whole-time Directors) be paid, remuneration, in addition to the sitting fee for attending the meetings of the Board of Directors or Committees thereof, as the Board of Directors may from time to time determine, not exceeding in aggregate one percent of the net profits of the Company for each financial year, as computed in the manner laid down in Section 198 of the Companies Act, 2013, or any statutory modification(s) or re-enactment thereof;

"RESOLVED FURTHER THAT the Board of Directors of the Company (including the Human Resources, Nomination and Remuneration Committee) be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

By Order of the Board

Registered Office:
234/3A, A.J.C. Bose Road
Kolkata – 700 020
April 16, 2014

Vijendra Surana
CFO & Company Secretary

NOTES:

- a. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.
- b. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY / PROXIES TO ATTEND AND, TO VOTE INSTEAD OF HIMSELF / HERSELF SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY.

A person can act as proxy on behalf of members not exceeding fifty (50) and holding in aggregate not more than 10% of the total share capital of the Company. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person cannot act as a proxy for any other member or shareholder.

THE INSTRUMENT OF PROXY, IN ORDER TO BE VALID AND EFFECTIVE, MUST BE DELIVERED AT THE REGISTERED/ CORPORATE OFFICE OF THE COMPANY NOT LATER THAN FORTY-EIGHT HOURS (48 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 in future.
- d. The Register of Members and Transfer Books of the Company will remain closed from July 9, 2014 to July 18, 2014 (both days inclusive).
- e. Members who have not yet encashed their dividend warrant(s) for the financial year ended 2010-11 onwards are requested to claim the amount of dividend from the Company or its Registrars and Share Transfer Agent immediately along with relevant Folio No. or DP ID and Client ID, for issuance of duplicate / revalidated dividend warrant(s).
- f. Subject to the provisions of Section 123 of the Companies Act, 2013, final dividend as recommended by the Board of Directors, if declared at the meeting, will be paid after July 19, 2014 within 30 days from the date of ANNUAL GENERAL MEETING:
 - (i) To those Members, holding shares in physical form, whose names appear on the Register of Members of the Company after giving effect to all valid request for transfers in physical form lodged on or before Tuesday, July 8, 2014 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 Tuesday, July 8, 2014.
- g. Members holding shares in physical form are requested to immediately notify change in their addresses, if any, to the Registrar and Transfer Agent of the Company, quoting their Folio Number (s) with a self-attested copy of address proof, i.e. Voter Identity Card, Electric / Telephone (BSNL) Bill or Driving License or Passport before July 8, 2014.
- h. In terms of Circular No. CIR/MRD/DP/10/2013 dated March 21, 2013 of Securities and Exchange Board of India for making cash payments to the investors Companies shall mandatorily print the bank account details of the investors on such payment instruments. Therefore the Members holding shares in physical form are requested to send to the Registrar and Transfer Agent of the Company, before July 8, 2014 a Bank Mandate (providing details of name and address of banker, branch, PIN code and particulars of the bank account) or changes therein, if not provided earlier, under the signature of the Sole /First holder quoting their Folio Numbers. This information will be printed on the dividend warrants. Members may also avail of the Electronic Clearing Services (ECS) mandate facility provided by the Company.
- i. Members who have not registered their e-mail addresses so far are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.
- j. Members holding shares in dematerialized mode are requested to intimate the changes pertaining to their bank account details, NECS mandates, email addresses, nominations, change of addresses, change of names etc. if any, to their Depository Participant (DP) only before July 8, 2014. Any such changes effected by the DPs will automatically reflect in the Company's subsequent records.
- k. The Annual Report of the Company circulated to the Members of the Company, will be made available on the Company's website at www.rssoftware.com
- l. Members desirous of getting any information about the accounts and/or operations of the Company are requested to write to the Company at least ten days before the date of the Meeting to enable the Company to keep the information ready at the Meeting.
- m. All the documents referred to in the Notice will be available

- for inspection by the Members at the Registered / Corporate Office of the Company between 10.30 a.m. and 12.30 p.m. on all working days from the date hereof up-to the date of the Meeting.
- n. Shareholders holding shares in demat mode and desirous of receiving the Annual Report in physical form may visit the web page www.cbmsl.com/green.php to exercise their option. Likewise shareholders holding shares in physical mode are requested to visit the aforesaid web page to register their e-mail id and exercise their option accordingly.
- o. The Ministry of Corporate Affairs (MCA), Government of India, has by its Circular Nos. 17 / 2011 and 18 / 2011, dated April 21, 2011 and April 29, 2011 respectively, permitted companies to send official documents to the shareholders electronically as a part of its green initiatives in corporate governance. Recognizing the spirit of the circular issued by MCA, the documents like the Notice convening the General Meetings, Financial Statements, Directors' Report, and Auditor's Report etc. will be sent to the e-mail addresses as provided by the shareholders with their depositories.
- p. Members holding shares in single name and in physical form are advised to make nomination in respect of their shareholding in the Company. The nomination form can be downloaded from the Company's website at www.rssoftware.com
- q. Voting through electronic means:
 - In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 26th Annual General Meeting by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited (CDSL):
- I) The instructions for members for voting electronically are as under:-
 - A) In case of members receiving e-mail:
 - (i) Log on to the e-voting website www.evotingindia.com
 - (ii) Click on "Shareholders" tab.
 - (iii) Now, select the "Electronic Voting Sequence Number" (EVSN) –"140613011" along with COMPANY NAME from the drop down menu and click on "SUBMIT"
 - (iv) Now Enter your User ID (For CDSL: 16 digits beneficiary ID, For NSDL: 8 Character DP ID followed by 8 Digits Client ID, Members holding shares in Physical Form should enter Folio Number registered with the Company and then enter the Captcha Code as displayed and Click

- on Login.
- (v) If you are holding shares in Demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used. If you are a first time user follow the steps given below.
- (vi) Now, fill up the following details in the appropriate boxes:

| | For Members holding shares in Demat Form | For Members holding shares in Physical Form |
|------------------------|--|---|
| PAN* | Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) | |
| DOB# | Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format. | |
| Dividend Bank Details# | Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. | |

- *Members who have not updated their PAN with the Company/Depository Participant are requested to use the default value "RSSFT1987L" in the 'PAN' field.
- # Please enter any one of the details in order to login. In case either of the details are not recorded with the depository please enter the "02/12/1987" in the "Date of Birth" details field.
- (vii)After entering these details appropriately, click on "SUBMIT" tab.
- (viii) Members holding shares in physical form will then reach directly the EVSN selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

- (x) Click on <Company Name> on which you choose to vote.
- (xi) On the voting page, you will see Resolution Description and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xii)Click on the “Resolutions File Link” if you wish to view the entire Resolutions.
- (xiii) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xiv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xv) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xvi) If Demat account holder has forgotten the changed password then Enter the User ID and Captcha Code click on Forgot Password & enter the details as prompted by the system.
- (xvii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves, link their account which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution/Authority Letter in PDF format in the system together with attested specimen signature(s) of the duly authorised representative(s) for the scrutinizer to verify.
- (II) In case of members receiving the physical copy

(A) Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.

(B) The voting period begins on <Date and Time> and ends on <Date and Time>. During this period shareholders’ of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of <Record Date>, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(C) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com

- r. The e-voting period commences on July 12, 2014 (9:30 a.m.) and ends on July 14, 2014 (5:30 p.m.). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form may cast their vote electronically.
- s. The voting rights of shareholders shall be in proportion to their shares in the paid up equity share capital of the Company as on the cut-off date of June 6, 2014.
- t. Shri Mohan Ram Goenka, Practising Company Secretary has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- u. The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of atleast two (2) witnesses not in the employment of the Company and make a Scrutinizer’s Report of the votes cast in favour or against, if any forthwith to the Chairman of the Company.
- v. The Results shall be declared on or after the ANNUAL GENERAL MEETING of the Company. The Results declared along with the Scrutinizer’s Report shall be placed on the Company’s website www.rssoftware.com and on the website of CDSL within two (2) days of passing of the resolutions at the ANNUAL GENERAL MEETING of the Company and communicated to the Stock Exchanges.
- w. Members, who do not have any access to e-voting, may requisite a Physical Ballot Form from the Office of the Registrars & Share Transfer Agents of the Company. Members are required to fill the Physical Ballot Form and enclose it in a sealed envelope and send it to the Scrutinizer. Unsigned / wrongly signed, incomplete or incorrectly ticked forms shall be rejected. The Scrutinizer’s decision on the validity of the form will be final. Members are required to vote either through the electronic system or through physical ballot and not in any other form. In the event of members cast votes through both the processes, the votes in the electronic system would be considered only. The Physical Ballot Form must be received by the Scrutinizer on or before July 14, 2014 (5:30 pm).

By Order of the Board

Registered Office:
234/3A, A.J.C. Bose Road
Kolkata – 700 020
April 16, 2014

Vijendra Surana
CFO & Company Secretary

EXPLANATORY STATEMENT TO THE ITEM OF SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT 2013 SET OUT IN THE ANNEXED NOTICE

ITEM NO. 5

The current tenure of Mr. Rajnit Rai Jain, Chairman & Managing Director (CMD) (holding DIN 00122942) who was re-appointed on 1st October, 2011 for a period of three years vides shareholders’ approval in the Annual General Meeting held on 20th July, 2011 is due for renewal. The reappointment will fall due for renewal w.e.f. 1st October 2014 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 CMD’s in identically placed positions in the Corporate Sector, it is proposed to re-appoint and increase the emoluments of the CMD for to 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. Rajnit Rai Jain. The revenue of the Company has been touched US\$ 63.70 million in 2013-14. 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.

Brief resume of Mr. Rajnit Rai Jain, in which they hold directorships nature of its expertise in specific functional areas, names of companies and memberships/ chairmanships of Board Committees, shareholding and relationships amongst directors inter-se as stipulated under Clause 49 of Listing Agreement with the Stock Exchanges, are provided in the Corporate Governance Report forming part of the Annual Report.

Further, the Board at its meeting held on April 16, 2014 has, subject to the approval of members, re-appointed Mr. Rajnit Rai Jain as Chairman and Managing Director (CMD), for a period of 3 (three) years from the expiry of his present term, which will expire on 1st October, 2014, at the remuneration recommended by the Remuneration & Nomination Committee of the Board and approved by the Board. It is proposed to seek the members’ approval for the re-appointment of and remuneration payable to Mr. Rajnit Rai Jain as Chairman and Managing Director (CMD) in terms of the applicable provisions of the Act.

Broad particulars of the terms of re-appointment of and remuneration payable to Mr. Rajnit Rai Jain as Chairman and Managing Director (CMD) are as under:

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

| Particulars | Remuneration (₹) |
|--|------------------|
| Basic | 300000.00 |
| HRA | 150000.00 |
| Monthly Gross | 450000.00 |
| Yearly Gross | 5400000.00 |
| Annual Benefits | |
| Medical subject to production of bills limited to | 300000.00 |
| LTA subject to production of bills limited to | 300000.00 |
| PF@ 12% on Basic | 432000.00 |
| Gratuity @ 15 days salary for each completed year of service | 173077.00 |
| 1% of Net Profit capped to a maximum of ₹34 Lacs | 3400000.00 |
| Grand Total per Annum | 1,00,05,077.00 |

Note: CMD, Mr. Rajnit Rai Jain (holding DIN 00122942) would be entitled to reimbursement / payment of all entertainment, travelling, hotel & other expenses inclusive of such foreign allowances (up-to a maximum of US\$ 25000 per quarter) 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.

The above may be treated as a written memorandum setting out the terms of re-appointment of Mr. Rajnit Rai Jain under Section 190 of the Act.

The relatives of Mr. Rajnit Rai Jain may be deemed to be interested in the resolutions set out respectively at Item No. 5 of the Notice, to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors / Key

Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, “financially or otherwise”, in these resolutions.

The Board recommends the Special Resolutions set out at Item No.5 of the Notice for approval by the shareholders

ITEM NO. 6

Mr. Shital Kumar Jain (holding DIN 00047474) is a Non-Executive (Independent) Director of the Company. He joined the Board of Directors on February 19, 2001. Mr. Shital Kumar Jain retires by rotation at the ensuing Annual General Meeting under the provisions of the erstwhile Companies Act, 1956. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. Shital Kumar Jain, being eligible and seeking re-appointment, is proposed to be appointed as an Independent Director for a term of five years.

The Company has received from Mr. Shital Kumar Jain (holding DIN 00047474) - (i) consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014, (ii) intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub section (2) of Section 164 of the Companies Act, 2013, and (iii) a declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

The resolution seeks the approval of members for the appointment of Mr. Shital Kumar Jain as an Independent Director of the Company up to March 31, 2019 pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder.

He is not liable to retire by rotation. In the opinion of the Board of Directors, Mr. Shital Kumar Jain (holding DIN 00047474) the Independent Director proposed to be appointed fulfills the conditions specified in the Act and the Rules made there under and he is independent of the Management. A copy of the draft letter for the appointment of Mr. Shital Kumar Jain as an Independent Director setting out the terms and conditions is available for inspection without any fee by the members at the Company’s registered office during normal business hours on working days up to the date of the Annual General Meeting.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail the services of Mr. Shital Kumar Jain as an Independent Director.

No director, key managerial personnel or their relatives, except Mr. Shital Kumar Jain, to whom the resolution relates, is interested or concerned in the resolution.

The Board recommends the resolution set forth in Item no. 6 for the approval of the members.

ITEM NO. 7

Mr. Rajasekhar Ramaraj (holding DIN 00090279) is a Non-Executive (Independent) Director of the Company. He joined the Board of Directors on May 1, 2009. Mr. Rajasekhar Ramaraj retires by rotation at the ensuing Annual General Meeting under the provisions of the erstwhile Companies Act, 1956. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. Rajasekhar Ramaraj, being eligible and seeking re-appointment, is proposed to be appointed as an Independent Director for a term of five years.

The Company has received from Mr. Rajasekhar Ramaraj (holding DIN 00090279) - (i) consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014, (ii) intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub section (2) of Section 164 of the Companies Act, 2013, and (iii) a declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

The resolution seeks the approval of members for the appointment of Mr. Rajasekhar Ramaraj as an Independent Director of the Company up to March 31, 2019 pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder.

He is not liable to retire by rotation. In the opinion of the Board of Directors, Mr. Rajasekhar Ramaraj (holding DIN 00090279) the Independent Director proposed to be appointed fulfills the conditions specified in the Act and the Rules made there under and he is independent of the Management. A copy of the draft letter for the appointment of Mr. Rajasekhar Ramaraj as an Independent Director setting out the terms and conditions is available for inspection without any fee by the members at the Company’s registered office during normal business hours on working days up to the date of the Annual General Meeting.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail the services of Mr. Rajasekhar Ramaraj as an Independent Director.

No director, key managerial personnel or their relatives, except Mr. Rajasekhar Ramaraj, to whom the resolution relates, is interested or concerned in the resolution.

The Board recommends the resolution set forth in Item no. 7 for the approval of the members.

ITEM NO. 8

Mr. Richard Nicholas Launder (holding DIN 03375772) is a Non-Executive (Independent) Director of the Company. He joined the Board of Directors on July 28, 2009. Mr. Richard Nicholas Launder retires by rotation at the ensuing Annual General Meeting under the provisions of the erstwhile Companies Act, 1956. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. Richard Nicholas Launder, being eligible and seeking re-appointment, is proposed to be appointed as an Independent Director for a term of five years.

The Company has received from Mr. Richard Nicholas Launder (holding DIN 03375772) - (i) consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014, (ii) intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub section (2) of Section 164 of the Companies Act, 2013, and (iii) a declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

The resolution seeks the approval of members for the appointment of Mr. Richard Nicholas Launder as an Independent Director of the Company up to March 31, 2019 pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder.

He is not liable to retire by rotation. In the opinion of the Board of Directors, Mr. Richard Nicholas Launder (holding DIN 03375772) the Independent Director proposed to be appointed fulfills the conditions specified in the Act and the Rules made there under and he is independent of the Management. A copy of the draft letter for the appointment of Mr. Richard Nicholas Launder, as an Independent Director setting out the terms and conditions is available for inspection without any fee by the members at the Company’s registered office during normal business hours on working days up to the date of the Annual General Meeting.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue

to avail the services of Mr. Richard Nicholas Launder as an Independent Director.

No director, key managerial personnel or their relatives, except Mr. Richard Nicholas Launder, to whom the resolution relates, is interested or concerned in the resolution.

The Board recommends the resolution set forth in Item no. 8 for the approval of the members.

ITEM NO. 9

Under the Act, Non-executive Directors have been entrusted with new responsibilities to make their role more objective and purposeful. Keeping in view the enhanced role, responsibilities and duties of directors, it is considered appropriate that the remuneration payable to the Directors by the Company should be commensurate with their increased role, responsibilities and duties. Section 197 of the Act provides for payment of remuneration to the non-executive directors not exceeding in aggregate 1% of the net profits of the Company.

The Board of Directors of the Company has, subject to the approval of members of the Company, proposed to remunerate the Directors as under:

The non-executive directors (i.e. directors other than the Managing Director and the Whole-time Directors) may be paid remuneration not exceeding in aggregate one percent of the net profits of the Company for each financial year, as computed in the manner laid down in Section 198 of the Companies Act, 2013 and the said remuneration to non-executive directors shall be in addition to the sitting fee payable to them for attending meetings of the Board and Committees thereof.

Save and except all the non-executive directors of the Company and their relatives, to the extent of their shareholding interest, if any, in the Company, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 9 of the Notice.

The Board recommends the Special Resolutions set out at Item No.9 of the Notice for approval by the shareholders

By Order of the Board

Registered Office:
234/3A, A.J.C. Bose Road
Kolkata – 700 020
April 16, 2014

Vijendra Surana
CFO & Company Secretary

Directors' Report

Dear members

Your Directors are pleased to present the twenty-fifth Annual Report and the audited Statement of Accounts, highlighting the business operations and financial results for the year ended 31st March 2014.

Financial Highlights

| R. S. Software (India) Ltd. | (₹ In Lacs) | | | |
|-----------------------------|-------------|----------|--------------|----------|
| | Standalone | | Consolidated | |
| | 2013-14 | 2012-13 | 2013-14 | 2012-13 |
| Gross Revenue | 35899.37 | 29766.70 | 38920.31 | 32262.97 |
| Operating Profit (PBDIT) | 8094.29 | 5130.60 | 8382.02 | 5404.44 |
| Interest | 85.96 | 91.91 | 87.85 | 94.22 |
| Depreciation | 547.67 | 346.57 | 547.67 | 346.57 |
| Profit before Tax | 7460.66 | 4692.12 | 7746.50 | 4963.64 |
| Provision for Tax | 2342.71 | 1147.66 | 2388.13 | 1170.90 |
| Profit after Tax | 5117.95 | 3544.46 | 5358.37 | 3792.74 |

Review & Analysis of the Financial Performance Revenue analysis

Revenue analysis

The net revenues grew 21% from ₹32263 Lacs in 2012-13 to ₹38920 Lacs in 2013-14. This growth can be attributed to Improvement in resource utilization and better financial management

Expenditure analysis

The company continues to work in its strategic cost management initiatives and has achieved a significant improvement of 4% in its operating margin.

Margins analysis

The Company's EBITA margin strengthened to 20 % in 2013-

14 from 16% in 2012-13 owing to:

- Periodic analysis undertaken which eventually led to superior cost Management
- Better receivables management
- Improved processes leading to better resource
- Optimal Infrastructure Utilization

The net profit margin was 13.77% in 2013-14 compared to 11.76% in 2012-13 despite higher expenditure on Taxes.

Capital employed

The total capital employed increased from ₹12319 Lacs to ₹17583 Lacs in 2013-14 largely due to an increase in reserves and surplus ,and increase in equity capital.

Liquidity

The Company continued to be debt-free during the year under review.

Investments

The audit committee of the board monitors closely the balance between risk management and returns available on investments made. Investment as on 31st March 2014 stood at ₹8218 Lacs out of which ₹3400 Lacs were non-current investments and ₹2017 Lacs as current investments and ₹2801 Lacs as Fixed Deposit. The Company generated a return of 8% from these investments during the year.

Trade receivables

Sundry debtors increased from ₹3798 Lacs in 31 March 2013 to ₹4659 Lacs in 31 March 2014. This is attributable to growth in Revenue.

Loans and advances

Loans and advances increased from ₹3440.39 Lacs as on 31 March 2013 to ₹3894.46 Lacs as on 31 March, 2014. This increase is due to increase in Advance Tax and Service Tax.

Trade payables

Sundry creditors increased to ₹1182.64 Lacs in 31 March 2014 from ₹794.42 Lacs in 31 March 2013, this is consistent with our working capital policy and financial structure..

Free Cash Flows

Total free cash flow available with company as on 31st March 2014 is ₹9530 Lacs as against ₹5713 Lacs as on 31st March 2013, a growth of 67%. This has enabled the ability of the company to look at oppurtunities of investing in expansion and growth of the company both organically and inorganically. The company has also rewarded its shareholders with higher dividend payout of 60%.

Working Capital

The working capital of the company (excluding current Investments) has increased from ₹5542 Lacs as on 31st March 2013 to ₹7382 Lacs in 2014 signifying improvement in liquidity of the company and its ability to meet business growth in near future.

Book Value

The book Value of the company has increased significantly from ₹101 in 2013 to ₹137 in 2014, a growth of 36% signifying consolidation of financial strength of the company over the years.

Increase in share capital

Share capital comprises of 12,804,834 equity shares with a face value of ₹10 each. The Company's share capital increased from ₹1,210.95 Lacs in 2012-13 to ₹1,280.48 Lacs in 2013-14 consequent to allotment of 100297 equity shares under ESOP & ESOP pursuant to Bonus and 595,000 equity shares on conversion of convertible warrants allotted to the promoter on preferential basis at ₹51.86 each convertible into one equity share each, being the last tranche of allotment of shares out of the total 15,50,000 convertible warrants allotted to the promoter.

Fixed assets

Net tangible assets increased by 39% to ₹1631.18 Lacs as on March 31, 2014 from ₹1172.10 Lacs as on March 31, 2013.

Management discussion

R.S. Software (India) Limited is a global leader in providing technology solutions to Global electronic payments industry from India, and the company continues to set higher standards of performance. Its growth has been higher than the industry growth rate over past few years in succession now. Elaborate commentary has been provided elsewhere in the document that covers each area of the business.

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

The fusion of regulation, competition, industrialization and technology has created dynamic payment flows, evolved payment technologies and facilitated true Globalisation with the global electronic payments industry is experiencing unprecedented growth fuelled by continuing shift from paper to electronic forms of payment. This is an continual cycle, which will keep growing with the growth of the world economy. The opportunities are endless.

Payments companies can spend as much as 10% of their total revenue on technology and infrastructure leading to a sizeable opportunity and RS Software is attractively positioned to capitalise on this global phenomenon. Even though 85% of all transactions are still done in cash, there is a growing convergence of online and mobile channels of payments which is forcing payment companies to re-platform their systems to meet consumer expectations. This leaves a

gamut of opportunities for RS Software, given its decades of experience in the payments industry and a domain knowledge very few can match.

Mobile phones are emerging as a means of extending financial services in lieu of an underdeveloped banking system with transactions involving SMS-based payments, direct mobile billing using PIN and onetime password (OTP) authentication and mobile web payments. The global volume of money spent using mobile phones was around \$106 billion in 2011, rising to \$171 billion in 2012, and is expected to grow to about \$617 billion by 2016.

