

MD	<input checked="" type="checkbox"/>		BKC	<input checked="" type="checkbox"/>
CS	<input checked="" type="checkbox"/>		DPY	<input checked="" type="checkbox"/>
RO	<input checked="" type="checkbox"/>		DIV	<input checked="" type="checkbox"/>
TRA	<input checked="" type="checkbox"/>		AC	<input checked="" type="checkbox"/>
AGM	<input checked="" type="checkbox"/>		SH	<input checked="" type="checkbox"/>
YE	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>

Report  junction.com



RS SOFTWARE

INDIA LIMITED

A N N U A L R E P O R T 1 9 9 7 - 9 8





R S SOFTWARE (INDIA) LIMITED

Chairman

MR K S BHATNAGAR

Managing Director

MR R R JAIN

Director

MAJ GEN K C MEHRA (Retd.)

Director

MAJ GEN A BALASUBRAMANIAN (Retd.)

Director

MRS SARITA JAIN

WBEIDC Nominee

PROF ASHISH SEN

ICICI Nominee

MRS V MAUSKAR

RCTC Nominee

DR S RAMESH

Chief Operating Officer

MR AKHIL PANDEY

VP-Technical

MR BIKRAMJIT MAITRA

VP-Finance & Company Secretary

MR KUNAL SEN

Auditors

CHATURVEDI & COMPANY

Bankers

ALLAHABAD BANK

R S SOFTWARE (INDIA) LIMITED

NOTICE TO MEMBERS

The Tenth Annual General Meeting of R S Software (India) Limited will be held on Wednesday 22nd July, 1998 at 3:30 pm at Sisir Mitra Hall, West Bengal Electronics Industry Development Corporation Limited, Webel Bhavan, Block EP & GP Sector - V, Bidhan Nagar, Calcutta - 700 091, to transact the following business :

ORDINARY BUSINESS

- 1 To consider and adopt the Audited Balance Sheet as on 31.03.98 and Profit & Loss Account for the year ended on that date and the Report of Auditors and Directors thereon.
- 2 To appoint a Director in place of Maj. Gen. K.C. Mehra (Retd.) who retires by rotation and being eligible offers himself for reappointment.
- 3 To appoint a Director in place of Mrs S Jain who retires by rotation and being eligible offers herself for appointment.
- 4 To consider and declare Dividends.
- 5 To appoint Auditors and to fix their remuneration and for this purpose to consider and, if though fit, to pass the following resolution as a Special Resolution.

"Resolved that pursuant to the provision of Sec 224 and other appropriate provision, if any, of the Companies Act 1956, Messrs Chaturvedi & Company to retire at the conclusion of the Meeting be and are hereby reappointed Auditors of the company to hold office from conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company at a remuneration of Rs 30,000/- excluding out of pocket expenses.

SPECIAL BUSINESS

- 6 To consider and, if thought fit to pass, with or without modifications, the following ordinary resolution:
 "Resolved that subject to Share Holders' approval in a General Body Meeting or approval of the Authorised Share Capital of the Company be and is hereby increased from Rs 8,00,00,000/- to Rs 15,00,00,000/- (Rupees Fifteen Crores only) thereby increasing the existing no. of shares from 47,00,000 Equity Shares of Rs 10/- each to 1,00,00,000 Equity Shares of Rs 10/- each and 3,30,000 Preference Shares of Rs 100/- each to 5,00,000 Preference Shares of Rs 100/- each."
 "Further resolved that Clause V of the Memorandum of Association of the Company be substituted with the following clause :
 The Authorised Share Capital of the Company is Rs 15,00,00,000/- (Rupees Fifteen Crores) divided into 1,00,00,000 Equity Shares of Rs 10/- each and 5,00,000 Preference Shares of Rs 100/- each with power to increase or reduce the same in accordance with the provisions of the Companies Act, 1956".
- 7 To consider and, if thought fit to pass, with or without modifications, the following ordinary resolution:
 "Resolved that the Company hereby approves the revision in the remuneration payable to Vice Chairman & Managing Director with effect from 1st October '97 as determined by the Board of Directors of the Company and specified hereunder in accordance with and subject to the conditions of Schedule XIII of Companies Act, 1956 as amended by Notification G.S.R. No.510(E) dated 4th July '93, issued by the Department of Company Affairs:



