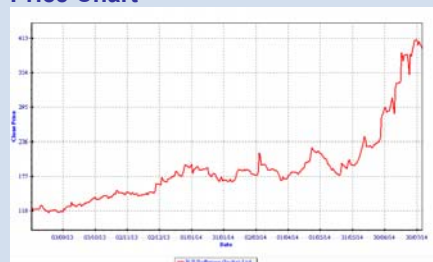


RETAIL RESEARCH

RS Software (India) Ltd

Scrip Code	Industry	CMP	Recommendation	Sequential Price Targets	Time Horizon
RSSOFTEQNR	IT- Software	Rs.376.55	Buy at CMP and add on dips in the price band of Rs.324-Rs.337	Rs.440.5 and Rs.544	1-2 Quarters

Price Chart



Stock Details	
BSE Code	517447
NSE Code	RSSOFTWARE
Reuters Code	RSSI.NS
Stock Beta	0.63
Price (Rs) as on Aug 08, 2014 closing	Rs.376.55
Equity Capital (Rs cr)	12.80
Face Value (Rs)	10.00
Market Cap (Rs cr.)	481.33
Book Value (Rs)	140.27
Avg. Volume (52 Week)	220,081
52 wk H/L (Rs)	429.90/112.25
Shareholding Pattern	
(As on Jun 30, 2014)	% Holding
Promoters	38.5
Institutions	5.1
Non Institutions	56.4
Total	100.0

RS Software India Ltd, is headquartered in Kolkata and primarily deals in customized software solutions for the electronic payments industry globally. The company provides a vast range of services like customized application development, Quality assurance and testing, Application management and support and Strategic consulting. It has a headcount of 1010 as on March 2014.

Investment Rationale

- Key beneficiary of boom in e commerce activities
- Niche player in the electronic payments industry, catering to world’s largest electronic payment service provider
- Higher adoption of electronic payments is a secular trend that should continue for the foreseeable future
- High quality balance sheet, zero debt and surplus cash to support inorganic expansion

Risks and Concerns

- Client & industry concentration risk
- Foreign exchange fluctuation risk

Conclusion & Recommendation

Electronic payments industry has immense potential and RSSL has been able to maintain a long standing relationship with all its clients across geographies. Management is also investing more on improving its sales and marketing division in order to win more clients and diversify globally. The company has a strong balance sheet with no debt and good cash and equivalents and also a growth focused strong management. At the current market price of Rs.376.55 the stock is trading at 7.26x FY16E EPS which we believe is attractive considering the immense growth potential and strong fundamentals. Investors could buy the stock at CMP and add on dips between Rs.324-Rs.337 (6.25x-6.5x FY16E EPS) for sequential targets of Rs.440.5 and Rs.544 (8.5x-10.5x FY16E EPS).

Financial Summary

Y/E March	FY13	FY14	FY15E	FY16E
Net Sales	318.18	381.88	437.25	507.21
EBITDA	54.05	83.82	94.25	107.37
EBITDA (%)	16.99	21.95	21.56	21.17
PAT	35.44	51.18	57.82	66.35
NPM (%)	11.14	13.40	13.22	13.08
EPS	29.29	39.98	45.17	51.84
P/E	12.86	9.42	8.34	7.26

Research Analyst:

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Business Overview

RS Software delivers a comprehensive range of services developed and customized for the payments industry landscape. In addition to revenues from software development, testing contributed 26%, data analytics contributed 18% dispute management services contributed 10% and security contributed 3% to company's overall revenues in FY14. RSIL has its corporate office located at Kolkata and a Software Development Center in Kolkata. The company has close to 1010 employees as of March 31st, 2014 and it has a subsidiary both in USA and Singapore (mainly representative office) and also operates a branch in USA and UK. In USA the subsidiary caters to software requirements of non-payment customers (like large retail chain).

Out of its total headcount around 750 employees are currently operating from its development center in Kolkata, 200 in USA, 25 in UK and 50 in Singapore. It also uses services of about 40 people on contract basis.

Custom Application Development

RS Software offers custom application development for platform, cloud, ecommerce and mobile environments using a comprehensive spectrum of development tools and methodologies including: SSAD/OOAD, classic/relaxed waterfall, classic/relaxed spiral, RUP, agile, prototyping. It is specialist in custom application development for credit, debit, chip, mobile, contactless, prepaid and loyalty card processing and management. RSSL have developed state of the art solutions for payment gateways, merchant reporting, merchant onboarding, residual management, data warehousing, data analysis and business intelligence.

