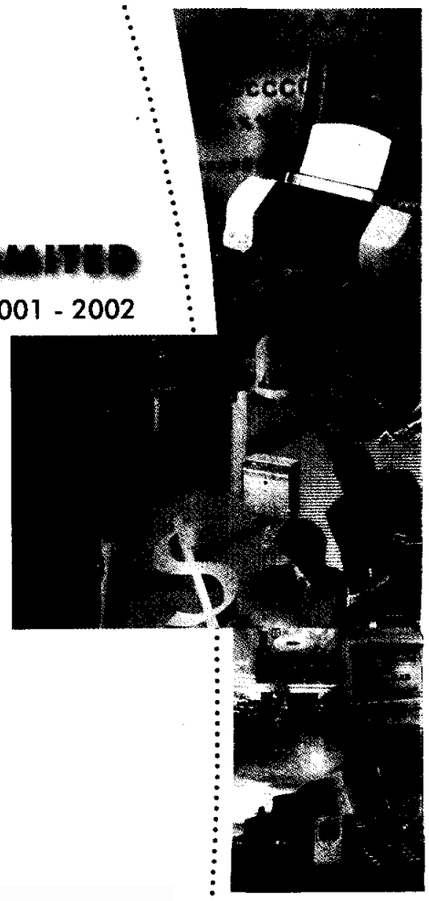
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B S SOFTWARE (INDIA) LIMITED

ANNUAL REPORT 2001 - 2002

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ON THE WINGS OF THE PHOENIX

FY 01-02. A watershed year for the IT Industry. The lessons learnt from the dotcom meltdown were barely sinking in, when the darkening clouds of recession, already looming large on the western horizon, rapidly closed in and engulfed the entire global IT economy. As investments in technology came to a virtual standstill, for the first time even top rung IT companies were forced to rework their revenue worksheets and pull back any overly forward-looking guidance. And if there was room for any cautious optimism, the events of September 11 put paid to all that as everything just about fell apart.

For the Indian software industry, 2001-02 fiscal had started with an early setback. On April 12, the industry lost its charismatic brand ambassador Dewang Mehta, president of NASSCOM. Dewang's untimely passing away left a void that would be hard to fill. Then, as the months rolled by, it became clear that both onsite and offshore billing rates were falling, and the basket of onsite opportunities was dwindling rapidly. Some hope was generated as the EU and Asia Pacific regions started showing signs of opening up. However, in the aftermath of September 11, as the sub-continent transformed into a war zone, Indian IT suffered very heavy casualty and could manage to end the fiscal with a blended growth rate of only 29%.

For RS, 2001-02 was a year of organic consolidation. Taking a cue from market directions, RS restructured itself into Strategic Business Units focused on identified industry verticals (Financial Services, Retail, Logistics and Healthcare) and on Embedded & hi-tech software (Device Drivers, System Software). Internally, RS rightsized its capacity and put in place cost-alignment measures with a focus on flexible cost structure. The executive management structure was also supplemented with the introduction of a General Management Team comprising of company top performers. And, to drive the alignment of strategic objectives with business goals, a Corporate Planning function was instituted.

However, with the slump eating up the transients and any new opportunities, RS ended the fiscal with a low turnover. The only redeeming thing..., RS did not lose any of its existing key customers in the turmoil.

Starting this year, RS will begin moving towards greater domain specific capabilities and a flexible cost structure so as to offer price-performing solutions in each of the identified verticals. In doing so, RS will start relying more on use of pre-fabricated solution components, knowledge integration and capacity scalability to sustain planned growth. The thrust will be to gradually move away from vanilla services to high value-added, fixed-price offerings, so that by 2004, RS transforms fully into a vertical focused company. And while forming complementary alliances with key industry players will be a strategic focus area, consolidating customer relationships and increasing the share of business within existing key accounts will remain an important business direction for RS in FY 02-03.

With the US economy indicating visible signs of recovery, a turnaround is expected in the coming months. And, like the mythical Phoenix that rose from the ashes, we hope to see the global IT Industry picking up once again, and emerging surer and stronger than ever before.