1	Period of tenure : 5 years	
2	Salary per month in the scale of (60,000-5,000-80,000)	Rs. 60,000
	HRA per month (50% of salary)	30,000
	Children's Allowance @ Rs. 2,500/- p.m. for 2 children	<u>5,000</u>
		<u>95,000</u>

	PERQUISITES	Rs.
1	Medical Reimbursements (for self and family equivalent to one month's salary)	60,000
2	Leave Travel Concession (for self and family equivalent to one month's salary) as per Company's rules	60,000
3	Provident Fund @ 12%	86,400
4	Medical/Accident Insurance	2,500
5	Gratuity	<u>34,615</u>
		<u>2,43,515</u>

In addition to the above, MD will be entitled to the :

- 1 Use of a Chauffeur driven car in connection with Company's business.
- 2 Reimbursement of Club fee upto the maximum for two Clubs of his choice,
and

- 3 Encashment of earned leave as due to his account at the end of tenure, as per Company's Rules.

However, the remuneration package will be revised after the expiry of 2 years from 1.10.1997 with reference to both market conditions related to the profitability levels in the Company and the Industry and the results of the review will be placed before the Board for further necessary consideration at appropriate time.

All allowances/perks will however, be subject to the approved provision of the Companies Act and other legal provisions and bye laws.

The above remuneration shall also be paid as minimum remuneration in case of inadequacy of profits subject always to the amount permissible under Schedule XIII ibid along with the requisite perquisites."

Registered Office :
234/3A, A J C Bose Road
Calcutta-700 020
5th May, 1998

By order of the Board

KUNAL SEN
VP - Finance & Company Secretary

R S SOFTWARE (INDIA) LIMITED

NOTES

- 1 A Member entitled to attend and vote at this meeting is entitled to appoint a Proxy to attend and vote on a poll instead of himself. A Proxy need not be a member of the Company. Proxies, in order to be effective, must be received at the registered office of the Company not less than 48 hours before the meeting.
- 2 The Register of Members and Transfer Books of the Company will remain closed from 10th July, 1998 to 22nd July, 1998 (both days inclusive).
- 3 If, Dividend on shares, as recommended by the Directors is passed at the meeting, payment of such dividend will be made to those members whose names appear on the Company's Register of Members at the close of working hours on 22nd July, 1998.
- 4 Member/Proxy holder must bring the Attendance Slip to the Meeting and hand it over at the entrance duly signed.
- 5 Members desirous of any information on the Accounts at the Meeting are requested to send their queries at least 10 days before the Meeting.
- 6 An Explanatory Statement regarding the items of Special Business as required under Section 173 (2) of the Companies Act, 1956 is annexed.
- 7 PLEASE BRING YOUR COPY OF THE ANNUAL REPORT AT THE MEETING.



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

ITEM 5

Section 224 of the Companies Act, 1956 provides for appointment or re-appointment at each Annual General Meeting of an Auditor of a Company by a Special Resolution if the Company is one in which not less than 25% of the subscribed share capital is held singly or in combination by the Public Financial Institutions, Government Companies, etc. since holding by the West Bengal Electronic Industry Development Corporation Ltd. (WBEIDC), Technology Development and Information Company of India Ltd. (TDICI), Risk Capital & Technology Financial Corporation Ltd (RCTC) and Unit Trust of India (UTI) in the shares of the Company exceeds 25%, re-appointment of the Auditors is required to be made by a Special Resolution.

None of the Directors are interested or concerned in the resolution.

ITEM 6

The Authorised Share Capital of the Company presently stands at Rs 8,00,00,000 divided by 47,00,000 Equity Shares of Rs. 10 each and 3,30,000 Preference Shares of Rs 100 each. In conformity with the expanding business plans for the current and future years and to commensurate quantum of financing, the Company has decided to increase the Authorised Equity Share Capital to Rs 10,00,00,000 comprising of 100, 00, 000 equity shares of Rs. 10 each and Authorised Preference Capital to Rs 5,00,00,000 comprising of 5,00,000 Preference Shares of Rs 100/- each.

ITEM 7

Members will recall that remuneration payable to the Managing Director of the Company Mr R R Jain was last approved at the Sixth Annual General Meeting of the Company held on 28th September, 1994.

