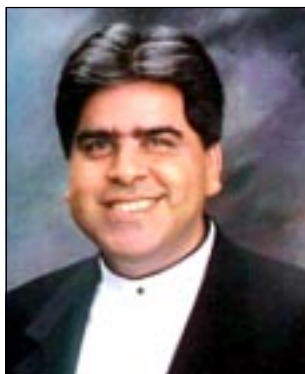


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Mr. R. R. Jain
Chairman & Managing Director



Mr. S. K. Jain
Director



Mr. R. Ramaraj
Additional Director



Mr. Pankaj Dhanuka
Nominee Director (ICICI)



Mrs. S. Jain
Director

RS MANAGEMENT TEAM



Mr. R. R. Jain
Chairman & Managing Director



Ms. Diana Adachi
President



Mr. Soubhik Ghosh
Vice President,
Execution & Delivery



Mr. Bibek Shankar Das
Vice President, Corporate



Mr. Vijendra Surana
CFO & Company Secretary



Mr. Rakesh Srivastava
General Manager,
Business Development



Mr. Aniruddha Rai Chaudhuri
General Manager,
Quality & Benchmarking



Mr. Sumit Misra
General Manager, Technology



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



NOTICE TO MEMBERS

The Twenty First Annual General Meeting of R S Software (India) Limited will be held on Wednesday, July 29, 2009 at 11 am at Aikatan Cultural Centre, Eastern Zonal Cultural Centre, IA- 190, Sector III, Salt Lake City, Kolkata 700 097 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as on 31.03.2009 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 Mrs. Sarita Jain who retires by rotation and being eligible offers herself for reappointment.
3. To appoint Auditors and to fix their remuneration and for this purpose to consider and, if thought fit, to pass the following resolution as an Ordinary Resolution.

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

SPECIAL BUSINESS

4. To appoint Mr. R. Ramaraj, the Additional Director whose office expires at this Annual General Meeting as a Director and to consider and, if thought fit to pass, with or without modifications the following Ordinary Resolution:

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

By Order of the Board

Corporate Office
234/3A, A.J.C. Bose Road
Calcutta – 700 020
May 1, 2009

Vijendra Surana
CFO & Company Secretary

NOTES

1. A member entitled to attend and vote at this meeting is entitled to appoint a Proxy to attend and vote instead of himself. A Proxy need not be a member of the Company. Proxies, in order to be effective, must be received at the registered office of the Company not less than 48 hours before the meeting.
2. The Register of Members and Transfer Books of the Company will remain closed from July 22 2009 to July 29 2009 (both days inclusive).
3. Members/Proxy holder must bring the Attendance Slip to the Meeting and hand it over at the entrance duly signed.
4. Members desirous of any information on the Accounts at the Meeting are requested to send their queries at least 10 days before the Meeting.

PLEASE BRING YOUR COPY OF THE ANNUAL REPORT AT THE MEETING.

R.S. SOFTWARE (INDIA) LTD.

Annual Report 2008-2009 | 5

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

Item 4

Mr. R. Ramaraj holds a B.Tech in chemical engineering from the University of Madras and an M.B.A. from the Indian Institute of Management, Calcutta.

Mr. Ramaraj was the Co- Founder and CEO of Sify Limited, the pioneer and leader in Internet, Networking and e - Commerce Services in India. Sify was the first Indian Internet company to be listed on the Nasdaq National Market in the US.

Mr. Ramaraj was recognized as the 'Evangelist of the Year' at the India Internet World Convention in September 2000. And in 2001, in a CNET.com poll in India, Mr. Ramaraj was voted the IT Person of the Year 2000. He was invited by the UN Secretary-General, Kofi Annan to be a member of UN's Working Group on Internet Governance (WGIG).

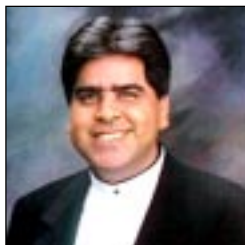
Currently Mr. Ramaraj is the Senior Advisor at Sequoia Capital and is a member of the Global Board of Trustees of TiE (The Indus Entrepreneurs). Mr. Ramaraj is the first Indian to be invited to the Board of directors of ICANN (Internet Corporation for Assigned Names and Numbers).

