



R SYSTEMS INTERNATIONAL LIMITED

Corporate Identity Number : L74899DL1993PLC053579
[CMMJ Level 5, PCMM Level 5, ISO 9001:2008 & ISO 27001:2005 Company]
C-40, Sector-59, NOIDA, Distt. Gautam Budh Nagar, U.P., India - 201 307

Phones: +91-120-4303500
Fax : +91-120-2587123

Email: rsystems.india@rsystems.com
www.rsystems.com

Regd.Off.: B-104A, Greater Kailash-I,
New Delhi - 110 048

REF: SECT/05/2017/33

MAY 18, 2017

The Manager,
National Stock Exchange of India Limited
Listing Department
Exchange Plaza
5th Floor, Plot No. C/1, G Block,
Bandra Kurla Complex
Bandra (E), Mumbai – 400 051

NSE Scrip Code: RSYSTEMS

Dear Sir,

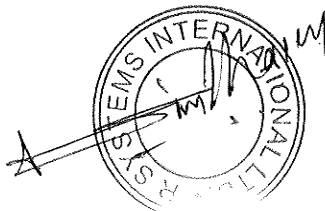
REF: REGULATION 37 OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS), REGULATIONS, 2015

SUB: SCHEME OF ARRANGEMENT BETWEEN R SYSTEMS INTERNATIONAL LIMITED AND ITS SHAREHOLDERS AND CREDITORS FOR REDUCTION OF EQUITY SHARE CAPITAL

The Board of Directors of R Systems International Limited at its meeting held on May 04, 2017 has approved the Scheme of Arrangement (**'the Scheme'**) between R Systems International Limited (**"R Systems"** or **"Company"**) and its shareholders and creditors for reduction of Equity Share Capital (**"Capital Reduction"**) under Section 230 and other applicable provisions of the Companies Act, 2013.

The equity shares of R Systems International Limited are listed at National Stock Exchange of India Limited and also at BSE Limited.

National Stock Exchange of India Limited has been chosen as the **Designated Stock Exchange** for the purpose of coordinating with the office of the Securities and Exchange Board of India (**"SEBI"**) in terms of the SEBI Circular No. CIR/DIL3/CIR/2017/21 dated March 10, 2017.

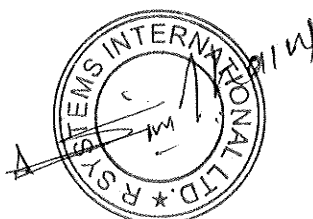


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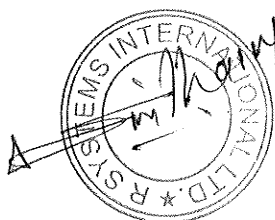
List of documents/details attached:

The checklist of necessary documents/details required for the grant of approval under Regulation 37 of the Listing Regulations as place on the website of the National Stock Exchange of India Limited, duly filled in, is given below:

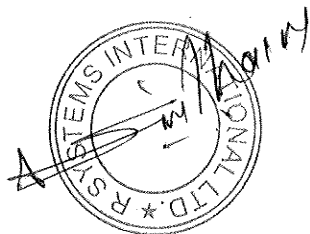
Sr. No.	List of Documents/ details to be submitted	Reference
1	Draft Scheme of arrangement	Annexure A – Page Number 06
2	Certified True Copy of the Valuation Report as per Para I(A)(4) of Annexure I of SEBI Circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017	Annexure B – Page Number 19
3	Certified True Copy of the Report from the Audit Committee recommending the Draft Scheme, taking into consideration, inter alia, the Valuation Report.	Annexure C – Page Number 31
4	Certified True Copy of the Fairness opinion by a SEBI Registered merchant banker on valuation of assets / shares done by the valuer for the listed entity	Annexure D – Page Number 34
5	Shareholding pattern in accordance with Regulation 31 (1) of the SEBI (LODR) Regulations, 2015 for pre and post scheme of arrangement	Annexure E – Page Number 42
6	Audited financials of last 3 years (financials not being more than 6 months old) of the Company	Annexure F – Page Number 54 Annual Report for last 3 financial years are enclosed as Annexure Q at page Number 90
7	Certified True Copy of the Auditor's Certificate as per Para 1(A)(5) of Annexure-I of SEBI Circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017	Annexure G – Page Number 64
8	Detailed Compliance Report as per the format specified in Annexure IV of SEBI Circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017 duly certified by the Company Secretary, Chief Financial Officer and the Managing Director, confirming compliance with various regulatory requirements specified for schemes of arrangement and all accounting standards	Annexure H – Page Number 68

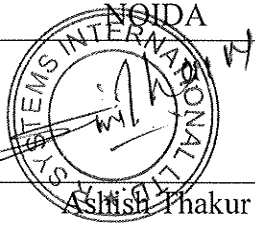


Sr. No.	List of Documents/ details to be submitted	Reference
9	<p>Document required to submit wherein approval of shareholders to Scheme through postal ballot and e-voting (Para 1(A)(9)(a) of Annexure-I of SEBI Circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017) is not applicable:</p> <p>a) An undertaking certified by the auditor clearly stating the reasons for non-applicability of Para 9 (a).</p> <p>b) Certified copy of Board of Director's resolution approving the aforesaid auditor certificate.</p>	<p>Certified True Copy of the Auditor certificate in relation to the Company's undertaking of non-applicability of e-voting along-with as per Sub Para 9(a) of Annexure I of SEBI Circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017 is given in "Annexure I" on Page Number 69. Board of Directors of R Systems has approved the above auditor certificate through resolution passed as on 04 May, 2017, enclosed as "Annexure K" on Page Number 77.</p>
11	<p>Pricing certificate from the Statutory Auditor/ PCA / PCS of the listed company as per Chapter VII of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, if the allotment of shares is proposed to be made to a selected group of shareholders or to the shareholders of unlisted companies pursuant to scheme of arrangement.</p>	<p>Not Applicable</p>
12	<p>Pre & Post Scheme Net worth of the Company involved in the Scheme.</p> <p>Company is required to submit Certificate from Statutory Auditors / Practicing Chartered Accountants / Practicing Company Secretary. (Networth = Equity Share Capital + Free Reserves** - Miscellaneous Expenditure written off, along with the detailed working)</p>	<p>Annexure J – Page Number 75</p>
13	<p>Certified True Copy of the Board resolution approving the scheme of arrangement.</p>	<p>Annexure K – Page Number 77</p>
14	<p>Brief details of the company</p>	<p>Annexure L – Page Number 80</p>
15	<p>Confirmation from the company involved in the scheme regarding the following:</p> <p>a. The Company, its promoters or Directors have never been declared as wilful defaulter as per RBI Circular Ref. No.</p>	<p>Annexure M – Page Number 85</p>



Sr. No.	List of Documents/ details to be submitted	Reference
	<p>RBI/2015-16/100 DBR.No.CID.BC.22/20.16.003/2015-16 dated July 1, 2015 by the Banks.</p> <p>b. The Company, its promoters or Directors have not been directly or indirectly, debarred from accessing the capital market or have been restrained by any regulatory authority from, directly or indirectly, acquiring the said securities.</p> <p>c. The Company, its promoters or Directors do not have direct or indirect relation with the companies, its promoters and whole-time directors, which are compulsorily delisted by any recognised stock exchange</p>	
17	Confirmation by the Managing Director/ Company Secretary.	Annexure N – Page Number 86
16	In case of scheme of demerger of a listed company a Certificate from Statutory Auditors / Practising Chartered Accountants / Practising Company Secretary certifying Percentage turnover and profitability of the division, being hived off vis-à-vis the other divisions of the company.	Not Applicable
18	Name of the Designated Stock Exchange (DSE) for the purpose of coordinating with SEBI	National Stock Exchange of India Limited has been chosen as the <u>Designated Stock Exchange</u> for the purpose of coordinating with the office of the Securities and Exchange Board of India (“SEBI”) in terms of the SEBI Circular No.CIR/DIL3/CIR/2017/21 dated March 10, 2017. As per Board Resolution attached in “ Annexure K on Page Number 77. ”
19	Complaints Report as per Para 1(A)(6) of Annexure-I of SEBI Circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017, as per format enclosed at Annexure IV of the checklist.	To be submitted - Complaint report in prescribed format would be submitted within 7 days of expiry of 21 days from the date of filing of draft scheme with the Stock Exchange




Sr. No.	List of Documents/ details to be submitted	Reference
20	Processing Fees (Non-Refundable): a) Payable to Exchange Rs. 2 Lac plus applicable service tax. / b) Payable to SEBI at the rate of 0.1% of the paid-up share capital of the listed / transferee / resulting company, whichever is higher, post sanction of the proposed scheme, subject to a cap of Rs.5,00,000. (No Service Tax / No TDS)	Details of the Demand Drafts payable to National Stock Exchange of India Limited and SEBI given in “Annexure O on Page Number 88.”
21	Name & Designation of the Contact Person: Telephone Nos. (landline & mobile): Email ID.:	Annexure P on Page Number 89
	Date	May 18, 2017
	Place	
	Authorised Signatory and Stamp of the Company	
	Name	Ashish Thakur
	Designation	Company Secretary & Compliance Officer

In view of the above, you are requested to issue an in-principle approval/no objection letter for the Scheme of Arrangement for reduction of Equity Share Capital as mentioned above.

Please do write to the undersigned, if you need any details/information in this regard.

Thanking you,

Yours truly,


R Systems International Limited
Ashish Thakur
 Company Secretary & Compliance officer

SCHEME OF ARRANGEMENT
BETWEEN
R SYSTEMS INTERNATIONAL LIMITED
AND
ITS SHAREHOLDERS AND CREDITORS

PREAMBLE

A. BACKGROUND AND DESCRIPTION OF COMPANIES

1. R Systems International Limited (hereinafter referred to as 'R Systems' or 'the Company'), is a company incorporated on 14 May 1993 under the Companies Act, 1956 and has its Registered Office at B-104 A, Greater Kailash Part 1, New Delhi - 110048. The e-mail id is RSIL@rsystems.com.
2. The Corporate Identity Number of R Systems is L74899DL1993PLC053579. Further, the Permanent Account Number of R Systems is AABCR9541B.
3. The main objects of the Company are:
 - 3.1. To carry on the business of sale, purchase, assemble, hire purchase, import, export, stockists, distributors, designers, agents, traders, exchangers and jobbers in all kinds of computers, computer software development, conversion, data entry, software implementation, system study, software documentation and related components, computer systems, computer peripherals, integrated circuits, process controllers, computer printers, transformers, monitors, uninterrupted power supply systems, computer components, computer based systems, to deal in other office automation machines, printers, computer stationery, computer furniture, ribbons, diskettes, magnetic tapes and other related items in India and abroad.
 - 3.2. To carry on business of long term and short term maintenance of computer system and associated equipment, replacement and services of computers, computer peripherals, related electrical equipment and items in India and abroad.

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For R Systems International Ltd.


Company Secretary

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- 3.3. To carry on the business of running computer bureaus, hiring of computer time and service, data processing, system analysis and design, programming, data storage and computer output microfilming in India and abroad.
- 3.4. To provide consultancy services in India and abroad on selection of computer systems, software, media, peripherals and allied items, computer personnel and on computerization in general.
- 3.5. To hold seminars, courses, training institutions and business conferences for training in computer and office automation, computer programming, system analysis, operational research, computer operations, data entry operations, operations and other computer related activities in India and abroad.
- 3.6. To carry on the business of providing software and hardware personnel to work at customer sites in India and abroad.
- 3.7. To provide consultancy services in India and abroad on preparation of project report, computer systems, software, media, peripherals and allied items, computer personnel and on computerization in general.
- 3.8. To give on lease the computer hardware and software to other parties and/or companies and to sell hardware and software to its customers and other parties in India and elsewhere and to act as export house of computer including its softwares and hardwares.
- 3.9.1 To carry on the business of providing and running remote processing services whether information technology enabled or otherwise, including but not limited to establishing and operating interactive call centres, data processing centres, business process outsourcing, remote customer support services, internet and E-commerce support services, including but not limited to hosting and application services.
- 3.9.2 To carry on the business of providing and running services relating to Multimedia networks, Telecommunication networks, cable networks and internet services.
- 3.10 To carry on the business of providing and supply of end-to-end information technology solutions including turnkey solutions, systems integration and development of software, computer hardware, peripherals, networking and communication components, cabling

- and power supply equipments, appropriate fixtures, metering and monitoring devices, conventional and broadband wireless, wire line and optical communication equipments.
- 3.11 To enter into any arrangement by way of turnkey project involving supply of plant and merchandise, technical, civil, financial, administrative, information, knowledge and experience and to undertake the same for clients.
- 3.12 To carry on the business as business consultants, market research consultants, business transfer agents, valuers and to act as intermediaries in the introduction of sellers, purchasers, partners and employees.
- 3.13 To carry on the business of Human Resource Development and Management, setting up of education and training institutions, and to provide services for placement of manpower.
- 3.14 To provide or procure the provision by others of every and any service, need, want or requirement of any business nature required by any person, firm or company in or in connection with any business carried on by them.

B. PURPOSE OF THE SCHEME OF ARRANGEMENT

1. The scheme of Arrangement (hereinafter referred to as “Scheme”) is propounded under the provisions of Sections 230 and other applicable provisions of the Act. The scheme provides for re-organization and reduction of equity share capital of R Systems.
2. R Systems has an employee welfare trust named as R. Systems Employees Welfare Trust (hereinafter referred as “Trust”) wherein certain employees had been specified as eligible beneficiaries to get the shares of R Systems on vesting and exercise of options granted to them as per R Systems International Ltd. Employees Stock Option Plan - Year 2001.
3. The Trust transferred shares of R Systems on exercise of options by the eligible employees prior to January 2006 and thereafter no options remained in force which could have been exercised subsequently. Hence, since January 2006 till date, there are no ascertained employees or beneficiaries of this Trust who are eligible to get the Trust Fund including the shares in R Systems as held by Trust.

For R Systems International Ltd.

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Company Secretary

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4. As on the approval of this Scheme by Board, the Trust holds 738,980 shares of Re.1/- each in R Systems. Since there is no eligible employee or beneficiary of this Trust, hence Trustees are considering to wind up this Trust in near future post utilization or extinguishing the Trust Fund.
5. In this regard, the trustees of this Trust have also expressed their desire and recommended to R Systems to evaluate the possible option to utilize or extinguish the Trust Fund including the winding-up this Trust and also initiate the necessary actions therefor.
6. The extinguishment of Trust Fund would result into cancellation of shares of R Systems held by this Trust. Therefore, in order to reflect the correct and true capital structure of R Systems, it has become imperative for R Systems to re-align and re-organize its share capital structure by cancelling the shares held by the Trust following the process of capital reduction.
7. In view of the above, the Board has decided to reduce the paid up equity share capital of R Systems by cancelling and extinguishing the Equity Shares as held by the Trust as on the Effective Date of this Scheme.
8. The proposed capital reduction would be beneficial for all the remaining shareholders of R Systems as it would improve the earnings per share and also enhance the shareholders' value.
9. Furthermore, Board has also considered that the proposed capital reduction would not have any adverse effect on the creditors of R Systems and the Company would honor its commitments and meet its obligations in the ordinary course of business and also there is no payout to the Trust pursuant to the proposed capital reduction.

C. PARTS OF THE SCHEME OF ARRANGEMENT:

This Scheme of Arrangement is divided into the following parts:

1. **PART I** - Definitions, Share Capital and Directors of the Company
2. **PART II** – Reduction of equity share capital of the Company; and
3. **PART III** – General Terms and Conditions.

For R Systems International Ltd. 4


Company Secretary

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PART – I

1. DEFINITIONS

In this Scheme, unless repugnant to the context, the following expressions shall have the following meaning:

- 1.1. **“Act” or “The Act”** means the Companies Act, 2013 or Companies Act 1956, to the extent applicable, including the rules and regulations made thereunder and will include any statutory modifications, re-enactments and / or amendments thereof for the time being in force;
- 1.2. **“Applicable Laws”** mean any statute, law, regulation, ordinance, rule, judgment, rule of law, order, decree, ruling, bye-law, approval of any governmental authority, directive, guideline, policy, clearance, requirement or other governmental restriction or any similar form of decision of or determination by, or any interpretation or administration having the force of law of any of the foregoing by any governmental authority having jurisdiction over the matter in question, whether in effect as of the date of this Scheme or at any time thereafter;
- 1.3. **“Appointed Date”** would means the Effective Date or such other date as may be fixed or approved by NCLT of judicature at Delhi, or such other competent authority, as may be applicable;
- 1.4. **“Appropriate Authority”** means any government, statutory, regulatory, departmental or public body or authority within the territories of Delhi, including Registrar of Companies, NCT of Delhi & Haryana, New Delhi.
- 1.5. **“Board” or “Board of Directors”** means the Board of Directors of R Systems and include a duly authorized committee of the Board constituted for the implementation of this Scheme.
- 1.6. **“Effective Date”** means the date on which the certified copy of the order of NCLT is filed with the Registrar of Companies, NCT of Delhi & Haryana, as required under the provisions of the Act.
- 1.7. **“Equity Shares”** means fully paid up equity shares of Re. 1/- each issued by the Company.
- 1.8. **“IT Act”** means the provisions of the Income-tax Act, 1961 and the rules made thereunder, as may be amended or re-enacted from time to time.
- 1.9. **“NCLT” or “Tribunal”** means the National Company Law Tribunal at New Delhi.

For R Systems International Ltd.⁵


Company Secretary

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- 1.10. **“Registrar of Companies”** means Registrar of Companies, NCT of Delhi & Haryana.
- 1.11. **“R Systems”** or **“Company”** means R Systems International Limited, a company incorporated under the Act, having its registered office at B-104 A, Greater Kailash Part-1, New Delhi-110048.
- 1.12. **“R Systems Employees Welfare Trust”** or **“Trust”** means the trust which is erstwhile known as Indus Software Employees Welfare Trust. The Trust is an existing shareholder of R Systems holding 738,980 fully paid up Equity Shares of Re.1/- each as on the date of approval of this Scheme.
- 1.13. **“Scheme”** or **“the Scheme”** or **“this Scheme”** means this Scheme of Arrangement in its present form as submitted to NCLT or this Scheme with such modification(s), if any, approved under Clause 13 or imposed or directed by NCLT.
- 1.14. **“Trust Fund”** means the total funds (including the shares held in R Systems) of the Trust.
- 1.15. In this Scheme, unless the context otherwise requires:
- a) references to persons shall include individuals, body corporate (wherever incorporated), unincorporated associations and partnerships;
 - b) the headings are inserted for ease of reference only and shall not affect the construction or interpretation of this Scheme;
 - c) words in the singular shall include the plural and vice versa;
 - d) any references in the Scheme to “upon the Scheme becoming effective” or “effectiveness of the Scheme” shall mean the Effective Date; and
 - e) all terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act and other applicable laws, rules, regulations, bye laws, as the case may be, including any statutory modification or re-enactment thereof from time to time.

For R Systems International Ltd.


Company Secretary

2. DATE OF TAKING EFFECT

Upon the occurrence of the Effective Date, the Scheme sets out herein in its present form or with any modification(s) approved or imposed or directed by NCLT or any other Appropriate Authority shall become operative with effect from the Appointed Date.

3. SHARE CAPITAL AND DIRECTORS OF THE COMPANY

3.1. The share capital structure of the Company as on March 31, 2017 is as under:

Particulars	Rupees
<u>Authorized Capital</u>	
200,000,000 equity shares of Re. 1 each	200,000,000
Total	
<u>Issued, Subscribed and Paid up Capital</u>	
123,870,425 equity shares of Re. 1 each	123,870,425
Total	123,870,425

Subsequent to the above date and till approval of Scheme by Board, there is no change in the share capital structure as set out above.

3.2. List of Directors of R Systems as on March 31, 2017 is as follows:

S. No.	Name	Address	DIN No.	Date of Appointment
1	Satinder Singh Rekhi	2051, Last Chance Court, Gold River, California 95670 (USA)	00006955	14/05/1993
2	Lt. Gen. Baldev Singh (Retd.)	A - 8, Sector - 23, Noida (U.P.) – 201301(India)	00006966	01/09/1997
3	Ruchica Gupta	D-55/C Hauz Khas, New Delhi- 110016 (India)	06912329	07/07/2014
4	Kapil Dhameja	207 Vaishali, Pitampura Delhi 110034 (India)	02889310	29/06/2016
5	Aditya Wadhwa	D 1092 New Friends Colony Delhi 110065	07556408	29/06/2016

Subsequent to the above date and till approval of Scheme by Board, there is no change in the Directors as set out above.

For R Systems International Ltd.


Company Secretary

PART – II

REDUCTION OF EQUITY SHARE CAPITAL OF THE COMPANY

4. REORGANIZATION AND REDUCTION OF EQUITY SHARE CAPITAL

4.1. Upon the Scheme becoming effective, the subscribed, issued and paid up equity share capital of R Systems will be reduced to the extent of Equity Shares held by Trust as on the Effective Date.

The Equity Shares held by Trust on the Effective Date would comprise the existing Equity Shares (*i.e.* 738,980 Equity Shares of Re.1/- each of R Systems) as on the date of approval of this Scheme by the Board including any change in the holding of Equity Shares of Trust as a result of a sale, purchase, bonus issue, right issue or pursuant to any other corporate action taken by the Company prior to the Effective Date.

4.2. The reduction of paid up equity share capital as aforesaid shall not involve any diminution of liability in respect of unpaid share capital.

4.3. Notwithstanding the reduction as mentioned above, the Company may be exempted to add “and reduced” as a suffix to its name and the Company shall continue in its existing name considering that the Company would be able to discharge its liability in due course of business.

4.4. This Scheme is being presented under Section 230 of the Act and, upon the effectiveness of the Scheme, shall have the effect of having obtained the sanction / approval of NCLT pursuant to the provisions contained in Section 66 of the Act dealing with reduction of capital and all other consequential and incidental compliances as contemplated under the Act.

4.5. It is clarified that until effectiveness of the Scheme, the Trust would be eligible to enjoy all the benefits in the capacity of shareholder of R Systems including but not limited to receiving the dividend and bonus shares, participate in right issue, voting in the shareholders’ meeting and participate in any other corporate action taken by R Systems during the pendency of this Scheme.

For R Systems International Ltd.


Company Secretary

5. ACCOUNTING TREATMENT

- 5.1. With effect from the Appointed Date and upon the Scheme becoming effective, the amount of equity share capital as extinguished under Clause 4.1 above shall be reduced from the equity share capital of the Company. The amount equivalent to the equity share capital so cancelled and extinguished would be credited to the Capital Reserve of the Company since the proposed capital reduction would not involve any payment to the Trust.
- 5.2. The Company will comply with all the Accounting Policies and Accounting Standards as applicable in relation to the accounting for reduction of capital.

6. EFFECT OF THE SCHEME

- 6.1. The Scheme involves only reduction of paid up equity share capital of the Company and does not envisage transfer and vesting of any properties and / or liabilities to or in favour of the Company.
- 6.2. The Scheme does not involve any conveyance of transfer of any property and does not involve any issue of shares. Consequently, the order of the NCLT of Judicature at New Delhi approving the Scheme shall not attract any Stamp Duty.

7. IMPACT OF THE SCHEME ON EMPLOYEES

The Scheme shall not have any adverse impact on the employees of the Company.

8. IMPACT OF THE SCHEME ON CREDITORS

- 8.1. The proposed capital reduction will not cause any prejudice to the interest of the creditors of the Company as there will not be any reduction in the amount payable to the respective Creditors. Further, in absence of any payment to the Trust pursuant to the capital reduction, it does not alter, vary, or affect the rights of the Creditors in any manner.
- 8.2. The proposed capital reduction would not in any way adversely affect the ordinary operations of the Company or the ability of the Company to honor its commitments or to pay its debts in the ordinary course of business.

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For R Systems International Ltd.


Company Secretary

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9. LEGAL PROCEEDINGS

All legal proceedings of whatsoever nature by or against the Company, pending and / or arising shall not abate or be discontinued or be in any way prejudicially affected by reason of the Scheme or by anything contained in the Scheme but shall be continued and enforced by or against the Company, in the same manner and to the same extent as would or might have been continued and enforced by or against the Company prior to the Scheme.

10. CONTINUATION OF BUSINESS ACTIVITIES

With effect from the Appointed Date and up to and including the Effective Date, the Company shall carry on all its business activities in the ordinary course of its business including any corporate action (such as dividend, bonus issue, right issue etc.).

11. ENFORCEMENT OF CONTRACTS, DEEDS AND BONDS

11.1. Save and except as expressly provided in this Scheme, nothing contained in the Scheme shall affect any contract, deed, bond, agreement and any other instrument of whatsoever nature to which the Company is a Party and which is subsisting or having effect on or immediately before the 'Effective Date' and shall remain in full force and effect against or in favor of the Company and may be enforced fully and effectively.

11.2. The Scheme shall not affect, in any manner, the rights and interest of creditors and employees of the Company.

For R Systems International Ltd.


Company Secretary

PART – III
GENERAL TERMS AND CONDITIONS

12. APPLICATION TO NCLT


- 12.1. The Company shall, with all reasonable dispatch, make applications or petitions under Section 230 read with Section 66 and any other applicable provisions of the Act to NCLT for sanction of this Scheme under the provisions of the Act.
- 12.2. On the Scheme being agreed to by the requisite majorities of the classes of members and / or creditors of the Company as directed by NCLT, the Company shall, with all reasonable dispatch, apply to the NCLT or any other Appropriate Authority having jurisdiction under law, for sanctioning the Scheme under Section 230 and for such other order(s), as NCLT or any other Appropriate Authority having jurisdiction under law may deem fit for carrying this Scheme into effect.

13. MODIFICATIONS / AMENDMENTS TO THE SCHEME

The Company by its Board may assent to any modification(s) or amendment(s) including withdrawal / termination to this Scheme or to any conditions or limitations that NCLT and / or any Appropriate Authority under law may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by the Board.

The Board be and are hereby authorized to take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions of law or otherwise, whether by reason of any directive or orders of any other authorities or otherwise howsoever arising out of or under or by virtue of the Scheme and / or any matter concerned or connected therewith.

For R Systems International Ltd.


Company Secretary

14. CONDITIONALITY OF THE SCHEME

This Scheme is and shall be conditional upon and subject to:

- 14.1. The Company obtaining the Observation Letter from the designated Stock Exchange for the implementation of the Scheme.
- 14.2. The Scheme being approved by the requisite majorities in number and value of such classes of persons including the respective members and / or creditors of the Company, as prescribed under the Act and / or as may be directed by the NCLT and / or any other Appropriate Authority as may be applicable.
- 14.3. The sanction of this Scheme by the NCLT and / or any other Appropriate Authority under Section 230 and other applicable provisions, if any, of the Act in favour of the Company.
- 14.4. Certified or authenticated copy of the order of the NCLT sanctioning the Scheme being filed with the Registrar of Companies, NCT of Delhi & Haryana, by the Company.
- 14.5. The requisite, consent, approval or permission of the Central Government or any other statutory or regulatory authority, if any, which by law may be necessary for the implementation of this Scheme.

15. EFFECT OF NON-RECEIPT OF APPROVALS

In the event of any of the said sanctions and approvals referred to in Clause 14 not being obtained and / or the Scheme not being sanctioned by the NCLT or such other Appropriate Authority, if any, this Scheme shall stand revoked, cancelled and be of no effect, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any rights and / or liabilities which might have arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or as may otherwise arise in law and agreed between the respective parties to this Scheme.

For R Systems International Ltd.


Company Secretary

16. SEVERABILITY

If any part / provision of this Scheme hereof is found to be invalid, ruled illegal by any court of competent jurisdiction or unworkable for any reason whatsoever or unenforceable under the present or future Laws, then subject to the decision of the Company, such part shall be severable from the remainder of this Scheme and shall not affect the validity or implementation of the other parts and / or provisions of this Scheme.

17. COSTS, CHARGES AND EXPENSES

On sanction and approval of the Scheme by the NCLT or such other Appropriate Authority, if any, all costs, charges, taxes including duties, levies and all other expenses, if any (save as expressly otherwise agreed) arising out of or incurred in carrying out and implementing this Scheme and matters incidental thereto shall be borne by the Company.

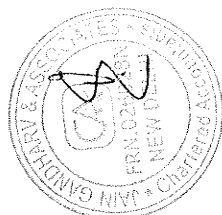
For R Systems International Ltd.


Company Secretary

REPORT ON VALUATION OF EQUITY SHARES OF R SYSTEMS INTERNATIONAL LTD FOR DETERMINING FAIR VALUE OF EQUITY SHARES

May 2017

Prepared by:
Jain Gandharv & Associates
Gurgaon



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For R Systems International Ltd.

[Handwritten Signature]
Company Secretary

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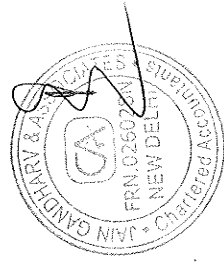
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For R Systems International Ltd.

[Handwritten Signature]

Company Secretary



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CHAPTER 1 - DISCLAIMER CLAUSE

This Valuation Report ("Report") is being furnished by Jain Gandharv & Associates ("JGA") at the request of the management of R Systems International Ltd (hereinafter referred to as "R Systems" / "Company") to determine the fair value of equity shares of the Company pursuant to a capital reduction scheme under section 230 of the Companies Act, 2013 ("Capital Reduction Scheme").

We have been appointed by the management of R Systems ("Management") to determine the fair value of equity shares of the Company as on the valuation date i.e. May 03, 2017 ("Valuation Date") in compliance with provisions of Securities and Exchange Board of India ("SEBI") Circular No. CFD/DIL3/CIR/2017/21, dated 10-3-2017 ("SEBI Circular")

This Report is being issued solely to determine the fair value of equity shares of the Company pursuant to Capital Reduction Scheme. This Report must be considered in the above-mentioned context only and is not an advisory document for any other purpose. This Report may not be distributed, reproduced, or used, without the express written consent of JGA for any purpose other than mentioned above.

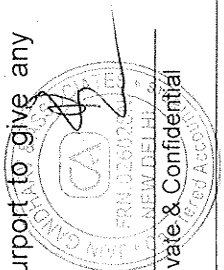
This Report has been prepared by JGA from information extracted from desk research, published reports, oral explanations and other data provided by the Management. Our scope of work does not include verification of data submitted by the Management and we have relied upon the data provided to us. Wherever required, the information and data submitted to us has been duly certified by the Management.

While the information provided herein is believed to be accurate and reliable to the best of our knowledge, we do not make any representations or warranties, expressed or implied, as to the accuracy or completeness of such information.

In furnishing this Report, JGA reserves the right to amend or replace the Report at any time. The information contained herein is based on certain assumptions and analysis of the information available at the time this Report was prepared. JGA does not purport to give any representation, warranty or other assurance in relation to this document.

For R Systems International Ltd.

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This Report highlights the basis of arriving at the fair valuation of R Systems, identifies various factors affecting the valuation, summarizes the best valuation methodology keeping in view the circumstances prevailing at the time of valuation and arrives at the opinion on the fair value of equity shares of R Systems, considering the facts of the case. However, it may be noted that valuation is a highly subjective exercise and may differ from valuer to valuer depending upon the perception of attendant circumstances. At best it is an expression of opinion or a recommendation based on certain assumptions at a given point of time.

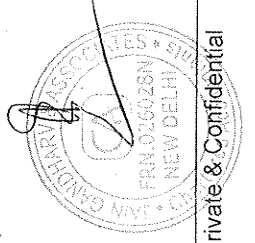
Unless stated otherwise, industry and market data used in the Report has been obtained from market research, publicly available information and industry publications. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability is not assured. Industry data used in this Report has not been independently verified.

This Report is to be read in complete. The annexures attached to this report form the part of this Report.

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For R Systems International Ltd.


Company Secretary



CHAPTER 2 - BACKGROUND AND PURPOSE OF VALUATION

R Systems, founded in 1993, is a specialized IT Services & Solutions and IT-enabled services provider catering to a wide range of global customers. It's services and solutions extended across five major verticals which include Telecom & Digital Media, Banking & Finance, HealthCare, Manufacturing & Logistics, and Retail & E-Commerce.

As represented by Management, the share capital structure of the Company as on the Valuation Date is as under:

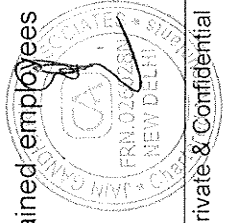
Particulars	INR
Authorized Capital	
200,000,000 Equity Shares of Re. 1 each	200,000,000
Issued, Subscribed and Paid up Capital	
123,870,425 equity shares of Re. 1 each	123,870,425
Total	123,870,425

The Management of R Systems is considering a Capital Reduction Scheme under the provisions of Sections 230 and other applicable provisions of the Companies Act, 2013. The scheme provides for re-organization and reduction of equity share capital of R Systems.

R Systems has an employee welfare trust named as R Systems Employees Welfare Trust (hereinafter referred as "Trust") wherein certain employees had been specified as eligible beneficiaries to get the equity shares of R Systems on vesting and exercise of options granted to them as per R Systems International Ltd. Employees Stock Option Plan - Year 2001.

The Trust transferred shares of R Systems on exercise of options by the eligible employees prior to January 2006 and thereafter no options were in force which could have been exercised subsequently. Hence, since January 2006 till date, there are no ascertained employees or beneficiaries of this Trust who are eligible to get the Trust Fund including the shares in R Systems as held by Trust.

R Systems International Ltd.



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As on the Valuation Date, the Trust holds 738,980 equity shares in R Systems. Since, there is no eligible employee or beneficiary of this Trust, hence Trustees are considering to wind up this Trust in near future post utilization or extinguishing the Trust Fund. The extinguishment of Trust Fund would result into cancellation of shares of R Systems held by this Trust. Therefore, R Systems is re-aligning its share capital structure by cancelling the shares held by the Trust following the process of capital reduction.

In view of the above, the Management of R Systems has decided to reduce the paid-up equity share capital of R Systems by cancelling and extinguishing the equity shares as held by the Trust and there will be no payout to the Trust pursuant to the proposed capital reduction.

We, Jain Gandharv & Associates, Chartered Accountants, have been appointed by the Management to arrive at the fair value of equity shares of R Systems for the proposed Capital Reduction Scheme in compliance with the provisions of SEBI Circular.

Limitation

It may be noted that valuation is a highly subjective exercise and the opinion on valuation may differ from valuer to valuer depending on the individual perception of the attendant circumstances. At best, it is an expression of opinion or a recommendation based on certain assumptions.

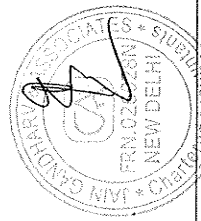
This Report is to be considered only for the purpose of determining the fair value of equity share of R Systems to comply with the SEBI circular in connection with the Capital Reduction Scheme.

The determination of valuation of equity shares is not a precise science and the conclusion arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgment. While, we have provided our recommendation based on the information available to us and within the scope and constraints of our engagement, others may have a different opinion as to the fair value of equity shares of R Systems.

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For R Systems International Ltd.

Company Secretary




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While all reasonable care has been taken to ensure that the advice given in this Report is fair and equitable, neither JGA nor its constituents including its partners & others shall in any way be responsible for any inadvertent error or any such inaccuracies in this Report that may have crept in or for any error in advising on the fair value of equity shares of R Systems pursuant to data provided by the Management.

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For R Systems International Ltd.


Company Secretary



CHAPTER 3 - DATA RELIED UPON

For the purpose of this Report, we have relied upon the data, facts, information, documents extracted from desk research, published reports, and other data provided by the Management:

We have relied upon the following information:

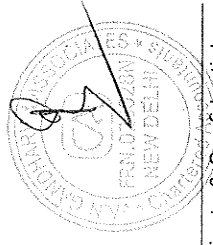
1. Draft Scheme of Arrangement amongst R Systems International Ltd, Its Shareholders and Creditors
2. Shareholding Pattern of R Systems on Valuation Date
3. Other written/ verbal information given to us by the Management
4. Data downloaded from www.nseindia.com and other publicly available sources from internet believed to be reliable and true

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For R Systems International Ltd.



Company Secretary



CHAPTER 4 – VALUATION METHODOLOGIES ADOPTED

The valuation methodologies to be adopted varies from case to case depending upon different factors affecting valuation. The basis of valuation would depend on the purpose of valuation, nature of business, type of company – listed or unlisted, future prospects of a company, industry and other attendant circumstances.

The application of any particular method of valuation depends on the purpose for which the valuation is done. Although different values may exist for different purposes, it cannot be too strongly emphasized that a valuer can only arrive at one value for one purpose. Our choice of methodology of valuation has been arrived at using usual and conventional methodologies adopted for transactions of a similar nature and our reasonable judgement, in an independent and bonafide manner based on our previous experience of assignment of similar nature.

It should be understood that the valuation of any company or its assets is inherently imprecise and is subject to certain uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In performing our analysis, we made numerous assumptions with respect to industry performance and general business and economic conditions, many of which are beyond the control of the companies. In addition, the valuation will fluctuate with changes in prevailing market conditions, the conditions and prospects, financial and otherwise, of the companies and other factors, which generally influence the valuation of companies and their assets.

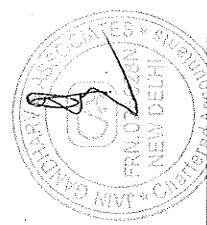
The valuation methodology to be applied depends upon the nature of the company. R Systems is a listed company and its equity shares are regularly traded on stock exchanges in India. Therefore, we are of the opinion that the valuation of R Systems should be conducted by applying the market price method. To arrive at the fair value of equity shares of R Systems as per the market price method, we have taken guidance from the provisions of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009 as amended till March 06, 2017 in relation to pricing of equity shares for preferential issue, which are as under:

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For R Systems International Ltd.

[Handwritten Signature]

Company Secretary




"If the equity shares of the issuer have been listed on a recognised stock exchange for a period of twenty six weeks or more as on the Valuation Date, the equity shares shall be allotted at a price not less than higher of the following:

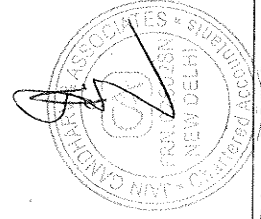
- (a) The average of the weekly high and low of the volume weighted average price ("VWAP") of the related equity shares quoted on the recognised stock exchange during the twenty six weeks preceding the relevant date; or*
- (b) The average of the weekly high and low of the volume weighted average price ("VWAP") of the related equity shares quoted on a recognised stock exchange during the two weeks preceding the relevant date."*

Taking inference from the above guidelines, we have computed the fair value of equity shares of R Systems by taking the stock price data from National Stock Exchange of India Limited ("NSE") which has the highest traded volumes for the equity shares of R Systems as compared to BSE Limited ("BSE"). Please refer Annexure 1 for detailed workings.

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For R Systems International Ltd.


Company Secretary



CHAPTER 5 -- RECOMMENDATION

The equity value per share of R Systems as at May 03, 2017 is as follows:

Equity Value	56.67
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Hence, based on our valuation analysis, in terms of the parameters and premises stated above in this report to comply with the SEBI circular in connection with the Capital Reduction Scheme, in our opinion the fair value of equity shares of R Systems as on the Valuation Date is INR 56.67 per equity share (face value of INR 1 each).

Please note that this Report is to be read in its entirety.

Date: May 03, 2017

Place: Gurgaon

For Jain Gandharv & Associates
Chartered Accountants




CA Gandharv Jain

Membership Number: 511604

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For R Systems International Ltd.

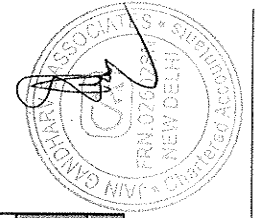

Company Secretary

CHAPTER 6 – ANNEXURES

Annexure 1: Valuation of R Systems as per SEBI Guidelines

	High	Low	Average	
1	09-Nov-16	56.48	52.63	54.56
2	16-Nov-16	55.79	53.12	54.46
3	23-Nov-16	55.31	53.71	54.51
4	30-Nov-16	58.86	54.89	56.88
5	07-Dec-16	57.03	55.84	56.44
6	14-Dec-16	64.77	56.08	60.43
7	21-Dec-16	62.20	58.63	60.42
8	28-Dec-16	63.55	57.4	60.48
9	04-Jan-17	60.26	56.84	58.55
10	11-Jan-17	61.33	58.94	60.14
11	18-Jan-17	62.06	58.62	60.34
12	25-Jan-17	61.02	58.28	59.65
13	01-Feb-17	58.14	56.76	57.45
14	08-Feb-17	58.35	56.98	57.67
15	15-Feb-17	60.17	57.65	58.91
16	22-Feb-17	60.15	56.72	58.44
17	01-Mar-17	58.76	57.54	58.15
18	08-Mar-17	57.05	56.59	56.82
19	15-Mar-17	57.45	55.90	56.68
20	22-Mar-17	55.74	53.54	54.64
21	29-Mar-17	53.44	51.04	52.24
22	05-Apr-17	56.17	52.88	54.53
23	12-Apr-17	54.74	53.00	53.87
24	19-Apr-17	52.35	51.95	52.15
25	26-Apr-17	53.12	52.49	52.81
26	03-May-17	52.36	52.05	52.21
		26 Weeks Average		56.67
		2 Weeks Average		52.51
		Higher		56.67

CERTIFIED TRUE COPY For R Systems International Ltd.



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Caring - Innovating - Transforming

R SYSTEMS INTERNATIONAL LIMITED

Corporate Identity Number : L74899DL1993PLC053579

[CMMI Level 5, PCMM Level 5, ISO 9001:2008 & ISO 27001:2005 Company]

C-40, Sector-59, NOIDA, Distt. Gautam Budh Nagar, U.P., India - 201 307

Phones: +91-120-4303500

Email: rsystems.india@rsystems.com

Regd.Off.: B-104A, Greater Kailash-I,

Fax : +91-120-2587123

www.rsystems.com

New Delhi - 110 048

REPORT OF AUDIT COMMITTEE OF**R SYSTEMS INTERNATIONAL LIMITED DATED MAY 04, 2017****PRESENT MEMBERS:**

Mrs. Ruchica Gupta, Chairperson

Lt. Gen. Baldev Singh (Retd.), Member

Mr. Kapil Dhameja, Member

Mr. Aditya Wadhwa, Member

IN ATTENDANCE

Mr. Nand Sardana, Chief Financial Officer

Mr. Ashish Thakur, Company Secretary & Compliance Officer

1. Background

The Company has placed before the Audit Committee a draft Scheme of Arrangement ("Scheme") under section 230 and other applicable provision of the Companies Act, 2013 ("Act") for the Capital Reduction of R Systems International Limited ("R Systems") for recommendation of the Scheme, by the Audit Committee to the Board of Directors of the Company in accordance with the requirement of the Securities and Exchange Board of India ("SEBI") circular No. CFD/DIL3/CIR/2012/21 dated March 10, 2017 ("Circular").

This report of the Audit Committee is made in order to comply with the requirements of the Circular after considering the following necessary documents:

- i. Draft Scheme of Arrangement;
- ii. Valuation Report dated May 03, 2017 issued by Jain Gandharv & Associates, Chartered Accountants;
- iii. Fairness Opinion Report dated May 04, 2017 issued by Corporate Professionals Capital Private Limited.

2. Proposed Scheme of Arrangement

The Audit Committee has observed that the Scheme is in the interest of shareholders, creditors and employees on account of the following reasons:-

For R Systems International Ltd.

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Ashish Thakur
Company Secretary



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- 2.1 The scheme of Arrangement (hereinafter referred to as "Scheme") is propounded under the provisions of Sections 230 and other applicable provisions of the Act. The scheme provides for re-organization and reduction of equity share capital of R Systems.
- 2.2 R Systems has an employee welfare trust named as R Systems Employees Welfare Trust (hereinafter referred as "Trust") wherein certain employees had been specified as eligible beneficiaries to get the shares of R Systems on vesting and exercise of options granted to them as per R Systems International Ltd. Employees Stock Option Plan - Year 2001.
- 2.3 The Trust transferred shares of R Systems on exercise of options by the eligible employees prior to January 2006 and thereafter no options remained in force which could have been exercised subsequently. Hence, since January 2006 till date, there are no ascertained employees or beneficiaries of this Trust who are eligible to get the Trust Fund including the shares in R Systems as held by Trust.
- 2.4 As on the approval of this Scheme by Board, the Trust holds 738,980 shares of Re.1/- each in R Systems. Since there is no eligible employee or beneficiary of this Trust, hence Trustees are considering to wind up this Trust in near future post utilization or extinguishing the Trust Fund.
- 2.5 In this regard, the trustees of this Trust have also expressed their desire and recommended to R Systems to evaluate the possible option to utilize or extinguish the Trust Fund including the winding-up of this Trust and also initiate the necessary actions therefor.
- 2.6 The extinguishment of Trust Fund would result into cancellation of shares of R Systems held by this Trust. Therefore, in order to reflect the correct and true capital structure of R Systems, it has become imperative for R Systems to re-align and re-organize its share capital structure by cancelling the shares held by the Trust following the process of capital reduction.
- 2.7 In view of the above, the Board has decided to reduce the paid up equity share capital of R Systems by cancelling and extinguishing the Equity Shares as held by the Trust as on the Effective Date of this Scheme.
- 2.8 The proposed capital reduction would be beneficial for all the remaining shareholders of R Systems as it would improve the earnings per share and also enhance the shareholders' value.
- 2.9 Furthermore, Board has also considered that the proposed capital reduction would not have any adverse effect on the creditors of R Systems and the Company would honour its commitments and meet its obligations in the ordinary course of business and also there is no payout to the Trust pursuant to the proposed capital reduction.

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For R Systems International Ltd.

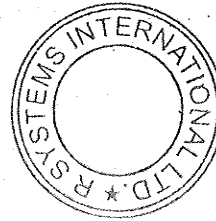

Company Secretary



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3. Recommendation of Audit Committee

The Audit Committee recommends Scheme of Capital reduction for the capital reduction of R Systems International Limited inter – alia taking into consideration Valuation Report dated May 03, 2017, issued by Jain Gandharv & Associates and Fairness Opinion Report dated May 04, 2017, issued by Corporate Professionals Capital Private Limited for favorable consideration by the Board, Stock Exchanges and SEBI.



Ruchica Gupta
(Non-Executive Independent Director)
(Chairperson Audit Committee)
(DIN: 06912329)

Date: May 04, 2017
Place: NOIDA

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For R Systems International Ltd.

Company Secretary

FAIRNESS OPINION

R SYSTEMS INTERNATIONAL LIMITED

May, 2017

Strictly Private & Confidential

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For R Systems International Ltd.


Company Secretary

Ref. No.: CPC/MB/14/2017-18

Dated: 04.05.2017

SEBI Reg. No: INM000011435

To,

The Board of Directors

R Systems International Limited

B-104 A, Greater Kailash Part 1

New Delhi:-110048

Subject: Fairness Opinion in reference to the Valuation report issued in pursuance to the Scheme of Arrangement to be filed under Section 230 and other applicable provisions of Companies Act, 2013 for Reduction of Share Capital of R Systems International Limited.

Dear Sir,

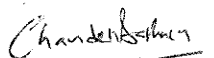
We refer to our discussion held with management of **R Systems International Limited**, (here-in-after referred as "Company" / "R Systems") for the purpose of arriving at an opinion on valuation in reference to the Scheme of Arrangement to be filed under Section 230 and other applicable provisions of Companies Act, 2013 for proposed Reduction of Share Capital of R Systems.

In terms of our discussion, we are enclosing our opinion along with this letter. Please note that this is just an opinion on the captioned subject on the basis of the Valuation report dated 3rd May, 2017 issued by **M/s Jain Gandharv & Associates** (here-in-after referred to as "Valuer"). All comments as contained herein must be read in conjunction with the Caveats to this opinion.

The opinion is confidential and has been made in accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "listing regulations") read with SEBI Circular no CFD/DIL3/CIR/2017/21, dated 10th March, 2017, it should not be used, reproduced or circulated to any other person, in whole or in part, without the prior consent of Corporate Professionals Capital Private Limited, such consent will only be given after full consideration of the circumstance at the time. We are however aware that the conclusion in this report may be used for the purpose of disclosure to be made to the stock exchange and we provide consent for the same. Please feel free to contact us in case you require any additional information or clarifications.

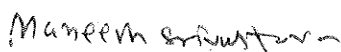
Yours Faithfully,

For Corporate Professionals Capital Private Limited



Chander Sawhney

[Partner]




Maneesh Srivastava

[Associate Vice President]

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For R Systems International Ltd.


Company Secretary

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For R Systems International Ltd.


Company Secretary



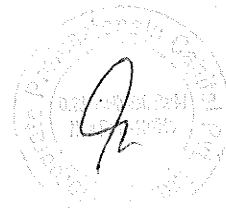
CONTEXT & BACKGROUND

1. We understand that R Systems International, Limited ("R Systems" or "the Company") is a public company having its equity shares listed at BSE Limited (BSE) and National Stock Exchange of India Limited (NSE). Pursuant to a Scheme of Arrangement under Section 230 and any other applicable provisions of the Companies Act, 2013, the Company intends to carry out re-organization and reduction of equity share capital of R Systems
2. In accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI Circular no. CFD/DIL3/CIR/2017/21, dated 10th March, 2017, the Listed Company shall submit the "Fairness Opinion" obtained by a Merchant Banker on the Valuation of assets / shares done by the Valuer for the listed entity and unlisted company.
3. With reference to the above, we, Corporate Professionals Capital Private Limited, a SEBI Registered Merchant Banker, have been appointed by R Systems to provide the "Fairness Opinion" for the proposed reduction of capital in accordance with the SEBI Circular, stated above.

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For R Systems International Ltd.


Company Secretary



PURPOSE OF THE SCHEME & KEY EXTRACTS

- R Systems has an employee welfare trust named as R Systems Employees Welfare Trust (*referred to as "Trust"*), wherein certain employees had been specified as eligible beneficiaries to get the shares of R Systems on vesting and exercise of options granted to them as per R Systems International Ltd. Employees Stock Option Plan - Year 2001.
- The Trust transferred shares of R Systems on exercise of options by the eligible employees prior to January 2006 and thereafter no options remained in force which could have been exercised subsequently. Hence, since January 2006 till date, there are no ascertained employees or beneficiaries of this Trust who are eligible to get the Trust Fund including the shares in R Systems as held by Trust.
- As on the approval of this Scheme by Board, Trust holds 738,980 shares in R Systems. Since, there is no eligible employee or beneficiary of this Trust; the Trustees are considering winding up this Trust in near future post utilization or extinguishing the Trust Fund. In view of above, the Board has decided to reduce the paid up equity share capital of R Systems by cancelling and extinguishing the equity shares as held by trust as on Effective date of the Scheme.
- With effect from the Appointed Date and upon the Scheme becoming effective, the amount of equity share capital as extinguished shall be reduced from the equity share capital of the Company. The amount equivalent to the equity share capital so cancelled and extinguished would be credited to the Capital Reserve of the Company since the proposed capital reduction would not involve any payment to the Trust.

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For R Systems International Ltd.


Company Secretary



VALUER ANALYSIS

The valuation methodology to be adopted varies from case to case depending upon different factors affecting valuation. The basis of valuation would depend on the purpose of valuation, nature of business, type of company – listed or unlisted, future prospects of a company, industry and other attendant circumstances.

In the present case, R Systems is a listed company and its equity shares are regularly traded on stock exchanges in India. Therefore, Valuer is of the opinion that the valuation of R Systems should be conducted by applying the market price method. To arrive at the fair value of equity shares of R Systems as per the market price method, Valuer has taken guidance from the provisions of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, in relation to pricing of equity shares for preferential issue, which are as under:

“If the equity shares of the issuer have been listed on a recognised stock exchange for a period of twenty six weeks or more as on the Valuation Date, the equity shares shall be allotted at a price not less than higher of the following:

- (a) The average of the weekly high and low of the volume weighted average price (“VWAP”) of the related equity shares quoted on the recognised stock exchange during the twenty six weeks preceding the relevant date; or*
- (b) The average of the weekly high and low of the volume weighted average price (“VWAP”) of the related equity shares quoted on recognised stock exchange during the two weeks preceding the relevant date.”*

Taking inference from the above guidelines, Valuer has computed the fair value of equity shares of R Systems by taking the stock price data from National Stock Exchange (“NSE”) which has the highest traded volumes for the equity shares of R Systems. *Considering the above, fair value per equity share is arrived at INR 56.67/- each (face value INR 1 each).*

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For R Systems International Ltd.


Company Secretary



CONCLUSION & OPINION

The proposed capital reduction would be beneficial for all the remaining shareholders of R Systems as it would improve the earnings per share and also enhance the shareholders' value.

"Subject to above read with the caveats as detailed later, we as a Merchant Banker hereby certify that pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular no. CFD/DIL3/CIR/2017/21, dated 10th March, 2017, we have reviewed the valuation report in reference to the Scheme of Arrangement to be filed for reduction of capital and are of the opinion that the proposed reduction of capital may be taken as fair and reasonable from the perspective of Equity Shareholders of the Company."

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For R Systems International Ltd.

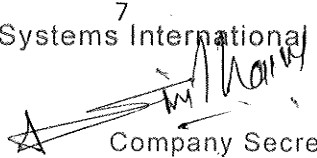

Company Secretary

CAVEATS

- We wish to emphasize that, we have relied on explanations and information both verbal and written provided by the management, and other public available information while making a limited review of the Scheme to be filed u/s 230 of the Companies Act, 2013 or any corresponding provisions of the Companies Act, 2013. Although, we have reviewed such data for consistency and reasonableness, we have not independently investigated or otherwise verified the data provided.
- The scope of our work has been limited both in terms of the areas of the business and operations which we have reviewed and the extent to which we have reviewed them. There may be matters, other than those noted in this Report, which might be relevant in the context of the transaction and which awider scope might uncover.
- We have issued Fairness Opinion with the understanding that Draft Scheme of Arrangement shall not be materially altered and Company agrees that Fairness Opinion would not stand good if the Final Scheme is altered.
- We have no present or planned future interest in R Systems International Limited and the fee payable for this opinion is not contingent upon the opinion reported herein.
- Our Fairness Opinion should not be construed as investment advice; specifically, we do not express any opinion on the suitability or otherwise of entering into any transaction.
- The Opinion contained herein is not intended to represent at any time other than the date that is specifically stated in this Report. This opinion is issued on the understanding that the Management/Valuer of "R Systems" has drawn our attention to all matters of which they are aware, which may have an impact on our opinion up to the date of valuation as on 3rd May, 2017. We have no responsibility to update this report for events and circumstances occurring after this Valuation Date.
- The Fairness Opinion provided by us should not be construed as a legal opinion on the Scheme to be filed u/s 230 of the Companies Act, 2013 or any corresponding provisions of the Companies Act, 2013.
- Our report is not, nor should it be construed as our opining or certifying the compliance of the proposed Reduction of capital with the provisions of any law including companies, taxation and capital market related laws or as regards any legal implications or issues arising from such proposed Reduction of Share Capital.
- We and our affiliates in the past might have provided or in the future may provide Investment Banking or consulting services on a professional basis and do not hold any interest in the company mentioned in the Petition.
- We believe the management of the Company have read the opinion and given their consent that the facts mentioned in the opinion are true and correct.

CERTIFIED TRUE COPY

For R Systems International Ltd.


Company Secretary

Page No. 41

Pre Scheme of Arrangement

SHAREHOLDING PATTERN UNDER REGULATION 31 OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

Name of the Listed Entity :		R SYSTEMS INTERNATIONAL LIMITED	
Scrip Code/ Name of the Scrip :		NSE	RSYSTEMS
		BSE	532735
Class of Security :			Equity Shares of Re. 1 /- each
Share Holding Pattern Filed under: Reg. 31(1)(a)/Reg. 31(1)(b)/Reg.31(1)(c)			As required under Regulation 37 (As on May 12, 2017)
a. If under 31(1)(b) then indicate the report for Quarter ending			N/A
b. If under 31(1)(c) then indicate date of allotment/extinguishment			N/A
DECLARATION			
Sr. No.	Particular	Yes	No
1	Whether the Listed Entity has issued any partly paid up shares?	-	No
2	Whether the Listed Entity has issued any Convertible Securities or Warrants?	Yes*	-
3	Whether the Listed Entity has any shares against which depository receipts are issued?	-	No
4	Whether the Listed Entity has any shares in locked-in?	-	No
5	Whether any shares held by promoters are pledge or otherwise encumbered?	-	No

*During the period commencing from date of filing of the latest shareholding pattern (i.e. for the quarter ended March 31, 2017) with Stock Exchanges to May 12, 2017, the Company has not issued any convertible Securities or Warrants. However, 112,780 Employee Stock Options are outstanding under R Systems International Limited Employee Stock Option Scheme 2007 which were issued to the employees of the Company in July 2007 and April 30, 2016.



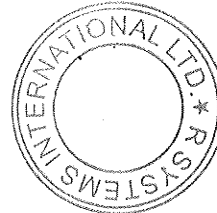
For R Systems International Ltd.

[Signature]
Company Secretary

Table 1 - Summary Statement holding of specified securities

Category	Category of shareholder	Number of shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held (IV)+(V)+(VI)	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)	Number of Voting Rights held in each class of securities			No. of Shares Underlying convertible securities (including Warrants)	Shareholding assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI) = (VII)+(X) As a % of (A+B+C2)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form
								Class : Equity	Class : None	Total			Total as a % of (A+B+C)	No. (a)	As a % of total Shares held(b)	No. (a)	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII) = (IV)+(V)+(VI)	(VIII) As a % of (A+B+C2)	(IX)	(X)	(XI) = (VII)+(X) As a % of (A+B+C2)	(XII)	(XIII)	(XIV)				
(A)	Promoter & Promoter Group	9	63,087,034	-	-	63,087,034	50.90	-	-	50.85	-	-	63,087,034				
(B)	Public*	15,615	60,865,891	-	-	60,865,891	49.10	-	112,780	49.15	-	-	59,876,883				
(C)	Non Promoter - Non Public	-	-	-	-	-	-	-	-	-	-	-	-				
(C1)	Shares Underlying DRs	-	-	-	-	-	-	-	-	-	-	-	-				
(C2)	Shares Held By Employee Trust	-	-	-	-	-	-	-	-	-	-	-	-				
	Total	15,624	123,952,925	-	-	123,952,925	100.00	-	112,780	100.00	-	-	122,963,917				

*112,780 Employee Stock Options are held by Employees of the Company.



For R Systems International Ltd.

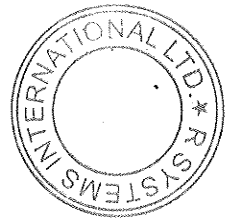
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Company Secretary

Table II - Statement showing shareholding pattern of the Promoter and Promoter Group

Category	Category & Name of shareholders	PAN	Nos. of shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)	Number of Voting Rights held in each class of securities			No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Locked in shares No. (n)	Number of Shares pledged or otherwise No. (n)	As a % of total Shares held(b)	Number of equity shares held in dematerialised form
									Class : Equity	Class: None	Total						
	(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii) = (iv)+(v)+(vi)	(viii) As a % of (A+B+C2)	(ix)			(x)	(xi) = (vii)+(x) As a % of (A+B+C2)	(xii)	(xiii)	(xiv)	
									No of Voting Rights								
									Equity	None	Total	Total as a % of (A+B+C)					
1	Indian Individuals / Hindu Undivided Family		2	7,777	-	-	7,777	0.01	7,777	-	7,777	0.01	0.01	-	-	-	7,777
(a)	Kuldeep Baldev Singh	ACHPS0510J	1	6,080	-	-	6,080	0.00	6,080	-	6,080	0.00	0.00	-	-	-	6,080
	Anita Behl	AFRFB1068D	1	1,697	-	-	1,697	0.00	1,697	-	1,697	0.00	0.00	-	-	-	1,697
(b)	Central Government / State Government(s)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(c)	Financial Institutions / Banks		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(d)	Any Other (Specify)		1	29,746,353	-	-	29,746,353	24.00	29,746,353	-	29,746,353	24.00	23.98	-	-	-	29,746,353
	Bodies Corporate		1	29,746,353	-	-	29,746,353	24.00	29,746,353	-	29,746,353	24.00	23.98	-	-	-	29,746,353
	G.M.Solutions Pvt.Ltd.	A-ABC8246Q	1	29,746,353	-	-	29,746,353	24.00	29,746,353	-	29,746,353	24.00	23.98	-	-	-	29,746,353
	Sub Total (A)(1)		3	29,754,130	-	-	29,754,130	24.00	29,754,130	-	29,754,130	24.00	23.98	-	-	-	29,754,130
2	Foreign Individuals (Non-Resident Individuals / Foreign Individuals)		4	12,105,955	-	-	12,105,955	9.77	12,105,955	-	12,105,955	9.77	9.76	-	-	-	12,105,955
(a)	Sarita Singh Rekhi	AJBPR83836K	1	5,864,656	-	-	5,864,656	4.73	5,864,656	-	5,864,656	4.73	4.73	-	-	-	5,864,656
	Ramesh Singh Rekhi	AJBPR8791F	1	4,958,983	-	-	4,958,983	4.00	4,958,983	-	4,958,983	4.00	4.00	-	-	-	4,958,983
	Sainder Singh Rekhi	AEWPR5412H	1	1,281,556	-	-	1,281,556	1.03	1,281,556	-	1,281,556	1.03	1.03	-	-	-	1,281,556
	Harpreet Rekhi	AEAPRG288R	1	760	-	-	760	0.00	760	-	760	0.00	0.00	-	-	-	760
(b)	Government		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(c)	Institutions		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(d)	Foreign Portfolio Investor		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(e)	Any Other (Specify)		2	21,226,949	-	-	21,226,949	17.13	21,226,949	-	21,226,949	17.13	17.11	-	-	-	21,226,949
	Bodies Corporate		1	9,076,218	-	-	9,076,218	7.32	9,076,218	-	9,076,218	7.32	7.32	-	-	-	9,076,218
	Rightmatch Holdings, Ltd	AAEGR5596D	1	9,076,218	-	-	9,076,218	7.32	9,076,218	-	9,076,218	7.32	7.32	-	-	-	9,076,218
	Promoter Trust		1	12,150,731	-	-	12,150,731	9.80	12,150,731	-	12,150,731	10	9.79	-	-	-	12,150,731
	Sainder & Harpreet Rekhi Family Trust (Trustee: Sainder Singh Rekhi & Harpreet Rekhi)	AAABTT6608C	1	12,150,731	-	-	12,150,731	9.80	12,150,731	-	12,150,731	9.80	9.79	-	-	-	12,150,731
	Sub Total (A)(2)		6	33,332,904	-	-	33,332,904	26.89	33,332,904	-	33,332,904	26.89	26.87	-	-	-	33,332,904
	Total Shareholding Of Promoter And Promoter Group (A) = (A)(1)+(A)(2)		9	63,087,034	-	-	63,087,034	50.90	63,087,034	-	63,087,034	50.90	50.85	-	-	-	63,087,034

Details of Shares which remain unclaimed may be given here along with details such as number of shareholders, outstanding shares held in demat/unclaimed suspense account, voting rights which are frozen etc. N.A.



For R Systems International Ltd.

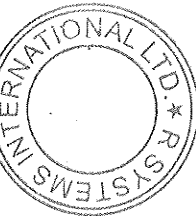
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Company Secretary

Table III - Statement showing shareholding pattern of the Public shareholder

Category	Category & Name of shareholders	PAN	Nos. of shareholder	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held (VI)+(V)+(VII)	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)	Number of Voting Rights held in each class of securities			No. of Shares Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of Shares - equity shares held in dematerialised form
									Class : Equity	Class : None	Total			No. (a)	As a % of total Shares held(b)	No. (a)	As a % of total Shares held(b)	
	(I)	(II)	(III)	(IV)	(V)	(VI)	(VII) As a % of (A+B+C2)	(IX) As a % of (A+B+C)	(X)	(XI) As a % of (A+B+C2)	(XII) As a % of (A+B+C2)	(XIII) As a % of (A+B+C2)	(XIV)					
1	Institutions																	
(a)	Mutual Fund																	
(b)	Venture Capital Funds																	
(c)	Alternate Investment Funds																	
(d)	Foreign Venture Capital Investors																	
(e)	Foreign Portfolio Investor																	
(f)	Financial Institutions / Banks		2	19,687	-	-	19,687	0.02	19,687	0.02	-	0.02	-	-	-	-	-	19,687
(g)	Insurance Companies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(h)	Provident Funds/ Pension Funds		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(i)	Any Other (Specify)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(j)	Sub Total (B)(1)		2	19,687	-	-	19,687	0.02	19,687	0.02	-	0.02	-	-	-	-	-	19,687
2	Central Government/ State Government(s)/ President of India																	
(a)	Sub Total (B)(2)																	
3	Non-Institutions																	
(a)	Individuals																	
(b)	i. Individual shareholders holding nominal share capital up to Rs. 2 lakhs.		15,314	11,905,275	-	-	11,905,275	9.60	11,905,275	9.60	-	9.60	-	-	-	-	-	11,655,247
(c)	ii. Individual shareholders holding nominal share capital in excess of Rs. 2 lakhs.		7	47,086,501	-	-	47,086,501	37.99	47,086,501	37.99	-	37.95	-	-	-	-	-	47,086,501
(d)	Bhaskar Tripathi	ABBHT7192D	1	44,225,511	-	-	44,225,511	35.68	44,225,511	35.68	-	35.65	-	-	-	-	-	44,225,511
(e)	Others		6	2,860,990	-	-	2,860,990	2.31	2,860,990	2.31	-	2.31	-	-	-	-	-	2,860,990
(b)	NBFCs registered with RBI																	
(c)	Employee Trusts																	
(d)	Depositories(holding DRs) (balancing figure)																	
(e)	Clearing Member		292	1,854,428	-	-	1,854,428	1.50	1,854,428	1.50	-	1.50	-	-	-	-	-	1,115,448
(f)	Bodies Corporate		93	91,808	-	-	91,808	0.07	91,808	0.07	-	0.07	-	-	-	-	-	91,808
(g)	ESOPs Held by Employees		1	738,980	-	-	738,980	0.60	738,980	0.60	-	0.60	-	-	-	-	-	738,980
(h)	Sub Total (B)(3)		198	1,023,640	-	-	1,023,640	0.83	1,023,640	0.83	-	0.83	-	-	-	-	-	1,023,640
(i)	Total Public Shareholding		15,613	60,846,204	-	-	60,846,204	49.09	60,846,204	49.09	-	49.13	-	-	-	-	-	59,857,196
(j)	(B) = (B)(1)+(B)(2)+(B)(3)		15,615	60,865,891	-	-	60,865,891	49.10	60,865,891	49.10	-	49.15	-	-	-	-	-	59,876,883

1. Details of the shareholders acting as persons in Concert including their Shareholding (No. and %): As per Table III-A

2. Details of Shares which remain unclaimed may be given here along with details such as number of Shareholders, outstanding shares held in demat/unclaimed account, voting rights which are frozen etc.: N.A.

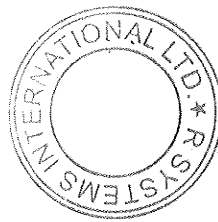


For R Systems International Ltd.

Company Secretary

Table-III A - Details of the shareholders acting as persons in Concert (PAC) including their Shareholding (No. and %):

Sr. No.	Name of Shareholder	Name of Shareholder acting as PAC	No. of Shares of PAC	Percentage
1	Mrs. Kuldeep Baldev Singh (part of promoter group)	Lt. Gen. Baldev Singh (Retd.)	111,498	0.09
2	Mrs. Kuldeep Baldev Singh (part of promoter group)	Mr. Mandeep Singh Sodhi	602,819	0.49
3	Mrs. Anita Behl (part of promoter group)	Mr. Vinay Narjit Singh Behl	36,682	0.03
Total			750,999	0.61



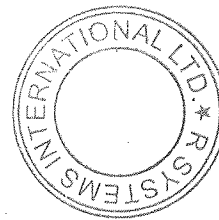
For R Systems International Ltd.

(Signature)

Company Secretary

Table IV - Statement showing shareholding pattern of the Non Promoter- Non Public shareholder

Category	Category & Name of shareholders	PAN	Nos. of shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held (VII) = (IV)+(V)+(VI)	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)	Number of Voting Rights held in each class of securities			No. of Shares Outstanding convertible securities (including Warrants)	Shareholding as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered	Number of equity shares held in dematerialised form		
									No of Voting Rights		Total as a % of (A+B+C)			No. (a)	As a % of total Shares held (b)			No. (a)	As a % of total Shares held (b)
									Class eg: X	Class eg: Y									
	(I)	(II)	(III)	(IV)	(V)	(VI)	(VII) As a % of (IV)+(V)+(VI)	(VIII) As a % of (A+B+C2)	(IX)			(X)	(XI) = (VII)+(X) As a % of (A+B+C2)	(XII)	(XIII)	(XIV)			
1	Custodian/DR Holder Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014)		0	0	0	0	0	0.0000	0	0	0	0	0.0000	0	0.0000	0	0		
2	Total Non-Promoter- Non Public Shareholding (C) = (C1)+(C2)		0	0	0	0	0	0.0000	0	0	0	0	0.0000	0	0.0000	0	0		



For R Systems International Ltd.

[Signature]
Company Secretary

Post-Scheme of Arrangement

SHAREHOLDING PATTERN UNDER REGULATION 31 OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

Name of the Listed Entity :		R SYSTEMS INTERNATIONAL LIMITED	
Scrip Code/ Name of the Scrip :		NSE	RSYSTEMS
		BSE	532735
Class of Security :		Equity Shares of Re. 1 /- each	
Share Holding Pattern Filed under: Reg. 31(1)(a)/Reg. 31(1)(b)/Reg.31(1)(c)		As required under Regulation 37 (As on May 12, 2017)	
a. If under 31(1)(b) then indicate the report for Quarter ending			
b. If under 31(1)(c) then indicate date of allotment/extinguishment		N/A	
DECLARATION			
Sr. No.	Particular	Yes	No
1	Whether the Listed Entity has issued any partly paid up shares?	-	No
2	Whether the Listed Entity has issued any Convertible Securities or Warrants?	Yes*	-
3	Whether the Listed Entity has any shares against which depository receipts are issued?	-	No
4	Whether the Listed Entity has any shares in locked-in?	-	No
5	Whether any shares held by promoters are pledge or otherwise encumbered?	-	No

*During the period commencing from date of filing of the latest shareholdin pattern (i.e. for the quarter ended March 31, 2017) with Stock Exchanges to till date , the Company has not issued any convertible Securities or Warrants. However, 112,780 Employee Stock Options are outstanding under R Systems International Limited Employee Stock Option Scheme 2007 which were issued to the employees of the Company in July 2007 and April 30, 2016.



For R Systems International Ltd.

[Signature]
Company Secretary

Table 1 - Summary Statement holding of specified securities

Category	Category of shareholder	Number of shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held (IV)+(V)+(VI)	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)	Number of Voting Rights held in each class of securities			No. of Shares Underlying convertible securities (including Warrants)	Shareholding as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered	Number of equity shares held in dematerialised form
								Class : Equity	Class : None	Total			No. (a)	As a % of total Shares held(b)		
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII) = (IV)+(V)+(VI)	(VIII) As a % of (A+B+C2)	(IX)			(X)	(XI) = (VII)+(X)	(XII)	(XIII)	(XIV)	
(A)	Promoter & Promoter Group	9	63,087,034	-	-	63,087,034	51.20	-	-	-	63,087,034	51.15	-	-	-	63,087,034
(B)	Public*	15,614	60,126,911	-	-	60,126,911	48.80	-	-	-	60,126,911	48.85	-	-	-	59,876,883
(C)	Non Promoter - Non Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C1)	Shares Underlying DRs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C2)	Shares Held By Employee Trust	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	15,623	123,213,945	-	-	123,213,945	100.00	-	-	-	123,213,945	100.00	-	-	-	122,963,917

*112,790 Employee Stock Options are held by Employees of the Company.



For R Systems International Ltd.

Company Secretary

Table II - Statement showing shareholding pattern of the Promoter and Promoter Group

Category	Category & Name of shareholders	PAN	Nos. of shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held (VII)=(V)+(VI)	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)	Number of Voting Rights held in each class of securities			Shareholding as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Locked in shares	Number of Shares pledged or otherwise	Number of Shares held in equity shares dematerialised form		
									No. of Voting Rights	Class: Equity	Class: None					No. (a)	As a % of total Shares held(b)
	(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)			(X)	(XI)	(XII)	(XIII)	(XIV)	
							(IV)+(V)+(VI)	(VIII) As a % of (A+B+C2)	Equity	None	Total	(VII)+(X) As a % of (A+B+C2)	No. (a)	As a % of total Shares held(b)	No. (a)	As a % of total Shares held(b)	
1	Indian																
(a)	Individuals / Hindu Undivided Family		2	7,777	-	-	7,777	0.01	7,777	-	7,777	0.01	-	-	-	-	7,777
	Kuldeep Baldev Singh	ACHPS05101	1	6,080	-	-	6,080	0.00	6,080	-	6,080	0.00	-	-	-	-	6,080
	Anita Behl	AFRFB3068D	1	1,697	-	-	1,697	0.00	1,697	-	1,697	0.00	-	-	-	-	1,697
(b)	Central Government / State Government(s)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(c)	Financial Institutions / Banks		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(d)	Any Other (Specify) Bodies Corporate		1	29,746,353	-	-	29,746,353	24.14	29,746,353	-	29,746,353	24.14	-	-	-	-	29,746,353
	G.M Solutions Pvt Ltd	A.ABCG8246Q	1	29,746,353	-	-	29,746,353	24.14	29,746,353	-	29,746,353	24.14	-	-	-	-	29,746,353
	Sub Total (A)(1)		3	29,754,130	-	-	29,754,130	24.15	29,754,130	-	29,754,130	24.15	-	-	-	-	29,754,130
2	Foreign																
(a)	Individuals (Non-Resident Individuals / Foreign Individuals)		4	12,105,955	-	-	12,105,955	9.83	12,105,955	-	12,105,955	9.83	-	-	-	-	12,105,955
	Sartar Singh Rekhi	AUBPR8836K	1	5,864,656	-	-	5,864,656	4.76	5,864,656	-	5,864,656	4.76	-	-	-	-	5,864,656
	Ranmeet Singh Rekhi	AJBPR8791F	1	4,958,983	-	-	4,958,983	4.02	4,958,983	-	4,958,983	4.02	-	-	-	-	4,958,983
	Sainder Singh Rekhi	AEWPR5412H	1	1,281,556	-	-	1,281,556	1.04	1,281,556	-	1,281,556	1.04	-	-	-	-	1,281,556
	Harpreet Rekhi	AEAPRG288R	1	760	-	-	760	0.00	760	-	760	0.00	-	-	-	-	760
(b)	Government		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(c)	Institutions		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(d)	Foreign Portfolio Investor																
(e)	Any Other (Specify) Bodies Corporate		2	21,226,949	-	-	21,226,949	17.23	21,226,949	-	21,226,949	17.23	-	-	-	-	21,226,949
	Righimach Holdings Ltd	AAECRS596D	1	9,076,218	-	-	9,076,218	7.37	9,076,218	-	9,076,218	7.37	-	-	-	-	9,076,218
	Promoter Trust		1	12,150,731	-	-	12,150,731	9.86	12,150,731	-	12,150,731	9.86	-	-	-	-	12,150,731
	Sainder & Harpreet Rekhi Family Trust (Trustee: Sainder Singh Rekhi & Harpreet Rekhi)	A.ABTT6608C	1	12,150,731	-	-	12,150,731	9.86	12,150,731	-	12,150,731	9.86	-	-	-	-	12,150,731
	Sub Total (A)(2)		6	33,332,904	-	-	33,332,904	27.05	33,332,904	-	33,332,904	27.05	-	-	-	-	33,332,904
	Total Shareholding Of Promoter And Promoter Group (A)=(A)(1)+(A)(2)		9	63,087,034	-	-	63,087,034	51.20	63,087,034	-	63,087,034	51.20	-	-	-	-	63,087,034

Details of Shares which remain unclaimed may be given here along with details such as number of shareholders, outstanding shares held in demat/unclaimed suspense account, voting rights which are frozen etc. N.A.