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VISION

- Provide Quality Software Services from India to the International Markets

MISSION

- To achieve excellence in all our business processes through people empowerment and continuous process improvements leading to highest customer satisfaction

STRATEGY

- To transition from vanilla services to fixed-price, domain focused and high valued-added offerings in identified verticals, using pre-fabricated solution components

COMPANY VALUES

- To provide price performing quality solutions
- To achieve the highest levels of customer satisfaction
- Achieving success through effective leadership
- Foster an environment of trust
- Constantly work towards synchronizing the goals of the individual with those of the organization
- To be a learning organization

OUR COMMITMENT

- Continuous investment in Technology Upgradation
- Investment in Training and Skill Enhancement
- Respect for the individual

Commitment of Top Management

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CONTENTS

Operational Highlights, 2001- 02	4
Board of Directors	6
Executive Committee	7
On-site Marketing Team	8
General Management Review Team	9
Organization Chart	10
Capabilities & Offerings	11
Notice to Members	12
Directors' Report	14
General Shareholders' Information	27
Auditors' Report	29
Balance Sheet	32
Profit and Loss Account	33
Schedules to Balance Sheet and Notes on Accounts	34
Balance Sheet Abstract	44
Cash Flow Statement	45
Section 212 of the Companies Act, 1956	46
Responsive Solution Inc.	47
R S Software (UK) Limited	50
Consolidated Accounts of RS Software India Limited and its Subsidiaries	54

Enclosed : Proxy

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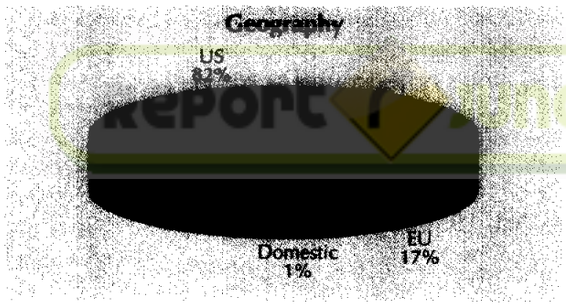
OPERATIONAL HIGHLIGHTS, 2001-02

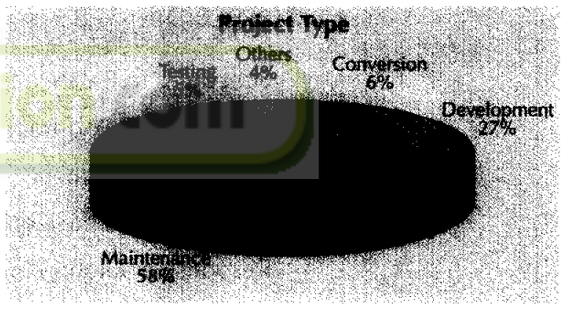
As with last year, this year too saw maximum revenue coming from US-based clients in the Financial Services sector in the maintenance of legacy systems. RS's involvement in the USA and EU ranged from full life cycle software development to System Upgrading, Re-engineering of existing applications, Migration, and total Compliance Testing of several large and mission-critical applications. Significant among our clients were a leading credit card company, one of the largest super market chains, a leading printer manufacturer, a healthcare services company and a software services company.

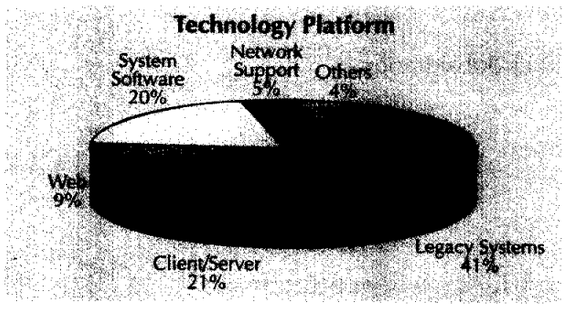
Category	Highest Share	%
Geospread	USA	82
Business Segment	Financial Services	58
Competency	Maintenance	59
Platform	Legacy Systems	41