Quality Assurance and Testing

New payment instruments, mergers, restructuring, mandates and system migrations put pressure on payment operations creating a nearly constant need for testing. RS Software provides best in breed testing services that improve service levels, increase the efficiency of business processes, and improve time to market for new product and service offerings. RSSL offers a diverse portfolio of testing services that includes functional testing, regression testing, security and compliance testing, integration testing, performance testing, compatibility testing and test automation.

Application Management and Support

RSSL offers comprehensive application lifecycle management services that include maintenance of, adding new functionality to and providing support for existing applications. Their list of application management services includes: Application, process and performance assessment, application and platform migration support, application consolidation and modernization, reengineering and integration services and maintenance and support for high performance applications.

1. Strategic Consulting

RSSL's strategic consulting services help clients align their technology initiatives with their business needs to drive growth and achieve the optimal ROI. These strategic consulting services are delivered in a three-step process that includes:

- a. **Technology and Business Alignment Analysis** – Analyze and document the alignment of the client's payments technology with the business requirements.
- b. **Gap Analysis and Remediation Planning** – Identify risks and potential challenges and recommend alternate options to address the defined risks.
- c. **Technology Roadmap Definition and Development** – Define a phased implementation plan for support of current business needs across all existing and new technology projects.

RSSL is involved in the whole chain of e payment as under:

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. RSSL 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.

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. They 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, RSSL 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). They offer a complete set of data analytic services that include assessment, consulting, establishing migration methodologies, implementing, testing and production support.

Information regarding subsidiaries

Subsidiary Name	% Holding	Incorporation
Responsive Solutions Inc	100%	USA
RS Software (Asia) Pte Ltd	100%	Singapore

Shareholding Pattern as on 30th June 2014

Shareholders	No of shares	% Holding
Promoter and Group	4929879	38.5
Government (Central/State)	2944	0.02
Financial Institutions/ Banks	11016	0.09
FIs	292050	2.28
Mutual Funds/UTI	346382	2.71

Public and Others	7222563	56.41
Grand Total	12804834	100.00

Large non-promoter shareholders as on 30th June 2014

Shareholder	No of Shares	% of Holding
Barclays Wealth Trustees India Pvt Ltd	574320	4.49
Dolly Khanna	486962	3.8
Reliance Capital Trustee Co Ltd- Reliance Longterm Equity Fund	331850	2.59
Slg International Opportunities L P	177800	1.39

Recently, Investment firm Reliance Wealth Management bought 70,000 shares or 0.54% stake in R S Software (India) at an average price of Rs 325.75 per share in a bulk deal on NSE on Thursday, 10 July 2014.

Investment Rationale

Geographical diversification to reduce client concentration risk

Prime chunk of RSSL's revenue (~84%) comes from one large client (reportedly Visa) and RSSL has a long standing association with them. Even though the company continues to receive contracts from their other major clients, there still exists a risk of client concentration. Realizing this, the company is increasing its investments in revamping its sales and marketing division to exploit the vast opportunities present in the electronics payments industry from diverse geographies and other processors. The management is targeting to bring down their dependence on a single client from the existing level to around 70 percent in the next 2-3 years period.

RSSL possesses good competence in the electronic payments industry, the industry itself is in a growing stage with huge growth potential.

Niche player in the electronic payments industry, catering to world's largest electronic payment service provider

RSSL is engaged in the maintenance of payment networks globally and provides technology solutions to the users of electronic payments industry. RSSL has more than 2 decades of experience in the payment services industry and develops customized methodology for managing software applications in areas of development, maintenance and support. It has been working with various large clients in developing applications across various platforms along with maintenance and testing within the identified verticals. RSSL continues to have a good relationship with their clients and continues to receive repeat orders and new orders from them. Apart from getting repeat orders from its largest single client, RSSL also gets orders from other electronic payment processors from diverse geographies for service contracts.

High quality balance sheet, zero debt and surplus cash to support inorganic expansion

The company has a very strong balance sheet and good return ratios. Debt equity ratio was nil for the last 3-4 years. It has a net cash and cash equivalent of Rs.62.21 crores as of 31st March 2014 which is equivalent to 12.5% of their current market capitalization. This cash will add up to close to Rs.49 per share. This high cash also indicates that the firm is in a better position to invest in attractive opportunities like buyout to support inorganic expansion. At present, RSSL is focused particularly in the electronic payment industry and therefore there exist a business risk of not having diversified verticals. By acquiring other mid sized companies catering to other some other related verticals they can actually reduce their business risk. Book value per share is also showing an increasing trend. As on May 31st 2014, the aggregate value of orders in hand was around Rs.374 crore.