For R Systems International Ltd.

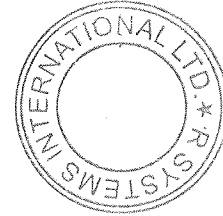
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Company Secretary

Table III - Statement showing shareholding pattern of the Public shareholder

Category	Category & Name of shareholders	PAN	Nos. of shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held (IV)+(V)+(VI)	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)	Number of Voting Rights held in each class of securities			No. of Shares Underlying convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form
									Class : Equity	Class : None	Total			No. (a)	As a % of total Shares held(b)	No. (a)	As a % of total Shares held(b)	
	(I)	(II)	(III)	(IV)	(V)	(VI)	(VII) = (IV)+(V)+(VI)	(VIII) As a % of (A+B+C2)	(IX)			(X)	(XI) = (VII)+(X) As a % of (A+B+C2)	(XII)	(XIII)	(XIV)		
1	Institutions																	
(a)	Mutual Fund																	
(b)	Venture Capital Funds																	
(c)	Alternate Investment Funds																	
(d)	Foreign Venture Capital Investors																	
(e)	Foreign Portfolio Investor																	
(f)	Financial Institutions / Banks Insurance Companies		2	19,687	-	-	19,687	0.02	-	-	-	0.02	-	-	-	-	-	19,687
(g)	President Funds/ Pension Funds																	
(h)	Any Other (Specify)																	
2	Central Government/ State Government(s)/ President of India		2	19,687	-	-	19,687	0.02	-	-	-	0.02	-	-	-	-	-	19,687
	Sub Total (B)(1)																	
	Sub Total (B)(2)																	
3	Non-Institutions																	
(a)	Individuals																	
	i. Individual shareholders holding nominal share capital up to Rs. 2 lakhs.		15,314	11,905,275	-	-	11,905,275	9.66	11,905,275	-	-	9.66	-	-	-	-	-	11,655,247
	ii. Individual shareholders holding nominal share capital in excess of Rs. 2 lakhs.		7	47,086,501	-	-	47,086,501	38.22	47,086,501	-	-	38.22	-	-	-	-	-	47,086,501
	Bhavesh Trilalji	ABBPT7159D	1	44,225,511	-	-	44,225,511	35.89	44,225,511	-	-	35.89	-	-	-	-	-	44,225,511
	Others		6	2,860,990	-	-	2,860,990	2.32	2,860,990	-	-	2.32	-	-	-	-	-	2,860,990
(b)	NBFCs registered with RBI																	
(c)	Employee Trusts																	
(d)	Depositories(holding DRs) (balancing figure)																	
(e)	Any Other (Specify)		291	1,115,448	-	-	1,115,448	0.91	1,115,448	-	-	0.91	-	-	-	-	-	1,115,448
	Clearing Member		93	91,808	-	-	91,808	0.07	91,808	-	-	0.07	-	-	-	-	-	91,808
	Bodies Corporate		198	1,023,640	-	-	1,023,640	0.83	1,023,640	-	-	0.83	-	-	-	-	-	1,023,640
	ESOPs Held by Employees																	
	Sub Total (B)(3)		15,612	60,107,224	-	-	60,107,224	48.78	60,107,224	-	-	48.78	-	-	-	-	-	59,857,196
	Total Public Shareholding (B) - (B)(1)-(B)(2)+(B)(3)		15,614	60,126,911	-	-	60,126,911	48.80	60,126,911	-	-	48.80	-	-	-	-	-	59,876,893

1. Details of the shareholders acting as persons in Concert including their Shareholding (No. and %): As per Table III-A

2. Details of Shares which remain unclaimed may be given here along with details such as number of shareholders, outstanding shares held in demat/unclaimed suspense account, voting rights which are frozen etc.: N.A.

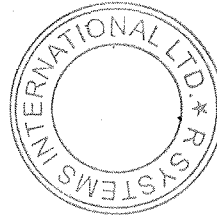


For R Systems International Ltd.

[Signature]
Company Secretary

Table-III A - Details of the shareholders acting as persons in Concert (PAC) including their Shareholding (No. and %):

Sr. No.	Name of Shareholder	Name of Shareholder acting as PAC	No. of Shares of PAC	Percentage
1	Mrs. Kuldeep Baldev Singh (part of promoter group)	Lt. Gen. Baldev Singh (Retd.)	111,498	0.09
2	Mrs. Kuldeep Baldev Singh (part of promoter group)	Mr. Mandeep Singh Sodhi	602,819	0.49
3	Mrs. Anita Behl (part of promoter group)	Mr. Vinay Narjit Singh Behl	36,682	0.03
Total			750,999	0.61

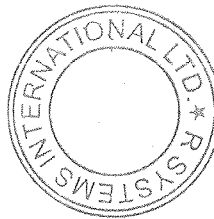


For R Systems International Ltd.

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Company Secretary

Table IV - Statement showing shareholding pattern of the Non Promoter- Non Public shareholder

Category	Category & Name of shareholders	PAN	Nos. of shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)	Number of Voting Rights held in each class of securities			No. of Shares Outstanding convertible securities (including Warrants)	Shareholding as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form
									No of Voting Rights		Total as a % of (A+B+C)			No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held(b)	
									Class eg: X	Class eg: y								
1	Custodian/DR Holder Employee Benefit Trust (under SEBI (Share based Employee Benefit Regulations, 2014)	(II)	(III)	(IV)	(V)	(VI)	(VII) = (IV)+(V)+(VI)	(VIII) As a % of (A+B+C2)	(IX)	(X)	(XI) = (VII)+(X)	(XII)	(XIII)	(XIV)	0	0	0	0
2	Total Non-Promoter- Non Public Shareholding (C) = (C1)+(C2)		0	0	0	0	0	0.0000	0	0	0	0	0	0	0	0	0	0



For R Systems International Ltd.

[Signature]
Company Secretary

THE FINANCIAL DETAILS OF THE R SYSTEMS INTERNATIONAL LIMITED FOR THE PREVIOUS 3 YEARS
AS PER THE AUDITED STANDALONE STATEMENTS OF ACCOUNTS:

(Rs. in Crores, except per share data)

		As per last audited quarter	As per last Audited Financial Year	1 year prior to the last Audited Financial Year	2 years prior to the last Audited Financial Year
		31.03.2017	31.12.2016	31.12.2015	31.12.2014
a.	Equity Paid up Capital	12.39	12.39	12.69	12.75
b.	Less: Shares held by Trust*	0.07	0.07	0.07	0.07
c.	Net Equity Paid-up Capital	12.32	12.32	12.62	12.68
d.	Reserves and surplus	214.34	208.26	185.98	162.63
e.	Less: Advance to the Trust*	0.23	0.23	0.23	0.23
f.	Net Reserves and surplus	214.11	208.03	185.75	162.40
g.	Carry forward losses	NIL	NIL	NIL	NIL
h.	Net Worth (a+d)	226.73	220.65	198.67	175.38
i.	Net Worth (Net off)(c+f)	226.43	220.35	198.37	175.08
j.	Miscellaneous Expenditure	NIL	NIL	NIL	NIL
k.	Secured Loans	1.22	1.34	1.16	0.93
l.	Unsecured Loans	1.09	1.09	NIL	NIL
m.	Fixed Assets	28.91	27.81	23.71	35.47
n.	Income from Operations	64.99	263.18	289.26	291.08
o.	Total Income	69.46	275.54	298.88	304.57
p.	Exceptional Income	-	4.63	64.81	39.31
q.	Total Expenditure	(59.53)	(218.80)	(245.89)	(242.79)
r.	Profit before Tax	9.93	61.37	117.80	101.09
s.	Profit after Tax	5.98	41.21	90.64	75.03
t.	Cash profit	7.13	48.14	100.23	81.75
u.	EPS (not annualised)	0.48	3.26	7.14	5.90
v.	Book value Per share	18.28	17.79	15.64	13.74

*R Systems Employees Welfare Trust

Note:

1. Cash Profit = PAT + Depreciation & Amortization

For R Systems International Ltd.



Company Secretary

Auditor's Report on Quarterly Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To
**Board of Directors of
R Systems International Limited,**

1. We have audited the quarterly financial results of R Systems International Limited ("the Company") for the quarter ended March 31, 2017, attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. These quarterly financial results have been prepared on the basis of the interim financial statements, which are the responsibility of the Company's management and have been approved by the Board of Directors. Our responsibility is to express an opinion on these financial results based on our audit of such interim financial statements, prepared in accordance with recognition and measurement principles laid down in Accounting Standard 25 "Interim Financial Reporting", specified under section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatement(s). An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.
3. In our opinion and to the best of our information and according to the explanations given to us these quarterly financial results:
 - i. are presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, in this regard; and
 - ii. give a true and fair view of the net profit and other financial information for the quarter ended March 31, 2017.

For S.R. BATLIBOI & ASSOCIATES LLP
ICAI Firm Registration Number: 101049W/E300004
Chartered Accountants


per Yogender Seth
Partner
Membership No.: 94524

Place: *Noida*
Date: May 4, 2017



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For R Systems International Ltd.


Company Secretary

R SYSTEMS INTERNATIONAL LIMITED

CIN : L74899DL1993PLC053579

Registered Office : B - 104A, Greater Kailash - I, New Delhi - 110 048

Tel : +91 120 4303500; Fax : +91 120 2587123

Website : www.rsystems.com; Email : rsystems.india@rsystems.com

Statement of Standalone Audited Results for the Quarter Ended March 31, 2017

S.No.	Particulars (Refer notes)	(Rs. in lakhs, except per share data)			
		Three Months Ended			Year Ended
		31.03.2017	31.12.2016	31.03.2016	31.12.2016
		(Audited)	(Audited) Refer Note.6	(Audited)	(Audited)
1	Income from operations				
(a)	Income from operations	6,499.39	6,883.18	6,387.25	26,317.69
(b)	Other operating income	306.36	161.35	146.60	606.95
	Total income from operations	6,805.75	7,044.53	6,533.85	26,924.64
2	Expenses				
(a)	Employee benefits expense	4,609.64	4,549.23	3,863.09	16,631.78
(b)	Depreciation and amortisation expense	174.68	172.00	174.34	693.03
(c)	Travelling and conveyance	391.99	305.25	446.20	1,451.65
(d)	Communication costs	117.55	141.04	110.66	538.36
(e)	Legal and professional expenses (including subcontract expenses)	75.68	193.62	93.32	582.18
(f)	Provision for doubtful debts and advances (net)	30.56	-	-	-
(g)	Other expenses	522.63	508.44	456.80	1,946.45
	Total expenses	5,922.73	5,869.58	5,144.41	21,843.45
3	Profit from operations before other income, finance costs and exceptional items (1-2)	883.02	1,174.95	1,389.44	5,081.19
4	Other income	140.50	208.45	135.60	629.72
5	Profit from ordinary activities before finance costs and exceptional items (3+4)	1,023.52	1,383.40	1,525.04	5,710.91
6	Finance costs	29.96	7.70	6.85	36.84
7	Profit from ordinary activities after finance costs but before exceptional items (5-6)	993.56	1,375.70	1,518.19	5,674.07
8	Exceptional items (refer note 3)	-	463.47	-	463.47
9	Profit from ordinary activities before tax (7+8)	993.56	1,839.17	1,518.19	6,137.54
10	Tax expense				
	Current tax [refer note 3 (c) and 4]	377.86	635.56	557.38	2,249.44
	MAT credit (related to earlier years)	-	(151.27)	-	(151.27)
	Deferred tax charge / (credit)	17.41	3.45	(11.00)	(82.01)
	Total tax expense	395.27	487.74	546.38	2,016.16
11	Net profit from ordinary activities after tax (9-10)	598.29	1,351.43	971.81	4,121.38
12	Extraordinary items (net of tax expense)	-	-	-	-
13	Net profit for the period / year (11-12)	598.29	1,351.43	971.81	4,121.38
14	Paid - up equity share capital (Face value Re. 1/- each) (refer note 5)	1,231.31	1,231.31	1,261.31	1,231.31
15	Reserves excluding Revaluation Reserves as at December 31, 2016				20,803.21
16.i	Earnings per share before extraordinary items (Face value of Re. 1/- each) (not annualised)				
(a)	Basic	0.48	1.07	0.77	3.26
(b)	Diluted	0.48	1.07	0.77	3.25
16.ii	Earnings per share after extraordinary items (Face value of Re. 1/- each) (not annualised)				
(a)	Basic	0.48	1.07	0.77	3.26
(b)	Diluted	0.48	1.07	0.77	3.25

See accompanying notes to the financial results.

S.R. Batliboi & Associates LLP, Gurgaon.

for identification

For R Systems International Limited

(Signature)
Lt. Gen. Baldev Singh (Retd.)
President & Senior Executive Director
Director Identification No. 00006966

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For R Systems International Ltd.

(Signature)
Company Secretary

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Notes:

- 1 The results for the quarter ended March 31, 2017 were reviewed by the Audit Committee and have been approved by the Board of Directors at its meeting held on May 04, 2017.
- 2 An audit has been completed by the Statutory Auditors for the quarter ended March 31, 2017, quarter ended March 31, 2016 and for the quarter and year ended December 31, 2016 (also refer note 6 below). There is no qualification in the Auditors' Report on these financial results.
- 3 'Exceptional items':

(a) On July 11, 2014, the Company had incorporated a wholly owned subsidiary in India, namely, R Systems Products & Technologies Limited (which was later converted into R Systems Products & Technologies Private Limited ("RSPTPL") on May 28, 2015). The shareholders of the Company by passing special resolution through postal ballot on September 23, 2014 had accorded necessary approval for transfer of the Company's Indus Business Unit operated out of Pune and Chennai to RSPTPL. The Company had entered into 'Business Transfer Agreement' (BTA) with RSPTPL on June 27, 2015 for the aforesaid transfer on a going concern basis by way of slump sale, for consideration of Rs. 7,839.00 lakhs to be discharged by RSPTPL through issuance of 60,000,003 equity shares of Re. 1/- each at a premium of Rs. 6.227333 per share and 35,026 compulsorily redeemable debentures of Rs. 10,000 each to be redeemed over a period of 4 years, on the terms and conditions agreed in BTA and Debenture Subscription Agreement.

The Company had also entered into 'Share Purchase Agreement' (SPA) with BD Capital Partners Ltd. ("BDC"), a Mauritius based company on June 27, 2015 to sell 93% of its equity share in RSPTPL to BDC for a consideration of Rs. 4,431.70 lakhs (USD 7 million). The closing (as defined in the agreements) under the BTA and SPA occurred on July 07, 2015. The name of RSPTPL was changed to Indus Software Technologies Private Limited (ISPTPL) w.e.f August 19, 2015.

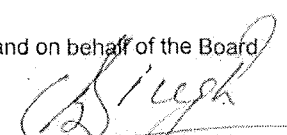
Subject to the satisfaction of certain conditions, BDC had also agreed to purchase the balance 7% equity shares for a consideration up to USD 1 million. During the quarter ended December 31, 2016, the Company had received the consideration for the sale of balance 7% share in ISPTPL. The gain on sale of aforesaid equity share amounting to Rs. 371.74 lakhs is disclosed as 'Exceptional items' in the financial results for the quarter and year ended December 31, 2016.

(b) The Company, during the quarter ended December 31, 2016, had realised additional amount of Rs. 91.73 lakhs towards the sale of Indus Business unit and disclosed as 'Exceptional items' in the financial results for the quarter and year ended December 31, 2016.

(c) The consequent tax expense of above 'Exceptional items' amounting to Rs. 148.01 lakhs for the quarter and year ended December 31, 2016, is included in the 'Current tax' in the financial results for the relevant period.
- 4 During the quarter ended March 31, 2017, the current tax includes Rs. 36.86 lakhs pertaining to earlier period.
- 5 The Company had issued Public Announcement dated September 15, 2016, for buy-back of equity shares of face value of Re. 1/- each from its existing shareholders as on the record date September 30, 2016 on a proportionate basis through "Tender Offer" route in accordance with the provisions contained in the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998 and the Companies Act, 2013 at a price of Rs. 65/- per equity share, payable in cash for a total consideration not exceeding Rs. 1,950 lakhs. Under the Buy-back offer, the Company had bought back 30 lakhs equity shares for an aggregate amount of Rs. 1,950 lakhs by utilising the Securities Premium Account to the extent of Rs. 1,920 lakhs and General Reserve to the extent of Rs. 30 lakhs. The Capital Redemption Reserve was created out of General Reserve for Rs. 30 lakhs being the nominal value of equity shares bought back in terms of Section 68 of the Companies Act, 2013. The aforesaid buy-back was completed on November 29, 2016.
- 6 Figures for the quarter ended December 31, 2016 are equivalent to the difference between the audited figures in respect of the full financial year and the published year to date figures upto the third quarter of the financial year.
- 7 Refer Annexure A for segment wise standalone revenue, results, assets and liabilities.
- 8 Previous period's / year's figures have been regrouped / reclassified wherever applicable, to the extent possible, to conform to the current period / year presentation.

Place : NOIDA
Date : May 04, 2017

For and on behalf of the Board


Lt. Gen. Baldev Singh (Retd.)
[President & Senior Executive Director]
[DIN: 00006966]

S.R. Batlibol & Associates LLP, Gurgaon

for identification

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For R Systems International Ltd.


Company Secretary

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R SYSTEMS INTERNATIONAL LIMITED
Segment Wise Standalone Revenue, Results , Assets and Liabilities

(Rs. in lakhs)

S.No.	Particulars	Three Months Ended			Year Ended
		31.03.2017	31.12.2016	31.03.2016	31.12.2016
		(Audited)	(Audited) Refer Note 6	(Audited)	(Audited)
1	Segment revenue				
	- Information technology services	5,382.12	5,651.81	5,348.95	21,795.15
	- Business process outsourcing services	1,117.27	1,231.37	1,038.30	4,522.54
	Income from operations	6,499.39	6,883.18	6,387.25	26,317.69
2	Segment results before tax, interest and exceptional items				
	- Information technology services	1,030.36	1,194.00	1,422.05	5,163.58
	- Business process outsourcing services	(2.85)	120.70	114.87	488.43
	Total	1,027.51	1,314.70	1,536.92	5,652.01
	(i) Interest expense	(22.73)	(4.08)	(2.91)	(13.41)
	(ii) Interest income	124.50	192.45	119.60	565.72
	(iii) Other unallocable income	16.00	16.00	16.00	64.00
	(iv) Exceptional Items (refer note 3)	-	463.47	-	463.47
	(v) Other unallocable expenses	(151.72)	(143.37)	(151.42)	(594.25)
	Profit before tax	993.56	1,839.17	1,518.19	6,137.54
3	Capital employed				
a	Segment assets				
	- Information technology services	8,256.12	8,082.11	7,373.15	8,082.11
	- Business process outsourcing services	1,876.77	1,876.88	1,407.87	1,876.88
	- Inter segment assets elimination	(239.47)	(316.75)	(78.22)	(316.75)
	- Unallocated corporate assets	18,420.24	17,563.06	16,934.33	17,563.06
	Total segment assets (A)	28,313.66	27,205.30	25,637.13	27,205.30
b	Segment liabilities				
	- Information technology services	4,963.75	4,442.00	3,842.74	4,442.00
	- Business process outsourcing services	511.15	498.69	411.43	498.69
	- Inter segment liabilities elimination	(239.47)	(316.75)	(78.22)	(316.75)
	- Unallocated corporate liabilities	435.91	546.84	652.14	546.84
	Total segment liabilities (B)	5,671.34	5,170.78	4,828.09	5,170.78
	Capital employed (A- B)	22,642.32	22,034.52	20,809.04	22,034.52

S.R. Batlibol & Associates LLP, Gurgaon

for identification

For R Systems International Limited

(Signature)
Lt. Gen. Baldev Singh, (Retd.)
President & Senior Executive Director
Director Identification No. 00006966

CERTIFIED TRUE COPY

For R Systems International Ltd.

(Signature)
Company Secretary

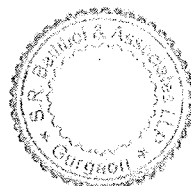
Page No. 58

Limited Review Report**Review Report to****The Board of Directors of R Systems International Limited**

1. We have reviewed the accompanying statement of unaudited consolidated results of R Systems Group comprising of R Systems International Limited ('the Company') and its subsidiaries (together referred to as 'the Group'), for the quarter ended March 31, 2017 (the "Statement"), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015. This Statement is the responsibility of the Company's management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review of the unaudited consolidated financial results included in such statement, which has been prepared by the management in accordance with the recognition and measurement principles laid down in Accounting Standard 25 "Interim Financial Reporting", prescribed under section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India.
2. We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
3. We did not review total revenues of Rs. 8,903.93 lakhs for the quarter ended March 31, 2017 and total assets of Rs. 20,378.67 lakhs as at March 31, 2017, included in the accompanying unaudited consolidated financial results relating to 24 subsidiaries, out of which 23 are located outside India, and derived from the interim financial information of these subsidiaries which have been reviewed by other auditors. Such interim financial information and the review reports thereon have been furnished to us by the Company's management. The interim financial information of these subsidiaries has been prepared in accordance with accounting principles generally accepted in their respective countries and which have been reviewed by other auditors who have submitted their review reports, prepared under generally accepted auditing standards applicable in their respective countries, to the Board of Directors of the respective subsidiaries. The Company's management has converted the financial information of these subsidiaries, from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We reviewed the adjustments that were applied to prepare the unaudited consolidated financial results as of and for the quarter ended March 31, 2017, made by the Company's management to convert the financial information of these subsidiaries from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. Our conclusion on the unaudited quarterly financial results, in so far as it relates to such subsidiaries is based solely on the reports of the other auditors and our review of the conversion adjustments prepared by the management of the Company.

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For R Systems International Ltd.


Company Secretary



Page No. 59

S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

4. Based on our review conducted as above and on consideration of reports of other auditors, referred to in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement of unaudited consolidated financial results prepared in accordance with applicable accounting standards and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.

For S.R. BATLIBOI & ASSOCIATES LLP

ICAI Firm registration number: 101049W/E300004

Chartered Accountants

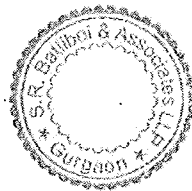

per Yogender Seth

Partner

Membership No.: 94524

Place: *Noida*

Date: May 4, 2017



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For R Systems International Ltd.


Company Secretary

R SYSTEMS INTERNATIONAL LIMITED

CIN : L74899DL1993PLC053579

Registered Office : B - 104A, Greater Kailash - I, New Delhi - 110 048

Tel : +91 120 4303500; Fax : +91 120 2587123

Website : www.rsystems.com; Email : rsystems.india@rsystems.com

Statement of Consolidated Unaudited Results for the Quarter Ended March 31, 2017

(Rs. in lakhs, except per share data)

S.No.	Particulars (Refer notes)	Three Months Ended			Year Ended
		31.03.2017 (Unaudited)	31.12.2016 (Audited) Refer note 6	31.03.2016 (Unaudited)	31.12.2016 (Audited)
1	Income from operations				
(a)	Income from operations	14,429.77	15,340.20	14,186.89	58,823.73
(b)	Other operating income	399.92	326.21	(6.82)	638.57
	Total income from operations	14,829.69	15,666.41	14,180.07	59,462.30
2	Expenses				
(a)	Employee benefits expense	10,071.86	9,909.74	9,136.19	37,978.92
(b)	Depreciation and amortisation expense	284.33	289.44	283.14	1,151.20
(c)	Travelling and conveyance	774.89	524.64	950.08	2,433.34
(d)	Communication costs	162.18	182.43	158.17	721.88
(e)	Legal and professional expenses (including subcontract expenses)	1,308.28	1,471.50	1,562.46	5,886.26
(f)	Provision for doubtful debts and advances (net)	16.68	-	-	-
(g)	Other expenses	1,323.65	1,484.74	946.61	4,738.37
	Total expenses	13,941.87	13,862.49	13,036.65	52,909.97
3	Profit from operations before other income, finance costs and exceptional items (1-2)	887.82	1,803.92	1,143.42	6,552.33
4	Other income	141.03	209.13	136.08	632.11
5	Profit from ordinary activities before finance costs and exceptional items (3+4)	1,028.85	2,013.05	1,279.50	7,184.44
6	Finance costs	39.99	16.83	17.60	79.17
7	Profit from ordinary activities after finance costs but before exceptional items (5-6)	988.86	1,996.22	1,261.90	7,105.27
8	Exceptional items (refer note 3)	-	463.47	-	463.47
9	Profit from ordinary activities before tax (7+8)	988.86	2,459.69	1,261.90	7,568.74
10	Tax expense				
	Current tax [refer note 3 (c) and 4]	459.59	737.51	536.44	2,440.27
	MAT credit (related to earlier years)	-	(151.27)	-	(151.27)
	Deferred tax charge / (credit)	2.94	13.67	(38.23)	(89.10)
	Total tax expense	462.53	599.91	498.21	2,199.90
11	Net profit from ordinary activities after tax (9-10)	526.33	1,859.78	763.69	5,368.84
12	Extraordinary items (net of tax expense)	-	-	-	-
13	Net profit for the period / year (11-12)	526.33	1,859.78	763.69	5,368.84
14	Share of profit / (loss) of associates	-	-	-	-
15	Minority Interest	-	-	-	-
16	Net profit after taxes, minority interest and share of profit / (loss) of associates (13+14-15)	526.33	1,859.78	763.69	5,368.84
17	Paid - up equity share capital (Face value Re. 1/- each) (refer note 5)	1,231.31	1,231.31	1,261.31	1,231.31
18	Reserves excluding Revaluation Reserves as at December 31, 2016	-	-	-	26,565.99
19.i	Earnings per share before extraordinary items (Face value of Re. 1/- each) (not annualised)				
(a)	Basic	0.42	1.48	0.60	4.24
(b)	Diluted	0.42	1.48	0.60	4.24
19.ii	Earnings per share after extraordinary items (Face value of Re. 1/- each) (not annualised)				
(a)	Basic	0.42	1.48	0.60	4.24
(b)	Diluted	0.42	1.48	0.60	4.24

See accompanying notes to the financial results.

S R Batliboi & Associates LLP, Gurgaon

or identification

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For R Systems International Ltd.

A. S. Chauhan
Company Secretary

For R Systems International Limited

B. Singh
Lt. Gen. Baldev Singh (Retd.)
President & Senior Executive Director
Director Identification No. 00006968

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Notes:

- 1 The results for the quarter ended March 31, 2017 were reviewed by the Audit Committee and have been approved by the Board of Directors at its meeting held on May 04, 2017.
- 2 The Limited Review as required under Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 has been completed by the Statutory Auditor for the quarter ended March 31, 2017 and March 31, 2016 and audit for the quarter and year ended December 31, 2016 (also refer note 6 below). There is no qualification in the Auditors' Report on these financial results.
- 3 'Exceptional items':

(a) On July 11, 2014, the Company had incorporated a wholly owned subsidiary in India, namely, R Systems Products & Technologies Limited (which was later converted into R Systems Products & Technologies Private Limited ("RSPTPL") on May 28, 2015). The shareholders of the Company by passing special resolution through postal ballot on September 23, 2014 had accorded necessary approval for transfer of the Company's Indus Business Unit operated out of Pune and Chennai to RSPTPL.

The Company had entered into 'Business Transfer Agreement' (BTA) with RSPTPL on June 27, 2015 for the aforesaid transfer on a going concern basis by way of slump sale, for consideration of Rs. 7,839.00 lakhs to be discharged by RSPTPL through issuance of 60,000,003 equity shares of Re. 1/- each at a premium of Rs. 6.227333 per share and 35,026 compulsorily redeemable debentures of Rs. 10,000 each to be redeemed over a period of 4 years, on the terms and conditions agreed in BTA and Debenture Subscription Agreement.

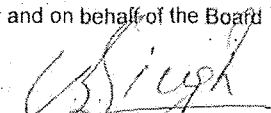
The Company had also entered into 'Share Purchase Agreement' (SPA) with BD Capital Partners Ltd. ("BDC"), a Mauritius based company on June 27, 2015 to sell 93% of its equity share in RSPTPL to BDC for a consideration of Rs. 4,431.70 lakhs (USD 7 million). The closing (as defined in the agreements) under the BTA and SPA occurred on July 07, 2015. The name of RSPTPL was changed to Indus Software Technologies Private Limited (ISPTPL) w.e.f August 19, 2015.

Subject to the satisfaction of certain conditions, BDC had also agreed to purchase the balance 7% equity shares for a consideration up to USD 1 million. During the quarter ended December 31, 2016, the Company had received the consideration for the sale of balance 7% share in ISPTPL. The gain on sale of aforesaid equity share amounting to Rs. 371.74 lakhs is disclosed as 'Exceptional items' in the financial results for the quarter and year ended December 31, 2016.

(b) The Company, during the quarter ended December 31, 2016, had realised additional amount of Rs. 91.73 lakhs towards the sale of Indus Business unit and disclosed as 'Exceptional items' in the financial results for the quarter and year ended December 31, 2016.

(c) The consequent tax expense of above 'Exceptional items' amounting to Rs. 148.01 lakhs for the quarter and year ended December 31, 2016, is included in the 'Current tax' in the financial results for the relevant period.
- 4 During the quarter ended March 31, 2017, the current tax includes Rs. 36.86 lakhs pertaining to earlier period.
- 5 The Company had issued Public Announcement dated September 15, 2016, for buy-back of equity shares of face value of Re. 1/- each from its existing shareholders as on the record date September 30, 2016 on a proportionate basis through "Tender Offer" route in accordance with the provisions contained in the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998 and the Companies Act, 2013 at a price of Rs. 65/- per equity share, payable in cash for a total consideration not exceeding Rs. 1,950 lakhs. Under the Buy-back offer, the Company had bought back 30 lakhs equity shares for an aggregate amount of Rs. 1,950 lakhs by utilising the Securities Premium Account to the extent of Rs. 1,920 lakhs and General Reserve to the extent of Rs. 30 lakhs. The Capital Redemption Reserve was created out of General Reserve for Rs. 30 lakhs being the nominal value of equity shares bought back in terms of Section 68 of the Companies Act, 2013. The aforesaid buy-back was completed on November 29, 2016.
- 6 Figures for the quarter ended December 31, 2016 are equivalent to the difference between the audited figures in respect of the full financial year and the published year to date figures upto the third quarter of the financial year which were subjected to quarterly limited review by the statutory auditors.
- 7 Refer Annexure A for segment wise consolidated revenue, results, assets and liabilities.
- 8 Previous period's / year's figures have been regrouped / reclassified wherever applicable, to the extent possible, to conform to the current period / year presentation.

For and on behalf of the Board


Lt. Gen. Baldev Singh (Retd.)
[President & Senior Executive Director]
[DIN: 00006966]

Place : NOIDA
Date : May 04, 2017

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for identification

For R Systems International Ltd.


Company Secretary

Page No. 62

R SYSTEMS INTERNATIONAL LIMITED**Segment Wise Consolidated Revenue, Results, Assets and Liabilities**

(Rs. in lakhs)

S.No.	Particulars	Three Months Ended			Year Ended
		31.03.2017	31.12.2016	31.03.2016	31.12.2016
		(Unaudited)	(Audited) Refer note 6	(Unaudited)	(Audited)
1	Segment revenue				
	- Information technology services	13,359.42	14,156.73	13,196.27	54,491.21
	- Business process outsourcing services	1,117.27	1,231.37	1,038.30	4,522.54
	Total	14,476.69	15,388.10	14,234.57	59,013.75
	Less: Elimination of intersegment sales	46.92	47.90	47.68	190.02
	Income from operations	14,429.77	15,340.20	14,186.89	58,823.73
2	Segment results before tax, interest and exceptional items				
	- Information technology services	1,049.35	1,915.32	1,194.07	6,774.81
	- Business process outsourcing services	(2.85)	120.70	114.87	488.43
	Total	1,046.50	2,036.02	1,308.94	7,263.24
	(i) Interest expense	(23.07)	(4.08)	(3.03)	(13.63)
	(ii) Interest income	125.03	193.13	120.08	568.11
	(iii) Other unallocable income	16.00	16.00	16.00	64.00
	(iv) Exceptional items (refer note 3)	-	463.47	-	463.47
	(v) Other unallocable expenses	(175.60)	(244.85)	(180.09)	(776.45)
	Profit before tax	988.86	2,459.69	1,261.90	7,568.74
3	Capital employed				
a	Segment assets				
	- Information technology services	21,744.82	22,027.20	19,666.82	22,027.20
	- Business process outsourcing services	3,344.69	3,344.80	2,875.79	3,344.80
	- Inter segment assets elimination	(269.98)	(348.70)	(109.39)	(348.70)
	- Unallocated corporate assets	14,004.19	13,272.82	13,732.17	13,272.82
	Total segment assets (A)	38,823.72	38,296.12	36,165.39	38,296.12
b	Segment liabilities				
	- Information technology services	9,407.43	8,944.39	8,382.90	8,944.39
	- Business process outsourcing services	511.15	498.69	411.43	498.69
	- Inter segment liabilities elimination	(269.98)	(348.70)	(109.39)	(348.70)
	- Unallocated corporate liabilities	1,346.83	1,404.44	2,012.71	1,404.44
	Total segment liabilities (B)	10,995.43	10,498.82	10,697.65	10,498.82
	Capital employed (A- B)	27,828.29	27,797.30	25,467.74	27,797.30

S.R. Ballibol & Associates LLP, Gurgaon

for identification

For R Systems International Limited

Singh
 Lt. Gen. Baldev Singh (Retd.)
 President & Senior Executive Director
 Director Identification No. 00006966

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For R Systems International Ltd.

A. Anand
 Company Secretary

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Auditors' certificate

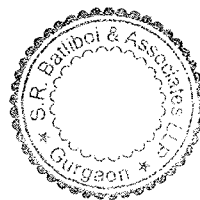
The Board of Directors,
R Systems International Limited
C-40, Sector-59,
NOIDA-201307(U.P.)

1. We, the statutory auditors of R Systems International Limited, (hereinafter referred to as 'the Company'), have examined the proposed accounting treatment specified in Clause 5 of the "Draft Scheme of Arrangement" ('Draft Scheme') between R Systems International Limited and its shareholders and creditors in terms of the provisions of Sections 230 of the Companies Act, 2013 and other applicable provisions of the Companies Act 2013 with reference to its compliance with the applicable Accounting Standards notified under Section 133 the Companies Act, 2013 and read with Rule 7 of the Companies (Accounts) Rules 2014 and Other Generally Accepted Accounting Principles accepted in India ('Indian GAAP').
2. The responsibility for the preparation of the Draft Scheme and its compliance with the relevant laws and regulations, including the applicable Accounting Standards as aforesaid, is that of the Board of Directors of the Company involved. Our responsibility is only to examine and report whether the Draft Scheme complies with the applicable Accounting Standards and other Generally Accepted Accounting Principles in respect of the accounting treatment in the books of the Company. Nothing contained in this Certificate, nor anything said or done in the course of, or in connection with the services that are subject to this Certificate, will extend any duty of care that we may have in our capacity of the statutory auditors of any financial statements of the Company. We carried out our examination in accordance with the Guidance Note on Reports and Certificates for Special Purposes (Revised), issued by the Institute of Chartered Accountants of India.
3. Based on our examination and according to the information and explanations given to us, we confirm that the accounting treatment contained in the aforesaid scheme is in compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and circulars issued there under and all the applicable Accounting Standards notified by the Central Government under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules 2014.

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For R Systems International Ltd.

[Signature]
Company Secretary



Page no. 64

S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

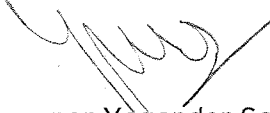
4. This Certificate is issued at the request of the R Systems International Limited pursuant to the requirements of circulars issued under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for onward submission to the National Company Law Tribunal, Regional Director, Ministry of Corporate Affairs (i.e. Registrar of Companies), Official Liquidator, BSE Limited and the National Stock Exchange of India Limited or any other regulatory authorities in relation to this Scheme. This Certificate should not be used for any other purpose without our prior written consent.

This certificate should be read together with the statement attached herewith (Annexure)

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

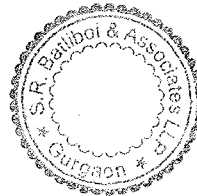

per Yogender Seth

Partner

Membership number: 94524


Place: Gurgaon

Date: May 4, 2017



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For R Systems International Ltd.


Company Secretary

Annexure to SEBI certificate on proposed accounting treatment of Scheme of Arrangement

To,
The Board of Directors,
R Systems International Limited
C-40, Sector-59,
NOIDA-201307(U.P.)

1. This annexure is issued in accordance with the terms of our agreement dated June 24, 2016 and is forming an integral part of the Auditors' Certificate dated May 4, 2017.
2. The Draft scheme between the Company and their shareholders and creditors in terms of the provisions of Sections 230 of the Companies Act, 2013 and other applicable provisions of the Companies Act 2013 with reference to its compliance with the applicable Accounting Standards notified under Section 133 the Companies Act, 2013 and read with Rule 7 of the Companies (Accounts) Rules 2014 and Other Generally Accepted Accounting Principles previously accepted in India ('Indian GAAP').

Management's Responsibility

3. The responsibility for the preparation of the Scheme and its compliance with the relevant laws and regulations, including the applicable Accounting Standards notified under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules 2014 and Other Generally Accepted Accounting Principles, is that of the Board of Directors of the Companies involved.

Auditor's Responsibility

4. Pursuant to the requirements of circulars issued under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, our responsibility is to express reasonable assurance on the reporting criteria:
 - a. whether the accounting treatment contained in the Draft Scheme complies with the applicable Accounting Standards and Other Generally Accepted Accounting Principles.
5. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised) issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

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For R Systems International Ltd.


Company Secretary




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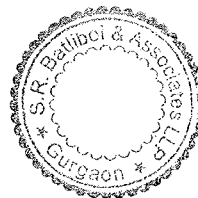
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
7. Our examination did not extend to any aspects of a legal or propriety nature covered in the Draft Scheme.
8. A reasonable assurance engagement includes performing procedures to obtain sufficient appropriate audit evidence on the reporting criteria. Accordingly, we have performed the following procedures in relation to the Certificate:
 - i. Read the Scheme and the proposed accounting treatment specified therein.
 - ii. Noted that the accounting treatment contained in the aforesaid scheme is in compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and circulars issued there under and all the applicable Accounting Standards notified by the Central Government under the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules 2014.

Restriction on Use

The certificate is addressed to and provided to the Board of Directors of the Company solely for the purpose to comply with requirement of circulars issued under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for onward submission to the National Company Law Tribunal, Regional Director, Ministry of Corporate Affairs (i.e. Registrar of Companies), Official Liquidator, BSE Limited and the National Stock Exchange of India Limited or any other regulatory authorities in relation to this Scheme. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004


per Yogender Seth
Partner
Membership number: 94524
Place: Gurgaon
Date: May 4, 2017



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For R Systems International Ltd.


Company Secretary

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R SYSTEMS INTERNATIONAL LIMITED

Corporate Identity Number : L74899DL1993PLC053579
 [CMMI Level 5, PCMM Level 5, ISO 9001:2008 & ISO 27001:2005 Company]
 C-40, Sector-59, NOIDA, Distt. Gautam Budh Nagar, U.P., India - 201 307

Phones: +91-120-4303500
 Fax : +91-120-2587123

Email: rsystems.india@rsystems.com
 www.rsystems.com

Regd.Off.: B-104A, Greater Kailash-I,
 New Delhi - 110 048

COMPLIANCE REPORT TO BE SUBMITTED ALONG WITH THE DRAFT SCHEME

It is hereby certified that the draft scheme of arrangement involving R Systems International Limited does not, in any way violate, override or limit the provisions of securities laws or requirements of the Stock Exchange(s) and the same is in compliance with the applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017, including the following:

	Reference	Particulars	Compliance
1	Regulations 17 to 27 of LODR Regulations	Corporate governance requirements	Yes, Complied
2	Regulation 11 of LODR Regulations	Compliance with securities laws	Yes, Complied
Requirements of this circular			
(a)	Para (I)(A)(2)	Submission of documents to Stock Exchanges	Yes, Complied
(b)	Para (I)(A)(2)	Conditions for schemes of arrangement involving unlisted entities	N.A.
(c)	Para (I)(A)(4) (a)	Submission of Valuation Report	Yes, Complied
(d)	Para (I)(A)(5)	Auditors certificate regarding compliance with Accounting Standards	Yes, Complied
(e)	Para (I)(A)(9)	Provision of approval of public shareholders through e-voting	N.A.



Ashish Thakur
Ashish Thakur
 Company Secretary & Compliance Officer

Satinder Singh Rekhi
 Managing Director

Certified that the transactions / accounting treatment provided in the draft scheme of arrangement involving R Systems International Limited are in compliance with all the Accounting Standards applicable to a listed entity.

Nand Sardana
 Chief Financial Officer

Satinder Singh Rekhi
 Managing Director

Certificate

The Board of Directors
R Systems International Limited
C-40, Sector-59,
Noida (U.P.)-201307

Certificate of Non - applicability of requirements prescribed in Para 9 of Annexure I of SEBI circular No CFD/DIL3/CIR/2017/21 ("SEBI Circular") dated March 10, 2017 in respect of Proposed Scheme of Arrangement.

1. This certificate is issued in accordance with the terms of our agreement dated June 24, 2016 with R Systems International Limited ('the Company').
2. In connection with the Proposed Scheme of Arrangement ('the Scheme') between R Systems International Limited and its shareholders and creditors in terms of the provisions of Section 230 and other applicable provisions of the Companies Act, 2013, the Company is required to submit an undertaking which is prepared by the Board of Directors of the Company as per the SEBI Circular ('the Undertaking'), duly certified by the statutory auditors, with BSE Limited and National Stock Exchange of India Limited (together referred to as 'Stock Exchanges') towards non-applicability of conditions mentioned in paragraph 9(a) and 9(b) read with para 9(c) of heading / paragraph 1 A of Annexure I of the SEBI Circular stating reasons thereof.
3. In connection with the requirement as stated in Paragraph 2 above, we have been provided by the Company a certified copy of the Scheme (as attached herewith) and certified copy of the Undertaking as per the SEBI Circular (as attached herewith). We have initialed the Undertaking for identification purposes only. We have relied on the Undertaking and have performed no further procedures in this regard.

CERTIFIED TRUE COPY



For R Systems International Ltd.


Company Secretary

Management's Responsibility for the Undertaking

4. The preparation of the Undertaking is the responsibility of the management of the Company including the creation and maintenance of all accounting and other records supporting the contents of the Scheme. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Undertaking.
5. The management is also responsible for ensuring that the Company complies with the requirements of the aforesaid SEBI Circular and the Companies Act 2013, in relation to the Scheme and for providing all the information to SEBI and the Stock Exchanges.

Auditor's Responsibility

6. Pursuant to the requirements of the SEBI Circular, our responsibility is to provide reasonable assurance as to whether the requirements set out in paragraph 9(a) and 9(b) read with para 9(c) of heading / paragraph of 1 A of Annexure 1 of the SEBI Circular, as stated in the Undertaking, are applicable to the Scheme or not.
7. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised) issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.
8. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
7. A reasonable assurance engagement includes performing procedures to obtain sufficient appropriate audit evidence on the reporting criteria. Accordingly, we have performed the following procedures in relation to the Certificate:
 - i. Obtained a certified copy of the Scheme.
 - ii. Obtained a certified copy of the Undertaking as per the SEBI Circular.

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For R Systems International Ltd.


Company Secretary



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- iii. Relied on the copy of the Scheme and the Undertaking so obtained. No further procedures in this regard was performed.
9. Our scope of work did not involve us performing any audit tests in the context of our examination. We have not performed an audit, the objective of which would be to express an opinion on the specified elements, accounts or items thereof, for the purpose of this certificate. Accordingly, we do not express such opinion. Further our examination did not extend to any aspects of a legal or propriety nature in the Scheme other than the matters referred to in this certificate.

Conclusion

10. Based on the procedures performed as above and on the basis of verification of the Undertaking given by the Company and according to the information and explanations given to us and specific representations received by us from the Management, we are of the opinion that the conditions prescribed in paragraph 9(a) and 9(b) read with para 9(c) of heading / paragraph 1 A of Annexure I of the SEBI Circular (in relation to the voting by public shareholders) are not applicable to the Scheme based on the following grounds:
- a. The Scheme does not envisage any issue of shares to Promoter / Promoter Group, Related Parties of Promoter / Promoter Group, Associates of Promoter / Promoter Group, Subsidiary/(s) of Promoter / Promoter Group of the Company;
- b. The Scheme is not between the Company and Promoter / Promoter Group, Related Parties of Promoter / Promoter Group, Associates of Promoter / Promoter Group, Subsidiary/(s) of Promoter / Promoter Group;
- c. The Company has not acquired, directly or indirectly, the equity shares of the subsidiary, from any of the shareholders of the subsidiary who may be Promoter / Promoter Group, Related Parties of Promoter / Promoter Group, Associates of Promoter / Promoter Group, Subsidiary/(s) of Promoter / Promoter Group of the parent listed entity, and if that subsidiary is being merged with the parent listed entity under the Scheme;

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For R Systems International Ltd.


Company Secretary




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- d. The Scheme does not envisage merger of an unlisted entity which results in reduction in the voting share of pre-scheme public shareholders of listed entity in the transferee / resulting company by more than 5% of the total capital of the merged entity; and
- e. The Scheme does not envisage transfer of whole or substantially the whole of the undertaking of the listed entity and the consideration for such transfer is not in the form of listed equity shares

Restriction on Use

11. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the aforesaid SEBI Circular. Our obligations in respect of this certificate are entirely separate from and our responsibility and liability is in no way changed by any other role we may have (or may have had) as auditors of the Company or otherwise. Nothing in this certificate nor anything said or done in the course of or in connection with the services that are the subject of this certificate, will extend any duty of care we may have in our capacity as auditors of the Company.
12. The certificate is addressed to and provided to the Board of Directors of the Company solely for the purpose to comply with requirement of SEBI Circular for onward submission to the Stock Exchanges. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For S.R. Batliboi & Associates LLP
Chartered Accountants
Firm Registration Number: 101049W/E300004


per Yogender Seth
Partner
Membership Number: 94524
Place: Gurgaon
Date: May 04, 2017

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For R Systems International Ltd.


Company Secretary

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R SYSTEMS INTERNATIONAL LIMITED

Corporate Identity Number : L74899DL1993PLC053579
 [CMMI Level 5, PCMM Level 5, ISO 9001:2008 & ISO 27001:2005 Company]
 C-40, Sector-59, NOIDA, Distt. Gautam Budh Nagar, U.P., India - 201 307

Phones: +91-120-4303500
 Fax : +91-120-2587123

Email: rsystems.india@rsystems.com
 www.rsystems.com

Regd.Off.: B-104A, Greater Kailash-I,
 New Delhi - 110 048

UNDERTAKING IN TERMS OF PARA 9(C) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ("SEBI") CIRCULAR NO. CFD/DIL3/CIR/2017/21 DATED MARCH 10, 2017 (THE "SEBI CIRCULAR")

Pursuant to Para 9(a) and Para 9(b) of the SEBI Circular, we hereby confirm and provide undertaking that the requirements of Para 9(b) are not applicable to the proposed Scheme of arrangement for the reduction of capital of R Systems International Limited (the "Listed entity/Company"). The reasons for the non-applicability of the said requirements are:

- i. **WHERE ADDITIONAL SHARES HAVE BEEN ALLOTTED TO PROMOTER / PROMOTER GROUP, RELATED PARTIES OF PROMOTER / PROMOTER GROUP, ASSOCIATES OF PROMOTER / PROMOTER GROUP, SUBSIDIARY/(S) OF PROMOTER / PROMOTER GROUP OF THE LISTED ENTITY**

Reason: The proposed Scheme of arrangement is not covered in this case since the transaction included in the proposed Scheme does not involve any issue of shares of the Company to Promoter / Promoter Group, Related Parties of Promoter / Promoter Group, Associates of Promoter / Promoter Group, Subsidiary/(s) of Promoter / Promoter Group of the listed entity.

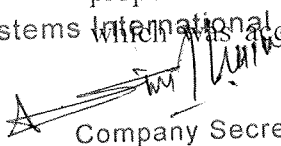
- ii. **WHERE THE SCHEME OF ARRANGEMENT INVOLVES THE LISTED ENTITY AND ANY OTHER ENTITY INVOLVING PROMOTER / PROMOTER GROUP, RELATED PARTIES OF PROMOTER / PROMOTER GROUP, ASSOCIATES OF PROMOTER / PROMOTER GROUP, SUBSIDIARY/(S) OF PROMOTER / PROMOTER GROUP**

Reason: The proposed Scheme of arrangement is not covered in this case since the proposed Scheme involves only the listed entity and does not involve any other entity involving Promoter / Promoter Group, Related Parties of Promoter / Promoter Group, Associates of Promoter / Promoter Group, Subsidiary/(s) of Promoter / Promoter Group.

- iii. **WHERE THE PARENT LISTED ENTITY HAS ACQUIRED, EITHER DIRECTLY OR INDIRECTLY, THE EQUITY SHARES OF THE SUBSIDIARY FROM ANY OF THE SHAREHOLDERS OF THE SUBSIDIARY WHO MAY BE PROMOTER / PROMOTER GROUP, RELATED PARTIES OF PROMOTER / PROMOTER GROUP, ASSOCIATES OF PROMOTER / PROMOTER GROUP, SUBSIDIARY/(S) OF PROMOTER / PROMOTER GROUP OF THE PARENT LISTED ENTITY, AND IF THAT SUBSIDIARY IS BEING MERGED WITH THE PARENT LISTED ENTITY UNDER THE SCHEME**

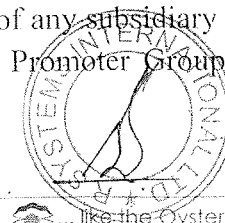
Reason: The proposed Scheme of arrangement is not covered in this case since the proposed Scheme does not involve any merger or amalgamation of any subsidiary company

For R Systems International Ltd which was acquired from the shareholders who are Promoter / Promoter Group, Related


 Company Secretary S.P. Batliboi & Associates LLP, Gurgaon

for identification

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Parties of Promoter / Promoter Group, Associates of Promoter / Promoter Group, Subsidiary/(s) of Promoter / Promoter Group of the parent listed entity.

iv. WHERE THE SCHEME INVOLVING MERGER OF AN UNLISTED ENTITY RESULTS IN REDUCTION IN THE VOTING SHARE OF PRE-SCHEME PUBLIC SHAREHOLDERS OF LISTED ENTITY IN THE TRANSFEREE / RESULTING COMPANY BY MORE THAN 5% OF THE TOTAL CAPITAL OF THE MERGED ENTITY

Reason: The proposed Scheme of Arrangement is not covered in this case since there is no merger of an unlisted entity resulting into reduction in public shareholding.

Further, the proposed Scheme does not involve any reduction in the voting share of pre-scheme public shareholders of listed entity by more than 5% of the total capital of the listed entity.

v. WHERE THE SCHEME INVOLVES TRANSFER OF WHOLE OR SUBSTANTIALLY THE WHOLE OF THE UNDERTAKING OF THE LISTED ENTITY AND THE CONSIDERATION FOR SUCH TRANSFER IS NOT IN THE FORM OF LISTED EQUITY SHARES

Reason: The proposed Scheme of Arrangement is not covered in this case since the proposed Scheme does not involve any transfer of whole or substantially the whole of the undertaking of the listed entity.



For R Systems International Limited

Baldev Singh
Lt. Gen. Baldev Singh (Retd.)
President & Senior Executive Director
(DIN:00006966)

S.R. Batliboi & Associates LLP, Gurgaon

for identification

Place: Noida

Date: May 04, 2017

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For R Systems International Ltd.

[Signature]
Company Secretary

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S.K. Relan & Co.

CHARTERED ACCOUNTANTS
6/79, W.E.A., PADAM SINGH ROAD,
KAROL BAGH NEW DELHI-110005
Phone/Fax: 28759286, 28756355, 8882134636
Email: caskrelan@gmail.com



Ref. No.: SKR/Ct./014/2017-18

NET WORTH CERTIFICATE

We, S. K. Relan & Co., Chartered Accountants, 6/79, W.E.A., Padam Singh Road, Karol Bagh, New Delhi-110005, are informed by the management of R Systems International Limited ('R Systems' or 'the Company') that the Board of Directors of the Company in its meeting held on May 4, 2017 have approved the Scheme of Arrangement between R Systems and its Shareholders and Creditors ("the Scheme") under Section 230 and other applicable provisions of the Companies Act, 2013 for reduction of Equity Share Capital.

We have been requested by the management of R Systems to provide a certificate of Net worth pre and post Scheme.

The Company has given us and we have perused the certified copy of the Board Resolution approving such Scheme.

Based on the audited standalone financial statements as on March 31, 2017 provided to us and to the best of our knowledge and belief, we certify that the Net Worth of the Company based on the working detailed in Annexure I and II is as follows:

1. Net worth of the Company pre implementation of the Scheme is ₹153.55 crore (Refer **Annexure I** for detailed working)
2. Provisional net worth of the Company post implementation of the Scheme would be ₹153.48 crore (Refer **Annexure II** for detailed working).

This certificate is issued at the behest of R Systems having its registered office at B-104A, Greater Kailash-I, New Delhi-110048. Further our work was not designed to verify the accuracy or reliability of the information provided to us and nothing in this report should be taken to imply that we have conducted procedures, audit or investigations in an attempt to verify or confirm any of the information supplied to us.

The aforesaid computation has been made solely as per the requirements of stock exchange for filing in connection with obtaining its "No Objection Certificate" to the proposed Scheme of Capital Reduction between R Systems and its respective Shareholders and Creditors, and is not to be considered for any other purpose except filing to the National Company Law Tribunal, Delhi Bench, if required.

For S.K. RELAN & CO.
Chartered Accountants



(CA SATISH KUMAR R.)
Membership No.012149
Registration No.001720N

PLACE: NEW DELHI
DATED: 16TH MAY, 2017

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For R Systems International Ltd.


Company Secretary

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Annexure I

**NET WORTH OF R SYSTEMS INTERNATIONAL LIMITED –
 PRE IMPLEMENTATION OF THE SCHEME**

		(₹ in Crore)
Sr. No.	Particulars	Amount
1	Equity Capital	
	Issued, Subscribed and Paid Up Share Capital	12.39
2	Add: Free Reserves (excluding Revaluation Reserve)	
	General Reserve	15.38
	Surplus in the statement of Profit & loss	125.78
	NET WORTH*	153.55

(Networth = Equity Share Capital + Free Reserves - Miscellaneous Expenditure written off)

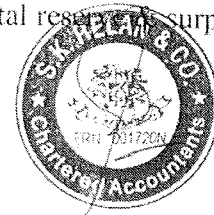
Annexure II

**PROVISIONAL NET WORTH OF R SYSTEMS INTERNATIONAL LIMITED –
 POST IMPLEMENTATION OF THE SCHEME**

		(₹ in Crore)
Sr. No.	Particulars	Amount
1	Equity Capital	
	Issued, Subscribed and Paid Up Share Capital	12.32
2	Add: Free Reserves (excluding Revaluation Reserve)	
	General Reserve	15.38
	Profit and Loss Account	125.78
	NET WORTH*	153.48

(Networth = Equity Share Capital + Free Reserves - Miscellaneous Expenditure written off)

Note: The amount equivalent to the equity share capital proposed to be reduced is being credited to capital reserve account of the Company. Hence, there is no change in the total Shareholders' funds (i.e. equity paid up capital and total reserves and surplus) of the Company pursuant to the capital reduction.



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For R Systems International Ltd.


 Company Secretary

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CERTIFIED TRUE COPY OF THE RESOLUTION PASSED AT THE THIRD MEETING OF 2017 OF BOARD OF DIRECTORS (THE "BOARD") OF R SYSTEMS INTERNATIONAL LIMITED (THE "COMPANY") HELD AT C - 40, SECTOR - 59, NOIDA - 201 307 (U.P.) INDIA ON THURSDAY, MAY 04, 2017 AT 10:45 A.M.

TO CONSIDER AND APPROVE THE SCHEME OF ARRANGEMENT FOR CAPITAL REDUCTION OF R SYSTEMS INTERNATIONAL LIMITED

"RESOLVED THAT pursuant to the provisions of Section 230 and other applicable provisions, if any, of the Companies Act, 2013 or the Companies Act, 1956, to the extent applicable, including rules provided therein, or including any statutory modification or re-enactments thereof for the time being in force, and subject to the relevant provisions of the Memorandum & Articles of Association of the Company and subject to the requisite approvals and permissions of the shareholders and the creditors, the relevant stock exchanges (i.e. BSE Limited and National Stock Exchange of India Limited) or any other appropriate authority as may be required and subject to the sanction by the National Company Law Tribunal, New Delhi ("NCLT" or "Tribunal"), as the case may be and in accordance with the regulations/guidelines, if any, prescribed by the Securities and Exchange Board of India or any other relevant authority from time to time to the extent applicable and subject to such approvals, consents, permissions and sanctions of the appropriate authorities as may be necessary/required and subject to such conditions as may be prescribed, directed or made by any of them while granting such approvals, consents and permissions, and on the recommendation of the Audit Committee, the consent of the Board be and is hereby accorded for Capital Reduction of R Systems International Limited through a NCLT approved Scheme.

RESOLVED FURTHER THAT the draft Scheme of arrangement for Capital Reduction as placed before the Board and duly initialed for the sake of identification, be adopted, approved and taken on record.

RESOLVED FURTHER THAT the Valuation Report dated May 03, 2017 received from Jain Gandharv & Associates, Chartered Accountants and Fairness Opinion dated May 04, 2017 received from Corporate Professionals Capital Private Limited be adopted, approved and taken on record by the Board and may be submitted to Statutory Authorities as and when required.

RESOLVED FURTHER THAT Board has identified National Stock Exchange of India Limited (NSE) to be the designated stock exchange for all correspondence as required under the relevant SEBI Circular.

RESOLVED FURTHER THAT a Committee in the name and title of Restructuring Committee be and is hereby constituted, comprising of Mr. Satinder Singh Rekhi, Managing Director, Lt. Gen, Baldev Singh (Retd.), President & Senior Executive Director, Mrs. Ruchica Gupta, Non-Executive Independent Director, Mr. Kapil Dhameja, Non-Executive Independent Director,

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For R Systems International Ltd.


Company Secretary

Page no. 77

Mr. Nand Sardana Chief Financial Officer and Mr. Ashish Thakur, Company Secretary & Compliance Officer of the Company to take all necessary steps as may be considered necessary in connection with the Scheme and are hereby severally authorized:

- (a) To finalize the Scheme including making such alterations or changes or modifications in the Scheme as may be expedient or necessary for satisfying the requirement or condition(s) imposed by the Tribunal or other regulatory authority/(ies);
- (b) To take all necessary steps in connection with:
 - i. To sign and file applications/affidavits/documents with such statutory authorities as may be required for approval or delegate such authority to another person by a valid Power of Attorney or other appropriate authorization;
 - ii. Filing of the Scheme with the relevant regulatory authorities, including the Stock Exchange where the Company's equity shares are listed, SEBI and thereafter with the Tribunal for sanction of the Scheme;
 - iii. Filing of the application(s) with the Tribunal seeking directions for holding / dispensation of the meetings of the shareholders and Creditors for obtaining its approval to the Scheme;
 - iv. Furnishing an undertaking, certified by Auditors and Board that the approval of Scheme by public shareholders though e-voting is not applicable as per SEBI Circular No. CFD/DIL3/CIR/2012/21 dated March 10, 2017;
 - v. Filing of petition(s) for confirmation of the said Scheme with the Tribunal in accordance with the provisions of the Companies Act, 2013;
 - vi. Swear affidavits and to give undertakings, to engage counsels, advocates, chartered accountants, merchant bankers and other expert advisors for implementation of the Scheme of Capital Reduction;
 - vii. To settle any question/ issue or difficulty that may arise with regard to the implementation of the above Scheme, and to give effect to the above resolution;
 - viii. To sign all applications, petitions, vakalatnamas, no objection certificates in relation to the Scheme, as may be required, and other documents, to be filed before the Tribunal or such other competent authority in relation to any matter pertaining to the aforesaid Scheme;
 - ix. Filing of affidavits, pleadings, certificates, declarations, undertakings, proceedings, reports, issuing advertisements and notices or any other documents incidental or deemed necessary or useful in connection with the above proceedings and to do all such acts as are necessary or incidental to the said proceedings for obtaining confirmation of the Scheme by the Tribunal and other regulatory authorities;

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For R Systems International Ltd.


Company Secretary

Page No. 78

- x. To make requisite statutory filings with the concerned Registrar of Companies in connection with the Scheme;
- xi. To represent the Company before any regulatory authorities including Central or State Government, Regional Director, Registrar of Companies, Official Liquidator and before Tribunal for the purpose of the proposed Scheme, signing and filing of all documents, deeds, applications, notices, petitions and letters, to finalize and execute all necessary applications/ documents/ papers for and behalf of the Company;
- xii. To access all books, records, facilities and personnel of the Company as deemed necessary or appropriate by any member of the Committee to discharge the responsibilities;
- xiii. To affix the common seal of the Company on any documents in connection with the purpose of the above resolution as may be required in accordance with the Articles of Association of the Company;
- xiv. To withdraw, terminate or abandon the Scheme at any stage in case any changes and/or modifications suggested/ required to be made in the Scheme or any condition imposed, whether by any shareholder, creditor, NCLT and /or any other regulatory authority, are in their view not in the interest of the Company, and / or if the Scheme cannot be implemented otherwise, and to do all such deeds, acts and things as any of them may deem necessary and desirable in connection therewith and incidental thereto; and
- xv. To do all such other acts, matters, deeds and things necessary or desirable in connection with or incidental to giving effect to the purpose of the above resolution or to otherwise give effect to the Scheme of Capital Reduction and to decide and settle all matters and issues that may arise in this regard and/or to get the same done by delegating to one or more of these activities to official(s) of the Company as it may deem fit.

RESOLVED FURTHER THAT any member of aforesaid Committee be and are hereby jointly/severally authorized to sign, verify, execute and file any documents, including but not limited to affidavits, petitions, pleadings, applications, certificates, declarations, undertakings, vakalatnamas, proceedings, or any other documents incidental or necessary for making effective the aforesaid Scheme.

RESOLVED FURTHER THAT the Scheme of arrangement for capital reduction be filed with relevant regulatory authorities, Tribunal or any other appropriate authority for their approval and sanction of the Scheme of arrangement for Capital Reduction.

RESOLVED FURTHER THAT any member of aforesaid Committee be and are hereby jointly/severally authorized to take necessary steps for obtaining requisite approvals of the Shareholders and other persons (including creditors, if necessary and regulatory authorities) whose consent is required under law for the Scheme of Capital Reduction and for that purpose to initiate all necessary actions including seeking appropriate directions from the Tribunal for either

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For R Systems International Ltd.


Company Secretary

Page No. 79

dispensing or convening meetings of the equity shareholders and creditors, if required and other consequential steps in that behalf, including preparation and circulation of the notices and explanatory statements, and filing of all other documents required to be filed in this connection.

RESOLVED FURTHER THAT all acts, deeds, matters and things done by the Restructuring Committee and / or any authorized official of the Company for the aforesaid purpose, shall have the same effect as if done by the Board of Directors of the Company.

RESOLVED FURTHER THAT a certified true copy of the above resolution be forwarded wherever required, under the signature of any Director or any officials of the Company as authorized above."

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For R Systems International Ltd.


Company Secretary

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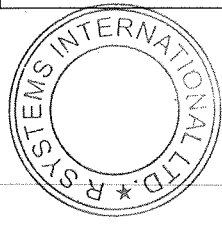
R SYSTEMS INTERNATIONAL LIMITED

Corporate Identity Number : L74899DL1993PLC053579
[CMMI Level 5, PCMM Level 5, ISO 9001:2008 & ISO 27001:2005 Company]
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Phones: +91-120-4303500 Email: rsystems.india@rsystems.com Regd.Off.: B-104A, Greater Kailash-I, New Delhi - 110 048
Fax : +91-120-2587123 www.rsystems.com

BRIEF PARTICULARS OF THE APPLICANT COMPANY I.E. R SYSTEMS INTERNATIONAL LIMITED

Table with 2 columns: Particulars and Applicant Company. Rows include: Name of the company (R Systems International Limited), Date of Incorporation & details of name changes (May 14, 1993), Registered Office (B-104 A, Greater Kailash Part 1, New Delhi - 110048), Brief particulars of the scheme (bullet points on scheme details), and Rationale for the scheme (bullet points on scheme rationale).

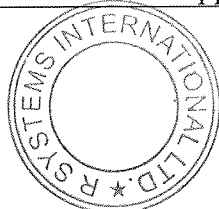


For R Systems International Ltd.

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	<p>options by the eligible employees prior to January 2006 and thereafter no options remained in force which could have been exercised subsequently. Hence, since January 2006 till date, there are no ascertained employees or beneficiaries of this Trust who are eligible to get the Trust Fund including the shares in R Systems as held by Trust.</p> <ul style="list-style-type: none"> • As on the approval of this Scheme by Board, the Trust holds 738,980 shares of Re.1/- each in R Systems. Since there is no eligible employee or beneficiary of this Trust, hence Trustees are considering to wind up this Trust in near future post utilization or extinguishing the Trust Fund. • In this regard, the trustees of this Trust have also expressed their desire and recommended to R Systems to evaluate the possible option to utilize or extinguish the Trust Fund including the winding-up this Trust and also initiate the necessary actions therefor. • The extinguishment of Trust Fund would result into cancellation of shares of R Systems held by this Trust. Therefore, in order to reflect the correct and true capital structure of R Systems, it has become imperative for R Systems to re-align and re-organize its share capital structure by cancelling the shares held by the Trust following the process of capital reduction. • In view of the above, the Board has decided to reduce the paid up equity share capital of R Systems by cancelling and extinguishing the Equity Shares as held by the Trust as on the Effective Date of this Scheme. • The proposed capital reduction would be beneficial for all the remaining shareholders of R Systems as it would improve the earnings per share and also enhance the shareholders' value. • Furthermore, Board has also considered that the proposed capital reduction would not have any adverse effect on the creditors of R Systems and the Company would honor its commitments and meet its obligations in the ordinary course of business and also there is no payout to the Trust pursuant to the proposed capital reduction.
Date of resolution passed by the Board of Director of the company approving the scheme	May 04, 2017
Date of meeting of the Audit Committee in which the draft scheme has been approved	May 04, 2017



For R Systems International Ltd.

[Signature]
Company Secretary

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Appointed Date	Appointed Date would mean the Effective Date or such other date as may be fixed or approved by NCLT of judicature at Delhi, or such other competent authority, as may be applicable.			
Name of Exchanges where securities of the company are listed	BSE Limited and National Stock Exchange of India Limited			
Nature of Business	R Systems was incorporated with the main object to carry out IT and IT enabled services.			
Capital before the scheme	INR 123,952,925 (i.e. 123,952,925 equity shares of Re. 1/ each)			
No. of shares to be issued	Nil			
Cancellation of shares on account of cross holding, if any	There are no shares which are being cancelled on account of cross holding. However, 738,980 of Re. 1/- each equity shares as being held by the Trust as on the date of approval of this Scheme by the Board of Directors of the Company would be cancelled pursuant to the proposed Scheme.			
Capital after the scheme	INR 123,213,945 (i.e. 123,213,945 equity shares of Re. 1/ each)			
Net Worth	(Rs. in crores)			
Pre	153.55			
Post	153.48			
Valuation by independent Chartered Accountant - Name of the valuer/valuer firm and Regn no.	CA Jain Gandharv Membership Number: 511604 Jain Gandharv & Associates			
Methods of valuation and value per share arrived under each method with weight given to each method, if any.	Market Price Method. Value per equity share - Rs. 56.67.			
Fair value per shares	Rs. 56.67			
Exchange ratio	Not applicable			
Name of Merchant Banker giving fairness opinion	Corporate Professionals Capital Pvt. Ltd			
Shareholding pattern	Pre		Post	
	No. of Shares	% of holding	No. of Shares	% of holding
Promoter	63,087,034	50.90	63,087,034	51.20
Public	60,865,891	49.10	60,126,911	48.80
Custodian	0.00	0.00	0.00	0.00
TOTAL	123,952,925	100.00	123,213,945	100.00
No of shareholders				
Names of the Promoters	Satinder Singh Rekhi		Promoter	
	Harpreet Rekhi		Promoter	
	Satinder & Harpreet Rekhi Family Trust		Promoter	
	RightMatch Holdings Limited		Promoter	
	Sartaj Singh Rekhi		Promoter Group	
	Ramneet Singh Rekhi		Promoter Group	
	GM Solutions Private Limited		Promoter Group	



For R Systems International Ltd.

[Signature]
Company Secretary

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	Anita Behl	Promoter Group
	Kuldeep Baldev Singh	Promoter Group
Names of the Board of Directors	Satinder Singh Rekhi- Managing Director Lt. Gen. Baldev Singh (Retd.)- President & Senior Executive Director Ruchica Gupta- Non-Executive Independent Director Kapil Dhameja- Non-Executive Independent Director Aditya Wadhwa- Non-Executive Independent Director	
Details regarding change in management control if any	No change	



For R Systems International Ltd.

[Handwritten Signature]
Company Secretary



R SYSTEMS INTERNATIONAL LIMITED

Corporate Identity Number : L74899DL1993PLC053579
 [CMMI Level 5, PCMM Level 5, ISO 9001:2008 & ISO 27001:2005 Company]
 C-40, Sector-59, NOIDA, Distt. Gautam Budh Nagar, U.P., India - 201 307

Phones: +91-120-4303500
 Fax : +91-120-2587123

Email: rsystems.india@rsystems.com
 www.rsystems.com

Regd.Off.: B-104A, Greater Kailash-I,
 New Delhi - 110 048

REF : SECT/05/2017/31

MAY 17, 2017

The Manager,
 National Stock Exchange of India Limited
 Listing Department
 Exchange Plaza
 5th Floor, Plot No. C/1, G Block,
 Bandra Kurla Complex
 Bandra (E), Mumbai – 400 051

Dear Sir,

Scrip Code: RSYSTEMS

SUB: APPLICATION UNDER REGULATION 37 OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS), REGULATIONS, 2015 FOR THE PROPOSED SCHEME OF ARRANGEMENT FOR THE REDUCTION OF EQUITY SHARE CAPITAL OF R SYSTEMS INTERNATIONAL LIMITED ("THE COMPANY")

This is to confirm that:

- The Company, its directors and promoters have never been categorized as willful defaulters in terms of RBI Circular Ref. No. RBI/2015-16/100 DBR. No. CID BC. 22/20.16.003/2015-16 dated July 1, 2015.
- The Company, its promoters or directors have not been directly or indirectly, debarred from accessing the capital market or have been restrained by any regulatory authority from, directly or indirectly, acquiring the said securities.
- The Company, its promoters or directors do not have direct or indirect relation with the companies, its promoters and whole-time directors, which are compulsorily delisted by any recognised stock exchange.