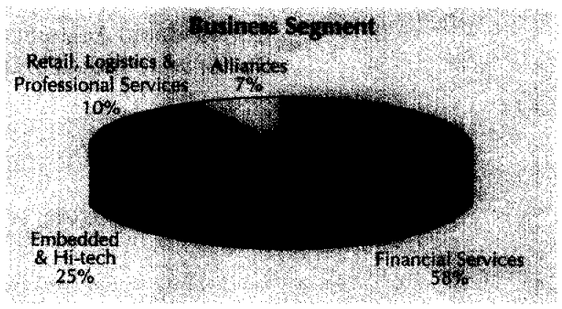
For one of its clients in USA, RS has set up an offshore test lab for automated testing of an enterprise-wide distributed network security system, which deploys intelligent agents that defend against the proliferation of attacks across networks. For another large client in the same region, we provide maintenance, enhancement and testing support from our Offshore Development Center in India for printer drivers and printer related utilities on different platforms like Win NT, OS/2 and SOLARIS. For one of our EU-based clients, RS completed a full-life cycle development project on a WAP enabled B2C Portal.

REVENUE BREAK-UP









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Corporate Planning and Development

With the objective of keeping the business planning process aligned with strategic corporate objectives, the Corporate Planning function was introduced in 2001-02. The last six months of FY 01-02 saw many new strategic initiatives being implemented at RS, the most significant amongst which is the beginning of the journey towards a vertical-focused SBU structure. While RS will continue to work towards building its core competencies in Development, Testing, Maintenance and Migration assignments, the movement towards domain driven capabilities adds a new perspective. The Corporate Planning team will empower the business managers as well as the support function heads with industry news, trends and market predictions, and provide timely analysis of business performance data on which the business planning and budgeting exercise would be based. The planning function has been integrated with the market research and corporate communication function with the objective of keeping the business collateral up to date with current market trends and customized with the needs of the clients.

HR Activities

The restructuring of your organization this year resulted in several major activities and HR had the role of ensuring a smooth transition to the new structure. Accordingly, the HR Manual for Roles & Responsibility has been altered to reflect the new roles in the SBU structure and the HR Policy and Procedure Manual has been updated after detailed discussions with the Board of Directors. Restructuring has also triggered changes in the compensation structure, career development and competency assessment to make them more performance-focused and business-oriented.

Quality and Benchmarking of Processes

Having facilitated the process of achieving SEI-CMM level 4 and P-CMM level 3 in the last fiscal, the major focus of Q&B this year was to measure the benefits of implementing the practices recommended by these models. Your organization has already started reaping the benefits of global benchmarking. Q&B played a very crucial role in redefining and institutionalizing the business processes which have resulted from restructuring, while ensuring minimum disruption to everyday operations. As the custodian of all processes, Q&B continues to work towards maximizing RS's effectiveness in delivering complete satisfaction to its growing base of customers

Training & Development

The Training and Development function at RS geared itself to face the challenges posed by the restructuring of your company into strategic business units. The spotlight shifted from a project-specific approach to a vertical-focused one. T&D worked closely with each SBU to ascertain, collate and plan their training needs in sync with their business strategies and targets. Today, in its new, vertical-driven role, T&D continues to be increasingly proactive, forward looking and responsive to the changing business milieu.

Facility

The Facility function provides services to business units in the areas of Networking, Hardware & Software trouble-shooting, and Enterprise level security to enhance their business prospects and meet their delivery commitments. During the year, Facility provided 7x24 support, maintained a committed up time, and worked on a comprehensive disaster-recovery plan. Facility is now prepared to take up the challenges of the new business strategy adopted by your company. Key focus areas identified for 02-03 include SBU-specific services, Web-based helpdesk, IP telephony to reduce costs of international calls, BS7799 security certification and centralized support management.