Higher adoption of electronic payments is a secular trend that we believe should continue for the foreseeable future

Demand for payment processing from payment processors like MasterCard (MA) and Visa (V) is growing secularly both domestically and abroad as merchants are moving away from the age-old tradition of cash and into electronic transactions. These payment processing companies are growing their international revenues as demand for their services grows along with services demand in international emerging markets at a faster pace. U.S is one of the major growth drivers for these players, given the tendency of so many consumers to put everything from a \$3 charge at the grocery store to regular purchases, such as parking, and major purchases on their card. We think demand for electronic payments is likely to increase and hence Software service providers catering to these players also are expected to receive more service contracts going forward. The continuation of the current global economic recovery should lead to an acceleration of consumer spending and further revenue growth for electronic payment processors.

The 2013 World Payments Report, a joint initiative from Capgemini Consulting and the Royal Bank of Scotland, indicates strong growth for electronic payments globally. Global electronic transactions grew by 8.8 percent in 2011 to reach 307 billion transactions. In Latin America the increase was 14.4 percent – higher than in previous years. Brazil can be attributed to over 70 percent of the non-cash transactions in the region in 2011, where use of debit cards and credit cards increased by 23 and 16 percent respectively. Latin America's current mobile money subscriber base of 18 million is projected to grow to 140 million by 2015, according to Deloitte. With recent growth numbers like these it's tough to say where we'll be with e-pay in a few years' time. All the same, here are two final figures to keep in mind as we strive for improved services and increased inclusion through modern payment systems. MasterCard indicates that social benefits distributed using e-pay will increase by more than 300 percent between 2010 and 2017 to more than \$194 billion. Also by 2017, Nilson estimates total payment cards in circulation worldwide will increase from 2011's 14.4 billion to over 20.6 billion (Source: <http://cfi-blog.org/2014/01/16/global-progress-in-electronic-payment-systems/>).

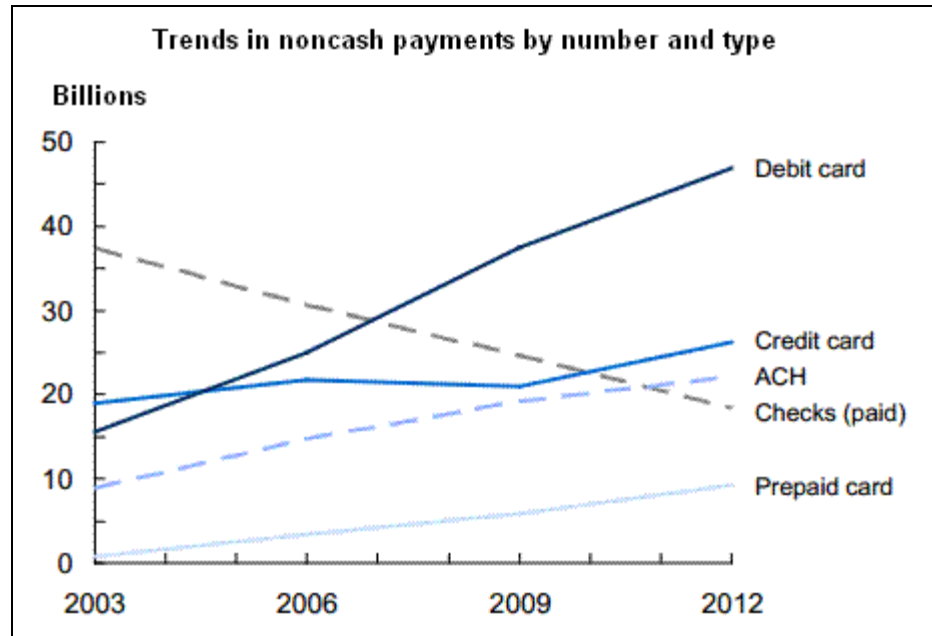
Continued rise of Credit and Debit cards, cards set to dominate retail transactions

Credit and debit cards have increasingly become the preferred methods for consumers to pay for goods and services, making these forms of electronic payments an indispensable way for merchants big and small to conduct business and this trend of rising usage is expected to continue for some time. As far as retail transactions are concerned we expect debit and credit cards will continue to dominate. As we have mentioned in some of the above paragraphs, card use may have replaced check use for certain payments, but the increase in the number of card payments has far exceeded the decline in the number of check payments from 2009 to 2012. The number of credit card payments, after showing a slight decline from 2006 to 2009, returned to growth from 2009 to 2012. The number of debit card payments increased more than any other payment type from 2009 through 2012.