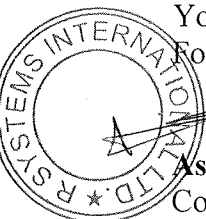
Thanking you,

Yours truly,

For R Systems International Limited

Ashish Thakur

Company Secretary & Compliance Officer





R SYSTEMS INTERNATIONAL LIMITED

Corporate Identity Number : L74899DL1993PLC053579
 [CMMI Level 5, PCMM Level 5, ISO 9001:2008 & ISO 27001:2005 Company]
 C-40, Sector-59, NOIDA, Distt. Gautam Budh Nagar, U.P., India - 201 307

Phones: +91-120-4303500
 Fax : +91-120-2587123

Email: rsystems.india@rsystems.com
 www.rsystems.com

Regd.Off.: B-104A, Greater Kailash-I,
 New Delhi - 110 048

To,
 The Managing Director
National Stock Exchange of India Limited
 Exchange Plaza,
 Bandra Kurla Complex,
 Bandra – East, Mumbai – 400 051

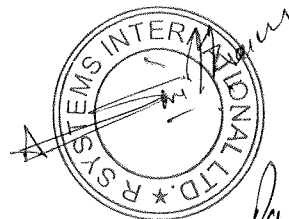
To,
 The General Manager
BSE Limited
 Department of Corporate Services,
 Rotunda Building, 1st Floor,
 Mumbai Samachar Marg, Fort,
 Mumbai - 400 001

Dear Sir,

SUB: APPLICATION UNDER REGULATION 37 OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS), REGULATIONS, 2015 FOR THE PROPOSED SCHEME OF ARRANGEMENT FOR CAPITAL REDUCTION

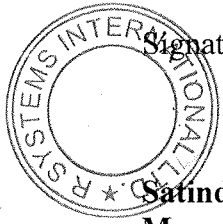
In connection with the above application, we hereby confirm that:

- a) The proposed scheme of arrangement for reduction of capital to be presented to Tribunal does not in any way violate or override or circumscribe the provisions of the SEBI Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996, the Companies Act, 1956 / Companies Act, 2013, the rules, regulations and guidelines made under these Acts, the provisions as explained in Regulation 11 of the SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015 and the requirements of SEBI circulars and BSE Limited.
- b) In the explanatory statement to be forwarded by R System International Limited (“the Company”) to the shareholders u/s 230 of the Companies Act, it shall disclose:
 - i) the pre and post capital reduction capital structure and shareholding pattern and
 - ii) the “fairness opinion” obtained from an Independent merchant banker on valuation of assets / shares done by the valuer for the company.
 - iii) Information about unlisted companies involved in the scheme as per the format provided in Part D of Schedule VII of the ICDR Regulations. **(This is not applicable as there is no unlisted companies involved in the proposed Scheme.)**
 - iv) The Complaint report as per Annexure III.
 - v) The observation letter issued by the stock exchange.
- c) The draft scheme of arrangement together with all documents mentioned in Para I(A)(7)(a) of SEBI Circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017, has been disseminated on company’s website as per Website link given hereunder:



Page no. 88

- d) The company shall disclose the observation letter of the stock exchange on its website within 24 hours of receiving the same.
- e) The company shall obtain shareholders' approval by way of special resolution passed through postal ballot/ e-voting. Further, the company shall proceed with the draft scheme only if the vote cast by the public shareholders in favor of the proposal is more than the number of votes cast by public shareholders against it **(This is not applicable in the proposed Scheme)**
- f) The documents filed by the Company with the Exchange are same/ similar/ identical in all respect, which have been filed by the Company with Registrar of Companies/SEBI/Reserve Bank of India, wherever applicable.
- g) There will be no alteration in the Share Capital of the unlisted transferor company from the one given in the draft scheme of amalgamation/ arrangement. **(This is not applicable in the proposed Scheme as there is no transferor company)**



Signature

Satinder Singh Rekhi

Managing Director

Date: May 17, 2017

Place: NOIDA

Ashish Thakur

Company Secretary & Compliance Officer

Date: May 17, 2017

Place: NOIDA

ANNEXURE-0

A/C PAYEE ONLY
ICICI Bank

Drawee Branch
(04) NARIMAN POINT, MUMBAI

VALID FOR THREE MONTHS ONLY
DATE 1 2 0 5 2 0 1 7
D D M M Y Y Y Y

DD No. 531228

ON DEMAND PAY SECURITIES AND EXCHANGE BOARD OF INDIA***** OR ORDER

RUPEES ONE LAKH TWENTY THREE THOUSAND NINE HUNDRED FIFTY
Three Only ₹ *****1,23,953.00

TL/1/6 Not Above 1,23,953.00

FOR VALUE RECEIVED

0031DDCENPAY
NOIDA

Issuing Branch

Authorised Signatory

Authorised Signatory
Please sign above

⑈ 531228 ⑈ 000229000⑈ 000031 ⑈ 16

A/C PAYEE ONLY
ICICI Bank

Drawee Branch
(04) NARIMAN POINT, MUMBAI

VALID FOR THREE MONTHS ONLY
DATE 1 2 0 5 2 0 1 7
D D M M Y Y Y Y

DD No. 531226

ON DEMAND PAY NATIONAL STOCK EXCHANGE OF INDIA LIMITED***** OR ORDER

RUPEES TWO LAKH TEN THOUSAND Only
TL/2/6 Not Above 2,10,000.00

TL/2/6 Not Above 2,10,000.00

FOR VALUE RECEIVED

0031DDCENPAY
NOIDA

Issuing Branch

Authorised Signatory

Authorised Signatory
Please sign above

⑈ 531226 ⑈ 000229000⑈ 000031 ⑈ 16

For R Systems International Ltd.

Company Secretary

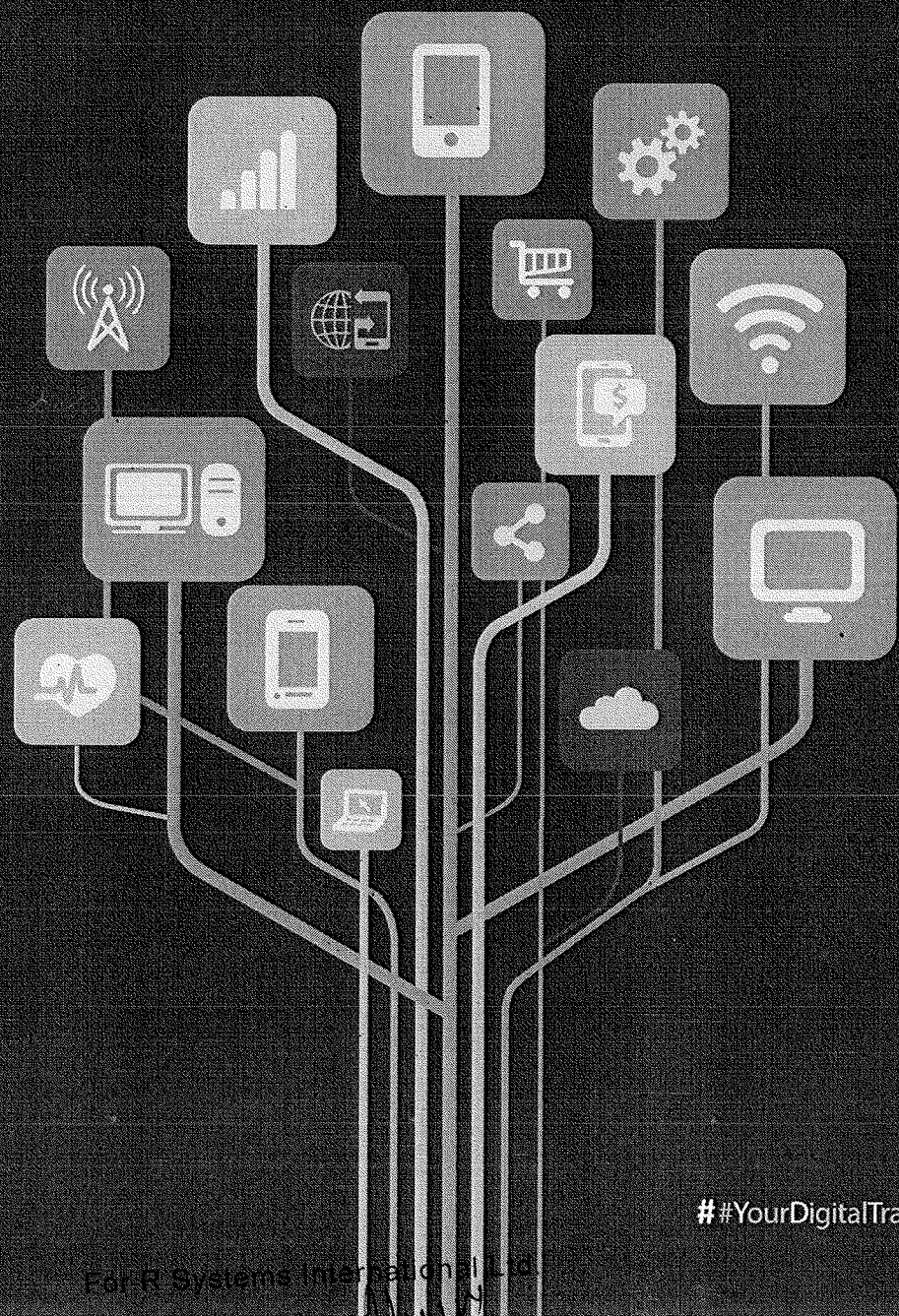
Details of Contact Person

	First Contact Person	Second Contact Person
Name	Ashish Thakur	Nand Sardana
Designation	Company Secretary & Compliance Officer	Chief Financial Officer
Communication Address	C-40, Sector-59, NOIDA-201307	C-40, Sector-59, NOIDA-201307
Contact Numbers		
- Landline	+91-120-4303500	+91-120-4303500
- Mobile	+91-9990557067	+91-9810301842
E-mail id	Ashish.Thakur@rsystems.com	Nand.Sardana@rsystems.com

For R Systems International Ltd.


Company Secretary

YOUR DIGITAL TRANSFORMATION PARTNER



#YourDigitalTransformationPartner

For R Systems International Ltd

[Signature]
Company Secretary

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Safe Harbor Statement

Certain Statements in this report concerning our future growth prospects are forward-looking statements, which involves a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding the success of our investments, risks and uncertainties regarding fluctuations in earnings, our ability to manage growth, intense competition in IT and ITeS services and solutions including those factors which may affect our cost advantage, salary increases, our ability to attract and retain highly skilled professionals, time and cost overruns on fixed-price, fixed-time frame contracts, client concentration, restrictions on immigration, industry segment concentration, our ability to manage our international marketing and sales operations, reduced demand for technology and consulting services in our key focus areas, disruptions in telecommunication networks or system failures, our ability to successfully complete and integrate potential acquisitions and restructuring, liability for damages on our service contracts and product warranty, the success of the companies in which the Company has made strategic investments, withdrawal of governmental fiscal incentives, political instability and regional conflicts, legal restrictions on raising capital or acquiring companies outside India, and unauthorized use of our intellectual property and general economic conditions affecting our industry. The Company may, from time-to-time, make additional written and oral forward-looking statements and does not undertake to update any forward-looking statements that may be made from time-to-time by or on behalf of the Company.



YOUR **DIGITAL** **TRANSFORMATION** PARTNER



Today, we are witnessing a digital world driven by robust connectivity and tech-savvy Netizens. The businesses are compelled to redraw their digital priorities to stay relevant and competitive. This transformation is driving organizations to innovate, achieve operational flexibility, and augment end-to-end customer experiences. Furthermore, this transition is disrupting their legacy business models and driving them to redesign their products & services and realign themselves with the customers. However, the real success of a digital transformation depends upon the level of being adaptive for embracing the change with speed and an elegant experience.

As a trusted digital transformation partner, we help organizations to embrace digitalization towards greater efficiency and streamlined operations. The key for a successful digital transformation is knowing your customer, their industry, their challenges and partnering with them in creating an overall digital ecosystem. Nurturing a start-up like work

culture, we have diligently built industry-specific competencies across Telecom & Digital Media, Healthcare, Banking & Finance, Manufacturing & Logistics, and Retail & E-Commerce to enable digital transformation.

Over a period of time, we have built digital capabilities around Analytics,

Mobility, Cloud, and Internet of Things. We command marquee clientele across both, next-gen and legacy businesses. We enrich their Digital Transformation endeavour by modernizing their existing systems, developing core platform, and processes towards a robust and evolving digital ecosystem.





OUR DIGITAL CAPABILITIES

ANALYTICS

R Systems analytics practice provides industry-specific services and solutions with qualitative and quantitative actionable insights to address business challenges through data and speech analytics. These actionable insights are aggregated, transformed and visualized to infer unexplored potential. Our analytics team deploys cutting-edge methodologies like organizational case studies, cognitive science, business intelligence, and industry-specific methods to deliver tangible ROI. Leveraging on the deep domain knowledge across industry verticals, our engagement starts with the particular assessment of an analytics query – build proof of concept – to the deployment of the most scalable model to answer it. This creates a vital information pool across the economical, statistical, social media, and speech metrics and delivers actionable business insight.



Our team showcasing our analytics services & solutions edge at Chief Analytics Officer Summit in New York.



Solutions for Data and Speech Analytics

Medley

- Unified Data Framework
- Enables Rapid Deployment of Custom Advanced Analytics Solutions
- Simplifies Data Acquisition, Transformation, and Visualization from any Data Source

Analytics Gym

- Consulting Framework
- Discovers & Evaluates Relevant Data, Technology, and Right Approach

Anagram

- Customer Interaction Analytics Platform
- Speech Text Mining Capabilities
- Delivers Actionable Business Insights by Analyzing Unstructured & Semi-Structured Data
- Integrated Capabilities for Speech, Text, Social Media, Big Data & Predictive Analytics

Our customized solutions aim to deliver rich market insights thereby enriching real-time business value.

CLOUD COMPUTING

The Cloud has changed businesses outlook towards technology. It has provided flexibility to technology companies to access emerging technologies at a nominal or no capital expense. Spearheading the Center of Excellence, R-Cloud covers cloud offerings of all three leading public cloud platforms - Salesforce, Microsoft Azure, and Amazon Cloud Services. The world-class services under our ambit include hosting, consulting, architecture setup, designing, implementation, and monitoring.

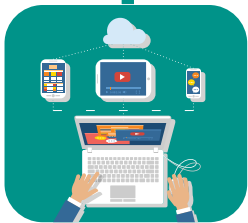
Our prime focus remains on maximizing clients' ROI by ensuring business agility, IT flexibility, and data security. Our cloud competencies have further deepened our project engineering competencies, with product companies opting for cloud route to be more agile and responsive in the evolving digital world.

Our subsidiaries, IBIZ and ECnet, are also equipped with cloud platforms, facilitating SMEs and enterprise customers to maximize their ROI.



Our Core Competencies in Cloud Computing

- Blueprint For Introducing Cloud Environment
- Proper Cloud Selection For Individual Need
- Cloud Migration
- Customized SaaS Model
- Provisions For Accelerated Scalability & Optimized Development
- Enabled With Audio & Video Feature



MOBILITY

Mobility has emerged as the foundation of digital transformation due to its inherent attributes like quick accessibility, portability, and ease of operation. The flexibility to be available anytime & anywhere redefines the user experience. Customers leverage our mobility capabilities to bring transformational changes in their existing ecosystem. We collaborate with our clients at every phase of product development such as envisioning, designing, development, deployment, and



support of mobility solutions. We deliver responsive solutions across leading mobile platforms like iOS, Android, and Hybrid to

Web apps. Also, specialized in aligning mobile applications with specific business goals to deliver optimum results for enterprises.



INTERNET OF THINGS (IoT)

The melting point of the virtual world and the digital world creates a huge opportunity. IoT backed by automation captures real-time data and insights from different assets round-the-clock. As per industry estimates, there would be 50 billion connected devices fuelling the IoT solutions spending to surpass \$6 trillion by 2020.

Our IoT services enable seamless data acquisition, processing, and analytics. The clients tap our industry-specific knowledge, design thinking, and technical expertise for improving their business operations. Our IoT initiatives include bringing

intelligence to the edge and futuristic sensor devices using machine learning & artificial intelligence.

Building IoT solutions can be complex. It needs a lot of embedded software development and application development on cloud ecosystem. R Systems through its inherent product engineering DNA offers a unique blend of IoT consulting, strategy, implementation, and operational support to unravel the complexity of IoT.



Our IoT Offerings

- Conceptualize New IoT Business Opportunity Development
- Proof of Concept Development for IoT
- IoT Edge Security
- Central Data Aggregation for IoT Devices
- IoT Sensor Device Management & Alert Management
- IoT in Factory & Manufacturing Automation Systems
- IoT in Home Automation Systems
- IoT in Healthcare Sector
- IoT Data Analytics
- Protocol Software Development & Testing
- IoT Service Architecture & Back-end Development

OUR DIGITAL SUCCESS STORIES

Innovative Solution for Digital Media

Having partnered with one of the global leaders in digital rights management solutions, R Systems delivered a breakthrough innovative solution for new generations set-top-boxes.



Modern Subscription Management & Provisioning Solution

Working closely with one of the leading telecom ISVs, our subsidiary Computaris delivered a modern subscription management and provisioning solution for a US telecom operator. It empowered the client towards cloud migration yielding operational efficiencies.



Futuristic Solutions for a leading OTT, DVB, and IPTV Operator

We delivered multiple futuristic solutions comprising of state of the art solutions in analytics, cloud, and innovative browser-based user interface to a leading OTT, DVB, and IPTV operator in Europe. Our solutions yielded tangible ROI with cost rationalization and enhanced end user experience.



Transforming Healthcare

Delivered a digital transformation solution to a leading healthcare solution provider in the USA automating their processes to make recovery of Medicaid paid claims more reliable, efficient, and faster.



Enabling Smart Banking

We designed a mobile banking solution for a leading bank in the USA, enabling their customers to perform banking operations conveniently and securely through smart devices.



Boosting Omnichannel Sales

We designed a robust, reliable, and scalable inventory, and retail management solution for a leading bookstore chain in the USA boosting their omnichannel sales. Our solution enabled the bookstore to increase online sales by 145%.



Optimizing Supply Chain Performance

Our subsidiary ECnet provided a robust vendor managed inventory solution to a leading electronic manufacturer in the APAC region optimizing their supply chain performance. The solution improved suppliers fill rates by 90% and reduced the production cycle lead time from 7 weeks to 3 weeks.



Automating Business Processes

IBIZ, our subsidiary, has delivered a robust ERP system to a Japanese multi-national to automate their key business processes. Our solution enabled insights about cost structure, automated their shipping operations and enhanced budgetary control.



FINANCIAL HIGHLIGHTS

(On the basis of Consolidated Financial Statements under Indian GAAP)

FINANCIAL PERFORMANCE

(₹ in million)

Particulars	2016	2015	2014	2013	2012
Revenue	5,882	6,050	6,485	5,961	4,650
Adjusted Revenue [@]	5,882	5,476	5,163	4,751	3,524
EBITDA	711	715	900	786	348
EAT *	505	438	596	527	184
Shareholders' Fund	2,780	2,429	2,131	2,318	1,946
Cash and Bank Balances	1,200	922	1,098	1,115	889

KEY RATIOS

Particulars	2016	2015	2014	2013	2012
Debt -Equity Ratio	0.01	0.01	0.00	0.01	0.00
Days Sales Outstanding (in days)	55	57	55	56	71
EBITDA / Revenue (%)	12.1	11.8	13.9	13.2	7.5
EAT * / Revenue (%)	8.6	7.2	9.2	8.8	3.9
Earning Per Share					
- Basic (₹)	4.24	7.70	6.14	4.18	1.48
- Diluted (₹)	4.24	7.70	6.14	4.18	1.48
Book Value Per Share (₹)	22.58	19.25	16.82	18.41	15.63
Cash Per Share (₹)	9.74	7.31	8.67	8.86	7.15

[@] Net off the revenue of Indus Product Business and Europe BPO business, as hived off in earlier years.

* Excluding exceptional items

NOTES

EBITDA - Earning before tax, interest, foreign exchange fluctuation, exceptional and prior period items;

EBT- Earnings before tax;

EAT - Earnings after tax;

Debt Equity ratio = Long Term Debt / Equity;

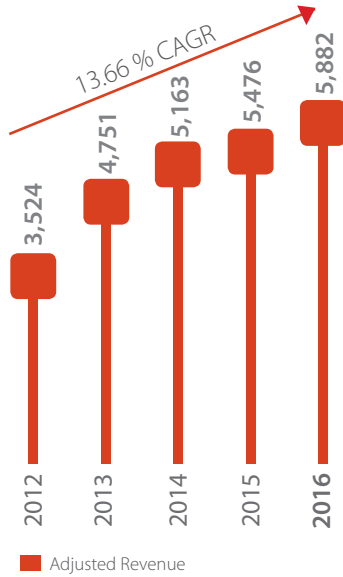
Days Sales Outstanding = Average Trade Receivables / Net Credit Sales*360;

Book Value Per Share = Net Shareholder Fund / Closing Outstanding No of Shares;

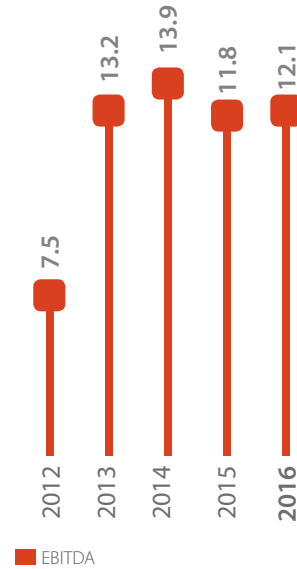
Cash Per Share = Cash and Bank Balances / Closing Outstanding No of Shares.

Previous year's figures have been regrouped or reclassified where necessary to conform to current year classification.

Revenue (₹ in million)

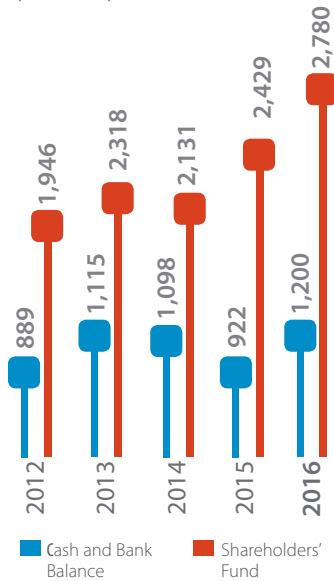


EBITDA (%)

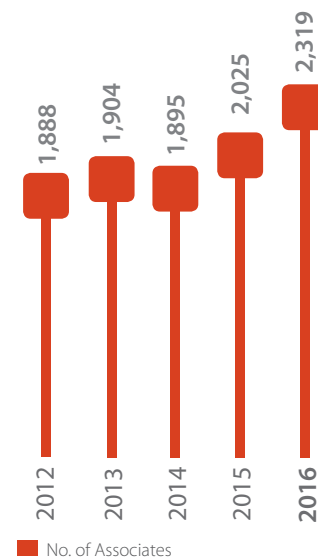


R Systems is a nearly debt-free company

Cash & Bank Balance and Shareholders' Fund (₹ in million)



Number of Associates*



* Excluding associates of businesses hived off

Graphs not to scale

FROM THE DESK OF **THE MANAGING DIRECTOR**



Dear Stakeholders,

It gives me great pleasure to share with you that we have successfully completed another exciting year in R Systems journey. This past year has been a continuum of our transformation journey making us a robust digital transformation partner for our esteemed clientele and prospective customers. Your Company has further intensified its transformational process to make giant strides in the fast changing IT ecosystem.

As we step into our Silver Jubilee year, I look back to our humble beginning in 1993. Starting as an IT consulting company located in California, we moved ahead and expanded to be an offshore based product engineering company. From there, we continued our transformation journey and have strengthened & refined our competencies, insights, and offerings into the diverse industry verticals like Telecom & Digital Media, Banking & Finance, Healthcare, Manufacturing & Logistics, and Retail & E-Commerce. Over the last two years, our journey has moved into another exciting phase. We have partnered with businesses to mark their presence in the digital world.

Today, the businesses with a go-digital mandate cannot afford to leave the benefits of legacy systems. On top of this, they want to be further agile to adapt to futuristic technologies. Being equipped with product engineering DNA and the requisite digital competencies, your Company is currently placed in a favorable position to benefit from the digital opportunity wave.

As a product engineering company, we are leveraging our expertise to deliver industry-specific digital solutions.

I relate this amazing transformation journey with the "Shakespearean Oyster" in which the English writer saw a world of endless opportunities. Like an Oyster, we would continue on our principles of Caring, Innovating, and Transforming as we move into exciting times ahead.

R Systems Digital Transformation Partner

As a product engineering company, we are leveraging our engineering expertise to deliver industry-specific digital solutions. These solutions leverage our technology advancement and deliver tangible ROI to our customers in terms of revenue uptick and/or cost efficiency.

In 2016, we have strengthened our end-to-end digital media competencies in Over-The-Top content (OTT), Digital Video Broadcasting (DVB), and Internet Protocol Television (IPTV) space. We are a preferred technology partner for industry giants and have delivered state-of-the-art niche projects. Our solutions are being used by approximately 50 million end users across the globe. Our Computaris business unit is also working closely with leading telecom ISVs and telecom operators enabling them to enter new areas of the digital world like Internet of Things (IoT) and the Machine-to-Machine (M2M) communications. The team has delivered exciting projects last year using advanced technologies enabling our Telecom partners to be more agile, customer centric, and effective. We have been featured in "Zinnov Zones" – 2016 as an "Emerging Product Engineering Company" based on our R&D practice's depth and maturity.

Our packaged solutions business units, IBIZ and ECnet, continue to deliver industry specific solutions to SMEs and large corporations to empower them for a smooth transition in the digital age.

Our Digital Media solutions are being used by 50 million global end users.

Foreseeing the digital opportunities, we continue to invest in building capabilities around Analytics, Digital Media, Cloud, Mobile, and Internet of Things. R Systems Analytics practice plays a key role by leveraging advanced technologies to develop sophisticated analytics solutions that drive business transformation. Today, we possess robust analytics solutions, accelerators, and framework that address the key challenges around data and speech analytics.

We have nurtured R-Cloud, a Center of Excellence for our cloud offerings. R-Cloud covers capabilities and offerings around all key public cloud, such as Salesforce, Azure, and AWS. On the mobility side, we continue to work on key projects across all the market platforms like Android, iOS, hybrid, and other types. Our new initiatives for IoT include developing solutions for home automation and factory automation using IoT Technology.

R Systems in 2016

The year 2016 was another satisfying year for us as it reiterated our position as a seasoned player in the IT Services industry.

We reported revenue of ₹ 5,882 million (US\$ 87.55 million) with EBITDA of ₹ 711 million (US\$ 10.6 million) and the net profit of ₹ 537 million (US\$ 7.99 million). The revenue grew by about 7.5% excluding the impact sale of product business during 2015. This revenue growth was reinforced

Added 16 new logos, of which 5 have potential to be US\$ million dollar plus customers along with 250 technical associates.

by 16 new logos, of which 5 have potential to be US\$ million dollar plus customers. We have served 21 million US\$ plus customers including 4 customers contributing US\$ 3 million plus. Telecom and Digital Media continues to be our largest industry vertical contributing 29% of the revenue. We are extremely excited with the traction towards our key industry verticals and digital capabilities.

During the year, even after making investments in building digital capabilities and expanding our sales & marketing bandwidth especially in the arena of digital marketing, we were able to clock EBITDA margin of 12.1% against 11.8% last year. This was primarily driven by improved efficiency as average utilization for 2016 was 78%. Further, net profit has also increased by 15.3% over the previous year excluding the exceptional gain mainly on the sale of the Indus business unit. Our balance sheet continues to remain strong with shareholders' funds of ₹ 2,780 million

(US\$ 40.9 million) and cash reserves of ₹ 1,200 million (US\$ 17.7 million).

We added 250 technical associates during the year 2016 to serve existing customers and encouraging pipeline. We have also expanded our infrastructure by adding a new state-of-the-art SEZ facility at Greater Noida to cater to our growth. We serve customers from 15 development and service centres located in India, North America, Europe, and the Far East, through a robust global delivery model. We are also exploring growth opportunities in other geographies with our strategic business expansion plans.

To Sum Up

The year 2017 started with certain geopolitical challenges, the outcomes of which are unexpected. We are cautiously monitoring the environment. Interestingly, these megatrends have not impacted the digital revolution. Digital transformation continues to be a driving force going forward.

In our 25th year, we are well placed to be a preferred digital transformation partner for legacy & born-digital businesses.

Our team possesses deep technology expertise and requisite understanding of the industry landscape to serve our marquee customer base. As a preferred strategic partner, we are partnering in setting up digital ecosystems. Having focused on project engineering, we plan to intensify our investment in expanding competencies and offerings for digital and newer technologies. As we flourish into our Silver Jubilee year, we are well positioned to navigate legacy as well as born-digital businesses in their digital transformation journey.

I would like to express my gratitude to all our shareholders, customers, bankers, various government agencies, industry associations and all other organizations for their unwavering faith and continued support. I am equally thankful to all my colleagues worldwide at R Systems for their support and contribution in the Company's transformation journey.

Yours Sincerely,
Satinder Singh Rekhi
Managing Director



Sartaj Rekhi inaugurating our new state-of-the-art SEZ facility at Greater Noida

FROM THE DESK OF SARTAJ REKHI



Dear Stakeholders,

We are at an interesting phase where we are collaborating with businesses for their digital transformation. Today, the most pronounced reality of digital business is unpredictability. Digital transformation has become imperative as it enables organizations to embrace a culture of change and to stay competitive. This transformation has an influence on entire business operations, be it, customer experience, productivity, or the internal functions. International Data Corporation (IDC) expects digital spending to maintain a compound annual growth rate (CAGR) of 17.9% over the 2015-2020 forecast period and reaching \$2.0 trillion in 2020. As digitization is tossing up both opportunities and challenges for the enterprises, we find ourselves well-placed for the next wave of growth.

We have envisioned these opportunities and built an overall eco-system to deliver the digital transformation. We have invested not

only in building competencies, framework and solutions, but also, nurtured an overall work culture to encourage adoption of digital technologies like Big Data Analytics, IoT, Mobile, Cloud, etc. We have nurtured the Centre of Excellence around these technologies bringing together innovative thinking, agile methodologies and an entrepreneurial approach. These centres of excellence have also aligned with other business functions such as delivery, sales and marketing to fuel the digital journey.

Today, the world markets have matured to become highly industry, process and technology specific. Accordingly, we have revamped our global sales and marketing functions making it more data driven and multi-channel to optimize interactions with prospects. During the year 2016, we have made our presence felt at the renowned industry / technology conferences and events like, Mobile World

Congress - Barcelona, IBC 2016 - Amsterdam Netherlands, Chief Analytics Officer Summit - New York and The Private Healthcare Summit 2016 - UK. We have proactively participated in the industry specific discussions and presentations showcasing our broad technology acumen along with deep industry insights.

As we continue our transformation journey, we are committed to cultivate a digital transformation eco-system to reinforce the growth of our business.

I would like to take this opportunity to extend my gratitude to all of our associates for their passion and excellence at work. Also, I would like to thank all our stakeholders for making us a dynamic enterprise.

Yours Truly,
Sartaj Rekhi

WE ARE R SYSTEMS

Established in 1993, we are a leading global provider of IT and ITeS solutions and services. Charting accelerated growth over the last 24 years, we have spread our global footprints with a strong presence in fast-growing markets. We have strengthened the world of product engineering with our diversified offerings.

We have been accelerating our progress by bringing together people, technology, and businesses. Our IT services and solutions span five major verticals namely Telecom & Digital Media, Banking & Finance, Healthcare, Manufacturing & Logistics, and Retail & E-commerce.

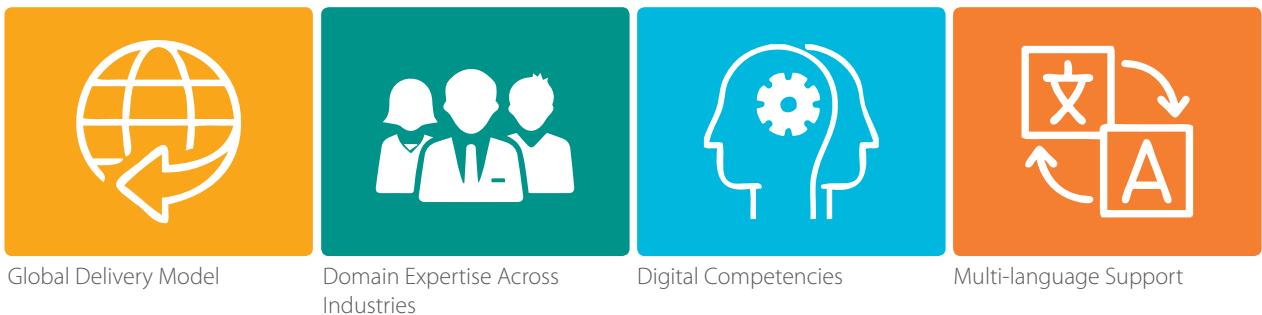
We possess some of the industry's highest

quality certifications and standards, including CMMI Level 5, PCMM Level 5, ISO 27001:2013 and ISO 9001:2008. Our commitment to operational excellence and innovation champions our clients' businesses. Our global delivery model, expert associates, and multi-language support capabilities enable our customers to get to the next level.

R Systems in Numbers



Our Edge



We create tangible value with a collaborative approach to deliver services and solutions across the digital value chain. Our unique strategy of delivering industry-specific solutions with tangible ROI helped us to establish a presence across 3 continents. We are serving global clients through 15 development and service centres across India, USA, Romania, Poland, Moldova, Singapore, Malaysia, Indonesia, and Thailand.

Our Global Presence



PCMM Level 5

Certificates & Standards

ISO 27001: 2013

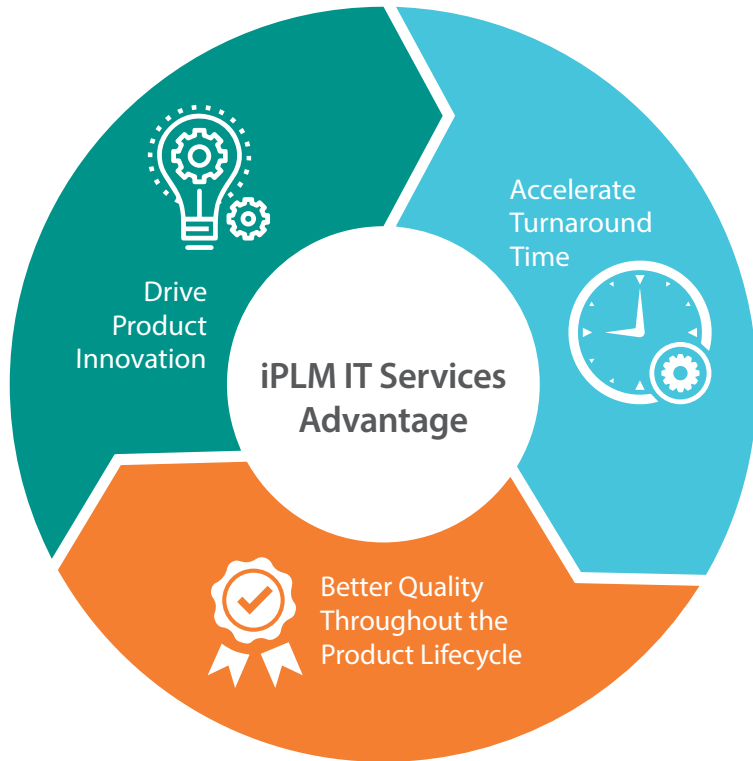
ISO 9001: 2008

OUR SERVICES

iPLM IT Services

Product engineering continues to be an integral part of our DNA. We continuously endeavour to enhance customer experience right from the idea creation, product development, and product maintenance & support through integrated product lifecycle management (iPLM) services.

Our iPLM engagements are backed with strong engineering capabilities, facilitating the shift from a mere functional perspective to a holistic business process perspective of entire product life cycle. A team of 1350+ expert resources caters 110+ key customers. We partner with ISVs and businesses to create futuristic products using next-gen technologies. It ensures digital transformation with a high performance.



1350+
Expert Resources

110+
Key Customers

iPLM ITeS Services

We leverage our comprehensive range of ITeS services to a wide spectrum of clients for improving their organizational efficiencies. Our strategy is to be a strategic business partner in all core functions and facilitate growth in a propitious manner. Our key ITeS services include customer care and technical support, back office services, analytics services, and business process transformation.

A team of 400+ expert resources delivers valuable diversified services to 10+ key customers by deploying our multi-lingual prowess and global delivery platform.

400+
Expert Resources

10+
Key Customers

OUR PACKAGED SOLUTION OFFERINGS

Our Distinct Features

ECnet

ECnet provides supply chain solutions for holistic management of the complex interaction between an organization and its trading partners. The integrated solution aims to reduce all supply chain costs through improved collaboration and optimization.

Additionally, ECnet operates as a Gold Channel Partner for Infor to resell, implement and support ERP, WMS, BI, and

performance management solutions. It mainly caters SME and large businesses in the manufacturing and distribution industries. ECnet has signed a Master Alliance Agreement with JDA to offer category management solution suite to retail customers. Headquartered in Singapore, their network is spread across Malaysia, Thailand, China, and Japan. ECnet team has 100+ expert resources serving 20+ key customers.

100+
Expert Resources

20+
Key Customers

IBIZ

IBIZ is Microsoft Gold-certified partner and addresses industry segments of manufacturing, retail, wholesale distribution, marine and offshore, engineering services, apparel, and textile. The USP of 'One-Stop Integrated Solutions' provider is rooted in its core competence and technical know-how across a portfolio of "best-of-breed" technologies that include Microsoft

Dynamics NAV (ERP), Microsoft Dynamics CRM, LS Retail Point-of-Sales, QlikView Business Intelligence, Microsoft Power BI, Mobility & RFID, Microsoft SharePoint, Microsoft Office 365, and Microsoft Azure. IBIZ has its footprints across Singapore, Malaysia, Indonesia, China, and India. IBIZ team has 70+ expert resources serving 20+ key customers.

70+
Expert Resources

20+
Key Customers

We have digitally enabled our solution offerings by collaborating on cloud and analytics platforms. As part of our value-added services to customers, we offer cloud backup and disaster recovery services along with a learning management system to empower customers to do self-service learning and training. The system is designed to facilitate a customer learning journey with customer-specific training materials and general digital training assets such as videos and materials.

OUR INDUSTRY VERTICALS

TELECOM & DIGITAL MEDIA

Telecom and Digital Media industry is experiencing disruptive digitalization with content penetration from different platforms & devices, and social media integration. This technological shift provides immense opportunities to adopt advanced and integrated technologies & solutions. Our distinct Telecom & Digital Media Solutions enhances customers media experience. Focusing on improving ROI, our solutions place Communication Service Providers (CSPs), Original Equipment Manufacturers (OEMs), System Integrators (SI), and Independent Software Vendors (ISVs) in a profitable spot. Our global partnerships with multiple vendors in complementing areas have strengthened with our state-of-the-art CoE for System Integration and Support Services. We have penetrated deeper into the digital right management portfolio while providing end-to-end services to our global customers.

Computaris, our European subsidiary participated at Mobile World Congress Barcelona and Shanghai, 2016. The conference featured prominent executives from mobile operators, device manufacturers, technology providers, vendors, and content owners, across the globe. R Systems also participated in IBC 2016 and various other international seminars.



Teaming up for Mobile World Congress, Barcelona: 2016



Computaris Presales Manager presenting the benefits of using the rule engine in telecom systems at Mobile World Congress, Shanghai - 2016



R Systems Associates at IBC 2016

Core Competencies

Digital Media Platforms	Business Support System (BSS)	Core Network Systems	Mobile Applications	Value Added Services
<ul style="list-style-type: none"> • IPTV, IPTV Middleware, Set Top Boxes, VOD Servers, DRM, and Security Solutions • DVB (S/T/C): Multiplexing, CAS, SMS, Modulation • OTT: Transcoding Adaptive Bitrate, Cloud OTT Solution Delivery over The internet • Digital Right Management & Content Protection 	<ul style="list-style-type: none"> • Customer & Services Management • Mobile Virtual Network Operator Solutions • Product Development • Order Management 	<ul style="list-style-type: none"> • Subscriber Data Management • Policy Control • Legacy & Next Generation IN Systems 	<ul style="list-style-type: none"> • Google Android Platform • Apple iOS Platform • Blackberry/RIM Development • Nokia Symbian Platform • Windows Mobile Platform 	<ul style="list-style-type: none"> • Messaging Solutions for SMS (SMSC, SMSR), MMS (MMSC), USSD (Gateway), and Voicemail • Service Delivery Platform & Service Management Solutions • Device Management Solutions • Location Based Services

Services and Solutions in Telecom & Digital Media

Services	Solutions
<ul style="list-style-type: none"> • Product Development & Maintenance Services • System Integration Services • Technical Support & Managed Services • Testing Services • Database Management Services • Infrastructure Management Services • Cloud Services 	<ul style="list-style-type: none"> • Convergent Charging • Mobile Broadband Management • MVNO in a White Box • Value Added Services

Key Highlights of 2016

- A leading French company providing software solutions for IPTV, cable, satellite & TV operators, and broadcasters has engaged R Systems for its product enhancement and feature development.
- A Europe-based telecom ISV has engaged our subsidiary, Computaris to deliver a call control server project related to prepaid migration program for leading telecom operator in Netherlands.
- A multinational information technology company providing a wide variety of hardware and software solutions for the consumer market, small and medium businesses, as well as large enterprises, has selected our subsidiary, Computaris as a strategic supplier to develop a new messaging platform for a leading European telecommunication company.

BANKING & FINANCE

Digital technology is frequently changing consumer behaviour with rising expectations. The banking and financial institutions can embrace this technology and implement digital interactions with their customers. They can create an effective communication loop for delivering an optimal user experience and drive efficiency in operations. Compliance, risk management, stringent cyber security framework, and holistic efficiency improvement are active areas of our concurrent progress. We leverage our proprietary iPLM solution as the key enabler of our varied product engineering services. ISVs has continually utilized our economical, transparent, and valuable services in the Banking and Finance segment. Financial Institutions can tap our Banking & Finance Centres of Excellence to their benefit for improving their global operational efficiency.

R Systems participated at the ATMIA USA conference. This is one of the largest conferences in the USA, specially focused on ATM industry.



Standing tall at ATMIA USA



Core Competencies

ATM Services

- Branch Transformation
- Cardless Transaction
- Multi-Vendor Applications
- Deposit Automation
- ATM on Cloud
- ATM Management Solutions
- CRM Integration
- CEN/XFS
- EMV
- Messaging Protocol (NDC, DDC(91X), IFX, ISO8583)

Regulatory Compliance

- Freddie & Fannie, HAMP, GNMA, and CRA Reporting
- IRS Reporting
- Basel III
- Dodd-Frank Compliance

Retail Banking

- Account Opening
- Deposit Processing
- Loans & Mortgages
- Participation & Investor Loans
- Fraud & Risk Management

Channel Integration

- ISO 8583 Messaging
- I-Banking
- ACH Processing
- ATM Switch, POS, and Telebanking
- Card Transaction Processing
- Third Party Integration & Interfaces
- Mobile & Tablet Banking
- Canadian CUPS & CUCBC

Services & Solutions in Banking and Finance

Development Services	Support Services	Maintenance Services
<ul style="list-style-type: none"> • Application Development • Technology Migration • Product Integration • Mobile Banking Apps 	<ul style="list-style-type: none"> • Application Testing • Automated Testing • Requirement Engineering • Solution Designs • Regulatory Compliance Testing 	<ul style="list-style-type: none"> • Application Maintenance • Customization & Localization • Client Care Support • Analysis

Key Highlights of 2016

- A leading global investment bank offering mergers and acquisitions, financial restructuring, and strategic consulting services has engaged R Systems to revamp its cloud-based CRM platform along with its integration with other legacy applications.
- R Systems delivered a secured prepaid card solution to prepaid card provider in the USA revamping its customer portal, mobile app, and reward management. The customer recognised ROI from the solution which reduced operational cost significantly.

HEALTHCARE

Healthcare providers and payers have started to leverage technology as consumers are digitally connected than ever before. The industry has started to harness technology to transform from analog to digital workflows. The industry is aligning its operations digitally to meet the increasing customer demands. Electronic health records have become quintessential for better and faster medical care. In order to deliver cost-effective and high-quality care in a scalable fashion,

healthcare players need a robust system and a sustainable delivery model in place. Global healthcare organizations can successfully address the transitional phase by employing our deep domain knowledge, technology expertise, and process skills. Our advanced services and solutions include integrated Practice Management Systems, Electronic Health Records, and Revenue Cycle Management Services. Our global Centre of Excellence (CoE), state-of-the-art research &

development labs and highly qualified & experienced professionals are proficient in offering innovative solutions to the arising challenges. We are preferred as the most sought partner of choice for the healthcare industry, thanks to our global delivery model, stringent quality, and compliance standards in place.

R Systems participated as an exhibitor at “The Private Healthcare Summit 2016” in London. The Summit outlined trends of the healthcare IT in Private Healthcare. R Systems showcased various solutions and highlighted RPAS (R Systems Patient Administration System) for private hospitals and also showcased mobile demos for various needs like Patient Portal, Consultant Portal, etc.



Our Stand at the Summit



Executives engaged with customer interactions

Core Services

- Consulting
- Application Development & Maintenance
- Testing & QA
- Mobility - Apps Development
- BPO, RCM
- BI and Data Warehousing
- Analytics Services
- Hospital & HIE Integration
- Clinical Data Migration/Integration & Support

Services and Solutions in Healthcare

Healthcare Provider

- Hospital Management System (HMS)
- Practice Management System (PMS)
- Electronic Medical Record (EMR)/ Electronic Health Record (EHR)
- Picture Archiving & Communication Systems (PACS)
- Radiology Information System (RIS)
- Laboratory Information System (LIS)
- Customer Relationship Management (CRM)
- Decision Support System
- HL7 & Interface Engine
- Interoperability – Healthcare Information Exchange (HIE)
- Advanced Payer Analytics
- ICD – 10 Transitions

Healthcare Payer

- Revenue Cycle Management
- Account Receivables Solutions & Services
- Electronic Billing (EDI Transactions)

Regulatory Compliance

- Affordable Care Act (ACA)
- HIPAA Compliance Support
- Federal/State
- UK/EU Compliances

Key Highlights of 2016

- A USA-based leader in Electronic Medical Record for healthcare providers dealing in physical therapy practices business has engaged R Systems to upgrade its existing web-based practice management solution and mobile applications.
- A US state health department has engaged R Systems for a system study of its existing applications and upgrading these applications compatible with the new healthcare regulatory systems.

MANUFACTURING & LOGISTICS

The global Manufacturing & Logistics industry is striving to clock high revenues amidst cut-throat competition and evolving marketing metrics.

We offer innovative manufacturing and logistics solutions through our subsidiary ECnet & IBIZ. With footprints across Singapore, Malaysia, Thailand, Indonesia, and other countries in the Asia-Pacific region, ECnet and IBIZ provide an array of collaborative Supply Chain Solutions, Enterprise Solutions, and Custom-Built Solutions to our global clientele.

Our product engineering services under iPLM is matchless as it serves clients to rationalize the business processes facilitating operational efficiency along with a strong competitive edge in their businesses

ECnet, notably participated in Last Mile Fulfillment Asia (LMF Asia) 2016 at Singapore Expo, Singapore; and various other marketing seminars across Singapore, Malaysia, and Thailand during 2016.



Our associate enlightening the USP's of ECnet

Core Competencies

- Visibility Solution Services
- Logistics Solutions for Air, Sea, and Land
- Transport Management Services
- Freight Reservation Management
- Billing & Cost Management
- Custom Application Development
- Integration with ERP, WMS, and SCM
- CRM Implementation
- Business Intelligence

Services and Solutions in Manufacturing & Logistics

Supply Chain Solutions

- Supply Chain Optimization
- Logistics Optimization
- Inventory Optimization
- Sourcing Optimization
- e-Commerce Optimization

Enterprise Solutions

- Demand Planning
- Enterprise Resource Planning
- Advanced Planning & Scheduling
- Warehouse Management System
- Business Intelligence
- Corporate Performance Management
- Customer Relationship Management
- Service Management

System Integration

- Traceability Technology
- Mobile/RFID Technology
- E-Portal (EP)
- E-Workflow (EW)
- Mobility Solutions

Key Highlights of 2016

- Singapore arm of one of the leading Japanese paint manufacturers, has engaged our Singapore subsidiary ECnet Limited to upgrade its Infor Syteline ERP.
- R Systems has evolved as a strategic partner to develop, maintain, enhance and support multiple solutions of a leading global factory automation solution provider. Our Solutions enabled manufacturing processes to achieve high productivity, by analyzing the trends in machine performance and effective preventive maintenance.

RETAIL & E-COMMERCE

Retail business has received the much desired boost with the advancement in E-commerce technology. This industry is digitally converging and offering a rich shopping experience. Digital transformation widens the industry scope with cross-selling and holistic customer engagement opportunities. As per IDC, the retail industry digital spending across the globe is expected to experience the fastest five-year CAGR growth of over 21%.

We are partners in the digital transformation of both online and offline retailers by providing end-to-end services and solutions. Our retail and e-commerce development services aim to create custom retailing systems along with a rich shopping experience to digital-savvy consumers. Our subsidiaries, IBIZ and ECnet, offer packaged solutions addressing key challenges for retail and e-commerce industry.

By leveraging our analytics capabilities, we provide retail analytics services that facilitate real-time customer insights, behavior analysis, pricing strategy, demand forecasting, and marketing automation.

IBIZ participated at LS Retail Partner Conference in Italy and jointly participated with Microsoft at Singapore Innovation and Productivity Conference 2016 in Singapore. Throughout the year, IBIZ has actively engaged in monthly solution seminars, product update seminars, and many more events.



IBIZ Participants at Singapore Innovation and Productivity Conference 2016



Core Competencies

- In Store Transformation
- E-Commerce Integration to Legacy Systems
- Content Management Systems
- Digital Signage
- Custom Application Development
- Digital Warehouse Management
- Analytics Services
- CRM Implementation
- Digital Assets Management
- Mobility - Apps Development
- Business Intelligence
- Promotion & Campaign Management
- E-commerce Development & Maintenance
- Development of B2B & B2C Portals
- End-to-end Integration & Automation

Services in Retail & E-Commerce

Content Management <ul style="list-style-type: none"> • Content Syndication • Content Aggregator • Content Tagging Solution 	Catalog Management <ul style="list-style-type: none"> • Price Management • Catalog Management • Catalog Search • Product Management • Content Targeting 	Merchandising <ul style="list-style-type: none"> • Cross & Upsell Management • Catalog Management • Store Space Management • Promotions Management • Product Personalization • Automated Recommendation • Guided Navigation 	Order & Fulfillment <ul style="list-style-type: none"> • Inventory Management • Ordering • Taxation • Shipping & Handling • Fulfillment
Payment Gateway <ul style="list-style-type: none"> • Payment Gateway Integrations • Payment Processing Platform Development • Fraud Solutions Integrations 	Secure Implementation <ul style="list-style-type: none"> • Secure Socket Layer (SSL) • Algorithm based • Secure Hypertext Transfer Protocol • Certificate based Encryption 	Shopping Cart Solution <ul style="list-style-type: none"> • Shopping Cart Implementation • Custom Shopping Cart Development • Creating, updating and adding a Cart Template 	Analytics <ul style="list-style-type: none"> • Profitability Analytics • Supply Chain Analytics • Omnichannel Retail Transformation • Customer Analytics • Merchandising & Pricing Optimization

Solutions in Retail & E-Commerce

IBIZ - Retail Solutions <ul style="list-style-type: none"> • In-Store Management • Point of Sales Management • Loyalty Program Management • Barcode / RFID Management • Promotion and Payment Management • Goods Exchange Management 	ECnet - Retail Solutions <ul style="list-style-type: none"> • Category Knowledge Base • Assortment Optimization • Space Planning • Retail Planning • Planogram Generator • Channel Clustering • Intelligent Fulfillment • Manufacturing Planning 	Retail Analytics <ul style="list-style-type: none"> • Demand Analysis • Profit Optimization • Volume & Category Margin Analysis • Competitor Analysis • Promotion Frequency • Category Management 	Customer & Business Insights <ul style="list-style-type: none"> • Buyer's Behavior Prediction • Dynamic Pricing • Demand Forecasting • Insights & Marketing Automation • Dynamic Pricing • Product Recommendations
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Key Highlights of 2016

- A public listed Singapore-based lifestyle brand management company has mandated R Systems' Singapore subsidiary, IBIZ, to implement Microsoft Dynamics ERP along with retail and mobility solutions to streamline and automate their retail and supply chain operations across their subsidiaries.
- An Indonesia-based franchisee of world famous fast food retail chains preferred IBIZ to implement a full retail management system for quick service restaurant business. The full solution included front-of-house point of sales system, kitchen management, and enterprise resource planning system.

OUR CUSTOMERS SPEAK

I know the base development has been rocky, I wanted to say thanks to all of the guys for working through this. Most importantly, I wanted to acknowledge Amit. I believe he's stepped out of his comfort zone to get away from having full tech designs available to being able to improvise as necessary during this agile/iterative process, and he has begun to embrace the ability to make his own decisions on development approaches.

A Leading Provider of Enterprise Solutions to Non-Profit Organizations



Project team understands both network and IT. Most companies are good in either, not both. In our world, we are living between IT and network. They have this sweet spot just where we would like it to be. They are very consistent and easy to work with because they have rightly skilled people with similar profiles; there is predictability in the way we work together.

A Leading ISV Providing Data Integration Solutions

Great job team! You all have done a fantastic job working with the product owner and developing our solution in such a way that continues to exceed expectations.

A Leading IT Solution Provider for USA Healthcare Industry



I just wanted to express my sincere appreciation for the outstanding work you all did for the Mobile App. Everyone is really excited about this new mobile app. Anyway, I just wanted to let you all know that I really appreciate your hard work and dedication and that we wouldn't be where we are today if it wasn't for all of you.

A Renowned Bank in the USA



As you know our Patient Administration System went live this morning, so far this has been our most successful release yet, the staff is gradually finding their feet using the new system, but the early indications are that they are adapting quickly. I would like to thank all of the R Systems and Project Teams for their hard work and dedication to ensuring this release is a success. Congratulations to everyone involved.



A Leading Chain of Acute Care Hospitals in UK



Overall it was a challenging project in terms of execution both technical and from business Requirements. Good understanding of our requirements and systems knowledge has helped us to deploy the project on schedule.



A Leading Equipment Manufacturer in Singapore



Computaris has a lot of know-how concentrated around online charging & prepaid; not only do they have a lot of knowledge and experience in this area but also in the adjacent domains of mobile telecoms. A lot of companies claim to have this, but Computaris has proven it.



A Leading Telecom Player



We would like to show our appreciation to the team from IBIZ for achieving excellence in the area of project implementation and support standards.



A Chinese Mining Company

OUR DIGITAL WORK CULTURE

Work culture is like oxygen for an organization, essential to live and operate. Organizations can achieve sustainable change with a wholehearted involvement of its human capital. Work culture has been a key element for our successful digital transformation where our employees are valued, encouraged, and respected.

We offer an energetic, open, and intellectually appealing work atmosphere. Our various competency development programs unlock the leadership attributes with a winning mindset. Our high maturity people practices mapped to PCMM Level 5 standards, have ensured continuous development of our people assets while integrating enhancements into the organizational fabric. Cross-cultural training for our global workforce is promoted to

strengthen our global delivery model where multiple teams in different locations work together under agile methodology.

We have organized a Global Tech Meet 2016 at Noida, India, where our senior engineering, sales and marketing folks across all business units shared their experiences to leverage collective strengths in the digital era.

Additionally, we nurture an agile and entrepreneur work culture for a successful adoption of digital technologies like Big Data Analytics, Internet of Things (IoT), Mobile, Cloud, etc. We have created Centre of Excellence around digital technologies which guide our engineering, sales, and marketing team to adopt new technologies across industry verticals.



Our employees are valued, encouraged, and respected.



A glimpse from our Global Tech Meet



Global delivery model where multiple teams in different locations work together under agile methodology.

We have organized various events and training like IoT week which held at our Noida Development Centre in July 2016. The workshop enlightened and trained our resources on IoT Technology. The team from diversified verticals conceptualized, created, and developed new proof-of-concept projects.

Celebrating the essence of rendezvous and bonding, various fun filled events were conducted during the year. The RSI Cricket

League and Table Tennis tournament witnessed huge participation and zeal at our Noida Headquarters. Additionally, everyone put their best foot forward for the blood donation drive.

Regular cross-functional training programs, festive celebrations, and team building activities contributed to a vibrant workplace environment for everyone. Our European company, Computaris continued its various team building initiatives like hosting a party

at Bialystok office, outdoor employee trips, and participation in the Galati marathon. Our Singapore Subsidiary, ECnet and IBIZ celebrated diverse universal festivals, events to felicitate the longstanding employees and various other get-togethers.



A vibrant workplace environment for everyone.

TRANSFORMING LIVES THROUGH CSR

We remain committed towards our responsibilities beyond business and believe in giving back to the society by building a better world. Our CSR initiatives are dedicated to development and transformation of the underprivileged communities with the intent of improving their quality of life.



Snapshot of our CSR initiatives during 2016:

- The Company continued to contribute ₹ 15 Lakhs in its Corporate Social Responsibility initiative for the education and welfare of children from weaker sections.
- Our European subsidiary, Computaris donated laptops for rural schools in Nepal and Bangladesh.
- Computaris team visited an Institute taking care of underprivileged children and offered presents to the children which elated their spirits.
- Our employees participated in a blood donation drive organized in collaboration with AIIMS, Delhi.



CORPORATE INFORMATION

Board of Directors

(As on April 06, 2017)

1. **Mr. Satinder Singh Rekhi**
(Managing Director)
2. **Lt. Gen. Baldev Singh (Retd.)**
(President & Senior Executive Director)
3. **Mrs. Ruchica Gupta**
(Non-Executive Independent Director)
4. **Mr. Kapil Dhameja**
(Non-Executive Independent Director)
5. **Mr. Aditya Wadhwa**
(Non-Executive Independent Director)

Chief Financial Officer

Mr. Nand Sardana

Company Secretary and Compliance Officer

Mr. Ashish Thakur

Committees of the Board of Directors Audit Committee

1. **Mrs. Ruchica Gupta** (Chairperson)
2. **Lt. Gen. Baldev Singh (Retd.)** (Member)
3. **Mr. Kapil Dhameja** (Member)
4. **Mr. Aditya Wadhwa** (Member)

Stakeholders Relationship Committee

1. **Mr. Kapil Dhameja** (Chairman)
2. **Lt. Gen. Baldev Singh (Retd.)** (Member)
3. **Mrs. Ruchica Gupta** (Member)

Nomination & Remuneration Committee

1. **Mrs. Ruchica Gupta** (Chairperson)
2. **Mr. Kapil Dhameja** (Member)
3. **Mr. Aditya Wadhwa** (Member)

Compensation Committee

1. **Mrs. Ruchica Gupta** (Chairperson)
2. **Mr. Kapil Dhameja** (Member)
3. **Mr. Aditya Wadhwa** (Member)

Corporate Social Responsibility Committee

1. **Mr. Kapil Dhameja** (Chairman)
2. **Mrs. Ruchica Gupta** (Member)
3. **Lt. Gen. Baldev Singh (Retd.)** (Member)

Registered Office

B - 104A, Greater Kailash - I,
New Delhi - 110 048, India

Corporate Office

C - 40, Sector - 59, Noida (U.P.) - 201 307, India

Statutory Auditors

S. R. Batliboi & Associates LLP

Chartered Accountants
Golf View Corporate Tower - B,
Sector - 42, Sector Road,
Gurgaon - 122 002, Haryana, India

Registrar & Share Transfer Agent

Link Intime India Private Limited

44, Community Centre, 2nd Floor,
Naraina Industrial Area, Phase- I
Near PVR Naraina,
New Delhi - 110 028, India

Bankers to the Company

1. Axis Bank Limited
2. ICICI Bank Limited
3. Kotak Mahindra Bank
4. State Bank of India
5. HDFC Bank Limited
6. Oriental Bank of Commerce
7. California Bank and Trust, U.S.A.
8. Natwest Bank
9. Citibank N.A.

Listed At

1. National Stock Exchange of India Limited
2. BSE Limited

Subsidiaries of R Systems International Limited

1. R Systems (Singapore) Pte Limited, Singapore
2. R Systems, Inc., U.S.A.
3. R Systems Technologies Ltd., U.S.A
4. ECnet Limited, Singapore
5. Computaris International Limited, U.K.
6. R SYS Technologies Ltd., Canada

Subsidiary of R Systems (Singapore) Pte Limited

7. IBIZ Consulting Pte. Ltd., Singapore
(Formerly known as IBIZCS Group Pte. Ltd.)

Subsidiaries of IBIZ Consulting Pte. Ltd.

8. IBIZ Consulting Services Pte. Ltd., Singapore
9. IBIZ Consulting Services Sdn. Bhd., Malaysia
10. PT. IBIZCS Indonesia, Indonesia
11. IBIZ Consultancy Services India Pvt. Ltd., India
12. IBIZ Consulting Services Limited, Hong Kong (IBIZ HK)
13. IBIZ Consulting Services (Shanghai) Co. Ltd., People's Republic of China (Wholly owned subsidiary of IBIZ HK)

Subsidiaries of ECnet Limited

14. ECnet (M) Sdn. Bhd., Malaysia
15. ECnet Systems (Thailand) Company Limited, Thailand
16. ECnet (Shanghai) Co. Ltd., People's Republic of China
17. ECnet Kabushiki Kaisha, Japan
18. ECnet (Hong Kong) Limited, Hong Kong
19. ECnet Inc., U.S.A.

Subsidiaries of Computaris International Limited

20. Computaris Romania SRL, Romania
21. Computaris Polska Sp z o.o., Poland
22. ICS Computaris International Srl, Moldova
23. Computaris USA, Inc., USA
24. Computaris Malaysia Sdn. Bhd., Malaysia
25. Computaris Philippines Pte. Ltd. Inc., Philippines

DIRECTORS' REPORT

Dear Shareholders,

Your directors take great pleasure in presenting the Twenty Third Annual Report on the business and operations of R Systems International Limited ("R Systems" or the "Company") together with the audited statements of accounts for the year ended December 31, 2016.

1. Financial Results

a. Standalone financial results of R Systems

(Rs. in Million)

Particulars	Financial Year ended	
	31.12.2016	31.12.2015
Total income	2,755.44	2,988.83
Profit before depreciation, exceptional items and tax	636.70	625.69
Less : Depreciation and amortisation expense	69.30	95.80
Add : Exceptional items*	46.35	648.07
Profit before tax	613.75	1,177.96
Less : Current tax	224.94	262.82
Less: MAT credit entitlement	(15.13)	-
Less : Deferred tax charge / (credit)	(8.20)	8.70
Profit after tax	412.14	906.44
Surplus in the statement of profit and loss		
Balance as per last financial statements	785.80	494.41
Add: Profit for the current year	412.14	906.44
Less: Appropriations		
Interim dividend [§]	-	501.10
Tax on interim dividend [§]	-	102.27
Adjustment on account of aligning the useful life of fixed asset in accordance with Schedule II of the Companies Act, 2013**	-	18.87
Tax impact of above adjustment**	-	(6.41)
Proposed dividend written back on buyback [§]	-	(0.65)
Tax on proposed dividend written back on buyback [§]	-	(0.13)
Total Appropriation	-	615.05
Net surplus in statement of profit and loss	1,197.94	785.80

* refer Note No. 22 of standalone financial statements.

[§] refer Note No. 4 of standalone financial statements.

** refer Note No. 34 of standalone financial statements.

b. Consolidated financial results of R Systems and its Subsidiaries

(Rs. in Million)

Particulars	Financial Year ended	
	31.12.2016	31.12.2015
Total income	6,009.44	6,148.45
Profit before depreciation, exceptional items and tax	825.64	812.06
Less : Depreciation and amortisation expense	115.12	140.23
Add : Exceptional items*	46.35	603.10
Profit before tax	756.87	1,274.93
Less : Current tax	244.03	290.08
Less: MAT credit entitlement	(15.13)	-
Less : Deferred tax charge / (credit)	(8.91)	6.55
Profit after tax	536.88	978.30
Surplus in the statement of profit and loss		
Balance as per last financial statements	1,022.61	659.36
Add: Profit for the current year	536.88	978.30
Less: Appropriations		
Interim dividend [§]	-	501.10
Tax on interim dividend [§]	-	102.27
Adjustment on account of aligning the useful life of fixed asset in accordance with Schedule II of the Companies Act, 2013**	-	18.87
Tax impact of above adjustment**	-	(6.41)
Proposed dividend written back on buyback [§]	-	(0.65)
Tax on proposed dividend written back on buyback [§]	-	(0.13)
Total Appropriation	-	615.05
Net surplus in statement of profit and loss	1,559.49	1,022.61

* refer Note No. 23 of consolidated financial statements.

[§] refer Note No. 4 of consolidated financial statements.

** refer Note No. 33 of consolidated financial statements.

2. Results of Operations

Standalone Accounts

- Total income during the year 2016 was Rs. 2,755.44 mn. as compared to Rs. 2,988.83 mn. during the year 2015.
- Profit after tax including exceptional items was Rs. 412.14 mn. during the year 2016 as compared to Rs. 906.44 mn. during 2015.

- Basic earnings per share (of face value of Re. 1/- each) was Rs. 3.26 for the year 2016 as compared to Rs. 7.14 for the year 2015.

Consolidated Accounts

- Consolidated total income during the year 2016 was Rs. 6,009.44 mn. as compared to Rs. 6,148.45 mn. during the year 2015.
- Profit after tax including exceptional items was Rs. 536.88 mn. during the year 2016 as compared to Rs. 978.30 mn. during 2015.
- Basic earnings per share (of face value of Re. 1/- each) was Rs. 4.24 for the year 2016 as compared to Rs. 7.70 for the year 2015.

The state of affairs of the Company is presented as part of Management Discussion and Analysis Report forming part of this report.

3. Appropriations and Reserves

Dividend

The Board of Directors (the "Board") has not recommended any dividend for the financial year ended December 31, 2016.

Transfer to Reserves

In order to augment resources your directors do not propose to transfer any amount to reserves.

4. Business

R Systems is a leading provider of product engineering services, business process outsource services and also offers own product suite in Manufacturing & Logistic vertical. R Systems diversified offering includes:

iPLM Services Group

R Systems defines its product engineering business as Integrated Product Life Cycle Management (iPLM) services where R Systems helps ISVs and other companies to accelerate the speed to market for their products and services with a high degree of time and cost predictability by using our proprietary pSuite framework and global delivery model.

Under iPLM Services, R Systems delivers solutions and services in the area of Information Technology and Information Technology enabled services (ITES). The IT services cover application development, systems integration and support & maintenance of applications. Under the ITES, we cover technical support and customer care for IT and Hi-Tech electronic manufacturers, high-end quality process management and revenue and claims management using our global delivery model.

R Systems competitive advantage in iPLM Services is further enhanced by its industry specific domain expertise, global delivery capabilities, multi-language support capabilities, industry best quality and security certification and agile development methodologies supported by R Systems' proprietary pSuite framework.

Solution Offerings

ECnet Supply Chain provide solutions for holistic management of the complex interaction between an organisation and its trading

partners. The integrated solution aims to reduce all supply chain costs through improved collaboration and optimisation. The solutions are robust and scalable and give measurable ROI to clients that meets the clients' strategic business goals.

Further, ECnet also operates as a Gold Channel Partner for one of the largest business software companies in the world to resell, implement and support enterprise solutions of ERP, WMS, Service Management, BI and Performance Management. It mainly serves small to medium-sized businesses in the manufacturing and distribution industries. These products present an opportunity to cross and up sell these solutions since these are adjunct to ECnet's own product offerings.

IBIZ, is a Microsoft Gold Channel Partner and is specialized in deploying Microsoft business management solution suites, including enterprise resource planning, customer relationship management, point of sales, mobility, business intelligence and portals. IBIZ operates across Singapore, Malaysia, China, Indonesia, Hong Kong and India.

R Systems is focused on key verticals i.e. Telecom & Digital Media, Banking & Finance, Health Care, Manufacturing & Logistics and Retail & E-Commerce. Telecom and Digital Media is the largest industry vertical which contributes 29 percent of the total consolidated revenue for the year ended December 31, 2016. Further, with the deep expertise in the key vertical like Telecom & Digital Media, Banking & Finance, Healthcare and Retail & E-Commerce, we have horizontally embraced analytics solutions, Mobility, IoT and Cloud across these verticals to bring operational efficiency and also create a vital information pool reflecting on the economical, statistical, social media, speech metrics of the customers. R Systems rapidly growing customer list includes a variety of Fortune 1000, government and mid-sized organisations across a wide range of industry verticals and has served twenty one million dollar plus customer during the year 2016.

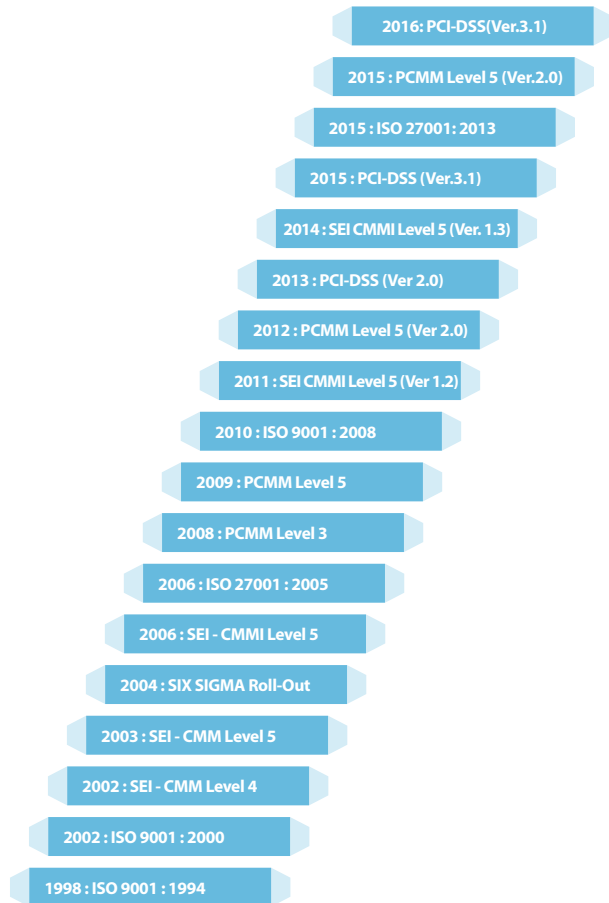
Customers and Delivery Centres

R Systems rapidly growing customer list includes a variety of Fortune 1000, government and mid-sized organizations across a wide range of industry verticals including Banking and Finance, Independent Software Vendors, Telecom and Digital Media, Retail & E-Commerce, Healthcare, Manufacturing and Logistic Industries. R Systems maintains fifteen development and service centres and using our global delivery model, we serve customers in the USA, Europe and the Far East. There were no changes in the nature of the Company's business and generally in the classes of business in which the Company has an interest and in the business carried on by the subsidiaries during the year under review. For details of Company's subsidiaries please refer note number 13 relating to subsidiaries.

The Company has set up its new SEZ unit vide 'Letter of Approval' (LOA) received from Department of Commerce, Ministry of Commerce & Industry, Government of India on October 19, 2016 measuring approx. 15,000 sq. ft. located at Greater Noida West (NCR). Subsequent to the year end, the Company has commenced its operation in SEZ premises on January 25, 2017.


5. Quality

R Systems has continuously invested in processes, people, training, information systems, quality standards, frameworks, tools and methodologies to mitigate the risks associated with execution of projects. Adoption of quality models and practices such as the Capability Maturity Model Integration (CMMI) and Six Sigma practices for processes have ensured that risks are identified and mitigated at various levels in the planning and execution process. R Systems journey on various quality standards/models is as follows:



During the year 2016, all QMS artifacts of the Company have been migrated from ISO 9001:2008 to new ISO 9001:2015 standard and process wise risk assessment as per the new standard has been carried out, the formal certificate is yet to be received. Noida BPO Center has been certified as PCI-DSS (ver. 3.1) compliant for the call Analytic Services provided to one of the major client.

As of the date of this report, Noida IT centre is CMMI level 5, PCMM Level 5, ISO 9001 : 2008 and ISO 27001 : 2013 certified; Noida BPO centre is PCMM Level 5, ISO 9001 : 2008, ISO 27001 : 2013 certified and PCI-DSS (ver.3.1) certified for call analytics services.

To maintain and strengthen competitive strengths, R Systems continues to make investments in its unique and proprietary  with best practices, tools and methodologies for flawless execution and consistent delivery of high quality software.

The pSuite framework offers services along the entire software lifecycle that includes technology consulting, architecture, design and development, professional services, testing, maintenance, customer care and technical support. R Systems expects that its technology focus, investment in processes, talent and methodologies will enable it to distinguish itself from competition as it seeks to provide services to technology / product companies.

6. Directors

During the year under review, the following changes took place in the office of directors of the Company.

Mr. Raj Kumar Gogia, Mr. Gurbax Singh Bhasin, Mr. Suresh Paruthi and Mr. Amardeep Singh Ranghar, Non-Executive Independent Directors of the Company could not be re-appointed as Independent Director of the Company at twenty second Annual General Meeting held on June 13, 2016.

On June 29, 2016, Mr. Aditya Wadhwa and Mr. Kapil Dhameja were appointed as Additional Directors in the capacity of Independent director.

As per approval of shareholders through Postal Ballot on September 09, 2016, Mrs. Ruchica Gupta (erstwhile Non-Executive Director of the Company) was appointed as an Independent Director of the Company w.e.f. June 29, 2016.

Details of the Directors proposed to be appointed and re-appointed at the ensuing Annual General Meeting are as follows:

At the ensuing Annual General Meeting Lt. Gen. Baldev Singh (Retd.), President & Senior Executive Director of the Company is liable to retire by rotation in accordance with the provisions of Section 152 of the Companies Act, 2013 read with the Articles of Association of the Company and being eligible, offers himself for re-appointment as director of the Company.

Further, on the recommendation of the Nomination & Remuneration Committee of the Company, Mr. Aditya Wadhwa and Mr. Kapil Dhameja, Non- Executive Independent Directors of the Company are proposed to be appointed as Independent Director pursuant to the provision of Section 149 of the Companies Act, 2013 and rules made thereunder at the ensuing Annual General Meeting for the first term of five years commencing from June 29, 2016.

As required under Section 149 of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Hereinafter referred as "Listing Regulations"), Mr. Aditya Wadhwa and Mr. Kapil Dhameja have submitted the declaration that they meet the criteria of independence as laid down therein.

The brief profile of the aforesaid directors proposed to be appointed/re-appointed forms part of the Corporate Governance Report.

None of the directors of the Company is disqualified as per the provisions of Section 164(2) of the Companies Act, 2013. The directors of R Systems have made necessary disclosures, as required under various provisions of the Companies Act, 2013 and Listing Regulations.

7. Employees Stock Option Plans / Schemes

The industry in which R Systems operates is people intensive and R Systems believes that human resources play a pivotal role in the sustainability and growth of the Company. R Systems has always believed in rewarding its employees with competitive compensation packages for their dedication, hard work, loyalty and contribution towards better performance of the Company. To enable more and more employees to be a part of the financial success of the Company, retain them for future growth and attract new employees to pursue growth, R Systems has set up employees stock option plans / schemes from time to time for its employees and for the employees of its subsidiaries. As on the date of this report, the stock option plans of R Systems are as follows:

- R Systems International Ltd. Employees Stock Option Plan Year 2001 (Formerly known as Indus Software Employees Stock Option Plan - Year 2001): Initially formulated for the

employees of Indus Software Private Limited which got amalgamated with R Systems and the plan continued as per the scheme of amalgamation approved by the Hon'ble High Courts of Delhi and Mumbai. As on the date of this report, no stock options are in force under this plan.

- R Systems International Limited Employee Stock Option Scheme 2007: For the employees of R Systems and its subsidiaries.
- R Systems International Ltd. - Year 2004 Employee Stock Option Plan: For the employees of R Systems and its subsidiaries other than ECnet Limited. The term of the said plan has been expired on December 27, 2015.