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

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

A. Long term aspiration

We aspire to be the infrastructure builder of the core payment systems, like Cisco has become the infrastructure builder for the Internet space. Our vision is to be a global leader in providing technology solutions to the electronic payments industry.

Our extended vision is to be:

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

B. Medium-term strategy

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

C. Short-term strategy

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

The Growth drivers for RS Software continue to be

- Investments in sales engine
- Optimization of the vertically integrated model
- Continued investment in our process architecture
- Implementation of ERP
- Cultural Transformation
- Cost Optimisation

Awards and Recognitions

1. RS Software features second year in a row on Forbes ‘Asia’s 200 Best under a Billion’ list 2013.

RS Software was a proud recipient for a second consecutive year at the Forbes Asia Best under a Billion 2013 Award Ceremony and Dinner held at the Shangri-la Hotel Singapore on October 29, 2013.

2. RS Software wins award at The Economic Times Bengal Corporate Awards 2014,

RS Software wins the award for Best Financial Performance at The Economic Times Bengal Corporate Awards 2014, a platform where companies with corporate offices in West Bengal who have been actively involved in corporate excellence and sustainability are recognized and rewarded.

3. Outlook featured RS as one of the fastest growing companies in India.

Outlook Business magazine (May 25, 2013 issue) ranks RS Software at #17 out of the 30 fastest growing companies in India. As per the coverage, with the share of electronic payments in India rising and thanks to a burgeoning e-commerce market, the payments processing business offers ample growth opportunities for RS Software. RS is the only company from the east to have moved into the spotlight of high performing organizations across all sectors in India.

Dividend

Your Board has believed in consistently rewarding its shareholders and at their Meeting held on April 16, 2014 have considered and recommended a final dividend to Equity Shareholders @ 25 % subject to the Shareholders’ approval

at this Annual General Meeting in addition to the interim dividends declared and paid. The Board had approved and paid Interim Dividends @25% at the Meeting held on October 18, 2013 and 10% at the Meeting held on January 16, 2014 to the Equity Shareholders of the Company. Thus the total dividend for the year stands at 60 %.

Performance of Subsidiaries

The US subsidiary Responsive Solutions Inc. and Singapore Company have been focusing on their Businesses in North America and Asia Pacific regions respectively. The performance of these companies have complemented and strengthened the growth strategy of the Company. Responsive Solutions Inc. is now a profitable subsidiary.

Allotment of Equity Shares on conversion of Warrants on Preferential Basis

Your Directors are pleased to update you that 1550000 Convertible Warrants on preferential basis to the Promoter and the Chairman & Managing Director of the Company at ₹51.86 per warrant to be converted into equity shares at ₹10/- each at the ratio of 1:1, during the year 2013-14, 595000 convertible warrants were converted into equity shares upon receipt of the amount due for the last tranche conversion of 595000 convertible warrants. The 1550000 convertible warrants were allotted to the Promoter pursuant to SEBI (ICDR) Regulations and Shareholders’ approval accorded through Postal Ballot on 4th March 2012.

Fixed Deposits

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

Directors

1) Mr. Rajnit Rai Jain (DIN 00122942) retires by rotation and being eligible, seeks re-appointment. Your Directors recommend appointment of Mr. Jain, for a further tenure, as this would be entirely in the larger business interest of your Company.

A brief profile of Mr. Rajnit Rai Jain is given below:

As Chairman and Managing Director of RS Software, Raj Jain is responsible for providing the leadership required to realize our vision of being the global leader in providing technology solutions for the electronic payments industry. In 1987, Mr. Jain left his job as a software systems analyst in Los Angeles, California and returned to India where he founded R. S. Software (India) Limited with the goal of providing quality software services to international markets. At the time,

the prospects for the software market in India were less than idea but Mr. Jain’s entrepreneurial talents and leadership traits established him as a pioneer in a field that would soon blossom into a multi-billion dollar industry.

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

2. Mr. Shital Kumar Jain (holding DIN 00047474) is a Non-Executive (Independent) Director of the Company. He joined the Board of Directors on February 19, 2001. Mr. Shital Kumar Jain retires by rotation at the ensuing Annual General Meeting under the provisions of the erstwhile Companies Act, 1956. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. Shital Kumar Jain, being eligible and seeking re-appointment, is proposed to be appointed as an Independent Director for a term of five years.

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

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

3. Mr. Rajasekhar Ramaraj (holding DIN 00090279) is a Non-Executive (Independent) Director of the Company. He joined the Board of Directors on May 1, 2009. Mr. Rajasekhar Ramaraj retires by rotation at the ensuing Annual General Meeting under the provisions of the erstwhile Companies Act, 1956. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. Rajasekhar Ramaraj, being eligible and seeking re-appointment, is proposed to be appointed as an Independent Director for a term of five years.

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

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

4. Mr. Richard Nicholas Launder (holding DIN 03375772) is a Non-Executive (Independent) Director of the Company. He joined the Board of Directors on July 28, 2009. Mr. Richard Nicholas Launder retires by rotation at the ensuing Annual General Meeting under the provisions of the erstwhile Companies Act, 1956. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. Richard Nicholas Launder, being eligible and seeking re-appointment, is proposed to be appointed as an Independent Director for a term of five years.

A brief profile of Mr. Richard Nicholas Launder is given below:

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

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, 2014. The Auditor’s Report read together with the notes to accounts thereupon are self-explanatory.

Directors’ Responsibility Statement

Pursuant to the requirement under section 134(5) of the Companies Act, 2013 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, 2014, 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, 2014 on a “going concern” basis.

Corporate Social Responsibility

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

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

The Company has constituted a CSR Committee. The Role of CSR Committee as per Section 135 (3) and Rule 5 & 6 of the Companies Act, 2013 as under:

- Formulate and recommend to the Board a ‘CSR Policy’ which indicates the activities to be undertaken as specified in Schedule VII.
- Recommend the amount of expenditure to be incurred.
- Monitor the CSR policy.
- Institute a transparent monitoring mechanism.

Your Company has been a forerunner in instituting and allocating fund for CSR which currently has a balance of ₹85 Lacs including the appropriation of ₹70 Lacs during current fiscal. CSR is to support activities of NGOs engaged in improving the living conditions of the underprivileged segment of the society by appropriating its reserves. RS also works alongside other key NGOs, organizing the donation of old clothes, medicine, old PCs, money, and other essentials for the less fortunate. RSites have always donated generously to the Prime Minister’s national fund on account of earthquakes and other natural disasters. At RS, we never lose sight of who we are and the communities in which we operate and will continue to help organizations such as Veerayatan build a better world.

Statutory Auditors

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

Your company believes in employees’ participation in management and considers ESOP Scheme as an empowerment tool. During the financial year 2013-14 the employees had exercised 91925 ESOP options and according to the Company’s ESOP Scheme equity shares in the ratio of 1:1 were allotted to the eligible employees. The Company had also allotted 8372 equity shares to the eligible employees by way of ESOP pursuant to Bonus. The details of ESOP allotments are given in Annexure ‘B’ to Directors’ Report.

A new Employees Stock Option Scheme effective from 1st April 2013 for a period of 3 years approved by the Shareholders at the AGM held on July 18, 2013, now is in place.

Corporate Governance and Disclosures

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

Particulars of Employees

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

Acknowledgements

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

Thanking you,

For and on behalf of the Board of Directors

Kolkata
April 16, 2014

Rajnit Rai Jain
Chairman

Annexure “A” to Directors’ Report

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

A. Details of Conservation of Energy:

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

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

B. Technology Absorption : The details are given below:

(a) Research & Development

| | | |
|----|--|--|
| 1. | Specific area in which R & D work has been done by the Company | Business Intelligence, Mobile Payments, Hadoop, Testing Automation, Cloud Computing, Loyalty in Payments and Merchant Management in the Payments laboratory where all the areas are being integrated. RS School of Payments has revamped itself courses and undertaken certification initiative to nurture knowledge and competence for niche service delivery. During the year the payment laboratory has been shown to the company’s current customers and feedback received has been incorporated |
| 2. | Benefits expected from the R & D | The competence built is helping the company gain mileage to acquire new customers and assure value added services to all customers. Going ahead the company plans to actively acquire new customers using the knowledge and competency acquired. |
| 3. | Future plan of action | BI & Data Monetization, Mobile POS, MDM, Architecture and Frameworks, Gigaspaces, Large data analytics, Loyalty |

(b) Technology Absorption , Adaptation and Innovation

| | | |
|----|---|---|
| 1. | Efforts made towards technology absorption, adaptation and innovation | Research on Acquiring Solution, Merchant Boarding and Reporting, Loyalty, Cloud Computing, POS, Mobile payments, Payment Gateway, Payment laboratory, School of Payments |
| 2. | Benefits derived as a result of the above efforts | The efforts are translating to business growth with existing customers as well as new customer accounts. Going ahead the company plans to actively acquire new customers using the knowledge and competency acquired. |

C. Earnings and Expenditures in Foreign Currency

| | | |
|----|--|-----------|
| 1. | Initiatives like increasing exports, development of new export markets etc. to earnings in foreign currency. | |
| 2. | Earning in Foreign Currency (INR in Lacs) | 38,133.95 |
| 3. | Expenditure in Foreign Currency (INR in Lacs) | 23,099.04 |

Annexure “B” to Directors’ Report

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

ESOP Options granted: 298500 options granted on July 28, 2009.

| | | |
|----|--|---|
| a. | The pricing | ₹27.95 per option. |
| b. | Options vested | For employees 25% of the total options granted would be vested on completion of one year and for Directors 100% of the total options granted would be vested on completion of one year from the date of grant of the options. For employees there was a staggered vesting period for 5 years from the date of grant of the options. |
| c. | Options exercised in the Financial Year 2013-14 | 29900 options |
| d. | Allotment of Bonus Shares arising out of ESOP | 8372 equity shares |
| e. | The total number of shares arising as a result of exercise of option | 29900 equity shares |
| f. | Variation of terms of options | N.A. |
| g. | Money realized by exercise of options | ₹835705.00 |
| h. | Equity Shares allotted under ESOP | 38272 equity shares |

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

ESOP Options granted: 105100 options granted on November 12, 2010.

| | | |
|----|--|--|
| a. | The pricing | ₹49.55 per option |
| b. | Options vested | For employees 25% of the total options granted would be vested on completion of one year and for Directors 100% of the total options granted would be vested on completion of one year from the date of grant of the options. For employees there was a staggered vesting period for 4 years from the date of grant of the options |
| c. | Options exercised in the Financial Year 2013-14 | 9525 options |
| 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 | 9525 equity shares |
| f. | Variation of terms of options | N.A. |
| g. | Money realized by exercise of options | ₹471963.75 |
| h. | Equity Shares allotted under ESOP | 9525 equity shares |

ESOP Options granted: 75000 options granted on July 12, 2012.

| | | |
|----|--|--|
| a. | The pricing | ₹84.75 per option |
| b. | Options vested | For employees 25% of the total options granted would be vested on completion of one year and for Directors 100% of the total options granted would be vested on completion of one year from the date of grant of the options. For employees there was a staggered vesting period for 4 years from the date of grant of the options |
| c. | Options exercised in the Financial Year 2013-14 by the Directors | 45000 options |
| d. | Options exercised in the Financial Year 2013-14 by the Employees | 7500 options |
| e. | Allotment of Bonus Shares arising out of ESOP | N.A. |
| f. | The total number of shares arising as a result of exercise of option | 52500 equity shares |
| g. | Variation of terms of options | N.A. |
| h. | Money realized by exercise of options | ₹44,49,375.00 |
| i. | Equity Shares allotted under ESOP | 52500 equity shares |

ESOP Options granted: 10000 options granted on January 8, 2013.

| | | |
|----|--|--|
| a. | The pricing | ₹191.70 per option. |
| b. | Options vested | For employees 25% of the total options granted would be vested on completion of one year and for Directors 100% of the total options granted would be vested on completion of one year from the date of grant of the options. For employees there was a staggered vesting period for 4 years from the date of grant of the options |
| c. | Options exercised in the Financial Year 2013-14 | Nil |
| d. | Allotment of Bonus Shares arising out of ESOP | N.A. |
| e. | The total number of shares arising as a result of exercise of option | Nil |
| f. | Variation of terms of options | N.A. |
| g. | Money realized by exercise of options | Nil |
| h. | Equity Shares allotted under ESOP | Nil |
| i. | Options lapsed due to resignation of the concerned employee | 10000 options |

Annexure “C” to Directors’ Report

Corporate Governance and Disclosures

The Company recognizes that good Corporate Governance is a continuous exercise and always acts as a good corporate citizen which is inherent in the culture of the Organization. The Company believes in good and ethical Corporate Governance practices and follows the same by adopting fairness, transparency and accountability in all its operations as an on-going exercise. The Company believes that these aspects by and large set out for adequate, appropriate and timely corporate disclosures on relevant matters consistent with ethical business conduct by the Corporate Management so as to turn out performance which is fair, true and transparent and takes as much care of the interests of the Corporate

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

A. The Board of Directors

The Board of Directors of the Company consists of five Directors among them two Promoter Directors of which one is an Executive Director who is the Chairman & Managing Director, one Non-Executive Director and three Non-Executive Independent Directors. During the fiscal 2013-2014 the Board met on 4 occasions as per the statutory requirements.

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

| Name of the Directors | Attendance Particulars | | | Number of other Directorship, Committee Membership and Chairmanship | | |
|-----------------------|------------------------|----------|----------|---|----------------------|------------------------|
| | Board Meetings | Category | Last AGM | Other Directorship | Committee Membership | Committee Chairmanship |
| Mr. R R Jain | 4 | *CMD | Yes | - | - | - |
| Mr. S. K. Jain | 4 | ***NEID | No | 2 | 2 | 1 |
| Mrs. S. Jain | 1 | **NED | Yes | - | - | - |
| Mr. R. Ramaraj | 4 | ***NEID | Yes | 9 | 4 | 2 |
| Mr. R. Launder | 3 | ***NEID | Yes | - | - | - |

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

| | |
|--|-------------------|
| | April 12, 2013 |
| | July 17, 2013 |
| | October 18 , 2013 |
| | January 16, 2014 |

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:

- 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
- 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.

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

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.

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.

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.

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

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

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

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

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

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

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.

The Company has adopted additional Code of Conduct for the Independent Directors of the Board, which is as follows:

- (1) Uphold ethical standards of integrity and probity;
- (2) Act objectively and constructively while exercising duties;
- (3) Exercise their responsibilities in a bona fide manner in the interest of the company;
- (4) Devote sufficient time and attention to professional obligations for informed and balanced decision making;
- (5) Not allow any extraneous considerations that would vitiate their interests of the company as a whole, while concurring in or dissenting from the collective judgments of the Board in its decision making;

(6) Not abuse their position to the detriment of the company or its shareholders or for the purpose of gaining direct or indirect personal advantage for any associated person;

(7) Refrain from any action that would lead to loss of their independence;

(8) Where circumstances arise which make an independent director lose the independence, the independent director must immediately inform the Board accordingly;

(9) Assist the company in implementing the best corporate governance practices.

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:

| | | |
|----------------|----------|---|
| | | |
| Mr. S.K. Jain | Chairman | 4 |
| Mr. R. R. Jain | ED | 4 |
| Mr. R. Ramaraj | NEID | 4 |

The Audit Committee functions as a bridge between the administration of the Company and its Board in all financial and accounting matters including budget. The terms of reference for Audit Committee include:

- (i) The recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- (ii) Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- (iii) Examination of the financial statement and the auditors' report thereon;
- (iv) Approval or any subsequent modification of transactions of the company with related parties;
- (v) Scrutiny of inter-corporate loans and investments;
- (vi) Valuation of undertakings or assets of the company, wherever it is necessary;
- (vii) Evaluation of internal financial controls;

(viii) Monitoring the end use of funds raised through public offers and related matters.

| | |
|--|-------------------|
| | April 12, 2013 |
| | July 17, 2013 |
| | October 18 , 2013 |
| | January 16, 2014 |

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

Shareholders' Servicing & Grievances Committee has been renamed as Stakeholders Relationship Committee which 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. This Committee additionally monitors the relationship with Stakeholders including Shareholders, Employees, Customers, Vendors, Government and Society. 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 financial year 2013 -14 the Company has not received any complaints from Shareholders/Investors of the Company and no complaint is pending to be resolved as on date. The constitution of the Committee, number of meetings held and attendance of the members are given below.

| | | |
|----------------|----------|---|
| | | |
| Mr. R. R. Jain | Chairman | 4 |
| Mr. S. K. Jain | NEID | 4 |

| | |
|--|-------------------|
| | April 12, 2013 |
| | July 17, 2013 |
| | October 17 , 2013 |
| | January 15, 2014 |

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.

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

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

| | | |
|----------------|----------|-------------------|
| | | |
| Mr. S. K. Jain | Chairman | 3 |
| Mr. R. R. Jain | ED | 4 |
| Mr. R. Ramaraj | NEID | 4 |
| Mr. R. Launder | NEID | 3 |
| | | April 12, 2013 |
| | | July 18, 2013 |
| | | October 17 , 2013 |
| | | January 16, 2014 |

Remuneration paid to the Directors

| Name of the Director | Basic Salary | House Rent Allowance | Retiral Benefit | Other Allowances | Sitting Fees | Total Amount Paid (₹) |
|----------------------|--------------|----------------------|-----------------|------------------|--------------|-----------------------|
| Mr. R. R. Jain | 3600000.00 | 1800000.00 | 432000.00 | - | - | 5832000.00 |
| Mr. R. Ramaraj | - | - | - | - | 320000.00 | 320000.00 |
| Mr. S. K. Jain | - | - | - | - | 380000.00 | 380000.00 |
| Mrs. Sarita Jain | - | - | - | - | 20000.00 | 20000.00 |
| Mr. R. Launder | - | - | - | - | 180000.00 | 180000.00 |



E. Executive committee:

Composition:

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

Terms of reference:

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

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 13, 2013 |
| | | July 17, 2013 |
| | | October 17 , 2013 |
| | | January 15, 2014 |

F. General Body Meetings

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

| Year | Day, Date & time | Venue | Special resolution passed |
|---------|---------------------------------------|---|--|
| 2010-11 | Wednesday, 20th July 2011 at 11 AM | Aikatan Cultural Centre, Eastern Zonal Cultural Centre. IA- 190, Sector III, Salt Lake City, Kolkata 700 097 | NIL |
| 2011-12 | Friday, 13th July, 2012 at 11 AM | Rabindra-Okakura Bhawan, Paschimbanga Bangla Academy, 27A/1 DD Block, Salt Lake City, (Near to City Centre I, Salt Lake), Kolkata – 700 064 | NIL |
| 2012-13 | Thursday, 18th July, 2013 at 11:30 AM | Rabindra-Okakura Bhawan, Paschimbanga Bangla Academy, 27A/1 DD Block, Salt Lake City, (Near to City Centre I, Salt Lake), Kolkata – 700 064 | Issue of shares under Employee Stock Option Scheme |

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

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

III) Special resolution passed in year 2011-12 through postal ballot

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

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

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

Details of voting pattern

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

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

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

G. Subsidiary Companies

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

H. Disclosures

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

I. Means of Communications

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



Auditor’s Certificate

To the Members of
R S Software India Limited
Kolkata

We have examined the compliance of conditions of Corporate Governance by R S Software (India) Limited for the year ended 31st March, 2014 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: 16th April, 2014

CEO & CFO's Certification

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

Dear Sirs,

- (a) We have reviewed the financial statements and the cash flow statement of the Company for the financial year ended 31st March 2014 and that to the best of our knowledge and belief:
- (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
 - (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the Auditors and the Audit Committee :
- (i) Significant changes in internal control over financial reporting during the year ;
 - (ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) There are no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or any employee having a significant role in the Company's internal control system over financial reporting.

Place: Kolkata
Date: April 16, 2014

Sd/-
Rajnit Rai Jain
Chairman & Managing Director

Sd/-
Vijendra Kumar Surana
Chief Financial Officer & Company Secretary



General Information for Shareholders and Investors

| | |
|---|--|
| Corporate HQ & Registered Office | "FMC FORTUNA", 1st Floor, A-2, 234/3A, AJC Bose Road, Kolkata - 700 020 Phone # 033 - 22876254/6255 / 2281 0106-09 Fax # 033- 22876256 Website: www.rssoftware.com |
| Date and Venue of Annual General Meeting | 11:30 AM on July 18, 2014 RABINDRA TIRTHA, 33-1111, Major Arterial Road, 3rd Rotary, New Town, Kolkata-700156 |
| Tentative Calendar of Events for the Financial Year 2013 – 14 (April – March) | First Quarter - July 2014 Second Quarter - October 2014 Third Quarter - January 2015 Financial Year - April 2015 |
| Shareholders Services, Enquiries, Complaints | Mr. Vijendra Kumar Surana vijendras@rssoftware.co.in OR Mr. Anindya Sen anindyasen@rssoftware.co.in |
| Registrars & Share Transfer Agent | C.B. Management Services (P) Ltd. P- 22, Bondel Road, Kolkata – 700 019 Phone # 033-22806692 - 94 / 2486 / 2937 Fax # 033-22870263 |
| Book Closure for AGM | 9th July, 2014 to 18th July, 2014 (both days inclusive) |
| Listing on Stock Exchanges of | Bombay Stock Exchange Ltd. 1st Floor, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001 |
| | National Stock Exchange of India Ltd., Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra – Kurla Complex, Bandra (E), Mumbai 400 051. |
| Trading of Equity Shares | Equity Shares are traded through : a. National Securities Depository Ltd. (NSDL) and b. Central Depository Services Ltd. (CDSL) Company's ISIN: INE165B01011 |
| Auditors: | Chaturvedi & Company Chartered Accountants, 60, Bentinck Street, Kolkata. |
| Bankers: | Axis Bank Ltd ICICI Bank Ltd Yes Bank Ltd HDFC Bank Ltd |
| Attorneys & Solicitors: | Sandersons & Morgans Royal Insurance Buildings, 5, Netaji Subhas Road, Kolkata |

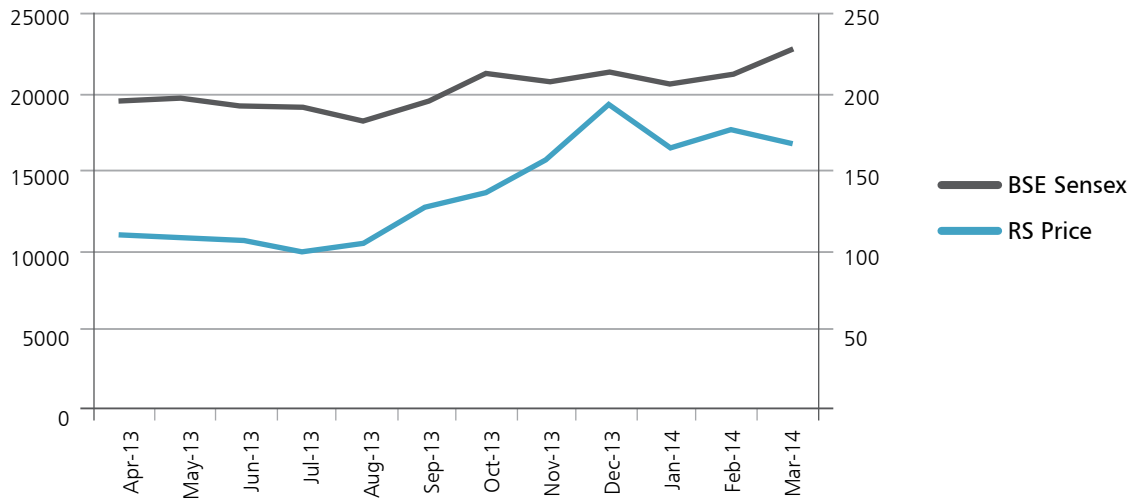
Monthly High, Low & Closing Share Price at BSE

| Month | High | Low | Close |
|--------|--------|--------|--------|
| | Price | Price | Price |
| Apr-13 | 156.90 | 115.00 | 122.50 |
| May-13 | 135.50 | 115.60 | 118.60 |
| Jun-13 | 124.00 | 102.05 | 118.05 |
| Jul-13 | 147.50 | 110.10 | 113.35 |
| Aug-13 | 131.90 | 112.05 | 115.65 |
| Sep-13 | 140.15 | 114.60 | 137.10 |
| Oct-13 | 159.00 | 136.55 | 145.35 |
| Nov-13 | 165.90 | 140.00 | 164.50 |
| Dec-13 | 203.80 | 160.00 | 194.45 |
| Jan-14 | 203.00 | 167.20 | 170.70 |
| Feb-14 | 193.10 | 166.00 | 179.80 |
| Mar-14 | 226.00 | 169.00 | 173.50 |