American Express, Discover, MasterCard, and Visa consumer and commercial credit, debit, and prepaid cards issued in the U.S. combined to generate \$4.077 trillion in spending at merchants in 2013, up 7.9% from 2012, according to the annual report on U.S. General Purpose Credit Cards, published in the most recent issue of The Nilson Report, the top trade newsletter covering the card and mobile payment systems industries. Debit cards carrying the Visa brands generated \$1.187 trillion in purchase volume last year. This was up 7.3% from 2012, and comprised more spending at merchants than any other debit or credit product available from other brands. As of December 31, 2013, there were 1.14 billion general purpose credit, debit, and prepaid cards in circulation in the United States. (Source: <http://www.marketwatch.com/story/us-2013-credit-and-debit-card-purchases-increased-8-over-2012-2014-02-18>).

As per a study conducted by the Federal Reserve in 2013, it is found that the estimated number of noncash payments, excluding wire transfers, was 122.8 billion in 2012, with a value of \$79.0 trillion.³ The number of noncash payments in the United States increased at a compound annual rate (annual rate) of 4.4 percent from 2009. Trends in noncash payments are influenced by many factors, including technological and financial innovations, changes in consumer and business financial behavior, the business cycle, the composition of economic activity, regulatory developments, and population growth. (Source: The 2013 Federal Reserve Payments Study).

It has to be noted that, the payment card industry was relatively resilient to the global economic slowdown, with cards transaction volumes up by 8.4% in 2009. The growth was primarily driven by stronger growth in the developing markets of Asia and Latin America. Transaction volumes are expected to continue to grow in the coming years as well with developing countries such as China and India as growth engines.



Card issuers like public sector and private sector banks play an important role in the card payment ecosystem as they bring new customers to the payment card industry and help maintain customer loyalty towards card payments. Through various initiatives, such as cash back incentives and loyalty programs, they help drive cards into one of the mainstream non-cash payment channels. The business model of issuers is relatively simple as they make money from their customers by charging an annual fee for the various debit/credit cards that they issue as well as interest charges on any revolving credit facilities that their customers avail (on credit cards). Additionally, they generate revenue through the interchange fee that they charge to merchants for every card transaction made by customers. As far as India is concerned, Credit card segment has witnessed growth during FY 2013 after a four year period of sluggishness. Although it is still far from the peak level of 25 million in 2009, there has been an uptick in issuance from private and public issuers. Private banks account for 56% of credit cards, Foreign banks have a 26% share while those in the public sector have 18%. However, in debit cards the trend reverses. State-owned banks have a share of 77% against private banks at 22% and foreign banks with just 1% share. In India, Banks have been adding between 40-50 million cards each year and this trend is likely to continue given large un-banked population, though the pace of growth could slow in tune with the growing base.

RSSL being a company with more than 2 decades of experience and that too purely in the payment industry, and having the largest electronic payment processor company to its clientele, is well positioned to exploit this growing market space and grow.

Mobile payments industry another fast evolving segment

The phenomenal growth in smartphone usage has set an excellent stage for mobile commerce to prosper. Mobile wallets are soon expected to transform a customer's mobile into a payment card with the help of near field communication (NFC) based chips. Mobile payments are fast evolving and are expected to change the way consumers and businesses operate. As technology and telecommunication companies are rolling out mobile payment applications and services, mobile strategies are beginning to transform existing business models in a number of sectors such as banking and retail. Telecom providers are the most likely to have a strategy in place, followed closely by financial services companies. In India mobile phone connections outnumber bank accounts by more than a factor of three.

In India, soon after the announcement of Union Budget 2014-15, the Reserve Bank on July 17, 2014 issued draft guidelines for setting up of 'local feel' small banks, which will disburse small-ticket loans to farmers and businesses. RBI also issued draft guidelines for setting up of payment banks, which will cater to marginalized sections of society, including migrant labourers, for collecting deposits and remitting funds. Such banks can be set up with a minimum capital of Rs 100 crore as against Rs 500 crore required for normal commercial banks, according to the guidelines. Soon after this announcement, three major Indian telecom companies are reportedly preparing a business plan to open payment banks and could even apply for licenses. Once this becomes a reality, this could open up a new revenue stream for telecom companies.