Details relating to options approved, granted, vested, exercised, lapsed, in force etc. under the prevailing employees stock option plans / schemes during the year ended December 31, 2016 are as follows:

S. No.	Particulars	R Systems International Ltd. Year - 2004 Employee Stock Option Plan**	R Systems International Ltd. Employees Stock Option Plan - Year 2001	R Systems International Limited Employee Stock Option Scheme 2007
		(a) #	(b) #	(c) ##
a.	Total number of shares covered under the plan/scheme	1,995,000	738,980	6,500,000
b.	Pricing Formula	Prevailing Price once the Company's shares are listed and at the Fair Market Value as per the terms of R Systems International Ltd. - Year 2004 Employees Stock Option Plan on the date such option is granted when the Company's shares are not listed.	As approved under the "Scheme of Amalgamation" of Indus Software Private Limited with the Company by the Hon'ble High Courts of Delhi and Mumbai.	Rs. 12.07 per option for 6,350,000 options i.e. latest available closing price, prior to the date of the meeting of the Board of Directors / Compensation Committee, in which options are granted, on the stock exchange. Rs. 12.07 per option for 150,000 options as approved by the Compensation Committee.
c.	Options granted during the year	Nil	Nil	150,000
d.	Options vested during the year	Nil	Nil	Nil
e.	Options exercised during the year	Nil	Nil	Nil
f.	The total number of shares arising as a result of exercise of options during the year	Nil	Nil	Nil
g.	Options lapsed during the year	Nil	Nil	35,000
h.	Variation of terms of options during the year	Nil	Nil	Nil
i.	Money realised by exercise of options during the year (Rs.)	Nil	Nil	Nil
j.	Total number of options in force at the end of the year	Nil	Nil	195,280
k.	Employee wise details of options granted to (during the year)			
(i)	Senior managerial personnel ⁵	Nil	Nil	150,000
(ii)	Any other employee who receives a grant in any one year of options amounting to 5% or more of options granted during that year	Nil	Nil	Nil
(iii)	Identified employees who were granted options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	Nil	Nil	Nil
l.	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of options	N.A.	N.A.	3.25*

Please note that the details given above for plan (a) and (b) are after making the required adjustments in relation to consolidation of each of the 5 equity shares of Rs. 2 each into 1 equity share of Rs. 10 each as approved by the shareholders in the year 2006 and after Sub-division of each of the equity shares of Rs. 10 each into 10 equity shares of Re. 1/- each as per record date of February 28, 2014.

- # The details given above for plan (c) are after making the required adjustment in relation to sub-division of each of the equity shares of Rs. 10 each into 10 equity shares of Re. 1/- each as per the record date of February, 28 2014.
- * EPS is Rupees per equity shares of Re. 1/- each i.e. after giving into effect Sub-division of equity shares of Rs. 10 each into equity shares of Re. 1/- each as per record date of February 28, 2014.
- ** R Systems International Ltd. - Year 2004 Employee Stock Option Plan has been completely expired on December 27, 2015 due to expiry of the term of the plan.
- § During the year ended December 31, 2016, on the recommendation of Compensation Committee and Nomination and Remuneration Committee, the Board of Directors at its meeting held on April 30, 2016, had further granted 150,000 options to Mr. Nand Sardana, Chief Financial Officer (Senior Management Personnel), at an exercise price of Rs. 12.07/- per option under R Systems International Limited Employee Stock Option Scheme 2007.

Disclosures as required under SEBI Employee Benefits Regulations read with Securities and Exchange Board of India circular no. CIR/CFD/POLICY CELL/2/2015 dated June 16, 2015 are available on the Company's website at http://www.rsystems.com/investors/Annual_reports.aspx.

All options granted under R Systems Employees Stock Option Plan - Year 2001 have already been vested and exercised or lapsed and no options were in force as on December 31, 2016.

For options granted during the earlier years under plan (a) and (c) R Systems used the fair value of the stock options for calculating the employees compensation cost.

For the purpose of valuation of the options granted during earlier years, the management obtained fair value of the options at the date of grant under respective schemes from a firm of Chartered Accountants, to determine accounting impact, if any, of options granted over the periods. In the considered opinion of the valuer, the fair value of option determined using 'Black Scholes Valuation Model' under each of above schemes is "Nil" and thus no accounting thereof is required.

The assumptions used for the purpose of determination of fair value are stated below:

Assumptions	Unit	Scheme (a)*	Scheme (b)**	Comments by the valuer
Strike price	Rs.	42	154	
Current share price	Rs.	16	140	Taken on the basis of NAV and PECV method of valuation.
Expected option life	No. of Years	5	2.5	Being half of the maximum option life.
Volatility	%	1	0.5	In case of unlisted shares, the volatility may be taken as zero. Verma committee also recommends this.
Risk free return	%	7	11.3	Zero coupon rate estimated from trading government securities for a maturity corresponding to expected life of option - taken from sites of NSE and / or BSE.
Expected dividend Yield	%	-	15	Company has no set policy so dividend taken as zero. In case of R Systems Employee Stock Option Plan - Year 2001, as the dividend had been paid by the erstwhile company, it has been assumed at 15%.

- * R Systems International Ltd. - Year 2004 Employee Stock Option Plan under which the price was based on Rs. 2 per share.
- ** R Systems Employees Stock Option Plan - Year 2001 under which originally the price was based on Rs. 10 per share for 21,967 shares. As a result of amalgamation of Indus Software Private Limited into R Systems, R Systems had issued 206,822 equity shares of Rs. 2 each pursuant to the swap ratio approved by Hon'ble High Courts of Delhi and Mumbai.

Please note that the details given above for plan (a), and (b) are before making the required adjustments in relation to consolidation of each of the 5 equity shares of Rs. 2 each into 1 equity share of Rs. 10 each as approved by the shareholders in the year 2006 and before Sub-division of each of the equity shares of Rs. 10 each into 10 equity shares of Re. 1/- each as per record date of February 28, 2014.

Further, for the purpose of valuation of the options granted during the year 2005 under R Systems International Ltd. - Year 2004 Employee Stock Option Plan, the management obtained fair value of the options at the date of grant from a firm of Chartered Accountants, to determine accounting impact, if any, of options granted. In the considered opinion of the valuer, the fair value of these options determined using 'Black Scholes Valuation Model' is "Nil" and thus no accounting thereof is required.

The assumptions used by the valuer for the purpose of determination of fair value are stated below:

Assumptions	Unit	Scheme	Comments by the valuer
Strike price	Rs.	42	
Current share price	Rs.	13.58	Taken on the basis of NAV and PECV method of valuation.
Expected option life	No. of Years	5	Being half of the maximum option life.
Volatility	%	1	In case of unlisted shares, the volatility may be taken as zero. Verma committee also recommends this.
Risk free return	%	7.42	Zero coupon rate estimated from trading government securities for a maturity corresponding to expected life of option - taken from sites of NSE.
Expected dividend Yield	%	-	Company has no set policy so dividend taken as zero.

The above information is based on Rs. 2 per share prior to consolidation of 5 equity shares of Rs. 2 each into one equity share of Rs. 10, subsequent allotment of bonus shares in the ratio of 1 : 1 and sub-division of each of the equity shares of Rs. 10 each into 10 equity shares of Re. 1/- each as per record date of February 28, 2014.

For the purpose of valuation of the options granted during the year ended December 31, 2007 under R Systems International Limited Employee Stock Option Scheme 2007, the compensation cost relating to Employee Stock Options, calculated as per the intrinsic value method is nil.

The management obtained fair value of the options at the date of grant from a firm of Chartered Accountants. In the considered opinion of the valuer, the fair value of these options determined using 'Black Scholes Valuation Model' is "Rs. 50.73" per option.

The assumptions used by the valuer for the purpose of determination of fair value are stated below:

Assumptions	Unit	Scheme	Comments by the valuer
Strike price	Rs.	120.70	
Current share price	Rs.	118.50	Price on the date of grant by Board of Directors i.e. closing price on July 11, 2007.
Expected option life	No. of Years	4	Being the vesting period.
Volatility	%	44	On the basis of industry average.
Risk free return	%	7	Zero coupon rate estimated from trading government securities for a maturity corresponding to expected life of option -taken from sites of NSE.
Expected dividend Yield	%	0.86	Company has declared Dividends of 12% in the past. Assuming that it will continue declaring similar dividends in future.

The above information is based on Rs. 10 per share before sub-division of each of the equity shares of Rs. 10 each into 10 equity shares of Re. 1/- each as per the record date of February 28, 2014.

For the purpose of valuation of the options granted during the year ended December 31, 2016 under R Systems International Limited Employee Stock Option Scheme 2007, the year to date compensation cost relating to Employee Stock Options, calculated as per the intrinsic value method is Rs 2,589,490.

The management obtained fair value of the options at the date of grant i.e. April 30, 2016 from a firm of Chartered Accountants. In the considered opinion of the valuer, the weighted average fair value of these options determined using 'Black Scholes Valuation Model' is "Rs. 49.89" per option.

The assumptions used by the valuer for the purpose of determination of fair value are stated below:

Assumptions	Unit	Scheme	Comments by the valuer
Strike price	Rs.	12.07	
Current share price	Rs.	61.45	Price on the date of grant by Board of Directors i.e. closing price on April 30, 2016.
Expected option life	No. of Years	4	Being the vesting period.
Volatility	%	55.32-55.83	On the basis of industry average.
Risk free return	%	7.84	The yield on a Treasury bond by Government of India (Source: RBI) on the valuation date with the tenor matching the remaining term of the stock options.
Expected dividend Yield	%	1.32	Assuming that the Company will continue declaring at similar rate, consistent with past years.

The above information is based on per equity share having face value of Re. 1/- each.

The stock based compensation cost calculated as per the intrinsic value method for the financial year 2016 was Rs. 2,589,490 (Previous year nil). If the stock based compensation cost was calculated as per fair value method prescribed by SEBI, the total cost to be recognised in the financial statements for the year 2016 would be Rs. 2,617,180 (Previous year nil). The effect of adopting the fair value method on the net income and earnings per share is presented below:

Pro Forma adjusted Net Income and Earnings Per Share

(Amount in Rs.)

Particulars	Year ended	
	December 31, 2016	December 31, 2015
Net Income as reported	412,138,007	906,439,976
Add : Intrinsic Value Compensation Cost	2,589,490	-
Less : Fair Value Compensation Cost	2,617,180	-
Adjusted Pro-forma Net Income	412,110,317	906,439,976
Weighted average number of equity shares for calculating Basic EPS	126,616,327	126,983,064
Weighted average number of equity shares for calculating Diluted EPS	126,653,124	126,983,064
Earnings Per Share (Face Value of Re. 1/-)		
Basic (Face Value of Re. 1/-)		
- As reported	3.26	7.14
- Pro-forma	3.25	7.14
Diluted (Face Value of Re. 1/-)		
- As reported	3.25	7.14
- Pro-forma	3.25	7.14

Weighted average exercise price of options granted during the year

S. No.	Particulars	Scheme (a)	Scheme (b)	Scheme (c)
1.	Exercise price equals market price	N.A.	N.A.	N.A.
2.	Exercise price is greater than market price	N.A.	N.A.	N.A.
3.	Exercise price is less than market price	N.A.	N.A.	Rs.12.07

Weighted average fair value of the options granted during the year

S. No.	Particulars	Scheme (a)	Scheme (b)	Scheme (c)
1.	Exercise price equals market price	N.A.	N.A.	N.A.
2.	Exercise price is greater than market price	N.A.	N.A.	N.A.
3.	Exercise price is less than market price	N.A.	N.A.	Rs. 49.89

Scheme (a): R Systems International Ltd. - Year 2004 Employee Stock Option Plan.

Scheme (b): R Systems Employees Stock Option Plan -Year 2001.

Scheme (c): R Systems International Limited Employee Stock Option Scheme 2007.

As no options are granted during the year under Scheme (a), Scheme (b), hence the required information is not applicable.

8. Liquidity and Borrowings - Consolidated Financial Statement

The available Cash and bank balance as at December 31, 2016 was Rs. 1,199.70 mn. against Rs. 921.95 mn. as of December 31, 2015. The increase was mainly on account cash generated from operations, proceeds from redemption of debenture and sale of balance share in Indus Software Technologies Private Limited as offset by cash used for buyback of share capital, purchase of fixed assets mainly on set of new SEZ unit and earnout payment for IBIZ acquisition. The consolidated cash and cash equivalent as at December 31, 2016 were Rs. 1,136.05 mn. as against Rs. 786.17 mn. as on December 31, 2015.

Net cash generated from operating activities were Rs. 436.24 mn. for the year ended December 31, 2016 compared to Rs. 448.53 mn. for the year ended December 31, 2015.

Cash generated from investing activities were Rs. 101.49 mn. for the year ended December 31, 2016 comprised of proceeds from redemption of debenture Rs. 87.57 mn., proceeds from sale of balance 7% share in Indus Software Technologies Private Limited Rs. 67.61 mn., proceeds from long term fixed deposits with banks Rs. 58.10 mn. (net), interest income Rs. 56.45 mn., rental income from investment property Rs. 6.40 mn., sale of fixed assets Rs. 2.53 mn. as offset by purchase of fixed assets of Rs. 140.07 mn. and earn out payment for IBIZ Rs. 37.10 mn. (net).

Cash used in financing activities were Rs. 194.57 mn. for the year ended December 31, 2016 mainly consist of Rs. 195.00 mn. for buyback of equity shares.

R Systems' policy is to maintain sufficient liquidity to fund the anticipated capital expenditures, operational expenses and investments for strategic initiatives. R Systems has a credit facility from the Axis Bank Limited amounting to Rs. 380 mn. (including non-fund based credit limit of Rs. 180 mn. for currency derivatives). As at December 31, 2016, the total credit balance was nil under fund based line of credit. Loan payable as at December 31, 2016 comprises of loan for motor vehicles purchased amounting to Rs. 13.44 mn. and finance lease obligation of Rs. 10.88 mn newly SEZ premises. R Systems' primary bankers in India are Axis Bank Limited, ICICI Bank Limited, Kotak Mahindra Bank Limited, State Bank of India, HDFC Bank Limited and Oriental Bank of Commerce. In U.S.A., U.K., Singapore and New Zealand, the primary bankers are California Bank & Trust, Natwest Bank, Citibank N.A. and Bank of Baroda (NZ), respectively.

9. Changes in the Capital Structure

During the year under review, the following changes took place in the capital structure of the Company.

At the beginning of the financial year ended December 31, 2016 the issued and paid up capital of the Company was Rs. 126,870,425/- divided into 126,870,425 equity shares of face value of Re. 1/- each. Further, the Company has completed the buyback of its 3,000,000 equity shares of Re. 1/- each on November 29, 2016. Consequent to this buyback the issued and paid up capital of the Company was reduced to Rs. 123,870,425/- divided into 123,870,425 equity shares of face value of Re. 1/- each.

During the financial year ended December 31, 2016, the Company has not issued any shares with differential voting rights or any sweat equity shares. Therefore, disclosure pursuant to Section 43(a) (ii) & Section 54(1)(d) of the Companies Act, 2013 are not applicable. Further, no disclosure is required under Section 67 (3) (c) of the Companies Act, 2013, in respect of voting rights not exercised directly by employees of the Company as the provisions of the said section are not applicable.

10. BuyBack

On September 14, 2016, the Board approved a proposal to buyback up to 3,000,000 equity shares of the Company for an aggregate amount not exceeding Rs. 195,000,000 being 2.36% of the total paid up equity share capital, at Rs. 65 per equity share. The buyback was to be made from all existing shareholders of the Company on September 30, 2016, being the record date for the buyback, on a proportionate basis under the tender

offer route in accordance with the provisions contained in the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998 and the Companies Act, 2013 and rules made thereunder. All the shares bought back pursuant the above buyback had been extinguished within the statutory time limits and the said buyback was completed on November 29, 2016.

11. Material changes affecting the financial position of the Company

There are no significant events, changes occurred between the end of the financial year and till the date of this report which would materially affect the financial position of the Company.

12. Particulars of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars as prescribed under Section 134 (1) (m) of the Companies Act, 2013, read with rule 8 of Companies (Accounts) Rules, 2014 for the year ended December 31, 2016 are as follows:

A. Conservation of Energy

Though your Company does not have energy intensive operations, every endeavor has been made to ensure the optimal usage of energy, avoid wastage and conserve energy.

During the year ended December 31, 2016 R Systems continued its action plans to curtail the energy bills by adopting various energy conservation options / technologies as identified by Federation of Indian Chambers of Commerce & Industry ("FICCI") through a detailed Energy Audit carried out by FICCI for R Systems Noida operations in the year 2007.

Significant measures were taken to reduce energy consumption by using energy efficient equipment and devices. R Systems constantly evaluates new technologies and makes appropriate investments to be energy efficient. Currently, the Company uses LED/CFL fittings and electronic ballasts to reduce power consumption of fluorescent tubes. The air is conditioned with energy efficient compressors for central air conditioning and with split air conditioning for localized areas.

R Systems is always in search of innovative and efficient energy conservation technologies and applies them prudently. However, R Systems being in the software industry, its operations are not energy intensive and energy costs constitute a very small portion of the total cost, therefore, the financial impact of these measures is not material.

B. Technology absorption

1. Efforts made towards technology absorption

The Company has established practice streams in specific technologies to analyze their implications and the benefits they can provide to the Company's customers. These steps enable the Company to find and execute the most appropriate solutions for its clients.

2. Benefits derived as a result of the above efforts

The benefits derived from the above mentioned efforts are fulfilling customer needs, efficiency in operations, improvement in quality and growth in revenues.

3. Technology imported during the last 3 years

Not applicable, as no technology has been imported by the Company.

4. Expenditure incurred on Research and development

Driven by our core value of innovation, we believe that innovation is not just a practice but an essential component embedded within R Systems organizational DNA. We are now operating in a digital world. Digital transformation is one of our core areas where we partner with businesses to make them competitive and successful in today's hyper-changing environment. Over the year ended December 31, 2016, your Company has invested in research and development in the area of digital technologies like Analytics, Cloud Computation, Mobility and IoT in addition to strengthening and up-grading proprietary solutions and frameworks. The key R&D initiatives undertaken by the Company for the year 2016 are as follows:

- (1) Grasping the inevitability of big data analytics for businesses in today's cognitive world, R Systems has invested in building robust analytics solutions, accelerators and framework that address the key challenges around data analytics. Medley, our unified data framework enables rapid deployment of custom advance analytics solutions. Medley simplifies data acquisition, transformation & visualization for virtually any data source. Analytics Gym, our consulting framework helps organizations to discover & evaluate relevant data, technology and right approach for their analytics roadmap.
- (2) Anagram, our proprietary customer interaction analytics platform uses speech analytics technology combined with predictive analytics to help businesses glean important business insights and tap into new business opportunities using the big data generated from the entire population of all customer interactions across multiple channels. It helps augment business efficiency by proffering real-time data insights.
- (3) Your Company has continued to invest in building reusable components library and testing frameworks for mobile platforms (Android and iOS). These reusable components and frameworks provide an edge to your Company in term of cost efficiency and reduced time to market while servicing existing as well as prospective customers.
- (4) Our new initiatives for IoT covers bringing intelligence to the new edge and futuristic sensor devices which use machine learning and artificial intelligence.
- (5) Additionally, your Company has continued its investment building frameworks and proof of concepts in key verticals like Telecom & Digital Media, Banking and Finance, Retail & E-commerce and Healthcare, Manufacturing and Logistic domains.

C. Foreign Exchange Earnings and Outgo (Accrual Basis)

A significant percentage of R Systems revenues are generated from exports. The development and service centre in Noida is registered with the Software Technology Park of India as 100% Export Oriented Undertaking. All efforts of the Company are geared to increase the business of software exports in different products and markets. We have made investments in sales and marketing activities in various growing markets.

The total foreign exchange used and earned by R Systems during the year as compared with the previous year is as follows:

(Rs. in Million)

S. No.	Particulars	Financial Year ended	
		31.12.2016	31.12.2015
(a)	Earnings (Accrual Basis)	2,594.89	2,638.34
(b)	Expenditure (Accrual Basis)	356.32	423.67
(c)	CIF value of imports	66.53	39.73

13. Subsidiaries & other Corporate Restructuring

As on December 31, 2016, R Systems has twenty five subsidiaries. The name and country of incorporation of those subsidiaries are as follows:

S. No.	Name of the Company	Country of Incorporation
1.	R Systems (Singapore) Pte Limited	Singapore
2.	R Systems, Inc.	U.S.A.
3.	R Systems Technologies Limited (Formerly known as Indus Software, Inc.)	U.S.A.
4.	RSYS Technologies Ltd. (Formerly known as Systèmes R. International Ltée)	Canada
5.	ECnet Limited	Singapore
6.	ECnet (M) Sdn. Bhd [#]	Malaysia
7.	ECnet, Inc. [#]	U.S.A.
8.	ECnet (Hong Kong) Ltd. [#]	Hong Kong
9.	ECnet Systems (Thailand) Co. Ltd. [#]	Thailand
10.	ECnet Kabushiki Kaisha [#]	Japan
11.	ECnet (Shanghai) Co. Ltd. [#]	People's Republic of China
12.	Computaris International Limited	U.K.
13.	ICS Computaris International Srl [®]	Moldova
14.	Computaris Malaysia Sdn. Bhd. [®]	Malaysia
15.	Computaris Polska sp z o.o. [®]	Poland

S. No.	Name of the Company	Country of Incorporation
16.	Computaris Romania SRL [®]	Romania
17.	Computaris USA, Inc. [®]	U.S.A.
18.	Computaris Philippines Pte Ltd. Inc. [®]	Philippines
19.	IBIZ Consulting Pte. Ltd.* (Formerly known as IBIZCS Group Pte. Ltd.)	Singapore
20.	IBIZ Consulting Services Pte Ltd. [^]	Singapore
21.	IBIZ Consulting Services Sdn. Bhd. [^]	Malaysia
22.	PT. IBIZCS Indonesia [^]	Indonesia
23.	IBIZ Consultancy Services India Private Limited [^]	India
24.	IBIZ Consulting Services Limited [^]	Hong Kong
25.	IBIZ Consulting Services (Shanghai) Co., Ltd [®]	People's Republic of China

[#] wholly owned subsidiaries of ECnet Limited, Singapore being 99.75% subsidiary of R Systems (The shareholding held by the Company and R Systems (Singapore) Pte Limited is 69.37% and 30.38% respectively).

[®] wholly owned subsidiaries of Computaris International Limited being 100% subsidiary of R Systems.

^{*} Wholly owned subsidiary of R Systems (Singapore) Pte Limited being 100% subsidiary of R Systems.

[^] Wholly owned subsidiaries of IBIZ Consulting Pte. Ltd. (Formerly known as IBIZCS Group Pte. Ltd.) being 100% Subsidiary of R Systems (Singapore) Pte Limited being 100% subsidiary of R Systems.

[®] Wholly owned subsidiary of IBIZ Consulting Services Limited - Hong Kong being 100% Subsidiary of IBIZ Consulting Pte. Ltd.

During the year ended December 31, 2016, the Company has invested SGD 960,000 (Singapore Dollar Nine Lakhs Sixty Thousand only) in R Systems (Singapore) Pte Limited and also made an investment of CAD 99,800 (Canadian Dollar Ninty Nine Thousand Eight Hundred only) in RSYS Technologies Ltd., Canada (Formerly known as Systèmes R. International Ltée).

Computaris International Limited, U.K., wholly owned subsidiary of the Company, has incorporated a subsidiary namely Computaris Philippines Pte. Ltd. Inc. in Philippines on May 23, 2016.

As on date of this report, all the aforementioned twenty five subsidiaries except IBIZ Consultancy Services India Private Limited – were incorporated and based outside India. In addition to providing services to various international clients these subsidiaries also help to generate revenues for R Systems.

Further, subsequent to the year ended on December 31, 2016 IBIZ Consulting Pte. Ltd., Singapore has completed the purchase of business of IBIZ Consulting Services Pte. Ltd. on going concern basis at book value pursuant to business purchase agreement dated March 31, 2017.

During the year, no other corporate restructuring activity was done by the company.

The Board of Directors of the Company regularly reviews the affairs of these subsidiaries. Policy for determining material subsidiaries of the Company is available on the website of the Company at <http://www.rsystems.com/investors/corporategovernance.aspx>.

A statement containing the salient features of the financial statement of our subsidiaries in the prescribed Form AOC-1 is attached at the end of consolidated financial statements of the Company. The statement also provides the details of performance, financial position of each of the subsidiaries.

Further, the audited annual accounts and related detailed information of our subsidiaries, where applicable, will be made available to shareholders seeking such information at any point of time. The annual accounts of the subsidiary companies will also be available for inspection by any shareholder at Registered Office of R Systems i.e. B-104 A, Greater Kailash-I, New Delhi-110048 and Corporate Office of R Systems i.e. C-40, Sector 59, Noida (U.P.)-201307 and Registered Offices of the subsidiary companies concerned during business hours. The same will also be hosted on R Systems' website i.e. www.rsystems.com.

14. Particulars of employees

The details required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are annexed as **Annexure A** and forms part of this report. Further, as required under the provisions of Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the name and other particulars of employees are set out in **Annexure B** and forms part of this report.

15 Directors' responsibility statement

Pursuant to the requirement of Section 134(3)(c) read with Section 134(5) of the Companies Act, 2013 with respect to directors' responsibility statement, your directors hereby confirm that:

- In the preparation of the annual accounts for the financial year ended December 31, 2016, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- the directors had 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 state of affairs of the company at the end of the financial year and of the profit and loss of the Company for that period;
- the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

4. the directors had prepared the annual accounts for the financial year ended December 31, 2016 on a going concern basis;
5. the directors, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
6. the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

16. Auditors

The exiting Statutory Auditors of the Company M/s. S. R. Batliboi & Associates LLP (Firm Registration No. 101049W/E300004), Chartered Accountants who are the Statutory Auditors of the Company hold office as statutory auditors until the conclusion of the 23rd Annual General Meeting of the Company scheduled to be held on May 15, 2017.

In view of the mandatory requirement for rotation of auditors upon completion of 10 years of association with the Company and in terms of Section 139 of the Companies Act, 2013, M/s. S. R. Batliboi & Associates LLP, Chartered Accountants will retire as Company's Auditors at the conclusion of 23rd Annual General Meeting.

It is proposed to appoint M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, [Firm's Registration No. 117366W/W-100018] as the Statutory Auditors for a period of five (5) continuous years i.e. from the conclusion of 23rd Annual General Meeting till the conclusion of 28th Annual General Meeting of the Company.

M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, have confirmed their eligibility and willingness to act as the statutory auditors of the Company and that their appointment, if made, shall be in accordance with the conditions as may be prescribed under the provisions of the Companies Act, 2013 and rules made thereunder.

The Board of Directors, based on the recommendation of the audit committee, recommends the appointment of M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, as the statutory auditors from the conclusion of the ensuing Annual General Meeting till the conclusion of the 28th Annual General Meeting of the Company, subject to ratification at every Annual General Meeting.

Further, the auditors' report being self - explanatory, does not call for any further comments by the Board of Directors as there are no qualifications, reservation or adverse remark or disclaimer made in the audit report for the Financial Year ended December 31, 2016.

17. Audit committee

R Systems has a qualified and independent Audit Committee. During the year under review, Mr. Raj Kumar Gogia, Mr. Gurbax Singh Bhasin, Mr. Suresh Paruthi and Mr. Amardeep Singh

Ranghar, Non-Executive Independent Directors could not be re-appointed as Independent Directors, therefore, they ceased to be members of the Audit Committee w.e.f. June 13, 2016.

Mrs. Ruchica Gupta was re-designated as Non-Executive Independent Director w.e.f. June 29, 2016 and was appointed as chairperson of the Audit Committee w.e.f. June 30, 2016.

Mr. Kapil Dhameja and Mr. Aditya Wadhwa were appointed as Additional Directors in the capacity of Independent Director w.e.f. June 29, 2016. Mr. Kapil Dhameja, Non-Executive Independent Director and Lt. Gen. Baldev Singh (Retd.), President & Senior Executive Director were appointed as a member of the Audit Committee w.e.f. June 30, 2016.

Mr. Aditya Wadhwa, Non-Executive Independent Director was appointed as a member of the Audit Committee w.e.f. July 29, 2016.

The constitution of the Committee is in compliance with the provisions of the Companies Act, 2013 and the Listing Regulations.

Detailed description of the Audit Committee has been given in Corporate Governance Report. The terms of reference and role of the Committee are as per the guidelines set out in the Listing Regulations and Section 177 of the Companies Act, 2013 and rules made thereunder and includes such other functions as may be assigned to it by the Board from time to time.

The Committee has adequate powers to play an effective role as required under the provisions of the Act and Listing Regulations. During the year under review, the Board of Directors of the Company had accepted all the recommendations of the Audit Committee.

18. Prevention and prohibition of sexual harassment of women at work place

At R Systems, it is our desire to promote a healthy and congenial working environment irrespective of gender, caste, creed or social class of the employees. We value every individual and are committed to protect the dignity and respect of every individual. The Company has always endeavored for providing a better and safe environment free of sexual harassment at all its work places. Consequent to the enactment of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules made thereunder, the Management of R Systems International Limited has constituted an Internal Complaints Committee (ICC) to deal with any complaints or issues that may arise, in the nature of sexual harassment of women employees. The Company has also prepared and implemented Policy for Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace. During the year ended December 31, 2016, no cases of sexual harassment against women employees at any of its work place were reported to the ICC.

19. Corporate Governance

As required under Listing Regulations, the detailed report on corporate governance is given as **Annexure C** to this report and the certificate obtained from a practicing company secretary

regarding compliance of the conditions of corporate governance as stipulated in the said clause is annexed as **Annexure D** to this report.

20. Deposits

The Company has neither invited nor accepted any deposits from the public within the purview of the Companies Act, 2013 and the Rules made thereunder, no amount of principal or interest was outstanding as on the date of the balance sheet.

21. Customer relations

R Systems recognises that the customers have a choice of service providers and the directors would like to place on record their gratitude on behalf of the Company for the business provided by them. The Company's quality policy mandates that the voice of the customer is obtained on a regular basis. We constantly review the feedback and incorporate its impact into our delivery systems and communications.

22. Stakeholder's relations

R Systems is inspired by its customers and its employees transform that inspiration and customers' needs into value for all stakeholders. We thank all R Systems employees worldwide for their hard work, commitment, dedication and discipline that enables the Company to accomplish its customer commitments and commitments to all its stakeholders. R Systems conducts regular employee satisfaction surveys and open house meetings to get employee feedback. R Systems is constantly validating key employee data with industry and peer group business. These practices have helped the Company to achieve many of its business goals and have been recognised in many industry surveys over the last few years. The open door policy of our senior management team ensures that the feedback loop is completed promptly. We thank our shareholders for their continuous support and confidence in R Systems. We are aware of our responsibilities to our shareholders to provide full visibility of operations, corporate governance and creating superior shareholder value and we promise to fulfill the same.

23. Management discussion and analysis report

In terms of the Listing Regulations management discussion and analysis report is given as **Annexure E** to this report.

24. Secretarial Audit Report

Mr. Jitender Singh, Company Secretary in Whole Time Practice, had been appointed by the Board to carry out the Secretarial Audit under the provision of Section 204 of the Companies Act, 2013 for the financial year ended December 31, 2016. The Secretarial Audit report for financial year ended on December 31, 2016 is enclosed as **Annexure F**. The report does not contain any qualification.

25. Vigil Mechanism / Whistle Blower Policy

In order to provide a mechanism to employees of the Company to disclose any unethical and improper practices or any other alleged wrongful conduct in the Company and to prohibit

managerial personnel from taking any adverse action against those employees, the company has laid down a Vigil Mechanism also known as Whistle Blower Policy to deal with instance of fraud and mismanagement, if any. The details of the Vigil Mechanism or Whistle Blower Policy is explained in the Corporate Governance Report and also posted on the website of the Company.

26. Criteria for selection of candidates for Membership on the Board of Directors and the Remuneration Policy

As per the provisions of Section 178 of the Companies Act, 2013 and other relevant provisions and on the recommendation of Nomination & Remuneration Committee, the Board has framed a criteria for selection of Directors, a policy for remuneration of directors, key managerial personnel and other employees. The Criteria for selection of candidates for Membership on the Board of Directors and the remuneration policy are stated in the Corporate Governance Report.

27. Meetings of the Board

The Board of the Company and its Committees meet at regular intervals to discuss, decide and supervise the various business policies, business strategy, Company's performance and other statutory matters. During the year under review, the Board has met six times. The details of the meeting of the Board and its Committees are given in Corporate Governance Report. The intervening gap between two Board Meetings did not exceed 120 days.

28. Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and the Listing Regulations, the Board has carried out an annual performance evaluation of its own performance, its committees and the individual directors. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

29. Particulars of Loans, Guarantees or investments under Section 186 of the Companies Act, 2013

During the year ended December 31, 2016, the Company has invested SGD 960,000 (Singapore Dollar Nine Lakhs Sixty Thousand only) in R Systems (Singapore) Pte Limited by way of acquisition of additional shares. Further, the Company has also made an investment of CAD 99,800 (Canadian Dollar Ninty Nine Thousand Eight Hundred only) for acquisition of shares of RSYS Technologies Ltd., Canada (Formerly known as Systèmes R. International Ltée).

30. Related Party Disclosure

All the Related Party Transactions entered during the year were in the ordinary course of business and on arm's length basis. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict of interest with the company at large. All the related party transactions are presented to the Audit Committee and the Board. Omnibus approval is obtained for the transactions which are foreseen and repetitive in nature. A statement of

all related party transactions is presented before the Audit Committee on quarterly basis, specifying the terms & conditions of the transactions. The policy on Related Party Transactions as approved by the Board is uploaded on the company's website at the weblink as mentioned in the Corporate Governance Report. Details of particulars of contracts or arrangements with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 in form AOC-2 has been enclosed herewith as **Annexure G**.

31. Risk Management

The Company is not required to form a Risk Management Committee. The Company has developed and implemented a risk management policy for identifying the risk associated with business of the Company and measures to be taken by including identification of elements of risk and measures to control them.

32. Corporate Social Responsibility

In compliance with the provisions of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company has constituted a Corporate Social Responsibility Committee ('CSR Committee').

During the year under review, Mr. Raj Kumar Gogia and Mr. Suresh Paruthi, Non-Executive Independent Directors could not be re-appointed as Independent Director, therefore, they ceased to be members of the CSR Committee w.e.f. June 13, 2016.

Mr. Kapil Dhameja and Mr. Aditya Wadhwa were appointed as Additional Directors in the capacity of Independent Director w.e.f. June 29, 2016.

Mr. Kapil Dhameja Non-Executive Independent Director was appointed as member & chairman of the CSR Committee w.e.f. June 30, 2016. Mr. Aditya Wadhwa, Non-Executive Independent Director was appointed as member of the CSR Committee w.e.f. June 30, 2016.

The detailed terms of reference of the CSR Committee has been provided in the Corporate Governance Report. In pursuit of the responsibilities entrusted to the CSR Committee, a policy on Corporate Social Responsibility has been prepared and adopted by the Board which is available at the website of the Company at following link: <http://www.rsystems.com/investors/corporategovernance.aspx> Annual Report on CSR activities of the Company in format prescribed in Companies (Corporate Social Responsibility Policy) Rules, 2014 is enclosed as **Annexure H** and forms part of this report.

33. Internal Control System and Internal Financial Controls

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The Internal Auditors and the management monitors and evaluates the efficacy and adequacy of the internal control system in the Company, its compliance with operating systems, accounting

procedures and policies at all locations of the Company. Audit observations of Internal Auditors and corrective actions thereon are presented to the Audit Committee of the Board. To maintain its objectivity and independence, the Internal Auditor reports to the Audit Committee.

The Board of your Company has laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating effectively.

During the year, in order to further strengthen the internal financial controls, a renowned professional consultant firm was hired to conduct an assessment of the existent internal financial controls and advise on best practices for adoption.

S.R. Batliboi & Associates LLP, Chartered Accountants the statutory auditors of the Company, has audited the financial statements included in this annual report and have issued unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

34. Extract of Annual Return

The details forming part of the extract of the Annual Return in form MGT - 9 is enclosed as **Annexure I** to this Report.

35. Significant and Material Orders Passed by the Regulators or Courts

There are no significant or material orders passed by the Regulators / Courts which would impact the going concern status of the Company and it's operations in future.

36. Acknowledgments

Your directors once again take this opportunity to thank the employees, investors, clients, vendors, banks, business associates, regulatory authorities including stock exchanges, Software Technology Park of India, the Central Government, State Government of Delhi, Uttar Pradesh, Tamil Nadu for the business support, valuable assistance and co-operation continuously extended to R Systems. Your directors gratefully acknowledge the trust and confidence and look forward for their continued support in the future.

On behalf of the Board
For R Systems International Limited

Sd/-
Satinder Singh Rekhi
(DIN: 00006955)
(Managing Director)

Place: Singapore
Date: April 06, 2017

Sd/-
Lt. Gen. Baldev Singh (Retd.)
(DIN: 00006966)
(President & Senior Executive Director)

Place: Noida, U.P.
Date: April 06, 2017

Annexure 'A' to the Directors' Report

Disclosures pursuant to Section 197(12) of the Companies Act, 2013 and Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

A. The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year:

Sr. No.	Name of the Director	Category	Ratio of the remuneration to the median remuneration of the employees
1.	Mr. Satinder Singh Rekhi	Executive Director	49.37
2.	Lt. Gen. Baldev Singh (Retd.)	Executive Director	8.86
3.	Mr. Raj Kumar Gogia*	Non-Executive Independent Director	N.A.
4.	Mr. Suresh Paruthi*	Non-Executive Independent Director	N.A.
5.	Mr. Gurbax Singh Bhasin*	Non-Executive Independent Director	N.A.
6.	Mr. Amardeep Singh Ranghar*	Non-Executive Independent Director	N.A.
7.	Mrs. Ruchica Gupta#	Non-Executive Independent Director	N.A.
8.	Mr. Kapil Dhameja\$	Non-Executive Independent Director	N.A.
9.	Mr. Aditya Wadhwa\$	Non-Executive Independent Director	N.A.

* Mr. Raj Kumar Gogia, Mr. Suresh Paruthi, Mr. Gurbax Singh Bhasin and Mr. Amardeep Singh Ranghar, Non-Executive Independent Directors ceased to be director w.e.f. June 13, 2016.

Mrs. Ruchica Gupta was re-designated from Non-Executive Director to Non-Executive Independent Director w.e.f. June 29, 2016.

\$ Mr. Kapil Dhameja and Mr. Aditya Wadhwa were appointed as Additional Directors in the capacity of Independent Director on June 29, 2016.

Note: All the Non- Executive Directors and Non-Executive Independent Directors are paid only sitting fees for attending the meetings of Board of Directors or Committees thereof.

B. The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;

Sr. No.	Name of the Director/CFO/CS/ Manager	Category	% increase in remuneration in the financial year
1.	Mr. Satinder Singh Rekhi	Executive Director	15.54
2.	Lt. Gen. Baldev Singh (Retd.)	Executive Director	6.01
3.	Mr. Raj Kumar Gogia*	Non-Executive Independent Director	N.A.
4.	Mr. Suresh Paruthi*	Non-Executive Independent Director	N.A.
5.	Mr. Gurbax Singh Bhasin*	Non-Executive Independent Director	N.A.
6.	Mr. Amardeep Singh Ranghar*	Non-Executive Independent Director	N.A.
7.	Mrs. Ruchica Gupta#	Non-Executive Independent Director	N.A.
8.	Mr. Kapil Dhameja\$	Non-Executive Independent Director	N.A.
9.	Mr. Aditya Wadhwa\$	Non-Executive Independent Director	N.A.
10.	Mr. Nand Sardana	Chief Financial Officer	(0.11)
11.	Mr. Ashish Thakur	Company Secretary & Compliance Officer	40.58

* Mr. Raj Kumar Gogia, Mr. Suresh Paruthi, Mr. Gurbax Singh Bhasin and Mr. Amardeep Singh Ranghar, Non-Executive Independent Directors ceased to be director w.e.f. June 13, 2016.

Mrs. Ruchica Gupta was re-designated from Non-Executive Director to Non-Executive Independent Director w.e.f. June 29, 2016.

\$ Mr. Kapil Dhameja and Mr. Aditya Wadhwa were appointed as Additional Directors in the capacity of Independent Director on June 29, 2016.

C. Percentage increase in the median remuneration of employees in the financial year:

The percentage increase in the median remuneration of the employees in the financial year was 13.06%.

D. Number of permanent employees on the rolls of company:

Number of permanent employees on the rolls of R Systems International Limited as at December 31, 2016 was 1,665.

E. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

Average increase in remuneration for employees is 8%-10% (approx.). The average increase in overall managerial remuneration is 13.98%.

F. Affirmation that the remuneration is as per the remuneration policy of the company:

The Company affirms that the remuneration is as per the remuneration policy of the Company.

On behalf of the Board
For R Systems International Limited

Sd/-
Satinder Singh Rekhi
(DIN: 00006955)
(Managing Director)

Sd/-
Lt. Gen. Baldev Singh (Retd.)
(DIN: 00006966)
(President & Senior Executive Director)

Place: Singapore
Date: April 06, 2017

Place: Noida, U.P.
Date: April 06, 2017

Annexure B to the Directors' Report
Information as per Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Directors' Report for the year ended December 31, 2016
Name of the Top 10 employees employed during the year in terms of remuneration drawn by them
A. Employed throughout the year

S. No	Name	Designation / nature of duties	Qualification	Age (Years)	Date of Joining	Experience (Years)	Gross Remuneration (Rs.)	Previous employment & designation
1	Anand Jankiraman	Program Manager	PMP, Bachelor of Science; Microsoft Certified Professional and Microsoft Certified Solutions Developer, Diploma in Business Finance and Capital Markets B.Sc, PGDMM and Certified Project Manager (SAPM) from Stanford University, USA	43	May 1, 2007*	18	7,139,491	Trisoft Systems, Delivery Head
2	Ashok Bhatia	Vice President - Client Operations	BS Computer Science, MBA - Nagpur University in Marketing and Finance BE (Hons) in Electrical & Electronics Engineering, MS PhD in Computer Science from BITS, Pilani, Executive Mgmt Prog from IIM, Ahmedabad, Post-Doctoral Res Prog, UC Berkeley.	50	January 1, 2006*	25	16,183,193	ACT Inc., Vice President - Marketing
3	Gurpreet Saini	Sales Account Manager	BE (Hons) in Electrical & Electronics Engineering, MS PhD in Computer Science from BITS, Pilani, Executive Mgmt Prog from IIM, Ahmedabad, Post-Doctoral Res Prog, UC Berkeley.	42	January 1, 2008*	19	10,787,296	FCS Software, Sales Manager
4	Harsh Verma	Vice President (Global Innovative Research) & Head, Mobility Solutions	Masters degree in Military Sciences from the prestigious Madras University.	57	February 19, 2007	32	9,843,812	Glocol, Inc., Vice President, R&D
5	Lt. Gen Baldev Singh (Retd)	President & Senior Executive Director	Bachelors degree in Electronics Engineering from Marathwada University and MBA from University of California, Davis	76	September 1, 1997	50	6,642,053	Indian Army, Ministry of Defense Lt. General
6	Mandeep Singh Sodhi	Vice President - Sales	Bachelor of Technology from IIT, Kharagpur; MBA California State University, Sacramento; Senior Management programs from University of Berkeley and Harvard Business School	49	January 1, 2008*	24	36,409,934	Sark Syntek, Senior Marketing Engineer
7	Satinder Singh Rekhi	Managing Director	Bachelors of Science in Nursing	66	January 1, 2006*	34	37,027,495	Digital Information Systems Corporation, Senior Management Personnel
8	Stacey Gann	Engagement Manager	Bachelors of Science in Nursing	48	January 30, 2012	27	8,332,619	Harris Health Plan, Training Manager

B. Employed part of the year

S. No	Name	Designation / nature of duties	Qualification	Age (Years)	Date of Joining	Experience (Years)	Gross Remuneration (Rs.)	Previous employment & designation
1	Adheesh Prabhavalkar	AVP - US Operations	BE Electronics	50	February 1, 2016*	25	7,460,204	Siemens Information Systems
2	Debraj Ganguly#	Director - Sales*	MBA - IIM Calcutta, B Tech - IIT Kharagpur	44	February 3, 2005	21	10,923,132	Itd Principal Account Manager i-Healthcare Services India Ltd. Vice President - Business Development

Resigned during the year.

* Not a member of the Board of Director of the Company.

• Prior to joining R Systems International Limited "the Company" these employees were working with R Systems, Inc., USA (wholly owned subsidiary of the Company). The date of joining in the subsidiary, of these employees is given hereunder

Name	Date of Joining
Anand Jankiraman	May 23, 2005
Ashok Bhatia	December 11, 2000
Gurpreet Saini	May 2, 2006
Mandeep Singh Sodhi	April 1, 1993
Satinder Singh Rekhi	April 1, 1993
Adheesh Prabhavalkar	April 6, 2010

Notes:

- 1 None of the employee owns more than 2% of the outstanding shares of the Company as on December 31, 2016
- 2 Nature of employment is contractual in all the above cases.

On behalf of the Board

For R Systems International Limited

Sd/-

Satinder Singh Rekhi

(Managing Director)
 (DIN: 00006955)

Place : Singapore

Date : April 06, 2017

Sd/-

Lt. Gen. Baldev Singh (Retd.)

[President & Senior Executive Director]
 (DIN: 00006956)

Place : Noida

Date : April 06, 2017

CORPORATE GOVERNANCE

Report on Corporate Governance

1. Company's Philosophy on Corporate Governance

R Systems International Limited ("R Systems" or the "Company" unless context otherwise provide) is committed to conduct its business in compliance with the applicable laws, rules and regulations and with the highest standards of business ethics. We, at R Systems, believe that good Corporate Governance is a key contributor to sustainable corporate growth and creating superior value for our stakeholders. It is primarily concerned with transparency, accountability, fairness, professionalism, social responsiveness, complete disclosure of material facts and independence of Board. R Systems endeavours its best to constantly comply with these aspects in letter and spirit, in addition to the statutory compliances as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") read with Uniform Listing Agreement entered into by the Company with the National Stock Exchange of India Limited and BSE Limited ("Stock Exchanges").

2. Board of Directors

- i. R Systems has an optimum combination of executive and non-executive directors on its Board of Directors ("Board").

As at December 31, 2016, the Board comprised of five directors, i.e. two executive directors out of which one is promoter director designated as Managing Director and three non-executive independent directors. All the existing non-executive independent directors of the Company satisfy the criteria of independence as defined under the provisions of the Companies Act, 2013 ("the Act") and the Listing Regulations.

The total number of independent directors has been at least 50% of the total strength of the Board at all times during the year under review except the intermittent vacancy for sixteen days which was filled within the prescribe statutory time limits.

None of the directors of the Company is a committee member or a chairperson of any committee in any other company in India. None of the non-executive independent directors of the Company hold any shares in the Company. Necessary disclosures regarding directorship and committee positions in other companies and shareholding as of December 31, 2016 have been made by the directors.

Except the Managing Director and the Independent Directors, other directors are liable to retire by rotation as per Articles of Association of the Company read with the provisions of the Companies Act, 2013.

The names and categories of the directors on the Board and their attendance at the Board meetings held during the year under review are as follows:

Name of Director	Category of Director	Designation	No. of Board Meetings attended out of 06 meetings held during the year	Attendance at the last AGM	No. of Directorship in other Bodies Corporate [#]
Mr. Satinder Singh Rekhi	Promoter & Executive Director	Managing Director	2+3*	No	12
Lt. Gen. Baldev Singh (Retd.)	Executive Director	President & Senior Executive Director	6	Yes	Nil
Mrs. Ruchica Gupta ^{&}	Non-Executive Independent Director	Director	6	Yes	Nil
Mr. Raj Kumar Gogia [§]	Non-Executive Independent Director	Director	3	Yes	0
Mr. Gurbax Singh Bhasin [§]	Non-Executive Independent Director	Director	1^+1*	No	11
Mr. Suresh Paruthi [§]	Non-Executive Independent Director	Director	3	Yes	Nil
Mr. Amardeep Singh Ranghar [§]	Non-Executive Independent Director	Director	Nil	No	Nil

Name of Director	Category of Director	Designation	No. of Board Meetings attended out of 06 meetings held during the year	Attendance at the last AGM	No. of Directorship in other Bodies Corporate [#]
Mr. Kapil Dhameja [@]	Non-Executive Independent Director	Director	3	N.A.	1
Mr. Aditya Wadhwa [@]	Non-Executive Independent Director	Director	2	N.A.	Nil

Includes the offices of CEO, President, Managing Member and Partner.

* Attendance by teleconference.

^ Attendance by videoconference.

\$ Mr. Raj Kumar Gogia, Mr. Gurbax Singh Bhasin, Mr. Suresh Paruthi and Mr. Amardeep Singh Ranghar ceased to be directors of the Company w.e.f. June 13, 2016. Three meetings were held till the date of their cessation i.e. June 13, 2016.

& Mrs. Ruchica Gupta (erstwhile Non-Executive Director) was appointed as Non-Executive Independent Director of the Company w.e.f. June 29, 2016.

@ Mr. Kapil Dhameja and Mr. Aditya Wadhwa were appointed as Additional Directors in the capacity of Independent Director w.e.f. June 29, 2016. Three meetings were held after the date of their appointment i.e. June 29, 2016.

The expression 'independent director' has the same meaning as defined under Regulation 16 of the Listing Regulations and the Companies Act, 2013.

As of December 31, 2016, out of total five directors, two directors namely, Mr. Satinder Singh Rekhi, Managing Director and Lt. Gen. Baldev Singh (Retd.), President & Senior Executive Director are relatives of each other as latter is former's sister's husband.

ii. Board Functioning & Procedures

The Board meets at least once a quarter to review the quarterly performance and financial results. Board meetings are generally held at the Corporate Office of the Company in Noida and are governed by a structured agenda. The agenda, along with the explanatory notes are sent to all the directors well in advance of the date of Board meeting to enable the Board to take informed decisions. The Board is also free to recommend the inclusion of any matter for discussion in consultation with the Chairman of the meeting. The Chief Financial Officer is normally invited to the Board meetings to provide financial insights, status of internal controls in the working of the Company and for discussing corporate strategies. All material information is circulated to the directors before the meeting or is placed at the meeting, including minimum information as required to be made available to the Board under Listing Regulations. The Board considers and takes on record / note the same.

The minutes of the Board meetings are circulated to all directors as per the Secretarial Standard-1 issued by the Institute of Company Secretaries of India (ICSI) i.e. within 15 days of Board Meeting for their comments and confirmed at the subsequent Board meeting. The minutes of the various committee meetings of the Board are also circulated to the members of the Board and thereafter tabled at the subsequent Board meeting once they

are signed for the Board's review thereon. During the financial year ended December 31, 2016, the Board met six times i.e. on February 06, 2016, March 16, 2016, April 30, 2016, July 29, 2016, September 14, 2016 and October 26, 2016. The gap between any two consecutive Board meetings did not exceed one hundred and twenty days. The Board periodically reviews compliance reports in respect of laws and regulations applicable to the Company.

iii. Code of Conduct

The Board has laid down a Code of Conduct for all Board members and senior management personnel of the Company, which is available on R Systems' website at www.rsystems.com/investors/corporategovernance.aspx.

The Company has obtained confirmations for the compliance with the said code from all its Board members and senior management personnel for the year ended December 31, 2016.

A declaration to this effect given by the Managing Director of the Company, Mr. Satinder Singh Rekhi, is reproduced below:

CODE OF CONDUCT DECLARATION

I, Satinder Singh Rekhi, Managing Director of R Systems International Limited, to the best of my knowledge and belief, hereby declare that all the Board members and senior management personnel have affirmed compliance with the Company's Code of Conduct for the year ended December 31, 2016.

Sd/-
Place: Singapore
Date: February 08, 2017

Satinder Singh Rekhi
(Managing Director)

iv. Appointment / Reappointment of Directors

Details with respect to the directors whose appointment or reappointment is proposed at the ensuing Annual General Meeting are as follows:

A. As per the provisions of the Companies Act, 2013, the Independent Directors shall be appointed for not more than two terms upto maximum period of five years each and shall not be liable to retire by rotation at Annual General Meeting. The Board of Directors of the Company has proposed to appoint Mr. Kapil Dhameja and Mr. Aditya Wadhwa who were appointed as Additional Directors in the capacity of Independent Director on June 29, 2016. Brief resume of Mr. Kapil Dhameja and Mr. Aditya Wadhwa, Non-Executive Independent Directors of the Company whose appointments are proposed to be approved at the ensuing Annual General Meeting as Independent Directors pursuant to Section 149 of the Companies Act, 2013 are as follows:

a. Mr. Kapil Dhameja (Non-Executive Independent Director)

Mr. Kapil Dhameja (DIN: 02889310), aged about 40 years, has done B. Tech. from the Indian Institute of Technology, Delhi & PGDM (MBA) from the Indian Institute of Management, Kolkata. Mr. Dhameja worked for over 10 years in Glaxo SmithKline consumer healthcare across South East Asia in various leadership positions including Country Head. He joined the Board of R Systems on June 29, 2016. As on date of this report:-

- Mr. Kapil Dhameja holds the office of Director in Kapsa Wellness Private Limited.
- No stock options have been granted to him under the prevailing stock option plans of the Company.
- He doesn't hold any share in R Systems.
- Mr. Kapil Dhameja is not related to any other director of the Company.

b. Mr. Aditya Wadhwa (Non-Executive Independent Director)

Mr. Aditya Wadhwa (DIN: 07556408) aged about 30 years is a Law Graduate from NALSAR University. He is a member of Delhi State Bar Council. Mr. Wadhwa is a Partner at Wadhwa Law Chambers. He joined the Board of R Systems on June 29, 2016. As on the date of this report:-

- Mr. Aditya Wadhwa does not hold any office of director / member in other company's board / committee.
- No stock options have been granted to him under the prevailing stock option plans of the Company.
- He doesn't hold any share in R Systems.
- Mr. Aditya Wadhwa is not related to any other director of the Company.

B. Lt. Gen. Baldev Singh (Retd.) (President & Senior Executive Director)

Lt. Gen. Baldev Singh (Retd.) (DIN: 00006966), aged about

76 years, has more than 50 years of experience, including handling top managerial, diplomatic and human resource development related assignments. Mr. Singh has a Masters in Military Sciences from the prestigious Madras University in India and attended two short courses at University of California at Berkeley, in Strategic Account Management and Marketing. He joined the Board of R Systems on September 01, 1997. As on the date of this report:-

- Lt. Gen. Baldev Singh (Retd.) does not hold any office of director / member in other company's board / committee.
- Lt. Gen. Baldev Singh (Retd.) has no outstanding ESOPs under prevailing stock option plans of the Company.
- As on the date of this report, he holds 111,498 equity shares of Re. 1 each being 0.09% of the total paid up share capital in R Systems.
- Lt. Gen. Baldev Singh (Retd.) is related to Mr. Satinder Singh Rekhi, Managing Director of the Company.

3. R Systems has formulated the following committees of its directors:

- Audit Committee
- Nomination & Remuneration Committee
- Compensation Committee
- Stakeholders Relationship Committee
- Corporate Social Responsibility Committee

3.1. Audit Committee

R Systems has a qualified and Independent Audit Committee. During the year under review, Mr. Raj Kumar Gogia, Mr. Gurbax Singh Bhasin, Mr. Suresh Paruthi and Mr. Amardeep Singh Ranghar, Non-Executive Independent Directors could not be re-appointed as Independent Directors for their second term, therefore, they ceased to be members of the Audit Committee w.e.f. June 13, 2016.

Mrs. Ruchica Gupta was re-designated from Non-Executive Director to Non-Executive Independent Director w.e.f. June 29, 2016 and was appointed as chairperson of the Audit Committee w.e.f. June 30, 2016. Mr. Kapil Dhameja and Mr. Aditya Wadhwa were appointed as Additional Directors in the capacity of Independent Director on June 29, 2016.

Mr. Kapil Dhameja, Non-Executive Independent Director and Lt. Gen. Baldev Singh (Retd.), President & Senior Executive Director were appointed as members of the Audit Committee w.e.f. June 30, 2016. Mr. Aditya Wadhwa, Non-Executive Independent Director was appointed as a member of the Audit Committee w.e.f. July 29, 2016.

The Audit Committee met five times during the year i.e. on February 06, 2016, April 30, 2016, July 29, 2016, September 14, 2016 and October 26, 2016.

Composition of the Audit Committee & its meetings and attendance during the financial year ended on December 31, 2016

Composition of the Audit Committee	Category of Director	Chairperson /Member	No. of Meetings attended out of 5 meetings held during the year
Mrs. Ruchica Gupta [*]	Non-Executive Independent Director	Chairperson [*]	5
Mr. Kapil Dhameja [#]	Non-Executive Independent Director	Member	3
Mr. Aditya Wadhwa [^]	Non-Executive Independent Director	Member	1
Lt. Gen. Baldev Singh (Retd.) [#]	President & Senior Executive Director	Member	3
Mr. Raj Kumar Gogia [@]	Non-Executive Independent Director	Erstwhile Chairman	2
Mr. Gurbax Singh Bhasin [@]	Non-Executive Independent Director	Member	1 [§]
Mr. Suresh Paruthi [@]	Non-Executive Independent Director	Member	2
Mr. Amardeep Singh Ranghar [@]	Non-Executive Independent Director	Member	Nil

@ Mr. Suresh Paruthi, Mr. Raj Kumar Gogia, Mr. Gurbax Singh Bhasin and Mr Amardeep Singh Ranghar ceased to be members of the Audit Committee w.e.f. June 13, 2016. Two meetings of the committee were held till the date of their cessation i.e. June 13, 2016.

* Mrs. Ruchica Gupta was appointed as chairperson of Audit Committee w.e.f. June 30, 2016.

Mr. Kapil Dhameja and Lt. Gen. Baldev Singh (Retd.) were appointed as members of the Audit Committee w.e.f. June 30, 2016. Three meetings of the committee were held after the date of their appointment i.e. June 30, 2016.

^ Mr. Aditya Wadhwa was appointed as member of the Audit Committee w.e.f. July 29, 2016. Two meetings of the committee were held after the date of his appointment i.e. July 29, 2016.

§ Attendance by teleconference.

The Audit Committee invites such executives as it considers appropriate to be present at its meetings. The Chief Financial Officer, representatives of the Statutory Auditors and Internal

Auditors are invited to these meetings. The Company Secretary of the Company acts as the Secretary to the Audit Committee.

Powers of the Audit Committee

The Audit Committee has adequate powers to play an effective role as required under the provisions of the Companies Act, 2013 and the Listing Regulations and to review the mandatory applicable information. The Audit Committee shall have powers which shall include the following:

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

Terms of reference of the Audit Committee

Term of reference and role of the Audit Committee are as per provision set out in the Listing Regulations read with the provisions of the Companies Act, 2013. These terms of reference are as under:

- 1) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- 2) Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- 3) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- 4) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - a. matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
 - b. changes, if any, in accounting policies and practices and reasons for the same;
 - c. major accounting entries involving estimates based on the exercise of judgment by management;
 - d. significant adjustments made in the financial statements arising out of audit findings;
 - e. compliance with listing and other legal requirements relating to financial statements;
 - f. disclosure of any related party transactions;
 - g. modified opinion(s) in the draft audit report;
- 5) Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- 6) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted

by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;

- 7) Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- 8) Approval or any subsequent modification of transactions of the Company with related parties;
- 9) Scrutiny of inter-corporate loans and investments;
- 10) Valuation of undertakings or assets of the Company, wherever it is necessary;
- 11) Evaluation of internal financial controls and risk management systems;
- 12) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- 13) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- 14) Discussion with internal auditors of any significant findings and follow up there on;
- 15) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- 16) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- 17) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- 18) To review the functioning of the whistle blower mechanism;
- 19) Approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- 20) Carrying out any other function as is mentioned in the terms of reference of the audit committee.

3.2. Nomination & Remuneration Committee

Brief description and terms of reference

During the year under review, Mr. Raj Kumar Gogia, Mr. Gurbax Singh Bhasin, Mr. Suresh Paruthi and Mr. Amardeep Singh Ranghar, Non-Executive Independent Directors could not be re-appointed as Independent Directors, therefore, they ceased to be members of the Nomination & Remuneration Committee w.e.f. June 13, 2016.

Mrs. Ruchica Gupta was re-designated from Non-Executive Director to Non-Executive Independent Director w.e.f. June 29, 2016 and was appointed as chairperson of the Audit Committee w.e.f. June 30, 2016. Mr. Kapil Dhameja and Mr. Aditya Wadhwa were appointed as Additional Directors in the capacity of Independent Director on June 29, 2016.

Mrs. Ruchica Gupta, Non-Executive Independent Director was appointed as member & chairperson of the Nomination & Remuneration Committee w.e.f. June 30, 2016.

Mr. Kapil Dhameja and Mr. Aditya Wadhwa, Non-Executive Independent Directors were appointed as members of the Nomination & Remuneration Committee w.e.f. June 30, 2016.

During the year under review, the Nomination & Remuneration Committee consists of only non-executive independent directors.

The Terms of reference and role of Nomination & Remuneration Committee covers the area as provided under Listing Regulations and the Companies Act, 2013. The Committee among other things evaluates and recommends compensation and benefits of the Company's executive directors. The Committee recommends / approves the remuneration package of the executive directors to the Board, after taking into consideration the financial position of the Company, the executive director's performance, qualifications & experience, comparable industry compensation packages, trend in the industry, past remuneration drawn and the proposed compensation package of the appointee, with a view to provide a package which is appropriate for the responsibilities involved.

During the year under review, Nomination & Remuneration Committee met two times i.e. on April 30, 2016 and July 29, 2016.

Composition of the Nomination & Remuneration Committee, its meetings and attendance during the year ended December 31, 2016

Composition of the Nomination & Remuneration Committee	Category of Director	Chairperson /Member	No. of meetings attended out of 2 meetings held during the year
Mrs. Ruchica Gupta*	Non-Executive Independent Director	Chairperson [#]	01
Mr. Kapil Dhameja [#]	Non-Executive Independent Director	Member	01
Mr. Aditya Wadhwa [#]	Non-Executive Independent Director	Member	01
Mr. Suresh Paruthi [@]	Non-Executive Independent Director	Erstwhile Chairman	01

Composition of the Nomination & Remuneration Committee	Category of Director	Chairperson /Member	No. of meetings attended out of 2 meetings held during the year
Mr. Gurbax Singh Bhasin [@]	Non-Executive Independent Director	Member	01 [§]
Mr. Raj Kumar Gogia [@]	Non-Executive Independent Director	Member	01
Mr. Amardeep Singh Ranghar [@]	Non-Executive Independent Director	Member	NIL

@ Mr. Suresh Paruthi, Mr. Raj Kumar Gogia, Mr. Gurbax Singh Bhasin and Mr. Amardeep Singh Ranghar ceased to be member of the Nomination & Remuneration Committee w.e.f. June 13, 2016. One meeting of the Committee was held till the date of their cessation i.e. June 13, 2016.

* Mrs. Ruchica Gupta was appointed as Chairperson of Nomination and Remuneration Committee w.e.f. June 30, 2016

Mr. Kapil Dhameja and Mr. Aditya Wadhwa were appointed as members of the Nomination & Remuneration Committee w.e.f. June 30, 2016. One meeting of the Committee was held since their appointment i.e. June 30, 2016.

§ Attendance by teleconference.

POLICY FOR SELECTION AND APPOINTMENT OF DIRECTORS AND THEIR PERFORMANCE EVALUATION AND REMUNERATION POLICY

CRITERIA FOR SELECTION OF CANDIDATES FOR MEMBERSHIP ON THE BOARD OF DIRECTORS

General Criteria

Director should have appropriate skills, experience and other characteristics so that qualified persons fill at Board and its committees positions in pursuit of achieving Company's objectives and Corporate Excellence. Each director should:

- be an individual of the highest integrity and have an inquiring mind, a willingness to go into details and the ability to work well with others;
- be free of any conflict of interest that would violate any applicable law or regulation or interfere with the proper performance of the responsibilities of a director;
- be willing and able to devote sufficient time to the affairs of the Company and be diligent in fulfilling the responsibilities of a director and Board committees' member; and
- have the capacity and desire to represent the best interests of the stakeholders as a whole.

Specific Criteria

In addition to the aforesaid, the Nomination & Remuneration Committee may, if it deems it advisable from time to time, develop specific criteria outlining the skills, experience, expertise, backgrounds, and other characteristics that should be represented on the Board to enhance its effectiveness. Any such criteria should take into account the particular needs of the Company based on its business, size, ownership, growth objectives, community, customers and other characteristics and should be adjusted as these Company characteristics evolve.

PERFORMANCE EVALUATION

In terms of the provisions of the Companies Act, 2013, Listing Regulations and as per the recommendation of the Nomination & Remuneration Committee, Board has adopted a formal mechanism for evaluating its performance, as well as that of its committees and individual directors. The exercise was carried out through a structured evaluation process covering various aspects of the Boards functioning such as composition of the Board & Committees, experience & competencies, leadership attribute of the directors through vision and values, strategic thinking and decision making, commercial and business acumen, contribution to resolution of divergent views, proactive participation, time commitment teamwork skills and adequacy of business strategy.

REMUNERATION POLICY

The remuneration policy of the company reflects the Company's objectives for good corporate governance as well as sustained long-term value creation for shareholders and guided by a common reward framework and set of principles and objectives as more fully and particularly envisaged under Section 178 of the Companies Act, 2013, inter-alia principles pertaining to determining qualifications, positive attributes, integrity and independence etc. Remuneration policy of R Systems is as follows:

Executive Directors' Remuneration

1. At the time of appointment or re-appointment, Managing Director and the Executive Directors of the Company i.e. Whole Time Director as defined in the Companies Act, 2013 by whatever name may be called (hereinafter known as Executive Directors) shall be paid such remuneration as may be proposed by Nomination & Remuneration Committee and subsequently approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013.
2. The remuneration shall be subject to the approval of the Members of the Company at its General Meeting, wherever required under the provisions of the Companies Act, 2013 and rules made there under or under the provision of any other laws as may be applicable.
3. The remuneration of the Executive Directors is broadly divided into fixed and variable components. The fixed component comprises salary, allowances, perquisites, amenities and retiral benefits. The variable component comprises performance bonus and may include:

- Short-term incentives, based on the achievement of a number of individual, pre- defined financial and strategic business targets recommended by the Committee.
 - Long-term incentives in the form of stock options, promoting a balance between short-term achievements and long-term thinking. The Directors shall be eligible to participate in the stock options only subject to the compliance of the conditions under the provisions of the Companies Act, 2013, Listing Regulations and the other Rules/ Regulations as prescribed by the Securities & Exchange Board of India (SEBI) in this regard.
 - Pension contributions, made in accordance with applicable laws and employment agreements.
 - Severance payments in accordance with termination clauses in employment agreements and subject to the provisions of the Companies Act, 2013 and other applicable laws.
4. In determining the remuneration (including the element as defined in clause 3) the Nomination & Remuneration Committee shall ensure / consider the following:
- I. Remuneration shall be evaluated annually against performance and a benchmark of international companies, which in size and complexity are similar to R Systems.
 - II. Balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals.
 - III. Responsibility required to be shouldered by the Executive Directors, the industry benchmarks and the current trends.
 - IV. The Company's performance vis-à-vis the annual budget achievement and individual performance vis-à-vis the KRAs / KPIs.
5. Minimum remuneration to Executive Directors

If, in any financial year, the Company has no profits or its profits are inadequate, the company shall pay remuneration to its Executive Directors in accordance with the provision of the Companies Act, 2013 and rules made thereunder.

Remuneration policy for the senior management employees

In determining the remuneration to Key Managerial Personnel and other employees the Nomination and Remuneration Committee shall ensure / consider the following:

- I. the relationship of remuneration and performance benchmark is clear;
- II. the balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals;
- III. the remuneration is divided into two components viz. fixed component comprising salaries, perquisites and retirement benefits and a variable component which comprises performance bonus and may include:

- Short-term incentives, based on the achievement of a number of individual, pre-defined financial and strategic business targets recommended by the Committee.
 - Long-term incentives in the form of stock options, promoting a balance between short-term achievements and long-term thinking, in accordance to various applicable laws.
 - Pension contributions, made in accordance with applicable laws and employment agreements.
 - Severance payments in accordance with termination clauses in employment agreements. Severance payments shall comply with local legal framework.
- IV. the remuneration including annual increment and performance bonus is decided based on the criticality of the roles and responsibilities, the Company's performance vis-à-vis the annual budget achievement, individuals performance vis-à-vis KRAs / KPIs, industry benchmark and current compensation trends in the market. The Benchmark information is obtained from internationally recognized compensation service consultancies, whenever required.

Remuneration for Non-Executive Directors

Non-Executive members of the Board shall be entitled for sitting fees for attending the meetings of the Board or committees thereof. The sitting fee will be as fixed by the Board of Directors from time to time in accordance with the provisions of the Companies Act, 2013 and other applicable rules and regulations. Non-Executive directors shall not be entitled to any fixed or monthly salary or other remuneration.

Brief terms of employment and details of remuneration paid to the executive directors during the year ended December 31, 2016

(Amount in Rs.)

1.	Name of the Director	Mr. Satinder Singh Rekhi
(a)	Salary, benefits and allowances (fixed)	29,988,745
(b)	Incentive (fixed)*	7,038,750
(c)	Stock options granted	Nil
(d)	Pension	As per the applicable policy for employees
(e)	Service contract	5 years
(f)	Notice period	36 months
(g)	Severance fees	Compensation in lieu of notice
(h)	Shareholding in R Systems as on December 31, 2016	1,281,556 equity shares of Re. 1/- each in his own name & 12,150,731 equity shares of Re. 1/- each as trustee of Satinder & Harpreet Rekhi Family Trust

* Incentive payable is based on the fixed percentage of profit After Tax (PAT)

		(Amount in Rs.)
2.	Name of the Director	Lt. Gen. Baldev Singh (Retd.)
(a)	Salary, benefits and allowances (fixed)	3,964,133
(b)	Incentive (fixed) [§]	2,400,000
(c)	Provident fund	277,920
(d)	Stock options granted	As detailed below [#]
(e)	Pension	As per the applicable policy for employees
(f)	Service contract	3 years
(g)	Notice period	6 months
(h)	Severance fees	Compensation in lieu of notice
(i)	Shareholding in R Systems as on December 31, 2016	111,498 equity shares of Re. 1/- each

§ Incentive payable is based on the fixed percentage of revenue of Noida Unit.

During the year under review, Lt. Gen. Baldev Singh (Retd.) has no outstanding ESOPs.

The aforementioned directors' remuneration has been approved, by the Nomination & Remuneration Committee, the Board, the shareholders in the General Meeting and by the Central Government, whenever applicable. Further, Central Government approval for payment of remuneration to Mr. Satinder Singh Rekhi has been obtained under the provisions of the Companies Act, 2013.

Details of remuneration paid to the non-executive directors during the year ended December 31, 2016

As per the remuneration policy of R Systems, non-executive members of the Board shall be entitled for sitting fees for attending the meetings of the Board or committees thereof. The sitting fee shall be fixed by the Board of Directors from time to time in accordance with the provisions of the Companies Act, 2013 and other applicable provisions, if any. Non-Executive Directors shall not be entitled to any fixed or monthly salary or other remuneration. The sitting fees paid to the non-executive directors during the year ended December 31, 2016 is as follows:

		(Amount in Rs.)
Sl. No.	Name of the Director	Sitting Fees Paid
1.	Mrs. Ruchica Gupta	250,000
2.	Mr. Kapil Dhameja	125,000
3.	Mr. Aditya Wadhwa	75,000
4.	Mr. Raj Kumar Gogia*	125,000
5.	Mr. Suresh Paruthi*	125,000
6.	Mr. Gurbax Singh Bhasin*	NIL
7.	Mr. Amardeep Singh Ranghar*	NIL
Total		7,00,000

* Ceased to be director of the Company w.e.f. June 13, 2016.

As on December 31, 2016, none of the existing non-executive and independent directors of the Company hold any shares, options or any other convertible instruments in R Systems.

3.3. Compensation Committee

The Compensation Committee is responsible for the formulation, implementation and administration of all the stock option plans, which, inter alia, includes determination of eligibility criteria, maximum number of options or shares to be offered to each employee, the aggregate number of options or shares to be offered during the period covered under each scheme, identification of classes of employees entitled to participate in the scheme, framing a detailed pricing formula, mode or process of exercise of the option, conditions under which the options may lapse etc. for the employees, directors and senior management personnel of R Systems and its subsidiaries.

During the year under review, Mr. Raj Kumar Gogia and Mr. Suresh Paruthi, Non-Executive Independent Directors could not be re-appointed as Independent Directors, therefore, they ceased to be members of the Compensation Committee w.e.f. June 13, 2016. Lt. Gen. Baldev Singh (Retd.) ceased to be member of the Committee w.e.f. June 30, 2016.

Mrs. Ruchica Gupta was re-designated from Non-Executive Director to Non-Executive Independent Director w.e.f. June 29, 2016. Mr. Kapil Dhameja and Mr. Aditya Wadhwa were appointed as Additional Directors in the capacity of Independent Director on June 29, 2016.

Mrs. Ruchica Gupta, Non-Executive Independent Director was appointed as member & chairperson of the Compensation Committee w.e.f. June 30, 2016. Mr. Kapil Dhameja and Mr. Aditya Wadhwa, Non-Executive Independent Directors were appointed as members of the Nomination and Remuneration Committee w.e.f. June 30, 2016.

During the year, the Compensation committee met two times on February 06, 2016 and April 30, 2016.

Composition of the Compensation Committee, its meetings and attendance during the year ended December 31, 2016

Composition of the Compensation Committee	Category of Director	Chairperson /Member	No. of meetings attended out of 2 meetings held during the year
Mrs. Ruchica Gupta [*]	Non-Executive Independent Director	Chairperson [*]	-
Mr. Kapil Dhameja [#]	Non-Executive Independent Director	Member	-
Mr. Aditya Wadhwa [#]	Non-Executive Independent Director	Member	-
Mr. Raj Kumar Gogia [@]	Non-Executive Independent Director	Erstwhile Chairman	2
Mr. Suresh Paruthi [@]	Non-Executive Independent Director	Member	2
Lt. Gen. Baldev Singh (Retd.) [@]	President & Senior Executive Director	Member	2

@ Mr. Suresh Paruthi and Mr. Raj Kumar Gogia, Non-Executive Independent Directors ceased to be members of the Compensation Committee w.e.f. June 13, 2016. Lt. Gen. Baldev Singh (Retd.), President & Senior Executive Director also ceased to be a member w.e.f. June 30, 2016. Two meetings of the Committee were held till June 30, 2016.

* Mrs. Ruchica Gupta was appointed as chairperson of the Compensation Committee w.e.f. June 30, 2016. No meeting of the Committee was held since her appointment as chairperson of the Committee.