Mr. R. Ramaraj would bring in value addition by virtue of his experience and knowledge in IT Space.

Your Directors recommend the appointments of Mr. R. Ramaraj but none of the Directors have an personal interest or concern in the proposed resolution.



DIRECTORS' REPORT 2008 - 09



Mr. R. R. Jain, CMD

Dear Member,

Your Directors present their Twenty First Annual Report and Audited Statement of Accounts highlighting the business operations and financial results of your Company for the year ended 31st March 2009.

Financial Highlights

(Rs. in Million)

Particulars	Year Ended March 31, 2009	Year Ended March 31, 2008
Gross Revenue	1494.55	1011.17
Operating Profit (PBDIT)	191.71	109.76
Interest	40.16	49.12
Depreciation	57.40	46.18
Profit before Tax	94.15	14.46
Provision for Tax	30.92	2.79
Profit after Tax	63.23	11.67

Review & Analysis of Financial Performance

The company has achieved its revenue growth of 48% over the previous fiscal year, which you would appreciate is indeed impressive, particularly considering the global economic scenario for the past one year, which has been unprecedented in its impact on all our customer markets. RS Software is now well positioned to enter its second phase of growth cycle, and make rapid progress in fulfilling its vision of becoming a global leader in providing technology solutions to the Electronic Payments industry. RS Software is committed to demonstrate leadership in domain capability from India, bringing thereby unique contributions to its global clientele. The company has also achieved significantly higher quality of revenues, and thereby leveraging the investments it has been making in its world class Software centers in Salt Lake Electronics Complex, Kolkata. Our profitability has been increased to Rs.63.23 Million, which is a growth of 356% over our entire profitability during the last fiscal year. The Company has achieved a revenue level of Rs 149 cr.

Your company continues to focus on high opportunity growth markets and given below is a glimpse of the market place from a potential size and clientele perspective, including the macro level direction for the Indian IT industry as projected by Mckinsey. The ongoing investment by your company in enhancing the sales and marketing team are strengthening the foundation to leverage these opportunities, although in the short term these investments impact the profitability of the company. The growth in revenues of almost 48% during the last fiscal year would not be possible without the expansion of the sales team.

Nasscom is working very actively with the ministry of Human Resources and several Educational Institutions to increase the supply of talent to meet these growth rates.

The Electronic Payments Industry and its growth potential

US Senator Tim Johnson who serves on several Senate committees and chairs the Financial Institutions subcommittee of the Banking, Housing and Urban Affairs of the US Government says "There are many sectors of the current Economy that are struggling in the current downturn, but over the long term, I don't see use of Electronic Payments decreasing. Retailers and Financial institutions both benefit from the Network provided by the Electronic Payments industry, and Consumers have come to depend on the convenience of using debit and credit cards. The need for this service is unlikely to diminish in my view." The Electronic Payments industry has grown tremendously in the last 10 years and is slated to show even more impressive growth with emergence of new technologies. Many new players have entered the Payments arena over the last few years, including Paypal, Microsoft, Google, Telecom and others, and all of them are creating a host of opportunities for companies like RS Software. Those who innovate for the long run can make lots of money. Half of consumer expenditures are made with cash and checks, leaving trillions of dollars up for grabs and plenty of room for innovation in this industry. So in spite of the macro issues that encircle it, the future for payments looks bright. Profound changes are happening the kind of change that will transform how consumers shop and how business sell. Google and others have shown how crunching massive amounts of data can release enormous value. Despite all its sophistication, it's still based on a lot of guess work. Mobile phones are already revolutionizing payments in many parts of the world. It's a lot easier than putting in point-of-sale devices and wiring up card networks, and it's finally challenging the pervasive use of cash in these economies.

Redefined market; Source: Mckinsey

The addressable market for global sourcing will triple in size from USD 500 billion today to USD 1.5-1.6 trillion in 2020. 80% of incremental growth will be driven by opportunities outside the current core markets, verticals and customer segments.