As RSSL is a niche player in the electronics payments industry, any development in this area will be beneficial for the company.

Growth in ecommerce, another driver

Ecommerce is an ever-increasing source of revenue growth for companies that sell online to both other businesses (B2B) and to consumers (B2C). As market demands become increasingly complex, many of today's growing ecommerce and multi-channel companies are re-examining their operating models and their supporting business processes. They're looking for the competitive edge that will enable them to minimize the complexity of their organization so they focus on maximizing these opportunities, driving better customer experiences and increasing business velocity.

Electronic Business is more than just buying and selling products online. It also includes the entire online process of developing, marketing, selling, delivering, servicing and paying for products and services. India is showing tremendous growth in the E-business. India has an internet user base of over 100 million users. The penetration of e-business is however low compared to markets like the US and the UK but is growing at a much faster rate with a large number of new entrants like Flipkart, Snapdeal, makemytrip.com and bookmyshow.com. These players are attracting huge investments from some well known PE players over the years which shows the potential that lies ahead. India is yet to witness a breakthrough E-commerce success story particularly in online retail.

Ecommerce has advantages for both buyers as well as sellers and this win-win situation is at the core of its phenomenal rise. Rising incomes and a greater variety of goods and services that can be bought over the internet is making buying online more attractive and convenient for consumers all over the country. Growing companies whose sole channel is over the Internet as

well as retailers, manufacturers, and wholesale distributors adding ecommerce to their existing sales channels are all likely to add a bunch of software products to run their overall business.

RSSL offers a comprehensive set of services for technology companies in the payments industry that includes strategic consulting, product engineering, quality assurance, maintenance and support, and help software companies incorporate new standards and regulatory requirements and integrate emerging payment technologies and platforms more efficiently. So, with growing ecommerce the demand for software services are expected to grow and thus RSSL will also benefit.

Data Analytics a key focus area with good potential in high value added space

As the growth of e payments continues, new technologies are being introduced to help companies attract and retain customers. As more and more data is collected about the transactions and the people making these purchases, challenge with the companies will be to convert this information for future benefits. This is where Data Analytics comes into play.

RSSL has experience in data validation and analytics and has deep expertise in loading, extracting and segmenting data in a cost effective manner. Such a capability is becoming increasingly important as data stores swell and competition for customers become more intense. We expect RSSL to see an increased demand for their data analytics services going forward.

Continuous improvement in financial performance

Net sales increased at a rate of 20% in FY14 over FY13 on account of gradual recovery in the IT industry in USA, which contributed 92% of the revenues. EBITDA grew at a higher rate of over 55% in FY14 over FY13 on account of execution of relatively high margin orders from its clients and also by controlling selling and other administrative expenses. Return ratios has been improving on a year on year basis with RoCE in FY14 coming at 42.30% over 39.03% in FY13.

Experienced Management

RSSL is promoted by Mr.R.R. Jain who has got more than 20 years of experience in the software industry especially in the electronic payment industry in the U.S. He is a management graduate in Marketing and Information Systems from University of California. Mr.Jain has also served as a Chairman on the executive council of NASSCOM.

RSSL has a talented pool of domain specific experienced professionals and has a good attrition rate of 11.64%. As of March 31st, 2014 the employee count stood at around 1010, the average age of employees is 33.4 years and 83% of the employees are having over 3 years experience in the same company. RSSL also enjoys locational advantage (based in Kolkatta) that in someways aids the attrition rate and employee cost in India.

Owns unused property in Kolkata

RSSL is currently in possession of a 2 storey building in Kolkata which they used during their earlier periods and now it is not in use. It is possible to develop a 1 Lac sq.ft commercial space in that space in future for own use or for sale.

Patent approval, a major milestone

RSSL achieved a major milestone by acquiring its first ever patent registration in the US on July 16, 2013 by the U.S patent and Trademark office (Patent # 8489450) - Systems and methods for facilitating customer acquisition by businesses. Patents have incremental value with time as it includes benefits of reaping royalty fees in case any other company wanted to use that particular technology for their business purposes.