Mr. Kapil Dhameja and Mr. Aditya Wadhwa were appointed as members of the Compensation Committee w.e.f. June 30, 2016. No meeting of the Committee was held since their appointment as members of the Committee.

3.4. Stakeholders' Relationship Committee

As on December 31, 2016, the Stakeholders' Relationship Committee of R Systems comprised of three directors, with non-executive independent director as its Chairman. Stakeholders' Relationship Committee investigates and provides for redressal of shareholders' and Investors' grievances relating to transfer, transmission, dematerialisation and rematerialisation of shares, issue of duplicate share certificates, non-receipt of annual report, dividend and other matters.

During the year under review, Mr. Raj Kumar Gogia and Mr. Suresh Paruthi, Non-Executive Independent Directors could not be re-appointed as Independent Directors, therefore, they ceased to be members of the Stakeholders' Relationship Committee w.e.f. June 13, 2016.

Mrs. Ruchica Gupta was re-designated from Non-Executive Director to Non-Executive Independent Director w.e.f. June 29, 2016. Mr. Kapil Dhameja and Mr. Aditya Wadhwa were appointed as Additional Directors in the capacity of Independent Director on June 29, 2016.

Mr. Kapil Dhameja, Non-Executive Independent Director, was appointed as member & Chairman of the Stakeholders' Relationship Committee w.e.f. June 30, 2016. Mrs. Ruchica Gupta and Mr. Aditya Wadhwa, Non-Executive Independent Directors were appointed as members of the Stakeholders' Relationship Committee w.e.f. June 30, 2016.

During the year, Stakeholders' Relationship Committee met four times i.e. on February 06, 2016, April 30, 2016, July 29, 2016 and October 26, 2016.

Composition of the Stakeholders' Relationship Committee its meetings and attendance during the year ended December 31, 2016

Composition of the Stakeholders' Relationship Committee	Category of Director	Chairperson /Member	No. of meetings attended out of 04 meetings held during the year
Mr. Kapil Dhameja [*]	Non-Executive Independent Director	Chairman [*]	2
Mrs. Ruchica Gupta [*]	Non-Executive Independent Director	Member	2
Lt. Gen. Baldev Singh (Retd.)	President & Senior Executive Director	Member	4
Mr. Raj Kumar Gogia [^]	Non-Executive Independent Director	Erstwhile Chairman	2
Mr. Suresh Paruthi [^]	Non-Executive Independent Director	Member	2

* Mrs. Ruchica Gupta and Mr. Kapil Dhameja were appointed as members of the Stakeholders' Relationship Committee w.e.f. June 30, 2016. Two meetings of the Committee were held after their appointment i.e. June 30, 2016.

Mr. Kapil Dhameja was appointed as Chairman of the Stakeholders' Relationship Committee w.e.f. June 30, 2016.

^ Mr. Raj Kumar Gogia and Mr. Suresh Paruthi ceased to be members of the Committee w.e.f. June 13, 2016. Two meetings of the Committee were held till the date of their cessation i.e. June 13, 2016.

The Stakeholders Relationship Team has also been constituted and empowered to consider, approve the request for Share transfer, remat, split, consolidation etc. The team conducts its meetings as and when required. During the year under review the team met 15 times.

Name and designation of the Compliance Officer

Mr. Ashish Thakur
Company Secretary & Compliance Officer
C - 40, Sector - 59, Noida (U.P.) 201 307
Tel No.: 0120 - 430 3500
Email: investors@rsystems.com

Shareholders grievances / complaints received and resolved during the year

(i)	Number of shareholders' complaints received during the year ended December 31, 2016	03
(ii)	Number of complaints not resolved to the satisfaction of shareholders	Nil
(iii)	Number of pending complaints	Nil

Share Transfers in Physical Mode

The Members of Stakeholders' Relationship Committee endeavour to conduct their meetings more frequently. In order to expedite the process of share transfer in physical mode Stakeholders Relationship Team has been constituted and delegated with the power to process the request of share transfer in physical mode and it conducts its meeting to the extent of weekly meetings, if required.

3.5. Corporate Social Responsibility Committee (CSR Committee)

Brief description and terms of reference

At R Systems, it has been our constant endeavor to bring about a positive difference to communities where we exist. Corporate Social Responsibility (CSR) is deeply rooted in our core values. Our CSR activities are planned and well-organized to educate, support and empower less privileged communities and preserve the environment. CSR for us is not merely the means to run our business successfully but the part of our individual responsibilities as global citizens.

During the year under review, Mr. Raj Kumar Gogia and Mr. Suresh Paruthi, Non-Executive Independent Directors could not be re-appointed as Independent Directors, therefore, they ceased to be members of the CSR Committee w.e.f. June 13, 2016.

Mrs. Ruchica Gupta was re-designated from Non-Executive Director to Non-Executive Independent Director w.e.f. June 29, 2016. Mr. Kapil Dhameja and Mr. Aditya Wadhwa were appointed as Additional Directors in the capacity of Independent Director on June 29, 2016.

Mr. Kapil Dhameja, Non-Executive Independent Director, was appointed as member & chairman of the CSR Committee w.e.f. June 30, 2016 and Mr. Aditya Wadhwa, Non-Executive Independent Director was appointed as member of the CSR Committee w.e.f. June 30, 2016.

The Corporate Social Responsibility Committee of the Company shall:

- Formulate and recommend to the Board, Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013 and the Rules made thereunder.
- Recommend the amount of expenditure to be incurred on the activities under Corporate Social Responsibilities.
- Monitor Corporate Social Responsibility Policy of the Company.
- To carry out all other duties as may be required under the Companies Act, 2013 and rules made thereunder.

During the year under review, Corporate Social Responsibility Committee met three times i.e. on February 06, 2016, April 30, 2016 and October 26, 2016.

Composition of the Corporate Social Responsibility Committee its meetings and attendance during the year ended December 31, 2016

Composition of the CSR Committee	Category of Director	Chairperson /Member	No. of meetings attended out of 03 meetings held during the year
Mr. Kapil Dhameja*	Non-Executive Independent Director	Chairman*	1
Lt. Gen. Baldev Singh (Retd.)	President & Senior Executive Director	Member	3
Mrs. Ruchica Gupta	Non-Executive Independent Director	Member	3
Mr. Raj Kumar Gogia^	Non-Executive Independent Director	Erstwhile Chairman	2
Mr. Suresh Paruthi^	Non -Executive Independent Director	Member	2

* Mr. Kapil Dhameja was appointed as a member and chairman of the Corporate Social Responsibility Committee w.e.f. June 30, 2016. One meeting of the Committee was held since the date of his appointment i.e. June 30, 2016.

^ Mr. Raj Kumar Gogia and Mr. Suresh Paruthi, Non-Executive Independent Directors ceased to be member of the Committee w.e.f. June 13, 2016. Two meetings of the Committee were held till the date of their cessation i.e. June 13, 2016.

4. Separate Meeting of Independent Directors

As stipulated under the Provisions of the Companies Act, 2013 and Listing Regulations a separate meeting of the Independent Directors was held on October 26, 2016 to review the performance of Non - Independent Directors and the Board as whole. The Independent Directors reviewed the quality, content and timeliness of the flow of information between the Management, the Board and its Committees which is necessary to effectively and reasonably perform and discharge their duties.

The name of Independent Directors on the Board and their attendance at the meeting of Independent Directors held during the year under review are as follows:

Name of the Independent Director	No. of meeting attended out of 1 meeting held during the year
Mrs. Ruchica Gupta	1
Mr. Kapil Dhameja	1
Mr. Aditya Wadhwa	Nil

5. Subsidiary Companies

During the year under review, Computaris International Limited, a wholly subsidiary of R Systems International Limited, incorporated its subsidiary in Philippines namely Computaris Philippines Pte. Ltd. Inc..

The Audit Committee reviewed the financial statements, in particular, the investments made by its unlisted subsidiary bodies corporate. The management periodically brings to the attention of the board of directors of R Systems, a statement of all transactions and arrangements entered into by the unlisted subsidiary bodies corporate.

R Systems does not have any material listed/unlisted Indian subsidiary company as per the policy drafted by the company in compliance with the Listing Regulations. The said policy is available on the website of the Company at the following link: <http://www.rsystems.com/investors/corporategovernance.aspx>

6. General Body Meetings

I. Details for the last three Annual General Meetings ("AGM")

AGM Date and Time	Venue	Special Resolutions passed
20 th AGM May 10, 2014 09:00 A.M.	Air Force Auditorium, Subroto Park, New Delhi - 110 010	No Special Resolution was passed.
21 st AGM June 09, 2015 09:00 A.M.	Air Force Auditorium, Subroto Park, New Delhi - 110 010	Re-appointment and payment of remuneration to Lt. Gen. Baldev Singh (Retd.) (DIN: 00006966) as President & Senior Executive Director of the Company.
22 nd AGM June 13, 2016 09:00 A.M.	Air Force Auditorium, Subroto Park, New Delhi - 110 010	No Special Resolution was Passed

* Resolutions pertaining to re-appointment of Mr. Raj Kumar Gogia, Mr. Suresh Paruthi, Mr. Gurbax Singh Bhasin and Mr. Amardeep Singh Ranghar as Independent Directors were put to vote as a Special Resolution but were not passed by the requisite majority of members of the Company.

- II. No Extra Ordinary General Meeting of the Company was held during the last three years.
- III. Special resolutions for re-appointment of Mr. Raj Kumar Gogia, Mr. Suresh Paruthi, Mr. Gurbax Singh Bhasin and Mr. Amardeep Singh Ranghar as Independent Directors were put to vote by

way of Special Resolution but were not passed by the members with the requisite majority at the 22nd Annual General Meeting held on June 13, 2016.

- IV. The Company has passed necessary resolutions through Postal Ballot on September 09, 2016 for approval of the following businesses as per the Postal Ballot Notice dated July 29, 2016.

Resolution 1:- Payment of remuneration to Mr. Satinder Singh Rekhi (DIN: 00006955) as Managing Director of the Company pursuant to Section 197 read with Schedule V, Section 196 and 198 of the Companies Act, 2013 and the rules made thereunder.

Resolution 2:- Appointment of Mrs. Ruchica Gupta (DIN: 06912329) as an Independent Director of the Company.

Details relating to voting pattern are as follows:

Resolution Number	Total Valid Votes (A)	Votes with assent (B)	Percentage (B/A*100)
1	66,348,345	66,345,169	99.99%
2	66,348,345	66,144,925	99.69%

The Company had appointed Mr. Sanjay Grover, Company Secretary in whole time practice as scrutinizer for the purpose of the Postal Ballot exercise.

- V. The Company has followed the procedure as prescribed under Section 110 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 for conducting the postal ballot as referred hereinbefore.
- VI. No special resolution is proposed to be conducted through Postal Ballot at the forthcoming Annual General Meeting.

7. Disclosures

7.1 Related Party Transactions

Related Party Transactions are defined as transfer of resources, services or obligations between the company and a related party, regardless of whether a price is charged. As per Listing Regulations, there have been no materially significant related party transactions with Company's subsidiaries, promoters, directors or the management or their relatives or companies controlled by them etc., which may have potential conflict with the interest of the Company at large.

Details on Related Party Transactions are shown in note number 24 in the standalone and in note number 25 in the consolidated financial results for the financial year ended December 31, 2016. The Policy on the Material Subsidiary is available on the website of the Company at the following link: <http://www.rsystems.com/investors/corporategovernance.aspx>

In compliance of the provisions of Listing Regulations the policy on dealing with Related Party Transactions has been uploaded on the website of the Company at the following link: <http://www.rsystems.com/investors/corporategovernance.aspx>

7.2 Statutory Compliance, Penalties and Strictures

There were no penalties imposed on R Systems for any non-compliance by Stock Exchanges, SEBI or any other statutory authority on matters related to capital markets during the last three years.

7.3 Vigil Mechanism / Whistle Blower Policy

Pursuant to Section 177 of the Companies Act, 2013 and rules made thereunder and the Listing Regulations, R Systems has in place a mechanism for employees to report concerns about unethical behaviour, actual or suspected fraud, violation of Code of Conduct of the Company etc. The mechanism also provides for adequate safeguards against victimisation of employees who avail the mechanism and also provides for direct access to the Whistle Blower to the Chairman of the Audit Committee. We affirm that during the financial year ended December 31, 2016, no employee has been denied access to the Audit Committee. The details of such Whistle Blower policy (also known as Vigil Mechanism) have been available on the website of the Company at the following link: <http://www.rsystems.com/investors/corporategovernance.aspx>

7.4 Risk Management Policy

The Company has formulated a risk management policy to identify the present and potential risks involved in the business. The same is periodically reviewed and considered by the Audit Committee and the Board. The Risk Management Report forms part of this Annual Report and is provided elsewhere.

7.5 Training to Board Members

The Company follows a structured orientation and training programme for the Independent Directors to understand and get updated on the business and operations of the Company on continuous basis.

The Board has adopted a structured policy for training of new Independent Directors which shall inter-alia provide: (a) business overview and an outline of corporate plan and annual target (b) operations overview (c) overview of Sales & Marketing (d) comprehensive rolling corporate plan etc. The details of the Familiarization Programme are available on the website of the company at the following link: <http://www.rsystems.com/investors/corporategovernance.aspx>

The Company believes that the Board is continuously empowered with the knowledge of the latest developments in the Company's business and the external environment affecting the industry as a whole. Independent Directors are regularly updated on performance of each line of business of the Company, state of the market, business strategy going forward and new initiatives being taken / proposed to be taken by the Company.

7.6 Compliance with mandatory requirements and adoption of non-mandatory requirements of Regulation 27(1) read with Part-E of Schedule-II of the Listing Regulations

The Company has complied with all the mandatory requirements of Listing Regulations. As required under Regulation 17(8) of the Listing Regulations, a certificate signed by CEO/ Managing Director and CFO of the Company has been placed before the Board and the same has been provided elsewhere in this report.

Further, pursuant to Regulation 34 (3) read with Part E of Schedule V of the Listing Regulations a certificate obtained from the Practicing Company Secretary, certifying compliance with the conditions of Corporate Governance has been annexed with the Directors' Report.

The Company has complied with Corporate Governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of the Listing Regulations.

Disclosures with respect to demat suspense account/unclaimed suspense account is not applicable on the Company as there are no shares which are lying in demat suspense account/unclaimed suspense account.

Regulation 27(1) also requires disclosures of adoption by the Company of non-mandatory requirements specified in part E of Schedule II of the Listing Regulations the implementation of which is discretionary on the part of the Company. The details of compliance with non-mandatory requirements are as follows:

Shareholders Rights

The quarterly and half yearly financial performance are published in the newspapers and are also posted on the Company's website.

Audit Qualifications

During the period under review, there is no audit qualification in the financial statements. The Company continues to adopt best practices to ensure unqualified financial statements.

Reporting of Internal Auditor

The Internal auditors of the Company reports to the Audit Committee.

8. Means of Communication

Quarterly Results

8.1. The quarterly and year to date audited / unaudited financial results have been published in Business Standard (English and Hindi) for the first quarter ended on March 31, 2016, second quarter ended on June 30, 2016, third quarter ended on September 30, 2016 and fourth quarter and year ended on December 31, 2016, as statutorily required.

8.2. The financial results and other corporate information are available on R Systems' website i.e. www.rsystems.com. The website also displays official news releases from time to time announced by the Company.

8.3. The presentations made to the institutional investors or to the industry analysts are also available on the Company's website i.e. www.rsystems.com.

8.4. Financial results updates are also sent to all the shareholders whose email address is registered / made available to us.

9. General Shareholder Information

i) Annual General Meeting

Date and Time : May 15, 2017 at 9.00 A.M.
 Venue : Air Force Auditorium,
 Subroto Park,
 New Delhi - 110 010

ii) Financial year

Pursuant to the Company Law Board order dated November 18, 2015, R Systems continues to follow January 01 to December 31 as its financial year. The results for every quarter are declared generally in the month following each quarter, except for the last quarter in which case the results are declared along with the annual financial results within sixty days from the end of the financial year.

vi) Market Price Data: high, Low during each month in last financial year

The monthly high and low quotations of R Systems' equity shares traded on NSE and BSE during each month in the previous financial year ended December 31, 2016, in comparison with NSE Nifty and BSE Sensex, are as follows

Month 2016	NSE				BSE			
	Share Price		Nifty		Share Price		Sensex	
	High (Rs.)	Low (Rs.)	High	Low	High (Rs.)	Low (Rs.)	High	Low
Jan	75.40	65.60	7,963.20	7,276.80	75.55	66.25	26,160.90	23,962.21
Feb	72.95	56.30	7,555.95	6,970.60	72.70	55.55	24,824.83	22,951.83
Mar	62.70	59.00	7,738.40	7,222.30	62.95	59.25	25,341.86	23,779.35
Apr	63.85	60.35	7,979.90	7,546.45	63.85	60.00	26,064.12	24,673.84
May	61.30	55.50	8,178.50	7,706.55	61.45	55.50	26,725.60	25,101.73
Jun	56.65	50.85	8,287.75	8,088.60	56.70	51.05	27,020.66	26,395.71
Jul	57.10	50.35	8,666.30	8,323.20	56.80	50.35	28,208.62	27,126.90
Aug	55.50	52.15	8,786.20	8,544.85	55.55	52.10	28,452.17	27,697.51
Sep	63.10	52.65	8,952.50	8,591.25	63.00	52.85	29,045.28	27,827.53
Oct	59.45	56.85	8,769.15	8,520.40	59.00	56.85	28,334.55	27,529.97
Nov	58.85	53.20	8,626.25	7,929.10	58.80	53.05	27,876.61	25,765.14
Dec	62.35	55.75	8,261.75	7,908.25	62.25	55.55	26,747.18	25,807.10

The aforesaid table is based on the closing price of the shares of R Systems and closing of NSE Nifty and BSE Sensex at NSE and BSE website.

iii) Date of Book Closure

May 11, 2017 to May 15, 2017 (both days inclusive)

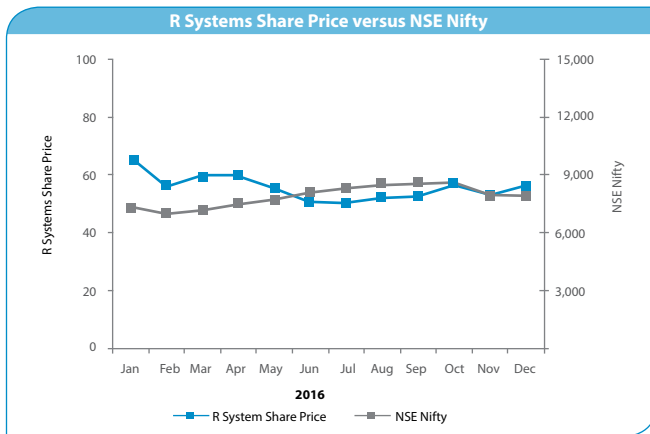
iv) Dividend Payment Date - N.A

v) Listing on Stock Exchanges

The equity shares of R Systems are listed and traded on the following Stock Exchanges:

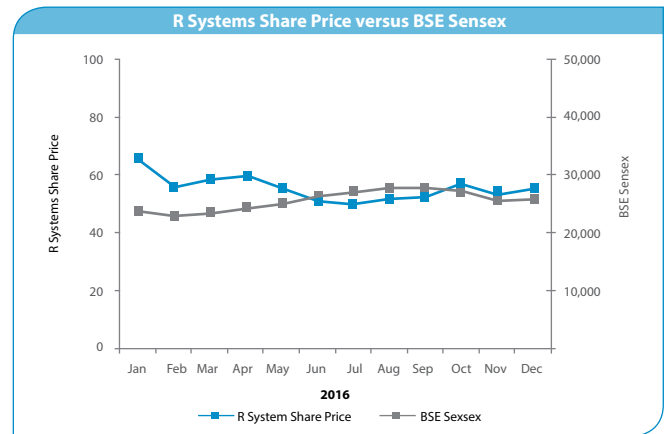
Name of Stock Exchange	Stock / Scrip Code
National Stock Exchange of India Limited ("NSE") Exchange Plaza, Bandra Kurla Complex, Bandra - (E), Mumbai - 400 051	RSYSTEMS
BSE Limited ("BSE") Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001	532735

The annual listing fee for the year 2016-17 has been paid within the scheduled time to NSE and BSE. The annual listing fee for the year 2017-18 became due on March 31, 2017 and will be paid in the scheduled time as prescribed under the provision of Listing Regulations.



Graph not to Scale

The aforesaid chart is based on the monthly low of closing price of the shares of R Systems at NSE and monthly low of closing NSE Nifty.



Graph not to Scale

The aforesaid chart is based on the monthly low of closing price of the shares of R Systems at BSE and monthly low of closing BSE Sensex.

vii) Registrar and Share Transfer Agent

Link Intime India Private Limited
44, Community Centre, 2nd Floor,
Naraina Industrial Area, Phase- I,
Near PVR Naraina,
New Delhi-110 028

viii) Share Transfer System

Applications for transfer of shares held in physical form are received at the office of the registrar and share transfer agent of the Company, Link Intime India Private Limited. They attend share transfer formalities at least once a week and forward the same to the Company for the approval of Stakeholders Relationship Team which has been delegated with the authority for transfer of shares in Physical form. Stakeholders Relationship Team conducts its meetings more frequently, to the extent of weekly meetings.

Shares held in dematerialized form are electronically traded in the depository and the registrar and share transfer agent of R Systems periodically receives from depositories the details of beneficiary holdings so as to update the records for sending all corporate communications and other matters.

Physical shares received for dematerialization are processed and completed within a period of 15 days from the date of receipt, provided they are duly completed. Bad deliveries are immediately returned to the depository participants under advice to the shareholders.

ix) Transfer of unclaimed dividend to Investor Education and Protection Fund

Pursuant to Section 124 and other applicable provisions of the Companies Act, 2013 dividend which remains unpaid or unclaimed for a period of seven years from the date of its transfer to unpaid dividend account, is required to be transferred by the Company to the Investor Education and Protection Fund ('IEPF'), established by the Central Government under

the provisions of Section 125 of the Companies Act, 2013. Shareholders are advised to claim the unclaimed dividend lying in the unpaid dividend account of the Company before the due date. Given below are the dates of declaration of dividend and corresponding dates when unclaimed dividend is due for transfer to IEPF:

Date of declaration	Dividend for the year	Due date for transfer to IEPF
27-Apr-09	2008	May 27, 2016*
20-May-10	2009	June 19, 2017
25-May-11	2010	June 24, 2018
4-May-12	2011	June 3, 2019
18-May-12	Interim Dividend 2012	June 17, 2019
11-May-13	2012	June 10, 2020
27-Jul-13	1st Interim Dividend 2013	August 26, 2020
25-Oct-13	2nd Interim Dividend 2013	November 24, 2020
10-May-14	2013	June 9, 2021
3-Jun-14	1st Interim Dividend 2014	July 3, 2021
26-Jul-14	2nd Interim Dividend 2014	August 25, 2021
29-Oct-14	3rd Interim Dividend 2014	November 28, 2021
20-Dec-14	4th Interim (Special) Dividend 2014	January 19, 2022
7-Feb-15	2014	March 9, 2022
23-Apr-15	1st Interim Dividend 2015	May 23, 2022
5-Aug-15	2nd Interim (Special) Dividend 2015	September 4, 2022
29-Oct-15	3rd Interim Dividend 2015	November 28, 2022

* Unpaid dividend for the financial ended December 31, 2008 which was declared on April 27, 2009 has been deposited to the Investor Education and Protection fund on June 10, 2016 i.e. within a period of thirty days of such amounts becoming due to be credited to IEPF.

x) Distribution of Shareholding as on December 31, 2016[#]

	Shareholding of nominal value of (Rs.)	Shareholders		Share Capital	
		Number	% to total	Amount in Rs.	% to total
1	- 2,500	14,335	95.49	5,284,165	4.27
2,501	- 5,000	361	2.40	1,372,205	1.11
5,001	- 10,000	155	1.03	1,137,000	0.92
10,001	- 20,000	68	0.45	964,589	0.78
20,001	- 30,000	25	0.17	611,713	0.49
30,001	- 40,000	22	0.15	790,864	0.64
40,001	- 50,000	6	0.04	282,165	0.23
50,001	- 1,00,000	15	0.10	1,102,001	0.89
Above	1,00,000	25	0.17	112,325,723	90.68
TOTAL		15,012	100.00	123,870,425	100.00

During the year under review, the company has bought back 3,000,000 equity shares of Re. 1/- each through tender offer route.

xi) Category wise Shareholding as on December 31, 2016

Category	Category of Shareholder	No. of shares	Percentage
(A)	Promoters & Promoter Group		
1	Indian	29,754,130	24.02
2	Foreign	33,332,904	26.91
	Sub Total (A)	63,087,034	50.93
(B)	Public Shareholding		
1	Institutions		
(a)	Mutual Funds / UTI	0	0
(b)	Financial Institutions / Banks	11,925	0.01
(c)	Foreign Institutional Investors	0	0
	Sub Total (B)(1)	11,925	0.01
2	Non-Institutions		
(a)	Individual shareholders holding nominal share capital up to Rs. 2 lakh	11,553,539	9.33
(b)	Individual shareholders holding nominal share capital in excess of Rs. 2 lakh	47,231,473	38.13
(c)	Bodies Corporate	1,090,919	0.88
(d)	Any Other (Clearing Member)	156,555	0.13
(e)	Any Other (Trust)	738,980	0.60
	Sub Total (B)(2)	60,771,466	49.06
	Total Public Shareholding (B)(1) + (B)(2)	60,783,391	49.07
	Grand Total	123,870,425	100.00

xii) Dematerialisation of shares and liquidity Procedure for dematerialisation of shares

Shareholders seeking dematerialisation of their shares need to approach their Depository Participants (DP) with whom they maintain a demat account. The DP will generate an electronic request and will send the physical share certificate along with demat request form to the Registrar and Share Transfer Agent (the "Registrar") of the Company. Upon receipt of the request and share certificate, the Registrar will verify the same and approval of the Company is being sought. Thereafter, the Registrar will confirm the demat request. On confirmation, the demat account of the respective shareholder will be credited with equivalent number of shares. In case of rejection of the request, the same shall be communicated to the shareholder through their respective DPs.

About 99.20% of the issued and paid up share capital of the Company has been dematerialised up to December 31, 2016. The International Securities Identification Number (ISIN) of the Company is INE411H01032. The equity shares of the Company are traded on NSE and BSE throughout the year under review and were not suspended from trading at any time during the year.

xiii) Outstanding GDRs / ADRs / Warrants or any Convertible instruments, conversion date and likely impact on equity

R Systems has not issued any GDRs / ADRs. There were no outstanding convertible warrants as on December 31, 2016, except stock options granted under the prevailing employee stock option plans / schemes, as detailed elsewhere in the Directors' Report.

xiv) Commodity Price Risk or foreign exchange risk hedging activities

A large percentage of revenue of the Company is either from export earnings or denominated in Foreign Currency. The Companies tries to minimize the foreign exchange risk by taking forward contracts. It may be noted that the foreign exchange contracts are not intended to be for trading and Speculations purposed but as a measure to hedge the foreign exchange risk.

xv) Development Centres

1. **Noida Office**
- C - 40 & C - 1, Sector - 59, Noida (U.P.) - 201 307
- SEZ Unit, Ground Floor, Incubation centre, Tower No. 2, Plot No. 21, Techzone- IV, Greater Noida West- 201306
2. **Chennai Office**
Block 2, 4th Floor, The LORDS Building No. 1 & 2 Northern Extension Area, Jawaharlal Nehru Road, Thiru Vi Ka Industrial Estate, Ekkatuthangal, Chennai 600032

Development / Technical Support centres at the offices of R Systems' subsidiaries

3. R Systems Inc.
5000, Windplay Drive, Suite # 5, El Dorado Hills, CA 95762, U.S.A.
4. ECnet Limited
16, Jalan Kilang, #04-01 Hoi Hup Building, Singapore - 159 416
5. Computaris Romania SRL
 - (a) **Bucharest office**
5 Gheorghe Manu Str, Groundfloor, Room 2, Sector 1, 010442 Bucharest, Romania
 - (b) **Galati office**
23 Logofat Tautu St., 800009, Galati, Romania
6. Computaris Polska sp z o.o.
 - (a) **Warsaw office**
Babka Tower, Entrance H, 6th Floor, al.Jana Pawla II 80, 00-175 Warsaw, Poland
 - (b) **Bialystok office**
ul. Branickiego 17, 15 -085 Bialystok, Poland
7. ICS Computaris International Srl
63, Vlaicu Picalab Str., Sky Tower Business Center, 8th Floor, Office B, MD-2012, Chisinau, The Republic of Moldova

Other Offices of R Systems and its subsidiaries

8. U.S.A. Branch Office
5000, Windplay Drive, Suite # 5, El Dorado Hills, CA 95762, U.S.A.
9. R Sysems Technologies Ltd.
(Formerly known as Indus Software, Inc.)
5000, Windplay Drive, Suite # 5, El Dorado Hills, CA 95762, U.S.A.
10. RSYS Technologies Ltd.
(Formerly known as Systèmes R. International Ltée)
1000, Cathedral Place, 925 West Georgia Street, Vancouver BC V6C 3L2, Canada.
11. R Systems (Singapore) Pte Limited
#04-01, 16 Jalan Kilang, Hoi Hup Building, Singapore 159416
12. ECnet (M) Sdn. Bhd.
Level 12, Suite 12.05 Menara Summit, Persiaran Kewajipan, USJ1, 47500 UEP Subang Jaya, Malaysia
13. ECnet, Inc.
5000, Windplay Drive, Suite # 5, El Dorado Hills, CA 95762, U.S.A.
14. ECnet (Hong Kong) Ltd.
Rm 1903, 19/F, World-Wide House, 19 Des Voeux Road Central, Hong Kong
15. ECnet Systems (Thailand) Co. Ltd.
2/3 Bangna Tower-A, 2nd Floor, Room No. 205, Moo 14, Bangna-Trad K.M. 6.5, Tambol Bangkaew, Amphoe Bangplee, Samutprakarn Province
16. ECnet Kabushiki Kaisha
Godo Building 6F, Kaji-cho 1-6-17, Chiyoda-ku, Tokyo, Japan 101-0044.
17. ECnet (Shanghai) Co. Ltd.
Rm H, 20 Floor, Foresight Mansion, No.768 Xie Tu Rd, Shanghai, China
18. Computaris International Limited
11 Queens Road, Brentwood Essex, CM 14 4HE, United Kingdom
19. Computaris Malaysia Sdn. Bhd.
No. 1005 Level 10 Block B Phileo Damansara 1 9 Jalan 16/11, Off Jalan Damansara 46350 Petaling Jaya, Selangor Malaysia.
20. Computaris USA, Inc.
5000, Windplay Drive, Suite # 5, El Dorado Hills, CA 95762, U.S.A
21. Computaris Philippines Pte. Ltd. Inc.
21B Rufino Pacific Tower, 6784 Ayala Avenue, Corner V.A. Rufino Street, Legaspi Village Makati City, 1226 Philippines
22. IBIZ Consusting Pte. Ltd.
(Formerly known as IBIZCS Group Pte. Ltd.)
2 Jalan Kilang Barat #04-01, Singapore 159346
23. IBIZ Consulting Services Pte Ltd.
2 Jalan Kilang Barat #04-01, Singapore 159346

-
- 24 IBIZ Consulting Services Sdn. Bhd.
Suite A-13-6, Menara Atlas Plaza
Pantai, No. 5, Jalan 4/83A
Off Jalan Pantai Baru 59200 Kuala Lumpur, Malaysia
-
- 25 PT. IBIZCS Indonesia
Setiabudi Buidling 2, 2nd Floor, Suite 203
Jl. H.R. Rasuna Said Kav. 62 Jakarta Selatan 12920, Indonesia
-
- 26 IBIZ Consultancy Services India Private Limited
Block 2, 4th Floor, The LORDS Building No. 1 & 2
Northern Extension Area, Jawaharlal Nehru Road,
Thiru Vi Ka Industrial Estate, Ekkatuthangal,
Chennai 600032
-
- 27 IBIZ Consulting Services Limited
Room 1804-5 The Centre Mark 287-29
Queen's Road, Central Hong Kong
-
- 28 IBIZ Consulting Services (Shanghai) Co., Ltd
Rm 700 Jindu Center, No 277 Wu Xing Road,
Xuhui, Shanghai, China
-

xvi) Address for correspondence

For any assistance regarding dematerialisation of shares, share transfers, transmissions, change of address, non-receipt of

On Behalf of the Board
For R Systems International Limited

Sd/-
Satinder Singh Rekhi
(DIN: 00006955)
(Managing Director)

Place: Singapore
Date: April 06, 2017

Sd/-
Lt. Gen. Baldev Singh (Retd.)
(DIN: 00006966)
(President & Senior Executive Director)

Place: Noida, U.P.
Date: April 06, 2017

dividend or any other query relating to shares:

**Registrar and Share Transfer Agent
Link Intime India Private Limited**

44, Community Centre, 2nd Floor,
Naraina Industrial Area, Phase- I
Near PVR Naraina,
New Delhi 110 028
Phone : 011 - 414 10592, 93, 94 Fax : 011 - 414 10591
Email: delhi@linkintime.co.in

**For general correspondence:
R Systems International Limited**

Corporate Office
C - 40, Sector - 59,
Noida (U.P.) - 201 307, India
Phone : 0120 - 430 3500,
Fax : 0120 - 258 7123
Email : investors@rsystems.com

CERTIFICATION BY THE CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER OF R SYSTEMS INTERNATIONAL LIMITED

We, Satinder Singh Rekhi, Managing Director/Chief Executive Officer and Nand Sardana, Chief Financial Officer, hereby certify that:

- A. We have reviewed the financial statements and the cash flow statement for the year ended December 31, 2016 and that to the best of our knowledge and belief:
1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 2. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the auditors and the Audit Committee:
1. significant changes in internal control over financial reporting during the year;
 2. significant changes in accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements; and
 3. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Sd/-

Satinder Singh Rekhi

(Managing Director/ Chief Executive Officer)

Place : Singapore

Date : February 08, 2017

Sd/-

Nand Sardana

(Chief Financial Officer)

Place : NOIDA, U.P.

Date : February 08, 2017

Annexure 'D' to the Directors' Report

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To,
The Members,
R Systems International Limited,
B - 104A, Greater Kailash - I,
New Delhi - 110 048

I have examined the compliance of conditions of Corporate Governance by R Systems International Limited ('the Company') for the financial year ended on December 31, 2016, as stipulated under the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Regulations").

The compliance of conditions of Corporate Governance is the responsibility of the management. My examination was limited to procedures and implementation thereof, adopted by the Company, for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the applicable provisions of the Regulations and that no investor complaints and grievances remained unattended for a period exceeding 21 days against the Company.

I further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Sd/-
CS Jitender Singh
Practicing Company Secretary
Membership No. 33610
Certificate of Practice No. 12463

Place: Delhi
Date: March 29, 2017

Annexure 'E' to the Directors' Report

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

The financial statements of the Company have been prepared to comply in all material respects with the accounting standards notified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014, and other accounting principles generally accepted in India. The management accepts responsibility for the integrity and objectivity of these financial statements, as well as for various estimates and judgments used therein. The estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, so that the financial statements reflect in a true and fair manner the form and substance of transactions, and reasonably present the state of affairs, profits and cash flows for the year.

A. Industry Structure and Developments

Changing competitive landscapes and consumer preferences are disrupting businesses and creating an imperative to invest in digital transformation. International Data Corporation (IDC)

B. Company Overview

R Systems International Limited (the 'Company') and its subsidiaries (collectively referred to as 'R Systems') is a leading global provider of IT services and Business Process Outsourcing ("BPO") services. The Parent Company is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956, with its Registered Office at New Delhi and has following subsidiaries:

Name of subsidiary	Year of incorporation	Location	Subsidiary since	Holding
R Systems (Singapore) Pte Limited #	1997	Singapore	September 19, 2000	100%
R Systems, Inc.	1993	USA	January 2, 2001	100%
R Systems Technologies Limited, USA	1996	USA	April 1, 2002	100%
ECnet Limited* #	1996	Singapore	January 8, 2004	99.75%
Computaris International Limited #	2006	UK	January 26, 2011	100%
RSYS Technologies Ltd.	2012	Canada	October 29, 2012	100%

* The shareholding by the Company and R Systems (Singapore) Pte Limited is 69.37% and 30.38%, respectively.

The aforesaid subsidiary have down subsidiaries:

defines digital transformation as the continuous process by which enterprises adapt to or drive disruptive changes in their customers and markets (external ecosystem) by leveraging digital competencies to innovate new business models, products and services that seamlessly blend digital and physical, and business and customer experiences while improving operational efficiencies and organizational performance.

As per NASSCOM Perspective 2025 – Shaping the Digital Revolution, the digital innovators are disrupting the traditional business models across industries and may capture up to 25 percent of revenue pools by 2025. The enterprises are investing on digital technologies that support operating model innovations.

Further, IT industry is also witnessing challenges from the change in geopolitical scenario like Brexit and recent USA election. However, digital transformation is providing once-in-generation opportunity to product engineering companies to partner businesses to maximize their potential with technology.

- (a) ECnet Limited, Singapore, has the following wholly-owned subsidiaries:

Name	Holding	Country of incorporation
ECnet (M) Sdn. Bhd.	100%	Malaysia
ECnet Systems (Thailand) Co. Ltd.	100%	Thailand
ECnet (Shanghai) Co. Ltd.	100%	People's Republic of China
ECnet (Hong Kong) Ltd.	100%	Hong Kong
ECnet, Inc.	100%	USA
ECnet Kabushiki Kaisha	100%	Japan

- (b) Computaris International Limited, UK, has the following wholly-owned subsidiaries:

Name	Holding	Country of incorporation
Computaris Romania SRL	100%	Romania
Computaris Polska sp z.o.o.	100%	Poland
Computaris USA Inc.	100%	USA
ICS Computaris International Srl	100%	Moldova
Computaris Malaysia Sdn. Bhd.	100%	Malaysia
Computaris Philippines Pte Ltd. Inc.	100%	Philippines

- (c) IBIZ Consulting Pte. Ltd., Singapore (formerly known as IBIZCS Group Pte. Limited, Singapore) is a wholly-owned subsidiary of R Systems (Singapore) Pte Limited, Singapore w.e.f. April 30, 2015 and has following wholly owned subsidiaries:

Name	Holding	Country of incorporation
IBIZ Consulting Services Pte Ltd	100%	Singapore
IBIZ Consulting Services Sdn. Bhd.	100%	Malaysia
PT. IBIZCS Indonesia	100%	Indonesia
IBIZ Consultancy Services India Private Limited	100%	India
IBIZ Consulting Service Limited (IBIZ HK)	100%	Hong Kong
IBIZ Consulting Service Shanghai Co., Ltd	100% by IBIZ HK	People's Republic of China

As at December 31, 2016, R Systems is maintaining fifteen global development and service centres in India, USA, Romania, Poland, Moldova, Singapore, Malaysia, Indonesia and Thailand. R Systems diversified offering includes:

iPLM Service

R Systems defines its product engineering business as Integrated Product Life Cycle Management (iPLM) services where R Systems help ISV and other companies to accelerate the speed to market

for their products and services with a high degree of time and cost predictability by using our proprietary pSuite framework and global delivery model.

Under iPLM Services, R Systems delivers services and solutions in the area of Information Technology and Information Technology enabled services (ITeS). The IT services cover product development, systems integration and support and maintenance. Under the ITeS, we cover technical support, customer care, analytics service, back office services, business process transformation and revenue and claims management.

R Systems competitive advantage in iPLM Services is further enhanced by its industry specific domain expertise, global delivery capabilities, multi-language support capabilities, industry best quality and security certification and agile development methodologies supported by R Systems' proprietary pSuite framework.

Solution Offerings

ECnet Supply Chain provide solutions for holistic management of the complex interaction between an organisation and its trading partners. The integrated solution aims to reduce all supply chain costs through improved collaboration and optimisation. The solutions are robust and scalable and give measurable ROI to clients that meet the clients' strategic business goals.

ECnet also operates as a Gold Channel Partner for one of the largest business software companies in the world to resell, implement and support enterprise solutions of ERP, WMS, Service Management, BI and Performance Management. It mainly serves small to medium-sized businesses in the manufacturing and distribution industries. These products present an opportunity to cross and up sell these solutions since these are adjunct to ECnet's own product offerings. Further, ECnet has signed a Master Alliance Agreement with JDA to offer the category management solution suite to retail customers in Singapore, Malaysia and Thailand.

Our subsidiary IBIZ, is a Microsoft Gold Channel Partner and is specialized in deploying Microsoft business management solution suites, including enterprise resource planning, customer relationship management, point of sales, mobility, business intelligence and portals. IBIZ addresses industry vertical like retail, manufacturing and supply chain.

R Systems focused on key verticals i.e. Telecom & Digital Media, Banking and Finance, Healthcare, Manufacturing & Logistics and Retail & E-Commerce. Telecom and Digital Media is the largest industry vertical which contributes ~29 percent of the total consolidated revenue for the year ended December 31, 2016.

Further with the deep expertise in the key vertical like Telecom & Digital Media, Banking and Finance, Healthcare, Retail and E-Commerce, R Systems have horizontally embraced digital technologies like analytics, cloud computing, mobility, IoT etc to further strengthen its product engineering capabilities.

R Systems’ rapidly growing customer list includes a variety of Fortune 1000, government and mid-sized organizations across a wide range of industry verticals and has served twenty one, mn USD + customer during the year 2016.

C. Opportunities and Threats

IDC forecasts worldwide spending on digital transformation technologies to be more than USD 1.2 trillion in 2017, an increase of 17.8% over 2016. IDC expects digital spending to maintain this pace with a compound annual growth rate (CAGR) of 17.9% over the 2015-2020 forecast period and reaching USD 2.0 trillion in 2020.

IDC also anticipates that more than half of all digital investments in 2017 will go toward technologies that support operating model innovations. These investments will focus on making business operations more responsive and effective by leveraging digitally-connected products/services, assets, people, and trading partners. Investments in operating model help businesses redefine how work gets done by integrating external market connections with internal digital processes and projects. The second largest investment area will be technologies supporting omni-experience innovations that transform how customers, partners, employees, and things communicate with each other and the products and services created to meet unique and individualized demand.

R Systems has been constantly investing in building digital competencies like analytics, cloud, mobility and IoT. Leveraging product engineering DNA and deep industry competencies, R Systems is well positioned to be a technology partner navigating ISVs and businesses in their digital transformation.

Every opportunity comes up with inherent risk and challenges. However, over the years, R Systems has learnt to reckon with as

well as address such risks and challenges including threats from competitors including their disruptive tactics, new technologies, intensifying demand for global talent, retention of employees and stringent governing norms regarding restrictions on outsourcing services. At R Systems, these threat and uncertainties are managed proactively through our risk mitigation processes and strategies.

D. Segment-wise Performance

Detailed information about segment-wise performance has been given in the Consolidated Financial Statements and Standalone Financial Statements.

E. Performance and Outlook

R Systems’ reported consolidated revenue of Rs. 5,882.37 mn during the year 2016 as against revenue of Rs. 6,050.32 mn for the year 2015. During 2015, we realigned our focus to IT services business and divested Indus Business Division. The revenue grew by 7.5% during the year 2016 excluding the impact of this divestment.

Consolidated profit after tax during the year 2016 was Rs. 536.88 mn as against net profit for year 2015 of Rs. 978.29 mn. Excluding exceptional items, the profit grew by 15.3%.

The basic earnings per share (based on consolidated financial statement) during the year 2016 was Rs. 4.24 per share as against Rs. 7.70 per share in 2015 of face value of Re. 1 each.

R Systems maintains a strong financial position with shareholders’ fund of Rs. 2,779.73 mn including cash and bank balance of Rs. 1,199.70 mn as at December 31, 2016 to invest for future growth of business.

R Systems is well positioned to leverage the following factors which are key to its differentiated strategy for growth in the marketplace:



F. Risk and Concerns

At R Systems risk management is a dynamic process with an attempt to constantly identify all the emerging risks and propose solutions to manage these. This is further explained in detail in Risk Management Report.

G. Internal Control Systems and Their Adequacy

Internal control systems are a set of policies, processes and procedures put in place to help achieve the strategic objectives of an organization. The Company has an Internal Control System commensurate with the size, scale and complexity of its operations. This has been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorised use, executing transactions with proper authorisation and ensuring compliance of corporate policies.

The CEO/CFO certification provided in this report places responsibility on the CEO and CFO to continuously ensure adequacy of our internal control systems and procedures.

S.R. Batliboi & Associates LLP, the statutory auditors of the Company, have audited the financial statements included in this annual report and have issued an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

H. Material Development in Human Resources / Industrial Relations Front, including Number of People Employed

Our employees are most precious assets and we value their commitment in building R Systems. In the IT and ITeS industry attracting, developing, deploying and retaining talent is critical. R Systems has also defined and implemented a People Management Initiative which is in line with industry best practices and People CMM. It effectively manages the employee life cycle so that the individuals are committed, have pride and show pro-activeness on the job.

2. Reserve and Surplus

Particulars	Consolidated		Standalone	
	2016	2015	2016	2015
Capital redemption reserve	16.34	13.34	16.34	13.34
Securities premium account	709.65	901.65	709.65	901.65
General reserve	153.80	156.80	153.80	156.80
Stock Options Outstanding	2.59	-	2.59	-
Surplus in the statement of profit and loss	1,559.50	1,022.61	1,197.94	785.80
Capital reserve	0.03	0.03	-	-
Foreign currency translation reserve	214.69	208.00	-	-
Total	2,656.60	2,302.43	2,080.32	1,857.59

During the year ended December 31, 2016, the Company has bought back 3,000,000 equity shares for an aggregate amount of Rs. 195.00 mn by utilising the Securities Premium Account to the extent of Rs. 192.00 mn and General Reserve to the extent of Rs. 3.00 mn. The Capital Redemption Reserve has been created out of General Reserve for Rs. 3.00 mn being the nominal value of equity shares bought back in terms of Section 68 of the Companies Act, 2013.

R Systems added 294 net associates over financial year 2016 with 2,319 associates including 345 sales and support staff as at December 31, 2016.

I. Discussion on Financial Position and Financial Performance with respect to Operational Performance

Analysis and Discussions of Financial Position as at December 31, 2016

1. Share Capital

Particulars	As at December 31,	
	2016	2015
Authorised share capital	200.00	200.00
Issued, subscribed and paid up capital	126.87	127.46
Less: Buyback of shares	3.00	0.68
Add: Shares Issued under ESOP Scheme, 2007	-	0.09
	123.87	126.87
Less: Advance to R Systems Employee Welfare Trust	0.74	0.74
Total Share Capital	123.13	126.13

The issued, subscribed and paid up capital is Rs. 123.13 mn as at December 31, 2016 and Rs. 126.13 mn as at December 31, 2015. This is after adjusting Rs. 0.74 mn advance to R Systems Employee Welfare Trust in compliance with guidance note issued by the Institute of Chartered Accountants of India.

During the year ended December 31, 2016, the Company has bought back 3,000,000 fully paid-up equity shares of Re. 1 each on a proportionate basis through tender offer. The aforesaid buyback was completed on November 29, 2016.

Detailed information about the movements in ESOP plan has been given in Note no. 31 of notes to the Consolidated Financial Statements.

3. Minority Interest

During the year, there is no change in the minority interest in the Consolidated Financial Statement.

4. Long-term borrowings (non-current portion)

(Rs. in million)

Particulars	As at December 31,	
	2016	2015
Against Motor Vehicles	8.43	7.77
Against Finance Lease Obligation	10.72	-
Total	19.15	7.77

Finance lease obligation represents furniture and fixtures taken for SEZ unit.

5. Deferred Tax Assets / Liability (net)

Deferred tax reflects the timing differences between financials and tax books arising mainly from provision for gratuity, compensated absence, doubtful debts and advances (results into deferred tax assets) and differences in books base and tax base of fixed assets (results into deferred tax liability).

Deferred tax assets and deferred tax liabilities across various tax jurisdictions cannot be offset against each other therefore has been presented separately.

(Rs. in million)

Particulars	Consolidated		Standalone	
	2016	2015	2016	2015
Deferred Tax Assets (net)	46.14	37.03	43.66	35.46

6. Other long-term liabilities

The liabilities which are due for payment after 12 months from reporting date are considered under the other long-term liabilities.

(Rs. in million)

Particulars	Consolidated		Standalone	
	2016	2015	2016	2015
Security deposits	12.63	12.36	12.63	12.36
Deferred payment compensation to the erstwhile shareholders of subsidiary	43.99	88.10	-	-
Deferred payable others	0.58	0.15	-	-
Total	57.20	100.61	12.63	12.36

Deferred payment compensation to the erstwhile shareholders of subsidiary represents the amount payable after 12 months from the reporting date for the acquisition of IBIZ Consulting Pte. Ltd., Singapore (formerly known as IBIZCS Group Pte. Ltd., Singapore).

For detailed information about the deferred payment compensation refer Note no. 30(c) of notes to the Consolidated Financial Statements.

7. Long-term provisions

Long-term provisions represent the provision towards the gratuity liability due after 12 months from the reporting date based on actuarial valuation. The provision amounts to Rs. 89.42 mn as at December 31, 2016 as against Rs. 63.46 mn as at December 31, 2015.

8. Other current liabilities

The liabilities which are due for payment within next 12 months from reporting date are considered under other current liabilities.

(Rs. in million)

Particulars	Consolidated		Standalone	
	2016	2015	2016	2015
Trade payables	438.94	485.38	157.73	173.43
Payable to subsidiary companies	-	-	16.83	15.48
Current maturities of long-term borrowing	5.18	4.79	5.18	3.81
Deferred payment compensation to the erstwhile shareholders of subsidiary	25.38	33.80	-	-
Unearned revenues	167.27	187.73	61.29	91.19
Book overdraft	-	5.53	-	-
Investor education and protection fund (not due) - Unclaimed dividend	2.58	2.78	2.58	2.78
Payable for purchase of fixed assets	10.78	20.77	10.78	8.42
Other payables	59.07	48.03	21.01	18.42
Total	709.20	788.81	275.40	313.53

For detailed information about the deferred payment compensation refer Note no. 30(c) of notes to the Consolidated Financial Statements.

9. Short-term provisions

(Rs. in million)

Particulars	Consolidated		Standalone	
	2016	2015	2016	2015
Provision for employee benefits				
- Gratuity	2.54	1.75	2.54	1.75
- Compensated absence	113.59	94.51	75.55	61.32
Provision for Income tax	58.77	69.77	42.39	54.12
Total	174.90	166.03	120.48	117.19

10. Fixed Assets

Fixed assets includes tangible fixed assets such as land, building, lease hold improvement, computer hardware, furniture & fixture, vehicle, office and electrical equipment etc, intangible assets covering computer software and customer contracts.

(Rs. in million)

Particulars	Consolidated		Standalone	
	2016	2015	2016	2015
Net tangible assets	289.52	273.31	246.39	231.77
Net intangible assets	32.14	46.87	5.42	5.36
Capital work in progress	26.28	0.01	26.28	-
Total	347.94	320.19	278.09	237.13

Details of additions during the year in fixed assets:

(Rs. in million)

Particulars	Consolidated		Standalone	
	2016	2015	2016	2015
Total addition to gross block- tangible assets	106.38	136.04	82.00	77.32
Total addition to gross block-intangible assets	10.12	57.32	3.48	5.76

The additions in gross block - tangible assets were mainly on account of purchases of computer hardware, office equipment, vehicles, furniture & fittings etc.

11. Goodwill on consolidation

(Rs. in million)

Particulars	As at December 31,	
	2016	2015
Goodwill on Computaris International Ltd acquisition	277.74	279.50
Goodwill on IBIZ Consulting Pte. Ltd., Singapore (formerly known as IBIZCS Group Pte. Limited, Singapore) acquisition	174.47	198.47
Total	452.21	477.97

For Detailed information about goodwill computation on IBIZ Consulting Pte. Ltd., Singapore (formerly known as IBIZCS Group Pte. Limited, Singapore), refer Note no. 30(c) of notes to the Consolidated Financial Statements.

12. Non-current investments

(Rs. in million)

Particulars	Consolidated		Standalone	
	2016	2015	2016	2015
Investment in subsidiaries	-	-	925.49	872.30
Other investment	0.03	0.03	0.03	0.03
8% Redeemable Debentures in Indus Software Technologies Private Limited	175.12	262.69	175.12	262.69
Investment Property – Land and Building in Pune	26.25	27.73	26.25	27.73
Total	201.40	290.45	1,126.89	1,162.75

For detailed information about the non-current investment refer Note no. 11.1 of notes to the Standalone Financial Statements and Note no. 12.1 of notes to the Consolidated Financial Statements.

13. Long-term loans and advances

(Rs. in million)

Particulars	Consolidated		Standalone	
	2016	2015	2016	2015
Capital advances	10.29	0.52	10.29	0.52
Advances recoverable in cash or in kind or for value to be received	16.68	1.25	16.33	0.85
Security deposit	27.34	20.66	16.06	9.95
Income tax recoverable	34.80	40.84	28.93	35.00
Total	89.11	63.27	71.61	46.32

14. Other non-current assets

Other non-current assets includes the long term fixed deposits with banks due for maturity after twelve months from reporting date, margin money deposits and accrued interest thereon.

(Rs. in million)

Particulars	Consolidated		Standalone	
	2016	2015	2016	2015
Non-current bank deposits	56.46	70.49	48.17	47.16
Interest accrued on deposits	5.12	4.00	5.12	4.00
Total	61.58	74.49	53.29	51.16

15. Current investment

(Rs. in million)

Particulars	As at December 31,	
	2016	2015
Investment in Indus Software Technologies Private Limited		
-Fully paid-up equity shares	-	30.44
-8% Redeemable Debentures	87.57	87.57
Total	87.57	118.01

For detailed information about current investment, refer Note no. 30(g) of notes to the Consolidated Financial Statements.

16. Trade receivables

(Rs. in million)

Particulars	Consolidated		Standalone	
	2016	2015	2016	2015
Trade receivables (Gross)	1,147.10	1,143.58	501.72	519.05
Less : Provision for doubtful debts	64.88	97.27	0.88	14.44
Trade receivables (net)	1,082.22	1,046.31	500.84	504.61
Days Sales Outstanding (DSO) in days	55	57	59	55

17. Cash and Bank Balance

(Rs. in million)

Particulars	Consolidated		Standalone	
	2016	2015	2016	2015
Cash on Hand	0.77	0.90	0.12	0.26
Balances with scheduled banks				
On current accounts	18.16	23.44	16.38	20.44
On EEFC accounts	95.30	12.61	95.30	12.61
On deposit accounts	286.74	192.17	286.74	192.17
On unclaimed dividend accounts #	2.58	2.78	2.58	2.78
Balances with other banks				
On current accounts	771.48	659.11	49.13	30.28
On deposit accounts	24.68	30.95	-	-
	1,199.71	921.96	450.25	258.54
Less : Non-current bank balances	56.46	70.49	48.17	47.16
Total	1,143.25	851.47	402.08	211.38

the Company can utilise these balances for respective dividend.

For detailed movement in cash and bank balance, refer Consolidated and Standalone Cash Flow Statement.

18. Short-term loans and advances

Short-term loans and advances include the amount recoverable in cash and kind or for value to be received within twelve months from reporting date.

(Rs. in million)

Particulars	Consolidated		Standalone	
	2016	2015	2016	2015
Advances recoverable in cash or in kind or for value to be received	102.47	82.72	39.19	32.63
Advances to related parties	-	-	1.89	0.08
Security deposit	0.81	1.01	0.80	0.51
Mark-to-market gains on derivative instruments	26.42	15.65	26.42	15.65
Balances with customs, excise, etc.	21.88	44.37	21.88	44.37
Total	151.58	143.75	90.18	93.24

19. Other current assets

(Rs. in million)

Particulars	Consolidated		Standalone	
	2016	2015	2016	2015
Interest accrued	5.52	7.22	5.52	7.22
Unbilled revenue	161.10	125.08	60.79	30.76
Total	166.62	132.30	66.31	37.98

Unbilled revenue constitutes amounts not billed to customers at year end which is expected to be billed in due course in accordance with the contract with the respective customers.

20. Liquidity

The consolidated cash and cash equivalent as at December 31, 2016 were Rs. 1,136.05 mn as against Rs. 786.17 mn as on December 31, 2015.

Net cash generated from operating activities were Rs. 436.24 mn for the year ended December 31, 2016, compared to Rs. 448.53 mn for the year ended December 31, 2015.

Cash generated from investing activities were Rs. 101.49 mn for the year ended December 31, 2016, comprised of proceeds from redemption of debenture Rs. 87.57 mn, proceeds from sale of balance 7% share in Indus Software Technologies Private Limited Rs. 67.61 mn, proceeds from long term fixed deposits with banks Rs. 58.10 mn (net), interest income Rs. 56.45 mn, rental income from investment property Rs. 6.40 mn, sale of fixed assets Rs. 2.53 mn as offset by purchase of fixed assets of Rs. 140.07 mn and earn out payment for IBIZ Rs. 37.10 mn (net).

Cash used in financing activities were Rs. 194.57 mn for the year ended December 31, 2016 mainly consist of Rs. 195.00 mn for buyback of equity shares.

R Systems' policy is to maintain sufficient liquidity to fund the anticipated capital expenditures, operational expenses and investments for strategic initiatives.

Analysis and Discussions of Operating Performance for the Year Ended December 31, 2016

The following section discusses in detail the composition of different items in the Consolidated and Standalone Statement of Profit and Loss.

Consolidated Statement of Profit and Loss for the year:

(Rs. in million)

Particulars	2016	% of Total income	2015	% of Total income	Change %
Income					
Revenue from operations	5,882.37	97.89	6,050.32	98.40	(2.78)
Other income	127.07	2.11	98.13	1.60	29.49
Total income	6,009.44	100.00	6,148.45	100.00	(2.26)
Expenses					
Employee benefits expense	3,797.89	63.20	3,648.80	59.35	4.09
Operational and other expense	1,377.98	22.93	1,678.00	27.29	(17.88)
Depreciation and amortisation expense	115.12	1.92	140.23	2.27	(17.91)
Finance cost	7.92	0.13	9.59	0.16	(17.41)
Total expenses	5,298.91	88.18	5,476.62	89.07	(3.24)
Net profit before tax and exceptional items	710.53	11.82	671.83	10.93	5.76
Exceptional items	46.35	0.77	603.10	9.81	(92.31)
Net profit before tax	756.87	12.59	1,274.93	20.74	(40.63)
Tax expense	219.99	3.66	296.63	4.83	(25.84)
Net profit after tax	536.88	8.93	978.30	15.91	(45.12)

Standalone Statement of Profit and Loss for the year:

(Rs. in million)

Particulars	2016	% of Total income	2015	% of Total income	Change %
Income					
Revenue from operations	2,631.77	95.51	2,892.60	96.78	(9.02)
Other income	123.67	4.49	96.23	3.22	28.50
Total income	2,755.44	100.00	2,988.83	100.00	(7.81)
Expenses					
Employee benefits expense	1,663.18	60.36	1,734.61	58.04	(4.12)
Operational and other expense	451.86	16.40	624.25	20.89	(27.62)
Depreciation and amortisation expense	69.30	2.52	95.80	3.20	(27.67)
Finance cost	3.68	0.13	4.28	0.14	(14.02)
Total expenses	2,188.03	79.41	2,458.94	82.27	(11.02)
Net profit before tax and exceptional items	567.41	20.59	529.89	17.73	7.08
Exceptional items	46.35	1.68	648.07	21.68	(92.85)
Net profit before tax	613.75	22.27	1,177.96	39.41	(47.90)
Tax expense	201.62	7.32	271.52	9.08	(25.74)
Net profit after tax	412.14	14.96	906.44	30.33	(54.53)

1. Income
1.1 Revenue from Operations

R Systems derives revenue primarily from Information Technology services and product and Business Process Outsourcing services. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

1.1.1 Based on Consolidated Financial Statement

(Rs. in million)

Particulars	2016	%	2015	%	change %
Information technology services and products	5,449.12	92.63	5,564.27	91.97	(2.07)
Business process outsourcing services	433.25	7.37	486.05	8.03	(10.86)
Total	5,882.37	100.00	6,050.32	100.00	(2.78)

The decline in Information Technology services and products is mainly on account of divestment of Indus business division w.e.f. July 7, 2015.

The decline in Business Process Outsourcing services is mainly on account of liquidation of R Systems USA BPO due to client loss.

1.1.2 Based on Standalone Financial Statement

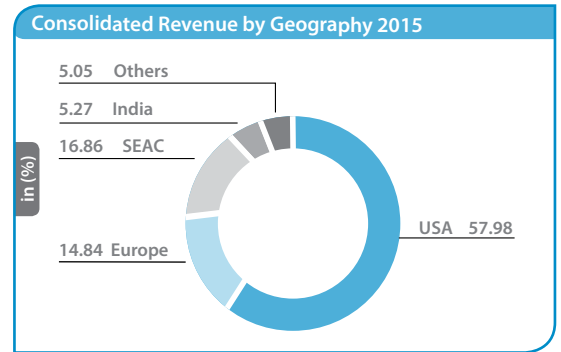
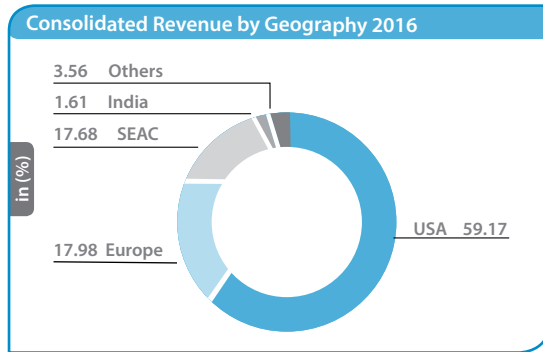
(Rs. in million)

Particulars	2016	%	2015	%	change %
Information technology services and products	2,179.51	82.82	2,482.31	85.82	(12.20)
Business process outsourcing services	452.25	17.18	410.29	14.18	10.23
Total	2,631.77	100.00	2,892.60	100.00	(9.02)

The decline in Information technology services and products is mainly on account of divestment of Indus business division w.e.f. July 7, 2015.

1.1.3 Consolidated Revenue by Geography

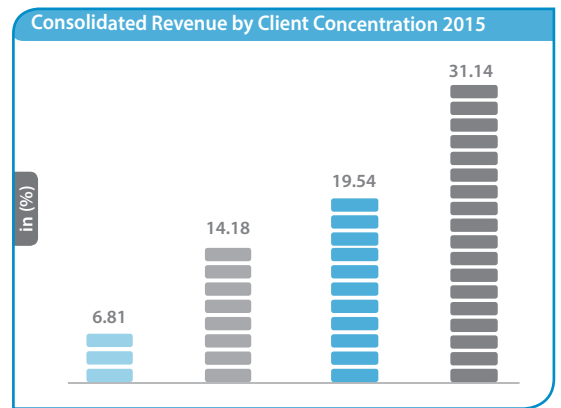
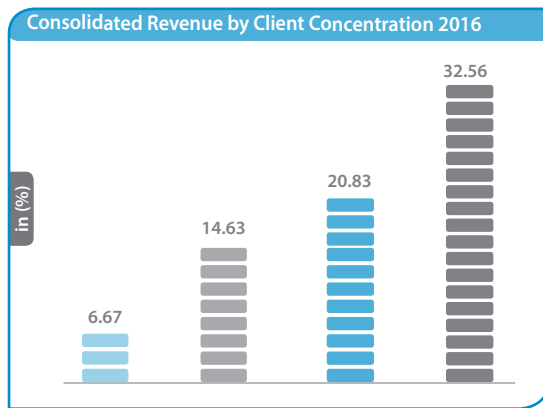
R Systems earns income from five principal geographic territories, namely the United States of America, Europe, South East Asian countries ("SEAC"), India and others. A significant proportion of the revenues were derived from clients located in the United States of America. The geographic break-down is given below:



* Graphs not to scale

1.1.4 Consolidated Revenue by Client Concentration

The breakdown of R Systems consolidated revenue on the basis of client concentration for the year ended December 31, 2016 and 2015 is as follows:



Legend: The Largest Clients (light blue), Top 3 Clients (grey), Top 5 Clients (medium blue), Top 10 Clients (dark grey)

* Graphs not to scale

1.2 Other Income

(Rs. in million)

Particulars	Consolidated		Standalone	
	2016	2015	2016	2015
Interest income	56.81	46.33	56.57	46.08
Rental income from investment property	6.40	3.08	6.40	3.08
Provision for doubtful debts and advances written back (net)	4.39	-	2.31	-
Foreign exchange fluctuation (net)	41.94	31.18	52.38	43.60
Profit on redemption of mutual fund	-	1.77	-	1.77
Liability no longer required written back	5.15	0.05	5.15	0.03
Miscellaneous income	12.38	15.72	0.86	1.67
Total	127.07	98.13	123.67	96.23

2. Expenditures

2.1 Personnel Expenses

Personnel expenses primarily consist of salaries, bonus, commissions, provision for compensated absence, gratuity benefits, contribution towards provident and other funds and staff welfare expenses.

2.1.1 Based on Consolidated Financial Statement:

(Rs. in million)

Particulars	2016	% of Total income	2015	% of Total income	Change %
Salaries wages and bonus	3,498.64	58.22	3,379.86	54.97	3.51
Gratuity	35.76	0.60	18.02	0.29	98.44
Contribution to provident fund and other payments	225.48	3.75	212.27	3.45	6.22
Staff welfare expenses	38.02	0.63	38.65	0.64	(1.66)
Total	3,797.89	63.20	3,648.80	59.35	4.09

2.1.2 Based on Standalone Financial Statement:

(Rs. in million)

Particulars	2016	% of Total income	2015	% of Total income	Change %
Salaries, wages and bonus	1,541.01	55.93	1,627.02	54.44	(5.29)
Gratuity	35.76	1.30	18.02	0.60	98.44
Contribution to provident fund and other payments	56.42	2.05	56.11	1.88	0.56
Staff welfare expenses	29.99	1.08	33.46	1.12	(10.36)
Total	1,663.18	60.36	1,734.61	58.04	(4.12)

2.2 Operational and other expenses

Operational and other expenses includes expenses on travelling and conveyance, legal and professional expenses including sub-contractors costs, cost of third party hardware and software, recruitment and training, communication, provision for doubtful debts and advances (net), rent of premises, equipment rental, audit fees, repairs and maintenance, commission, insurance premium and other miscellaneous items.

2.2.1 Based on Consolidated Financial Statement:

(Rs. In million)

Particulars	2016	% of Total income	2015	% of Total income	Change %
Travelling and conveyance	243.33	4.05	340.62	5.54	(28.56)
Legal and professional expenses including audit fees and subcontracting expenses	593.77	9.88	650.10	10.57	(8.66)
Communication costs	72.19	1.20	77.71	1.26	(7.10)
Repair and maintenance	90.38	1.50	97.47	1.59	(7.28)
Recruitment and training expenses	24.82	0.41	27.91	0.45	(11.08)
Power and fuel	45.00	0.75	54.87	0.89	(17.98)
Rent - premises and equipments	90.44	1.50	108.98	1.77	(17.01)
Advertising and sales promotion	18.89	0.31	29.75	0.48	(36.49)
Provision for doubtful debts and advances (net)	-	-	8.22	0.13	(100.00)
Bad debts and advances written off (net)	0.73	0.01	0.06	0.00	1,064.52
Contract cost	2.97	0.05	49.28	0.80	(93.98)
Cost of third party items	110.79	1.84	135.48	2.20	(18.22)
Others	84.67	1.41	97.55	1.59	(13.21)
Total	1,377.98	22.93	1,678.00	27.29	(17.88)

2.2.2 Based on Standalone Financial Statement:

(Rs. in million)

Particulars	2016	% of Total income	2015	% of Total income	Change %
	Travelling and conveyance	145.16	5.27	238.64	7.98
Legal and professional expenses including audit fees and subcontracting expenses	63.36	2.30	90.97	3.04	(30.34)
Communication costs	53.84	1.95	55.49	1.86	(2.98)
Repair and maintenance	72.74	2.64	71.75	2.40	1.38
Recruitment and training expenses	8.94	0.32	11.07	0.37	(19.20)
Power and fuel	40.69	1.48	50.14	1.68	(18.85)
Rent - premises and equipments	27.45	1.00	32.75	1.10	(16.17)
Advertising and sales promotion	4.19	0.15	15.32	0.51	(72.64)
Provision for doubtful debts and advances (net)	-	-	2.39	0.08	(100.00)
Others	35.49	1.29	55.73	1.86	(36.32)
Total	451.86	16.40	624.25	20.89	(27.62)

2.3 Depreciation and Amortisation Expense

(Rs. in million)

Particulars	Consolidated		Standalone	
	2016	2015	2016	2015
Depreciation on tangible assets	87.74	97.84	64.40	72.34
Amortisation of intangible assets	25.91	41.69	3.43	22.75
Depreciation on Investment Property	1.47	0.71	1.47	0.71
Total	115.12	140.23	69.30	95.80

2.4 Finance cost

(Rs. in million)

Particulars	Consolidated		Standalone	
	2016	2015	2016	2015
Interest	1.36	2.30	1.34	2.13
Bank charges	6.55	7.29	2.34	2.15
Total	7.92	9.59	3.68	4.28

2.5 Exceptional items**2.5.1 Exceptional items in Consolidated Financial Statement**

(Rs. in million)

Particulars	2016	2015
Profit on sale of investment	37.18	-
Profit on sale of subsidiaries	9.17	592.77
Currency translation reserve released	-	9.68
Deferred Compensation payable written back	-	12.61
Impairment loss on intangible assets earlier acquired from business acquisition	-	(11.96)
Total	46.35	603.10

For detailed information about exceptional items refer Note no. 30 of notes to the Consolidated Financial Statements.

2.5.2 Exceptional items in Standalone Financial Statement

Particulars	(Rs. in million)	
	2016	2015
Profit on sale of investment	37.18	-
Profit on sale of undertaking	9.17	564.43
Profit on sale of subsidiaries	-	26.63
Deferred compensation payable written back	-	12.61
Provision for diminution in the value of investment written back	-	44.40
Total	46.35	648.07

For detailed information about exceptional items refer Note no. 31 of notes to the Standalone Financial Statements.

2.6 Tax expense

Tax expense comprises current tax and deferred tax.

Particulars	(Rs. in million)			
	Consolidated		Standalone	
	2016	2015	2016	2015
Profit Before Tax	756.87	1,274.93	613.75	1,177.96
Current tax	244.03	290.08	224.95	262.82
MAT credit entitlement	(15.13)	-	(15.13)	-
Deferred tax charge / (credit)	(8.91)	6.55	(8.20)	8.70
Total Tax Expense	219.99	296.63	201.62	271.52
Effective Tax Rate (%)	29.07	23.27	32.85	23.05

During 2016 effective tax rate is higher as compared to 2015 as profit before tax during 2015 includes capital gain on divestment of Indus business division which attract tax at lower rates.

2.7 Comparatives

As specified in Note 2 of notes to the Consolidated Financial Statements, there were certain changes in the group structure. Therefore, the current year's figures are not strictly comparable with previous year's figures.

Annexure 'F' to the Directors Report

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON DECEMBER 31, 2016

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,

R Systems International Limited,
CIN: L74899DL1993PLC053579
B - 104A, Greater Kailash, Part - I,
New Delhi - 110 048

I have conducted the secretarial audit of the compliance of the applicable statutory provisions and the adherence to good corporate practices by R Systems International Limited (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the statutory registers, books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on December 31, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on December 31, 2016 according to the provisions of:

- (i) The Companies Act, 2013 ('the Act') and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') viz.: -
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008: - **Not Applicable**;
 - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009: - **Not Applicable**;
 - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; and
 - i. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (vi) The other laws which are specifically applicable to the Company based on its sector/ industry are:
 - a. The Information Technology Act, 2000;
 - b. Policy relating to Software Technology Parks of India and its regulations;
 - c. Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

I have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, etc. mentioned above.

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at the Board and Committee meetings were carried out unanimously as recorded in the minutes of the meetings of the Board of Directors and Committees thereof, as the case may be.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period the company had the following specific events / actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above: -

1. The Company has bought back 3,000,000 equity shares of Re. 1/- each for an aggregate amount of Rs. 195,000,000 at Rs. 65/- per equity share on proportionate basis through Tender

Offer route pursuant to the provisions of Section 68 of the Act and the Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998. All the shares bought back pursuant to the above buyback had been extinguished within the statutory time limits and the said buy back was completed on November 29, 2016.

Sd/-

CS Jitender Singh

Practicing Company Secretary

Mem. No. A33610

C.P. No. 12463

Date: April 06, 2017

Place: New Delhi

To,

The Members,
R Systems International Limited,
CIN: L74899DL1993PLC053579
B - 104A, Greater Kailash - I,
New Delhi - 110 048.

My report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial record and Books of Accounts of the company.
4. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Sd/-

CS Jitender Singh

Practicing Company Secretary

Mem. No. A33610

C.P. No. 12463

Date: April 06, 2017

Place: New Delhi

Annexure 'G' to the Directors Report

FORM NO. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto:

1. Details of contracts or arrangements or transactions not at arm's length basis

Sr. No.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts / arrangements/ transaction	Salient terms of the contracts or arrangements including the value, if any	Justification for entering into such contracts or arrangements or transactions	Date(s) of approval by the Board	Amount paid as advances, if any	Date on which the special resolution was passed in general meeting as required under first proviso to section 188
	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

2. Details of material contracts or arrangement or transactions at arm's length basis

Sr. No.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts / arrangements/ transactions	Salient terms of the contracts or arrangements including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advances, if any
	Nil	Nil	Nil	Nil	Nil	Nil

Note:

- The aforesaid disclosure is based on the materiality threshold defined in Policy for related party transactions.
- For details of other related party transaction, please refer note No. 24 of the Standalone financial statements.

On Behalf of the Board
For R Systems International Limited

Sd/-
Satinder Singh Rekhi
(DIN: 00006955)
(Managing Director)

Place: Singapore
Date: April 06, 2017

Sd/-
Lt. Gen. Baldev Singh (Retd.)
(DIN: 00006966)
(President & Senior Executive Director)

Place: Noida, U.P.
Date: April 06, 2017

Annexure 'H' to the Directors Report

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ("CSR") ACTIVITIES

For the Financial Year ended December 31, 2016

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web link to the CSR policy and projects or programs:

To support and endeavour to bring about positive difference to communities where we exist. Through the CSR initiatives, the Company strives to provide equitable opportunities for sustainable growth, thereby aligning with our goal to build R Systems International Limited into an organization which maximizes Stakeholders Value. The Company would engage in activities whereby business further contributes to make a positive and distinguishing impact on the environment, customers and other stakeholders.