Monthly High, Low & Closing Share Price at NSE

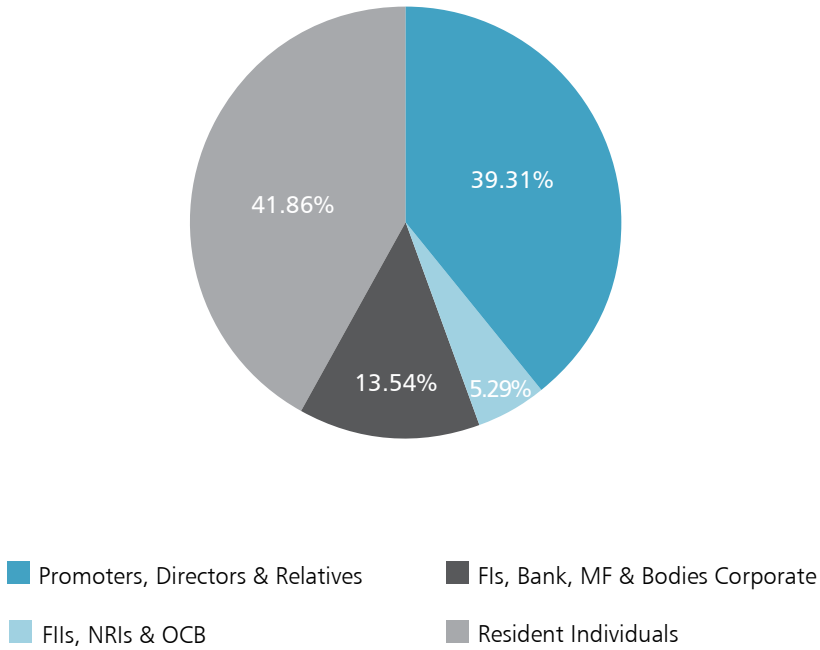
| Month | High | Low | Close |
|--------|--------|--------|--------|
| | Price | Price | Price |
| Apr-13 | 157.00 | 114.05 | 122.85 |
| May-13 | 135.00 | 116.00 | 118.90 |
| Jun-13 | 123.75 | 102.00 | 118.95 |
| Jul-13 | 147.65 | 110.00 | 113.65 |
| Aug-13 | 132.60 | 112.25 | 115.70 |
| Sep-13 | 140.00 | 115.10 | 137.65 |
| Oct-13 | 158.80 | 135.55 | 145.20 |
| Nov-13 | 166.00 | 142.15 | 164.35 |
| Dec-13 | 204.95 | 160.55 | 194.80 |
| Jan-14 | 202.60 | 160.65 | 171.20 |
| Feb-14 | 194.95 | 165.00 | 180.15 |
| Mar-14 | 225.90 | 169.15 | 172.80 |

RS Share Price with BSE Sensex



Pattern of Shareholding as on March 31, 2014

| Category | % of Shareholding |
|----------------------------------|-------------------|
| Promoters, Directors & Relatives | 39.31 |
| FIs, NRIs & OCB | 5.29 |
| FIs, Bank, MF & Bodies Corporate | 13.54 |
| Resident Individuals | 41.86 |
| Total | 100.00 |



DISTRIBUTION OF EQUITY SHAREHOLDING AS ON 31.03.2014

| Range | No. of Shareholders | % to Total Shareholders | Issued Share Capital | % to Total Share Capital |
|---------------|---------------------|-------------------------|----------------------|--------------------------|
| 1-500 | 11312 | 86.52 | 15270140.00 | 11.93 |
| 501-1000 | 903 | 6.91 | 6538250.00 | 5.11 |
| 1001-2000 | 431 | 3.30 | 6171980.00 | 4.82 |
| 2001-3000 | 137 | 1.05 | 3487540.00 | 2.72 |
| 3001-4000 | 75 | 0.57 | 2654040.00 | 2.07 |
| 4001-5000 | 51 | 0.39 | 2387430.00 | 1.86 |
| 5001-10000 | 81 | 0.62 | 5777410.00 | 4.51 |
| 10001 & ABOVE | 83 | 0.64 | 85761550.00 | 66.98 |
| TOTAL | 13073 | 100.00 | 128048340.00 | 100.00 |

Independent Auditor’s Report

To
The Members of
RS Software India Limited
Kolkata

Report on the Financial Statements:

- 1. We have audited the accompanying financial statements of RS Software (India) Limited (“the Company”), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management’s Responsibility for the Financial Statements:

- 2. Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 (“the Act”) read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors’ Responsibilities:

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

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

- 5. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
 - b) in the case of the Statement of Profit and Loss, 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.



Emphasis of Matter:

- 6. Without qualifying our opinion, we draw attention to matter regarding Debtors, Creditors and some security deposit which are subject to confirmation.

Report on Other Legal and Regulatory Requirements:

- 7. As required by the Companies (Auditor’s Report) Order, 2003 (“the Order”) issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- 8. As required by section 227(3) of the Act, we report that:
 - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d) in our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the

Companies Act, 1956 (“the Act”) read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013; and

- e) on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

Place : Kolkata
Date : 16th April,2014

Nilima Joshi
Partner
Mem. No. 052122

Annexure to the Independent Auditors Report referred to in paragraph 7 “Under Report on Other Legal and Regulatory Requirements” section of our Report of even date

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

- i. a) The Company has generally maintained proper records of all tangible assets showing full particulars including quantitative details except location thereof.
- b) As explained by the Management, all the assets have been physically verified by the management during the year-end which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- c) As informed to us during the year, the Company has not disposed off any substantial part of the fixed assets so as to affect the going concern status of the Company.
- ii. The Company does not have any inventory and as such matters specified in clauses (ii)(a), (b) & (c) of paragraph 4 of CARO do not apply 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 loans, 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, matters specified in clauses (iii) (b),(c) & (d) of paragraph 4 of CARO do not apply to the company.
- e) The Company has not taken any loan, secured or unsecured from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
- f) In view of (iii)(e) above, the matters specified in 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, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time, other than providing of services of employees of the company at cost to the subsidiary amounting to ₹1,91,27,975/-.
- 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 therefore, the provisions contained in Section 58A & 58AA or any other relevant provisions of the Companies Act, 1956 and Rules framed there under are not applicable to the company. 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. No statutory dues were outstanding, as at 31st March 2014 for a period of more than six months from the date they became payable.

- 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 2014 on account of any dispute.
- x. The Company does not have accumulated losses as at 31st March'2014 and has not incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- xi. Based on our audit procedures and on the information and explanations given by the Management, the Company has no dues to the financial institution or bank and hence the matters specified in clause (xi) of paragraph 4 of Caro do not apply to the Company.
- xii. Based on our examination of documents and records, we are of the opinion that the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Hence the matters specified in clause (xii) of paragraph 4 of CARO do not apply to the Company.
- xiii. The Company is not a chit fund company / nidhi / mutual benefit fund / societies. Hence the matters specified in clause (xiii) of paragraph 4 of CARO do not apply to the Company.
- xiv. In our opinion, the Company is not dealing in, or trading in shares, securities, debentures and other investments. Hence the matters specified in clause (xiv) of paragraph 4 of CARO do not apply to the Company.
- xv. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions. Hence the matters specified in clause (xv) of paragraph 4 of CARO do not apply to the Company.

- xvi. According to the information and explanations given to us, the Company has not raised any term loan during the year. Hence the matters specified in clause (xvi) of paragraph 4 of CARO do not apply to the Company.
- xvii. According to the information and explanations given to us, we report that no funds raised on short term basis have been used for long-term investments.
- xviii. The Company has made preferential allotment of Shares to Parties covered in the register maintained u/s 301 of the Act. The price at which Shares have been issued is not prejudicial to the interest of the Company.
- xix. The Company has not issued any debentures on balance sheet date. Hence the matters specified in clause (xix) of paragraph 4 of CARO do not apply 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. Hence the matters specified in clause (xx) of paragraph 4 of CARO do not apply to the Company.
- xxi. Based on information and explanations given by the Management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

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

Place : Kolkata
Date : 16th April,2014

Nilima Joshi
Partner
Mem. No. 052122

Balance Sheet As at March 31 '2014

| | | (₹ in Lac) | |
|--|-------|-------------------------|-------------------------|
| Particular | Notes | As at March 31, 2014 | As at March 31, 2013 |
| I. EQUITY AND LIABILITIES : | | | |
| 1 SHAREHOLDERS' FUNDS | | | |
| (a) SHARE CAPITAL | 3 | 1,280.48 | 1,210.95 |
| (b) RESERVE & SURPLUS | 4 | 15,300.90 | 10,415.11 |
| (c) APP. MONEY RECD. AGAINST SHARE WARRANT | 3 | - | 77.14 |
| 2 NON-CURRENT LIABILITIES | | | |
| (a) LONG TERM PROVISIONS | 7 | 434.92 | 422.51 |
| 3 CURRENT LIABILITIES | | | |
| (a) SHORT TERM PROVISIONS | 7 | 392.26 | 294.55 |
| (b) TRADE PAYABLES | 8 | 1,182.64 | 743.75 |
| (C) OTHER CURRENT LIABILITIES | 9 | 376.48 | 309.92 |
| TOTAL (1+2+3) | | 18,967.68 | 13,473.93 |
| II. ASSETS | | | |
| 1 NON CURRENT ASSETS | | | |
| (a) FIXED ASSETS | | | |
| (i) TANGIBLE ASSETS | 10 | 1,631.18 | 1,172.10 |
| (ii) INTANGIBLE ASSETS | 11 | 150.13 | 43.87 |
| (iii) INTANGIBLE ASSETS UNDER DEVELOPMENT | 12 | 73.81 | 37.20 |
| (b) NON CURRENT INVESTMENT | 13 | 3,408.14 | 808.03 |
| (c) DEFERRED TAX ASSETS (Net) | 6 | 6.52 | 13.25 |
| (d) LONG TERM LOANS & ADVANCES | 14 | 3,351.46 | 3,029.53 |
| 2 CURRENT ASSETS | | | |
| (a) SHORT TERM LOANS AND ADVANCES | 14 | 481.24 | 331.88 |
| (b) CURRENT INVESTMENT | 15 | 2,017.31 | 2,168.17 |
| (c) TRADE RECEIVABLES | 16 | 4,635.84 | 3,768.76 |
| (d) CASH & CASH EQUIVALENTS | 17 | 3,041.74 | 2,056.72 |
| (e) OTHER CURRENT ASSETS | 18 | 170.31 | 44.42 |
| TOTAL (1+2) | | 18,967.68 | 13,473.93 |

Singnificant Accounting Policies and Notes on Accounts 1 to 41
The Notes referred to above form an integral part of the Balance Sheet.
This is the Balance Sheet referred to in our report of even date.

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

Nilima Joshi
Partner, M. No. 52122
Dated : April 16th, 2014
Place : Kolkata

V. Surana
CFO & Company
Secretary

S. K. Jain
Director

R.R. Jain
Chairman
& Managing Director

On Behalf of the Board



Statement of Profit and Loss Account For the year ended March 31 '2014

| | | (₹ in Lac) | |
|---|---------|------------------------------|------------------------------|
| | Notes | Year ended March 31, 2014 | Year ended March 31, 2013 |
| I REVENUE FROM OPERATION | 21 | 35,188.20 | 29,322.29 |
| II OTHER INCOME | 22 | 711.17 | 444.41 |
| III TOTAL REVENUE | | 35,899.37 | 29,766.70 |
| IV EXPENSES : | | | |
| EMPLOYEE BENEFIT EXPENSES | 23 | 23,813.21 | 20,918.56 |
| FINANCE COST | 24 | 85.96 | 91.91 |
| DEPRECIATION | 10 & 11 | 547.67 | 346.57 |
| OPERATION AND OTHER EXPENSES | 25 | 3,991.87 | 3,717.54 |
| Total | | 28,438.71 | 25,074.58 |
| V PROFIT BEFORE TAX : (III - IV) | | 7,460.66 | 4,692.12 |
| VI TAX EXPENSES | | | |
| PRIOR PERIOD TAX | | 0.47 | - |
| CURRENT TAX | | 2,335.51 | 1,517.19 |
| MAT CREDIT UTILISED | | - | (340.34) |
| DEFERRED TAX | | 6.73 | (29.19) |
| VII PROFIT FOR THE PERIOD : (V - VI) | | 5,117.95 | 3,544.46 |
| VIII EARNING PER EQUITY SHARE : | 34 | | |
| BASIC | | 41.08 | 30.52 |
| DILLUTED | | 40.93 | 29.09 |
| RESTATED EPS FOR PREVIOUS YEAR : | | | |
| BASIC | | | - |
| DILLUTED | | | - |

Singnificant Accounting Policies and Notes on Accounts 1 to 41
The Notes referred to above form an integral part of the Balance Sheet.
This is the Balance Sheet referred to in our report of even date.

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

Nilima Joshi
Partner, M. No. 52122
Dated : April 16th, 2014
Place : Kolkata

V. Surana
CFO & Company
Secretary

S. K. Jain
Director

R.R. Jain
Chairman
& Managing Director

On Behalf of the Board

Cash Flow Statement For the year ended March 31 '2014

| | (₹ in Lac) | |
|---|------------------------------|------------------------------|
| | Year ended March 31, 2014 | Year ended March 31, 2013 |
| A CASH FLOW FROM OPERATING ACTIVITIES: | | |
| NET PROFIT BEFORE TAX | 7,460.66 | 4,692.12 |
| ADJUSTMENT FOR : | | |
| DEPRECIATION | 547.67 | 346.57 |
| INTERESTPAID | 85.96 | 91.91 |
| FOREIGN EXCHANGE FLUCTUATION RESERVE | 412.78 | (21.51) |
| PROVISION FOR GRATUITY, LEAVE ENCASHMENT | 88.90 | 146.21 |
| INTEREST RECEIVED | (247.33) | (92.49) |
| DIVIDEND RECEIVED | (60.35) | (138.18) |
| EMPLOYEES EXPENSES AMORTIZATION | (69.36) | (53.23) |
| OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES | 8,218.95 | 4,971.39 |
| ADJUSTMENT FOR : | | |
| TRADE AND OTHER RECEIVABLES | (867.07) | (1,078.24) |
| LOANS AND ADVANCES AND OTHER ASSETS | (2,933.16) | (2,932.72) |
| TRADE PAYABLES & OTHER LIABILITIES | 505.44 | (454.46) |
| CASH GENERATED FROM OPERATIONS | 4,924.16 | 505.97 |
| CASH FLOW BEFORE EXTRAORDINARY ITEMS | 4,924.16 | 505.97 |
| NET CASH FROM OPERATING ACTIVITIES | 4,924.16 | 505.97 |
| B CASH FLOW FROM INVESTMENT ACTIVITIES : | | |
| PURCHASE OF FIXED ASSETS | (1,149.63) | (392.70) |
| INTEREST RECEIVED | 247.33 | 92.49 |
| DIVIDEND RECEIVED | 60.35 | 138.18 |
| INVESTMENT MADE DURING THE YEAR | (2,449.25) | 353.73 |
| NET CASH FROM INVESTMENT ACTIVITIES | (3,291.20) | 191.70 |
| C CASH FLOW FROM FINANCE ACTIVITIES: | | |
| PROCEEDS FROM SHARE APPLICATION | 289.00 | 234.84 |
| INTEREST PAID | (85.96) | (91.91) |
| DIVIDEND AND DIVIDEND TAX PAID | (800.98) | (477.66) |
| PAYMENT OF CSR FUND | (50.00) | (50.00) |
| NET CASH FROM FINANCING ACTIVITIES | (647.94) | (384.73) |
| NET INCREASE /DECREASE IN CASH AND CASH EQUIVALENTS (A+B+C) | 985.02 | 312.94 |
| OPENING CASH AND CASH EQUIVALENTS | 2,056.72 | 1,743.78 |
| CLOSING CASH AND CASH EQUIVALENTS | 3,041.74 | 2,056.72 |

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

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

For Chaturvedi & Company

Chartered Accountants

(Reg. No : 302137E)

Nilima Joshi

Partner, M. No. 52122

Dated : April 16th, 2014

Place : Kolkata

V. Surana

CFO & Company

Secretary

S. K. Jain

Director

R.R. Jain

Chairman

& Managing Director

On Behalf of the Board



Notes on Accounts For the year ended March 31 '2014

1 CORPORATE INFORMATION

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

2 SIGNIFICANT ACCOUNTING POLICIES

a) Convention

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

b) Basis of Accounting

The Company follows accrual basis of accounting.

c) Revenue Recognition

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

d) Fixed Assets

Tangible Assets

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

Intangible Assets

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

e) Depreciation and Amortisation

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

f) Investments

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

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

g) Foreign Currency Translation

Foreign Currency transactions are recorded at exchange rate prevailing at the closing of the month for respective months. Exchange difference arising on settlement was included in Profit & Loss Account till the accounts ended 30th September '2008. Foreign unit is considered as non-integral and the foreign exchange difference is transferred to "Inter Branch Foreign Fluctuation Reserve Account". Revenue items of the Foreign Branch are converted in equivalent Indian Rupees at the buying rate prevailing at the end of the month. Assets and Liabilities of the Foreign Branch are converted in equivalent Indian rupees

Notes on Accounts (contd.) For the year ended March 31 '2014

at the applicable rate prevailing at the end of the year. The effect of exchange rate fluctuation in respect of fixed assets is adjusted with the cost of the respective assets. Investment in subsidiary Company is being valued at carrying cost adjusted by any non-temporary decline in their value according to the requirements of statute.

h) Spares and Consumables

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

i) Income Tax

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

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

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

j) Contingent liabilities

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

k) Employee Benefits

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

l) Asset taken on Lease

Lease rentals on operating leases are charged on a monthly basis to accounts.

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

m) Impairment of Assets

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

n) Segment Reporting

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

o) Earning Per Share

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

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

Notes on Accounts (contd.) For the year ended March 31 '2014

3 SHARE CAPITAL

| | (₹ in Lac) | |
|---|-----------------|-----------------|
| | March 31, 2014 | March 31, 2013 |
| a The AUTHORISED CAPITAL is : | | |
| 20,000,000 EQUITY SHARE OF ₹10/- EACH | 2,000.00 | 2,000.00 |
| 2,500,000 PREFERENCE SHARE OF ₹100/- EACH | 2,500.00 | 2,500.00 |
| | 4,500.00 | 4,500.00 |
| b ISSUED SUBSCRIBED AND PAID-UP-FULLY CALLED AND PAID UP | | |
| 12,804,834 EQUITY SHARE OF ₹10/- EACH | 1,280.48 | 1,210.95 |
| (Previous Year 1,21,09,537 shares) | | |
| | 1,280.48 | 1,210.95 |

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

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

The company has allotted 2411623 equity shares in FY 10-11 , 10640 equity share in FY 11-12 , 16226 equity share in FY 12-13 and 8372 equity share in FY 13-14 as bonus share.

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

| Equity Share | March 31, 2014 | | March 31, 2013 | |
|--|-------------------|-----------------|-------------------|-----------------|
| | No. of Share | ₹ in Lac | No. of Share | ₹ in Lac |
| Number of shares at the beginning | 12,109,537 | 1,210.95 | 11,467,061 | 1,146.71 |
| Add : Shares issued as Preferential Allotment | 595,000 | 59.50 | 565,000 | 56.50 |
| Add : Shares issued as Bonus | - | - | - | - |
| Add : Shares issued on exercise of Employee Stock option | 91,925 | 9.19 | 61,250 | 6.12 |
| Add : Bonus Shares issued on Employee Stock option | 8,372 | 0.84 | 16,226 | 1.62 |
| | 12,804,834 | 1,280.48 | 12,109,537 | 1,210.95 |

d SHAREHOLDER HOLDING MORE THAN 5% OF THE SHARE as on MARCH 31, 2014

| | March 31, 2014 | March 31, 2013 |
|---------------------|--------------------------------|--------------------------------|
| Mr. Rajnit Rai Jain | 4,737,807 Shares | 4,078,519 Shares |
| | (37.00% of total shareholding) | (33.68% of total shareholding) |

Notes on Accounts *(contd.)* For the year ended March 31 '2014

3 SHARE CAPITAL *(contd.)*

e Employee Stock option Plan

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 ₹27.95 each. As on date only 150,175 option has been exercised. The scheme is lapsed due to expiry of exercise period.

The Company has granted 105,100 shares to the employees during the year 2010-11 at the fair value of and the exercise price of the option is ₹49.55 each. As on date only 13250 option has been exercised and 43,200 options has been lapsed due to leaving of employees. As on date 48,650 shares options are outstanding to be exercised.

The Company has granted 75000 options to the directors and employees to be convertible into one equity share each, on 12th July' 2012 at exercise price of ₹84.75 each. The same could be exercised after one year from the date of allotment of options. The Directors and Employee have exercised their options and the Directors have been allotted 45,000 Shares and Employee have been allotted (1st installment out of four) 7,500 shares. As on date 22500 Shares are outstanding to be exercised.

The Company has granted 10000 options to one employee to be convertible into one equity share each, on 8th January' 2013 at the exercise price of ₹191.7 each. The same will be due to be exercised after one year from the date of approval in four equal instalments. This same has lapsed due to leaving of employee and no option is outstanding as on date.

f Application Money Received Against Convertible Share Warrants on Preferential Basis

The Company has issued 1,550,000 convertible warrants on preferential basis to Mr. Rajnit Rai Jain at a price of ₹51.86 each to be converted into one equity share each of ₹10 each in January '2012 which was allotted on 26th March'2012. All 15,50,000 warrants has been converted into equity share capital.