Risks and Concerns

Client concentration risk

RSSL derives majority of its revenues from a single client (reportedly Visa). Even though RSSL has more than 20 years of experience in the electronic payment industry, depending on a single client for majority of revenues is a major risk to the company, if the customer decides to rationalize their supply sources or diversify their vendor base.

Too much dependence on a single vertical

The company mainly focuses on the electronic payments industry which is directly related to the economic recovery and consumer spending pattern. In times of slowdown in the economy and in the consumer spending pattern will make the payment processors to reduce their budget allocation for technology upgrades and this could have a serious impact on software services companies like RSSL.

Competition risk

RSSL also faces competition from other major IT service providers who has a high presence across geographies, huge client base and huge amount of cash and resources at their disposal. However RSSL enjoys the edge as it is focused on this niche area while its large competitors are present in a number of domain areas.

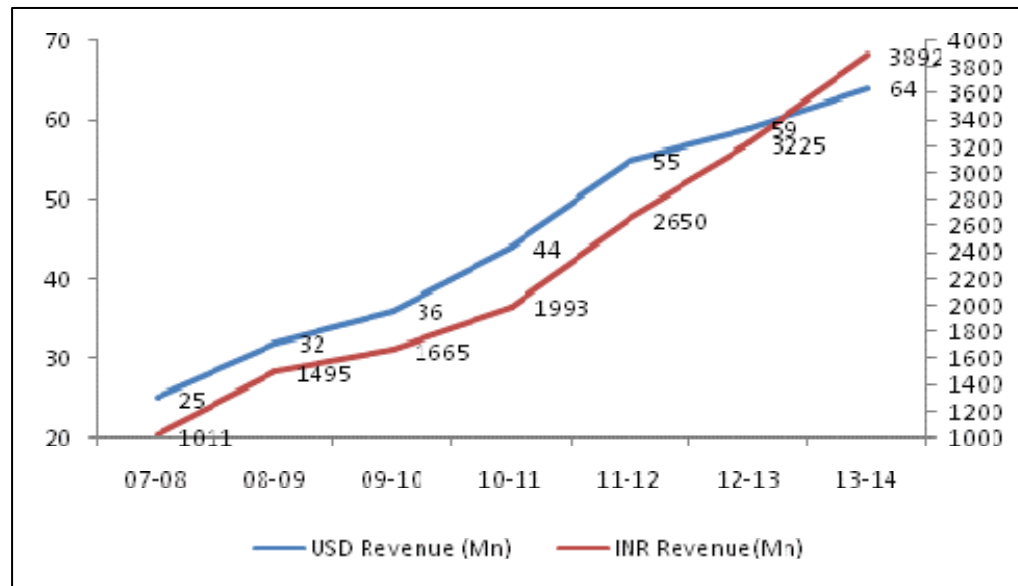
Foreign exchange fluctuation risk

RSSL is engaged in providing software solutions to the global payment solution industry and major portion of its costs are incurred in foreign currency itself. Hence appreciation of Indian Rupee could have a negative impact on the company's margin.

Further RSSL benefitted over the last two years from the depreciation in the value of the Rupee vs the US\$. If the trend of Rupee depreciation ends then the topline growth in Rupee terms could look muted.

Period	USD Revenue (Mn)	Growth rate (USD Revenue)	INR Revenue(Mn)	Growth % (INR Revenue)
07-08	25	-	1011	-
08-09	32	28.0%	1495	47.9%

09-10	36	12.5%	1665	11.4%
10-11	44	22.2%	1993	19.7%
11-12	55	25.0%	2650	33.0%
12-13	59	7.3%	3225	21.7%
13-14	64	8.5%	3892	20.7%



Litigation risk

Companies involved in the software development must deal with different types of litigation risks. This could happen if the client feels that the product or service delivered by the vendor has some irregularities or bugs which has led to the client facing litigation risks from its own clients. If the insurance cover taken by RSSL does not cover such eventualities, it may face a potent threat.

Payment to subcontractors

RSSL paid out Rs.55.1 cr in FY14 (vs Rs.45.4 cr in FY13) as subcontracting charges out of the total employee benefit expenses of Rs.238.1 cr in FY14 (vs 209.1 cr in FY13).

Low payout to shareholders

RSSL paid out dividend of Rs.6 for FY14 out of Rs.43, resulting in a low payout ratio of <15%, although it has large amount of cash on books for which it has no specific use (except future inorganic opportunities).