Core areas as per the CSR Policy – Education, Health & Medical Care, Community at large, Environment etc.

The Company's CSR policy can be accessed on:

<http://www.rsystems.com/investors/corporategovernance.aspx>

2. Composition of the CSR Committee (As on December 31, 2016)

1. Mr. Kapil Dhameja (Non-Executive Independent Director)– Chairman
2. Mrs. Ruchica Gupta (Non-Executive Independent Director) – Member
3. Lt. Gen. Baldev Singh (Retd.) (President & Senior Executive Director) - Member

3. Average Net Profit of the Company for last three financial years

Rs. 530,416,658

4. Prescribed CSR Expenditure (two percent of the amount as in Item 3 above)

Rs. 10,608,333

5. Details of CSR spent during the financial year:

(a) Total Amount to be spent for the financial year

Rs. 10,608,333

(b) Amount unspent, if any

Rs. 9,108,333

(c) Manner in which the amount spent during the financial year is detailed below:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No.	CSR Project or activity identified	Sector in which the project is covered	Project / Programs (1) Local Area / others (2) Specify the State / District where the Project or program was Undertaken	Amount Outlay (budget) Project / Program wise	Amount spent on the project / programs Subheads: (1) Direct expenditure on project / programs (2) Overheads	Cumulative expenditure up to the reporting period	Amount spent Direct or through implementing agency*
1.	School Education Project	Education	Kapurthala-Punjab (Army Public School, Beas)	15 lakhs	15 lakhs	15 lakhs	Expenses incurred directly

* Give details of implementing agency – N.A.

6. Reason for not spending two percent of the average net Profit of the last three financial years or any part thereof on CSR

The Company has continued with its School Education Project. Further, your Company is in continuous process of exploring and evaluating new opportunities to increase the CSR expenditure to the prescribed levels. As a socially responsible company, your Company stays committed to increase its CSR impact over the coming years with its aim for maximum social bearings.

7. A Responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in Compliance with the CSR Objectives and Policy of the Company.

The CSR Committee hereby confirms that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and policy of the Company.

Sd/-

Satinder Singh Rekhi

(DIN: 00006955)

(Managing Director)

Place: Singapore

Date: April 06, 2017

Sd/-

Kapil Dhameja

(DIN: 02889310)

(Chairman of the CSR Committee)

Place: Noida, U.P.

Date: April 06, 2017

FORM NO. MGT-9 EXTRACT OF ANNUAL RETURN

as on the financial year ended on December 31, 2016

[Pursuant to section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies
(Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

CIN	:	L74899DL1993PLC053579
Registration Date	:	May 14, 1993
Name of the Company	:	R Systems International Limited
Category / Sub-Category of the Company	:	Company having Share Capital
Address of the Registered office and contact details	:	B -104A, Greater Kailash, Part-I, New Delhi-110048 Tel. No.: +91-011-32596619 E-mail: rsystems.india@rsystems.com
Address of the Corporate office and contact details	:	C-40, Sector-59, NOIDA, District Gautam Budh Nagar, U.P. India-201307 Tel. No.: +91-120-4303500 Fax: +91-120-2587123
Whether listed company	:	Yes
Name, Address and Contact details of Registrar and Transfer Agent, if any	:	Link Intime India Private Limited 44, Community Center, 2nd Floor, Naraina Industrial Area, Phase- I Near PVR Naraina, New Delhi -110 028 Phone: 011 - 414 10592, 93, 94 Fax : 011 - 414 10591 Email : delhi@linkintime.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Information technology services and products	620	82.82%
2	Business process outsourcing services	620	17.18%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. NO	NAME OF THE COMPANY	Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
1	R Systems (Singapore) Pte Limited	#04-01, 16 Jalan Kilang, Hoi Hup Building, Singapore 159416	Foreign Company	Subsidiary	100%	2(87)
2	R Systems, Inc.	5000, Windplay Drive, Suite #5, El Dorado Hills, CA 95762, U.S.A.	Foreign Company	Subsidiary	100%	2(87)
3	R Systems Technologies Ltd. (Formerly known as Indus Software, Inc.)	5000, Windplay Drive, Suite #5, El Dorado Hills, CA 95762, U.S.A.	Foreign Company	Subsidiary	100%	2(87)

SI. NO	NAME OF THE COMPANY	Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
4	ECnet Limited	#04-01, 16 Jalan Kilang, Hoi Hup Building, Singapore 159416	Foreign Company	Subsidiary	99.75%	2(87)
5	RSYS Technologies Ltd. (Formerly known as Systèmes R. International Ltée)	1000 Cathedral Place, 925 West Georgia Street, Vancouver BC V6C 3L2, Canada	Foreign Company	Subsidiary	100%	2(87)
6	Computaris International Limited	11 Queens Road, Brentwood Essex, CM 14 4HE, United Kingdom	Foreign Company	Subsidiary	100%	2(87)
7	ECnet (M) Sdn. Bhd.#	Level 12, Suite 12.05, Menara Summit, Persiaran Kewajipan, USJ 1 47500 UEP Subang Jaya, Malaysia	Foreign Company	Step Down Subsidiary	99.75%	2(87)
8	ECnet Systems (Thailand) Co. Ltd.#	2/3 Bangna Tower-A, 2nd Floor, Room No. 205, Moo 14, Bangna- Trad K.M. 6.5, Tambol Bangkaew, Amphoe Bangplee, Samutprakarn Province	Foreign Company	Step Down Subsidiary	99.75%	2(87)
9	ECnet (Shanghai) Co. Ltd.*	Rm H, 20 Floor, Foresight Mansion, No.768 Xie Tu Rd, Shanghai, China	Foreign Company	Step Down Subsidiary	99.75%	2(87)
10	ECnet (Hong Kong) Ltd#	Rm 1903, 19/F, World Wide House 19 Des Voeux Road Central Hong Kong	Foreign Company	Step Down Subsidiary	99.75%	2(87)
11	ECnet, Inc.#	5000 Wind Play Drive Suite #5, El Dorado Hills, CA 95762, USA	Foreign Company	Step Down Subsidiary	99.75%	2(87)
12	ECnet Kabushiki Kaisha#	Godo Building 6F, Kaji-cho 1-6-17, Chiyoda-ku, Tokyo, Japan 101-0044	Foreign Company	Step Down Subsidiary	99.75%	2(87)
13	Computaris Romania SRL*	Bucharest office 5 Gheorghe Manu Str, Groundfloor, Room 2, Sector 1, 010442 Bucharest, Romania Galati office 23 Logofat Tautu Str., 800009 Galati, Romania	Foreign Company	Step Down Subsidiary	100%	2(87)
14	Computaris Polska sp z o.o.*	Warsaw office Babka Tower, entrance H, 6th floor, al. Jana Pawla II 80, 00-175 Warsaw, Poland Bialystok Office ul. Branickiego 17, 15 -085 Bialystok, Poland	Foreign Company	Step Down Subsidiary	100%	2(87)
15	ICS Computaris International Srl	63, Vlaicu Picalab Str., Sky Tower Business Centre, 8th Floor, Office B, MD-2012, Chisinau, The Republic of Moldova	Foreign Company	Step Down Subsidiary	100%	2(87)
16	Computaris Malaysia Sdn. Bhd.*	1005 Level 10 Block B Phileo Damansara 1, 9 Jalan 16/11, Off Jalan Damansara, 46350 Petaling Jaya, Selangor, Malaysia.	Foreign Company	Step Down Subsidiary	100%	2(87)
17	Computaris USA Inc.*	5000, Windplay Drive, Suite #5, El Dorado Hills, CA 95762, U.S.A.	Foreign Company	Step Down Subsidiary	100%	2(87)

SI. NO	NAME OF THE COMPANY	Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
18	Computaris Philippines Pte. Ltd. Inc.*	21B Rufino Pacific Tower, 6784 Ayala Avenue, Corner V.A. Rufino Street, Legaspi Village Makati City, 1226 Philippines	Foreign Company	Step Down Subsidiary	100%	2(87)
19	IBIZ Consulting Pte. Ltd.® (Formerly known as IBIZCS Group Pte Ltd)	2 Jalan Kilang Barat #04-01 Singapore 159346	Foreign Company	Step Down Subsidiary	100%	2(87)
20	IBIZ Consulting Services Pte Ltd [^]	2, Jalan Kilang Barat #04-01 Singapore 159346	Foreign Company	Step Down Subsidiary	100%	2(87)
21	IBIZ Consulting Services Sdn. Bhd. [^]	Suite A-13-6, Menara Atlas Plaza Pantai, No. 5, Jalan 4/83A Off Jalan Pantai Baru 59200 Kuala Lumpur, Malaysia	Foreign Company	Step Down Subsidiary	100%	2(87)
22	PT. IBIZCS Indonesia [^]	Setiabudi Buidling 2, 2nd Floor, Suite 203 Jl. H.R. Rasuna Said Kav. 62 Jakarta Selatan 12920, Indonesia	Foreign Company	Step Down Subsidiary	100%	2(87)
23	IBIZ Consultancy Services India Private Limited [^]	Block 2, 4th Floor, The LORDS Building No. 1&2 Northern Extension Area, Jawaharlal Nehru Rd, Thiru Vi Ka Industrial Estate, Ekkatuthangal, Chennai 600032	U72200TN2008 PTC070201	Step Down Subsidiary	100%	2(87)
24	IBIZ Consulting Services Limited [^]	Room 1804-5 The Centre Mark 287-29 Queen's Road Central Hong Kong	Foreign Company	Step Down Subsidiary	100%	2(87)
25	IBIZ Consulting Services (Shanghai) Co., Ltd [%]	Rm 700 Jindu Center, No 277 Wu Xing Road, Xuhui, Shanghai, China	Foreign Company	Step Down Subsidiary	100%	2(87)

Wholly owned subsidiary of ECnet Limited, Singapore being 99.75% subsidiary of R Systems.

* Wholly owned subsidiaries of Computaris International Limited being 100% subsidiary of R Systems.

@ Wholly owned subsidiary of R Systems (Singapore) Pte. Ltd. being 100% subsidiary of R Systems.

[^] Wholly owned subsidiaries of IBIZ Consulting Pte. Ltd. (Formerly known as IBIZCS Group Pte Ltd) being 100% subsidiary of R Systems (Singapore) Pte Limited being 100% subsidiary of R Systems.

[%] Wholly owned subsidiary of IBIZ Consulting Services Limited - Hong Kong being 100% Subsidiary of IBIZ Consulting Pte. Ltd.

Note: Refer Note No. 13 of the Directors' Report for further details of the subsidiaries.

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Categorywise shareholding

Category of Shareholders	No. of Shares held at the beginning of the year- January 01, 2016			No. of Shares held at the end of the year- December 31, 2016			% Change during the year
	Physical	Demat	Total	Physical	Demat	Total	
A. Promoter and Promoter Group							
Indian							
Individuals / Hindu Undivided Family	0	7,777	7,777	0	7,777	7,777	0.01
Central Government	0	0	0	0	0	0	0.00
State Government(s)	0	0	0	0	0	0	0.00
Bodies Corporate	0	29,782,219	29,782,219	0	29,746,353	29,746,353	24.01
Financial Institutions / Banks	0	0	0	0	0	0	0.00
Any Other (Specify)	0	0	0	0	0	0	0.00
Sub Total (A)(1)	0	29,789,996	29,789,996	23.48	29,754,130	29,754,130	24.02
Foreign							
NRI Individual	0	12,367,430	12,367,430	0	12,105,955	12,105,955	9.77
Other Individual	0	0	0	0	0	0	0.00
Bodies Corporate	0	9,272,000	9,272,000	0	9,076,218	9,076,218	7.33
Banks/ Financial Institutions	0	0	0	0	0	0	0.00
Any Other (Foreign Trust)	0	13,018,980	13,018,980	0	12,150,731	12,150,731	9.81
Sub Total (A)(2)	0	34,658,410	34,658,410	27.32	33,332,904	33,332,904	-0.41
Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)	0	64,448,406	64,448,406	50.80	63,087,034	63,087,034	0.13
B. Public shareholding							
Institutions							
Mutual Funds / UTI	0	0	0	0	0	0	0.00
Financial Institutions / Banks	0	12,154	12,154	0	11,925	11,925	0.01
Central Government	0	0	0	0	0	0	0.00
State Government(s)	0	0	0	0	0	0	0.00
Venture Capital Funds	0	0	0	0	0	0	0.00
Insurance Companies	0	0	0	0	0	0	0.00

Category of Shareholders	No. of Shares held at the beginning of the year- January 01, 2016			No. of Shares held at the end of the year- December 31, 2016			% Change during the year
	Physical	Demat	Total	Physical	Demat	Total	
			% of Total Shares			% of Total Shares	
Foreign Institutional Investors	0	0	0.00	0	0	0	0.00
Foreign Venture Capital Investors	0	0	0.00	0	0	0	0.00
Any Other (specify)	0	0	0.00	0	0	0	0.00
Sub-Total (B)(1)	0	12,154	0.01	0	11,925	11,925	0.01
Non-institutions							
Bodies Corporate (Indian and Overseas)	0	981,191	0.77	0	1,090,919	1,090,919	0.88
Individuals -							
i. Individual shareholders holding nominal share capital up to Rs. 1 lakh	143,032	9,529,718	7.62	139,813	10,136,953	10,276,766	8.30
ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	114,000	50,705,545	40.06	114,000	48,394,246	48,508,246	39.16
Any Other (Clearing Member)	0	197,399	0.16	0	156,555	156,555	0.13
Any Other (Trust)	738,980	0	0.58	738,980	0	738,980	0.60
Sub-Total (B)(2)	996,012	61,413,853	49.19	992,793	59,778,673	60,771,466	49.06
Total Public Shareholding (B) = (B)(1)+(B)(2)	996,012	61,426,007	49.20	992,793	59,790,598	60,783,391	49.07
TOTAL (A)+(B)	996,012	125,874,413	100.00	992,793	122,877,632	123,870,425	100.00
C. Shares held by Custodian for GDRs & ADRs	0	0	0.00	0	0	0	0.00
TOTAL (C)	0	0	0.00	0	0	0	0.00
GRANDTOTAL (A)+(B)+(C)	996,012	125,874,413	100.00	992,793	122,877,632	123,870,425	100.00

Note: In addition to changes on account of purchase / sale of shares, evident from the different shareholding positions beginning and end of the year, the change in % of shareholding is consequent to extinguishment of equity shares bought back by the Company during the year.

ii. Shareholding of Promoters

S. No	Shareholder's Name	Share holding at the beginning of the year - January 01, 2016			Share holding at the end of the year - December 31, 2016			% Change during the year
		Number of shares held	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	Number of shares held	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Mrs. Kuldeep Baldev Singh	6,080	0.00	0.00	6,080	0.00	0.00	0.00
2	Mrs. Anita Behl	1,697	0.00	0.00	1,697	0.00	0.00	0.00
3	GM Solutions Private Limited	10,242,424	8.07	0.00	10,261,150	8.28	0.00	0.21
4	GMU Infosoft Private Limited	9,673,035	7.62	0.00	9,646,784	7.79	0.00	0.16
5	U Infosoft Private Limited	9,866,760	7.78	0.00	9,838,419	7.94	0.00	0.17
6	Mr. Satinder Singh Rekhi	1,309,200	1.03	0.00	1,281,556	1.03	0.00	0.00
7	Mrs. Harpreet Rekhi	760	0.00	0.00	760	0.00	0.00	0.00
8	Mr. Sartaj Singh Rekhi	5,991,340	4.72	0.00	5,864,656	4.73	0.00	0.01
9	Mr. Ramneet Singh Rekhi	5,066,130	3.99	0.00	4,958,983	4.00	0.00	0.01
10	RightMatch Holdings Ltd.	9,272,000	7.31	0.00	9,076,218	7.33	0.00	0.02
11	Satinder & Harpreet Rekhi Family Trust (Trustee: Satinder Singh Rekhi & Harpreet Rekhi)	13,018,980	10.26	0.00	12,150,731	9.81	0.00	-0.45
	TOTAL	64,448,406	50.80	0.00	63,087,034	50.93	0.00	0.13

Note: The change in Percentage of shareholding is mainly due to extinguishment of equity shares bought back by the Company during the year.

iii. Change in Promoter Holding

Sl. No.	Name of the Promoter	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	GM Solutions Private Limited				
	At the beginning of the year -January 01, 2016	10,242,424	8.07	10,242,424	8.07
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):				
	Less: Sale on November 29, 2016 (Buyback)	216,274	0.17	10,026,150	8.09
	Add: Purchase on December 26, 2016	235,000	0.19	10,261,150	8.28
	At the End of the year-December 31, 2016			10,261,150	8.28
2	GMU Infosoft Private Limited				
	At the beginning of the year -January 01, 2016	9,673,035	7.62	9,673,035	7.62
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):				
	Less: Sale on November 29, 2016 (Buyback)	204,251	0.16	9,468,784	7.64
	Add: Purchase on December 26, 2016	178,000	0.14	9,646,784	7.79
	At the End of the year-December 31, 2016			9,646,784	7.79
3	U Infosoft Private Limited				
	At the beginning of the year -January 01, 2016	9,866,760	7.78	9,866,760	7.78
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):				
	Less: Sale on November 29, 2016 (Buyback)	208,341	0.17	9,658,419	7.80
	Add: Purchase on December 26, 2016	180,000	0.15	9,838,419	7.94
	At the End of the year-December 31, 2016			9,838,419	7.94
4	Mr. Satinder Singh Rekhi				
	At the beginning of the year -January 01, 2016	1,309,200	1.03	1,309,200	1.03
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):				
	Less: Sale on November 29, 2016 (Buyback)	27,644	0.02	1,281,556	1.03
	At the End of the year-December 31, 2016			1,281,556	1.03
5	Mr. Sartaj Singh Rekhi				
	At the beginning of the year -January 01, 2016	5,991,340	4.72	5,991,340	4.72
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):				
	Less: Sale on November 29, 2016 (Buyback)	126,684	0.10	5,864,656	4.73
	At the End of the year-December 31, 2016			5,864,656	4.73

Sl. No.	Name of the Promoter	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
6	Mr. Ramneet Singh Rekhi				
	At the beginning of the year -January 01, 2016	5,066,130	3.99	5,066,130	3.99
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):				
	Less: Sale on November 29, 2016 (Buyback)	107,147	0.09	4,958,983	4.00
	At the End of the year-December 31, 2016			4,958,983	4.00
7	RightMatch Holdings Ltd.				
	At the beginning of the year -January 01, 2016	9,272,000	7.31	9,272,000	7.31
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):				
	Less: Sale on November 29, 2016 (Buyback)	195,782	0.16	9,076,218	7.33
	At the End of the year-December 31, 2016			9,076,218	7.33
8	Satinder & Harpreet Rekhi Family Trust (Trustee: Satinder Singh Rekhi & Harpreet Rekhi)				
	At the beginning of the year -January 01, 2016	13,018,980	10.26	13,018,980	10.26
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):				
	Less: Sale on November 29, 2016 (Buyback)	275,249	0.22	12,743,731	10.29
	Less: Sale on December 26, 2016	593,000	0.48	12,150,731	9.81
	At the End of the year-December 31, 2016			12,150,731	9.81

Note: The change in percentage of shareholding during the year is mainly consequent to the extinguishment of equity shares bought back by the Company during the year.

(iv) (a) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No	Top Ten Share Holders (For Each of the Top 10 Shareholders)	Shareholding at the beginning of the year -January 01, 2016		Shareholding at the end of the year -December 31, 2016	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Bhavook Tripathi	46,621,804	36.75	44,330,059	35.79
2	R Systems Employee Welfare Trust	738,980	0.58	738,980	0.60
3	K Mohan	717,590	0.57	702,448	0.57
4	Mandeep Sodhi	692,625	0.55	643,263	0.52
5	O'neil Nalavadi	648,770	0.51	648,770	0.52
6	Prabhakar Rao Mahableshwar Bantwal	361,822	0.29	390,878	0.32
7	Juzar Feroz Basrai	300,000	0.24	300,000	0.24
8	Mannige Vikram Rao	221,100	0.17	221,100	0.18
9	Raj Swaminathan	200,000	0.16	135,000	0.11
10	Mohd Farooq Kamal	197,100	0.16	192,941	0.16
11	Deepak Kishan Rao Wagh	190,000	0.15	190,000	0.15

(iv) (b) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	Name of Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
A	Mr. Bhavook Tripathi				
	At the beginning of the year -January 01, 2016				
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)				
	At the End of the year-December 31, 2016				
B	K Mohan				
	At the beginning of the year -January 01, 2016				
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)				
	At the End of the year-December 31, 2016				
C	Mandeep Sodhi				
	At the beginning of the year -January 01, 2016				
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)				
	At the End of the year-December 31, 2016				
D	Prabhakar Rao Mahableshwar Bantwal				
	At the beginning of the year -January 01, 2016				
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)				
	At the End of the year-December 31, 2016				
E	Raj Swaminathan				
	At the beginning of the year -January 01, 2016				
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)				
	At the End of the year-December 31, 2016				
F	Mohd Farooq Kamal				
	At the beginning of the year -January 01, 2016				
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)				
	At the End of the year-December 31, 2016				

As per Annexure - I

ANNEXURE - I

Sl. No.	Date of Transaction	Nature of Transaction	Shareholding at the beginning of the Year		Cumulative Shareholding during the Year	
			No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
A	Bhavook Tripathi					
	As at January 01, 2016 (Opening Balance)		46,621,804	36.75	46,621,804	36.75
	January 1, 2016	Sale	2,115	0.00	46,619,689	36.75
	January 8, 2016	Sale	15,602	0.01	46,604,087	36.73
	January 15, 2016	Sale	8,720	0.01	46,595,367	36.73
	January 22, 2016	Sale	106	0.00	46,595,261	36.73
	January 29, 2016	Sale	5,218	0.00	46,590,043	36.72
	February 5, 2016	Sale	8,736	0.01	46,581,307	36.72
	February 12, 2016	Sale	2,200	0.00	46,579,107	36.71
	February 19, 2016	Purchase	5,437	0.00	46,584,544	36.72
	February 26, 2016	Purchase	3,108	0.00	46,587,652	36.72
	March 4, 2016	Purchase	468	0.00	46,588,120	36.72
	March 11, 2016	Sale	8,248	0.01	46,579,872	36.71
	March 18, 2016	Sale	18,844	0.01	46,561,028	36.70
	March 25, 2016	Sale	1,455	0.00	46,559,573	36.70
	March 31, 2016	Sale	5,125	0.00	46,554,448	36.69
	April 8, 2016	Sale	29,424	0.02	46,525,024	36.67
	April 15, 2016	Sale	28,022	0.02	46,497,002	36.65
	April 22, 2016	Sale	37,142	0.03	46,459,860	36.62
	April 29, 2016	Sale	26,337	0.02	46,433,523	36.60
	May 6, 2016	Sale	50,105	0.04	46,383,418	36.56
	May 13, 2016	Sale	17,274	0.01	46,366,144	36.55
	May 20, 2016	Sale	96,498	0.08	46,269,646	36.47
	May 27, 2016	Sale	30,914	0.02	46,238,732	36.45
	June 3, 2016	Sale	37,241	0.03	46,201,491	36.42
	June 10, 2016	Sale	30,618	0.02	46,170,873	36.39
	June 17, 2016	Sale	27,978	0.02	46,142,895	36.37
	June 24, 2016	Sale	30,471	0.02	46,112,424	36.35
	June 30, 2016	Sale	29,866	0.02	46,082,558	36.32
	July 7, 2016	Sale	51,043	0.04	46,031,515	36.28
	July 15, 2016	Sale	22,607	0.02	46,008,908	36.26
	July 22, 2016	Sale	22,701	0.02	45,986,207	36.25
	July 29, 2016	Sale	8,340	0.01	45,977,867	36.24
	August 5, 2016	Sale	25,001	0.02	45,952,866	36.22
	August 26, 2016	Sale	2,409	0.00	45,950,457	36.22
	September 2, 2016	Sale	4,128	0.00	45,946,329	36.22
	September 9, 2016	Sale	36,076	0.03	45,910,253	36.19
	September 16, 2016	Sale	92,488	0.07	45,817,765	36.11
	September 23, 2016	Sale	47,051	0.04	45,770,714	36.08
	September 30, 2016	Sale	36,921	0.03	45,733,793	36.05
	October 7, 2016	Sale	11,393	0.01	45,722,400	36.04
	October 14, 2016	Sale	1,327	0.00	45,721,073	36.04

Sl. No.	Date of Transaction	Nature of Transaction	Shareholding at the beginning of the Year		Cumulative Shareholding during the Year	
			No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
	October 21, 2016	Sale	1	0.00	45,721,072	36.04
	October 28, 2016	Sale	14,951	0.01	45,706,121	36.03
	November 4, 2016	Purchase	5	0.00	45,706,126	36.03
	November 29, 2016	Sale (Buyback)	1,120,306	0.90	44,585,820	35.99
	December 16, 2016	Sale	150,416	0.12	44,435,404	35.87
	December 23, 2016	Sale	81,705	0.07	44,353,699	35.81
	December 30, 2016	Sale	23,640	0.02	44,330,059	35.79
	As at December 31, 2016 (Closing Balance)				44,330,059	35.79
B	K Mohan					
	As at January 01, 2016 (Opening Balance)		717,590	0.57	717,590	0.57
	November 29, 2016	Sale (Buyback)	15,142	0.01	702,448	0.57
	As at December 31, 2016 (Closing Balance)				702,448	0.57
C	Mandeep Sodhi					
	As at January 01, 2016 (Opening Balance)		692,625	0.55	692,625	0.55
	November 29, 2016	Sale (Buyback)	14,806	0.01	677,819	0.55
	November 30, 2016	Sale	12,422	0.01	665,397	0.54
	December 1, 2016	Sale	22,134	0.02	643,263	0.52
	As at December 31, 2016 (Closing Balance)				643,263	0.52
D	Prabhakar Rao Mahableshwar Bantwal					
	As at January 01, 2016 (Opening Balance)		361,822	0.29	361,822	0.29
	June 10, 2016	Purchase	29,056	0.02	390,878	0.32
	As at December 31, 2016 (Closing Balance)				390,878	0.32
E	Raj Swaminathan					
	As at January 01, 2016 (Opening Balance)		200,000	0.16	200,000	0.16
	September 16, 2016	Sale	5,000	0.00	195,000	0.15
	November 29, 2016	Sale (Buyback)	4,273	0.00	190,727	0.15
	December 16, 2016	Sale	55,000	0.04	135,727	0.11
	December 23, 2016	Sale	727	0.00	135,000	0.11
	As at December 31, 2016 (Closing Balance)				135,000	0.11
F	Mohd Farooq Kamal					
	As at January 01, 2016 (Opening Balance)		197,100	0.16	197,100	0.16
	November 29, 2016	Sale (Buyback)	4,159	0.00	192,941	0.16
	As at December 31, 2016 (Closing Balance)				192,941	0.16

- Note:**
1. The change in percentage of shareholding during the year is also consequent to the extinguishment of equity shares bought back by the Company during the year.
 2. Except for shares sold in buyback offer of the Company, the above information is based on weekly beneficiary position (net purchase/sale) received from depositories.

(v) Shareholding of Directors and Key Managerial Personnel:

Change in Shareholding

Sl. No.	Name of the Director/ Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Mr. Satinder Singh Rekhi				
	At the beginning of the year -January 01, 2016	1,309,200	1.03	1,309,200	1.03
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):				
	Less: Sale on November 29, 2016 (Buyback)	27,644	0.02	1,281,556	1.03
	At the end of the year-December 31, 2016			1,281,556	1.03
2	Lt. Gen. Baldev Singh (Retd.)				
	At the beginning of the year -January 01, 2016	139,594	0.11	139,594	0.11
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):				
	Less: Sale on June 14, 2016	5,000	0.00	134,594	0.11
	Less: Sale on November 01, 2016	2,704	0.00	131,890	0.10
	Less: Sale on November 02, 2016	5,000	0.00	126,890	0.10
	Less: Sale on November 29, 2016 (Buyback)	2,917	0.00	123,973	0.10
	Less: Sale on November 30, 2016	5,500	0.00	118,473	0.10
	Less: Sale on December 01, 2016	2,737	0.00	115,736	0.09
	Less: Sale on December 02, 2016	4,238	0.00	111,498	0.09
	At the end of the year-December 31, 2016			111,498	0.09
3	Mr. Raj Kumar Gogia				
	At the beginning of the year -January 01, 2016	-	-	-	-
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)				
	At the date of Ceassation-June 13, 2016*			-	-
4	Mr. Gurbax Singh Basin				
	At the beginning of the year -January 01, 2016	-	-	-	-
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)				
	At the date of Ceassation-June 13, 2016*			-	-
5	Mr. Suresh Paruthi				
	At the beginning of the year -January 01, 2016	-	-	-	-
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)				
	At the date of Ceassation-June 13, 2016*			-	-

Sl. No.	Name of the Director/ Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
6	Mr. Amardeep Singh Ranghar				
	At the beginning of the year -January 01, 2016	-	-	-	-
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	-	-	-	-
	At the date of Ceassation-June 13, 2016*			-	-
7	Mrs. Ruchica Gupta				
	At the beginning of the year -January 01, 2016	-	-	-	-
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	-	-	-	-
	At the end of the year-December 31, 2016			-	-
8	Mr. Kapil Dhameja				
	At the date of appointment-June 29, 2016#	-	-	-	-
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	-	-	-	-
	At the end of the year-December 31, 2016			-	-
9	Mr. Aditya Wadhwa				
	At the date of appointment-June 29, 2016#	-	-	-	-
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc)	-	-	-	-
	At the end of the year-December 31, 2016			-	-
10	Mr. Nand Sardana				
	At the beginning of the year -January 01, 2016	52,200	0.04	52,200	0.04
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	-	-	-	-
	Less: Sale on November 29, 2016 (Buyback)	1,102	0.00	51,098	0.04
	At the end of the year-December 31, 2016			51,098	0.04
11	Mr. Ashish Thakur				
	At the beginning of the year -January 01, 2016	-	-	-	-
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	-	-	-	-
	At the end of the year-December 31, 2016			-	-

* Ceased to be director of the Company w.e.f. June 13, 2016. Therefore, details of their shareholding is provided till their ceassation as diector of the Company.

Appointed as Director of the Company w.e.f. June 29, 2016. Hence, their shareholding details have been provided since their appointment.

Note: The change in percentage of shareholding during the year is also consequent to the extinguishment of equity shares bought back by the Company during the year.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

Particulars	Secured Loans excluding deposits	Unsecured Loans [#]	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year- January 01, 2016				
i) Principal Amount	11,575,189	-	-	11,575,189
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	87,812	-	-	87,812
Total (i+ii+iii)	11,663,001	-	-	11,663,001
Change in Indebtedness during the financial year				
Addition	6,264,000	11,000,000	-	17,264,000
Reduction	4,397,386	120,000	-	4,517,386
Net Change	1,866,614	10,880,000	-	12,746,614
Indebtedness at the end of the financial year -December 31, 2016				
i) Principal Amount	13,441,803	10,880,000	-	24,321,803
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	116,229	53,753	-	169,982
Total (i+ii+iii)	13,558,032	10,933,753	-	24,491,785

Unsecured loan relates to finance lease obligation for furniture and fixture taken on composite lease with respect to SEZ premises.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Amount in Rs.)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager		
		Mr. Satinder Singh Rekhi (MD)	Lt. Gen. Baldev Singh (Retd.) (WTD)	Total Amount
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	29,988,745	6,365,772	36,354,517
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	-	276,281	276,281
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission - as % of profit	7,038,750	-	7,038,750
	others (Specify)	-	-	-
5	Others (Specify)	-	-	-
	Total (A)	37,027,495	6,642,053	43,669,548
	Ceiling as per the Act (10% of Net Profit)			59,804,218

B. Remuneration to other directors:

i. Independent Directors

(Amount in Rs.)

Sr. No.	Particulars of Remuneration	Name of Directors							Total Amount
		Mr. Raj Kumar Gogia	Mr. Suresh Paruthi	Mr. Amardeep Singh Ranghar	Mr. Gurbax Singh Bhasin	Mrs. Ruchica Gupta	Mr. Kapil Dhameja	Mr. Aditya Wadhwa	
1	Fee for attending board / committee meetings	125,000	125,000	-	-	250,000	125,000	75,000	700,000
2	Commission	-	-	-	-	-	-	-	-
3	Others, please specify	-	-	-	-	-	-	-	-
	Total (1)	125,000	125,000	-	-	250,000	125,000	75,000	700,000

ii. Other Non-Executive Directors

1	Fee for attending board / committee meetings	-	-	-	-	-	-	-	-
2	Commission	-	-	-	-	-	-	-	-
3	Others, please specify	-	-	-	-	-	-	-	-
	Total (2)	-	-	-	-	-	-	-	-
	Total B (1+2)	125,000	125,000	-	-	250,000	125,000	75,000	700,000
	Total Managerial Remuneration (A+B)								44,369,548
	Ceiling as per the Act (10% Net Profit of A and 1% Net Profit of B)								65,784,640

Note:

- In terms of Section 197 (2), (5) of the Companies Act, 2013, sitting fees for attending Board/Committee Meeting(s) amounting to Rs. 700,000/- does not form part of overall managerial remuneration.
- Except sitting fees, no other remuneration is paid to Non- Executive and Independent Directors of the Company.
- Mr. Raj Kumar Gogia, Mr. Suresh Paruthi, Mr. Gurbax Singh Bhasin and Mr. Amanrdeep Singh Ranghar ceased to be member of the Board w.e.f. June 13, 2016.
- Mr. Kapil Dhameja and Mr. Aditya Wadhwa were appointed as Additional Directors in the capacity of Independent Director w.e.f. June 29, 2016.
- As per approval of shareholders through Postal Ballot on September 09, 2016, Mrs. Ruchica Gupta (erstwhile Non-Executive Director of the Company) was appointed as an Independent Director w.e.f. June 29, 2016.

C. Remuneration To Key Managerial Personnel Other Than MD/Manager/WTD

(Amount in Rs.)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Chief Financial Officer	Company Secretary	
		Mr. Nand Sardana	Mr. Ashish Thakur	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	5,219,880	883,124	6,103,004
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	-	-	-
2	Stock Option [#]	-	-	-
3	Sweat Equity	-	-	-
4	Commission			
	as % of profit	-	-	-
	others, specify.....	-	-	-
5	Others, please specify	-	-	-
	Total	5,219,880	883,124	6,103,004

Mr. Nand Sardana has been granted 150,000 stock options under existing R Systems International Limited Employee Stock Option Scheme 2007 on April 30, 2016.

Note:

1 It may be noted that Mr. Satinder Singh Rekhi is the Managing Director and CEO of the Company and the details of the remuneration has already been provided.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

(Amount in Rs.)

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
B. DIRECTORS					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
C. OTHER OFFICERS IN DEFAULT					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil

On behalf of the Board
for R Systems International Limited

Sd/-
Satinder Singh Rekhi
[Managing Director]
[DIN: 00006955]

Sd/-
Lt. Gen. Baldev Singh (Retd.)
[President & Senior Executive Director]
[DIN: 00006966]

Place: Singapore
Date : April 06, 2017

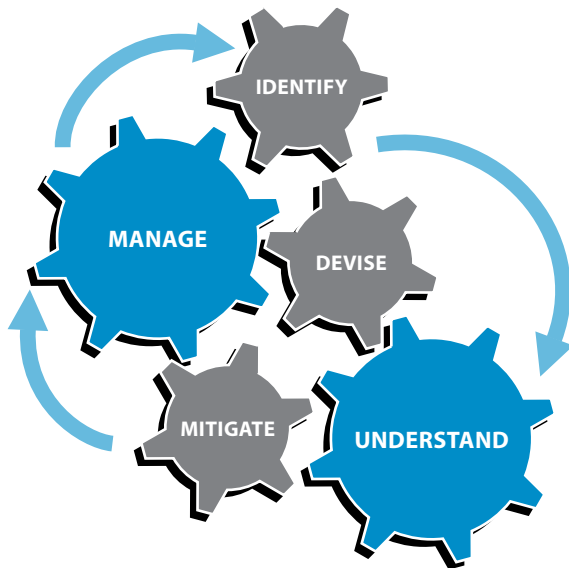
Place: NOIDA
Date : April 06, 2017

RISK MANAGEMENT REPORT

The Management cautions readers that the risks outlined in this report are not exhaustive, are for information purposes only and may contain forward looking statements, the results of which may differ materially from those reflected. Investors and readers are requested to exercise their own judgment in assessing various risks associated with the Company.

OVERVIEW

Risk Management is a dynamic process which should constantly be able to identify all the emerging risks and propose solutions to manage them. The risk perception also constantly varies depending on the size of the business, business segment, location, scale of business. The essence of risk management strategy at R Systems lies in maximising areas of control over outcome and minimising areas where the Company has no control over outcome. R Systems recognizes that business conditions are constantly changing, evolving, and entering into cycles. Following is the model adopted by the Company for managing risk:



ENTERPRISE RISK MANAGEMENT STRUCTURE

Risk management is an integral part of the charter of the Board of Directors at R Systems. The Board is responsible for monitoring risk levels on various parameters and to suggest measures to address the same. The day to day management of the risk is entrusted to the management team of R Systems. Based on the philosophy of “No risks, No rewards”, our management continuously keeps monitoring the level of our existence on the path of growth and within R Systems

management structure, certain personnel are designated with responsibility of managing risks including ensuring compliance with laws, rules and regulations with the assistance of both internal and external resources. Further, formal reporting, escalation of risk events and control mechanisms ensure timely communication, response and proactive management of the risks.

RISK MANAGEMENT AT R SYSTEMS

1. Customer Concentration

R Systems revenues are dependent to a considerable extent upon relationships with a limited number of customers and retaining those customers. The percentage of total consolidated revenues during fiscal year 2016 and 2015 that R Systems derived from contracts with its top line customers is as follows:

Customer	Year Ended	
	December 31, 2016	December 31, 2015
	(%)	(%)
Top 10	32.56	31.14
Top 5	20.83	19.54
Top 3	14.63	14.18
The Largest Customer	6.67	6.81

Concentration of revenues from a limited number of customers deepens our relationship with those customers but at the same time imposes a risk of dependence. Customer’s vendor management strategies and business risks radiate on to R Systems through fluctuations in utilization, pricing for services and service level demands. All these factors could potentially impact revenues and profitability of R Systems.

INITIATIVES: The business model and strategy followed by R Systems involves serving the customers in a manner that they get measurable tangible benefits. When customers see value in the services / solutions that R Systems provides, we believe that customer’s relationship can be nurtured into the long term. Further, with our proactive strategy of adding new customers, we attempt to reduce our dependency on a smaller number of customer relationships.

2. Geographical Concentration

R Systems has traditionally derived most of its revenues from the US, given the technology focus and specialized outsourced product development services offered by it. The geographic break-up of the revenue is given below:

Revenues by Geographies	Year Ended	
	December 31, 2016	December 31, 2015
	(%)	(%)
U.S.A.	59.17	57.98
Europe	17.98	14.84
SEAC	17.68	16.86
India	1.61	5.27
Others	3.56	5.05
Total	100	100

INITIATIVES: In order to mitigate the risk of geographical concentration, R Systems has stepped up its business activities in other geographic areas like Europe, South East Asia etc.

3. Risks Associated with Fixed Price Contracts


Under our IPLM services most of our assignments are on the basis of time and material task orders, some proportion of the services provided by us is in the nature of fixed bid assignments. Under fixed bid assignments, in the event of cost overruns, our profitability will be adversely affected.

INITIATIVES: We have our internal processes to ensure accuracy in the estimation of the time required to execute fixed price projects, and processes to implement and monitor the progress of such projects. Further, the experience gained from such projects is also used for new projects. However given the very nature of the fixed price projects, cost overruns and delayed deliveries cannot be ruled out.

4. Competition

The IT & ITES sector is a highly competitive sector. Our competitors include IT outsourcing firms in India as well as in other countries, national and multinational consulting and technology firms, Indian IT services firms, software firms and in-house IT departments of large companies. The competition in the IT industry is very intense and our competitors are aggressive in winning new business and customers that may drive a harder bargain.

INITIATIVES: We believe that R Systems is well positioned and enjoys following competitive advantages:

- Experience in providing end-to-end solutions and services to customers;
- Unique and proprietary  with best practices, tools and methodologies for flawless execution;
- Investment in processes, talent and methodologies;

- Strong customer franchise consisting of large and mid-sized corporations;
- Strong financial position;
- Proven global delivery model;
- Our vertical focus for services and solutions;
- Industry best human resource practices to attract, develop, deploy and retain talent.

5. Disaster Prevention and Recovery

The IT industry is very sensitive to security risk and a real or perceived threat of a risk to the security and integrity of information available to us may adversely affect customer perception, give rise to litigation and reduce our customer base, thereby negatively affecting R Systems revenues and profit margins. The contracts entered into by R Systems typically hold us solely responsible for maintaining satisfactory standards of personnel competency, conduct and integrity and for taking required disciplinary action.

INITIATIVES: R Systems has adopted industry-standard security precautions such as ensuring that our employees and strategic partners enter into non-disclosure and confidentiality agreements with us, verifying that there is no information leakage through test procedures, carrying out background checks and verifications, creating and maintaining data back-ups, and maintaining an adequate disaster recovery plan.

R Systems makes continual investments in organisation behavior and management processes to ensure that these certified industry standards are continually adhered to.

During the year under review, all QMS artifacts of the Company have been migrated from ISO 9001:2008 to new ISO 9001:2015 standard and process wise risk assessment as per the new standard has been carried out. Noida BPO Center has been certified as PCI-DSS (ver. 3.1) compliant for the call Analytic Services provided to one of the major client.

As of the date of this report, Noida IT centre is CMMi level 5, PCMM Level 5, ISO 9001 : 2008 and ISO 27001 : 2013 certified; Noida BPO centre is PCMM Level 5, ISO 9001 : 2008, ISO 27001 : 2013 certified and PCI-DSS (ver.3.1) certified for call analytics services. The continuing compliance with these standards demonstrates the rigor of R Systems processes and differentiates us to keep our competitive edge in service and product offerings.

Further, our distributed offshore and near shore infrastructure is seamlessly connected through a strong infrastructure design and appropriate bandwidth that provides us the capability to initiate and maintain uninterrupted support across the world.

6. Talent Acquisition & Retention

The IT and BPO sector is highly competitive in terms of hiring strategy and incentives. R Systems is highly dependent on its employees at various levels of the organisation to provide leadership, manage the business, to provide services and execute complex projects for the clients. These skilled professionals are in high demand by other organisations and if R Systems is unable to attract and retain the skilled people, it will affect R Systems ability to grow and provide services to its customers.

INITIATIVES: At R Systems, we follow industry best human resource practices such as PCMM level 5 to attract, develop, deploy and retain talent. The Company is committed to develop and innovate such programmes that motivates them and develop their potential and also inculcate leadership attributes of the employees, which helps us to retain the best talent in the industry.

7. Key Managerial Role & Succession Planning

Succession planning is one of the most critical functions of an organization. This is the process that identifies the critical and core roles of an organization and identifies and assesses the suitable candidates for the same. The process ramps up potential candidates with appropriate skills and experiences in an effort to train them to handle future responsibilities in their respective roles. Succession planning is applicable for all critical roles in any organization. The upper management of each practice or department is responsible for coming up with a suitable succession plan for each core position under his or her department.

INITIATIVES: R Systems being a CMMI Level 5 and PCMM Level 5 (ver. 2.0) company has put in practice a well-documented and defined policy on Succession Planning. This applies to all key roles in the organization as agreed upon by the Senior Management. Mission critical and key roles include Chief Executive Officer, Senior Management Team comprising of VPs and other roles critical to business operations continuity. Succession planning at R Systems occurs at least on an annual basis during annual performance appraisal cycle.

Further, R Systems has extensive recruitment teams in the markets that operate to continuously recruit skilled personnel at various levels in the organisation. In addition, R Systems conducts a rigorous training program at the entry level to train new professionals and develop next generation of managers and leaders. R Systems deploys modern HR practices by offering competitive compensation and benefit packages and exciting work environment to attract and retain talent. Further, R Systems tries to mitigate the impact of attrition in the continuity of

services to the clients by using its proprietary pSuite Framework that allows the project teams to seamlessly share knowledge and collaborate on projects.

8. Technological Obsolescence

The IT and ITES sector is characterised by technological changes at a rapid rate, evolution of existing products and introduction of new products. R Systems makes investments in R&D with a view to keep pace with the latest developments in the technology space. Further, R Systems regularly hires, trains and nurtures domain and market specialists and continuously evaluates increasing the portfolio of technology alliances and partnerships to enrich our product and service mix. However, this risk cannot be fully mitigated despite the proactive investments made by R Systems.

INITIATIVES: While we continuously upgrade our product suite to deliver effectively by keeping our technology up-to-date, in our iPLM business, our technologies are influenced by our client's choice of technology.

9. Acquisitions

R Systems' growth strategy involves future strategic acquisitions, partnerships and exploration of mutual interests with other parties. These future acquisitions may not contribute to our profitability, and we may be required to incur or assume debt, or assume contingent liabilities, as part of any acquisition. We could have difficulty in assimilating the personnel, operations, software assets and technology of the acquired company. These difficulties could disrupt our ongoing business, distract our management and employees and increase our expenses.

INITIATIVES: R Systems will remain sharply focused on those acquisitions and partnerships that add to the competitive strengths of our business. Specific transactions are evaluated in detail with experienced internal personnel and external advisors, wherever relevant, before consummating any transaction. Deal teams conduct technical, operational, marketing due diligence and build detailed financial model to evaluate the risks and benefits of any transaction. Further, contractual agreements are negotiated with the advice of legal counsel to protect Company's interests.

10. Credit Risk

As a matter of business practice, the payment collection process may extend over a period of time. Customers budgeting constraints can impact their ability to make the required payments. In addition, the creditworthiness of our clients may deteriorate and we can be adversely affected by bankruptcies or other business failures of our customers.

INITIATIVES: R Systems' credit terms are standard and there is rigorous process in following up with customers for payments as and when the invoices fall due for payment. The Company has suitably streamlined its processes to develop a more focused and aggressive receivables management systems to ensure timely collections as a result of the global liquidity crunch.

11. Foreign Currency Rate Fluctuations

Managing an equilibrium state in the light of the unfavourable movements in exchange rates involved in earnings and expenditure in foreign currency continues to be one of the challenges when exposed to global markets. A significantly large percentage of R Systems consolidated revenues are either foreign currency denominated or derived from export earnings. Whereas a major portion of the R Systems expenses in India are incurred in Indian Rupees. As a result, operating profits will be highly impacted by foreign currency rate fluctuations. While depreciation of the Indian Rupee would have a favorable bottom-line impact, an appreciation would affect R Systems profitability adversely.

INITIATIVES: R Systems cannot directly influence exchange rates, it is incumbent upon management to follow a well thought out policy to hedge the risk associated with foreign currency without taking speculative positions. R Systems attempts to minimize currency fluctuation risks on export earnings by taking forward covers on Rupee - USD/EURO exchange rate based on anticipated revenues and debtors at periodic intervals. R Systems has laid down appropriate policies and processes for the use of financial derivative instruments consistent with its risk management strategy. The Company does not use the foreign exchange forward contracts for trading or speculation purposes.

12. Inflation and Cost Structure

R Systems' cost structure consists of salary and other compensation expenses, overseas travel, and other general selling and administrative costs. Rapid economic development in India and increasing demand for global delivery may have a significant impact on these costs and the rate of inflation as relevant to the IT & ITES services industry. This is compounded by the fact that overseas competitors may treat their India strategy as a cost centre and develop the same regardless of the cost incurred and its impact on their profitability.

INITIATIVES: R Systems' major costs are salary and benefit cost that it incurs on employees. These costs may have a tendency to escalate faster than the rate of inflation because of the demand for skilled and experienced professionals. R Systems attempts to mitigate the risks associated with wage inflation by obtaining increased price from clients, increasing bench mark prices for

new business, enhancing productivity, increasing utilisation and inducting fresh graduates and training them. Further, R Systems has implemented robust processes and information systems to enable personnel to make the right decisions for revenue realisation and cost optimisation to minimise the risks of changes in salary cost structure.

13. Intellectual Property Rights

As a part of R Systems' business, there are risks associated with intellectual property of the Company, intellectual property of R Systems' customers who may be end users or even the intellectual property of the end user.

INITIATIVES: R Systems' information security arrangements are managed under international standard ISO 27001 : 2013 series and are being audited by both internal and experts from third parties assessors who periodically audit and certify R Systems compliance.

R Systems has not registered some of its intellectual property under the relevant intellectual property laws and is in the process of applying for the same. We have applied for the registration of the following marks and their corresponding words as R Systems' trade marks:





PSuite Framework



PRODUCTS FOREMOST



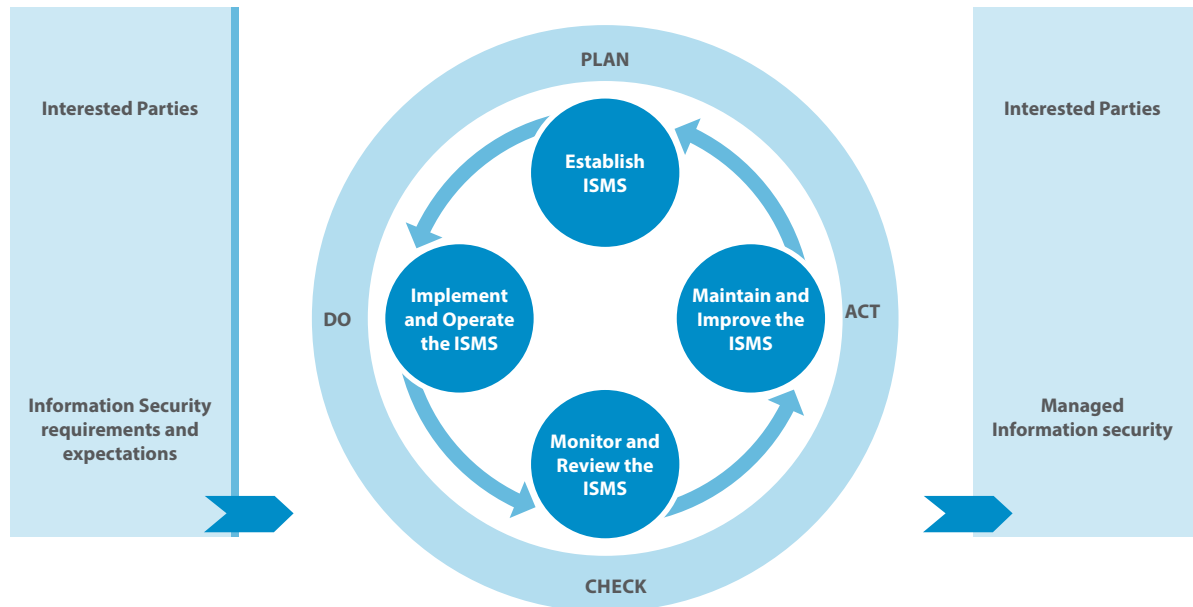
IPLM

Out of the aforesaid trademarks three logo and two words are already registered w.e.f. January 30, 2006 and the word "IPLM" is awaiting approval. Further, the Company has registered the word "R SYSTEMS" and logo  as trademark under certain additional classes. During the year 2014, the Company has also filed application for  registration as its new corporate logo under relevant classes. All these new applications filed in the year 2014 are awaited for the approval.

14. Information Security Management

R Systems being an IT and Software service provider company focusses on maintaining the confidentiality, integration and availability of business data and information to the exclusive but optimum use for the accomplishment of organizational objective. The task of maintaining the confidentiality of business data and information not only faces threat from outside the organization but also within the organization where the business data and information are put to use.

INITIATIVES: For ensuring the effectiveness of Information security, it is important that information security can be effective only if it is addressed at people, process and technology levels and is integrated in the way an organization operates. R Systems has established, documented and implemented Information Security Management Systems (ISMS) and shall continually improve its effectiveness in accordance with requirements of ISO 27001:2013. The approach applied to the ISMS is given in Figure below:



R Systems security policy provides a framework for protecting confidentiality, integrity and ensuring availability of organization’s Information assets. This is to safeguard the interest of customer, business continuity and continual improvement of ISMS at R Systems. The security policy of R Systems has been designed to safeguard the risk associated with information security management.

15. Contractual Risk

The primary contractual risks that R Systems faces pertain to obligations of R Systems to provide services with full adherence to contracted terms of quality, time deadlines, output per hour, protection of confidential information, protection of intellectual property rights, patents and copyrights. R Systems has a rigorous process to evaluate the legal risks involved in a contract, ascertains its legal responsibilities under the applicable law of the contract and tries to restrict its liabilities to the maximum extent possible.

INITIATIVES: R Systems attempts to protect itself with “no consequential losses” and “maximum liability” clauses.

R Systems also ensures that risks are protected through various insurances like professional liability, workers compensation, directors’ and officers’ liability insurance. The Company’s past record in this regard has been good and there has been no significant damages awarded against the Company that has

resulted in material adverse impact on our financial position. R Systems also has an escalation process to immediately involve senior management personnel in case R Systems customers or contractors make any assertion of breach of contract.

R Systems has employed professionals with adequate legal expertise who plays handy role in finalizing the various terms under written contracts on behalf of the Company. The experience gained from past contracts and transaction entered into by the Company are also analyzed and implemented for the new contracts envisaged by the Company. As a matter of practice depending upon the criticality of the transactions, contractual agreements are well discussed within the organization in coordination with technical team as well legal professionals and are also negotiated with the advice of legal counsel to protect Company’s interests.

16. Execution Risk

A significant number of R Systems clients are software product, large banking and manufacturing companies. These clients need high quality and timely delivery of services with very stringent services level agreements. Any failure in delivery, quality, meeting service level bench agreements, product features and functionalities could adversely affect R Systems relationship with its clients, which could potentially impact R Systems revenues and profitability.

INITIATIVES: R Systems has continuously invested in processes, people, training, information systems, quality standards, frameworks, tools and methodologies to mitigate the risks associated with execution of projects. Adoption of quality models and practices such as ISO, Capability Maturity Model (CMM) and Six Sigma have ensured that risks are identified and mitigated at various levels in the planning and execution process. Further, senior management personnel, project managers and process leaders are entrusted with the responsibility to meet the project and service level expectations on various engagements. Planned intervention and escalation systems are further deployed to minimise risks.

17. Directors' and Officers' Liability Risks

The directors and officers of R Systems are required to take material decisions in the best interest of the Company. Such decisions might result in errors and omission and R Systems might be sued by the other counterpart.

INITIATIVES: To mitigate this risk, the directors and officers take legal and expert advice when required and have taken various insurance policies outlined earlier including professional liability and directors' and officers' liability insurance. The Company attempts to limit its contractual liability for damages arising from negligent acts, errors, mistakes or omissions by directors and officers in rendering services, there can be no assurance that the limitations of liability set forth in its service contracts will be enforceable in all instances or will otherwise protect the Company from liability for damages. Though the Company maintains general liability insurance coverage, including coverage for errors or omissions, going forward, there can be no assurance that such coverage will be available on reasonable terms and in sufficient amount to cover one or more large claims, or that the insurer will not disclaim coverage as to any future claim. The successful assertion of one or more large claims against the Company could adversely affect the Company's results of operations and financial condition.

18. Statutory Compliance

R Systems has trans-national operations. R Systems operates in various geographies and it has to ensure compliance of various applicable rules and regulations in those countries. R Systems is exposed to penalties and other liabilities related to non-compliance or inadequate compliance in those countries.

INITIATIVES: R Systems uses independent legal counsel to advise the Company on compliance issues with respect to the laws of various countries in which the Company has its business activities and to ensure that R Systems is not in violation of the laws applicable. R Systems has a compliance management system with qualified managers entrusted with compliance of various laws including the listing laws and regulations applicable to public companies in India.

19. Visa Regulations / Restrictions

The majority of employees of R Systems are Indian nationals. The ability of R Systems to render its services in the US, Europe and other countries depends on the ability to obtain visas and work permits. Immigration to US, Europe and other countries are subject to legislative changes as well as variations in standards of application and enforcement due to political forces and economic conditions for example, any major change in immigration policy of USA may put the challenge to Indian IT Companies. It is difficult to predict the political and economic events that could affect immigrations laws or the restrictive impact they could have on obtaining or monitoring work visas. The reliance on visas makes R Systems vulnerable to such changes and variations as it affects the ability of the Company to staff projects with employees who are not citizens of the country where the work is to be performed. As a result, R Systems may not be able to get a sufficient number of visas for employees or may encounter delays or additional costs all of which may affect profitability.

INITIATIVES: R Systems monitors the status of visa availability and requirements on a regular basis in consultation with external legal counsel. In house legal personnel are entrusted with the responsibility for compliance with the immigrations laws which is validated by periodic independent audit. R Systems may expand its business in other geographies to de-risk from US business meanwhile it may boost US hiring. R Systems may look forward to change its business models so that it can deliver from different locations globally through innovation.

20. Political Risk

The Government of India has been favorably disposed towards the IT and BPO industry in India. Further, we operate in multiple countries of which the US is a major market. While most governments in the countries where we operate are in favor of free trade, we cannot be immune to changes in policies that may discourage off-shoring to protect local employment.



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FINANCIAL STATEMENTS (STANDALONE)

INDEPENDENT AUDITOR'S REPORT

To the Members of R Systems International Limited

Report on the Financial Statements

We have audited the accompanying standalone financial statements ("financial statements") of R Systems International Limited ("the Company"), which comprise the Balance Sheet as at December 31, 2016, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the

reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at December 31, 2016, its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - e. On the basis of written representations received from the directors as on December 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2016, from being appointed as a director in terms of section 164 (2) of the Act;
 - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
 - g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company does not have pending litigations which would impact its financial position;
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For S.R. Batliboi & Associates LLP
ICAI Firm Registration Number: 101049W/E300004
Chartered Accountants

Sd/-
per Yogender Seth

Partner

Place: Gurgaon
Date: February 10, 2017

Membership Number: 94524

ANNEXURE TO THE AUDITOR'S REPORT

Annexure 1 referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date

Re: R Systems International Limited ('the Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) According to the information and explanations given by the management, the title deeds of immovable properties are held in the name of the Company.
- (ii) The Company's business does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits from the public.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the products/services of the Company.
- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, customs duty, excise duty, value added tax, cess and other statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax and cess

on account of any dispute, are as follows:

Name of statute	Nature of dues	Amount (in INR)	Period to which amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax Demand	Nil*	A/Y 2008-09	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax Demand	1,725,570	A/Y 2009-10	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax Demand	163,950	A/Y 2010-11	Income Tax Appellate Tribunal

* Net of Rs. 1,000,000 deposited and Rs. 8,399,040 adjusted by department against refund for A/Y 2011-12 under protest.

- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders or government.
- (ix) In our opinion and according to the information and explanations given by the management, the Company has utilized the monies raised by way of term loans for the purposes for which they were raised. The Company has not raised any money by way of initial public offer/ further public offer (including debt instruments) during the financial year.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud / material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company

has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.

- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.

- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S.R. Batliboi & Associates LLP

ICAI Firm Registration Number: 101049W/E300004

Chartered Accountants

Sd/-

per Yogender Seth

Partner

Membership Number: 94524

Place: Gurgaon

Date: February 10, 2017

ANNEXURE TO THE AUDITOR'S REPORT

Annexure 2 to the Independent Auditor's Report of Even Date on the Financial Statements of R Systems International Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of R Systems International Limited ("the Company") as of December 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at December 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S.R. Batliboi & Associates LLP
ICAI Firm Registration Number: 101049W/E300004
 Chartered Accountants

Sd/-
per Yogender Seth

Partner

Place: Gurgaon
 Date: February 10, 2017

Membership Number: 94524

BALANCE SHEET as at December 31, 2016

	Notes	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	123,131,445	126,131,445
Reserves and surplus	4	2,080,320,282	1,857,592,785
		2,203,451,727	1,983,724,230
Non-current liabilities			
Long-term borrowings	5	19,146,372	7,770,174
Other long-term liabilities	6	12,626,088	12,361,422
Long-term provisions	7	89,424,532	63,463,031
		121,196,992	83,594,627
Current liabilities			
Trade payables	8		
- Total outstanding dues of micro enterprises and small enterprises		-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises		157,734,337	173,432,123
Other current liabilities	8	117,664,888	140,096,529
Short-term provisions	7	120,481,901	117,193,376
		395,881,126	430,722,028
TOTAL		2,720,529,845	2,498,040,885
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	9	246,386,813	231,769,348
Intangible assets	10	5,419,772	5,361,612
Capital work in progress		26,286,794	-
Non-current investments	11.1	1,126,893,363	1,162,754,125
Deferred tax assets (net)	12	43,657,296	35,455,970
Long-term loans and advances	13	71,606,484	46,316,070
Other non-current assets	14.2	53,289,036	51,156,002
		1,573,539,558	1,532,813,127
Current assets			
Current investments	11.2	87,570,000	118,008,806
Trade receivables	14.1	500,842,978	504,614,584
Cash and bank balances	15	402,079,646	211,379,570
Short-term loans and advances	13	90,184,486	93,241,189
Other current assets	14.2	66,313,177	37,983,609
		1,146,990,287	965,227,758
TOTAL		2,720,529,845	2,498,040,885
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.R. Batliboi & Associates LLP
ICAI Firm registration number: 101049W/E300004
Chartered Accountants

For and on behalf of the Board of Directors of R Systems International Limited

Sd/-
per Yogender Seth
Partner
Membership No. 94524

Sd/-
Satinder Singh Rekhi
[Managing Director]
[DIN: 00006955]

Sd/-
Lt. Gen. Baldev Singh (Retd.)
[President & Senior
Executive Director]
[DIN: 00006966]

Sd/-
Nand Sardana
[Chief Financial Officer]

Sd/-
Ashish Thakur
[Company Secretary &
Compliance Officer]

Place : Gurgaon
Date : February 10, 2017

Place : Singapore
Date : February 10, 2017

Place : NOIDA
Date : February 10, 2017

Place : NOIDA
Date : February 10, 2017

Place : NOIDA
Date : February 10, 2017

STATEMENT OF PROFIT AND LOSS for the year ended December 31, 2016

	Notes	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Income			
Revenue from operations	16	2,631,768,945	2,892,597,994
Other income	17	123,667,161	96,235,243
Total revenue		2,755,436,106	2,988,833,237
Expenses			
Employee benefits expense	18	1,663,178,542	1,734,610,046
Operational and other expenses	19	451,864,197	624,246,869
Depreciation and amortisation expense	20	69,303,151	95,812,053
Finance costs	21	3,683,637	4,275,601
Total expenses		2,188,029,527	2,458,944,569
Profit before tax and exceptional items		567,406,579	529,888,668
Exceptional items	22	46,347,242	648,073,626
Profit before tax		613,753,821	1,177,962,294
Profit from continuing operations before tax	31 (d)	613,753,821	1,094,679,986
Tax expense of continuing operations			
Current tax [includes credit of Rs. 3,655,315 (Previous year Nil) related to earlier years]	31 (f)	224,944,371	227,309,600
MAT credit entitlement (related to earlier years)		(15,127,231)	-
Deferred tax charge / (credit)		(8,201,326)	17,498,614
Total tax expense		201,615,814	244,808,214
Profit from continuing operations after tax		412,138,007	849,871,772
Profit from discontinuing operations before tax	31 (d)	-	83,282,308
Tax expense of discontinuing operations			
Current tax		-	35,510,770
Deferred tax credit		-	(8,796,666)
Total tax expense		-	26,714,104
Profit from discontinuing operations after tax		-	56,568,204
Profit for the year / period		412,138,007	906,439,976
Earnings per equity share [Nominal value of shares Re. 1 (Previous year: Re. 1)]:	33		
Basic			
Computed on the basis of profit from continuing operations for the year		3.26	6.69
Computed on the basis of total profit for the year		3.26	7.14
Diluted			
Computed on the basis of profit from continuing operations for the year		3.25	6.69
Computed on the basis of total profit for the year		3.25	7.14
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.R. Batliboi & Associates LLP
ICAI Firm registration number: 101049W/E300004
Chartered Accountants

For and on behalf of the Board of Directors of R Systems International Limited

Sd/-
per Yogender Seth
Partner
Membership No. 94524

Sd/-
Satinder Singh Rekhi
[Managing Director]
[DIN: 00006955]

Sd/-
Lt. Gen. Baldev Singh (Retd.)
[President & Senior
Executive Director]
[DIN: 00006966]

Sd/-
Nand Sardana
[Chief Financial Officer]

Sd/-
Ashish Thakur
[Company Secretary &
Compliance Officer]

Place: Gurgaon
Date: February 10, 2017

Place: Singapore
Date: February 10, 2017

Place: NOIDA
Date: February 10, 2017

Place: NOIDA
Date: February 10, 2017

Place: NOIDA
Date: February 10, 2017

CASH FLOW STATEMENT for the year ended December 31, 2016

	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
A. Cash flows from operating activities		
Net profit before tax from continuing operations	613,753,821	1,094,679,986
Net profit before tax from discontinuing operations [refer note 31 (d)]	-	83,282,308
Net profit before tax	613,753,821	1,177,962,294
Adjustments for:		
Depreciation and amortisation expense	69,303,151	95,812,053
Provision for doubtful debts and advances / written back (net)	(2,310,137)	2,388,948
Bad debts and advances written off	2,700	-
Employee stock compensation expenses	2,589,490	-
Provision for diminution in the value of investment written back [refer note 31(c)]	-	(44,401,573)
Profit on redemption of mutual fund	-	(1,774,260)
Profit on sale of undertaking [refer note 31 (d) & (e)]	(9,173,022)	(564,434,748)
Profit on sale of Investment [refer note 31 (d)]	(37,174,220)	-
Profit on sale of subsidiaries [refer note 31 (b)]	-	(26,628,000)
Loss on sale / discard of fixed assets (net)	668,634	2,158,052
Deferred compensation payable written back [refer note 31 (a)]	-	(12,609,305)
Unrealised foreign exchange loss / (gain)	(3,107,191)	4,448,090
Unrealised loss / (gain) on derivative instruments	(10,771,846)	(16,195,362)
Interest income	(56,571,593)	(46,076,768)
Rental income from investment property	(6,399,996)	(3,079,568)
Liability no longer required written back	(5,146,585)	(31,125)
Interest under income tax	-	1,163,929
Interest expenses	1,341,249	962,311
Operating profit before working capital changes	557,004,455	569,664,968
Movements in working capital:		
(Increase) / Decrease in trade receivables	100,134	(81,771,385)
(Increase) / Decrease in other current assets	(30,026,743)	(71,892,994)
(Increase) / Decrease in loans and advances	(7,710,597)	(52,614,866)
(Increase) / Decrease in other non- current assets	(1,055,803)	1,490,208
Increase / (Decrease) in short-term and long-term provision	40,976,774	8,664,264
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	(27,566,471)	162,148,875
Cash generated from operations	531,721,749	535,689,070
Direct taxes paid, net of refunds	(205,418,085)	(286,551,417)
Net cash from operating activities (A)	326,303,664	249,137,653
B. Cash flows from investing activities		
Purchase of fixed assets	(108,308,365)	(56,769,381)
Proceeds from sale of fixed assets	2,310,592	1,415,674
Proceeds from redemption of mutual fund	-	19,774,260
Proceeds from redemption of debentures	87,570,000	-
Investment in subsidiary	(53,183,060)	(106,205,504)

	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Proceeds from sale of subsidiaries [refer note 31 (b) & (d)]	-	245,865,019
Proceeds from sale of Investment [refer note 31 (d)]	67,613,026	-
Interest received	56,214,251	42,322,837
Rental income from investment property	6,399,996	3,079,568
Investment in long term fixed deposits with scheduled banks	(7,200,000)	(67,649,268)
Proceeds from long term fixed deposits with scheduled banks	65,300,000	307,088,096
Net cash from investing activities (B)	116,716,440	388,921,301
C. Cash flows used in financing activities		
Proceeds from long-term borrowings	6,264,000	5,715,000
Repayment of long-term borrowings- current maturities	(4,397,386)	(3,429,337)
Proceeds from other non-current assets	43,856	43,893
Proceeds from issuance of equity shares	-	1,086,300
Amount used in buy back of equity shares	(195,000,000)	(59,573,776)
Interest paid	(1,259,079)	(945,814)
Dividends paid	(204,137)	(945,868,512)
Tax on dividend paid	-	(126,347,296)
Net cash used in financing activities (C)	(194,552,746)	(1,129,319,542)
Net increase / (decrease) in cash and cash equivalents (A + B + C)	248,467,358	(491,260,588)
Cash and cash equivalents at the beginning of the year	146,079,570	636,689,206
Add: Effect of exchange differences on cash and cash equivalents held in foreign currency	332,718	650,952
Cash and cash equivalents at the end of the year (refer note 15)	394,879,646	146,079,570

Notes:

- Figures in brackets indicate cash out flow.
- Cash and cash equivalents includes unclaimed dividend liabilities of Rs. 2,575,014 (Previous year Rs. 2,779,151). The aforesaid amounts are not available for use by the Company.

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.R. Batliboi & Associates LLP

ICAI Firm registration number: 101049W/E300004

Chartered Accountants

For and on behalf of the Board of Directors of R Systems International Limited

Sd/-

per Yogender Seth

Partner

Membership No. 94524

Place: Gurgaon

Date : February 10, 2017

Sd/-

Satinder Singh Rekhi

[Managing Director]

[DIN: 00006955]

Place: Singapore

Date : February 10, 2017

Sd/-

Lt. Gen. Baldev Singh (Retd.)

[President & Senior

Executive Director]

[DIN: 00006966]

Place: NOIDA

Date : February 10, 2017

Sd/-

Nand Sardana

[Chief Financial Officer]

Place: NOIDA

Date : February 10, 2017

Sd/-

Ashish Thakur

[Company Secretary &

Compliance Officer]

Place: NOIDA

Date : February 10, 2017

NOTES to the Financial Statements for the year ended December 31, 2016

1. Corporate information

R Systems International Limited (the 'Company') is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on National Stock Exchange of India Limited and BSE Limited. The Company is a leading global provider of IT solutions and Business Process Outsourcing (BPO) services. The Company's primary focus is to provide full service IT solutions, software engineering services, technical support, customer care and other IT enabled services to independent software vendors (ISV's), telecom and digital media technology companies, banking and financial services companies, health care sector, manufacturing and logistics companies and other high technology sectors.

2. Basis of preparation

The financial statements comprising of balance sheet, statement of profit and loss, cash flow statement and notes to accounts have been prepared to comply in all material respects with the accounting standards notified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and other accounting principles generally accepted in India. The financial statements have been prepared on an accrual basis and under the historical cost convention except for certain financial instruments which are measured at fair value. The accounting policies have been consistently applied by the Company and are consistent with those used in previous year.

The Company continues to follow calendar year i.e 1st day of January to 31st day of December as its financial year vide the Company Law Board approval dated November 18, 2015 under the proviso to Section 2(41) of the Companies Act, 2013.

All figures are in Rupees except where expressly stated.

2.1. Summary of significant accounting policies

(a) Use of estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year end. These estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

(b) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal

proceeds and the carrying amount of the assets and are recognised in the statement of profit and loss when the asset is derecognised.

(c) Depreciation on tangible fixed assets

Depreciation on tangible assets including investment property is provided on the straight line method based on useful lives of respective assets as estimated by the management. The assets residual values and useful lives are reviewed at each financial year end or whenever there are indicators for review, and adjusted prospectively.

Considering the applicability of Schedule II, the management has re-estimated useful lives and residual values of all its fixed assets. The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of fixed assets and are in align with Part C of Schedule II of the Companies Act 2013. (also refer note 34)

The estimated useful lives of the tangible fixed assets followed by the Company in preparing the financial statements are described as below:

Category of tangible fixed assets	Estimated useful life
Buildings	30 years
Land – leasehold	Lease period
Leasehold improvements	Lower of lease period or useful life
Plant and machinery - other than air conditioners	15 years
Air conditioners	5 years
Office Equipment (other than end user devices)	5 years
Computer hardware and network installations (other than end user devices)	6 years
End-user devices such as desktop, laptop, mobile phones etc.	3 years
Furniture and fittings	10 years
Vehicles	8 years
Electrical Installations	10 years

(d) Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

After impairment, tangible assets/intangibles are depreciated/amortised on the revised carrying amount over its remaining useful life.

(e) Intangibles assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Intangible assets are amortised on a straight line basis over the estimated useful economic life and are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortisation period and the amortisation method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortisation method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.

Research and development costs

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognised as an intangible asset when the company can demonstrate all the following:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- Its intention to complete the asset
- Its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of adequate resources to complete the development and to use or sell the asset
- The ability to measure reliably the expenditure attributable to the intangible asset during development.

Following the initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised on a straight line basis over the period of expected future benefit from the related project. Amortisation is recognised in the statement of profit and loss. During the period of development, the asset is tested for impairment annually.

A summary of amortisation policies applied to the company's intangible assets are as below:

Category of intangible fixed assets	Estimated useful life
Computer software	Lower of license period or 3 years
Internally generated software	4 years

(f) Leases

Where the company is lessee

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the lower of the fair value of lease property and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are recognised as finance cost in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs are capitalised.

A leased asset is depreciated on a straight-line basis over the useful life of the asset. However, if there is no reasonable certainty that the company will obtain the ownership by the end of the lease term, the capitalized asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset or the lease term.

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

Where the company is the lessor

Leases in which the company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included under non-current investments as investment property and are carried at cost less accumulated depreciation. Lease income on an operating lease is recognized in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the statement of profit and loss.

(g) Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as non-current investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Non-current investments are carried at cost except for investment property which is carried at cost less accumulated depreciation. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the non-current investments.

(h) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Rendering of services

Revenue from software development and maintenance services projects comprise income from time-and-material and fixed-price contracts.

Revenue with respect to time and material basis is recognised when services are rendered. The same is calculated based on man-hours incurred for rendering services.

Fixed-price contracts vary in duration depending on the terms of the work being performed. Revenue from fixed price contracts (including maintenance and support contracts) is recognised using the percentage of completion method, when reasonable progress has been made on the milestones achieved as specified in the contracts. The stage of completion of project is determined by the proportion that contract efforts incurred for work performed up to the balance sheet date bear to the estimated total contract effort. Changes in contract performance, estimated profitability and final contract settlements may result in revision to costs and revenue and are recognised in the period in which the revisions are determined. If a loss is projected on any contract in process, the entire projected loss is recognised immediately.