4 RESERVE AND SURPLUS

| | (₹ in Lac) | |
|---|----------------|----------------|
| | March 31, 2014 | March 31, 2013 |
| SHARE FORFEITURE | | |
| The Company had forfeited 10% Application Money on 500,000 Warrants for Preferential Allotment to be Converted into Equity Shares against each Warrant in the absence of final call money being received within the due date in FY 2006-07. The Warrant was allotted at ₹87 which included premium amount of ₹77. | 43.50 | 43.50 |
| SECURITIES PREMIUM ACCOUNT | | |
| Balance at the beginning of the year | 2,261.51 | 2,016.03 |
| Add : Receipts on exercise of Preferential Allotment | 258.20 | 236.51 |
| Add : Receipts on exercise of employee stock options | 39.24 | 8.97 |
| Closing Balance | 2,558.95 | 2,261.51 |
| PREFERENCE SHARE REDEMPTION RESERVE | | |
| Balance at the beginning of the year | 256.15 | 257.77 |
| Add : Transfer from Profit & Loss A/c | | |
| Less : Distributed as Bonus Share | (0.84) | (1.62) |
| Closing Balance | 255.31 | 256.15 |
| CSR FUND | | |
| Balance at the beginning of the year | 65.00 | 115.00 |
| Add : Transfer from Profit & Loss A/c | 70.00 | - |
| Less : Transfer to Donation | (50.00) | (50.00) |
| Closing Balance | 85.00 | 65.00 |

(contd.) For the year ended March 31 '2014

4 RESERVE AND SURPLUS *(contd.)*

| | (₹ in Lac) | |
|--|----------------|----------------|
| | March 31, 2014 | March 31, 2013 |
| SURPLUS IN STATEMENT OF PROFIT AND LOSS ACCOUNT | | |
| Balance at the beginning of the year | 7,737.82 | 4,685.95 |
| Add : Net Profit after tax from Statement of Profit and Loss | 5,117.95 | 3,544.46 |
| | 12,855.77 | 8,230.41 |
| Less Appropriations : | | |
| Interim Equity Dividend * | (446.98) | (181.64) |
| (₹3.5 per share, Previous year ₹1.5 per share) | | |
| Proposed Final Equity Dividend | (320.12) | (242.19) |
| (₹ Nil per share, Previous year ₹2 per share) | | |
| Equity Dividend Tax | (124.44) | (68.76) |
| Trf to CSR Fund | (70.00) | - |
| Closing Balance | 11,894.23 | 7,737.82 |
| INTER BRANCH FOREIGN FLUCTUATION RESERVE | | |
| Balance at the beginning of the year | 51.13 | 72.64 |
| Add : Fluctuation during the period | 412.78 | (21.51) |
| Closing Balance | 463.92 | 51.13 |
| | 15,300.90 | 10,415.11 |

* Interim Dividend @ ₹2.5 per share was declared on 18.10.13 and @ ₹1 per share declared on 16.1.14 during the FY 2014.

5 SECURED LOANS

Company has loan limit of ₹950 Lac (inc. ₹150 lac of non fund base) with Axis Bank ; (Secured by first charge on all the current assets, assets, ranking pari passu with other bankers, and first charge on the Corporate Office premises of the Company). The liability against the same is NIL as on MARCH 31, 2014.

6 DEFERRED TAX ASSETS / (LIABILITY) - NET

| | (₹ in Lac) | |
|--|----------------|----------------|
| | March 31, 2014 | March 31, 2013 |
| DTL on Account of Fixed Assets | 165.36 | 128.07 |
| DTA on Account of Accrued Employee benefits and B/f other Losses | 171.88 | 141.32 |
| NET DEFERRED TAX ASSETS / (LIABILITY) | 6.52 | 13.25 |

7 PROVISIONS

| | (₹ in Lac) | | | |
|-------------------------------------|---------------------|----------------|----------------------|----------------|
| | Long Term Provision | | Short Term Provision | |
| | March 31, 2014 | March 31, 2013 | March 31, 2014 | March 31, 2013 |
| PROVISION FOR LEAVE ENCASHMENT * | 86.95 | 82.05 | 3.20 | 2.54 |
| PROVISION FOR GRATUITY * | 347.97 | 340.46 | 17.01 | 10.53 |
| PROVISION FOR PROPOSED EQ DIVIDEND | - | - | 320.12 | 242.19 |
| PROVISION FOR PROPOSED DIVIDEND TAX | - | - | 51.93 | 39.29 |
| * (Refer note 32) | | | | |
| | 434.92 | 422.51 | 392.26 | 294.55 |

Notes on Accounts *(contd.)* For the year ended March 31 '2014

8 TRADE PAYABLE (SHORT TERM)

(₹ in Lac)

| | March 31, 2014 | March 31, 2013 |
|---------------------------------------|----------------|----------------|
| Other Than Acceptances | 1,182.64 | 743.75 |
| (refer note no. 33 for MMSE details) | | |
| | 1,182.64 | 743.75 |

9 OTHER CURRENT LIABILITIES

(₹ in Lac)

| | March 31, 2014 | March 31, 2013 |
|---|----------------|----------------|
| SALARY PAYABLE | 119.39 | 79.08 |
| STATUTORY LIABILITY including PF, TDS, ESI etc. | 253.97 | 215.25 |
| OTHER PAYABLES | 3.12 | 15.59 |
| | 376.48 | 309.92 |

10 DETAILS OF TANGIBLE ASSETS

(₹ in Lac)

| Particulars | LAND | BUILDING | LEASE BUILDING EXPENSES | PLANT AND MACHINERIES | OFFICE EQUIPMENT | AIR CONDITIONER | ELECTRICAL INSTALLATIONS | FURNITURE AND FITTINGS | MOTOR VEHICLES | TOTAL 31.03.2014 | TOTAL 31.03.2013 |
|---|------|----------|-------------------------|-----------------------|------------------|-----------------|--------------------------|------------------------|----------------|------------------|------------------|
| Gross Block | | | | | | | | | | | |
| Opening Balance | 7.76 | 158.14 | 139.83 | 6,133.85 | 243.40 | 157.45 | 319.96 | 746.83 | 66.06 | 7,973.28 | 7,740.29 |
| Additions during the period | - | 15.54 | - | 625.60 | 5.37 | 14.85 | 6.86 | 18.80 | - | 687.01 | 251.96 |
| Acquisitions through Business combination | | | | | | | | 3.31 | | | |
| Other Adjustments | | | | - | - | (19.08) | | | | (19.08) | (18.98) |
| Sub-total | 7.76 | 173.68 | 139.83 | 6,759.45 | 248.77 | 153.22 | 326.82 | 768.94 | 66.06 | 8,641.21 | 7,973.27 |
| Less: Disposals | - | - | | | | | | | | | |
| Gross block as on closing | 7.76 | 173.68 | 139.83 | 6,759.45 | 248.77 | 153.22 | 326.82 | 768.94 | 66.06 | 8,641.21 | 7,973.27 |
| Less: Depreciation / Amortization | | | | | | | | | | | |
| Opening depreciation / amortization | - | 42.38 | 139.83 | 5,951.45 | 78.76 | 65.39 | 111.76 | 382.55 | 29.05 | 6,801.17 | 6,627.57 |
| Depreciation/Amortization of the period | - | 2.34 | - | 142.00 | 11.44 | 5.51 | 13.57 | 41.78 | 5.01 | 221.66 | 184.66 |
| Impairment loss/Reversal of Impairment Loss | | | | | | | | 3.31 | | | |
| Other Adjustments | | | | - | - | (12.80) | | | | (12.80) | (11.06) |
| Total depreciation as on closing | - | 44.73 | 139.83 | 6,093.45 | 90.20 | 58.10 | 125.33 | 427.64 | 34.06 | 7,010.03 | 6,801.17 |
| Net Carrying Value (Closing) | 7.76 | 128.95 | - | 666.00 | 158.57 | 95.12 | 201.49 | 341.30 | 32.00 | 1,631.18 | 1,172.10 |
| Net Carrying Value Previous Year | 7.76 | 115.76 | - | 182.40 | 164.64 | 92.07 | 208.19 | 364.28 | 37.01 | 1,172.10 | 1,112.72 |

Notes on Accounts *(contd.)* For the year ended March 31 '2014

10 DETAILS OF TANGIBLE ASSETS *(contd.)*

Note:

- 1 Land includes Leasehold land amounting to ₹458,694/-. The lease expires in year 2086.
- 2 Building in Sector V comprising of 59600 sq ft was taken on lease for a period of 3 years which was extended for further period of 3 years till April 2015. Company has spent an amount of ₹89.83 lac and ₹49.99 lac which were amortised over the respective period of lease.
- 3 Plant and machinery were taken on finance lease from CISCO in 2007, which expired on 31.3.11, since then the assets have been transferred to Plant and Machinery from Leased Assets and reflected as other adjustment for ₹101.92 Lac in FY 11-12.
- 4 During the year office space of the company has been duly registered with governing authority and the sum of ₹15.54 lac has been incurred and the same has been capitalised.
- 5 No depreciation has been charged on Plant & Machinery which have been received at the year end but not used.

11 DETAILS OF INTANGIBLE ASSETS

(₹ in Lac)

| | 31.03.2014 | 31.03.2013 |
|---|------------------------------|------------------------------|
| | COMPUTER SOFTWARE & LICENCES | COMPUTER SOFTWARE & LICENCES |
| Gross Block | | |
| Opening Balance | 777.02 | 640.29 |
| Additions during the period | 432.28 | 136.73 |
| Acquisitions through Business combination | | |
| Other Adjustments | | |
| Sub-total | 1,209.30 | 777.02 |
| Less: Disposals | - | - |
| Gross block as on closing | 1,209.30 | 777.02 |
| Less: Depreciation / Amortization | | |
| Opening depreciation / amortization | 733.16 | 571.25 |
| Depreciation/Amortization of the period | 326.01 | 161.91 |
| Impairment loss/Reversal of Impairment Loss | | |
| Total depreciation as on closing | 1,059.17 | 733.16 |
| Net Carrying Value (Closing) | 150.13 | 43.87 |
| Net Carrying Value Previous Year | 43.87 | 69.05 |

12 INTANGIBLE ASSETS UNDER DEVELOPMENT

(₹ in Lac)

| | March 31, 2014 | March 31, 2013 |
|----------------------|----------------|----------------|
| ERP IMPLEMENTATION | 73.81 | 29.32 |
| WEB SITE DESIGNING * | - | 7.88 |
| | 73.81 | 37.20 |

* Web site Designing already developed and transferred to Revenue

Notes on Accounts *(contd.)* For the year ended March 31 '2014

13 NON-CURRENT INVESTMENTS (AT COST)

(₹ in Lac)

| (Others - unquoted) | No. of unit | March 31, 2014 | No. of unit | March 31, 2013 |
|---|-------------|----------------|-------------|----------------|
| In Wholly Owned Subsidiary | | | | |
| RS SOFTWARE ASIA PTE LTD. (25000 no. (previous year 25000 no.) Equity share of SGD 1 each fully paid up) | | 8.02 | | 8.02 |
| RESPONSIVE SOLUTION INC. (500 no.(Previous year 500 no.) Equity Share of USD 0.01 each fully paid up) | | 163.30 | | 163.30 |
| | | 171.32 | | 171.32 |
| Less: Provision for Diminution in value of investments * | | 163.29 | | 163.29 |
| (For Responsive Solution Inc.) | | | | |
| (Aggregate amount of investment as on March 31, 2014 ₹8.03 Lac) (As on MARCH 31, 2013 ₹8.03 Lac) | | 8.03 | | 8.03 |
| In Mutual Fund - | | | | |
| Reliance Fixed Horizon Fund - Xxiii- series 4- Growth plzn | - | - | 3000000 | 300.00 |
| Reliance Fixed Horizon Fund - Xxiii- series 5- Growth plzn | - | - | 2000000 | 200.00 |
| ICICI Prudential Fixed Maturity Plan - Series 67 | - | - | 3000000 | 300.00 |
| HDFC FMP 371D December 2013 (2) series 29 - Direct growth | 4000000 | 400.00 | - | - |
| HDFC FMP 554D NOV 2013-1-DIRECT-GR | 3000000 | 300.00 | - | - |
| ICICI Prudential Fixed Maturity Plan - Series 67 | 3000000 | 300.00 | - | - |
| ICICI PRUDENTIAL FMP SERIES 71- 480 DAYS | 3000000 | 300.00 | - | - |
| Reliance Fixed Horizon Fund - Xxiii- series 4- Growth plan | 3000000 | 300.00 | - | - |
| Reliance Fixed Horizon Fund - Xxiii- series 5- Growth plan | 2000000 | 200.00 | - | - |
| Reliance Fixed Horizon Fund - XXV- series 11- Growth plan | 3000000 | 300.00 | - | - |
| Reliance Fixed Horizon Fund - XXV- series 12- Growth plan | 3000000 | 300.00 | - | - |
| Reliance Fixed Horizon Fund - XXV- series 13- Growth plan | 2000000 | 200.00 | - | - |
| Reliance Fixed Horizon Fund - XXV- series 15- Growth plan | 2000000 | 200.00 | - | - |
| Reliance Fixed Horizon Fund - XXV- series 16- Growth plan | 2000000 | 200.00 | - | - |
| DSP FMP S154-12-5M | 4001173 | 400.11 | - | - |
| (Aggregate NAV of Mutual Fund as on March 31, 2014 ₹3535.63) (as on 'MARCH 31, 2013 ₹802.31 lac) | | | | |
| | | 3,408.14 | | 808.03 |

* The credit of above diminution in value has not been considered in current fiscal and kept in hold for one year so as to ensure that the appreciation is not other than temporary in nature when written back. The value of the investments made by the company in its subsidiary Responsive solution Inc. diminuated by ₹1.6 crore, during the period of 2002 to 2004 only when the erosion of Subsidiary which has started since 1998 were considered , other than temporary.

Notes on Accounts *(contd.)* For the year ended March 31 '2014

14 LOANS AND ADVANCES

(₹ in Lac)

| | Long Term Loans & Advances | | Short Term Loans & Advances | |
|--|----------------------------|----------------|-----------------------------|----------------|
| | March 31, 2014 | March 31, 2013 | March 31, 2014 | March 31, 2013 |
| (Unsecured and Considered good) | | | | |
| LOAN | | | | |
| (Recoverable in cash or in kind or for value to be received) | | | | |
| ADVANCE TO R S EMPLOYEE WELFARE TRUST | 1,500.00 | 1,500.00 | - | - |
| ADVANCES | | | | |
| (Recoverable in cash or in kind or for value to be received) | | | | |
| ADVANCE AGAINST EXPENSES | - | - | 3.73 | 17.69 |
| PREPAID EXPENSES | 34.92 | 118.86 | 314.72 | 145.05 |
| DEPOSITS | 156.27 | 151.69 | - | - |
| ADVANCE TO STAFF | - | - | 15.93 | 36.85 |
| ADVANCE TAXES (Net of Provisions) | 1,422.46 | 1,077.96 | - | 31.45 |
| BALANCES WITH GOVT. AUTHORITIES | 237.81 | 181.02 | 146.86 | 100.84 |
| | 3,351.46 | 3,029.53 | 481.24 | 331.88 |

15 CURRENT INVESTMENT

(₹ in Lac)

| | No. of unit | March 31, 2014 | No. of unit | March 31, 2013 |
|--|-------------|----------------|-------------|----------------|
| (At Cost or Fair value whichever is less) | | | | |
| Investment in Mutual Fund (Others - unquoted) | | | | |
| HDFC 400D March 12 - Growth Series XXI (FMP) | - | - | 3000000 | 300.00 |
| ICICI Prudential FMC Series 63-384 Days Plan A (FMP) | - | - | 2000000 | 200.00 |
| DSP BlackRock FMP - Series 38 - 12.5 M Gwth Maturity Plan (FMP) | - | - | 2000000 | 200.00 |
| IDFC Fixed Matutity Plan - 13 Months Series | - | - | 2000000 | 200.00 |
| Religare Ultra Short Term Fund - Direct Plan Daily Dividend | - | - | 25070 | 251.13 |
| Templeton - Indian Ultra Short Bond Fund - Weekly Div. | - | - | 4118365 | 416.94 |
| Reliance Dynamic Bond Fund - Growth Plan (NI-GP) | 2663580 | 400.10 | 2663580 | 400.10 |
| IDFC - SSIF - Inv Plan- Plan A - Growth Option | 742539 | 200.00 | 742539 | 200.00 |
| Reliance Interval Fund- Qtrly Plan- Series 1 - DWP | 1165087 | 200.00 | - | - |
| Reliance Interval Fund- Qtrly Plan- Series II - DWP | 2028139 | 350.00 | - | - |
| DSB BlackRock Strategic Bond Fund - | 17595 | 250.00 | - | - |
| JM High Liquidity Fund (Direct) - DDO | 2948649 | 307.55 | - | - |
| Religare Ultra Short Term Fund - Direct Plan Daily Dividend | 30956 | 309.66 | - | - |
| (Aggregate NAV of Mutual Fund as on MARCH 31, 2014 ₹2087.22 Lac) (as on 'MARCH 31, 2013 ₹2275.71 Lac) | | | | |
| | | 2,017.31 | | 2,168.17 |

Notes on Accounts *(contd.)* For the year ended March 31 '2014

16 a TRADE RECEIVABLES

| | (₹ in Lac) | |
|--|-----------------|-----------------|
| | March 31, 2014 | March 31, 2013 |
| (Unsecured and Considered good) | | |
| Trade Receivable for a period exceeding Six Months | - | - |
| Others | 4,635.84 | 3,768.76 |
| | 4,635.84 | 3,768.76 |

b. UNBILLED REVENUE:

Unbilled revenue included in Trade receivable valued as on March 31, 2014 amounting to ₹2921.92 lac (March 31 ' 2013 ₹2099.82 Lac) primarily comprises of revenue recognised in relation to a percentage of work completed during the period which would be invoiced on achieving the particular milestone i.e based on the work order or contractual terms and also include the Invoices which due to be sent to customer as on March 31, 2014 ₹1244.78 Lac (March 31' 2013 ₹1270.03 Lac).

17 CASH AND BANK BALANCE

| | (₹ in Lac) | |
|---|-----------------|-----------------|
| | March 31, 2014 | March 31, 2013 |
| CASH & CASH EQUIVALENTS | | |
| CASH IN HAND | 0.34 | 3.49 |
| Fixed Deposits with Yes Bank- with original maturity less than 3 Months | - | 100.00 |
| BALANCE WITH BANK : | | |
| SCHEDULED BANKS | | |
| - in Current Account | 9.22 | 18.25 |
| (Axis bank Ltd., Allahabad Bank) | | |
| - in Current Account (HDFC Bank) | 8.88 | 2.30 |
| - in Current Account (ICICI Bank) | 13.11 | 6.28 |
| - in Current Account (YES Bank) | 10.16 | 6.05 |
| FOREIGN BANK | | |
| - in Current Account | 167.95 | 403.58 |
| (Bk of America, Silicon Valley Bk, ICICI Bk UK Ltd.) | | |
| OTHER BANK BALANCES | | |
| FIXED DEPOSITS - with original maturity less than 12 Months | | |
| Fixed Deposits with Yes Bank | 2,801.00 | 1,500.00 |
| In margin Money deposits against guarantees (in lien) | | |
| Axis Bank | 23.35 | 9.50 |
| Allahabad Bank | 7.73 | 7.27 |
| | 3,041.74 | 2,056.72 |

The Company has Seven Dividend Accounts with HDFC Bank being balances comprising of amount of ₹38.03 Lac which are still unpaid since FY 10-11. The same is not included in Current Assets and Current Liabilities of the company.

Notes on Accounts *(contd.)* For the year ended March 31 '2014

18 OTHER CURRENT ASSETS

| | (₹ in Lac) | |
|--|----------------|----------------|
| | March 31, 2014 | March 31, 2013 |
| INTEREST ACCRUED ON R S EMPLOYEE WELFARE TRUST | 154.80 | 40.75 |
| INTEREST ACCRUED ON FIXED DEPOSITS | 15.51 | 3.67 |
| | 170.31 | 44.42 |

19 CONTINGENT LIABILITIES

| | (₹ in Lac) | |
|---|----------------|----------------|
| | March 31, 2014 | March 31, 2013 |
| (To the extent not provided for in the books) | | |
| Guarantee Outstanding | 23.35 | 9.50 |
| Invoice Funding with Silicon Valley Bank | 496.33 | 441.33 |

20 COMMITMENTS

a Other Commitment

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

Company has spent ₹73.81 lac (March '13 ₹33.45 Lac) towards ERP implementation as on MARCH 31, 2014 which is still under development stage by in house team and expected to be completed by FY 2014-15.