Conclusion & Recommendation

Electronic payments industry has immense potential and RSSL has been able to maintain a long standing relationship with all its clients across geographies. Management is also investing more on improving its sales and marketing division in order to win more clients and diversify globally. The company has a strong balance sheet with no debt and good cash and equivalents and also a growth focused strong management.

At the current market price of Rs.376.55 the stock is trading at 7.26x FY16E EPS which we believe is attractive considering the immense growth potential and strong fundamentals. Investors could buy the stock at CMP and add on dips between Rs.324-Rs.337 (6.25x-6.5x FY16E EPS) for sequential targets of Rs.440.5 and Rs.544 (8.5x-10.5x FY16E EPS).

Q1FY15 Review – (Consolidated) (Rs cr)

Particulars	Q1FY15	Q1FY14	% YoY	Q4FY14	% QoQ
Net Sales	98.62	89.92	9.7%	93.2	5.8%
Other Income	2.44	2.12	15.1%	2.55	-4.3%
Total Income	101.06	92.04	9.8%	95.75	5.5%
Total Expenditure	75.68	73.75	2.6%	75.21	0.6%
PBIDT	25.38	18.29	38.8%	20.54	23.6%
Interest	0.15	0.24	-37.5%	0.16	-6.3%
PBDT	25.23	18.05	39.8%	20.38	23.8%
Depreciation	1.78	1.05	69.5%	1.61	10.6%
PBT	23.45	17	37.9%	18.77	24.9%
Tax	7.29	6.11	19.3%	2.55	185.9%
Fringe Benefit Tax	0	0		0	
Deferred Tax	-0.18	-0.18	0.0%	0.41	-143.9%
Reported Profit After Tax	16.34	11.07	47.6%	15.81	3.4%
Minority Interest After NP	0	0		0	
Profit/Loss of Associate Company	0	-0.88	-100.0%	0.19	-100.0%
Net Profit after Minority Interest & P/L Asso.Co.	16.34	10.19	60.4%	16	2.1%
Equity	12.8	12.11	5.7%	12.8	0.0%
PBIDTM(%)	25.7%	20.34	-98.7%	22.04	-98.8%
PATM(%)	16.6%	11.33	-98.5%	17.17	-99.0%
EPS	12.77	8.41		12.50	

Net profit of R S Software (India) rose 55.25% to Rs 15.82 crore in the quarter ended June 2014 as against Rs 10.19 crore during the previous quarter ended June 2013. Sales rose 9.82% to Rs 90.51 crore in the quarter ended June 2014 as against Rs 82.42 crore during the previous quarter ended June 2013.

Quarterly Segmental Breakup-(Consolidated)

Particulars	Q1FY15	Q1FY14	% Chg	Q4FY14	% Chg
Segment Revenue					
USA	91.07	78	16.8%	73.96	23.1%
ROW	7.55	11.92	-36.7%	19.24	-60.8%
Total	98.62	89.92	9.7%	93.2	5.8%
Other income (ROW)	2.44	2.12	15.1%	2.55	-4.3%
Total	101.06	92.04	9.8%	95.75	5.5%
Segment Results					
EBITDA					
USA	23	19.23	19.6%	14.58	57.8%
ROW	5.54	2.42	128.9%	9.59	-42.2%
Total	28.54	21.65	31.8%	24.17	18.1%
Less: Interest	0.15	0.24	-37.5%	0.16	-6.3%
Less: Depreciation	1.78	1.05	69.5%	1.61	10.6%
Less: Other expenses	3.16	3.36	-6.0%	3.63	-12.9%
PBT	23.45	17	37.9%	18.77	24.9%

Segmental Breakup (Geography wise) – YoY

Particulars	FY12	FY13	FY14
Segment Revenue (net sale/income)			
USA	226.27	273.15	322.3
% of total revenue	91.6%	93.2%	91.6%
ROW	20.87	20.07	29.58
% of total revenue	8.4%	6.8%	8.4%
Total	247.14	293.22	351.88
Other Income			
ROW	0.96	4.33	7.11
Total	248.1	297.55	358.99
EBITDA			
USA	42.69	54.59	82.5
ROW	5.93	8.98	13.29

Total	48.62	63.57	95.79
Interest	0.44	0.92	0.86
Depreciation	4.18	3.46	5.48
Unallocable selling, General and Admin expense	10.67	12.26	14.85
PBT	33.33	46.93	74.6

Profit & Loss – Quick Estimates (Rs cr)