India's IT industry is consistently delivering great price performance to its global clientele, and this is true of the large players and also SME companies in this industry. Your company has differentiated advantage of having domain focus in Electronic Payments that facilitate the ability to offer high value add to the work being executed, besides good price performance. This is what the Global firms are looking for as is validated by all research by lead players like Mckinsey, Gartner and Forrester.

Tactical initiatives leading to strategic advantages

On a positive note your management team introduced timely cost reduction measures, while ensuring ongoing investments in enhancing the sales capacity and infrastructure expansion. Most importantly these investments are helping to increase the quality of revenues, and building the foundation for achieving high growth rates, and getting your company closer to fulfill its vision of becoming the Global leader in providing solutions to the electronic payments industry. Our marketing strategy to reposition the Company as a domain focused player has started to pay off already and as we continue to develop more competencies, we are confident of winning strategic clients in the payments domain during 2008-09 fiscal years. We continue to participate vigorously in Industry trade shows in the US and UK, which is proving to be a good source of new sales leads, some of which have already resulted in concrete business. Our Sales Team and our Competencies Development Group are increasingly achieving better synergies by working together, resulting in enhancement of our ability to be more market driven in our investments.

Allotment of Equity Warrants on Preferential Basis

Your Directors are pleased to inform you that during the year under review 1000000 equity warrants were issued on preferential basis to the Promoter and the Chairman & Managing Director of the Company at Rs.19.50 per warrant to be converted into equity shares at Rs.10/- each at the ratio 1:1. During the year 220000 equity warrants were converted into equity shares upon receipt of the amount due. This equity warrants were allotted pursuant to the relevant Guidelines on such Issues by SEBI and Shareholders' approval accorded at the EGM held on 13th January 2009.

Fixed Deposits

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

Directors

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

A brief profile of Mrs. Sarita Jain given below –

Mrs. Sarita Jain: MA in English Literature and Diploma in Mass Communication

DIRECTORS' REPORT 2008 - 09 (Contd.)

and Home Science and has been Director with the Company since its inception.

Her contribution on all professional matters of the Company has been noteworthy.

- 2) Mr. R Ramaraj has been appointed as an Additional Director on 1st May, 2009, whose period of office will be up to the date of next AGM of the Company.

A brief profile of Mr. R. Ramaraj given below –

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

- 3) ICICI Bank withdrew nomination of Mr. Pankaj Dhanuka from the Board, consequent to re-payment of foreign currency term loan by the Company. The Board acknowledged the efforts and contributions of Mr. Pankaj Dhanuka as a Member.

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 internal 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').

Audit Report

The Board has taken note of the Auditor's Report and comments thereupon on the accounts for the year ended March 31, 2009. The Audit Observation read together with the notes to accounts are self-explanatory.

Directors' Responsibility Statement

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

- (i) that in the preparation of the annual accounts for the financial year ended 31st March, 2009 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, 2009 on a "going concern" basis.

Social Responsibility

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

Statutory Auditors

M/s Chaturvedi & Co., Chartered Accountants and Statutory Auditors of the Company, hold office until the conclusion of the

ensuing Annual General Meeting, and being eligible, offer themselves for reappointment. Their reappointment for a further term is recommended by your Board at such remuneration as the Board may be allowed to fix by the General Body.

Conservation of Energy, Technology Absorption.

The particulars as prescribed under sub-section (1)(e) of the Section 217 of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, are given at Annexure ' A 'to the 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 there are no employees in India employed for the year / part of the year who were in receipt of the remuneration which in the aggregate was not more than Rs.24 lacs per annum or Rs.2 lacs per month. As regards employees of the Company engaged in Information Technology sector like our Company not being Directors or their relatives and drawing salary exceeding the limits mentioned above is exempted from being included in such statement of the Board's Report as per the Government's Notification no.: G.S.R 212 (E) dated 24.3.2004.

Acknowledgements

Your Directors' place on record their deep appreciation of the continued assistance and co-operation extended to the Company by its customers, investors, bankers, Government agencies and its dedicated band of employees. Above all, the Board expresses deep sense of gratitude to the Members of the Company who have reposed faith in their Board and the Management during the days of stress and strain due to globally depressed market conditions impacting your Company's profitability.

For and on behalf of the Board of Directors



KOLKATA
1st May 2009

Raj Jain
Chairman