21 REVENUE FROM OPERATION

| | (₹ in Lac) | |
|----------------------------------|------------------|------------------|
| | March 31, 2014 | March 31, 2013 |
| SALE OF SOFTWARE SERVICES | | |
| Export Income | 35,134.50 | 29,200.56 |
| Domestic Income | 53.70 | 121.73 |
| | 35,188.20 | 29,322.29 |

22 DETAILS OF OTHER INCOME

| | (₹ in Lac) | |
|---|----------------|----------------|
| | March 31, 2014 | March 31, 2013 |
| Interest Received from Bank & Other Investment | 247.33 | 92.49 |
| (including TDS ₹24.60 Lac (previous year ₹7.77 lac) | | |
| Net gain on Investments in Mutual Funds | 187.00 | 31.88 |
| Dividend Income | 60.35 | 138.18 |
| Interest from Employee Welfare Trust | 131.25 | 40.75 |
| (including TDS ₹13.12 Lac (previous year ₹4.07 lac) | - | |
| Interest from Income Tax Refund | 8.80 | - |
| Other Non-operating Income From Subsidiary | 20.63 | 20.44 |
| Liability/Expenses No longer required written back | 55.81 | 120.67 |
| | 711.17 | 444.41 |

Notes on Accounts *(contd.)* For the year ended March 31 '2014

23 EMPLOYEE BENEFIT EXPENSES

| | (₹ in Lac) | |
|------------------------------------|------------------|------------------|
| | March 31, 2014 | March 31, 2013 |
| Salary Wages And Bonus * | 16,791.77 | 14,808.18 |
| Subcontracting Charges | 5,511.38 | 4,542.43 |
| Contribution to PF And Other Funds | 373.96 | 642.53 |
| Staff Welfare Expenses | 1,136.10 | 925.42 |
| (* Refer Note No. 28) | | |
| | 23,813.21 | 20,918.56 |

24 FINANCE COST

| | (₹ in Lac) | |
|-----------------------------|----------------|----------------|
| | March 31, 2014 | March 31, 2013 |
| Interest Expenses | 55.01 | 64.93 |
| Interest Paid on Income tax | 3.96 | - |
| Other Borrowing Cost | 26.99 | 26.98 |
| | 85.96 | 91.91 |

25 OPERATION AND OTHER EXPENSES

| | (₹ in Lac) | |
|---|----------------|----------------|
| | March 31, 2014 | March 31, 2013 |
| Travelling | 1,293.52 | 1,319.69 |
| Conveyance | 50.75 | 54.88 |
| Staff Welfare | 145.59 | 113.00 |
| Communication | 290.12 | 300.82 |
| Printing and Stationery | 43.33 | 21.63 |
| Electricity and Power | 174.00 | 170.46 |
| Rent - Equipment | - | 11.14 |
| Rent - Apartment & Ground | 552.85 | 551.24 |
| Repairs - Machinery | 211.42 | 228.74 |
| Repairs - Building | 101.21 | 81.12 |
| Repairs - Others | 0.46 | 0.41 |
| Education and Training Expenses | 9.39 | 17.84 |
| insurance | 121.87 | 91.08 |
| Auditors' Remuneration - Refer Note no.25 | 3.66 | 3.33 |
| Books and Periodicals | 0.47 | 0.75 |
| Directors' Fees * | 9.00 | 9.20 |
| Rates & Taxes | 225.20 | 209.34 |
| Legal / Professional Fee | 13.04 | 12.48 |
| Consultancy Charges | 285.79 | 220.56 |

Notes on Accounts *(contd.)* For the year ended March 31 '2014

25 OPERATION AND OTHER EXPENSES *(contd.)*

| | (₹ in Lac) | |
|--|-----------------|-----------------|
| | March 31, 2014 | March 31, 2013 |
| Recruitment & Relocation Expenses | 151.03 | 122.69 |
| General and Board Meeting expenses | 36.38 | 33.94 |
| Membership and Subscription | 26.16 | 24.75 |
| Business Promotion | 169.64 | 72.85 |
| Advertisement | 16.39 | 16.74 |
| Seminar & Conferences | 0.30 | 5.69 |
| Advances written off | 3.77 | - |
| Donation | 0.50 | - |
| Net loss on Foreign currency Transaction | 51.67 | 16.99 |
| Loss on Discard of Assets | 4.36 | 6.18 |
| | 3,991.87 | 3,717.54 |

* Its inclusive of service tax for current year

26 INCOME TAX DEDUCTED ON DOMESTIC INCOME

| | (₹ in Lac) | |
|--|----------------|----------------|
| | March 31, 2014 | March 31, 2013 |
| Income Tax deducted on domestic income | 6.03 | 15.12 |

27 AUDITOR'S REMUNERATION

| | (₹ in Lac) | |
|--|----------------|----------------|
| | March 31, 2014 | March 31, 2013 |
| As Statutory Auditors | 2.25 | 2.00 |
| Tax Audit | 0.50 | 0.50 |
| Other certification | 0.90 | 0.83 |
| The above remunerations are not inclusive of service tax as applicable | | |
| | 3.66 | 3.33 |

28 PRIOR PERIOD EXPENSES INCURRED

| | (₹ in Lac) | |
|--|----------------|----------------|
| | March 31, 2014 | March 31, 2013 |
| Employee benefit Expenses | 0.32 | - |
| Repair & Maintenance | 0.46 | 0.80 |
| Conveyance | - | 0.33 |
| Professional fee | 0.34 | - |
| Recruitment | - | 0.09 |
| Business Promotion | 0.85 | |
| Managing Director's Commission (included in Salary cost) | - | 7.00 |
| | 1.97 | 8.22 |

Notes on Accounts (contd.) For the year ended March 31 '2014

- 29 There is no Impairment of assets during the YEAR ENDED MARCH 31, 2014.
- 30 The company has changed its policy in relation to service tax. In respect of service tax which are non cenvatable or non refundable the same amount is being charged to respective expense account.
- 31 The Company has renewed lease for Building with Saltee Infotex (India) Pvt. Ltd. for the period of 3 years expiring on 30th April' 15. The amount of ₹217.55 Lac (Previous Year 31.03.2013 ₹213.21 Lac) has been charged to the profit & Loss Account during the year ended March 31, 2014.

| | (₹ in Lac) |
|---|----------------|
| Total Minimum Lease Payment outstanding | March 31, 2014 |
| Within One Year | 217.55 |
| More than One Year | 18.13 |

32 EMPLOYEE BENEFIT PROVISIONS

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

| | (₹ in Lac) | |
|--------------------------------|----------------|----------------|
| | March 31, 2014 | March 31, 2013 |
| Provision for Leave Encashment | 27.32 | 37.43 |
| Provision for Gratuity | 61.58 | 108.78 |
| | 88.90 | 146.21 |

TABLE 1

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

| | | (₹ in Lac) | | | |
|-----------------------------------|---|----------------|----------------|------------------|----------------|
| | | GRATUITY FUND | | LEAVE ENCASHMENT | |
| Sl. | Description | March 31, 2014 | March 31, 2013 | March 31, 2014 | March 31, 2013 |
| i) | Present Value of Defined Benefit Obligation | (364.98) | (350.99) | (90.15) | (84.59) |
| ii) | Fair Value of Plan Assets | - | - | - | - |
| iii) | Funded Status [Surplus / (Deficit)] | (364.98) | (350.99) | (90.15) | (84.59) |
| iv) | Unrecognised Past Service Cost | - | - | - | - |
| v) | Effect of balance sheet asset limit | - | - | - | - |
| vi) | Net Asset / (Liability) recognized in the Balance Sheet | (364.98) | (350.99) | (90.15) | (84.59) |
| REVISED SCHEDULE VI COMPANIES ACT | | | | | |
| a) | Current Liability | | | | |
| i) | Current Liability on retirement | 6.25 | - | 0.51 | - |
| ii) | Current Liability on attrition | 10.76 | 10.53 | 2.69 | 2.54 |
| | Total Current Liability | 17.01 | 10.53 | 3.20 | 2.54 |
| b) | Non Current Liability | 347.97 | 340.46 | 86.95 | 82.05 |

Notes on Accounts (contd.) For the year ended March 31 '2014

32 EMPLOYEE BENEFIT PROVISIONS (contd.)

TABLE 2

Actuarial calculations for AS 15 (Rev. 2005) for the purpose of Disclosure of employer expense for the year ending 31st March, 2014.

| | | (₹ in Lac) | |
|-------|--|---------------|------------------|
| | | GRATUITY FUND | LEAVE ENCASHMENT |
| Sl. | Description | 2013-14 | 2013-14 |
| i) | Current Service cost (including risk premium for fully insured benefits) | 96.95 | 11.06 |
| ii) | Interest Cost | 32.22 | 7.86 |
| iii) | Expected Return of Asset (-) | - | - |
| iv) | Curtailment Cost (+) | - | - |
| v) | Settlement Cost (+) | - | - |
| vi) | Past Service Cost | - | - |
| vii) | Actuarial Gains (-) / Loss (+) | (67.59) | 8.39 |
| viii) | Appreciation/Depreciation of Plan Assets | - | - |
| | Total employer expenses recognized in P & L | 61.58 | 27.31 |

TABLE 3

Actuarial calculations for AS 15 (Rev. 2005) purpose change in obligations / assets in the year ending 31.03.2014.

A. Change in Obligation in the year ended 31.03.2014

| | | (₹ in Lac) | |
|-------|---|---------------|------------------|
| | | GRATUITY FUND | LEAVE ENCASHMENT |
| Sl. | Description | 2013-14 | 2013-14 |
| i) | Present Value of Defined Benefit Obligation at the beginning of the year. | 350.99 | 84.59 |
| ii) | Employer Service Cost (+) | 96.95 | 11.06 |
| iii) | Interest Cost (+) | 32.22 | 7.86 |
| iv) | Curtailment Cost (+) | - | - |
| v) | Settlement Cost (+) | - | - |
| vi) | Employee contribution | - | - |
| vii) | Plan Amendments | - | - |
| viii) | Acquisitions | - | - |
| ix) | Actuarial Gains (-) / Loss (+) | (67.59) | 8.39 |
| x) | Benefit Payments (-) | (47.58) | (21.76) |
| xi) | Present Value of DB obligations at the end of the year | 364.99 | 90.14 |

Notes on Accounts *(contd.)* For the year ended March 31 '2014

32 EMPLOYEE BENEFIT PROVISIONS *(contd.)*

| B. Change in Assets | | (₹ in Lac) | |
|---------------------|--|---------------|------------------|
| | | GRATUITY FUND | LEAVE ENCASHMENT |
| Sl. | Change in Assets | 2013-14 | 2013-14 |
| i) | Fair value of Plan Assets at the beginning of the year | - | - |
| ii) | Expected Return of Asset (+) | - | - |
| iii) | Actuarial Gains (-) / Loss (+) | - | - |
| iv) | Actual Company Contribution (+) | - | - |
| v) | Benefit Payments (-) | - | - |
| vi) | Appreciation / Depreciation of Plan Assets | - | - |
| vii) | Fair Value of Plan Assets at the end of the period | - | - |
| viii) | Actual return on Plan Assets | - | - |

TABLE 4

| A. Reconciliation of Net Assets / (Liability) recognized in the Balance Sheet as at 31st March, 2014. | | (₹ in Lac) | |
|---|---|---------------|------------------|
| | | GRATUITY FUND | LEAVE ENCASHMENT |
| Sl. | Description | 2013-14 | 2013-14 |
| i) | Net Asset / (Liability) recognized in the Balance Sheet at the beginning of the year. | (350.99) | (84.59) |
| ii) | Employer Expenses | 61.58 | 27.321 |
| iii) | Employer Contributions. | (47.58) | (21.76) |
| iv) | Acquisitions. | - | - |
| v) | Net Asset / (Liability) recognized in balance sheet at the ending of the year | (364.99) | (90.14) |

| B. Summary of Membership Date | | (₹ in Lac) | |
|--|--|----------------|----------------|
| Active Members | | March 31, 2014 | March 31, 2013 |
| Number of Employees | | 724 | 738 |
| Total Monthly Salaries (INR in Lac) | | 219.80 | 211.40 |
| Avg. Monthly Salary per employees (INR in Lac) | | 0.30 | 0.29 |
| Average past services (yrs) | | 4.61 | 3.91 |
| Average future services (yrs) | | 24.79 | 25.46 |
| Average age at valuation date (yrs) | | 33.21 | 32.54 |

Notes on Accounts *(contd.)* For the year ended March 31 '2014

33 RELATED PARTY DISCLOSURES

a) Enterprises where control exists:

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

b) Key Management Personnel:

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

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

| i. With Wholly Owned Subsidiary (WOS) | | (₹ in Lac) | |
|--|--|----------------|----------------|
| Particulars | | March 31, 2014 | March 31, 2013 |
| Reimbursement of Cost of services incurred on behalf of Subsidiary including margin on actual cost thereon . | | | |
| Responsive Solution Inc | | 191.28 | 186.66 |
| Reimbursing the subsidiary towards service rendered by them at a commission margin. | | | |
| R S Software Asia (pte.) Ltd. | | 2,823.13 | 2,354.98 |
| Reimbursing the Other Cost from subsidiary on actual. | | | |
| R S Software Asia (pte.) Ltd. | | 338.85 | 272.19 |
| Balance as on MARCH 31, 2014 : | | | |
| Advance taken against services | | | |
| Responsive Solution Inc | | NIL | NIL |
| Reimbursement of expenses payable | | | |
| RS Software (Asia) Pte Ltd | | NIL | NIL |
| Maximum balance outstanding during the year | | | |
| Advance taken against services | | | |
| Responsive Solution Inc | | 59.51 | 105.67 |
| Reimbursement of expenses payable | | | |
| RS Software (Asia) Pte Ltd | | 486.44 | 253.92 |

| ii. With Related parties | | (₹ in Lac) | |
|--------------------------------|--|----------------|----------------|
| Particulars | | March 31, 2014 | March 31, 2013 |
| Remuneration to Key Personnel: | | | |
| Directors (Sitting Fees)* | | 9.00 | 9.20 |
| Managing Director | | 58.32 | 79.32 |

* Its inclusive of service tax for current year

Notes on Accounts *(contd.)* For the year ended March 31 '2014

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

| Particulars | (₹ in Lac) | |
|--------------------------------------|----------------|----------------|
| | March 31, 2014 | March 31, 2013 |
| Numerator for Basic and Diluted EPS: | | |
| Profit for the period | 5,117.95 | 3,544.46 |
| Denominator for Basic EPS: | | |
| Equity Shares | 12,109,537 | 11,467,061 |
| Add: ESOP Conversion | 31,833.90 | 13,928 |
| Add: Preferential Issue | 316,246.58 | 128,479 |
| Add : Bonus Issue | 1,720.27 | 3,690 |
| Weighted no. of Equity Shares | 12,459,338 | 11,613,158 |
| Denominator for Diluted Shares | | |
| Weighted No. of Basic Equity Shares | 12,459,338 | 11,613,158 |
| Add: ESOP Conversion | | |
| ESOP Dilutive | 45,835 | 165,556 |
| Pref Share allotment | - | 405,552 |
| Weighted no. of Equity Shares | 12,505,173 | 12,184,266 |
| Nominal Value of share | 10.00 | 10.00 |
| Basic Earning per Share | 41.08 | 30.52 |
| Diluted Earning per Share | 40.93 | 29.09 |

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

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

- a 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.

| Particulars | (₹ in Lac) | |
|---|---------------------------|---------------------------|
| | Year ended March 31, 2014 | Year ended March 31, 2013 |
| Expenditure in Foreign Currency: | | |
| Foreign branch expenditure | 20,337.53 | 17,524.80 |
| Earning in Foreign Currency | | |
| Export of services | 35,134.50 | 29,324.67 |

Notes on Accounts *(contd.)* For the year ended March 31 '2014

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

b Remittance in Foreign Currency

The Company has remitted ₹ Nil (March 31, 2013 : ₹ Nil) in foreign currencies on accounts of dividends during the year and does not have information as to the extent to which remittance, if any, in foreign currencies on account of dividends have been made by / on behalf of non-resident shareholders. The Particulars of dividends declared and paid on account of non-resident shareholders for the years 2010-11 to 2013-14 are as under :-

| Particulars | No. of Non-resident Shareholders | No. of Equity Shares held | Year end of Dividend | Gross Amount of dividend |
|--|----------------------------------|---------------------------|----------------------|--------------------------|
| Final dividend for 2010-11 declared in July'11 | 134 | 205495 | March' 2011 | 410,990 |
| Interim Dividend for 2011-12 declared in January' 12 | 130 | 126018 | March' 2012 | 126,018 |
| Final dividend for 2011-12 declared in July'12 | 134 | 468631 | March' 2012 | 937,262 |
| Interim Dividend for 2012-13 declared in January' 13 | 202 | 511382 | March' 2013 | 767,073 |
| Final dividend for 2012-13 declared in July'13 | 202 | 725249 | March' 2013 | 1,450,498 |
| Interim Dividend for 2013-14 declared in October' 13 | 208 | 780530 | March' 2014 | 1,951,325 |
| Interim Dividend for 2013-14 declared in January' 14 | 198 | 698165 | March' 2014 | 698,165 |

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

| Particulars | (₹ in Lac) | |
|---|---------------------------|---------------------------|
| | Year ended March 31, 2014 | Year ended March 31, 2013 |
| 1. Segment Revenue (net sale / income from each segment should be disclosed) | | |
| a. Segment - A (USA) | 32,230.01 | 27,315.43 |
| b. Segment - B (ROW) | 2,958.19 | 2,006.86 |
| Total | 35,188.20 | 29,322.29 |
| Other Income | | |
| Segment - B (ROW) | 711.17 | 433.22 |
| Total | 35,899.37 | 29,755.51 |
| Less : Inter - segment revenue | - | - |
| Net Revenue from Operations | 35,899.37 | 29,755.51 |
| 2. Segment Results Profit/(Loss) before Tax & Interest from each segment | | |
| a. Segment - A (USA) | 8,249.84 | 5,458.76 |
| b. Segment - B (ROW) | 1,329.32 | 897.81 |
| Total | 9,579.16 | 6,356.57 |
| Less : Interest | 85.96 | 91.91 |
| Less : Depreciation | 547.67 | 346.57 |
| Less : Unallocable Selling , General & Administrative Expenses | 1,484.87 | 1,225.95 |
| Profit before tax | 7,460.66 | 4,692.15 |
| 3. Capital Employed | | |
| Total Assets | 18,967.68 | 13,473.93 |
| Total Liability | 18,967.68 | 13,473.93 |

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

Notes on Accounts *(contd.)* For the year ended March 31 '2014

38 Disclosure under clause 32 of the listing agreement amount of loans and advances outstanding from subsidiary

| | (₹ in Lac) | |
|--|----------------|----------------|
| | March 31, 2014 | March 31, 2013 |
| Outstanding as on | | |
| Responsive Solution Inc | NIL | NIL |
| RS Software (Asia) Pte Ltd | NIL | NIL |
| Maximum balance outsatndng during the period | | |
| Responsive Solution Inc | 59.51 | 105.67 |
| RS Software (Asia) Pte Ltd | 486.44 | 253.92 |

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

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

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

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

Nilima Joshi
Partner, M. No. 52122
Dated : April 16th, 2014
Place : Kolkata

V. Surana
CFO & Company
Secretary

S. K. Jain
Director

On Behalf of the Board

R.R. Jain
Chairman
& Managing Director

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE
(In terms of amendment to Part IV of Schedule VI)

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

| | | |
|-----|---|-------------------------|
| I | Registration details | |
| | Registration No. | L72200WB1987PLC043375 |
| | State code | 21 |
| | Balance Sheet Date | 03/31/14 |
| II | Capital raised during the year (Amount in ` Lac) | |
| | Public Issue | Nil |
| | Rights Issue | Nil |
| | Bonus Issue | 0.84 |
| | Private Placement (Warrants converted into shares) | 59.50 |
| | ESOS | 9.19 |
| III | Position of Mobilisation and Deployment of funds (Amount in ` Lac) | |
| | Total Liabilities | 18,968 |
| | Total Assets | 18,968 |
| | I. EQUITY AND LIABILITIES : | |
| | 1. Shareholders' Fund | |
| | (a) Share Capital | 1,280 |
| | (b) Reserve & Surplus | 15,301 |
| | (c) APP. Money Recd. Against Share Warrant | - |
| | 2. Non-Current Liabilities | |
| | (a) Long Term Provisions | 435 |
| | 3. Current Liabilities | |
| | (a) Short Term Provisions | 392 |
| | (b) Trade Payable | 1,183 |
| | (c) Other Current Liability | 376 |
| | II. ASSETS | |
| | 1. Fixed Assets | 1,781 |
| | 2. Intangible Assets Under Development | 74 |
| | 3. Non Current Investment | 3,408 |
| | 4. Deferred tax Assets (Net) | 7 |
| | 5. Long Term Loans & Advances | 3,351 |
| | 6. Current Assets | |
| | (a) Short Term Loans & Advances | 481 |
| | (b) Current Investment | 2,017 |
| | (c) Trade Receivables | 4,636 |
| | (d) Cash & Cash Equivalents | 3,042 |
| | (e) Other Current Assets | 170 |
| IV | Performance of Company (Amount in ` Lac) | |
| | Turnover and Other Income | 35,899 |
| | Total Expenditure | 28,439 |
| | Profit/(Loss) before Tax and Extraordinary items | 7,461 |
| | Profit/(Loss) after Tax and Extraordinary items | 5,118 |
| | Basic Earnings per share in ₹ | 41.08 |
| | Dividend % | Final 25% , Interim 35% |
| V | Generic Names of Two Principal Products/Services of Company (as per monetary terms) | |
| | Item code No. | N.A. |
| | Item code No. | N.A. |
| | Product Description | N.A. |

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

Nilima Joshi
Partner, M. No. 52122
Dated : April 16th, 2014
Place : Kolkata

V. Surana
CFO & Company
Secretary

S. K. Jain
Director

R.R. Jain
Chairman
& Managing Director

On Behalf of the Board

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

| | | | | (₹ in Lac) |
|----|---|---|--|---------------------|
| | | Responsive Solution Inc. Amount (₹) | R S Software (Asia) Pte Ltd Amount (₹) | Total Amount (₹) |
| 1. | R S Software (India) Ltd holds the entire paid up Equity Share Capital of Wholly Owned Subsidiaries as on March 31 2014 | 500 | 802000 | 802500 |
| 2. | Net aggregate amount of the Subsidiary Company's Profit/Loss not dealt with in the Company's account | | | |
| | For the Subsidiary's financial year ended 31st March 2014 | 8,717,685 | 15,324,645 | 24,042,330 |
| | For the Subsidiary's previous financial year | 6,817,365 | 18,007,544 | 24,824,909 |
| 3. | Net aggregate amount of the Subsidiary Company's Profit Less Losses dealt with or provided for in the Company's accounts: | | | |
| | For the subsidiary's financial year ended 31st March 2014 | Nil | Nil | Nil |
| | For the Subsidiary's previous financial year since it became a subsidiary | Nil | NA | Nil |

On Behalf of the Board

Dated : April 16th, 2014
Place : Kolkata

V. Surana
CFO & Company
Secretary

S. K. Jain
Director

R.R. Jain
Chairman
& Managing Director



RESPONSIVE SOLUTION INC.

DIRECTORS' REPORT

The Directors present their report together with the audited accounts for the period ended 31st March, 2014.

Review of Financial Performance & Dividend

The company during the year under review reported a profit of US\$ 0.15 million (Previous year Profit US\$ 0.13 million). The company is exploring different avenues of revenues, particularly in areas where the Parent Company RS Software is not focusing, and the plan to achieve more profits during the fiscal year 2014-15.

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, 2014 on a "going concern" basis.

Acknowledgements

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

On behalf of the Board of Directors

Milpitas
April 9, 2014

R.R. Jain
Chairman

RESPONSIVE SOLUTION INC.

Independent Auditor’s Review Report

To
The Board of Directors
Responsive Solutions, Inc.
Milpitas, California

We have reviewed the accompanying balance sheet of Responsive Solutions, Inc. as of March 31, 2014, and the related statement of operations, stockholders’ equity and cash flows for the fiscal year ended March 31, 2014. A review includes primarily applying analytical procedures to management’s financial data and making inquiries of Company’s management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly we do not express such an opinion.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and foe designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Accountant’s Responsibility

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the result of our procedures provide a reasonable basis for our report.

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 accounting principles generally accepted in the United States of America.

Pacifica, California
April 9,2014



RESPONSIVE SOLUTION INC.

Balance Sheet As at March 31 ’2014

| | (₹ in Lac) |
|--|-------------------------|
| | As at March 31, 2014 |
| ASSETS | |
| CURRENT ASSETS | |
| Cash and Cash equivalents | \$ 747,203 |
| Accounts receivable | 38,875 |
| Total assets | \$ 786,078 |
| LIABILITIES AND STOCKHOLDERS’ EQUITY | |
| CURRENT LIABILITIES | |
| Accounts payable | \$ 2,100 |
| Federal and state taxes payables | 46,949 |
| Total Current Liabilities | 49,049 |
| STOCKHOLDERS’ EQUITY | |
| Common stock, 5.01 par value, Authorized 1,000 shares: | |
| issued and outstanding 500 shares in 2014 and 2013 | 5 |
| Additional paid-in capital | 499,995 |
| Retained earnings | 237,029 |
| Stockholders’ equity | 737,029 |
| Liabilities and Stockholders’ equity | \$ 786,078 |

RESPONSIVE SOLUTION INC.

Statement of Operation For the fiscal year ended March 31 '2014

| | |
|----------------------------|------------------------------|
| | (₹ in Lac) |
| | Year ended March 31, 2014 |
| REVENUES | |
| Consulting revenue | \$ 593,254 |
| Total Revenues | 593,254 |
| COST AND EXPENSES | |
| consulting fees | 320,269 |
| salary and wages | 90,372 |
| mileage and reimbursements | 16,900 |
| Accounting and review fees | 5,100 |
| payroll taxes | 4,026 |
| Miscellaneous expense | 295 |
| Total Expenses | 436,962 |
| INCOME FROM OPERATIONS | 156,292 |
| OTHER INCOME (EXPENSE) | |
| other income | 35,776 |
| interest expenses | (66) |
| Total Other Income | 35,710 |
| INCOME BEFORE INCOME TAXES | 192,002 |
| Provision for federal tax | 46,149 |
| provision for state tax | 800 |
| Total Provision for Taxes | 46,949 |
| NET INCOME | \$ 145,053 |

Statement of Cash Flows For the fiscal year ended March 31 '2014

| | |
|---|------------------------------|
| | (₹ in Lac) |
| | Year ended March 31, 2014 |
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Net income | \$ 145,053 |
| Adjustments to reconcile net income to net cash provided by (used in) operating activities: | |
| changes in assets and liabilities: | |
| Accounts receivable | 14,084 |
| Accounts payable | (7,900) |
| Federal and state taxes payable | (18,379) |
| Net Cash Provided by Operating Activities | 132,858 |
| Net Change in Cash and Cash Equivalents | 132,858 |
| Cash and cash equivalents, as of April 1, 2013 | 614,345 |
| CASH AND CASH EQUIVALENTS, as of March 31, 2014 | \$ 747,203 |
| SUPPLEMENTAL CASH-FLOW INFORMATION | |
| interest paid | \$ 66 |
| income taxes paid | \$ 32,827 |



R S SOFTWARE (ASIA) PTE. LIMITED

DIRECTORS' REPORT

For the financial year ended 31 March 2014

The directors present their report to the members together with the audited financial statements of the Company for the financial year ended 31 March 2014.