Particulars	FY11	FY12	FY13	FY14	FY15E	FY16E
Net Sales	199.27	264.03	318.18	381.88	437.25	507.21
Other Income	0.04	0.96	4.35	7.33	8.20	11.06
Total Income	199.31	264.99	322.53	389.21	445.45	518.27
Total Expenditure	166.59	225.27	268.48	305.39	351.20	410.90
PBIDT	32.72	39.72	54.05	83.82	94.25	107.37
Interest	0.86	0.45	0.94	0.88	0.83	0.78
PBDT	31.86	39.27	53.11	82.94	93.42	106.59
Depreciation	4.6	4.18	3.47	5.48	6.59	8.92
PBT	0	35.09	49.64	77.46	86.83	97.67
Tax	5.34	6.9	12	23.81	26.92	29.30
Fringe Benefit Tax	0	0	0	0	0.00	0.00
Deferred Tax	-0.41	-0.67	-0.29	0.07	0.09	0.12
Reported Profit After Tax	22.33	28.86	37.93	53.58	59.82	68.25
Minority Interest After NP	0	0	0	0	0.00	0.00
Profit/Loss of Associate Company	0	-1.43	-2.49	-2.4	-2.00	-1.90
Net Profit after Minority Interest & P/L Asso.Co.	22.33	27.43	35.44	51.18	57.82	66.35
Dividend (%)	20	30	35	60	75	75
Equity	11.03	11.47	12.11	12.8	12.8	12.8
PBIDTM (%)	16.42	15.04	16.99	21.95	21.56	21.17
PATM (%)	11.21	10.39	11.14	13.4	13.22	13.08
EPS	20.30	23.85	29.29	39.98	45.17	51.84

Balance Sheet (Rs cr)

Particulars	FY11	FY12	FY13	FY14	FY15E	FY16E
SOURCES OF FUNDS:						
Share Capital	11.03	11.47	12.11	12.80	12.80	12.80
Reserves & Surplus	37.90	76.07	111.09	166.74	218.63	279.83
Loan Funds	0.83	0.00	0.00	0.00	0.00	0.00
Other Liabilities	2.26	3.32	4.23	4.72	6.01	6.71
Total Liabilities	52.02	92.52	128.20	184.26	237.44	299.34
APPLICATION OF FUNDS:						
Fixed Assets	14.15	12.07	12.53	17.81	19.29	24.42
Intangible Assets	0.00	0.00	0.00	0.00	0.00	0.00
Loans	0.00	0.00	0.00	0.00	0.00	0.00
Investments	0.00	33.22	29.68	20.91	26.18	35.14
Sundry Debtors	29.05	27.24	37.98	46.59	44.63	53.03
Cash & Bank Balance	16.26	21.60	27.63	41.30	54.97	79.91
Other Current Assets	4.72	0.00	0.40	1.71	2.00	2.12
Loans & Advances	0.00	10.72	3.98	39.00	45.29	52.59
Current Liabilities	10.61	15.88	11.62	16.86	12.34	11.90
Provisions	10.76	14.38	2.94	0.21	0.24	0.26
Net Current Assets	28.66	29.30	55.43	111.53	160.49	210.63
Deferred Tax Assets	0.00	0.00	0.13	0.07	0.06	0.05
Miscellaneous Expenses not W/Off	0.00	0.00	0.00	0.00	0.00	0.00
Other Assets	9.21	17.93	30.43	33.94	57.60	64.24
Total Assets	52.02	92.52	128.20	184.26	237.44	299.34

Key Financial Ratios

Y/E March	FY13	FY14	FY15E	FY16E
Enterprise Value	398.32	419.77	400.83	366.93
FD EPS	29.29	39.98	45.17	51.84
Book Value (Rs.)	101.73	140.27	180.80	228.62
P/BV (x)	3.70	2.68	2.08	1.65
EBITDA (%)	16.99	21.95	21.56	21.17
NPM (%)	11.14	13.40	13.22	13.08

RoCE (%)	39.03	42.30	37.01	32.99
RoNW (%)	28.77	28.51	24.98	22.67
EV/EBITDA	7.37	5.01	4.25	3.42
EV/Sales	1.25	1.10	0.92	0.72
Interest coverage ratio	51.16	86.30	103.20	123.78
Debt/Equity ratio	0.00	0.00	0.00	0.00
P/E	12.86	9.42	8.34	7.26
P/E yield (%)	7.8%	10.6%	12.0%	13.8%

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