The nature, duties and responsibilities of the MD with reference to his professional background, aptitude, initiative and qualities of leadership and specially the fact that he has to frequently travel abroad for discussions with top functionaries of status - conscious of foreign corporate world for securing business for the Company requires redesignating the MD, Mr R R Jain as Vice Chairman & Managing Director as well as revising his remuneration which was last approved on 28.09.94. Moreover the general level of remuneration, including perks, drawn by the Chief Executives, discharging identical level of functional responsibilities in comparable Corporations in the highly competitive software industry in the Country, which despite highly depressed industrial scenario, was still doing extremely well as a global foreign exchange earner for the country and where remuneration levels were comparatively much higher for well known reasons.

The Managing Director, Mr Jain is a thorough professional, a pioneer entrepreneur of his family with high academic and technical background. He has had extensive understanding of the functioning of the global software industry and it was a tribute to his capable leadership that he has been able to secure a continued stream of order from abroad, particularly from the USA. He continues to make successful forays in promising and potential global markets and has been able to secure for the Company excellent order book position which eventually translated into the revenues of the Company. Apart from his excellent personal performance as a technical head and an able Administrator, the comparative - both national and global levels of remuneration of Chief Executives in the software industry and recently liberalised norms of remuneration for the managerial personnel under the Companies Act provide a further strong justification for an appropriate up scaling of the present level of remuneration of Mr Jain so as to make it commensurate with the arduous nature of duties and responsibilities handled by him.

The Board of Directors accordingly revised the remuneration payable to Managing Director w.e.f. 1st October, 1997 subject to Members approval. The proposed alteration are in accordance with and subject to the conditions of the said new Schedule XIII. The MD prior to October 97 was drawing a remuneration of Rs 33,000 per month with perquisites such as accommodation, medical reimbursement for self and family, leave travel concession for self and family once a year, reimbursement of Club fees subject to a maximum of two clubs, personal accident insurance, contribution to Provident Fund as per company rules, gratuity as per the Gratuity Act and a chauffeur driven car in connection with company's business. His revised salary has been proposed at Rs 60,000 in the scale of 60,000 - 5,000 - 80,000 with 50% of basic for accommodation, children's allowance @ Rs 2500/- per month for two children, medical reimbursement to the extent of Rs 60,000 per annum for self and family, leave travel concession to the extent of Rs 60,000 per annum for self and family. All other terms and conditions remain the same.

The revised remuneration as determined by the Board above is, however, subject to the overall limits laid down in sections 198 and 309 of the Companies Act, 1956, the conditions of the revised Schedule XIII as well as the approval by the Members.

The Resolution is intended for this purpose and the Board recommends the same. Except Mr R R Jain and Mrs S Jain (his wife) no other Director has any interest or concern in the resolution.

R S SOFTWARE (INDIA) LIMITED

Directors' Report

Dear Shareholder,

Your Directors are pleased to present their tenth Annual Report along with the audited Statement of Accounts for the year ended 31st March, 1998 and Auditors' Report thereon.

Financial results

	Rs. in million	
	1997-98	1996-97
Sales and other income during the year	282.02	243.98
Profit before Interest and Depreciation	55.10	42.87
Less : Interest	12.71	17.46
Depreciation	12.12	11.20
Profit before Tax	30.27	14.21
Less : Provision for tax	—	—
Profit after tax	30.27	14.21
Balance brought forward from previous year	23.03	15.00
	<u>53.30</u>	<u>29.21</u>
Proposed Appropriations		
(Subject to approval of General Body)		
Dividend		
i) 43,49,000 Equity Shares @ 20%	8.70	4.36
ii) Preference Shares		
@ 14% and 17%	1.27	1.27
@ 16%	0.55	—
Tax on Dividend	1.05	0.56
Transfer to General Reserve	3.03	—
Balance to be carried forward to Balance Sheet	38.57	23.03

Your Board recommends subject to your approval an increase in the dividend @ 20% (against 10% in the previous year) in line with the increase in the profitability of the Company. This apart, taking into account the fact that the tax on dividend is payable by the Company, the actual return to the shareholders would work out to 22%. Although your Company still needs internal accruals for financing of its expansion of infrastructural facilities and working funds, we wish to keep our commitment to our Members to recompense them suitably and are able to do so by dint of our significantly improved cash management and better financial performance.