Directors

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

Rajnit Rai Jain
Vijendra Kumar Surana
Luk Chiew Peng

Arrangements to enable directors to acquire shares and debentures

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

Directors' interests in shares or debentures

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

| | Holdings registered in name of director | | Holdings in which a director IS deemed to have an interest | |
|--------------------------------|---|---------------|--|---------------|
| | At 01.04.2013 | At 31.03.2014 | At 01.04.2013 | At 31.03.2014 |
| The Company | | | | |
| (Ordinary shares) | | | | |
| Rajnit Rai Jain | - | - | 25,000 | 25,000 |
| R. S. Software (India) Limited | | | | |
| - holding company | | | | |
| (Ordinary shares) | | | | |
| Rajnit Rai Jain | 4,078,519 | 4,663,907 | - | - |

Directors' contractual benefits

Since the end of the previous financial year, 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

Vijendra Kumar Surana
Director

10 April 2014

R S SOFTWARE (ASIA) PTE. LIMITED

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 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

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

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

Opinion

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 2014 and the results, changes in equity and cash flows of the Company for the financial year ended on that date.

Report on Other Legal and Regulatory Requirements

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

ENTRUST PUBLIC ACCOUNTING CORPORATION
Public Accountants and
Chartered Accountants
Singapore
10 April 2014



R S SOFTWARE (ASIA) PTE. LIMITED

Statement of Comprehensive Income For the financial year ended 31 March 2014

| | Note | 2014 SGD | 2013 SGD |
|-------------------------------|------|-------------|-------------|
| Revenue | 4 | 5,547,651 | 4,979,294 |
| Other Income | 4 | - | 5,000 |
| Expenses: | | | |
| Employee compensation | 5 | (4,520,649) | (3,916,739) |
| Other expenses | 6 | (669,208) | (601,722) |
| Profit before income tax | | 357,794 | 465,833 |
| Income tax expense | 7 | (36,118) | (54,232) |
| Profit for the financial year | | 321,676 | 411,601 |
| Total comprehensive income | | 321,676 | 411,601 |

Statement of Financial Position As at 31 March 2014

| | Note | 2014 SGD | 2013 SGD |
|--------------------------------|------|-------------|-------------|
| ASSETS | | | |
| Current assets | | | |
| Other receivables | 8 | 90,242 | |
| Other current assets | 9 | 39,390 | |
| Cash and cash equivalents | 10 | 1,341,586 | |
| | | 1,471,218 | 1,021,933 |
| Total assets | | 1,471,218 | 1,021,933 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Other payables | 11 | 232,997 | 103,401 |
| Current income tax liabilities | 7 | 48,924 | 50,911 |
| | | 281,921 | 154,312 |
| Total liabilities | | 281,921 | 154,312 |
| Net assets | | 1,189,297 | 867,621 |
| EQUITY | | | |
| Share capital | 12 | 25,000 | 25,000 |
| Retained earnings | | 1,164,297 | 842,621 |
| Total equity | | 1,189,297 | 867,621 |

R S SOFTWARE (ASIA) PTE. LIMITED

Statement of Cash Flows For the financial year ended 31 March 2014

| | Note | 2014 SGD | 2013 SGD |
|--|------|-------------|-------------|
| Cash flows from operating activities | | | |
| Profit before income tax | | 357,794 | 465,833 |
| Adjustments for: | | | |
| Provision for unutilised leaves | | 78,400 | - |
| Operating cash flow before working capital changes | | 436,194 | 465,833 |
| Changes in working capital: | | | |
| Other receivables | | 1,607 | (51,328) |
| Other current assets | | 49,283 | 3,772 |
| Other payables | | 51,196 | 33,672 |
| Cash generated from operations | | 538,280 | 451,949 |
| Income tax paid | | (38,105) | (32,339) |
| Net cash inflow from operating activities and net increase in cash and cash equivalents held | | 500,175 | 419,610 |
| Cash and cash equivalents at the beginning of financial year | | 841,411 | 421,801 |
| Cash and cash equivalents at the end of financial year | 10 | 1,341,586 | 841,411 |



Independent Auditor’s Report

To
The Board of Directors
RS Software India Limited
Kolkata

Report on the Financial Statements:
We have audited the accompanying consolidated financial statements of RS Software (India) Limited (“the Company”) and its subsidiaries Responsive Solutions Inc. and R.S. Software (Asia) Pte. Ltd., (the Company and its subsidiaries constitute “the group”) which comprise the consolidated Balance Sheet as at March 31, 2014, the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

Auditor’s Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We have conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatements.
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company’s preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also

includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion and to the best of our information and according to the explanations given to us, and based on the report of the other auditors on the financial statements of the subsidiaries referred to below in the other matter paragraph, the aforesaid consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
(a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2014;
(b) in the case of the consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date ; and
(c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Other matter
We did not audit the financial statement of M/s. Responsive Solutions Inc. and R.S. Software (Asia) Pte. Ltd. (the subsidiaries), whose financial statement reflect total asset (net) ₹1,009.54 Lacs as at 31.3.2014 and total revenues of ₹3,020.95 Lacs and net cash flow amounting to ₹385.96 Lacs for the year ended on that date as considered in the consolidated financial statement. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinions in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the reports of the other auditors.
Our report is not qualified in respect of this matter.

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

Nilima Joshi
Place : Kolkata Partner
Date : 16th April,2014 Mem. No. 052122

Balance Sheet As at March 31 '2014

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

| | | (₹ in Lac) | |
|--|-------|-------------------------|-------------------------|
| Particular | Notes | As at March 31, 2014 | As at March 31, 2013 |
| I. EQUITY AND LIABILITIES : | | | |
| 1 SHAREHOLDERS' FUNDS | | | |
| (a) SHARE CAPITAL | 3 | 1,280.48 | 1,210.95 |
| (b) RESERVE & SURPLUS | 4 | 16,302.43 | 11,108.67 |
| (c) APP. MONEY RECD. AGAINST SHARE WARRANT | 3 | - | 77.14 |
| 2 NON-CURRENT LIABILITIES | | | |
| (a) LONG TERM PROVISIONS | 7 | 472.27 | 422.51 |
| 3 CURRENT LIABILITIES | | | |
| (a) SHORT TERM PROVISIONS | 7 | 392.26 | 294.55 |
| (b) TRADE PAYABLES | 8 | 1,182.64 | 794.42 |
| (C) OTHER CURRENT LIABILITIES | 9 | 502.91 | 367.69 |
| TOTAL (1+2+3) | | 20,132.99 | 14,275.93 |
| II. ASSETS | | | |
| 1 NON CURRENT ASSETS | | | |
| (a) FIXED ASSETS | | | |
| (i) TANGIBLE ASSETS | 10 | 1,631.18 | 1,172.10 |
| (ii) INTANGIBLE ASSETS | 11 | 150.13 | 43.87 |
| (iii) INTANGIBLE ASSETS UNDER DEVELOPMENT | 12 | 73.81 | 37.20 |
| (b) NON CURRENT INVESTMENT | 13 | 3,400.11 | 800.00 |
| (c) DEFERRED TAX ASSETS (Net) | 6 | 6.52 | 13.25 |
| (d) LONG TERM LOANS & ADVANCES | 14 | 3,394.45 | 3,042.65 |
| 2 CURRENT ASSETS | | | |
| (a) SHORT TERM LOANS AND ADVANCES | 14 | 500.01 | 397.73 |
| (b) CURRENT INVESTMENT | 15 | 2,017.31 | 2,168.17 |
| (c) TRADE RECEIVABLES | 16 | 4,659.22 | 3,797.56 |
| (d) CASH & CASH EQUIVALENTS | 17 | 4,129.94 | 2,758.98 |
| (e) OTHER CURRENT ASSETS | 18 | 170.31 | 44.42 |
| TOTAL (1+2) | | 20,132.99 | 14,275.93 |

Singnificant Accounting Policies and Notes on Accounts 1 to 41

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

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

For Chaturvedi & Company

Chartered Accountants

(Reg. No : 302137E)

Nilima Joshi
Partner, M. No. 52122
Dated : April 16th, 2014
Place : Kolkata

V. Surana
CFO & Company
Secretary

S. K. Jain
Director

On Behalf of the Board

R.R. Jain
Chairman
& Managing Director



Statement of Profit and Loss Account For the year ended March 31 '2014

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

| | | (₹ in Lac) | |
|---|---------|------------------------------|------------------------------|
| | Notes | Year ended March 31, 2014 | Year ended March 31, 2013 |
| I REVENUE FROM OPERATION | 21 | 38,187.65 | 31,816.37 |
| II OTHER INCOME | 22 | 732.66 | 446.60 |
| III TOTAL REVENUE | | 38,920.31 | 32,262.97 |
| IV EXPENSES : | | | |
| EMPLOYEE BENEFIT EXPENSES | 23 | 26,222.77 | 22,877.69 |
| FINANCE COST | 24 | 87.85 | 94.22 |
| DEPRECIATION | 10 & 11 | 547.67 | 346.57 |
| OPERATION AND OTHER EXPENSES | 25 | 4,315.52 | 3,980.84 |
| Total | | 31,173.81 | 27,299.33 |
| V PROFIT BEFORE TAX : (III - IV) | | 7,746.50 | 4,963.64 |
| VI TAX EXPENSES | | | |
| PRIOR PERIOD TAX | | 0.47 | - |
| CURRENT TAX | | 2,380.93 | 1,540.43 |
| MAT CREDIT UTILISED | | - | (340.34) |
| DEFERRED TAX | | 6.73 | (29.19) |
| VII PROFIT FOR THE PERIOD : (V - VI) | | 5,358.37 | 3,792.74 |
| VIII EARNING PER EQUITY SHARE : | 34 | | |
| BASIC | | 43.01 | 32.66 |
| DILLUTED | | 42.85 | 31.13 |
| RESTATED EPS FOR PREVIOUS YEAR : | | | |
| BASIC | | | - |
| DILLUTED | | | - |

Singnificant Accounting Policies and Notes on Accounts 1 to 41

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

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

For Chaturvedi & Company

Chartered Accountants

(Reg. No : 302137E)

Nilima Joshi
Partner, M. No. 52122
Dated : April 16th, 2014
Place : Kolkata

V. Surana
CFO & Company
Secretary

S. K. Jain
Director

On Behalf of the Board

R.R. Jain
Chairman
& Managing Director

Cash Flow Statement For the year ended March 31 '2014

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

| | (₹ in Lac) | |
|---|------------------------------|------------------------------|
| | Year ended March 31, 2014 | Year ended March 31, 2013 |
| A CASH FLOW FROM OPERATING ACTIVITIES: | | |
| NET PROFIT BEFORE TAX | 7,746.50 | 4,963.64 |
| ADJUSTMENT FOR : | | |
| DEPRECIATION | 547.67 | 346.57 |
| INTERESTPAID | 87.85 | 94.22 |
| FOREIGN EXCHANGE FLUCTUATION RESERVE | 480.33 | 8.12 |
| PROVISION FOR GRATUITY, LEAVE ENCASHMENT | 88.90 | 146.21 |
| INTEREST RECEIVED | (247.33) | (94.68) |
| DIVIDEND RECEIVED | (60.35) | (138.18) |
| EMPLOYEES EXPENSES AMORTIZATION | (32.00) | (53.23) |
| OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES | 8,611.57 | 5,272.67 |
| ADJUSTMENT FOR : | | |
| TRADE AND OTHER RECEIVABLES | (861.65) | (1,074.51) |
| LOANS AND ADVANCES AND OTHER ASSETS | (2,961.38) | (2,981.01) |
| TRADE PAYABLES & OTHER LIABILITIES | 523.45 | (425.43) |
| CASH GENERATED FROM OPERATIONS | 5,311.99 | 791.72 |
| CASH FLOW BEFORE EXTRAORDINARY ITEMS | 5,311.99 | 791.72 |
| NET CASH FROM OPERATING ACTIVITIES | 5,311.99 | 791.72 |
| B CASH FLOW FROM INVESTMENT ACTIVITIES : | | |
| PURCHASE OF FIXED ASSETS | (1,149.63) | (392.70) |
| INTEREST RECEIVED | 247.33 | 94.68 |
| DIVIDEND RECEIVED | 60.35 | 138.18 |
| INVESTMENT MADE DURING THE YEAR | (2,449.25) | 353.73 |
| NET CASH FROM INVESTMENT ACTIVITIES | (3,291.20) | 193.89 |
| C CASH FLOW FROM FINANCE ACTIVITIES: | | |
| PROCEEDS FROM SHARE APPLICATION | 289.00 | 234.85 |
| INTEREST PAID | (87.85) | (94.22) |
| DIVIDEND AND DIVIDEND TAX PAID | (800.98) | (477.66) |
| PAYMENT OF CSR FUND | (50.00) | (50.00) |
| NET CASH FROM FINANCING ACTIVITIES | (649.83) | (387.03) |
| NET INCREASE /DECREASE IN CASH AND CASH EQUIVALENTS (A+B+C) | 1,370.96 | 598.58 |
| OPENING CASH AND CASH EQUIVALENTS | 2,758.98 | 2,160.40 |
| CLOSING CASH AND CASH EQUIVALENTS | 4,129.94 | 2,758.98 |

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

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

For Chaturvedi & Company

Chartered Accountants

(Reg. No : 302137E)

Nilima Joshi

Partner, M. No. 52122

Dated : April 16th, 2014

Place : Kolkata

V. Surana

CFO & Company

Secretary

S. K. Jain

Director

R.R. Jain

Chairman

& Managing Director

On Behalf of the Board



Notes on Accounts For the year ended March 31 '2014

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

1 CORPORATE INFORMATION

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

2 SIGNIFICANT ACCOUNTING POLICIES

a) Convention

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

b) Basis of Accounting

The Company follows accrual basis of accounting.

c) Revenue Recognition

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

d) Fixed Assets

Tangible Assets

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

Intangible Assets

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

e) Depreciation and Amortisation

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

f) Investments

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

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

g) Foreign Currency Translation

Foreign Currency transactions are recorded at exchange rate prevailing at the closing of the month for respective months. Exchange difference arising on settlement was included in Profit & Loss Account till the accounts ended 30th September '2008. Foreign unit is considered as non-integral and the foreign exchange difference is transferred to "Inter Branch Foreign Fluctuation Reserve Account". Revenue items of the Foreign Branch are converted in equivalent Indian Rupees at the buying

Notes on Accounts (contd.) For the year ended March 31 '2014

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 the statute.

h) Spares and Consumables

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

i) Income Tax

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

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

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

j) Contingent liabilities

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

k) Employee Benefits

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

l) Asset taken on Lease

Lease rentals on operating leases are charged on a monthly basis to accounts.

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

m) Impairment of Assets

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

n) Segment Reporting

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

o) Earning Per Share

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

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

Notes on Accounts (contd.) For the year ended March 31 '2014

3 SHARE CAPITAL

| | (₹ in Lac) | |
|---|-----------------|-----------------|
| | March 31, 2014 | March 31, 2013 |
| a The AUTHORISED CAPITAL is : | | |
| 20,000,000 EQUITY SHARE OF ₹10/- EACH | 2,000.00 | 2,000.00 |
| 2,500,000 PREFERENCE SHARE OF ₹100/- EACH | 2,500.00 | 2,500.00 |
| | 4,500.00 | 4,500.00 |
| b ISSUED SUBSCRIBED AND PAID-UP-FULLY CALLED AND PAID UP | | |
| 12,804,834 EQUITY SHARE OF ₹10/- EACH | 1,280.48 | 1,210.95 |
| (Previous Year 1,21,09,537 shares) | | |
| | 1,280.48 | 1,210.95 |

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

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

The company has allotted 2411623 equity shares in FY 10-11 , 10640 equity share in FY 11-12 , 16226 equity share in FY 12-13 and 8372 equity share in FY 13-14 as bonus share.

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

| Equity Share | March 31, 2014 | | March 31, 2013 | |
|--|-------------------|-----------------|-------------------|-----------------|
| | No. of Share | ₹ in Lac | No. of Share | ₹ in Lac |
| Number of shares at the beginning | 12,109,537 | 1,210.95 | 11,467,061 | 1,146.71 |
| Add : Shares issued as Preferential Allotment | 595,000 | 59.50 | 565,000 | 56.50 |
| Add : Shares issued as Bonus | - | - | - | - |
| Add : Shares issued on exercise of Employee Stock option | 91,925 | 9.19 | 61,250 | 6.12 |
| Add : Bonus Shares issued on Employee Stock option | 8,372 | 0.84 | 16,226 | 1.62 |
| | 12,804,834 | 1,280.48 | 12,109,537 | 1,210.95 |

d SHAREHOLDER HOLDING MORE THAN 5% OF THE SHARE as on MARCH 31, 2014

| | March 31, 2014 | March 31, 2013 |
|---------------------|--------------------------------|--------------------------------|
| Mr. Rajnit Rai Jain | 4,737,807 Shares | 4,078,519 Shares |
| | (37.00% of total shareholding) | (33.68% of total shareholding) |

Notes on Accounts *(contd.)* For the year ended March 31 '2014

3 SHARE CAPITAL *(contd.)*

e Employee Stock option Plan

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 ₹27.95 each. As on date only 150,175 option has been exercised. The scheme is lapsed due to expiry of exercise period.

The Company has granted 105,100 shares to the employees during the year 2010-11 at the fair value and the exercise price of the option is ₹49.55 each. As on date only 13250 option has been exercised and 43,200 options has been lapsed due to leaving of employees. As on date 48,650 shares options are outstanding to be exercised.

The Company has granted 75000 options to the directors and employees to be convertible into one equity share each, on 12th July' 2012 at the exercise price of ₹84.75 each. The same could be exercised after one year from the date of allotment of options. The Directors and Employee have exercised their options and the Directors have been allotted 45,000 shares and Employee have been allotted (1st installment out of four) 7,500 shares. As on date 22500 shares are outstanding to be exercised.

The Company has granted 10000 options to one employee to be convertible into one equity share each, on 8th January' 2013 at the exercise price of ₹191.7 each. The same will be due to be exercised after one year from the date of approval in four equal instalments. The same has lapsed due to leaving of employee and no option is outstanding as on date.

f Application Money Received Against Convertible Share Warrants on Preferential Basis

The Company has issued 1,550,000 convertible warrants on preferential basis to Mr. Rajnit Rai Jain at a price of ₹51.86 each to be converted into one equity share each of ₹10 each in January '2012 which was allotted on 26th March' 2012. All 15,50,000 warrants has been converted into equity share capital.

4 RESERVE AND SURPLUS

| | (₹ in Lac) | |
|---|----------------|----------------|
| | March 31, 2014 | March 31, 2013 |
| SHARE FORFEITURE | | |
| The Company had forfeited 10% Application Money on 500,000 Warrants for Preferential Allotment to be Converted into Equity Shares against each Warrant in the absence of final call money being received within the due date in FY 2006-07. The Warrant was allotted at ₹87 which included premium amount of ₹77. | 43.50 | 43.50 |
| SECURITIES PREMIUM ACCOUNT | | |
| Balance at the beginning of the year | 2,261.51 | 2,016.03 |
| Add : Receipts on exercise of Preferential Allotment | 258.20 | 236.51 |
| Add : Receipts on exercise of employee stock options | 39.24 | 8.97 |
| Closing Balance | 2,558.95 | 2,261.51 |
| PREFERENCE SHARE REDEMPTION RESERVE | | |
| Balance at the beginning of the year | 256.15 | 257.77 |
| Add : Transfer from Profit & Loss A/c | - | - |
| Less : Distributed as Bonus Share | (0.84) | (1.62) |
| Closing Balance | 255.31 | 256.15 |
| CSR FUND | | |
| Balance at the beginning of the year | 65.00 | 115.00 |
| Add : Transfer from Profit & Loss A/c | 70.00 | - |
| Less : Transfer to Donation | (50.00) | (50.00) |
| Closing Balance | 85.00 | 65.00 |

Notes on Accounts *(contd.)* For the year ended March 31 '2014

4 RESERVE AND SURPLUS *(contd.)*

| | (₹ in Lac) | |
|--|----------------|----------------|
| | March 31, 2014 | March 31, 2013 |
| SURPLUS IN STATEMENT OF PROFIT AND LOSS ACCOUNT | | |
| Balance at the beginning of the year | 8,158.71 | 4,858.56 |
| Add : Net Profit after tax from Statement of Profit and Loss | 5,358.37 | 3,792.74 |
| | 13,517.08 | 8,651.30 |
| Less Appropriations : | | |
| Interim Equity Dividend * | (446.98) | (181.64) |
| (₹3.5 per share, Previous year ₹1.5 per share) | | |
| Proposed Final Equity Dividend | (320.12) | (242.19) |
| (₹ Nil per share, Previous year ₹2 per share) | | |
| Equity Dividend Tax | (124.44) | (68.76) |
| Trf to CSR Fund | (70.00) | - |
| Closing Balance | 12,555.54 | 8,158.71 |
| CAPITAL RESERVE | 219.97 | 219.97 |
| INTER BRANCH FOREIGN FLUCTUATION RESERVE | | |
| Balance at the beginning of the year | 103.83 | 95.71 |
| Add : Fluctuation during the period | 480.32 | 8.12 |
| Closing Balance | 584.15 | 103.83 |
| | 16,302.42 | 11,108.67 |

* Interim Dividend @ ₹2.5 per share was declared on 18.10.13 and @ ₹1 per share declared on 16.1.14 during the FY 2014.

5 SECURED LOAN

Company has loan limit of ₹950 Lac (inc. ₹150 lac of non fund base) with Axis Bank; (Secured by first charge on all the current assets, assets, ranking pari passu with other bankers, and first charge on the Corporate Office premises of the Company). The liability against the same is NIL as on MARCH 31, 2014 .