Revenue from business process outsourcing services is derived from both time based and unit-price contracts. Revenue is recognized as the related services are performed in accordance with the specific terms of the contracts with the customers.

In terms of contracts, excess / shortfall of revenue over the billed as at the year end is carried in financial statement as unbilled revenue / unearned revenue separately.

Sale of products

Revenue from the sale of product (software and hardware) is recognised when the sale has been completed with the transfer of title.

Interest

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

(i) Foreign currency translation

Foreign currency transactions

(i) Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

(iii) Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expense in the period/year in which they arise.

(iv) Forward exchange contracts not intended for trading or speculation purposes.

The premium or discount arising at the inception of forward exchange contracts (except outstanding against firm commitments and highly probable forecast transaction) is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

(v) Translation of Integral foreign operation

The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation have been those of the Company itself.

(j) Retirement benefits

(i) Retirement benefits mainly in the form of Provident Fund are a defined contribution scheme and the contributions are charged to the statement of profit and loss of the year when an employee renders related services. There are no other obligations other than the contribution payable to the respective funds.

(ii) Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation made at the end of each financial year on projected unit credit method. The gratuity plan is funded.

(iii) Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method. The Company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

(iv) Actuarial gains / losses are immediately taken to statement of profit and loss and are not deferred.

(k) Income taxes

Tax expense comprises of current and deferred tax.

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the relevant tax regulations applicable to the Company in India and foreign jurisdiction.

Deferred income tax reflects the impact of current year timing differences between taxable income and accounting income and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises the unrecognised deferred tax assets to the extent that it has become reasonably certain that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain, that sufficient future taxable income will be available.

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified year. In the year in which the Minimum Alternate Tax (MAT) credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

(l) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs incurred in connection with the borrowing of funds.

(m) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average numbers of equity shares outstanding during the year are adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding

during the year are adjusted for the effects of all dilutive potential equity shares.

(n) Provision

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on the best estimate required to settle the obligation at each Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the management's current estimates.

(o) Segment reporting

Identification of segments:

The Company's operating businesses are organised and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which the major customers of the Company operate and / or the area in which the assets are located.

Inter segment transfers:

The Company generally accounts for inter segment sales and transfers as if the sales or transfers were to third parties at current market prices.

Allocation of common costs:

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Unallocated items:

The corporate and other segment includes general corporate income and expense items which are not allocated to any business segment.

Segment Policies:

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

(p) Accounting for derivatives

The Company uses foreign exchange forward contracts (derivative financial instrument) to hedge its exposure to movements in foreign exchange rates against firm commitment or highly probable forecast transactions. The use of these foreign exchange forward contracts reduces the risk or cost to the Company and the Company does not use the foreign exchange forward contracts or options for trading or speculation purposes.

Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value on a mark-to-market basis at each balance sheet date. Derivatives are

carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in fair value on derivatives during the year that do not qualify for hedge accounting and the ineffective portion of an effective hedge, are taken directly to the statement of profit and loss.

The mark-to-market is the difference between the forward exchange rate and the contract rate. The forward exchange rate is referenced to current forward exchange rates for contracts with similar maturity profiles.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment (except for foreign currency risk); or
- cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

Fair value hedges

The change in the fair value of a hedging derivative is recognised in the statement of profit and loss. The change in the fair value of the hedged item attributable to the risk hedged is recorded as a part of the carrying value of the hedged item and is also recognised in the statement of profit and loss.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while any ineffective portion is recognised immediately in the statement of profit and loss. Amounts taken to equity are transferred to the statement of profit and loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs.

If the forecast transaction or firm commitment is no longer expected to occur, amounts previously recognised in equity are transferred to the statement of profit and loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction or firm commitment occurs.

(q) Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement on balance sheet date comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

(r) Employee stock compensation cost

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The Company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortised over the vesting period of the option on a straight line basis.

(s) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

3. Share capital

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Authorised shares		
200,000,000 (Previous year 200,000,000) equity shares of Re. 1 each	200,000,000	200,000,000
Issued, subscribed and fully paid up- shares		
123,870,425 (Previous year 126,870,425) equity shares of Re. 1 each	123,870,425	126,870,425
Less: Advance to R Systems Employees Welfare Trust [refer note 32 (b)]	738,980	738,980
Total	123,131,445	126,131,445

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Particulars	As at December 31, 2016		As at December 31, 2015	
	No.	Rs.	No.	Rs.
Shares outstanding at the beginning of the year	126,870,425	126,870,425	127,458,580	127,458,580
Add: Shares issued during the year #	-	-	90,000	90,000
Less: Shares bought back during the year	3,000,000	3,000,000	678,155	678,155
Shares outstanding at the end of the year	123,870,425	123,870,425	126,870,425	126,870,425

The Company has issued Nil (previous year 90,000) equity shares of Re. 1 each at an exercise price of Rs. 12.07 per share pursuant to exercise of employee stock options under the R Systems International Limited Employee Stock Option Scheme 2007 [refer note 32 (c)].

b. Terms / rights attached to the equity share

The Company has only one class of equity shares having a par value of Re. 1 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupee. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Shares held by holding / ultimate holding company and / or their subsidiaries / associates

The Company does not have any holding / ultimate holding company.

d. Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

Particulars	As at December 31, 2016	As at December 31, 2015
Aggregate number of shares bought back	3,678,155	678,155

e. Details of shareholders holding more than 5% shares in the Company

Particulars	As at December 31, 2016		As at December 31, 2015	
	No.	% holding in the class	No.	% holding in the class
GMU Infosoft Private Limited	9,646,784	7.79	9,673,035	7.62
U Infosoft Private Limited	9,838,419	7.94	9,866,760	7.78
GM Solutions Private Limited	10,261,150	8.28	10,242,424	8.07
Rightmatch Holdings Limited	9,076,218	7.33	9,272,000	7.31
Satinder & Harpreet Rekhi Family Trust (Trustee: Satinder Singh Rekhi & Harpreet Rekhi)	12,150,731	9.81	13,018,980	10.26
Bhavook Tripathi	44,330,059	35.79	46,621,804	36.75

As per secretarial records of the Company, including its register of shareholders / members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

f. Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option plans (ESOP) of the Company, please refer note 32 (a) to 32 (f).

4. Reserves and surplus

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Capital redemption reserve	13,336,355	12,658,200
Add: Amount transferred from general reserve towards shares buy back [refer note 1 & 2 below]	3,000,000	678,155
Closing balance	16,336,355	13,336,355
Securities premium account	903,933,674	961,832,995
Add: Addition on exercise of vested options as per ESOP plan [refer note 32 (c)]	-	996,300
Less: Utilisation of securities premium on buy back of shares [refer note 1 & 2 below]	192,000,000	58,895,621
	711,933,674	903,933,674
Less: Advance to R Systems Employees Welfare Trust [refer note 32 (b)]	2,282,728	2,282,728
Closing balance	709,650,946	901,650,946
Stock Options Outstanding		
Balance as per last financial statements	-	-
Add: Compensation for option granted during the year [refer note 32 (f)]	2,589,490	-
Closing balance	2,589,490	-
General reserve		
Balance as per last financial statements	156,803,868	157,482,023
Less: Amount transferred to capital redemption reserve towards shares buy back [refer note 1 & 2 below]	3,000,000	678,155
Closing balance	153,803,868	156,803,868
Surplus in the statement of profit and loss		
Balance as per last financial statements	785,801,616	494,411,972
Add: Profit for the current year	412,138,007	906,439,976
Less: Appropriations		
Interim dividend	-	501,102,179
Tax on interim dividend	-	102,266,100
Adjustment on account of aligning the useful life of fixed asset in accordance with Schedule II of the Companies Act, 2013 (refer note 34)	-	18,868,525
Tax impact of above adjustment (refer note 34)	-	(6,413,412)
Proposed dividend written back on buy back (refer note 3 below)	-	(644,248)
Tax on proposed dividend written back on buy back (refer note 3 below)	-	(128,812)
Total appropriations	-	615,050,332
Net surplus in the statement of profit and loss	1,197,939,623	785,801,616
Total	2,080,320,282	1,857,592,785

Notes:

- (1) The Company has issued Public Announcement dated September 15, 2016, for buy-back of equity shares of face value of Re. 1/- each from its existing shareholders as on the record date September 30, 2016 on a proportionate basis through "Tender Offer" route in accordance with the applicable provisions of the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998 and the Companies Act, 2013 at a price of Rs. 65/- per equity share, payable in cash for a total consideration not exceeding Rs. 195,000,000. Under the Buy-back offer, the Company has bought back 3,000,000 equity shares for an aggregate amount of Rs. 195,000,000 by utilising the Securities Premium Account to the extent of Rs. 192,000,000 and General Reserve to the extent of Rs. 3,000,000. The Capital Redemption Reserve has been created out of General Reserve for Rs. 3,000,000 being the nominal value of equity shares bought back in terms of Section 68 of the Companies Act, 2013. The aforesaid buy-back has been completed on November 29, 2016.

- (2) The Company had issued Public Announcement dated December 29, 2014, for buy-back of equity shares of face value of Re. 1/- each from the open market at a price not exceeding Rs. 100 per share for an aggregate amount not exceeding Rs. 60,000,000. Under the Buy-back offer, the Company had bought back 678,155 equity shares for an aggregate amount of Rs. 59,573,776 by utilising the Securities Premium Account to the extent of Rs. 58,895,621 and General Reserve to the extent of Rs. 678,155. The Capital Redemption Reserve had been created out of General Reserve for Rs. 678,155 being the nominal value of equity shares bought back in terms of Section 68 of the Companies Act, 2013. The Company had closed the buy-back offer pursuant to approval by the Board of Directors of the Company at its meeting held on April 23, 2015.
- (3) The Company had written back proposed dividend for the year ended December 31, 2014 and tax thereon towards shares bought back under the buy back offer.

5. Long-term borrowings

Particulars	Non - current portion		Current maturities	
	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Term loans for motor vehicles (secured)				
- From non banking financial corporation (refer note 1 below)	8,424,731	7,770,174	5,017,072	3,805,015
Other loans and advances (unsecured)				
- Finance lease obligation (refer note 2 below)	10,721,641	-	158,359	-
Total	19,146,372	7,770,174	5,175,431	3,805,015
The above amount includes				
Secured borrowings	8,424,731	7,770,174	5,017,072	3,805,015
Amount shown under other current liabilities (refer note 8)			(5,017,072)	(3,805,015)
Unsecured borrowings	10,721,641	-	158,359	-
Amount shown under other current liabilities (refer note 8)			(158,359)	-
Total	19,146,372	7,770,174	-	-

Notes:

- (1) Term loans for motor vehicles are secured by hypothecation of underlying motor vehicles and carries interest rate ranging from 9.11% to 11.94% per annum. The term loans are repayable in equated monthly installments ranging from 35 to 60 months from the date of loan.
- (2) Finance lease obligation is unsecured. The interest rate implicit in aforesaid lease is 11.9% per annum. The lease obligation are repayable in 180 months from the date of lease.

6. Other long-term liabilities

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Security deposits	12,626,088	12,361,422
Total	12,626,088	12,361,422

7. Provisions

Particulars	Long-term		Short-term	
	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Provision for employee benefits				
Gratuity	89,424,532	63,463,031	2,537,775	1,753,903
Compensated absences			75,548,377	61,316,976
Sub total (A)	89,424,532	63,463,031	78,086,152	63,070,879
Other provisions				
Income tax [net of advance tax amounting to Rs. 406,871,190 (Previous Year Rs. 370,911,053)]			42,395,749	54,122,497
Sub total (B)	-	-	42,395,749	54,122,497
Total (A+B)	89,424,532	63,463,031	120,481,901	117,193,376

8. Other current liabilities

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Trade payables		
Trade payables dues to micro enterprises and small enterprises (refer note 30)	-	-
Trade payables other than dues to micro enterprises and small enterprises	157,734,337	173,432,123
Sub total (A)	157,734,337	173,432,123
Other liabilities		
Payable to subsidiary companies	16,826,929	15,481,367
Current maturities of long-term borrowing (includes current maturity of finance lease obligation) (refer note 5)	5,175,431	3,805,015
Unearned revenues	61,288,020	91,191,188
Investor education and protection fund (not due) - Unclaimed dividend	2,575,014	2,779,151
Payable for purchase of fixed assets	10,781,503	8,424,905
Others		
Tax deducted at source	10,809,360	8,439,020
Service tax	1,433,623	2,351,348
PF Payable (employers contribution)	5,247,182	4,173,643
Others payables	3,527,826	3,450,892
Sub total (B)	117,664,888	140,096,529
Total (A+B)	275,399,225	313,528,652

(Amount in Rs.)

Particulars	Land - freehold ⁽³⁾	Land - leasehold	Building - freehold ⁽³⁾	Building - leasehold ⁽¹⁾	Leasehold improvements	Plant & Machinery	Computers	Office equipments	Electrical Installations	Furniture and fittings ⁽⁴⁾	Vehicles ⁽²⁾	Total
Gross block												
As at January 1, 2015	4,765,674	10,005,968	31,198,298	89,165,701	2,356,140	49,338,987	268,001,537	32,479,116	17,745,207	83,658,165	37,252,230	625,967,023
Additions	-	-	-	-	293,865	1,316,553	55,041,401	7,550,050	-	1,383,115	11,732,538	77,317,522
Transfer on sale of undertaking [refer note 31 (d)]	-	-	-	-	(2,650,005)	(5,737,606)	(72,748,327)	(10,117,824)	-	(12,223,563)	(2,873,599)	(106,350,924)
Reclassified to investment property	(4,765,674)	-	(31,198,298)	-	-	-	-	-	-	-	-	(35,963,972)
Deletions	-	-	-	-	-	(4,524,375)	(10,622,073)	(561,485)	-	-	(1,281,150)	(16,989,083)
At December 31, 2015	-	10,005,968	-	89,165,701	-	40,393,559	239,672,538	29,349,857	17,745,207	72,817,717	44,830,019	543,980,566
Additions	-	-	-	1,908,014	-	907,875	46,937,095	3,695,975	349,350	16,239,602	11,962,092	82,000,003
Deletions	-	-	-	(762,858)	-	-	(10,652,776)	(1,158,997)	-	(726,929)	(8,579,975)	(21,881,535)
At December 31, 2016	-	10,005,968	-	90,310,857	-	41,301,434	275,956,857	31,886,835	18,094,557	88,330,390	48,212,136	604,099,034
Depreciation												
As at January 1, 2015	-	1,718,887	6,763,151	14,514,239	1,617,268	21,898,594	185,793,803	14,365,514	7,013,252	50,507,877	10,932,972	315,125,557
Charge for the year	-	178,574	758,555	3,768,398	382,099	4,399,531	32,001,386	4,992,538	5,739,118	14,236,739	5,885,245	72,342,183
Transfer to reserve (refer note 34)	-	-	-	-	-	9,880	6,952,082	7,171,496	447,316	3,977,798	309,953	18,868,525
Transfer on sale of undertaking [refer note 31 (d)]	-	-	-	-	(1,999,367)	(3,685,528)	(50,266,304)	(6,914,618)	-	(9,200,893)	(1,121,272)	(73,187,982)
Reclassified to investment property	-	-	(7,521,706)	-	-	-	-	-	-	-	-	(7,521,706)
Deletions	-	-	-	-	-	(1,839,861)	(10,621,934)	(561,480)	-	-	(392,084)	(13,415,359)
At December 31, 2015	-	1,897,461	-	18,282,637	-	20,782,616	163,859,033	19,053,450	13,199,686	59,521,521	15,614,814	312,211,218
Charge for the year	-	164,594	-	3,803,200	-	3,682,211	33,488,819	4,169,093	3,208,458	10,134,628	5,752,318	64,403,321
Deletions	-	-	-	(11,881)	-	-	(10,563,428)	(1,158,967)	-	(597,751)	(6,570,291)	(18,902,318)
At December 31, 2016	-	2,062,055	-	22,073,956	-	24,464,827	186,784,424	22,063,576	16,408,144	69,058,398	14,796,841	357,712,221
Net block												
At December 31, 2015	-	8,108,507	-	70,883,064	-	19,610,943	75,813,505	10,296,407	4,545,521	13,296,196	29,215,205	231,769,348
At December 31, 2016	-	7,943,913	-	68,236,901	-	16,836,607	89,172,433	9,823,259	1,686,413	19,271,992	33,415,295	246,386,813

Notes:

- (1) Includes Rs. 21,155,390 (Previous year Rs. 21,155,390) paid towards land and building under a composite lease taken in earlier year for which no separate values are assignable.
- (2) Vehicles amounting to Rs. 27,735,119 (Previous year Rs. 20,855,338) are hypothecated against terms loans for vehicle finance from non banking financial corporation.
- (3) The Company had leased out land and building located at Pune w.e.f. July 7, 2015. Accordingly, the Company had classified land and building as investment property as per Accounting Standard -13 on 'Accounting for Investments'.
- (4) Furniture and fittings includes assets on finance lease : Gross block as at December 31, 2016 Rs. 11,000,000 (previous year Rs. Nil), Depreciation charge for the year Rs. 45,833 (previous year Rs. Nil), Accumulated depreciation as at December 31, 2016 Rs. 45,833 (previous year Rs. Nil) and Net book value as at December 31, 2016 Rs. 10,954,167 (previous year Rs. Nil).

10. Intangible assets

(Amount in Rs.)

Particulars	Softwares	Product development costs (Internally generated software)	Total
Gross block			
As at January 1, 2015	148,222,440	68,672,584	216,895,024
Additions	5,756,830	-	5,756,830
Transfer on sale of undertaking [refer note 31 (d)]	(12,805,491)	(68,672,584)	(81,478,075)
Deletions	(11,205,454)	-	(11,205,454)
At December 31, 2015	129,968,325	-	129,968,325
Additions	3,484,177	-	3,484,177
Deletions	(5,246,802)	-	(5,246,802)
At December 31, 2016	128,205,700	-	128,205,700
Amortisation			
As at January 1, 2015	129,019,248	43,998,681	173,017,929
Charge for the year	18,335,786	4,423,596	22,759,382
Transfer on sale of undertaking [refer note 31 (d)]	(11,542,869)	(48,422,277)	(59,965,146)
Deletions	(11,205,452)	-	(11,205,452)
At December 31, 2015	124,606,713	-	124,606,713
Charge for the year	3,426,008	-	3,426,008
Deletions	(5,246,793)	-	(5,246,793)
At December 31, 2016	122,785,928	-	122,785,928
Net block			
At December 31, 2015	5,361,612	-	5,361,612
At December 31, 2016	5,419,772	-	5,419,772

11.1 Non-current investments

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Non-trade, unquoted (valued at cost unless stated otherwise)		
(i) 2,500 (Previous year 2,500) equity shares of Rs. 10 each fully paid up in The Saraswat Co-operative Bank Limited	25,000	25,000
(ii) 17,512 (Previous Year 26,269) 8% compulsorily redeemable debentures of Rs. 10,000 each in Indus Software Technologies Private Limited [refer note 31 (d)]	175,120,000	262,690,000
Investment property (at cost less accumulated depreciation) (refer note 9)		
Cost of land and building given on operating lease	35,963,972	35,963,972
Less: Accumulated depreciation	(9,706,016)	(8,232,194)
Sub total (A)	26,257,956	27,731,778
In subsidiary companies:		
Trade, unquoted, fully paid up (valued at cost unless stated otherwise)		
(i) Investment in R Systems (Singapore) Pte. Ltd., Singapore		
5,570,925 (Previous year 5,122,125) ordinary shares of "no par" value	257,834,210	209,679,074

Particulars	As at December 31, 2016 Rs.		As at December 31, 2015 Rs.	
	(ii) Investment in R Systems, Inc., USA			
2,000 (Previous year 2,000) shares of "no par" value	223,358,532		223,358,532	
150 shares (Previous year 150) of "no par" value issued pursuant to merger [refer note 31 (c)]	57,816,448	281,174,980	57,816,448	281,174,980
(iii) Investment in R Systems Technologies Limited (formerly known as Indus Software, Inc., USA)				
243,750 (Previous year 243,750) common stock of US\$1 each fully paid up	10,785,738		10,785,738	
Less: Provision for diminution in the value of investment	(10,784,738)	1,000	(10,784,738)	1,000
(iv) Investment in ECnet Limited, Singapore [refer note 31 (a)]				
17,651,502 (Previous year 17,651,502) ordinary shares of "no par" value	34,938,958		34,938,958	
38,306,451 (Previous year 38,306,451) ordinary shares of "no par" value	-		-	
7,933,307 (Previous year 7,933,307) ordinary shares of "no par" value	36,332,962		36,332,962	
Less : Adjustment with securities premium as per order of High Court	(24,495,721)		(24,495,721)	
	46,776,199		46,776,199	
Less: Amounts adjusted on settlement of liabilities towards certain erstwhile shareholders	(10,442,237)		(10,442,237)	
Less: Provision for diminution in the value of investment	(5,525,000)	30,808,962	(5,525,000)	30,808,962
(v) Investment in Computaris International Limited, UK				
66,500 (Previous year 66,500) ordinary shares of GBP 0.01 each fully paid up		350,631,695		350,631,695
(vi) Investment in RSYS Technologies Limited, Canada (formerly known as Systèmes R. International Ltée)		5,039,560		11,636
200 (Previous year 200) Class A common shares of CAD 1 each fully paid up				
25 (Previous year Nil) Class B preferred shares of CAD 3,992 each fully paid up				
Sub total (B)		925,490,407		872,307,347
Total (A+B)		1,126,893,363		1,162,754,125
Aggregate amount of unquoted investments (net of provision)		1,126,893,363		1,162,754,125
Aggregate provision for diminution in value of investments		16,309,738		16,309,738

11.2 Current investments

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Non-trade, unquoted (valued at cost or fair value, whichever is lower)		
Investment in Indus Software Technologies Private Limited [refer note 31 (d)]		
Nil (Previous year 4,284,000) equity shares of Re.1 each fully paid up	-	30,438,806
8,757 (Previous year 8,757) 8% compulsorily redeemable debentures of Rs. 10,000 each	87,570,000	87,570,000
Total	87,570,000	118,008,806

12. Deferred tax assets (net)

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Deferred tax assets		
Provision for gratuity	31,826,315	22,570,277
Provision for compensated absences	26,145,782	21,220,579
Provision for doubtful debts and advances	305,104	5,046,359
Other timing differences	4,697,442	8,497,405
Gross deferred tax assets	62,974,643	57,334,620
Deferred tax liability		
Differences in depreciation / amortisation and other differences in block of fixed assets as per tax books and financial books	19,317,347	21,878,650
Gross deferred tax liability	19,317,347	21,878,650
Deferred tax assets (net)	43,657,296	35,455,970

13. Loans and advances

Particulars	Non-current		Current	
	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Capital advances				
Unsecured, considered good	10,289,873	515,884		
Sub total (A)	10,289,873	515,884		
Advances recoverable in cash or in kind or for value to be received				
Unsecured, considered good	16,328,984	852,206	39,191,152	32,629,040
Sub total (B)	16,328,984	852,206	39,191,152	32,629,040
Loans and advances to related parties				
Unsecured, considered good				
Advance recoverable from subsidiaries:				
R Systems, Inc., USA			1,470,498	79,313
ECnet Limited, Singapore			67,925	-
RSYS Technologies Limited, Canada			358,093	-
Sub total (C)			1,896,516	79,313
Security deposits				
Unsecured, considered good	16,060,028	9,947,027	799,676	507,664
Sub total (D)	16,060,028	9,947,027	799,676	507,664
Other loans and advances				
Unsecured, considered good				
Mark-to-market gain on derivative instruments (refer note 37)	-	-	26,417,667	15,645,821
Balances with customs, excise, etc.	-	-	21,879,475	44,379,351
Advance fringe benefit tax [net of provisions amounting to Rs. 7,082,336 (Previous year Rs. 7,082,336)]	167,664	167,664	-	-
Advance income taxes [net of provisions amounting to Rs. 435,878,188 (Previous year Rs. 506,126,215)]	28,759,935	34,833,289	-	-
Sub total (E)	28,927,599	35,000,953	48,297,142	60,025,172
Total (A+B+C+D+E)	71,606,484	46,316,070	90,184,486	93,241,189

14. Trade receivables and other assets
14.1 Trade receivables

Particulars	Current	
	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	135,850	301,554
Unsecured, considered doubtful	-	13,620,628
	135,850	13,922,182
Provision for doubtful receivables	-	(13,620,628)
Sub total (A)	135,850	301,554
Other receivables		
Unsecured, considered good	500,707,128	504,313,030
Unsecured, considered doubtful	881,673	819,263
	501,588,801	505,132,293
Provision for doubtful receivables	(881,673)	(819,263)
Sub total (B)	500,707,128	504,313,030
Total (A+B)	500,842,978	504,614,584

Trade receivables include:

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
From subsidiary companies		
R Systems, Inc., USA	7,569,562	7,060,459
ECnet Limited, Singapore	13,880,797	10,668,165
Computaris International Limited, U.K.	6,394,787	4,915,116
IBIZ Consulting Services Pte Ltd, Singapore	-	825,994

14.2 Other assets

Particulars	Non-current		Current	
	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Non-current bank balances (refer note 15)	48,170,299	47,158,352		
Interest accrued				
Fixed deposits	5,118,737	3,997,650	555,458	669,424
Compulsorily redeemable debentures (refer note 11.1 & 11.2)	-	-	4,965,130	6,548,339
Unbilled revenues	-	-	60,792,589	30,765,846
Total	53,289,036	51,156,002	66,313,177	37,983,609

15. Cash and bank balances

Particulars	Non-current		Current	
	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Cash and cash equivalents				
Cash on hand			118,081	261,763
Balances with scheduled banks:				
On current accounts			16,381,515	20,442,419
On EEFC accounts			95,304,632	12,605,912
On deposit accounts with original maturity of less than 3 months			231,371,395	79,707,767
On unclaimed dividend			2,575,014	2,779,151
Balance with other banks:				
On current account with California Bank & Trust			49,129,009	30,282,558
			394,879,646	146,079,570
Other bank balances				
Deposits with original maturity for more than 12 months	-	-	7,200,000	5,400,000
Deposits with original maturity for more than 3 months but less than 12 months			-	59,900,000
Margin money deposits (refer details below)	48,170,299	47,158,352		
	48,170,299	47,158,352	7,200,000	65,300,000
Amount disclosed under non-current assets (refer note 14.2)	(48,170,299)	(47,158,352)		
Total	-	-	402,079,646	211,379,570

Detail of margin money deposits

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Margin money deposits against performance guarantees	27,502,698	26,446,895
Margin money deposits against credit / derivative facilities	20,667,601	20,711,457
Total	48,170,299	47,158,352

16. Revenue from operations

Particulars	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Sales of services*	2,631,768,945	2,892,567,244
Sale of third party items	-	30,750
Total	2,631,768,945	2,892,597,994

*includes revenue from Information technology services Rs. 2,179,514,470 (Previous year Rs. 2,482,276,272) and Business process outsourcing services Rs. 452,254,475 (Previous year Rs. 410,290,972).

17. Other income

Particulars	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Interest income		
- on bank deposits	24,651,372	32,523,229
- on debenture (refer note 11.1 & 11.2)	24,686,191	13,553,539
- on others	7,234,030	-
Rental income from investment property (refer note 11.1)	6,399,996	3,079,568
Provision for doubtful debts and advances written back (net)	2,310,137	-
Foreign exchange fluctuation (net)	52,383,308	43,599,049
Profit on redemption of mutual fund	-	1,774,260
Liability no longer required written back	5,146,585	31,125
Miscellaneous income	855,542	1,674,473
Total	123,667,161	96,235,243

18. Employee benefits expense

Particulars	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Salaries, wages and bonus	1,541,007,455	1,627,023,312
Gratuity (refer note 36)	35,758,695	18,019,855
Contribution to provident fund and other funds	56,421,518	56,108,923
Staff welfare expenses	29,990,874	33,457,956
Total	1,663,178,542	1,734,610,046

19. Operational and other expenses

Particulars	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Power and fuel	40,689,672	50,142,319
Rent - premises	23,790,777	30,061,888
Rent - equipments	3,662,365	2,684,748
Rates and taxes	975,348	1,349,559
Insurance	6,845,699	7,153,437
Repair and maintenance		
- Buildings	1,059,370	2,611,250
- Others	71,680,314	69,135,569
Advertising and sales promotion	4,191,121	15,319,533
Commission - others	6,039,509	22,010,770
Travelling and conveyance	145,164,676	238,639,644
Communication costs	53,835,738	55,488,463
Printing and stationery	3,066,766	2,146,070
Legal and professional fees	58,217,743	86,053,248
Cost of third party items	-	30,250
Directors' sitting fee	700,000	1,050,500
Auditors' remuneration (refer detail below)	5,146,848	4,912,250
Provision for doubtful debts and advances (net)	-	2,388,948
Bad debts and advances written off [net of Rs. 11,389,741 (previous year Rs. 3,747,954) utilisation from provision for doubtful debts and advances]	2,700	-
Loss on sale / discard of fixed assets (net)	668,634	2,158,052
Recruitment and training expenses	8,942,786	11,067,488
Security expenses	6,873,456	8,739,813
Membership and subscription	7,434,256	6,307,315
Miscellaneous expenses	2,876,419	4,795,755
Total	451,864,197	624,246,869

Detail of auditors remuneration

Particulars	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
As auditor:		
- Audit fee		
- Statutory audit fee	1,942,500	1,350,000
- Quarterly audit fee	1,306,875	1,750,000
- Limited Review	538,125	350,000
- Out-of-pocket expenses	191,848	162,250
In other capacity:		
- Certification	1,167,500	800,000
- Other services	-	500,000
Total	5,146,848	4,912,250

20. Depreciation and amortisation expense

Particulars	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Depreciation on tangible assets (refer note 34)	64,403,321	72,342,183
Amortisation on intangible assets	3,426,008	22,759,382
Depreciation on investment property	1,473,822	710,488
Total	69,303,151	95,812,053

21. Finance costs

Particulars	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Interest expenses	1,341,249	962,311
Interest under income tax	-	1,163,929
Bank charges	2,342,388	2,149,361
Total	3,683,637	4,275,601

22. Exceptional items

Particulars	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Profit on sale of investment [refer note 31 (d)]	37,174,220	-
Profit on sale of undertaking [refer note 31 (d) & (e)]	9,173,022	564,434,748
Profit on sale of subsidiaries [refer note 31 (b)]	-	26,628,000
Deferred compensation payable written back [refer note 31 (a)]	-	12,609,305
Provision for diminution in the value of investment written back [refer note 31 (c)]	-	44,401,573
Total	46,347,242	648,073,626

23. Segment information*Business segments:*

The Company considers business segment as the basis for primary segmental reporting. The Company is organised into two business segments – Information technology services and products and Business process outsourcing services. Costs and expenses which cannot be allocated to any business segment are reflected in the column 'corporate and others'. Segments have been identified and reported based on the nature of the services, the risks and returns, the organisation structure and the internal financial reporting system.

Geographical segments:

The Company reports secondary segment information on the basis of the geographical location of the customers / assets. Although the Company's major operating divisions are managed on a worldwide basis, they operate in five principal geographical areas of the world which are: India, United States of America, South East Asian countries, Europe and Other areas.

The following table provides required information for the primary segments for the year ended December 31, 2016 and December 31, 2015:

(Amount in Rs.)

Particulars	Continuing Operations				Discontinuing operations [refer note 31 (d)]				Total
	Information technology services and products		Business process outsourcing services		Information technology services and products		Corporate and others		
	Year ended December 31, 2016	2015	Year ended December 31, 2016	2015	Year ended December 31, 2016	2015	Year ended December 31, 2016	2015	
REVENUE									
External sales	2,179,514,470	1,908,294,058	452,254,475	410,290,972	-	574,012,964			2,631,768,945
Total revenue	2,179,514,470	1,908,294,058	452,254,475	410,290,972	-	574,012,964			2,631,768,945
RESULT									
Segment result	516,357,505	399,057,956	48,843,023	48,733,063	-	89,231,159			565,200,528
Unallocated corporate expenses							(59,424,289)	(55,937,866)	(59,424,289)
Operating profit									481,084,312
Interest expenses							(1,341,249)	(2,126,240)	(1,341,249)
Interest income							56,571,593	46,076,768	56,571,593
Other unallocable income							6,399,996	4,853,828	6,399,996
Exceptional items (refer note 2)							46,347,242	648,073,626	46,347,242
Income taxes expense							(201,615,814)	(271,522,318)	(201,615,814)
Net profit									906,439,976

The following table provides required information for the primary segments as at December 31, 2016 and December 31, 2015:

(Amount in Rs.)

Particulars	Continuing Operations				Discontinuing operations [refer note 31 (d)]				Total
	Information technology services and products		Business process outsourcing services		Information technology services and products		Corporate and others		
	December 31, 2016	2015	December 31, 2016	2015	December 31, 2016	2015	December 31, 2016	2015	
OTHER INFORMATION									
Segment assets	808,211,426	750,632,586	187,688,246	153,426,945	-	-			964,224,429
Unallocated corporate assets							1,683,720,521	1,548,385,146	1,683,720,521
Income tax assets							72,584,895	70,456,923	72,584,895
Total assets	808,211,426	750,632,586	187,688,246	153,426,945	-	-	1,756,305,416	1,618,842,069	2,720,529,845
Segment liabilities	450,600,636	408,160,594	49,868,567	64,412,533	-	-			468,793,960
Unallocated corporate liabilities							5,888,409	12,481,746	5,888,409
Income tax liabilities							42,395,749	54,122,497	42,395,749
Total liabilities	450,600,636	408,160,594	49,868,567	64,412,533	-	-	48,284,158	66,604,243	517,078,118
Capital expenditures	120,736,776	45,952,832	808,186	22,409,718	-	14,769,972			121,544,962
Depreciation and amortisation	62,625,714	74,896,056	6,677,437	8,616,429	-	12,299,568			69,303,151
Other non-cash expenses / (written back)	950,687	(1,652,943)	-	(233,076)	-	6,433,019			950,687

Geographical segments:

The Company reports secondary segment information on the basis of the geographical location of the customers / assets. The management views the domestic and export markets as distinct geographical segments.

The following is the distribution of the Company's revenue by geographical area in which customers are located, including for discontinuing operations:

	For the year ended December 31,	
	2016 Rs.	2015 Rs.
India	76,185,907	302,772,060
USA	1,837,929,751	1,731,095,322
South East Asia	41,650,328	121,353,004
Europe	551,824,690	509,177,005
Others	124,178,269	228,200,603
Total	2,631,768,945	2,892,597,994

The following is the distribution of the revenue by geographical area in which customers are located from discontinuing operations [refer note 31 (d)]:

	For the year ended December 31, 2016 Rs.	For the period 01.01.15 to 07.07.15 Rs.
India	-	241,931,477
USA	-	37,493,825
South East Asia	-	73,592,425
Europe	-	116,435,512
Others	-	104,559,725
Total	-	574,012,964

Assets and additions to fixed assets by geographical area:

The following table shows the carrying amount of assets and additions to fixed assets (including capital advances) by geographical area in which assets are located, including for discontinuing operations:

	Carrying amount of assets as at December 31,		Additions to fixed assets for the year ended December 31,	
	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
India	1,222,026,127	1,086,532,513	121,252,476	82,685,347
USA	712,768,996	705,093,781	292,486	447,175
South East Asia	304,798,051	253,607,022	-	-
Europe	456,327,425	421,910,001	-	-
Others	24,609,246	30,897,568	-	-
Total	2,720,529,845	2,498,040,885	121,544,962	83,132,522

The following table shows the carrying amount of assets and additions to fixed assets (including capital advances) by geographical area in which assets are located for discontinuing operation [refer note 31 (d)]:

	Carrying amount of assets as at December 31,		Additions to fixed assets for the year ended December 31,	
	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
India	-	-	-	14,769,972
USA	-	-	-	-
South East Asia	-	-	-	-
Europe	-	-	-	-
Others	-	-	-	-
Total	-	-	-	14,769,972

24. Related Party Disclosures

(i) Names of related parties:

Names of related parties where control exists:

Subsidiaries	<p>R Systems (Singapore) Pte Ltd, Singapore R Systems, Inc., USA ECnet Ltd, Singapore Computaris International Limited, U.K. RSYS Technologies Limited, Canada (formerly known as Systèmes R. International Ltée) R Systems Technologies Limited, USA (formerly known as Indus Software, Inc., USA) R Systems Product & Technologies Private Limited, India (ceased to be subsidiary w.e.f. July 07, 2015) R Systems Solutions, Inc., USA (merged with R Systems, Inc., USA w.e.f. December 10, 2015)</p>
	<p>Following are the subsidiaries of ECnet Ltd, Singapore</p> <ul style="list-style-type: none"> • ECnet (M) Sdn Bhd, Malaysia • ECnet Systems (Thailand) Co. Ltd., Thailand • ECnet (Shanghai) Co. Ltd., People’s Republic of China • ECnet (Hong Kong) Ltd., Hong Kong • ECnet, Inc., USA • ECnet Kabushiki Kaisha, Japan
	<p>Following are the subsidiaries of Computaris International Limited, U.K.</p> <ul style="list-style-type: none"> • Computaris Romania Srl, Romania • Computaris Polska sp z o.o., Poland • ICS Computaris International Srl, Moldova • Computaris Malaysia Sdn. Bhd., Malaysia • Computaris USA, Inc., USA • Computaris Philippines Pte. Ltd. Inc., Phillipines (incorporated on May 23, 2016)
	<p>Following are the subsidiaries of R Systems (Singapore) Pte Ltd, Singapore</p> <ul style="list-style-type: none"> • IBIZCS Group Pte Ltd- Singapore with the following step down subsidiaries <ul style="list-style-type: none"> ➤ IBIZ Consulting Services Pte Ltd, Singapore ➤ IBIZ Consulting Services Sdn. Bhd., Malaysia ➤ PT. IBIZCS Indonesia., Indonesia ➤ IBIZ Consultancy Services India Private Limited, India ➤ IBIZ Consulting Services Limited, Hong Kong ➤ IBIZ Consulting Services (Shanghai) Co., Ltd, People’s Republic of China
Names of other related parties with whom transactions have taken place during the year:	
Key management personnel	<p>Satinder Singh Rekhi, Managing Director Lt. Gen. Baldev Singh (Retd.), President and Senior Executive Director Raj Swaminathan, Director (resigned as director on June 27, 2015) Nand Sardana, Chief Financial Officer Ashish Thakur, Company Secretary & Compliance Officer</p>
Relatives of Key management personnel	<p>Harpreet Rekhi, (related to Satinder Singh Rekhi) Sartaj Singh Rekhi, (related to Satinder Singh Rekhi) Amrita Kaur, (related to Satinder Singh Rekhi) Ramneet Singh Rekhi, (related to Satinder Singh Rekhi) Anita Behl, (related to Satinder Singh Rekhi) Kuldeep Baldev Singh, [related to Lt. Gen. Baldev Singh (Retd.)] Mandeep Singh Sodhi, [related to Lt. Gen. Baldev Singh (Retd.)], Vice President – Sales</p>
Enterprises where key management personnel or their relatives exercise significant influence	<p>U Infosoft Private Limited GM Solutions Private Limited GMU Infosoft Private Limited Right Match Holdings Limited Satinder and Harpreet Rekhi Family Trust</p>

(ii) Details of transactions with related parties for the year ended December 31, 2016 and December 31, 2015:

(Amount in Rs.)

	Year ended December 31,	
	2016	2015
Information technology and BPO services rendered to		
ECnet Ltd, Singapore	41,206,651	44,573,934
R Systems, Inc., USA	51,656,564	26,195,635
R Systems (Singapore) Pte Ltd, Singapore	-	951,564
R Systems Solutions, Inc., USA	-	486,870
IBIZ Consulting Services Pte Ltd, Singapore	288,061	819,974
Computaris International Limited, U.K.	32,590,211	36,090,132
Total	125,741,487	109,118,109
Information technology services received from		
R Systems, Inc., USA	-	7,980,900
Total	-	7,980,900
Travel and other expenses reimbursed by the Company to		
ECnet Ltd, Singapore	1,376,972	228,882
R Systems, Inc., USA	34,155,370	33,443,061
R Systems (Singapore) Pte Ltd, Singapore	11,339,887	12,121,187
R Systems Solutions, Inc., USA	-	611,314
Total	46,872,229	46,404,444
Travel and other expenses reimbursed to the Company by		
ECnet Ltd, Singapore	2,362,175	1,478,577
R Systems, Inc., USA	7,823,606	7,601,311
R Systems (Singapore) Pte Ltd, Singapore	315,000	100,577
R Systems Solutions, Inc., USA	-	414,334
RSYS Technologies Limited, Canada	413,788	-
IBIZ Consulting Services Pte Ltd, Singapore	125,000	-
Computaris International Limited, U.K.	2,206,572	2,871,598
Total	13,246,141	12,466,397
Reimbursement to the Company for purchase of assets on behalf of		
R Systems, Inc., USA	116,745	1,778,585
Computaris International Limited, U.K.	354,129	-
Total	470,874	1,778,585
Reimbursement by the Company for purchase of assets to		
R Systems, Inc., USA	219,424	146,123
Total	219,424	146,123
Investment in shares of subsidiary		
R Systems Product & Technologies Private Limited, India	-	700,000
R Systems (Singapore) Pte Ltd, Singapore	48,155,136	105,505,504
R Systems, Inc., USA [refer note 31 (c)]	-	57,816,448
RSYS Technologies Limited, Canada	5,027,924	-
Total	53,183,060	164,021,952

(Amount in Rs.)

	Year ended December 31,	
	2016	2015
Merger of wholly owned subsidiaries		
R Systems Solutions, Inc., USA [refer note 31 (c)]	-	13,414,875
Total	-	13,414,875
Remuneration		
Satinder Singh Rekhi	37,027,495	32,046,605
Lt. Gen. Baldev Singh (Retd.)	6,642,053	6,265,670
Raj Swaminathan	-	3,380,493
Mandeep Singh Sodhi	36,409,934	33,118,711
Nand Sardana	5,219,880	5,225,880
Ashish Thakur	883,124	628,210
Amrita Kaur	480,000	261,333
Total	86,662,486	80,926,902
Rent		
Satinder Singh Rekhi	7,968,654	6,951,784
Total	7,968,654	6,951,784
Shares buyback		
Satinder Singh Rekhi	1,796,860	-
Lt. Gen. Baldev Singh (Retd.)	189,605	-
Sartaj Singh Rekhi	8,234,460	-
Ramneet Singh Rekhi	6,964,555	-
Nand Sardana	71,630	-
Mandeep Singh Sodhi	962,390	-
GMU Infosoft Private Limited	13,276,315	-
U Infosoft Private Limited	13,542,165	-
GM Solutions Private Limited	14,057,810	-
Right Match Holdings Ltd	12,725,830	-
Satinder and Harpreet Rekhi Family Trust	17,891,185	-
Total	89,712,805	-
Dividend paid *		
Satinder Singh Rekhi	-	9,753,540
Lt. Gen. Baldev Singh (Retd.)	-	1,059,675
Raj Swaminathan	-	780,000
Sartaj Singh Rekhi	-	44,635,483
Ramneet Singh Rekhi	-	37,742,669
Harpreet Rekhi	-	5,662
Nand Sardana	-	388,890
Mandeep Singh Sodhi	-	5,160,056
Kuldeep Baldev Singh	-	45,296
Anita Behl	-	59,443
GMU Infosoft Private Limited	-	66,915,061
U Infosoft Private Limited	-	68,236,517
GM Solutions Private Limited	-	70,829,639
Right Match Holdings Limited	-	69,076,400
Satinder and Harpreet Rekhi Family Trust	-	112,887,716
Total	-	487,576,047

* The amount for the year ended December 31, 2015 includes Rs. 229,416,464 towards dividend declared for the immediately preceding year.

(Amount in Rs.)

Balance outstanding	As at December 31,	
	2016	2015
Trade Receivables		
ECnet Ltd, Singapore	13,880,797	10,668,165
R Systems, Inc., USA	7,569,562	7,060,459
IBIZ Consulting Services Pte. Ltd., Singapore	-	825,994
Computaris International Limited, UK	6,394,787	4,915,116
Total	27,845,146	23,469,734
Short-term loans and advances		
ECnet Ltd, Singapore	67,925	-
R Systems, Inc., USA	1,470,498	79,313
RSYS Technologies Limited, Canada	358,093	-
Total	1,896,516	79,313
Other current liabilities		
ECnet Ltd, Singapore	85,798	574,050
R Systems, Inc., USA	14,044,305	11,889,525
R Systems (Singapore) Pte Ltd, Singapore	2,696,826	3,017,792
Total	16,826,929	15,481,367
Assets obtained free of cost on returnable basis		
R Systems, Inc., USA	21,558,962	18,390,687
R Systems (Singapore) Pte Ltd, Singapore	137,241	137,241
Total	21,696,203	18,527,928
Balance payable to key management personnel		
Satinder Singh Rekhi	7,038,750	4,500,000
Lt. Gen. Baldev Singh (Retd.)	1,278,448	1,082,113
Total	8,317,198	5,582,113

Also refer note 31 (d).

25. Corporate Social Responsibility (CSR)

As per the requirements of Section 135 of the Companies Act, 2013, the Company is required to spend an amount of Rs. 10,608,333 on CSR expenditure for the year December 31, 2016. Out of this, the Company has disbursed Rs. 1,500,000 for education of the underprivileged children in accordance with its Corporate Social Responsibility Policy.

Further, during the year the Company was in the process of ascertaining various avenues, projects etc. for fulfilling the requirement of its CSR policy, therefore Company could not utilize the entire amount embarked for its CSR activities.

26. Capital and other commitments

	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
(i) Capital commitments:		
Estimated amount of unexecuted capital contracts (net of advances)	6,152,320	3,425,621
(ii) Other commitments:		
For commitments relating to lease arrangements, refer note 28.		

27. Contingent liabilities

	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Performance guarantees given to Department of Telecommunication for Domestic and International 'Other Service Provider' licenses	20,000,000	20,000,000
Total	20,000,000	20,000,000

28. Leases

a) Finance Lease - Company as lessee

The Company has finance leases for furniture and fixture. Each renewal is at the option of the lessee. Future minimum lease payments (MLP) under finance leases together with the present value of the net MLP are as follows:

	Year ended December 31, 2016		Year ended December 31, 2015	
	MLP	Present value of MLP	MLP	Present value of MLP
Not later than one year	1,440,000	158,359	-	-
After one year but not more than five years	5,775,000	873,187	-	-
More than five years	17,077,500	9,848,454	-	-
Total minimum lease payments	24,292,500	10,880,000	-	-
Less: amounts representing finance charges	13,412,500	-	-	-
Present value of minimum lease payments	10,880,000	10,880,000	-	-

b) Operating Lease - Company as lessee

The Company has operating lease for office premises. The future minimum rentals payable under non-cancellable operating leases period as at year-end are as follows:

	Year ended December 31, 2016 Rs.	Year ended December 31, 2015 Rs.
Lease payments for the year	23,790,777	30,061,888
Non-cancellable operating lease obligation:		
Not later than one year	26,573,526	16,707,540
Later than one year but not later than five years	68,617,281	31,031,346
Later than five years	-	-

The operating lease arrangements extend for a maximum period of 5 years from their respective dates of inception. Some of the operating lease arrangements have price escalation and option of renewal clause as mutually agreed between the parties and there are no restrictions imposed on lease arrangements.

c) Operating Lease - Company as lessor

The Company has entered into an operating lease arrangement for its surplus land and building which has been classified under investment property. The future minimum rentals receivable under non-cancellable operating lease period as at year-end are as follows:

	Year ended December 31, 2016 Rs.	Year ended December 31, 2015 Rs.
Lease payments for the year	6,399,996	3,079,568
Non-cancellable operating lease		
Not later than one year	6,399,996	6,399,996
Later than one year but not later than five years	3,320,440	9,720,436

The operating lease arrangement extends for a maximum period of 3 years from their respective dates of inception and has price escalation clause of 5% for every subsequent 3 years of the extended term. There are no restrictions imposed on lease agreements.

29. Supplementary statutory information

29.1 (a) Directors' remuneration

	Year ended December 31, 2016 Rs.	Year ended December 31, 2015 Rs.
Salaries, wages and bonus	43,391,628	41,404,048
Contribution to provident fund	277,920	288,720
Total	43,669,548	41,692,768

Note:

As the future liability for gratuity and long term compensated absences is provided on an actuarial basis for the Company as a whole, the amount pertaining to the directors is not ascertainable and, therefore, not included above.

29.1 (b) Computation of net profit under Section 198 of the Companies Act, 2013 for calculation of managerial remuneration under Section 197 of the Companies Act, 2013.

(Amount in Rs.)			
Sl. No.	Particulars	Year ended December 31, 2016	Year ended December 31, 2015
	Profit after tax and before appropriation	412,138,007	906,439,976
	Add:		
(i)	Loss on fixed assets sold / discarded	668,634	2,158,052
(ii)	Provision for doubtful debts / advances (net)	-	2,388,948
(iii)	Tax for the year	201,615,814	271,522,318
(iv)	Depreciation and amortisation as per books of accounts	69,303,151	95,812,053
	Less:		
(i)	Depreciation and amortisation	69,303,151	95,812,053
(ii)	Profit on sale of subsidiaries	-	26,628,000
(iii)	Provision for doubtful debts / advances written back (net)	2,310,137	-
(iv)	Profit on redemption of mutual fund	-	1,774,260
(v)	Profit on merger of wholly owned subsidiaries	-	44,401,573
(vi)	Profit on sale of undertaking	9,173,022	564,434,748
(vii)	Profit on sale of Investment	37,174,220	-
(viii)	Bad debts and advances written off	11,392,441	3,747,954
	Net Profit for the year	554,372,635	541,522,759
	Add:		
	Remuneration paid to the whole time directors	43,669,548	41,692,768
	Net Profit for the purpose of managerial remuneration	598,042,183	583,215,527
	Overall maximum remuneration to all managerial personnel at 10% of the net profits as calculated above	59,804,218	58,321,553
	Overall maximum remuneration to individual managerial personnel at 5% of the net profits as calculated above	29,902,109	29,160,776

Note:

- Figures for the year ended December 31, 2016 and December 31, 2015 are as per provisions of the Companies Act, 2013.
- The remuneration paid during the year ended December 31, 2016 and December 31, 2015, in excess of the limits specified in 29.1 (b) above has been approved by the Central Government.

29.2 Earnings in foreign currency (on accrual basis)

	Year ended December 31, 2016 Rs.	Year ended December 31, 2015 Rs.
Sale of product and services	2,555,583,038	2,589,825,934
Interest income	6,300,600	-
Proceeds from sale of subsidiaries [refer note 31 (b)]	-	26,628,000
Reimbursement of travel, communication and other costs*	33,010,310	21,883,859
Total	2,594,893,948	2,638,337,793

* Out of this Rs. 29,746,845 (previous year Rs. 20,673,940) is reimbursement for expenses which have been netted off from the respective expenses in the statement of profit and loss and balance Rs. 3,263,465 (previous year Rs. 1,209,919) is reimbursement for purchase of fixed assets.

29.3 Expenditure in foreign currency (on accrual basis)

	Year ended December 31, 2016 Rs.	Year ended December 31, 2015 Rs.
Traveling and conveyance	100,028,281	160,860,248
Commission-others	4,691,519	14,679,451
Employee benefits expense	174,700,539	152,135,346
Communication expenses	18,580,504	16,441,504
Income tax	15,429,453	14,435,780
Cost of reimbursable capital assets	642,927	535,513
Other miscellaneous expenses	42,249,451	64,579,926
Total	356,322,674	423,667,768

29.4 Value of imports calculated on CIF basis

	Year ended December 31, 2016 Rs.	Year ended December 31, 2015 Rs.
Capital goods	62,281,965	39,639,588
Equipment received free of cost on returnable basis	4,246,878	88,986
Total	66,528,843	39,728,574

29.5 Remittance in foreign currency on account of dividend

Sl. No.	Particulars	Number of non-resident shareholders	Number of equity shares	Amount remitted	Amount remitted	Amount remitted	Amount remitted
				Rs.	USD	Rs.	USD
				2016		2015	
(a)	Fourth Interim dividend for the year ended December 31, 2014	12	39,574,220	-	-	100,914,261	1,590,203
(b)	Final Dividend for year ended December 31, 2014	11	38,060,520	-	-	36,157,494	563,728
(c)	First Interim dividend for the year ended December 31, 2015	11	38,288,220	-	-	15,315,288	239,770
(d)	Second Interim dividend for the year ended December 31, 2015	11	37,651,020	-	-	124,248,366	1,900,694
(e)	Third Interim dividend for the year ended December 31, 2015	11	36,341,020	-	-	9,085,255	137,629

30. During the year ended December 31, 2006, Government of India has promulgated an Act namely The Micro, Small and Medium Enterprises Development Act, 2006 which comes into force with effect from October 2, 2006. As per the Act, the Company is required to identify the Micro, Small and Medium suppliers and pay interest to micro and small enterprises on overdue beyond the specified period irrespective of the terms agreed with the suppliers. For the purpose of identification of such suppliers, the Company has sent confirmations to all its suppliers. Based upon the confirmations received so far and the supplier profile available with the Company, the management believes that there are no dues to such suppliers.

Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	Nil	Nil
The amount of interest paid by the buyer in terms of Section 16 of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	Nil	Nil
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	Nil	Nil
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro Small and Medium Enterprise Development Act, 2006	Nil	Nil

31. (a) During earlier years, the Company had acquired shares in ECnet Limited, a company incorporated in Singapore at a total consideration of Rs. 34,938,958. During the year ended December 31, 2005, the Company had based upon an order of High Court of Delhi written down the investment value to Rs. 10,443,237 and adjusted the write off of Rs. 24,495,721 against the Securities Premium Account as this had not been represented by available assets.

During the year ended December 31, 2007, the Company had settled the liabilities towards certain erstwhile shareholders. As a result thereof, the deferred payment compensation of Rs. 14,452,222 was released, as considered appropriate by the management. Out of above, Rs. 10,442,237 had been adjusted against the value of the investment.

During the year ended December 31, 2015, after the expiry of relevant limitation period under applicable laws, the Company had reversed deferred payment compensation amounting to Rs. 12,609,305. This reversal is included under 'Exceptional items' in the financial statements for the year ended December 31, 2015.

- (b) On November 27, 2014, the Company had completed the transfer of Europe BPO Business by way of sale of its 100% holding in R Systems Europe B.V., Netherlands and R Systems S.A.S., France, being wholly owned subsidiaries, by executing the Share Sale Agreement (the "SSA") along with other necessary documents for a sale consideration of Euro 4.70 million (Rs. 357,469,488). Out of the sale consideration, Euro 0.35 million (Rs. 26,628,000) was placed in an escrow account in the Netherlands, the realization of which was subject to certain conditions pursuant to the provision of the SSA.

During the year ended December 31, 2015, on the stipulated conditions under the SSA being completed, the Company had received Euro 0.35 million (Rs. 26,628,000) which was placed in an escrow account. The amount so received, has been included as profit on sale of aforesaid subsidiaries under the 'Exceptional items' in the financial statements for the year ended December 31, 2015.

- (c) On December 10, 2015, R Systems Solution Inc. (RSSI), a wholly owned subsidiary of the Company was merged into R Systems Inc. (RSI), also a wholly owned subsidiary of the Company, as per the applicable laws of India and USA. Pursuant to aforesaid merger, the Company had received incremental 150 common stock of RSI against outstanding common and preferred (series A) stocks held in RSSI. Accordingly the Company had recorded receipt of incremental shares in RSI at Rs. 57,816,448, being the fair value of investments given up. The Company in the earlier years had provided for permanent diminution in value of its investments in RSSI amounting to Rs. 172,676,590 and was carrying these investments at Rs. 13,414,875. Consequent to the above merger, the Company had written back such permanent diminution to the extent of available net assets of Rs. 57,816,448 and accordingly recorded Rs. 44,401,573 as gain under 'Exceptional items' in the financial statements for the year ended December 31, 2015.

- (d) On July 11, 2014, the Company had incorporated a wholly owned subsidiary in India, namely, R Systems Products & Technologies Limited (which was later converted into R Systems Products & Technologies Private Limited ("RSPTPL") on May 28, 2015). The shareholders of the Company by passing special resolution through postal ballot on September 23, 2014 had accorded necessary approval for transfer of the Company's Indus Business Unit operated out of Pune and Chennai to RSPTPL.

The Company had entered into 'Business Transfer Agreement' (BTA) with RSPTPL on June 27, 2015 for the aforesaid transfer on a going concern basis by way of slump sale, for consideration of Rs. 783,900,000 to be discharged by RSPTPL through issuance of 60,000,003 equity shares of Re. 1/- each at a premium of Rs. 6.227333 per share and 35,026 compulsorily redeemable debentures of Rs. 10,000 each to be redeemed over a period of 4 years, on the terms and conditions agreed in BTA and Debenture Subscription Agreement.

The Company also entered into 'Share Purchase Agreement' (SPA) with BD Capital Partners Ltd. ("BDC"), a Mauritius based company on June 27, 2015 to sell 93% of its equity share in RSPTPL to BDC for a consideration of Rs. 443,170,000 (USD 7 million). The closing (as defined in the agreements) under the BTA and SPA occurred on July 07, 2015.

The gain on sale of Indus Business Unit amounting to Rs. 535,713,373 (net of related expenses) and gain on sale of aforesaid equity share in RSPTPL amounting to Rs. 28,721,375 (net of related expenses) is disclosed as 'Exceptional items' in the financial statements for the year ended December 31, 2015. The income tax attributable to aforesaid gains amounting to Rs. 132,635,363 is included in the 'Current Tax' in the financial statements for the year ended December 31, 2015. The name of RSPTPL has been changed to Indus Software Technologies Private Limited (ISPTPL) w.e.f August 19, 2015.

Subject to the satisfaction of certain conditions, BDC had also agreed to purchase the balance 7% equity shares for a consideration up to Rs. 66,510,000 (USD 1 million). These conditions were under evaluation and yet to be concluded as at the year ended December 31, 2015. During the year ended December 31, 2016, the Company has fulfilled the conditions specified in the SPA for the sale of balance 7% share in ISPTPL. The gain on sale of aforesaid equity share amounts to Rs. 37,174,220 is disclosed as 'Exceptional items' in the financial statements. The income tax attributable to aforesaid gains amounting to Rs. 12,684,221 is included in the 'Current Tax' in the financial statements for the year ended December 31, 2016.

Accordingly, the aforesaid Indus Business Unit, being part of Information technology services and products segment, is considered as "Discontinuing Operations" till July 07, 2015. The net assets attributable to the aforesaid operations are as follows:

	As at July 07, 2015 Rs.
Total Assets	567,943,845
Total Liabilities	325,371,698
Net Assets	242,572,147

The revenue and expenses attributable to the discontinuing operations included in the financial statements are as follows:

Particulars	(Amount in Rs.)
	For the period January 01, 2015 to July 07, 2015
Income	
Revenue from operations	574,012,964
Other income	2,457,983
Total revenue	576,470,947
Expenses	
Employee benefits expense	311,709,004
Operational and other expenses	168,770,713
Depreciation and amortisation expense	12,299,568
Finance costs	409,354
Total expenses	493,188,639
Profit before tax	83,282,308
Tax expense	
Current tax	35,510,770
Deferred tax charge / (credit)	(8,796,666)
Total tax expense	26,714,104
Profit after tax	56,568,204

The revenue and expenses attributable to the continuing operations included in the financial statements are as follows:

(Amount in Rs.)

Particulars	Year Ended December 31, 2015
Income	
Revenue from operations	2,318,585,030
Other income	93,777,260
Total revenue	2,412,362,290
Expenses	
Employee benefits expense	1,422,901,042
Operational and other expenses	455,476,156
Depreciation and amortisation expense	83,512,485
Finance costs	3,866,247
Total expenses	1,965,755,930
Profit before tax and exceptional items	446,606,360
Exceptional items	648,073,626
Profit before tax	1,094,679,986
Tax expense	
Current tax	227,309,600
Deferred tax charge	17,498,614
Total tax expense	244,808,214
Profit after tax	849,871,772

Net cash flow attributable to the discontinuing operations included in the financial statements is as follows:

(Amount in Rs.)

Particulars	For the period January 01, 2015 to July 07, 2015
A. Cash flows from / (used in) operating activities	(11,863,375)
B. Cash flows from / (used in) investing activities	(7,339,125)
C. Cash flows from / (used in) financing activities	-

Inter unit transactions between continuing and discontinuing operations have been excluded.

- (e) The Company has realized additional amounts of Rs. 9,173,022 towards the sale of Indus Business unit and disclosed as 'Exceptional items' in the financial statements for the year ended December 31, 2016.
- (f) The consequent tax expense of aforesaid 'Exceptional items' amounting to Rs. 14,800,621 for the year ended December 31, 2016 and Rs. 63,017,987 for year ended December 31, 2015, is included in the 'Current tax' in the financial statements for the respective year.

32. (a) R Systems International Limited - Year 2004 Employee Stock Option Plan ('the plan')

The Company had instituted the plan for all eligible employees as specified in the rules in pursuance of the special resolution duly approved by the shareholders. The plan provides for the issuance of 997,500 options for equity shares of face value of Rs. 10 each, to eligible employees as recommended by the Compensation Committee constituted for this purpose.

The plan is administered by a Compensation Committee and exercise price is "1.60 times the Book Value of the Share as per the audited balance sheet as on December 31, 2003 i.e. Rs. 42 per Share or 1.60 times of the book value as per immediate previous accounting year audited balance sheet rounded off to nearest rupee as on the date of Exercise whichever is higher", till the time equity shares of the Company are not listed. Once the equity shares are listed, the exercise price is prevailing price or stock price i.e. the latest available closing price, prior to the date of the meeting of the Board of Directors in which options are granted / shares are issued, on the stock exchange on which the shares of the Company are listed.

During the year ended December 31, 2006, the Company had consolidated each of its five equity shares of Rs. 2 each into one equity share of Rs. 10 each and then issued 1:1 bonus share to each of the then existing shareholder (excluding the option holders) by

utilisation of Securities Premium Account in terms of the provisions of Section 78 of the Companies Act, 1956. Considering these changes in the capital structure, the management had adjusted the number of options vesting to its employees and exercise price to preserve the benefits intended to be made available under the plan i.e. instead of five options of Rs. 2 per share, the employees' entitlement had been adjusted to one option of Rs. 10 per share and instead of earlier exercise price of Rs. 42 per share for each Rs. 2 share, the exercise price had been accordingly adjusted to Rs. 105 per equity share. During the year ended December 31, 2008, the Company had obtained a legal opinion confirming that the adjustments undertaken to the number of options vesting to its employees and exercise price, pursuant to the consolidation and subsequent bonus issue during the year ended December 31, 2006, does not tantamount to modification and no additional benefit was offered to the existing option holders. Further, during the year ended December 31, 2014, the Company had sub-divided equity shares of Rs. 10 each into 10 equity shares of Re. 1 each, the exercise price is accordingly adjusted from Rs. 105 per share to Rs. 10.50 per share.

The vesting period is 4 years (25% in each year) commencing from the date of grant under the plan. The eligible employees have an option to exercise it over a period of 10 years from the date of grant under the plan. As per the plan, the Compensation Committee cannot grant any outstanding options after August 31, 2014, therefore there are no grants outstanding for determination by the Compensation Committee.

During the year ended December 31, 2015 the scheme has been lapsed therefore all the grants outstanding has been lapsed. The movement in the options during the year ended December 31, 2015 is set out below:

	Year ended December 31, 2015 (Nos.)
At the beginning	
- Grants outstanding under the plan (Re. 1 per share)	102,150
- Grants pending determination by the Compensation Committee (Re. 1 per share)	-
During the year	
- Options granted (Re. 1 per share)	
- Options exercised (Re. 1 per share)	
- Options/grants lapsed or surrendered (Re. 1 per share)	102,150
At the end	
- Grants outstanding under the plan (Re. 1 per share)	-
- Grants pending determination by the Compensation Committee (Re.1 per share)	-

The weighted average remaining contractual life for the stock options as at December 31, 2015 is Nil months.

(b) R Systems International Limited Employees Stock Option Plan – Year 2001 ('the plan')

Indus Software Private Limited ('Indus') had outstanding options aggregating 21,967 equity shares as on March 31, 2002, to be issued to the eligible employees under the R Systems International Limited Employees Stock Option Plan – Year 2001 under various vesting periods as specified in the said Plan, duly approved by the erstwhile shareholders. Indus had established "R Systems Employees Welfare Trust" ('the R Systems Trust') (formerly known as Indus Software Employees Welfare Trust") to administer the plan, as approved by the members, for the benefits of the Company's employees and had provided an interest free loan of Rs. 3,382,792. Consequently, Indus had allotted 21,967 equity shares of Rs. 10 each at a premium of Rs. 144 per equity share to the R Systems Trust to be further issued to the Indus' eligible employees on the exercise of the underlying options granted to them.

As a result of the merger of Indus with the Company, all employees had surrendered their options in favour of the R Systems Trust to enable them to obtain options for shares in R Systems International Limited after the merger. Also, the Company had issued 206,822 equity shares of Rs. 2 each at a premium of Rs. 113.42 per share to the R Systems Trust in exchange of 21,967 equity shares of Indus, apropos to the agreed swap ratio. During the earlier years out of the said 206,822 shares 22,079 shares were issued to the employees on exercise of options.

The Company had consolidated each of its five equity shares of Rs. 2 each into one equity share of Rs. 10 each on January 30, 2006 and then issued 1:1 bonus share to each of the then existing shareholder by utilisation of Securities Premium Account in terms of the provisions of Section 78 of the Companies Act, 1956 and further sub-division of each of the equity shares of Rs. 10 each into 10 equity shares of Re. 1 each as per record date of February 28, 2014, consequently the total number of shares issued are now 738,980 equity shares of Re. 1 each. Accordingly an amount of Rs. 738,980 and Rs. 2,282,728 is shown as deduction from Issued, subscribed and paid-up capital and Securities Premium Account respectively as suggested by the "Guidance Note on Accounting for Employee Share-based Payments" issued by The Institute of Chartered Accountants of India.

The movement in the options (in equivalent number of shares of the Company) held by the Trust during the year ended December 31, 2016 and the year ended December 31, 2015 is set out below:

	Year ended December 31, 2016	Year ended December 31, 2015
	(Nos.)	(Nos.)
<u>At the beginning</u>		
- Grants outstanding under the plan (Re. 1 per share)		
- Grants pending determination by the Compensation Committee (Re. 1 per share)	738,980	738,980
<u>During the year</u>		
- Options granted (Re. 1 per share)	-	-
- Options exercised (Re. 1 per share)	-	-
- Options/grants lapsed or surrendered (Re. 1 per share)	-	-
<u>At the end</u>		
- Grants outstanding under the plan (Re. 1 per share)		
- Grants pending determination by the Compensation Committee (Re.1 per share)	738,980	738,980

(c) R Systems International Limited Employee Stock Option Scheme 2007 ('the plan')

During the year 2007, the Company had instituted the plan for all eligible employees as specified in the rules in pursuance of the special resolution duly approved by the shareholders. The plan provides for the issuance of 650,000 options to eligible employees as recommended by the Compensation Committee constituted for this purpose.

The plan is administered by a Compensation Committee and exercise price in respect of 632,500 options granted on July 11, 2007 is Rs. 120.70 being the latest available closing price, prior to the date of the meeting of the Board of Directors / Compensation Committee, on the stock exchange on which the shares of the Company are listed. Accordingly, the intrinsic value of Employee Stock Option is taken as Rs. Nil. Further, during the year ended December 31, 2014, the Company had sub-divided equity shares of Rs. 10 each into 10 equity shares of Re. 1 each, the exercise price is accordingly adjusted from Rs. 120.70 per share to Rs. 12.07 per share.

On the recommendation of the Compensation Committee and Nomination and Remuneration Committee, the Board of Director at its meeting held on April 30, 2016, had further granted 150,000 options at an exercise price of Rs. 12.07 /- per option under R Systems International Limited Employee Stock Option Scheme 2007.

The vesting period is 4 years (25% in each year) commencing from the date of grant under the plan. The eligible employees have an option to exercise it over a period of 10 years from the date of grant under the plan. The movement in the options during the year ended December 31, 2016 and year ended December 31, 2015 is set out below:

	Year ended December 31, 2016	Year ended December 31, 2015
	(Nos.)	(Nos.)
<u>At the beginning</u>		
- Grants outstanding under the plan (Re. 1 per share)	80,280	245,280
- Grants pending determination by the Compensation Committee (Re. 1 per share)	2,040,000	1,965,000
<u>During the year</u>		
- Options granted (Re. 1 per share)	150,000	-
- Options exercised (Re. 1 per share)	-	90,000
- Options/grants lapsed or surrendered (Re. 1 per share)	35,000	75,000
<u>At the end</u>		
- Grants outstanding under the plan (Re. 1 per share)	195,280	80,280
- Grants pending determination by the Compensation Committee (Re.1 per share)	1,925,000	2,040,000

For options exercised during the year 2015, the weighted average share price at the exercise date was Rs. 68.71.

The weighted average remaining contractual life for the stock options as at December 31, 2016 is 13 months (Previous year 19 months).

- (d) For the purpose of valuation of the options granted before year ended December 31, 2004, the management obtained fair value of the options at the date of grant under respective schemes from a firm of Chartered Accountants to determine accounting impact, if any, of options granted over the periods. In the considered opinion of the valuer, the fair value of option determined using 'Black Scholes Valuation Model' under each of above schemes [except R Systems International Limited Employee Stock Option Scheme 2007 refer 32 (c) above] is "Nil" and thus no accounting thereof is required.

The assumptions used for the purpose of determination of fair value are stated below:

Assumptions	Unit	Scheme (a) *	Scheme (b) **	Comments by the valuer
Strike price	Rs.	42	154	
Current share price	Rs.	16	140	Taken on the basis of NAV and PECV method of valuation.
Expected option life	No. of Year	5	2.5	Being half of the maximum option life.
Volatility	%	1	0.5	In case of unlisted shares, the volatility may be taken as zero. Verma committee also recommends this.
Risk free return	%	7	11.3	Zero coupon rate estimated from trading government securities for a maturity corresponding to expected life of option - taken from sites of NSE and / or BSE.
Expected dividend yield	%	-	15	Company has no set policy so dividend taken as zero. In case of Scheme (b), as the dividend had been paid by the erstwhile company, it has been assumed at 15%.

* R Systems International Ltd. - Year 2004 Employee Stock Option Plan under which the price was based on Rs. 2 per share.

** R Systems International Limited Employees Stock Option Plan – Year 2001 under which originally the price was based on Rs. 10 per share for 21,967 shares. As a result of amalgamation of Indus Software Private Limited into R Systems, R Systems had issued 206,822 equity shares of Rs. 2 each pursuant to the swap ratio approved by Hon'ble High Courts of Delhi and Mumbai.

The details given above for plan (a) and (b) are before making the required adjustments in relation to consolidation of each of the 5 equity shares of Rs. 2 each into 1 equity share of Rs. 10 each as approved by the shareholders in the year ended December 31, 2006 and further sub-division of each of the equity shares of Rs. 10 each into 10 equity shares of Re. 1 each as per record date of February 28, 2014.

Further, for the purpose of valuation of the options granted during the year 2005 under R Systems International Limited- Year 2004 Employee Stock Option Plan, the management obtained fair value of the options at the date of grant from a firm of Chartered Accountants, to determine accounting impact, if any, of options granted. In the considered opinion of the valuer, the fair value of these option determined using 'Black Scholes Valuation Model' is "Nil" and thus no accounting thereof is required.

The assumptions used by the valuer for the purpose of determination of fair value are stated below:

Assumptions	Unit	Scheme	Comments by the valuer
Strike price	Rs.	42	
Current share price	Rs.	13.58	Taken on the basis of NAV and PECV method of valuation.
Expected option life	No. of Years	5	Being half of the maximum option life.
Volatility	%	1	In case of unlisted shares, the volatility may be taken as zero. Verma committee also recommends this.
Risk free return	%	7.42	Zero coupon rate estimated from trading government securities for a maturity corresponding to expected life of option - taken from sites of NSE.
Expected dividend yield	%	-	Company has no set policy so dividend taken as zero.

The above information is based on Rs. 2 per share prior to consolidation of 5 equity shares of Rs. 2 each into one equity share of Rs. 10 each and subsequent allotment of bonus shares in the ratio of 1 : 1 and further sub-division of each of the equity shares of Rs. 10 each into 10 equity shares of Re. 1 each as per record date of February 28, 2014.

- (e) For the purpose of valuation of the options granted during the year ended December 31, 2007 under R Systems International Limited Employee Stock Option Scheme – 2007, the compensation cost relating to Employee Stock Options, calculated as per the intrinsic value method is Nil.

The management obtained fair value of the options at the date of grant from a firm of Chartered Accountants. In the considered opinion of the valuer, the fair value of these options determined using 'Black Scholes Valuation Model' is "Rs. 50.73" per option.

The assumptions used by the valuer for the purpose of determination of fair value are stated below:

Assumptions	Unit	Scheme	Comments by the valuer
Strike price	Rs.	120.70	
Current share price	Rs.	118.50	Price on the date of grant by Board of Directors i.e. closing price on July 11, 2007
Expected option life	No. of Years	4	Being the vesting period.
Volatility	%	44	On the basis of industry average.
Risk free return	%	7	Zero coupon rate estimated from trading government securities for a maturity corresponding to expected life of option – taken from sites of NSE.
Expected dividend yield	%	0.86	Company has declared Dividends of 12% in the past. Assuming that it will continue declaring similar dividends in future.

The above information is based on Rs.10 per share before sub-division of each of the equity shares of Rs. 10 each into 10 equity shares of Re. 1 each as per record date of February 28, 2014.

- (f) For the purpose of valuation of the options granted during the year ended December 31, 2016 under R Systems International Limited Employee Stock Option Scheme – 2007, the year to date compensation cost relating to Employee Stock Options, calculated as per the intrinsic value method is Rs. 2,589,490.

The management obtained fair value of the options at the date of grant i.e. April 30, 2016 from a firm of Chartered Accountants. In the considered opinion of the valuer, the weighted average fair value of these options determined using 'Black Scholes Valuation Model' is "Rs. 49.89" per option.

The assumptions used by the valuer for the purpose of determination of fair value are stated below:

Assumptions	Unit	Scheme	Comments by the valuer
Strike price	Rs.	12.07	
Current share price	Rs.	61.45	Price on the date of grant by Board of Directors i.e. closing price on April 30, 2016
Expected option life	No. of Years	4 years i.e. 25% vesting at the end of each year from the date of grant	Being the vesting period.
Volatility	%	55.32- 55.83	On the basis of industry average.
Risk free return	%	7.84	The yield on a Treasury bond by Government of India (Source: RBI) on the valuation date with the tenor matching the remaining term of the stock options.
Expected dividend yield	%	1.32	Assuming that Company will continue declaring at similar rate, consistent with the past years.