Operation & Support

During the year, as part of realignment of surplus infrastructure and effective cost management, Operation & Support (O&S) rightsized capacity in Kolkata and Chennai while relocating some of the business units to infrastructure available in the newly developed facilJty in Salt Lake, Kolkata. In 02-03, O&S will continue to implement a robust purchase & procurement system to minimize holding costs, and ensure meticulous planning with emphasis on business continuity and disaster recovery.

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BOARD OF DIRECTORS



Mr. K. S. Bhatnagar
Chairman



Mr. R. R. Jain
Vice Chairman & Managing Director



Maj. Gen. A. Balasubramaniam (Retd.)
Director



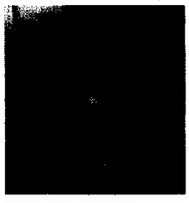
Maj. Gen. K C Mehra (Retd.)
Director



Mr. S. K. Jain
Director



Mr. D. Pal
Nominee Director (ICICI)



Mrs. S. Jain
Director

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EXECUTIVE COMMITTEE



Mr. R. R. Jain
C.E.O.



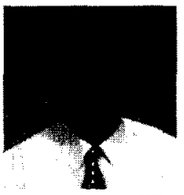
Mr. Kunal Sen
VP Finance &
Company Secretary



Mr. Sudipta K. Bhattacharjee
SBU Manager -
Financial Service Practices



Mr. Debasis Bandyopadhyay
SBU Manager -
Embedded & Hi-Tech.



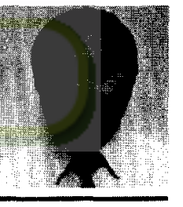
Mr. Bibek Sankar Das
SBU Manager - Retail
Logistics & Professional Services



Mr. Aniruddha De Choudhury
Manager -
Corporate Planning & Development



Mr. Sanjib K. Mukherjee
Manager -
Human Resources Management



Maj. Tapan Ch. Karmakar (Retd.)
Manager -
Operations & Support



Mr. Aniruddha Rai Chaudhuri
Manager -
Quality & Benchmarking



Mr. Harmeet Kalra
Manager
Professional Services

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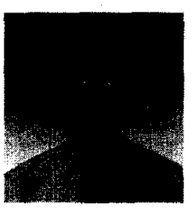
ON-SITE MARKETING TEAM



Mr. B N Jha
Account Manager
Financial Service Practices



Mr. Rajnish Singh
Business Development Manager
Alliances (UK)

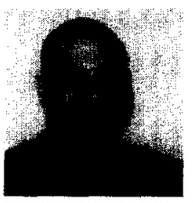


Mr. Bob Sinha
Account Manager
Financial Service Practices

ReportJunction.com



Mr. John Le Grande
Business Development Manager
Retail & Logistics



Mr. Mike Rafati
Business Development Manager
Retail & Logistics and Financial Service Practices

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GENERAL MANAGEMENT (REVIEW) TEAM

The General Management Review Team (GMRT) is composed of professionals who are generally regarded as star performers in their respective functions, and are known to have demonstrated outstanding thinking capability, attention to detail, and the ability to add value beyond their defined roles. The team is formed on the basis of recommendations made by EC members, and the final selection is made by the MD to whom the team reports. The membership is rotational and the composition of the team will be revised from time to time to make room for RSites who have shown promise as performers and potential as thinkers and future leaders. GMRT has been formed with the following objectives in mind:

- To review organizational policies so as to ensure greater synchronization amongst all functions, leading to an increase in the operational efficiency of the organization
- To guide the organization on the adoption of new technology areas in which the organization needs to build competencies, creating opportunities for the organization to venture into newer areas of business
- To research industry best practices in general management and other areas and assist the organization in benchmarking the same to enhance productivity.

Currently, amongst other things, the team is working towards consolidating knowledge management practices within the organization that would lead to an increase in overall productivity.

The present team consists :



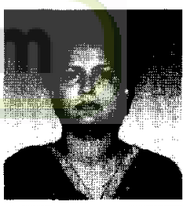
Sumit Misra



Sabyasachi Chatterjee



Arup Ranjan Das



Swati Dey



Arun Kumar Baid



Paramita Das



Debasis Gupta

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