6 DEFERRED TAX ASSETS / (LIABILITY) - NET

| | (₹ in Lac) | |
|--|----------------|----------------|
| | March 31, 2014 | March 31, 2013 |
| DTL on Account of Fixed Assets | 165.36 | 128.07 |
| DTA on Account of Accrued Employee benefits and B/f other Losses | 171.88 | 141.32 |
| NET DEFERRED TAX ASSETS / (LIABILITY) | 6.52 | 13.25 |

7 PROVISIONS

| | (₹ in Lac) | | | |
|-------------------------------------|---------------------|----------------|----------------------|----------------|
| | Long Term Provision | | Short Term Provision | |
| | March 31, 2014 | March 31, 2013 | March 31, 2014 | March 31, 2013 |
| PROVISION FOR LEAVE ENCASHMENT * | 124.30 | 82.05 | 3.20 | 2.54 |
| PROVISION FOR GRATUITY * | 347.97 | 340.46 | 17.01 | 10.53 |
| PROVISION FOR PROPOSED EQ DIVIDEND | - | - | 320.12 | 242.19 |
| PROVISION FOR PROPOSED DIVIDEND TAX | - | - | 51.93 | 39.29 |
| * (Refer note 32) | | | | |
| | 472.27 | 422.51 | 392.26 | 294.55 |

Notes on Accounts *(contd.)* For the year ended March 31 '2014

8 TRADE PAYABLE (SHORT TERM)

(₹ in Lac)

| | March 31, 2014 | March 31, 2013 |
|---------------------------------------|----------------|----------------|
| Other Than Acceptances | 1,182.64 | 794.42 |
| (refer note no. 33 for MMSE details) | | |
| | 1,182.64 | 794.42 |

9 OTHER CURRENT LIABILITIES

(₹ in Lac)

| | March 31, 2014 | March 31, 2013 |
|---|----------------|----------------|
| SALARY PAYABLE | 131.18 | 79.08 |
| STATUTORY LIABILITY including PF, TDS, ESI etc. | 350.55 | 273.03 |
| OTHER PAYABLES | 21.18 | 15.58 |
| | 502.91 | 367.68 |

10 DETAILS OF TANGIBLE ASSETS

(₹ in Lac)

| Particulars | LAND | BUILDING | LEASE BUILDING EXPENSES | PLANT AND MACHINERIES | OFFICE EQUIPMENT | AIR CONDITIONER | ELECTRICAL INSTALLATIONS | FURNITURE AND FITTINGS | MOTOR VEHICLES | TOTAL 31.03.2014 | TOTAL 31.03.2013 |
|---|------|----------|-------------------------|-----------------------|------------------|-----------------|--------------------------|------------------------|----------------|------------------|------------------|
| Gross Block | | | | | | | | | | | |
| Opening Balance | 7.76 | 158.14 | 139.83 | 6,133.85 | 243.40 | 157.45 | 319.96 | 746.83 | 66.06 | 7,973.28 | 7,740.29 |
| Additions during the period | - | 15.54 | - | 625.60 | 5.36 | 14.85 | 6.86 | 18.80 | - | 687.01 | 251.96 |
| Acquisitions through Business combination | | | | | | | | 3.31 | | | |
| Other Adjustments | | | | - | - | (19.08) | | | | (19.08) | (18.98) |
| Sub-total | 7.76 | 173.68 | 139.83 | 6,759.45 | 248.76 | 153.22 | 326.82 | 768.94 | 66.06 | 8,641.21 | 7,973.27 |
| Less: Disposals | - | - | | | | | | | | | |
| Gross block as on closing | 7.76 | 173.68 | 139.83 | 6,759.45 | 248.76 | 153.22 | 326.82 | 768.94 | 66.06 | 8,641.21 | 7,973.27 |
| Less: Depreciation / Amortization | | | | | | | | | | | |
| Opening depreciation / amortization | - | 42.39 | 139.83 | 5,951.45 | 78.76 | 65.39 | 111.76 | 382.55 | 29.05 | 6,801.17 | 6,627.57 |
| Depreciation/Amortization of the period | - | 2.34 | - | 142.00 | 11.44 | 5.51 | 13.57 | 41.78 | 5.01 | 221.66 | 184.66 |
| Impairment loss/Reversal of Impairment Loss | | | | | | | | 3.31 | | | |
| Other Adjustments | | | | - | - | (12.80) | | | | (12.80) | (11.06) |
| Total depreciation as on closing | - | 44.73 | 139.83 | 6,093.45 | 90.20 | 58.10 | 125.33 | 427.64 | 34.06 | 7,010.03 | 6,801.17 |
| Net Carrying Value (Closing) | 7.76 | 128.95 | - | 666.00 | 158.56 | 95.12 | 201.49 | 341.30 | 32.00 | 1,631.18 | 1,172.10 |
| Net Carrying Value Previous Year | 7.76 | 115.76 | - | 182.40 | 164.64 | 92.07 | 208.19 | 364.28 | 37.01 | 1,172.10 | 1,112.72 |

Notes on Accounts *(contd.)* For the year ended March 31 '2014

10 DETAILS OF TANGIBLE ASSETS *(contd.)*

Note:

- 1 Land includes Leasehold land amounting to ₹458,694/-. The lease expires in year 2086.
- 2 Building in Sector V comprising of 59600 sq ft was taken on lease for a period of 3 years which was extended for further period of 3 years till April 2015. Company has spent an amount of ₹89.83 lac and ₹49.99 lac which were amortised over the respective period of lease.
- 3 Plant and machinery taken on finance lease from CISCO in 2007, which expired on 31.3.11, since then the assets have been transferred to Plant and Machinery from Leased Assets and reflected as other adjustment for ₹101.92 Lac in FY 11-12.
- 4 During the year office space of the company has been duly registered with governing authority and the sum of ₹15.54 lac has been incurred and the same has been capitalised.
- 5 No depreciation has been charged on plant & Machinery which have been received at the year end but not used.

11 DETAILS OF INTANGIBLE ASSETS

(₹ in Lac)

| | 31.03.2014 | 31.03.2013 |
|---|------------------------------|------------------------------|
| | COMPUTER SOFTWARE & LICENCES | COMPUTER SOFTWARE & LICENCES |
| Gross Block | | |
| Opening Balance | 777.02 | 640.29 |
| Additions during the period | 432.28 | 136.73 |
| Acquisitions through Business combination | | |
| Other Adjustments | | |
| Sub-total | 1,209.30 | 777.02 |
| Less: Disposals | - | - |
| Gross block as on closing | 1,209.30 | 777.02 |
| Less: Depreciation / Amortization | | |
| Opening depreciation / amortization | 733.16 | 571.25 |
| Depreciation/Amortization of the period | 326.01 | 161.91 |
| Impairment loss/Reversal of Impairment Loss | | |
| Total depreciation as on closing | 1,059.17 | 733.16 |
| Net Carrying Value (Closing) | 150.13 | 43.87 |
| Net Carrying Value Previous Year | 43.87 | 69.05 |

12 INTANGIBLE ASSETS UNDER DEVELOPMENT

(₹ in Lac)

| | March 31, 2014 | March 31, 2013 |
|----------------------|----------------|----------------|
| ERP IMPLEMENTATION | 73.81 | 29.32 |
| WEB SITE DESIGNING * | - | 7.88 |
| | 73.81 | 37.20 |

* Web site Designing already developed and transferred to Revenue

Notes on Accounts *(contd.)* For the year ended March 31 '2014

13 NON-CURRENT INVESTMENTS (AT COST)

(₹ in Lac)

| (Others - unquoted) | No. of unit | March 31, 2014 | No. of unit | March 31, 2013 |
|--|-------------|----------------|-------------|----------------|
| In Mutual Fund - | | | | |
| Reliance Fixed Horizon Fund - Xxiii- series 4- Growth plan | - | - | 3000000 | 300.00 |
| Reliance Fixed Horizon Fund - Xxiii- series 5- Growth plan | - | - | 2000000 | 200.00 |
| ICICI Prudential Fixed Maturity Plan - Series 67 | - | - | 3000000 | 300.00 |
| HDFC FMP 371D December 2013 (2) series 29 - Direct growth | 4,000,000 | 400.00 | - | - |
| HDFC FMP 554D NOV 2013-1-DIRECT-GR | 3,000,000 | 300.00 | - | - |
| ICICI Prudential Fixed Maturity Plan - Series 67 | 3,000,000 | 300.00 | - | - |
| ICICI PRUDENTIAL FMP SERIES 71- 480 DAYS | 3,000,000 | 300.00 | - | - |
| Reliance Fixed Horizon Fund - Xxiii- series 4- Growth plan | 3,000,000 | 300.00 | - | - |
| Reliance Fixed Horizon Fund - Xxiii- series 5- Growth plan | 2,000,000 | 200.00 | - | - |
| Reliance Fixed Horizon Fund - XXV- series 11- Growth plan | 3,000,000 | 300.00 | - | - |
| Reliance Fixed Horizon Fund - XXV- series 12- Growth plan | 3,000,000 | 300.00 | - | - |
| Reliance Fixed Horizon Fund - XXV- series 13- Growth plan | 2,000,000 | 200.00 | - | - |
| Reliance Fixed Horizon Fund - XXV- series 15- Growth plan | 2,000,000 | 200.00 | - | - |
| Reliance Fixed Horizon Fund - XXV- series 16- Growth plan | 2,000,000 | 200.00 | - | - |
| DSP FMP S154-12-5M | 4,001,173 | 400.11 | - | - |
| (Aggregate NAV of Mutual Fund as on March 31, 2014 ₹3535.63) (as on 'MARCH 31, 2013 ₹802.31 lac) | | | | |
| | | 3,400.11 | | 800.00 |



Notes on Accounts *(contd.)* For the year ended March 31 '2014

14 LOANS AND ADVANCES

(₹ in Lac)

| | Long Term Loans & Advances | | Short Term Loans & Advances | |
|--|----------------------------|----------------|-----------------------------|----------------|
| | March 31, 2014 | March 31, 2013 | March 31, 2014 | March 31, 2013 |
| (Unsecured and Considered good) | | | | |
| LOAN | | | | |
| (Recoverable in cash or in kind or for value to be received) | | | | |
| ADVANCE TO R S EMPLOYEE WELFARE TRUST | 1,500.00 | 1,500.00 | - | - |
| ADVANCES | | | | |
| (Recoverable in cash or in kind or for value to be received) | | | | |
| ADVANCE AGAINST EXPENSES | - | - | 3.73 | 17.69 |
| PREPAID EXPENSES | 34.92 | 118.86 | 333.49 | 170.72 |
| DEPOSITS | 156.27 | 164.81 | - | - |
| ADVANCE TO STAFF | 42.99 | - | 15.93 | 77.03 |
| ADVANCE TAXES (Net of Provisions) | 1,422.46 | 1,077.96 | - | 31.45 |
| BALANCES WITH GOVT. AUTHORITIES | 237.81 | 181.02 | 146.86 | 100.84 |
| | 3,394.45 | 3,042.65 | 500.01 | 397.74 |

15 CURRENT INVESTMENT

(₹ in Lac)

| | No. of unit | March 31, 2014 | No. of unit | March 31, 2013 |
|--|-------------|----------------|-------------|----------------|
| (At Cost or Fair value whichever is less) | | | | |
| Investment in Mutual Fund (Others - unquoted) | | | | |
| HDFC 400D March 12 - Growth Series XXI (FMP) | - | - | 3000000 | 300.00 |
| ICICI Prudential FMC Series 63-384 Days Plan A (FMP) | - | - | 2000000 | 200.00 |
| DSP BlackRock FMP - Series 38 - 12.5 M Gwth Maturity Plan (FMP) | - | - | 2000000 | 200.00 |
| IDFC Fixed Matutity Plan - 13 Months Series | - | - | 2000000 | 200.00 |
| Religare Ultra Short Term Fund - Direct Plan Daily Dividend | - | - | 25070 | 251.13 |
| Templeton - Indian Ultra Short Bond Fund - Weekly Div. | - | - | 4118365 | 416.94 |
| Reliance Dynamic Bond Fund - Growth Plan (NI-GP) | 2,663,580 | 400.10 | 2663580 | 400.10 |
| IDFC - SSIF - Inv Plan- Plan A - Growth Option | 742,539 | 200.00 | 742539 | 200.00 |
| Reliance Interval Fund- Qtrly Plan- Series 1 - DWP | 1,165,087 | 200.00 | - | - |
| Reliance Interval Fund- Qtrly Plan- Series II - DWP | 2,028,139 | 350.00 | - | - |
| DSB BlackRock Strategic Bond Fund - | 17,595 | 250.00 | - | - |
| JM High Liquidity Fund (Direct) - DDO | 2,948,649 | 307.55 | - | - |
| Religare Ultra Short Term Fund - Direct Plan Daily Dividend | 30,956 | 309.66 | - | - |
| (Aggregate NAV of Mutual Fund as on MARCH 31, 2014 ₹2087.22 Lac) (as on 'MARCH 31, 2013 ₹2275.71 Lac) | | | | |
| | | 2,017.31 | | 2,168.17 |

Notes on Accounts *(contd.)* For the year ended March 31 '2014

16 a TRADE RECEIVABLES

| | (₹ in Lac) | |
|--|-----------------|-----------------|
| | March 31, 2014 | March 31, 2013 |
| (Unsecured and Considered good) | | |
| Trade Receivable for a period exceeding Six Months | - | - |
| Others | 4,659.22 | 3,797.56 |
| | 4,659.22 | 3,797.56 |

b. UNBILLED REVENUE:

Unbilled revenue included in Trade receivable valued as on March 31, 2014 amounting to ₹2921.92 lac (March 31 ' 2013 ₹2099.82 Lac) primarily comprises of revenue recognised in relation to a percentage of work completed during the period which would be invoiced on achieving the particular milestone i.e based on the work order or contractual terms and also include the Invoices which due to be sent to customer as on March 31, 2014 ₹1244.78 Lac (March 31' 2013 ₹1270.03 Lac).

17 CASH AND BANK BALANCE

| | (₹ in Lac) | |
|---|-----------------|-----------------|
| | March 31, 2014 | March 31, 2013 |
| CASH & CASH EQUIVALENTS | | |
| CASH IN HAND | 0.34 | 3.49 |
| Fixed Deposits with Yes Bank- with original maturity less than 3 Months | - | 100.00 |
| BALANCE WITH BANK : | | |
| SCHEDULED BANKS | | |
| - in Current Account | 9.22 | 18.25 |
| (Axis bank Ltd., Allahabad Bank) | | |
| - in Current Account (HDFC Bank) | 8.88 | 2.30 |
| - in Current Account (ICICI Bank) | 13.11 | 6.28 |
| - in Current Account (YES Bank) | 10.16 | 6.05 |
| FOREIGN BANK | | |
| - in Current Account | 1,256.15 | 1,105.84 |
| (Bk of America, Silicon Valley Bk, ICICI Bk UK Ltd.) | | |
| OTHER BANK BALANCES | | |
| FIXED DEPOSITS - with original maturity less than 12 Months | | |
| Fixed Deposits with Yes Bank | 2,801.00 | 1,500.00 |
| In margin Money deposits against guarantees (in lien) | | |
| Axis Bank | 23.35 | 9.50 |
| Allahabad Bank | 7.73 | 7.27 |
| | 4,129.94 | 2,758.98 |

The Company has Seven Dividend Accounts with HDFC Bank being balances comprising of amount of ₹38.03 Lac which are still unpaid since FY 10-11. The same is not included in current assets and Current Liabilities of the company.

Notes on Accounts *(contd.)* For the year ended March 31 '2014

18 OTHER CURRENT ASSETS

| | (₹ in Lac) | |
|--|----------------|----------------|
| | March 31, 2014 | March 31, 2013 |
| INTEREST ACCRUED ON R S EMPLOYEE WELFARE TRUST | 154.80 | 40.75 |
| INTEREST ACCRUED ON FIXED DEPOSITS | 15.51 | 3.67 |
| | 170.31 | 44.42 |

19 CONTINGENT LIABILITIES

| | (₹ in Lac) | |
|---|----------------|----------------|
| | March 31, 2014 | March 31, 2013 |
| (To the extent not provided for in the books) | | |
| Guarantee Outstanding | 23.35 | 9.50 |
| Invoice Funding with Silicon Valley Bank | 496.33 | 441.33 |

20 COMMITMENTS

a Other Commitment

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

Company has spent ₹73.81 lac (March '13 ₹33.45 Lac) towards ERP implementation as on MARCH 31, 2014 which is still under development stage by in house team and expected to be completed by FY 2014-15.

21 REVENUE FROM OPERATION

| | (₹ in Lac) | |
|----------------------------------|------------------|------------------|
| | March 31, 2014 | March 31, 2013 |
| SALE OF SOFTWARE SERVICES | | |
| Export Income | 38,133.95 | 31,694.64 |
| Domestic Income | 53.70 | 121.73 |
| | 38,187.65 | 31,816.37 |

22 DETAILS OF OTHER INCOME

| | (₹ in Lac) | |
|---|----------------|----------------|
| | March 31, 2014 | March 31, 2013 |
| Interest Received from Bank & Other Investment | 247.33 | 94.68 |
| (including TDS ₹24.60 Lac (previous year ₹7.77 lac) | | |
| Net gain on Investments in Mutual Funds | 187.00 | 31.88 |
| Dividend Income | 60.35 | 138.18 |
| Interest from Employee Welfare Trust | 131.25 | 40.75 |
| (including TDS ₹13.12 Lac (previous year ₹4.07 lac) | | |
| Interest from Income Tax Refund | 8.80 | - |
| Other Non-operating Income From Subsidiary | 20.63 | 20.44 |
| Liability/Expenses No longer required written back | 77.30 | 120.67 |
| | 732.66 | 446.60 |

Notes on Accounts *(contd.)* For the year ended March 31 '2014

23 EMPLOYEE BENEFIT EXPENSES

| | (₹ in Lac) | |
|------------------------------------|------------------|------------------|
| | March 31, 2014 | March 31, 2013 |
| Salary Wages And Bonus * | 18,972.53 | 16,765.86 |
| Subcontracting Charges | 5,702.83 | 4,542.43 |
| Contribution to PF And Other Funds | 373.96 | 643.98 |
| Staff Welfare Expenses | 1,173.45 | 925.42 |
| (* Refer Note No. 28) | | |
| | 26,222.77 | 22,877.69 |

24 FINANCE COST

| | (₹ in Lac) | |
|-----------------------------|----------------|----------------|
| | March 31, 2014 | March 31, 2013 |
| Interest Expenses | 56.90 | 67.24 |
| Interest Paid on Income tax | 3.96 | - |
| Other Borrowing Cost | 26.99 | 26.98 |
| | 87.85 | 94.22 |

25 OPERATION AND OTHER EXPENSES

| | (₹ in Lac) | |
|---|----------------|----------------|
| | March 31, 2014 | March 31, 2013 |
| Travelling | 1,541.38 | 1,573.35 |
| Conveyance | 50.75 | 54.88 |
| Staff Welfare | 145.59 | 113.00 |
| Communication | 290.12 | 301.23 |
| Printing and Stationery | 43.66 | 21.63 |
| Electricity and Power | 174.00 | 170.46 |
| Rent - Equipment | - | 11.14 |
| Rent - Apartment & Ground | 552.85 | 551.24 |
| Repairs - Machinery | 211.42 | 228.74 |
| Repairs - Building | 101.21 | 81.15 |
| Repairs - Others | 0.46 | 0.41 |
| Education and Training Expenses | 9.39 | 17.84 |
| insurance | 121.87 | 91.08 |
| Auditors' Remuneration - Refer Note no.25 | 11.49 | 11.99 |
| Books and Periodicals | 0.47 | 0.75 |
| Directors' Fees * | 9.00 | 9.20 |
| Rates & Taxes | 225.20 | 209.34 |
| Legal / Professional Fee | 14.48 | 12.48 |
| Consultancy Charges | 328.78 | 220.56 |

Notes on Accounts *(contd.)* For the year ended March 31 '2014

25 OPERATION AND OTHER EXPENSES *(contd.)*

| | (₹ in Lac) | |
|--|-----------------|-----------------|
| | March 31, 2014 | March 31, 2013 |
| Recruitment & Relocation Expenses | 153.46 | 122.86 |
| General and Board Meeting expenses | 36.81 | 34.33 |
| Membership and Subscription | 26.16 | 24.75 |
| Business Promotion | 169.64 | 72.85 |
| Advertisement | 16.39 | 16.74 |
| Seminar & Conferences | 0.30 | 5.69 |
| Advances written off | 3.77 | - |
| Donation | 0.50 | - |
| Net loss on Foreign currency Transaction | 72.02 | 16.99 |
| Loss on Discard of Assets | 4.36 | 6.17 |
| | 4,315.52 | 3,980.84 |

* Its inclusive of service tax for current year

26 INCOME TAX DEDUCTED ON DOMESTIC INCOME

| | (₹ in Lac) | |
|--|----------------|----------------|
| | March 31, 2014 | March 31, 2013 |
| Income Tax deducted on domestic income | 6.03 | 15.12 |

27 AUDITOR'S REMUNERATION

| | (₹ in Lac) | |
|--|----------------|----------------|
| | March 31, 2014 | March 31, 2013 |
| As Statutory Auditors | 2.25 | 2.00 |
| Tax Audit | 0.50 | 0.50 |
| Other certification | 0.90 | 0.83 |
| The above remunerations are not inclusive of service tax as applicable | | |
| | 3.65 | 3.33 |

28 PRIOR PERIOD EXPENSES INCURRED

| | (₹ in Lac) | |
|--|----------------|----------------|
| | March 31, 2014 | March 31, 2013 |
| Employee benefit Expenses | 0.32 | - |
| Repair & Maintenance | 0.46 | 0.80 |
| Conveyance | - | 0.33 |
| Professional fee | 0.34 | - |
| Recruitment | - | 0.09 |
| Business Promotion | 0.85 | |
| Managing Director's Commission (included in Salary cost) | - | 7.00 |
| | 1.97 | 8.22 |

Notes on Accounts (contd.) For the year ended March 31 '2014

- 29 There is no impairment of assets during the year ended MARCH 31, 2014.
- 30 The company has changed its policy in relation to service tax. In respect of service tax which are non cenvatable or non refundable the same amount is being charged to respective expense account.
- 31 The Company has renewed lease for Building with Saltee Infotex (India) Pvt. Ltd. for the period of 3 years expiring on 30th April' 15. The amount of ₹217.55 Lac (Previous Year 31.03.2013 ₹213.21 Lac) has been charged to the profit & Loss Account during the year ended March 31, 2014.

| | (₹ in Lac) |
|---|----------------|
| Total Minimum Lease Payment outstanding | March 31, 2014 |
| Within One Year | 217.55 |
| More than One Year | 18.13 |

32 EMPLOYEE BENEFIT PROVISIONS

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

| | (₹ in Lac) | |
|--------------------------------|----------------|----------------|
| | March 31, 2014 | March 31, 2013 |
| Provision for Leave Encashment | 27.32 | 37.43 |
| Provision for Gratuity | 61.58 | 108.78 |
| | 88.90 | 146.21 |

TABLE 1

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

| | | (₹ in Lac) | | | |
|-----------------------------------|---|----------------|----------------|------------------|----------------|
| | | GRATUITY FUND | | LEAVE ENCASHMENT | |
| Sl. | Description | March 31, 2014 | March 31, 2013 | March 31, 2014 | March 31, 2013 |
| i) | Present Value of Defined Benefit Obligation | (364.98) | (350.99) | 90.15 | 84.59 |
| ii) | Fair Value of Plan Assets | - | - | - | - |
| iii) | Funded Status [Surplus / (Deficit)] | (364.98) | (350.99) | (90.15) | (84.59) |
| iv) | Unrecognised Past Service Cost | - | - | - | - |
| v) | Effect of balance sheet asset limit | - | - | - | - |
| vi) | Net Asset / (Liability) recognized in the Balance Sheet | (364.98) | (350.99) | (90.15) | (84.59) |
| REVISED SCHEDULE VI COMPANIES ACT | | | | | |
| a) | Current Liability | | | | |
| i) | Current Liability on retirement | 6.25 | - | 0.51 | - |
| ii) | Current Liability on attrition | 10.76 | 10.53 | 2.69 | 2.54 |
| | Total Current Liability | 17.01 | 10.53 | 3.20 | 2.54 |
| b) | Non Current Liability | 347.97 | 340.46 | 86.95 | 82.05 |

Notes on Accounts (contd.) For the year ended March 31 '2014

32 EMPLOYEE BENEFIT PROVISIONS (contd.)

TABLE 2

Actuarial calculations for AS 15 (Rev. 2005) for the purpose of Disclosure of employer expense for the year ending 31st March, 2014.

| | | (₹ in Lac) | |
|-------|--|---------------|------------------|
| | | GRATUITY FUND | LEAVE ENCASHMENT |
| Sl. | Description | 2013-14 | 2013-14 |
| i) | Current Service cost (including risk premium for fully insured benefits) | 96.95 | 11.06 |
| ii) | Interest Cost | 32.22 | 7.86 |
| iii) | Expected Return of Asset (-) | - | - |
| iv) | Curtailment Cost (+) | - | - |
| v) | Settlement Cost (+) | - | - |
| vi) | Past Service Cost | - | - |
| vii) | Actuarial Gains (-) / Loss (+) | (67.59) | 8.39 |
| viii) | Appreciation/Depreciation of Plan Assets | - | - |
| | Total employer expenses recognized in P & L | 61.58 | 27.32 |

TABLE 3

Actuarial calculations for AS 15 (Rev. 2005) purpose change in obligations / assets in the year ending 31.03.2014.