Growth in Offshore Execution

A significant development in the current financial year has been an increasing share of offshore executions in the Company's over all turnover. The process has begun during the last few months of the previous financial year when your company's world-class facilities in Calcutta started to receive visitors from several International organisations. It is pertinent to mention here that your Company's vision was and continues to be "quality software developer from India for the International markets". As we steadily progress towards the fulfilment of our vision, we hope to achieve a most strategic benefit in the growth and retention of our intellectual capital here in India itself. The offshore offerings result in visible improvements in the quantum of our revenue earnings. The financial results of your company for the year are an eloquent testimony to this concept. In fact one of the keen analyst of the software industry in India had recently mentioned that "execution of software professionals overseas is like selling our family jewels, whereas the emphasis ought to be on educating, training and retaining of India's intellectual capital".

All the same, the offshore execution is a new concept still is in its infancy and understandably continues to be perceived as a risky proposition in the client's mindset. While there are a handful of Indian Companies that have found a measure of success with their off-shore offering, any performance differentiators are yet to be established. From a client's perspective, this becomes a commodity offering only from software companies in India who have the essential basic infrastructure and execution processes in place. Two factors, however, are gradually beginning to facilitate the first level of differentiation. These are :

- a) Successful execution of several referential projects
- b) Visibility and branding of the offered product of the Indian Company

Your company being a young and relatively new entrepreneurial organisation has to face an uphill task in breaking into the commodity offering of the offshore product, which has been possible only because we dared to have keen future vision and were looked up by your commensurate faith in us reflected through your timely investments to help the company build up an excellent infrastructure up-front. As a result, we have not only made a breakthrough, but actually succeeded in developing a business rapport with some of the world's leading lights in the Industry with their well reputed global branding. Now that we have achieved a measure of success in our offshore execution of business, we can rely more on our not so tangible differentiators being responsive, flexible, absolute quality assurance and appropriate size that maximise customer satisfaction and fetch us the earnings and the name. We continue to strive to make significant reduction in the differentiated use of our payment terms, helping thereby to manage effectively our accounts receivables. We push ahead to cash on all the opportunities in the area of offshore sales, built on the foundation of quality implementation and persuasive marketing.

Quality implementation

This is a key factor in ensuring customer satisfaction resulting in successful references and repeat plan business. On an average 70% of the revenue in this segment comes from repeat business in our Industry. We recognize that India is continually up-against shortage of Managers trained in the ways of world class business practices, and this alone can inhibit India from being a significant software player in the global market which it so rightly deserves. To take proactive steps in building such an in-house capability, your company has initiated transformation program in mid 1997.

R S SOFTWARE (INDIA) LIMITED

With the main objectives of having a comprehensive look at the following :

- 1 Building discipline and unified team, well focused on execution of well defined processes.
- 2 Creation of an excellent infrastructure and a pool of skilled manpower which could transform R S Software into a premiere software company with world class processes and capabilities, and,
- 3 Eventually provide world class software services to its global clients.

We fully realise that transformation of a structure is a long and tedious journey when undertaken with grit and in a sustained manner, maximises the probability of achieving the cherished objectives.

Persuasive Marketing

The selling of the offshore paradigm requires a unique process since this is in between a concept and an established product in the market place. The positive is that the Year 2000 Compliance related work and Eurodollar conversion effort are building large volumes of backlog that have date and time sensitivity for completion. The Information Technology of America (ITAA) report that in 1998, there are already 346000 unfilled jobs in the IT Industry in America alone. Although we have yet to see a visible chunk of this business coming to India as we have been looking forward to for long. Yet by all indications, the U S and European Industry can no longer afford to still move slow in this effort. If the expectation proves right now, then it would augur well for companies such as yours that are focused on the IBM Mainframe technology which is where the major part of this effort is required. Accordingly, your company has developed a unique concept in the area of testing., a significant piece of the total software lifecycle. With good references in place, and consolidation of the offshore business, your company is investing into a team of persuasive marketers whose agenda will be to provide a platform for major growth in the Company's sales. We hope our members wish us good luck on our quest.

Software products

Your company continues to pursue this segment as a minor strategy, leveraging the relationship with Software A G of Germany, the eighth largest software company in the world.

Internet based applications and data warehousing

The new technology group is consistently working to hone in their skills in these two technologies which will form the foundation for the future strategic growth of the company.

Directors

Maj Gen K C Mehra (Retd.) and Mrs S Jain retire by rotation and being eligible, offer themselves for reappointment. The Directors recommend their reappointment for a further tenure as this would be entirely in the larger interests of the Company.

Auditors

M/s Chaturvedi & Co., 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 also recommended on