A. Change in Obligation in the year ended 31.03.2014

| | | (₹ in Lac) | |
|-------|---|---------------|------------------|
| | | GRATUITY FUND | LEAVE ENCASHMENT |
| Sl. | Description | 2013-14 | 2013-14 |
| i) | Present Value of Defined Benefit Obligation at the beginning of the year. | 350.99 | 84.59 |
| ii) | Employer Service Cost (+) | 96.95 | 11.06 |
| iii) | Interest Cost (+) | 32.22 | 7.86 |
| iv) | Curtailment Cost (+) | - | - |
| v) | Settlement Cost (+) | - | - |
| vi) | Employee contribution | - | - |
| vii) | Plan Amendments | - | - |
| viii) | Acquisitions | - | - |
| ix) | Actuarial Gains (-) / Loss (+) | (67.59) | 8.39 |
| x) | Benefit Payments (-) | (47.58) | (21.76) |
| xi) | Present Value of DB obligations at the end of the year | 364.98 | 90.15 |

Notes on Accounts *(contd.)* For the year ended March 31 '2014

32 EMPLOYEE BENEFIT PROVISIONS *(contd.)*

| B. Change in Assets | | (₹ in Lac) | |
|---------------------|--|---------------|------------------|
| | | GRATUITY FUND | LEAVE ENCASHMENT |
| Sl. | Change in Assets | 2013-14 | 2013-14 |
| i) | Fair value of Plan Assets at the beginning of the year | - | - |
| ii) | Expected Return of Asset (+) | - | - |
| iii) | Actuarial Gains (-) / Loss (+) | - | - |
| iv) | Actual Company Contribution (+) | - | - |
| v) | Benefit Payments (-) | - | - |
| vi) | Appreciation / Depreciation of Plan Assets | - | - |
| vii) | Fair Value of Plan Assets at the end of the period | - | - |
| viii) | Actual return on Plan Assets | - | - |

TABLE 4

| A. Reconciliation of Net Assets / (Liability) recognized in the Balance Sheet as at 31st March, 2014. | | (₹ in Lac) | |
|---|---|---------------|------------------|
| | | GRATUITY FUND | LEAVE ENCASHMENT |
| Sl. | Description | 2013-14 | 2013-14 |
| i) | Net Asset / (Liability) recognized in the Balance Sheet at the beginning of the year. | (350.99) | (84.59) |
| ii) | Employer Expenses | 61.58 | 27.32 |
| iii) | Employer Contributions. | 47.58 | (21.76) |
| iv) | Acquisitions. | - | - |
| v) | Net Asset / (Liability) recognized in balance sheet at the ending of the year | (364.98) | (90.15) |

| B. Summary of Membership Date | | (₹ in Lac) | |
|--|--|----------------|----------------|
| Active Members | | March 31, 2014 | March 31, 2013 |
| Number of Employees | | 724 | 738 |
| Total Monthly Salaries (INR in Lac) | | 219.80 | 211.40 |
| Avg. Monthly Salary per employees (INR in Lac) | | 0.30 | 0.29 |
| Average past services (yrs) | | 4.61 | 3.91 |
| Average future services (yrs) | | 24.79 | 25.46 |
| Average age at valuation date (yrs) | | 33.21 | 32.54 |

Notes on Accounts *(contd.)* For the year ended March 31 '2014

33 RELATED PARTY DISCLOSURES

| | | |
|--------------------------------------|-------------------------------------|--------------------------|
| a) Enterprises where control exists: | | |
| Wholly Owned Subsidiaries: | % of holding | Country of Incorporation |
| Responsive Solutions Inc | 100% | USA |
| RS Software (Asia) Pte. Ltd. | 100% | Singapore |
| b) Key Management Personnel: | | |
| Mr. Rajnit Rai Jain | Vice Chairman and Managing Director | |
| Mr. Richard Launder | Director | |
| Mr. Shital Kr. Jain | Director | |
| Mr. R Ramaraj | Director | |
| Mrs. Sarita Jain | Director | |
| Mr. Vijendra Surana | CFO & Company Secretary | |

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

| i. With Wholly Owned Subsidiary (WOS) | | (₹ in Lac) | |
|--|----------------|----------------|------------|
| Particulars | March 31, 2014 | March 31, 2013 | |
| Reimbursement of Cost of services incurred on behalf of Subsidiary including margin on actual cost thereon . | | | |
| Responsive Solution Inc | 191.28 | 186.66 | |
| Reimbursing the subsidiary towards service rendered by them at a commission margin. | | | |
| R S Software Asia (pte.) Ltd. | 2,823.13 | 2,354.98 | |
| Reimbursing the Other Cost from subsidiary on actual. | | | |
| R S Software Asia (pte.) Ltd. | 338.85 | 272.19 | |
| Balance as on MARCH 31, 2014 : | | | |
| Advance taken against services | | | |
| Responsive Solution Inc | NIL | NIL | |
| Reimbursement of expenses payable | | | |
| RS Software (Asia) Pte Ltd | NIL | NIL | |
| Maximum balance outstanding during the year | | | |
| Advance taken against services | | | |
| Responsive Solution Inc | 59.51 | 105.67 | |
| Reimbursement of expenses payable | | | |
| RS Software (Asia) Pte Ltd | 486.44 | 253.92 | |
| ii. With Related parties | | | (₹ in Lac) |
| Particulars | March 31, 2014 | March 31, 2013 | |
| Remuneration to Key Personnel: | | | |
| Directors (Sitting Fees)* | 9.00 | 9.20 | |
| Managing Director | 58.32 | 79.32 | |

* Its inclusive of service tax for current year

Notes on Accounts *(contd.)* For the year ended March 31 '2014

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

| Particulars | (₹ in Lac) | |
|--------------------------------------|----------------|----------------|
| | March 31, 2014 | March 31, 2013 |
| Numerator for Basic and Diluted EPS: | | |
| Profit for the period | 5,358.37 | 3,792.73 |
| Denominator for Basic EPS: | | |
| Equity Shares | 12,109,537 | 11,467,061 |
| Add: ESOP Conversion | 31,834 | 13,928 |
| Add: Preferential Issue | 316,247 | 128,479 |
| Add : Bonus Issue | 1,720 | 3,690 |
| Weighted no. of Equity Shares | 12,459,338 | 11,613,158 |
| Denominator for Diluted Shares | | |
| Weighted No. of Basic Equity Shares | 12,459,338 | 11,613,158 |
| Add: ESOP Conversion | | |
| ESOP Dilutive | 45,835 | 165,556 |
| Pref Share allotment | - | 405,552 |
| Weighted no. of Equity Shares | 12,505,173 | 12,184,266 |
| Nominal Value of share | 10.00 | 10.00 |
| Basic Earning per Share | 43.01 | 32.66 |
| Diluted Earning per Share | 42.85 | 31.13 |

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

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

a 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.

| Particulars | (₹ in Lac) | |
|----------------------------------|------------------------------|------------------------------|
| | Year ended March 31, 2014 | Year ended March 31, 2013 |
| Expenditure in Foreign Currency: | | |
| Foreign branch expenditure | 23,099.04 | 17,524.80 |
| Earning in Foreign Currency | | |
| Export of services | 38,133.95 | 29,324.67 |

Notes on Accounts *(contd.)* For the year ended March 31 '2014

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

b Remittance in Foreign Currency

The Company has remitted ₹ Nil (March 31, 2013 : ₹ Nil) in foreign currencies on accounts of dividends during the year and does not have information as to the extent to which remittance, if any, in foreign currencies on account of dividends have been made by / on behalf of non-resident shareholders. The particulars of dividends declared and paid on account of non-resident shareholders for the years 2010-11 to 2013-14 are as under :-

| Particulars | No. of Non-resident Shareholders | No. of Equity Shares held | Year end of Dividend | Gross Amount of dividend |
|--|----------------------------------|---------------------------|----------------------|--------------------------|
| Final dividend for 2010-11 declared in July'11 | 134 | 205495 | March' 2011 | 410,990 |
| Interim Dividend for 2011-12 declared in January' 12 | 130 | 126018 | March' 2012 | 126,018 |
| Final dividend for 2011-12 declared in July'12 | 134 | 468631 | March' 2012 | 937,262 |
| Interim Dividend for 2012-13 declared in January' 13 | 202 | 511382 | March' 2013 | 767,073 |
| Final dividend for 2012-13 declared in July'13 | 202 | 725249 | March' 2013 | 1,450,498 |
| Interim Dividend for 2013-14 declared in October' 13 | 208 | 780530 | March' 2014 | 1,951,325 |
| Interim Dividend for 2013-14 declared in January' 14 | 198 | 698165 | March' 2014 | 698,165 |

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

| Particulars | (₹ in Lac) | |
|--|------------------------------|------------------------------|
| | Year ended March 31, 2014 | Year ended March 31, 2013 |
| 1. Segment Revenue (net sale / income from each segment should be disclosed) | | |
| a. Segment - A (USA) | 32,586.56 | 27,631.07 |
| b. Segment - B (ROW) | 5,601.09 | 4,185.30 |
| Total | 38,187.65 | 31,816.37 |
| Other Income | | |
| Segment - B (ROW) | 732.67 | 446.60 |
| Total | 38,920.31 | 32,262.97 |
| Less : Inter - segment revenue | - | - |
| Net Revenue from Operations | 38,920.31 | 32,262.97 |
| 2. Segment Results Profit/(Loss) before Tax & Interest from each segment | | |
| a. Segment - A (USA) | 8,425.81 | 5,606.44 |
| b. Segment - B (ROW) | 1,441.05 | 1,023.93 |
| Total | 9,866.86 | 6,630.37 |
| Less : Interest | 87.81 | 94.22 |
| Less : Depreciation | 547.67 | 346.57 |
| Less : Unallocable Selling , General & Administrative Expenses | 1,484.87 | 1,225.95 |
| Profit before tax | 7,746.50 | 4,963.64 |
| 3. Capital Employed | | |
| Total Assets | 20,132.99 | 14,275.93 |
| Total Liability | 20,132.99 | 14,275.93 |

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

Notes on Accounts *(contd.)* For the year ended March 31 '2014

38 Disclosure under clause 32 of the listing agreement amount of loans and advances outstanding from subsidiary

| | (₹ in Lac) | |
|--|----------------|----------------|
| | March 31, 2014 | March 31, 2013 |
| Outstanding as on | | |
| Responsive Solution Inc | NIL | NIL |
| RS Software (Asia) Pte Ltd | NIL | NIL |
| Maximum balance outsatndng during the period | | |
| Responsive Solution Inc | 59.51 | 105.67 |
| RS Software (Asia) Pte Ltd | 486.44 | 253.92 |

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

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

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

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

Nilima Joshi
Partner, M. No. 52122
Dated : April 16th, 2014
Place : Kolkata

V. Surana
CFO & Company
Secretary

S. K. Jain
Director

On Behalf of the Board

R.R. Jain
Chairman
& Managing Director

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE
(In terms of amendment to Part IV of Schedule VI)

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

| | | |
|-----|---|-------------------------|
| I | Registration details | |
| | Registration No. | L72200WB1987PLC043375 |
| | State code | 21 |
| | Balance Sheet Date | 03/31/14 |
| II | Capital raised during the year (Amount in ` Lac) | |
| | Public Issue | Nil |
| | Rights Issue | Nil |
| | Bonus Issue | 0.84 |
| | Private Placement (Warrants converted into shares) | 59.50 |
| | ESOS | 9.19 |
| III | Position of Mobilisation and Deployment of funds (Amount in ` Lac) | |
| | Total Liabilities | 20,133 |
| | Total Assets | 20,133 |
| | I. EQUITY AND LIABILITIES : | |
| | 1. Shareholders' Fund | |
| | (a) Share Capital | 1,280 |
| | (b) Reserve & Surplus | 16,302 |
| | (c) APP. Money Recd. Against Share Warrant | - |
| | 2. Non-Current Liabilities | |
| | (a) Long Term Provisions | 472 |
| | 3. Current Liabilities | |
| | (a) Short Term Provisions | 392 |
| | (b) Trade Payable | 1,183 |
| | (c) Other Current Liability | 503 |
| | II. ASSETS | |
| | 1. Fixed Assets | 1,781 |
| | 2. Intangible Assets Under Development | 74 |
| | 3. Non Current Investment | 3,400 |
| | 4. Deferred tax Assets (Net) | 7 |
| | 5. Long Term Loans & Advances | 3,394 |
| | 6. Current Assets | |
| | (a) Short Term Loans & Advances | 500 |
| | (b) Current Investment | 2,017 |
| | (c) Trade Receivables | 4,659 |
| | (d) Cash & Cash Equivalents | 4,130 |
| | (e) Other Current Assets | 170 |
| IV | Performance of Company (Amount in ` Lac) | |
| | Turnover and Other Income | 38,920 |
| | Total Expenditure | 31,174 |
| | Profit/(Loss) before Tax and Extraordinary items | 7,747 |
| | Profit/(Loss) after Tax and Extraordinary items | 5,358 |
| | Basic Earnings per share in ₹ | 43.01 |
| | Dividend % | Final 25% , Interim 35% |
| V | Generic Names of Two Principal Products/Services of Company (as per monetary terms) | |
| | Item code No. | N.A. |
| | Item code No. | N.A. |
| | Product Description | N.A. |

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

Nilima Joshi
Partner, M. No. 52122
Dated : April 16th, 2014
Place : Kolkata

V. Surana
CFO & Company
Secretary

S. K. Jain
Director

On Behalf of the Board

R.R. Jain
Chairman
& Managing Director



R S SOFTWARE (INDIA) LTD
(CIN: L72200WB1987PLC043375)

Regd.Office: “FMC FORTUNA”, 1st Floor, A-2, 234/3A A.J.C. Bose Road, Kolkata – 700 020.

Proxy Form
Form No. MGT-11

I/We being the member(s) of shares of the above named company hereby appoint:

- 1) Name Address.....
Email ID Signature.....or failing him;
- 2) Name Address.....
Email ID Signature.....or failing him;
- 3) Name Address.....
Email ID Signature.....

As my/our proxy to attend and vote for me/us and on my behalf at the Twenty Sixth Annual General Meeting of the company, to be held on 18th day of July, 2014 at 11:30 A.M.at RABINDRA TIRTHA, 33-1111, Major Arterial Road, 3rd Rotary, New Town, Kolkata – 700 156 and at any adjournment thereof in respect of such resolutions as are indicated below:

- Resolution No:
1. Ordinary Resolution for adoption of Audited Financial Statements for the year ended March 31, 2014.
2. Ordinary Resolution to declare a final dividend of ₹2.50 per equity share and to confirm interim dividends of ₹2.50 per equity share and ₹1.00 per equity share already paid for the year ended March 31, 2014.
3. Ordinary Resolution to appoint a Director in place of Mr. Rajnit Rai Jain (holding DIN 00122942), who retires by rotation and, being eligible, seeks re-appointment.
4. Ordinary Resolution under Section 139 of the Companies Act, 2013 for the appointment of M/s Chaturvedi & Company (Registration No. 302137E), Statutory Auditor of the Company and fixing their remuneration.
5. Special Resolution as per Sections 196, 197, 203 read with Schedule V of the Companies Act, 2013 to re-appoint Mr. Rajnit Rai Jain (holding DIN 00122942) as Chairman and Managing Director (CMD) of the Company and to revise his remuneration with effect from October 1, 2014.
6. Ordinary Resolution for the appointment of Mr. Shital Kumar Jain (holding DIN 00047474) as Independent Director of the Company under the provisions of Sections 149, 152 of the Companies Act, 2013.
7. Ordinary Resolution for the appointment of Mr. Rajasekhar Ramaraj (holding DIN 00090279) as Independent Director of the Company under the provisions of Sections 149, 152 of the Companies Act, 2013.
8. Ordinary Resolution for the appointment of Mr. Richard Nicholas Launder (holding DIN 03375772) as Independent Director of the Company under the provisions of Sections 149, 152 of the Companies Act, 2013.
9. Special Resolution to approve the payment of remuneration to non-executive directors pursuant to Sections197,198 and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force).

Signed this..... day of 2014.

Folio No. / DPID & Client ID.....

No. of shares held.....

Signature of the Shareholder.....

Signature of Proxy holder.....

Affix
Revenue
Stamp

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.



R S SOFTWARE (INDIA) LTD

(CIN: L72200WB1987PLC043375)

Regd.Office: “FMC FORTUNA”, 1st Floor, A-2, 234/3A A.J.C. Bose Road, Kolkata – 700 020.

Attendance Slip

I hereby record my presence at the ANNUAL GENERAL MEETING at RABINDRA TIRTHA, 33-1111, Major Arterial Road, 3rd Rotary, New Town, Kolkata – 700 156 at 11:30 am on Friday, July 18, 2014.

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

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



R S SOFTWARE (INDIA) LTD

(CIN: L72200WB1987PLC043375)

Regd.Office: “FMC FORTUNA”, 1st Floor, A-2, 234/3A A.J.C. Bose Road, Kolkata – 700 020.

Dear Shareholder,

We invite your attention to the following points and request you to take necessary action(s) as applicable to you.

In terms of Circular No. CIR/MRD/DP/10/2013 dated 21st March, 2013 issued by SEBI, henceforth payment of dividend will be made through ECS/NECS/NEFT etc. only.

- 1) Accordingly you are requested to send your correct bank account details (including MICR No., IFSC Code, Account Type etc.) to your Depository Participant before July 8, 2014, if you are holding shares in demat form.
- 2) If you are holding shares in physical form, Company will mandatorily print the bank account details of the shareholders on physical dividend warrant. In cases where either the bank details such as MICR/IFSC etc. that are required for making electronic payment are not available or the electronic payment instructions have failed or have been rejected by the bank dividend warrant will be sent after printing the correct bank account details on it only. Accordingly, you are requested to send before July 8, 2014 (as per the format given below) your complete bank details along with a cancelled cheque to **C.B. Management Services (P) Ltd**, the Registrars & Share Transfer Agents of the Company at the address **P-22, Bondel Road, Kolkata – 700 019** to enable us to credit the dividend amount directly to your Bank account.

(PLEASE USE CAPITAL LETTERS)

| | |
|---|--------------------|
| Folio No..... | No. of shares..... |
| Name of the first/sole shareholder | : |
| Name of the Bank | : |
| Branch and Full Address | : |
| Account Type (Savings/current/cash Credit) | : |
| Account Number (as appearing on the cheque book) | : |
| RTGS/NEFT IFSC Code | : |
| Ledger Folio No. (if any, as appearing on the cheque book) | : |
| 9-digit Code Number of the Bank and Branch (appearing on the MICR cheque issued by the Bank) | : |

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

Place:

Signature of the First/Sole Shareholder

Encl: Copy of Bank Cheque Leaf

3) In respect of Non-resident shareholders, as a general rule, the dividend income on shares acquired subject to the condition that they will not carry the right of repatriation, are required to be credited to the Investor's NRO account. In other cases, (i.e., shareholders having the right of repatriation), the Indian Companies are required to remit dividend to such non-resident shareholders through the Authorized Dealers. In this view the non-resident shareholders must provide the information as mentioned below:-

(PLEASE USE CAPITAL LETTERS)

Name of the first/sole shareholder :

Folio No/DP ID / CL ID :

Number of shares :

Place/Country of permanent residence :

Nationality :

Reserve Bank Approval No and Date for Acquiring shares :

| | |
|--------------------|---|
| Beneficiary Status | With Repatriation right/ With Non-Repatriation right |
|--------------------|---|

Contact No :

Email ID :

Name of the Bank :

Bank Account No :

Account Type NRO / NRE / FCNR

Branch Name & Address :

IFSC (Indian Financial System Code) :

9 digit MICR (Magnetic Ink Character Recognition) :

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

Place:

Signature of the First/Sole Shareholder

Encl: Copy of Bank Cheque Leaf

Notes

Notes



R.S. SOFTWARE (INDIA) LIMITED
A-2, FMC FORTUNA, 234/3A, A.J.C. BOSE ROAD,
KOLKATA 700020, INDIA
CIN: L72200WB1987PLC043375



R.S. SOFTWARE (INDIA) LTD.

CIN: L72200WB1987PLC043375

www.rssoftware.com

An ISO 9001:2008, ISO 27001:2005 and SEI-PCMM Level 3 Company

FORM 'A' as per SEBI Circular No. CIR\CFD\DI\7\2012 dated August 13, 2012:

- | | | |
|----|---|----------------------------------|
| 1. | Name of the Company: | R.S Software (India) Ltd. |
| 2. | Annual financial statements for the year ended: | 31st March 2014 |
| 3. | Type of Audit observation: | Un-qualified. |
| 4. | Frequency of observation: | N.A. |

Signatures:

CEO/ Managing Director: Mr. Rajnit Rai Jain

CFO & Company Secretary: Mr. Vijendra Surana

Auditor of the Company: Mrs. Nilima Joshi

Chairman of the Audit Committee: Mr. Shital Kumar Jain

Date: April 16, 2014

Place: Kolkata

Global Leader in Providing Technology Solutions to the Electronic Payments Industry

- | | |
|---------------------------|---|
| Registered Office: | ➤ R.S. Software (India) Ltd. A-2, FMC Fortuna, 234/3A, A.J.C. Bose Road, Kolkata 700020, India Tel: 91 33 2287 5746, 91 33 2281 0106 /07 /08 /09 Fax: 91 33 2287 6256 |
| Computer Centers: | ➤ RS Tower, Block DN - 9, Sector - V, Salt Lake Electronics Complex, Kolkata 700091, India Tel: 91 33 6601 8899 Fax: 91 33 2367 4469 ➤ Plot J1 - 11, Block EP, Sector - V, Salt Lake Electronics Complex, Kolkata 700091 |
| US Offices: | ➤ 1900 McCarthy Boulevard, Suite #103, Milpitas CA 95035 Tel: 408 382 1200 Fax: 408 382 0083 ➤ 555 North Point Center East, 4th floor, Alpharetta GA 30022 Tel: 678 366 5179 Fax: 678 366 5001 |
| UK Office: | ➤ The Lansdowne Building, 2 Lansdowne Road, Croydon CR9 2ER Tel: 208 263 6014 Fax: 208 263 6100 |
| Subsidiaries: | ➤ Responsive Solutions Inc., California, US ➤ R.S. Software (Asia) Pte. Limited, Singapore, Asia |