The above information is based on per equity share having face value of Re. 1 each.

In March 2005 the ICAI has issued a guidance note on "Accounting for Employees Share Based Payments" applicable to 'employee share based plan' the grant date in respect of which falls on or after April 1, 2005. The said guidance note requires the Proforma disclosures of the impact of the fair value method of accounting of employee stock compensation in the financial statements. Since the Company used the intrinsic value method the impact on the reported net profit and earnings per share by applying the fair value based method is as follows:

(Amount in Rs.)

Particulars	Year ended December 31, 2016	Year ended December 31, 2015
Profit after tax	412,138,007	906,439,976
Add: Intrinsic Value Compensation Cost	2,589,490	-
Less: Fair Value Compensation Cost	2,617,180	-
Adjusted Pro-forma Profit after tax	412,110,317	906,439,976
Weighted average number of equity shares for calculating Basic EPS	126,616,327	126,983,064
Weighted average number of equity shares for calculating Diluted EPS	126,653,124	126,983,064
Earnings Per Share		
Basic [Nominal value of shares Re. 1 (Previous year: Re. 1)]		
- As reported	3.26	7.14
- Pro-forma	3.25	7.14
Diluted [Nominal value of shares Re. 1 (Previous year: Re. 1)]		
- As reported	3.25	7.14
- Pro-forma	3.25	7.14

33. Earnings per share (EPS)

Particulars	Year ended December 31, 2016	Year ended December 31, 2015
Net profit after tax (Rs.)	412,138,007	906,439,976
Weighted average number of equity shares for calculating Basic EPS	126,616,327	126,983,064
Weighted average number of equity shares for calculating Diluted EPS	126,653,124	126,983,064
Basic [Nominal value of shares Re. 1 (Previous year: Re. 1)] (Rs.)	3.26	7.14
Diluted [Nominal value of shares Re. 1 (Previous year: Re. 1)] (Rs.)	3.25	7.14

Continuing Operations

Particulars	Year ended December 31, 2016	Year ended December 31, 2015
Net profit after tax (Rs.)	412,138,007	849,871,772
Weighted average number of equity shares for calculating Basic EPS	126,616,327	126,983,064
Weighted average number of equity shares for calculating Diluted EPS	126,653,124	126,983,064
Basic [Nominal value of shares Re. 1 (Previous year: Re. 1)] (Rs.)	3.26	6.69
Diluted [Nominal value of shares Re. 1 (Previous year: Re. 1)] (Rs.)	3.25	6.69

34. As at January 01, 2015, the Company, based on technical assessment, reassessed the useful life of tangible assets and accordingly changed the useful lives of certain assets on the basis the transitional provision under Schedule II of the Companies Act, 2013. Consequently, the Company had transferred Rs. 12,455,113 (net of tax) to reserves during the year ended December 31, 2015.
35. The Company has received the 'Letter of Approval' (LOA) from Department of Commerce, Ministry of Commerce & Industry, Government of India on October 19, 2016 for setting up 'Special Economic Zone' (SEZ) unit measuring approx. 15,000 sq. ft. located at Greater Noida West (NCR). Subsequent to the year end, the Company has commenced its operation in SEZ premises on January 25, 2017.

36. Post-employment benefits

The Company has funded defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on separation equal to 15 days salary (last drawn salary) for each completed year of continuous service or part thereof in excess of six months subject to a maximum of Rs. 1,000,000.

The following table summarizes the components of net employee benefits expense recognised in the statement of profit and loss.

(Amount in Rs.)

Particulars	Year ended December 31, 2016	Year ended December 31, 2015
Current service cost	12,414,237	16,192,727
Interest cost on benefit obligation	4,627,859	7,518,452
Expected return on plan assets	(234,942)	(302,192)
Net actuarial (gain) / loss recognised in the year	18,951,541	(5,389,132)
Net employee benefits expense (refer note 18)	35,758,695	18,019,855
Actual return on plan assets	224,202	(267,931)

Details of defined benefit gratuity plan:

(Amount in Rs.)

Particulars	As at December 31, 2016	As at December 31, 2015
Defined benefit obligation	94,598,935	68,174,622
Fair value of plan assets	2,636,628	2,957,688
Plan liability / (asset)	91,962,307	65,216,934

Changes in the present value of the defined benefit gratuity plan are as follows:

(Amount in Rs.)

Particulars	As at December 31, 2016	As at December 31, 2015
Opening defined benefit obligation	68,174,622	102,262,323
Interest cost	4,627,859	7,518,452
Current service cost	12,414,237	16,192,727
Acquisition/Business Combination/Divestiture	-	(37,655,542)
Benefits paid	(9,558,584)	(14,184,084)
Actuarial (gains) / losses on obligation	18,940,801	(5,959,254)
Closing defined benefit obligation	94,598,935	68,174,622

Changes in the fair value of plan assets are as follows:

(Amount in Rs.)

Particulars	Year ended December 31, 2016	Year ended December 31, 2015
Opening fair value of plan assets	2,957,688	3,681,619
Expected return	234,942	302,192
Contributions by the employer	8,000,000	5,000,000
Benefits paid	(8,545,262)	(5,456,001)
Actuarial gains / (losses) on obligation	(10,740)	(570,122)
Closing fair value of plan assets	2,636,628	2,957,688

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	Year ended December 31, 2016	Year ended December 31, 2015
Investments with insurer	100%	100%

The principal assumptions used in determining defined benefit gratuity plan obligations is shown below:

Particulars	Year ended December 31, 2016	Year ended December 31, 2015
Discount rate	6.75% p.a.	8.25% p.a.
Expected rate of return on plan assets	8.35% p.a.	8.75% p.a.
Salary Escalation Rate	10% for 1st year & 7% thereafter	10% for 1st year & 7% thereafter
Attrition rate:	As per table below	As per table below

Attrition rate used for the year ended December 31, 2016 and year ended December 31, 2015 are as per the table below:

Age (Years)	Rates
Below Age 30	15%
Age 30 to 34	10%
Age 35 to 44	5%
Age 45 to 50	3%
Age 51 to 54	2%
Age above 54	1%

The estimates of future salary increases takes into account the inflation, seniority, promotion and other relevant factors.

Amounts for the current and previous four years are as follows:

(Amount in Rs.)

	Gratuity				
	December 31, 2016	December 31, 2015	December 31, 2014	December 31, 2013	December 31, 2012
Defined benefit obligation	94,598,935	68,174,622	102,262,322	81,424,215	78,143,622
Plan assets	2,636,628	2,957,688	3,681,619	4,549,747	-
Surplus / (deficit)	(91,962,307)	(65,216,934)	(98,580,703)	(76,874,468)	(78,143,622)
Experience (Gains)/ Losses adjustments on plan liabilities	3,555,113	(3,130,164)	(4,196,352)	(3,130,879)	2,63,983
Experience adjustments on plan assets	(10,740)	(570,122)	16,304	14,859	-

37. Particulars of Derivative Instruments and Unhedged Foreign Currency Exposure as at December 31, 2016 and December 31, 2015

As of December 31, 2016, the Company has derivative financial instruments to sell USD 14,700,000 (Previous year USD 15,300,000), EURO 1,400,000 (Previous year EURO 1,850,000). The Company has not applied hedge accounting as these instruments do not qualify for hedge accounting. The Company has recognised mark-to-market gain of Rs. 26,417,667 (Previous year gain of Rs. 15,645,821) relating to such derivative financial instruments in the statement of profit and loss for the year ended December 31, 2016.

The particulars of Unhedged Foreign Currency Exposure as at December 31, 2016 and December 31, 2015 are as below:

	Currency	Foreign Currency amount		Closing foreign exchange rate		Amount in Rs.	
		December 31,		December 31,		December 31,	
		2016	2015	2016	2015	2016	2015
Liabilities							
Trade payables	USD	663,976	914,306	67.93	66.16	45,100,586	60,485,885
	SGD	59,195	76,708	47.01	46.83	2,782,624	3,591,841
	NZD	1,025	29,065	47.29	45.31	48,487	1,316,914
Assets							
Trade receivables (Gross)	USD	4,948,562	5,730,448	67.93	66.16	336,541,733	379,097,784
	EURO	1,028,568	783,610	71.66	72.11	73,704,618	56,508,051
	GBP	257,315	161,406	83.46	98.07	21,476,115	15,828,279
	SGD	295,289	245,471	47.01	46.83	13,880,798	11,494,159
	NZD	-	89,506	-	45.31	-	4,055,501
	CAD	254,128	223,678	50.39	47.67	12,805,510	10,661,627
Loans and advances	USD	26,993	10,428	67.93	66.16	1,833,512	689,860
	SGD	26,777	34,700	47.01	46.83	1,258,719	1,624,828
	GBP	942	-	83.46	-	78,655	-
	CAD	7,106	-	50.39	-	358,093	-
	NZD	244	4,877	47.29	45.31	11,522	220,991
Bank balances	USD	2,016,595	631,804	67.93	66.16	136,977,244	41,797,004
	EURO	93,221	11,351	71.66	72.11	6,680,014	818,540
	GBP	5,488	2,726	83.46	98.07	458,042	267,349
	CAD	6,318	117	50.39	47.67	318,341	5,577
	NZD	10,271	146,319	47.29	45.31	485,647	6,629,719

The below table shows the detail of different currencies:

Sl. No.	Currency Abbreviation	Name of Currency	Country
1	GBP	Great Britain Pound	United Kingdom
2	EURO	Euro	European Union
3	USD	US Dollar	United States
4	SGD	Singapore Dollar	Singapore
5	CAD	Canadian Dollar	Canada
6	NZD	New Zealand Dollar	New Zealand

38. Cash and bank balances

		(Amount in Rs.)	
Sl. No.	Particulars	As at December 31, 2016	As at December 31, 2015
	Cash on hand (A)	118,081	261,763
	Balance with scheduled banks		
	On current accounts		
1	Axis Bank Limited	8,242,997	8,519,878
2	ICICI Bank Limited	3,240,748	1,480,022
3	HDFC Bank Limited	1,456,410	1,761,829
4	Oriental Bank of Commerce	531,873	685,947
5	State Bank of India	1,835,409	1,054,484
6	State Bank of Bikaner & Jaipur	279,897	42,097
7	Kotak Mahindra Bank Limited	308,534	243,443
8	Bank of Baroda	485,647	6,654,719
	Total (B)	16,381,515	20,442,419
	On cash credit / overdraft accounts*		
1	Axis Bank Limited	-	-
	Total (C)	-	-
	On EEFC accounts		
1	ICICI Bank Limited- USD	14,538,630	10,012,753
2	State Bank of India - USD	340	331
3	Kotak Mahindra Bank Limited - USD	10,576,352	-
4	Axis Bank Limited-USD	62,732,913	1,501,362
5	Axis Bank Limited-EURO	6,680,014	818,540
6	Axis Bank Limited-GBP	458,042	267,349
7	Axis Bank Limited-CAD	318,341	5,577
	Total (D)	95,304,632	12,605,912
	On deposit accounts		
1	State Bank of India	7,199,485	6,163,941
2	ICICI Bank Limited	303,213	282,954
3	State Bank of Bikaner & Jaipur	27,200,000	26,900,000
4	Axis Bank Limited	153,038,996	38,219,224
5	Kotak Mahindra Bank Limited	88,000,000	110,400,000
6	HDFC Bank Limited	11,000,000	10,200,000
	Total (E)	286,741,694	192,166,119
	On unclaimed dividend accounts		
1	HDFC Bank Limited	2,466,715	2,670,852
2	Kotak Mahindra Bank Limited	108,299	108,299
	Total (F)	2,575,014	2,779,151

(Amount in Rs.)

Sl. No.	Particulars	As at December 31, 2016	As at December 31, 2015
	Balance with other banks		
	On current accounts		
1	California Bank & Trust, USA	49,129,009	30,282,558
	Total (G)	49,129,009	30,282,558
	Less: Amount disclosed under other non- current assets (refer note 14.2)	48,170,299	47,158,352
	Total cash and bank balances (refer note 15)	402,079,646	211,379,570

* Cash credit limit / Bank guarantee / Loan equivalent risk / Letter of credit is secured by first charge by way of hypothecation of entire current assets and collateral over an immovable property situated in Noida.

39. Previous year figures have been regrouped / reclassified where necessary to make them comparable to the current year classification.

As per our report of even date.

For S.R. Batliboi & Associates LLP

ICAI Firm registration number: 101049W/E300004

Chartered Accountants

For and on behalf of the Board of Directors of R Systems International Limited

Sd/-

per Yogender Seth

Partner

Membership No. 94524

Place: Gurgaon

Date : February 10, 2017

Sd/-

Satinder Singh Rekhi

[Managing Director]

[DIN: 00006955]

Place: Singapore

Date : February 10, 2017

Sd/-

Lt. Gen. Baldev Singh (Retd.)

[President & Senior

Executive Director]

[DIN: 00006966]

Place: NOIDA

Date : February 10, 2017

Sd/-

Nand Sardana

[Chief Financial Officer]

Place: NOIDA

Date : February 10, 2017

Sd/-

Ashish Thakur

[Company Secretary &

Compliance Officer]

Place: NOIDA

Date : February 10, 2017



Caring - Innovating - Transforming

FINANCIAL STATEMENTS (CONSOLIDATED)

INDEPENDENT AUDITOR'S REPORT

To the Members of R Systems International Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of R Systems International Limited (hereinafter referred to as "the Holding Company") and its subsidiaries namely; R Systems Inc., USA, R Systems Technologies Limited, USA (formerly known as Indus Software Inc., USA), R Systems (Singapore) Pte Limited, Singapore and its subsidiaries, ECnet Limited, Singapore and its subsidiaries, Computaris International Limited, U.K. and its subsidiaries and R SYS Technologies Limited, Canada (formerly known as Systèmes R. International Ltée, Canada), (the Holding Company and its subsidiaries together referred to as "the Group"), comprising the consolidated Balance Sheet as at December 31, 2016, the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the consolidated financial statements').

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms with the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the

audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group as at December 31, 2016, their consolidated profit, and their consolidated cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by section 143 (3) of the Act, we report, to the extent applicable, that:

- (a) We/the other auditors whose reports we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
- (b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
- (c) The consolidated Balance Sheet, consolidated Statement of Profit and Loss, and consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

- (e) On the basis of the written representations received from the directors of the Holding Company as on December 31, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the auditors who are appointed under Section 139 of the Act, of its subsidiary companies incorporated in India, none of the directors of the Group's companies incorporated in India is disqualified as on December 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Holding Company and its subsidiary companies incorporated in India, refer to our separate report in "Annexure" to this report;
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- The Group does not have any pending litigations which would impact its consolidated financial position;
 - The Group did not have any material foreseeable losses in long-term contracts including derivative contracts.
 - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiaries incorporated in India.

Other Matter

The accompanying consolidated financial statements include total assets of Rs. 20,662.96 lakhs as at December 31, 2016, and total revenues and net cash inflows of Rs. 33,763.45 lakhs and Rs. 857.90 lakhs for the year ended on that date, in respect of twenty five subsidiaries, which have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. The financial statements and other financial information of these subsidiaries have

been prepared in accordance with accounting policies generally accepted in their respective countries and have been audited by other auditors who have submitted their audit opinions, prepared under generally accepted auditing standards of their respective countries, to the shareholder of the respective companies. The Company's management has converted the financial statements of these subsidiaries to accounting principles generally accepted in India. We audited the adjustments that were applied to prepare the 2016 consolidated financial statements made by the Company's management to convert these subsidiaries financial statements and information from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. In our opinion, such adjustments have been properly applied. We did not audit the 2016 financial statements of these subsidiaries and accordingly, our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the report(s) of such auditors and information provided by the Company's management. Our opinion is not qualified in this regard.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements above, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management

For S.R. Batliboi & Associates LLP

ICAI Firm Registration Number: 101049W/E300004

Chartered Accountants

Sd/-

per Yogender Seth

Partner

Membership Number: 94524

Place: Gurgaon

Date: February 10, 2017

ANNEXURE TO THE AUDITOR'S REPORT

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF R SYSTEMS INTERNATIONAL LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of R Systems International Limited (hereinafter referred to as the "Holding Company") as of and for the year ended December 31, 2016, we have audited the internal financial controls over financial reporting of the Holding Company and its subsidiary company, which is company incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the of the Holding Company and its subsidiary company, which is company incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company and its subsidiary company, which is company incorporated in India, have, maintained in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at December 31, 2016, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting of the Holding Company, insofar as it relates to subsidiary, which is company incorporated in India, is based on the corresponding reports of the auditors of such subsidiary incorporated in India.

For S.R. Batliboi & Associates LLP
ICAI Firm Registration Number: 101049W/E300004
 Chartered Accountants

Sd/-
per Yogender Seth
 Partner

Place: Gurgaon
 Date: February 10, 2017

Membership Number: 94524

CONSOLIDATED BALANCE SHEET as at December 31, 2016

	Notes	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	123,131,445	126,131,445
Reserves and surplus	4	2,656,598,493	2,302,433,457
		2,779,729,938	2,428,564,902
Minority Interest			
	5	-	-
Non-current liabilities			
Long-term borrowings	6	19,146,372	7,770,174
Other long-term liabilities	7	57,204,479	100,607,021
Long-term provisions	8	89,424,532	63,463,031
		165,775,383	171,840,226
Current liabilities			
Trade payables	9		
- Total outstanding dues of micro enterprises and small enterprises		-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises		438,940,026	485,385,254
Other current liabilities	9	270,262,499	303,425,800
Short-term provisions	8	174,904,575	166,029,363
		884,107,100	954,840,417
TOTAL		3,829,612,421	3,555,245,545
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	10	289,520,717	273,315,714
Intangible assets	11	32,136,167	46,865,482
Capital work in progress		26,286,794	12,522
Goodwill on consolidation	30 (c)	452,207,042	477,971,842
Non-current investments	12.1	201,402,956	290,446,778
Deferred tax assets (net)	13	46,138,925	37,034,304
Long-term loans and advances	14	89,105,959	63,270,017
Other non-current assets	15.2	61,577,008	74,484,166
		1,198,375,568	1,263,400,825
Current assets			
Current investments	12.2	87,570,000	118,008,806
Trade receivables	15.1	1,082,220,270	1,046,312,266
Cash and bank balances	16	1,143,245,150	851,466,867
Short-term loans and advances	14	151,578,763	143,753,659
Other current assets	15.2	166,622,670	132,303,122
		2,631,236,853	2,291,844,720
TOTAL		3,829,612,421	3,555,245,545
Summary of significant accounting policies	1.1		

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date.

For S.R. Batliboi & Associates LLP
ICAI Firm registration number: 101049W/E300004
Chartered Accountants

For and on behalf of the Board of Directors of R Systems International Limited

Sd/-
per Yogender Seth
Partner
Membership No. 94524

Place: Gurgaon
Date : February 10, 2017

Sd/-
Satinder Singh Rekhi
[Managing Director]
[DIN: 00006955]

Place: Singapore
Date : February 10, 2017

Sd/-
Lt. Gen. Baldev Singh (Retd.)
[President & Senior
Executive Director]
[DIN: 00006966]

Place: NOIDA
Date : February 10, 2017

Sd/-
Nand Sardana
[Chief Financial Officer]

Place: NOIDA
Date : February 10, 2017

Sd/-
Ashish Thakur
[Company Secretary &
Compliance Officer]

Place: NOIDA
Date : February 10, 2017

CONSOLIDATED STATEMENT OF PROFIT AND LOSS for the year ended December 31, 2016

	Notes	For the Year ended December 31, 2016 Rs.	For the Year ended December 31, 2015 Rs.
Income			
Revenue from operations	17	5,882,372,553	6,050,318,613
Other income	18	127,068,314	98,128,187
Total revenue		6,009,440,867	6,148,446,800
Expenses			
Employee benefits expense	19	3,797,891,930	3,648,803,495
Operational and other expenses	20	1,377,984,741	1,677,995,747
Depreciation and amortisation expense	21	115,119,736	140,233,722
Finance costs	22	7,917,445	9,588,019
Total expenses		5,298,913,852	5,476,620,983
Profit before tax and exceptional items			
Exceptional items	23	46,347,242	603,101,758
Profit before tax		756,874,257	1,274,927,575
Tax expense			
Current tax [includes credit of Rs. 3,842,921 (Previous year Nil) related to earlier years]	30 (i)	244,027,930	290,075,504
MAT credit entitlement (related to earlier years)		(15,127,231)	-
Deferred tax charge / (credit)		(8,910,306)	6,553,696
Total tax expense		219,990,393	296,629,200
Profit for the year		536,883,864	978,298,375
Earnings per equity share [Nominal value of shares Re. 1 (Previous year: Re. 1)]:			
Basic	32	4.24	7.70
Diluted		4.24	7.70
Summary of significant accounting policies	1.1		

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date.

For S.R. Batliboi & Associates LLP

ICAI Firm registration number: 101049W/E300004

Chartered Accountants

For and on behalf of the Board of Directors of R Systems International Limited

Sd/-

per Yogender Seth

Partner

Membership No. 94524

Place: Gurgaon

Date : February 10, 2017

Sd/-

Satinder Singh Rekhi

[Managing Director]

[DIN: 00006955]

Place: Singapore

Date : February 10, 2017

Sd/-

Lt. Gen. Baldev Singh (Retd.)

[President & Senior

Executive Director]

[DIN: 00006966]

Place: NOIDA

Date : February 10, 2017

Sd/-

Nand Sardana

[Chief Financial Officer]

Place: NOIDA

Date : February 10, 2017

Sd/-

Ashish Thakur

[Company Secretary &

Compliance Officer]

Place: NOIDA

Date : February 10, 2017

CONSOLIDATED CASH FLOW STATEMENT for the year ended December 31, 2016

	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
A. Cash flows from operating activities		
Net profit before taxation	756,874,257	1,274,927,575
Adjustments for:		
Depreciation and amortisation expense	115,119,736	140,233,722
Impairment loss on intangible assets earlier acquired from business acquisition [refer note 30 (d)]	-	11,959,025
Debts and advances provided / written off (net)	(3,660,273)	8,277,682
Employee stock compensation expenses	2,589,490	-
Deferred compensation payable written back	-	(12,609,305)
Profit on redemption of mutual fund	-	(1,774,260)
Currency translation reserve released	-	(9,681,040)
Profit on sale of subsidiaries [refer note 30 (e), (g) & (h)]	(9,173,022)	(592,770,438)
Profit on sale of investment [refer note 30 (g)]	(37,174,220)	-
Rental income from investment property	(6,399,996)	(3,079,568)
Loss on sale / discard of fixed assets (net)	585,136	1,457,687
Unrealised foreign exchange loss / (gain)	(731,518)	(5,458,894)
Unrealised loss / (gain) on derivative instruments	(10,771,846)	(16,195,362)
Interest income	(56,810,860)	(46,320,723)
Liability no longer required written back	(5,146,585)	(50,882)
Interest under income tax	-	1,163,929
Interest on loans	1,363,266	1,130,175
Operating profit before working capital changes	746,663,565	751,209,323
Movements in working capital :		
(Increase) / Decrease in trade receivables	(40,527,012)	75,332,916
(Increase) / Decrease in other current assets	(37,497,173)	(74,110,744)
(Increase) / Decrease in loans and advances	(20,187,056)	(51,413,568)
(Increase) / Decrease in other non-current assets	15,419,982	(14,193,795)
Increase / (Decrease) in short-term and long-term provision	45,380,568	(2,006,331)
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	(50,499,686)	121,246,125
Cash generated from operations	658,753,188	806,063,926
Direct taxes paid, net of refunds	(222,517,887)	(357,530,572)
Net cash flows from operating activities (A)	436,235,301	448,533,354
B. Cash flows from investing activities		
Purchase of fixed assets	(140,076,018)	(162,577,426)
Proceeds from sale of fixed assets	2,534,056	2,792,080
Proceeds from redemption of debentures	87,570,000	-
Proceeds from sale of Investment	67,613,026	-
Acquisition of subsidiary (net of cash and cash equivalents acquired amounting to Rs. 14,574,097)	-	(21,127,688)

	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Proceeds from redemption of mutual fund	-	19,774,260
Amount received on sale of subsidiaries [refer note 30 (g)]	-	274,005,252
Payment of deferred consideration to erstwhile shareholders of subsidiary	(37,104,511)	-
Rental income from investment property	6,399,996	3,079,568
Interest received	56,453,518	42,566,792
Investment in long term fixed deposits with banks	(7,200,000)	(67,649,268)
Proceeds from long term fixed deposits with banks	65,300,000	307,088,096
Net cash from investing activities (B)	101,490,067	397,951,666
C. Cash flows used in financing activities		
Proceeds from long-term borrowings	6,264,000	5,715,000
Repayment of long-term borrowings - current maturities	(4,397,386)	(5,401,860)
Proceeds from other non-current assets	43,856	43,893
Proceeds from issuance of equity share	-	1,086,300
Amount used in buy back of equity shares	(195,000,000)	(59,573,776)
Interest paid	(1,281,096)	(1,113,678)
Dividends paid	(204,137)	(945,868,512)
Tax on dividend paid	-	(126,347,296)
Net cash used in financing activities (C)	(194,574,763)	(1,131,459,929)
Net increase / (decrease) in cash and cash equivalents during the year (A + B + C)	343,150,605	(284,974,909)
Add: Cash and cash equivalents at the beginning of the year	786,166,867	1,059,095,722
Add : Effect of exchange rate changes on cash and cash equivalents	6,727,678	12,046,054
Cash and cash equivalents at the end of the year (also refer note 16)	1,136,045,150	786,166,867

Notes:

- (1) Figures in brackets indicate cash out flow.
- (2) Cash and cash equivalents includes unclaimed dividend liabilities of Rs. 2,575,014 (Previous year Rs. 2,779,151). The aforesaid amounts are not available for use by the Company.

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date.

For S.R. Batliboi & Associates LLP
ICAI Firm registration number: 101049W/E300004
Chartered Accountants

For and on behalf of the Board of Directors of R Systems International Limited

Sd/-
per Yogender Seth
Partner
Membership No. 94524

Sd/-
Satinder Singh Rekhi
[Managing Director]
[DIN: 00006955]

Sd/-
Lt. Gen. Baldev Singh (Retd.)
[President & Senior
Executive Director]
[DIN: 00006966]

Sd/-
Nand Sardana
[Chief Financial Officer]

Sd/-
Ashish Thakur
[Company Secretary &
Compliance Officer]

Place: Gurgaon
Date : February 10, 2017

Place: Singapore
Date : February 10, 2017

Place: NOIDA
Date : February 10, 2017

Place: NOIDA
Date : February 10, 2017

Place: NOIDA
Date : February 10, 2017

NOTES to the Consolidated Financial Statements for the year ended December 31, 2016

1 Basis of preparation

The consolidated financial statements of R Systems International Limited (the 'Company') and its subsidiaries (collectively referred to as 'R Systems Group' or the 'Group') have been prepared to comply in all material respects with the accounting standards notified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and other accounting principles generally accepted in India. The financial statements have been prepared on an accrual basis and under the historical cost convention except for certain financial instruments which are measured at fair value. The accounting policies have been consistently applied by the Company and are consistent with those used in previous year.

Further, the Company continues to follow calendar year i.e. 1st day of January to 31st day of December as its financial year vide the Company Law Board approval dated November 18, 2015 under the proviso to Section 2(41) of the Companies Act, 2013.

All figures are in Rupees except where expressly stated.

1.1 Summary of significant accounting policies

(a) Principles of consolidation

The consolidated financial statements are prepared in accordance with the principles and procedures for the preparation and presentation of consolidated financial statements as laid down under Accounting Standard 21 "Consolidated Financial Statements".

The consolidated financial statements include the financial statements of R Systems International Limited and its subsidiaries (as explained in note 2 below). These accounts do not include enterprises, which are set-up for the benefit of employees like ESOP trusts (explained in note 31 (b) below) as not required to be consolidated as per Accounting Standard 21 "Consolidated Financial Statements".

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Company's standalone financial statements. The Group follows uniform accounting year i.e. January to December.

The financial statements of the Company and its subsidiaries have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances / transactions.

Minority Interest's share in the net income of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company. In case the losses applicable to consolidated minority are in excess of minority interest in the equity of the subsidiary, the excess, and any further losses applicable to the minority are adjusted against

majority interest except to the extent minority has a binding obligation to, and is able to, make good losses. If the subsidiary subsequently reports profit, all such profits are allocated to the majority interest until the minority's share of losses previously absorbed by the majority has been recovered.

(b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year end. These estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

(c) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the assets and are recognised in the statement of profit and loss when the asset is derecognised.

(d) Depreciation on tangible fixed assets

Depreciation on tangible assets including investment property is provided on the straight line method based on useful lives of respective assets as estimated by the management. The assets residual values and useful lives are reviewed at each financial year end or whenever there are indicators for review, and adjusted prospectively.

Considering the applicability of Schedule II, the management has re-estimated useful lives and residual values of all its fixed assets. The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of fixed assets and are in align with Part C of Schedule II of the Companies Act 2013 (also refer note 33).

The estimated useful lives of the tangible fixed assets followed by the Group in preparing the consolidated financial statements are described as below:

Category of tangible fixed assets	Estimated useful life
Land leasehold	Lease period
Building	30 years
Leasehold improvements	Lower of lease period or useful life
Plant and machinery - other than air conditioners	15 years

Category of tangible fixed assets	Estimated useful life
Air conditioners	5 years
Office Equipment (other than end user devices)	5 years
Computer hardware and network installations (other than end user devices)	6 years
End-user devices such as desktop, laptop, mobile phones etc.	3 years
Furniture and fittings	10 years
Vehicles	8 years
Electrical Installations	10 years

(e) Intangibles assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Intangible assets are amortised on a straight line basis over the estimated useful economic life and are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortisation period and the amortisation method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortisation method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.

Research and development costs

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognised as an intangible asset when the company can demonstrate all the following:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- Its intention to complete the asset
- Its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of adequate resources to complete the development and to use or sell the asset
- The ability to measure reliably the expenditure attributable to the intangible asset during development.

Following the initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised on a straight line basis over the period of expected future benefit from the related project. Amortisation is recognised in the statement of profit and loss. During the period of development, the asset is tested for impairment annually.

A summary of amortisation policies applied to intangible assets are as below:

Category of intangible fixed assets	Estimated useful life
Computer software	Lower of license period or 3 to 5 Years
Customer contract	Over the period of contract
Internally generated software	4 years

(f) Goodwill / capital reserve

Goodwill / capital reserve represents the cost to the parent of its investment in subsidiaries over / under the parent's portion of equity of the subsidiary, at the date on which the investment in the subsidiaries is made.

(g) Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

After impairment, tangible assets / intangibles are depreciated/ amortised on the revised carrying amount over its remaining useful life.

The Group evaluates the carrying value of its goodwill whenever events or changes in circumstances indicate that its carrying value may be impaired. Impairment is recognised in the year/ period of such determination. Management also ascertains the future revenue and earnings of the acquired entities and analyses sustainability thereof to determine impairment. For ascertaining impairment, consideration is given to fair value of the acquired entities.

(h) Leases*Where the Group is the lessee*

Finance leases, which effectively transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the lower of the fair value of lease property and present value of the minimum lease payments at the inception of the lease term and disclosed as

leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are recognised as finance cost in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs are capitalised.

A leased asset is depreciated on a straight-line basis over the useful life of the asset. However, if there is no reasonable certainty that the group will obtain the ownership by the end of the lease term, the capitalized asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

Where the Group is the lessor

Leases in which the company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included under non-current investments as investment property and are carried at cost less accumulated depreciation. Lease income on an operating lease is recognized in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the statement of profit and loss.

(i) Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as non-current investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Non-current investments are carried at cost except for investment property which is carried at cost less accumulated depreciation. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the non-current investments.

(j) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Rendering of services

Revenue from software development and maintenance services projects comprise income from time-and-material and fixed-price contracts.

Revenue with respect to time and material basis is recognised when services are rendered. The same is calculated based on man-hours incurred for rendering services.

Fixed-price contracts vary in duration depending on the terms of the work being performed. Revenue from fixed price contracts (including maintenance and support contracts) is

recognised using the percentage of completion method, when reasonable progress has been made on the milestones achieved as specified in the contracts. The stage of completion of project is determined by the proportion that contract efforts incurred for work performed up to the balance sheet date bear to the estimated total contract effort. Changes in contract performance, estimated profitability and final contract settlements may result in revision to costs and revenue and are recognised in the period in which the revisions are determined. If a loss is projected on any contract in process, the entire projected loss is recognised immediately.

Revenue from business process outsourcing services is derived from both time based and unit-price contracts. Revenue is recognized as the related services are performed in accordance with the specific terms of the contracts with the customers.

In terms of contracts excess / shortfall of revenue over the billed as at the year-end is carried in financial statement as unbilled revenue / unearned revenue separately.

Sale of products

Revenue from the sale of product (software and hardware) is recognised when the sale has been completed with the transfer of title.

Interest

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

(k) Foreign currency translation

Foreign currency transactions

(i) Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

(iii) Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting Group monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expense in the year in which they arise except those arising from investments in non-integral operations.

(iv) Forward exchange contracts not intended for trading or speculation purposes

The premium or discount arising at the inception of forward exchange contracts (except outstanding against firm

commitments and highly probable forecast transaction) is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

(v) Translation of non-integral foreign operations

In translating the financial statements of a non-integral foreign operation for incorporation in consolidated financial statements, the assets and liabilities, both monetary and non-monetary, of the non-integral foreign operation are translated at the closing rate; income and expense items of the non-integral foreign operations are translated at yearly average exchange rates; and all resulting exchange differences are accumulated in a foreign currency translation reserve until the disposal of net investment. On the disposal of a non-integral foreign operation, the cumulative amount of the exchange differences which have been deferred and which relate to that operation are recognised as income or as expenses in the same period in which the gain or loss on disposal is recognised.

For translating income, expense and cash flows items, during the year ended December 31, 2016, the rates used were US \$ 1 = Rs. 67.19, Euro 1 = Rs. 74.36, GBP 1 = Rs. 91.07, Singapore \$ 1 = Rs. 48.68 and Canadian \$ 1 = Rs. 50.75. For translating assets and liabilities at the year-end, the rates used were US \$ 1 = Rs. 67.93, Euro 1 = Rs. 71.66, GBP 1 = Rs. 83.46, Singapore \$ 1 = Rs. 47.01 and Canadian \$ 1 = Rs. 50.39.

For translating income, expense and cash flows items, during the year ended December 31, 2015, the rates used were US \$ 1 = Rs. 64.15, Euro 1 = Rs. 71.21, GBP 1 = Rs. 98.06, Singapore \$ 1 = Rs. 46.67 and Canadian \$ 1 = Rs. 50.20. For translating assets and liabilities at the year-end, the rates used were US \$ 1 = Rs. 66.16, Euro 1 = Rs. 72.11, GBP 1 = Rs. 98.07, Singapore \$ 1 = Rs. 46.83 and Canadian \$ 1 = Rs. 47.67.

(vi) Translation of Integral foreign operation

The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation have been those of the Company itself.

(l) Retirement benefits

- (i) Retirement benefits in the form of defined contribution schemes are charged to the statement of profit and loss of the year when an employee renders related services. There are no other obligations other than the contribution payable to the respective funds.
- (ii) Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation made at the end of each financial year for the employees of the Company on projected unit credit method. The gratuity

plan of the Company is funded.

- (iii) Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method. The Group presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.
- (iv) Actuarial gains / losses are immediately taken to statement of profit and loss and are not deferred.

(m) Income taxes

Tax expense comprises of current and deferred tax.

Current income tax expense comprises of taxes on income from operations in India and in foreign jurisdictions. Income tax payable in India is determined in accordance with the provisions of the Income Tax Act, 1961. Tax expense relating to overseas operations is determined in accordance with tax laws applicable in countries where such operations are domiciled.

Deferred income tax reflects the impact of current year timing differences between taxable income and accounting income and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities across various countries of operation are not set off against each other as the Group does not have a legal right to do so. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

If the Group has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

At each balance sheet date the Group re-assesses unrecognised deferred tax assets. It recognises the unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Group writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed

to the extent that it becomes reasonably certain, that sufficient future taxable income will be available.

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified year. In the year in which the Minimum Alternate Tax (MAT) credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

The companies in the Group are subject to tax legislation as applicable in the respective country of incorporation. Accordingly, the calculations do not represent tax liability / income attributable to Group results, if these were to be analysed under the local legislation of the Company.

(n) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs incurred in connection with the borrowing of funds.

(o) Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement on balance sheet date comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

(p) Government grants and subsidies

Grants and subsidies from the government are recognised when there is reasonable assurance that the grant / subsidy will be received and all attaching conditions will be complied with.

When the grant or subsidy relates to an expense item, it is deducted in reporting the related expenses over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate.

(q) Provision

A provision is recognised when the Group has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on the best estimate required to settle the obligation at each balance sheet date. These are

reviewed at each balance sheet date and adjusted to reflect the management's current estimates.

(r) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average numbers of equity shares outstanding during the year are adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

(s) Segment reporting

Identification of segments :

The Group's operating businesses are organised and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which the major customers of the Group operate and / or the area in which the assets are located

Inter segment transfers :

The Group generally accounts for inter segment sales and transfers as if the sales or transfers were to third parties at current market prices.

Allocation of common costs :

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Unallocated items :

The corporate and other segment includes general corporate income and expense items which are not allocated to any business segment.

Segment Policies :

The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Group as a whole.

(t) Employee stock compensation cost

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The Company measures compensation cost relating to

employee stock options using the intrinsic value method. Compensation expense is amortised over the vesting period of the option on a straight line basis.

(u) Accounting for derivatives

The Group uses foreign exchange forward contracts (derivative financial instrument) to hedge its exposure to movements in foreign exchange rates against firm commitment or highly probable forecast transactions. The use of these foreign exchange forward contracts reduces the risk or cost to the Group and the Group does not use the foreign exchange forward contracts or options for trading or speculation purposes.

Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value on a mark-to-market basis at each balance sheet date. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in fair value on derivatives during the year that do not qualify for hedge accounting and the ineffective portion of an effective hedge, are taken directly to the statement of profit and loss.

The mark-to-market is the difference between the forward exchange rate and the contract rate. The forward exchange rate is referenced to current forward exchange rates for contracts with similar maturity profiles.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment (except for foreign currency risk); or
- cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they

were designated.

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

Fair value hedges

The change in the fair value of a hedging derivative is recognised in the statement of profit and loss. The change in the fair value of the hedged item attributable to the risk hedged is recorded as a part of the carrying value of the hedged item and is also recognised in the Statement of profit and loss.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while any ineffective portion is recognised immediately in the Statement of profit and loss. Amounts taken to equity are transferred to the Statement of profit and loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs.

If the forecast transaction or firm commitment is no longer expected to occur, amounts previously recognised in equity are transferred to the Statement of profit and loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction or firm commitment occurs.

(v) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements.

2. Description of the Group

The Company is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956 with its Registered Office at New Delhi. Its shares are listed on National Stock Exchange of India Limited and BSE Limited. R Systems Group is a leading global provider of IT services and Business Process Outsourcing (BPO) services. The Group's primary focus is to provide IT services and solutions, software engineering services, technical support, customer care and other IT enabled services to independent software vendors (ISV's), telecom and digital media technology companies, banking and financial services

companies, health care sector, manufacturing and logistics companies and other high technology sectors. R Systems' Subsidiary Computaris provides software development, system integration and technical consultancy services for the telecommunication industry.

Further, R Systems Group through its subsidiary ECnet develops and markets its proprietary supply chain solution under the brand name "ECnet", primarily to the high technology sector. ECnet also operates as Infor channel partner for reselling and implementing several enterprise solutions. R Systems' subsidiary IBIZ is also a channel partner for reselling and implementing Microsoft enterprise solutions.

The Company has following subsidiaries during the year ended December 31, 2016:-

Subsidiary	Holding	Country of incorporation and other particulars
R Systems, Inc., USA	100% (Previous year 100%)	A company registered under the laws of California, USA in 1993 and subsidiary of the Company since January 2, 2001.
R Systems (Singapore) Pte Limited, Singapore	100% (Previous year 100%)	A company registered under the laws of Singapore in 1997 and subsidiary of the Company since September 19, 2000.
R Systems Technologies Limited, USA (formerly known as Indus Software, Inc.)	100% (Previous year 100%)	A company registered under the laws of Delaware, USA in 1996 and subsidiary of the Company since April 1, 2002.
ECnet Limited, Singapore *	99.75% (Previous year 99.75%)	A company registered under the laws of Singapore in 1996. The Company has acquired majority share on January 8, 2004. ECnet Limited, Singapore has subsidiaries in Malaysia, Thailand, China, Hong Kong, USA and Japan.
Computaris International Limited, U.K.	100% (Previous year 100%)	A company registered under the laws of U.K in 2006. The Company has acquired the entire share on January 26, 2011. Computaris International Limited, U.K. has subsidiaries in Romania, Poland, Moldova, Malaysia, Philippines and USA.
RSYS Technologies Ltd., Canada (Formerly known as Systèmes R. International Ltée, Canada)	100% (Previous year 100%)	A company registered under the laws of Canada in 2012 and subsidiary of the Company since October 29, 2012.
R Systems Solution, Inc., USA [refer note 30 (f)]	Nil (Previous year 100%)	A company registered under the laws of California, USA in 2000 and subsidiary of the Company since August 24, 2006. (merged into R Systems, Inc., USA w.e.f. December 10, 2015)
R Systems Product & Technologies Private Limited, India (formerly known as R Systems Product & Technologies Limited) [refer note 30 (g)]	Nil (Previous year 100%)	A company incorporated under the provision of Companies Act, 2013 in India on July 11, 2014. (Ceased to be subsidiary of the Company w.e.f. July 7, 2015)

*The shareholding by the Company and R Systems (Singapore) Pte Limited is 69.37% and 30.38% respectively.

ECnet Limited, Singapore has following wholly owned subsidiaries:

Name	Holding	Country of incorporation
ECnet (M) Sdn Bhd	100 % (Previous year 100%)	Malaysia
ECnet Systems (Thailand) Co. Ltd.	100 % (Previous year 100%)	Thailand
ECnet (Shanghai) Co. Ltd.	100 % (Previous year 100%)	People's Republic of China
ECnet (Hong Kong) Ltd.	100 % (Previous year 100%)	Hong Kong
ECnet, Inc.	100 % (Previous year 100%)	United States of America
ECnet Kabushiki Kaisha	100 % (Previous year 100%)	Japan

Computaris International Limited, UK has following wholly owned subsidiaries:

Name	Holding	Country of incorporation
Computaris Romania SRL	100 % (Previous year 100%)	Romania
Computaris Polska sp z o.o.	100 % (Previous year 100%)	Poland
Computaris USA, Inc.	100 % (Previous year 100%)	United States of America

ICS Computaris International Srl	100 % (Previous year 100%)	Moldova
Computaris Malaysia Sdn. Bhd.	100 % (Previous year 100%)	Malaysia
Computaris Philippines Pte. Ltd. Inc.	100%	Philippines (incorporated on May 23, 2016)

IBIZCS Group Pte Limited, Singapore is a wholly owned subsidiary of R Systems (Singapore) Pte Limited, Singapore w.e.f. April 30, 2015 and has following wholly owned subsidiaries [refer note 30 (c)]:

Name	Holding	Country of incorporation
IBIZ Consulting Services Pte Ltd	100 % (Previous year 100%)	Singapore
IBIZ Consulting Services Sdn. Bhd.	100 % (Previous year 100%)	Malaysia
PT. IBIZCS Indonesia	100 % (Previous year 100%)	Indonesia
IBIZ Consultancy Services India Private Limited	100 % (Previous year 100%)	India
IBIZ Consulting Service Limited (IBIZ HK)	100 % (Previous year 100%)	Hong Kong
IBIZ Consulting Service Shanghai Co., Ltd	100% by IBIZ HK (Previous Year 100% by IBIZ HK)	People's Republic of China

3. Share capital

Particulars	As at	As at
	December 31, 2016	December 31, 2015
	Rs.	Rs.
Authorised shares		
200,000,000 (Previous year 200,000,000) equity shares of Re. 1 each	200,000,000	200,000,000
Issued, subscribed and fully paid up- shares		
123,870,425 (Previous year 126,870,425) equity shares of Re. 1 each	123,870,425	126,870,425
Less: Advance to R Systems Employees Welfare Trust [refer note 31 (b)]	738,980	738,980
Total	123,131,445	126,131,445

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Particulars	As at		As at	
	December 31, 2016		December 31, 2015	
	No.	Rs.	No.	Rs.
Shares outstanding at the beginning of the year	126,870,425	126,870,425	127,458,580	127,458,580
Add: Shares issued during the year #	-	-	90,000	90,000
Less: Shares bought back during the year	3,000,000	3,000,000	678,155	678,155
Shares outstanding at the end of the year	123,870,425	123,870,425	126,870,425	126,870,425

The Company has issued Nil (previous year 90,000) equity shares of Re. 1 each at an exercise price of Rs. 12.07 per share pursuant to exercise of employee stock options under the R Systems International Limited Employee Stock Option Scheme 2007 [Refer note 31 (c)].

b. Terms / rights attached to the equity share

The Company has only one class of equity shares having a par value of Re. 1 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupee. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Shares held by holding / ultimate holding company and / or their subsidiaries / associates

The Company does not have any holding / ultimate holding company.

d. Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

	As at	As at
	December 31, 2016	December 31, 2015
Aggregate number of shares bought back	3,678,155	678,155

e. Details of shareholders holding more than 5% shares in the Company

Particulars	As at December 31, 2016		As at December 31, 2015	
	No.	% holding in the class	No.	% holding in the class
GMU Infosoft Private Limited	9,646,784	7.79	9,673,035	7.62
U Infosoft Private Limited	9,838,419	7.94	9,866,760	7.78
GM Solutions Private Limited	10,261,150	8.28	10,242,424	8.07
Rightmatch Holdings Limited	9,076,218	7.33	9,272,000	7.31
Satinder & Harpreet Rekhi Family Trust (Trustee: Satinder Singh Rekhi & Harpreet Rekhi)	12,150,731	9.81	13,018,980	10.26
Bhavook Tripathi	44,330,059	35.79	46,621,804	36.75

As per secretarial records of the Company, including its register of shareholders / members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

f. Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option plans (ESOP) of the Company, please refer note 31 (a) to 31 (f).

4. Reserves and surplus

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Capital redemption reserve	13,336,355	12,658,200
Add: Amount transferred from general reserve towards shares buy back [refer note 1 & 2 below]	3,000,000	678,155
Closing balance	16,336,355	13,336,355
Securities premium account	903,933,674	961,832,995
Add: Addition on exercise of vested options as per ESOP plan [refer note 31 (c)]	-	996,300
Less: Utilisation of securities premium on buy back of shares [refer note 1 & 2 below]	192,000,000	58,895,621
	711,933,674	903,933,674
Less: Advance to R Systems Employees Welfare Trust [refer note 31 (b)]	2,282,728	2,282,728
Closing balance	709,650,946	901,650,946
Capital reserve	31,726	31,726
Stock Options Outstanding		
Balance as per last financial statements	-	-
Add: Compensation for option granted during the year [refer note 31 (f)]	2,589,490	-
Closing balance	2,589,490	-
General reserve		
Balance as per last financial statements	156,803,868	157,482,023
Less: Amount transferred to capital redemption reserve towards shares buy back [refer note 1 & 2 below]	3,000,000	678,155
Closing balance	153,803,868	156,803,868
Surplus in the statement of profit and loss		
Balance as per last financial statements	1,022,611,454	659,363,411
Add: Profit for the current year	536,883,864	978,298,375
Less: Appropriations		
Interim dividend	-	501,102,179
Tax on interim dividend	-	102,266,100

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Adjustment on account of aligning the useful life of fixed asset in accordance with Schedule II of the Companies Act, 2013 (refer note 33)	-	18,868,525
Tax impact of above adjustment (refer note 33)	-	(6,413,412)
Proposed dividend written back on buy back (refer note 3 below)	-	(644,248)
Tax on proposed dividend written back on buy back (refer note 3 below)	-	(128,812)
Total appropriations	-	615,050,332
Net surplus in the statement of profit and loss	1,559,495,318	1,022,611,454
Foreign currency translation reserve		
Balance as per last account	207,999,108	215,246,014
Add: Current year translation differences	6,691,682	2,434,134
Less : Currency translation released to consolidated statement of profit and loss [refer note 30 (f)]	-	9,681,040
Closing balance	214,690,790	207,999,108
Total	2,656,598,493	2,302,433,457

Notes:

- The Company has issued Public Announcement dated September 15, 2016, for buy-back of equity shares of face value of Re. 1/- each from its existing shareholders as on the record date September 30, 2016 on a proportionate basis through "Tender Offer" route in accordance with the applicable provisions of the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998 and the Companies Act, 2013 at a price of Rs. 65/- per equity share, payable in cash for a total consideration not exceeding Rs. 195,000,000. Under the Buy-back offer, the Company has bought back 3,000,000 equity shares for an aggregate amount of Rs. 195,000,000 by utilising the Securities Premium Account to the extent of Rs. 192,000,000 and General Reserve to the extent of Rs. 3,000,000. The Capital Redemption Reserve has been created out of General Reserve for Rs. 3,000,000 being the nominal value of equity shares bought back in terms of Section 68 of the Companies Act, 2013. The aforesaid buy-back has been completed on November 29, 2016.
- The Company had issued Public Announcement dated December 29, 2014, for buy-back of equity shares of face value of Re. 1/- each from the open market at a price not exceeding Rs. 100 per share for an aggregate amount not exceeding Rs. 60,000,000. Under the Buy-back offer, the Company had bought back 678,155 equity shares for an aggregate amount of Rs. 59,573,776 by utilising the Securities Premium Account to the extent of Rs. 58,895,621 and General Reserve to the extent of Rs. 678,155. The Capital Redemption Reserve had been created out of General Reserve for Rs. 678,155 being the nominal value of equity shares bought back in terms of Section 68 of the Companies Act, 2013. The Company had closed the buy-back offer pursuant to approval by the Board of Directors of the Company at its meeting held on April 23, 2015.
- The Company had written back proposed dividend for the year ended December 31, 2014 and tax thereon towards shares bought back under the buy back offer.

5: Minority interest

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Minority interest in ECnet Limited at the time of acquisition	149,585	149,585
Less: Minority interest in post acquisition losses to the extent allocable	149,585	149,585
Total	-	-

6. Long-term borrowings

Particulars	Non-current portion		Current maturities	
	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Term loans				
a) For motor vehicles (secured)				
- From non banking financial corporation (refer note 1 below)	8,424,731	7,770,174	5,017,072	3,805,015
b) For general corporate purpose (unsecured)				
- From bank (refer note 2 below)	-	-	-	989,147
Other loans and advances (unsecured)				
- Finance lease obligation (refer note 3 below)	10,721,641	-	158,359	-
Total	19,146,372	7,770,174	5,175,431	4,794,162
The above amount includes				
Secured borrowings	8,424,731	7,770,174	5,017,072	3,805,015
Amount shown under other current liabilities (refer note 9)			(5,017,072)	(3,805,015)
Unsecured borrowings	10,721,641	-	158,359	989,147
Amount shown under other current liabilities (refer note 9)			(158,359)	(989,147)
Total	19,146,372	7,770,174	-	-

Notes:

- Term loans for motor vehicles are secured by hypothecation of underlying motor vehicles and carries interest rate ranging from 9.11% to 11.94% per annum. The term loans are repayable in equated monthly installments ranging from 35 to 60 months from the date of loan.
- Term loans from banks are unsecured and carries interest rate ranging from 3.99% to 6.02% per annum. The term loans are repayable in equated monthly installments ranging from 36 to 48 months from the date of loan.
- Finance lease obligation is unsecured. The interest rate implicit in aforesaid lease is 11.9% per annum. The lease obligation are repayable in 180 months from the date of lease.

7. Other long-term liabilities

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Security deposits	12,626,088	12,361,422
Deferred payment compensation to the erstwhile shareholders of subsidiary [refer note 30 (c)]	43,999,488	88,091,873
Deferred payable others	578,903	153,726
Total	57,204,479	100,607,021

8. Provisions

Particulars	Long-term		Short-term	
	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Provision for employee benefits				
Gratuity	89,424,532	63,463,031	2,537,775	1,753,903
Compensated absences			113,593,595	94,502,539
Sub total (A)	89,424,532	63,463,031	116,131,370	96,256,442
Other provisions				
Income tax [net of advance tax amounting to Rs. 410,834,644 (Previous year Rs. 374,341,957)]			58,773,205	69,772,921
Sub total (B)	-	-	58,773,205	69,772,921
Total (A+B)	89,424,532	63,463,031	174,904,575	166,029,363

9. Other current liabilities

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Trade payables		
Trade payables dues to micro enterprises and small enterprises	-	-
Trade payables other than dues to micro enterprises and small enterprises	438,940,026	485,385,254
Sub total (A)	438,940,026	485,385,254
Other liabilities		
Current maturities of long-term borrowing (includes current maturity of finance lease obligation) (refer note 6)	5,175,431	4,794,162
Deferred payment compensation to the erstwhile shareholders of subsidiary [refer note 30 (c)]	25,384,320	33,797,349
Unearned revenues	167,267,970	187,734,366
Book overdraft	-	5,527,797
Investor education and protection fund (not due) - Unclaimed dividend	2,575,014	2,779,151
Payable for purchase of fixed assets	10,781,503	20,772,898
Others		
Tax deducted at source	10,809,360	8,439,020
Service tax / GST / VAT	15,335,257	13,340,079
PF / 401 K / other payables (employers contribution)	20,738,726	16,226,036
Others payables	12,194,918	10,014,942
Sub total (B)	270,262,499	303,425,800
Total (A+B)	709,202,525	788,811,054

(Amount in Rs.)

10. Tangible assets

Particulars	Land - freehold ^(b)	Land - leasehold	Building - freehold ^(b)	Building - leasehold ⁽¹⁾	Leasehold improvements	Plant & Machinery	Computers	Office equipments	Electrical Equipment	Furniture and fittings ^(d)	Vehicles ⁽²⁾	Total
Gross block												
As at January 1, 2015	4,765,674	10,005,968	31,198,298	89,165,701	14,745,309	49,338,986	490,847,747	67,129,201	17,745,207	109,804,835	58,167,141	942,914,067
Acquisition of IBIZCS Group Pte. Ltd [refer note 30 (c)]	-	-	-	-	-	-	22,587,749	3,162,369	260,217	5,027,239	71,773	31,109,347
Additions	-	-	-	-	4,613,144	1,316,553	68,143,440	16,510,611	-	2,614,706	11,732,538	104,930,992
Deletions	-	-	-	-	(197,645)	(4,524,375)	(29,649,044)	(2,789,366)	-	(3,225,956)	(3,896,985)	(44,283,371)
Reclassified to investment property	(4,765,674)	-	(31,198,298)	-	-	-	-	-	-	-	-	(35,963,972)
Foreign currency translation	-	-	-	-	(855,145)	-	(78,681,599)	(19,059,638)	(15,884)	(7,595,873)	1,035,795	(105,172,344)
Transfer on sale of undertaking [refer note 30 (g)]	-	-	-	-	(2,650,005)	(5,737,606)	(72,748,327)	(10,117,824)	-	(12,223,563)	(2,873,599)	(106,350,924)
At December 31, 2015	-	10,005,968	-	89,165,701	15,655,658	40,393,558	400,499,966	54,835,353	17,989,540	94,401,388	64,236,663	787,183,795
Additions	-	-	-	1,908,014	314,967	907,875	69,868,059	3,847,673	349,350	17,225,327	11,962,092	106,383,357
Deletions	-	-	-	(762,858)	(215,820)	-	(44,338,545)	(1,540,361)	-	(1,520,540)	(8,579,975)	(56,958,099)
Foreign currency translation	-	-	-	-	184,083	-	1,224,737	355,092	(2,485)	259,611	520,383	2,541,421
At December 31, 2016	-	10,005,968	-	90,310,857	15,938,888	41,301,433	427,254,217	57,497,757	18,336,405	110,365,786	68,139,163	839,150,474
Depreciation												
As at January 1, 2015	-	1,718,887	6,763,151	14,514,239	11,704,410	21,898,593	385,209,635	43,759,195	7,013,252	70,287,434	30,799,328	593,668,124
Acquisition of IBIZCS Group Pte. Ltd [refer note 30 (c)]	-	-	-	-	-	-	21,573,128	3,051,547	194,749	4,476,258	71,773	29,367,455
Charge for the year	-	178,574	758,555	3,768,398	1,920,474	4,399,531	49,193,621	9,619,374	5,748,648	16,015,661	6,233,708	97,836,544
Transfer to reserve (refer note 33)	-	-	-	-	-	9,880	6,951,648	7,171,930	447,316	3,977,798	309,953	18,868,525
Deletions	-	-	-	-	(145,098)	(1,839,861)	(29,459,215)	(2,747,813)	-	(3,225,956)	(3,007,918)	(40,425,861)
Reclassified to investment property	-	-	(7,521,706)	-	-	-	-	-	-	-	-	(7,521,706)
Foreign currency translation	-	-	-	-	(839,082)	-	(78,023,106)	(19,123,666)	(17,528)	(7,728,426)	994,790	(104,737,018)
Transfer on sale of undertaking [refer note 30 (g)]	-	-	-	-	(1,999,367)	(3,685,528)	(50,266,304)	(6,914,618)	-	(9,200,893)	(1,121,272)	(73,187,982)
At December 31, 2015	-	1,897,461	-	18,282,637	10,641,337	20,782,615	305,179,407	34,815,949	13,386,437	74,601,876	34,280,362	513,868,081
Charge for the year	-	164,594	-	3,803,200	1,846,467	3,682,211	48,480,555	8,378,137	3,222,558	11,880,988	6,280,247	87,738,957
Deletions	-	-	-	(11,881)	(215,820)	-	(44,118,667)	(1,540,331)	-	(1,386,828)	(6,570,291)	(53,843,818)
Foreign currency translation	-	-	-	-	122,525	-	938,127	170,142	(2,425)	131,844	506,324	1,866,537
At December 31, 2016	-	2,062,055	-	22,073,956	12,394,509	24,464,826	310,479,422	41,823,897	16,606,570	85,227,880	34,496,642	549,629,757
Net block												
At December 31, 2015	-	8,108,507	-	70,883,064	5,014,321	19,610,943	95,320,559	20,019,404	4,603,103	19,799,512	29,956,301	273,315,714
At December 31, 2016	-	7,943,913	-	68,236,901	3,544,379	16,836,607	116,774,795	15,673,860	1,729,835	25,137,906	33,642,521	289,520,717

Notes:

- (1) Includes Rs. 21,155,390 (Previous year Rs. 21,155,390) paid towards land and building under a composite lease taken in earlier year for which no separate values are assignable.
- (2) Vehicles amounting to Rs. 27,735,119 (Previous year Rs. 20,855,338) are hypothecated against terms loans for vehicle finance from non banking financial corporation.
- (3) The Company had leased out land and building located at Pune w.e.f. July 7, 2015. Accordingly, the Company had classified land and building as investment property as per Accounting Standard -13 on Accounting for Investments.
- (4) Furniture and fittings includes assets on finance lease : Gross block as at December 31, 2016 Rs. 11,000,000 (previous year Rs. Nil), Depreciation charge for the year Rs. 45,833 (previous year Rs. Nil), Accumulated depreciation as at December 31, 2016 Rs. 45,833 (previous year Rs. Nil) and Net book value as at December 31, 2016 Rs. 10,954,167 (previous year Rs. Nil).

11. Intangible assets

(Amount in Rs.)

Particulars	Softwares	Product development costs (Internally generated software)	Customer contract	Non compete fee	Goodwill on business acquisition	Total
Gross block						
As at January 1, 2015	209,960,632	68,672,584	8,114,629	8,209,931	19,652,952	314,610,728
Acquisition of IBIZCS Group Pte. Ltd [refer note 30 (c)]	1,115,662	-	-	-	-	1,115,662
Additions	39,518,688	-	16,685,956	-	-	56,204,644
Deletions	(14,109,982)	-	-	-	-	(14,109,982)
Foreign currency translation	(3,972,214)	-	(152,693)	(154,486)	(369,808)	(4,649,201)
Transfer on sale of undertaking [refer note 30 (g)]	(12,805,491)	(68,672,584)	-	-	-	(81,478,075)
At December 31, 2015	219,707,295	-	24,647,892	8,055,445	19,283,144	271,693,776
Additions	10,119,733	-	-	-	-	10,119,733
Deletions	(9,452,919)	-	(7,961,936)	(8,055,445)	(19,283,144)	(44,753,444)
Foreign currency translation	573,633	-	99,931	-	-	673,564
At December 31, 2016	220,947,742	-	16,785,887	-	-	237,733,629
Amortisation						
As at January 1, 2015	186,049,985	43,998,681	8,114,629	2,964,580	7,096,581	248,224,456
Acquisition of IBIZCS Group Pte. Ltd [refer note 30 (c)]	1,105,196	-	-	-	-	1,105,196
Charge for the year	25,472,847	4,423,596	6,340,754	1,605,694	3,843,799	41,686,690
Impairment/loss of intangible assets earlier acquired from business acquisition [refer note 30 (d)]	-	-	-	3,523,790	8,435,235	11,959,025
Deletions	(14,109,980)	-	-	-	-	(14,109,980)
Foreign currency translation	(3,788,293)	-	(152,564)	(38,619)	(92,471)	(4,071,947)
Transfer on sale of undertaking [refer note 30 (g)]	(11,542,869)	(48,422,277)	-	-	-	(59,965,146)
At December 31, 2015	183,186,886	-	14,302,819	8,055,445	19,283,144	224,828,294
Charge for the year	19,186,757	-	6,720,200	-	-	25,906,957
Deletions	(9,452,910)	-	(7,961,936)	(8,055,445)	(19,283,144)	(44,753,435)
Foreign currency translation	(86,458)	-	(297,896)	-	-	(384,354)
At December 31, 2016	192,834,275	-	12,763,187	-	-	205,597,462
Net block						
At December 31, 2015	36,520,409	-	10,345,073	-	-	46,865,482
At December 31, 2016	28,113,467	-	4,022,700	-	-	32,136,167

12.1 Non-current investments

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Non-trade, unquoted (valued at cost unless stated otherwise)		
(i) 2,500 (Previous year 2,500) equity shares of Rs. 10 each fully paid up in The Saraswat Co-operative Bank Limited	25,000	25,000
(ii) 17,512 (Previous Year 26,269) 8% compulsorily redeemable debentures of Rs. 10,000 each in Indus Software Technologies Private Limited [refer note 30 (g)]	175,120,000	262,690,000
Investment property (at cost less accumulated depreciation) (refer note 10)		
Cost of land and building given on operating lease	35,963,972	35,963,972
Less: Accumulated depreciation	(9,706,016)	(8,232,194)
Total	201,402,956	290,446,778
Aggregate amount of unquoted investments	201,402,956	290,446,778

12.2 Current investments

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Non-trade, unquoted (valued at cost or fair value, which ever is lower)		
Investment in Indus Software Technologies Private Limited [refer note 30 (g)]		
Nil (Previous year 4,284,000) equity shares of Re. 1 each fully paid up	-	30,438,806
8,757 (Previous year 8,757) 8% compulsorily redeemable debentures of Rs. 10,000 each	87,570,000	87,570,000
Total	87,570,000	118,008,806

13 Deferred tax assets (net)

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Deferred tax assets		
Provision for gratuity	31,826,315	22,570,277
Provision for compensated absences	26,145,782	21,220,579
Provision for doubtful debts and advances	305,104	5,046,359
Other timing differences	4,697,442	8,497,405
Other timing differences of subsidiaries	5,260,202	2,485,468
Gross deferred tax assets	68,234,845	59,820,088
Deferred tax liability		
Differences in depreciation / amortisation and other differences in block of fixed assets as per tax books and financial books	19,317,347	21,878,650
Other timing differences of subsidiaries	2,778,573	907,134
Gross deferred tax liability	22,095,920	22,785,784
Deferred tax assets (net)	46,138,925	37,034,304

14. Loans and advances

Particulars	Non-current		Current	
	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Capital advances				
Unsecured, considered good	10,289,873	515,884		
Sub total (A)	10,289,873	515,884		
Advances recoverable in cash or in kind or for value to be received				
Unsecured, considered good	16,678,791	1,246,039	102,475,085	82,719,801
Unsecured, considered doubtful	-	-	3,296,352	3,214,397
	16,678,791	1,246,039	105,771,437	85,934,198
Provision for doubtful advances	-	-	(3,296,352)	(3,214,397)
Sub total (B)	16,678,791	1,246,039	102,475,085	82,719,801
Security deposit				
Unsecured, considered good	27,340,672	20,663,754	806,536	1,008,686
Sub total (C)	27,340,672	20,663,754	806,536	1,008,686
Other loans and advances				
Unsecured, considered good				
Mark-to-market gain on derivative instruments (refer note 36)	-	-	26,417,667	15,645,821
Balances with customs, excise, etc.	-	-	21,879,475	44,379,351
Advance fringe benefit tax [net of provisions amounting to Rs. 7,082,336 (Previous year Rs. 7,082,336)]	167,664	167,664	-	-
Advance income taxes [net of provisions amounting to Rs. 436,206,720 (Previous year Rs. 514,751,660)]	34,628,959	40,676,676	-	-
Sub total (D)	34,796,623	40,844,340	48,297,142	60,025,172
Total (A+B+C+D)	89,105,959	63,270,017	151,578,763	143,753,659

15. Trade receivables and other assets

15.1 Trade receivables

Particulars	Current	
	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	4,142,449	6,175,775
Unsecured, considered doubtful	61,957,339	81,062,569
	66,099,788	87,238,344
Provision for doubtful receivables	(61,957,339)	(81,062,569)
Sub total (A)	4,142,449	6,175,775
Other receivables		
Unsecured, considered good	1,078,077,821	1,040,136,491
Unsecured, considered doubtful	2,920,019	16,205,523
	1,080,997,840	1,056,342,014
Provision for doubtful receivables	(2,920,019)	(16,205,523)
Sub total (B)	1,078,077,821	1,040,136,491
Total (A+B)	1,082,220,270	1,046,312,266

15.2 Other assets

Particulars	Non-current		Current	
	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Non-current bank balances (refer note 16)	56,458,271	70,486,516		
Interest accrued				
Fixed deposits	5,118,737	3,997,650	555,458	669,424
Compulsorily redeemable debentures (refer note 12.1 & 12.2)	-	-	4,965,130	6,548,339
Unbilled revenues	-	-	161,102,082	125,085,359
Total	61,577,008	74,484,166	166,622,670	132,303,122

16. Cash and bank balances

Particulars	Non-current		Current	
	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Cash and cash equivalents				
Cash on hand			765,905	902,189
Balances with scheduled banks:				
On current accounts			18,160,450	23,440,776
On EEFC accounts			95,304,632	12,605,912
On deposit accounts with original maturity of less than 3 months			231,371,395	79,707,767
On unclaimed dividend			2,575,014	2,779,151
Balance with other banks:				
On current accounts			771,480,403	659,109,694
On deposit accounts			16,387,351	7,621,378
			1,136,045,150	786,166,867
Other bank balances				
Deposits with original maturity for more than 12 months	-	-	7,200,000	5,400,000
Deposits with original maturity for more than 3 months but less than 12 months			-	59,900,000
Margin money deposits (refer detail below)	56,458,271	70,486,516	-	-
	56,458,271	70,486,516	7,200,000	65,300,000
Amount disclosed under non-current assets (refer note 15.2)	(56,458,271)	(70,486,516)		
Total	-	-	1,143,245,150	851,466,867

Detail of margin money deposits

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Margin money deposits against performance guarantees	35,790,670	49,775,059
Margin money deposits against credit / derivative facilities	20,667,601	20,711,457
Total	56,458,271	70,486,516

17. Revenue from operations

Particulars	For the Year ended December 31, 2016 Rs.	For the Year ended December 31, 2015 Rs.
Sale of services*	5,882,372,553	6,050,287,863
Sale of third party items	-	30,750
Total	5,882,372,553	6,050,318,613

* include revenue from Information Technology services Rs. 5,449,120,272 (Previous year Rs. 5,564,242,817) and Business process outsourcing services Rs. 433,252,281 (Previous year Rs. 486,045,046).

18. Other income

Particulars	For the Year ended December 31, 2016 Rs.	For the Year ended December 31, 2015 Rs.
Interest income		
- on bank deposits	24,890,639	32,767,184
- on debenture [refer (refer note 12.1 & 12.2)]	24,686,191	13,553,539
- on others	7,234,030	-
Rental income from investment property (refer note 12.1)	6,399,996	3,079,568
Provision for doubtful debts and advances written back (net)	4,389,228	-
Foreign exchange fluctuation (net)	41,941,667	31,182,112
Profit on redemption of mutual fund	-	1,774,260
Liability no longer required written back	5,146,585	50,882
Miscellaneous income	12,379,978	15,720,642
Total	127,068,314	98,128,187

19. Employee benefits expense

Particulars	For the Year ended December 31, 2016 Rs.	For the Year ended December 31, 2015 Rs.
Salaries, wages and bonus	3,498,637,692	3,379,856,346
Gratuity (refer note 35)	35,758,695	18,019,855
Contribution to provident fund and other funds	225,476,479	212,266,968
Staff welfare expenses	38,019,064	38,660,326
Total	3,797,891,930	3,648,803,495

20. Operational and other expenses

Particulars	For the Year ended December 31, 2016 Rs.	For the Year ended December 31, 2015 Rs.
Contract cost	2,968,710	49,283,666
Power and fuel	45,003,727	54,869,759
Rent - premises	85,447,065	105,022,998
Rent - equipments	4,994,222	3,954,097
Rates and taxes	6,811,665	6,144,157
Insurance	23,953,446	24,533,208
Repair and maintenance	90,377,480	97,470,327
Advertising and sales promotion	18,894,380	29,749,561
Commission - others	6,039,509	22,010,770
Travelling and conveyance	243,333,642	340,615,958
Communication costs	72,187,879	77,707,844
Printing and stationery	10,233,814	6,683,014
Legal and professional fees	588,626,113	645,190,047
Cost of third party items	110,792,992	135,484,456
Directors' sitting fee	700,000	1,050,500
Auditors' remuneration (refer detail below)	5,146,848	4,912,250
Provision for doubtful debts and advances (net)	-	8,215,085
Bad debts and advances written off [net of Rs. 29,101,305 (previous year Rs. 12,694,473) utilisation from provision for doubtful debts and advances]	728,955	62,597
Loss on sale / discard of fixed assets (net)	585,136	1,457,687
Recruitment and training expenses	24,816,017	27,907,949
Security expenses	7,127,612	8,955,401
Membership and subscription	12,027,381	9,345,487
Miscellaneous expenses	17,188,148	17,368,929
Total	1,377,984,741	1,677,995,747

Detail of auditors remuneration

Particulars	For the Year ended December 31, 2016 Rs.	For the Year ended December 31, 2015 Rs.
As auditor:		
- Audit fee		
- Statutory audit fee	1,942,500	1,350,000
- Quarterly audit fee	1,306,875	1,750,000
- Limited Review	538,125	350,000
- Out-of-pocket expenses	191,848	162,250
In other capacity:		
- Certification	1,167,500	800,000
- Other services	-	500,000
Total	5,146,848	4,912,250

21. Depreciation and amortisation expense

Particulars	For the Year ended December 31, 2016 Rs.	For the Year ended December 31, 2015 Rs.
Depreciation on tangible assets (refer note 33)	87,738,957	97,836,544
Amortisation on intangible assets	25,906,957	41,686,690
Depreciation on investment property	1,473,822	710,488
Total	115,119,736	140,233,722

22. Finance costs

Particulars	For the Year ended December 31, 2016 Rs.	For the Year ended December 31, 2015 Rs.
Interest on loans	1,363,266	1,130,175
Interest under income tax	-	1,163,929
Bank charges	6,554,179	7,293,915
Total	7,917,445	9,588,019

23. Exceptional items

Particulars	For the Year ended December 31, 2016 Rs.	For the Year ended December 31, 2015 Rs.
Profit on sale of investment [refer note 30 (g)]	37,174,220	-
Profit on sale of subsidiaries [refer note 30 (e), (g) & (h)]	9,173,022	592,770,438
Currency translation reserve released [refer note 30 (f)]	-	9,681,040
Deferred Compensation payable written back [refer note 30 (a)]	-	12,609,305
Impairment loss on intangible assets earlier acquired from business acquisition [refer note 30 (d)]	-	(11,959,025)
Total	46,347,242	603,101,758

24. Segment information

Business segments :

R Systems Group is a leading global provider of IT solutions and Business Process Outsourcing (BPO) services. The Group considers business segment as the basis for primary segmental reporting. The Group is organised into two business segments – Information technology services & products and Business process outsourcing services. Costs and expenses which cannot be allocated to any business segment are reflected in the column 'corporate and others'. Segments have been identified and reported based on the nature of the services, the risks and returns, the organisation structure and the internal financial reporting system.

Geographical segments :

The Group reports secondary segment information on the basis of the geographical location of the customers / assets. Although the Group's major operating divisions are managed on a worldwide basis, they operate in five principal geographical areas of the world which are: India, United States of America, South East Asian countries, Europe and Other areas.

The following table provides required information for the primary segments for the year ended December 31, 2016 and December 31, 2015

Particulars	Information technology services and products		Business process outsourcing services		Eliminations		Corporate and others		Total	
	Year ended December 31,		Year ended December 31,		Year ended December 31,		Year ended December 31,		Year ended December 31,	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
REVENUE										
External sales	5,449,120,272	5,564,273,567	433,252,281	486,045,046					5,882,372,553	6,050,318,613
Inter-segment sales	-	-	19,002,194	18,143,177	19,002,194	18,143,177			-	-
Total revenue	5,449,120,272	5,564,273,567	452,254,475	504,188,223	19,002,194	18,143,177			5,882,372,553	6,050,318,613
RESULT										
Segment result	677,481,089	676,848,993	48,843,023	18,889,700					726,324,112	695,738,693
Unallocated corporate expenses							(77,644,687)	(72,793,323)	(77,644,687)	(72,793,323)
Operating profit									648,679,425	622,945,370
Interest expenses							(1,363,266)	(2,294,104)	(1,363,266)	(2,294,104)
Interest income							56,810,860	46,320,723	56,810,860	46,320,723
Other Unallocable income							6,399,996	4,853,828	6,399,996	4,853,828
Exceptional items (refer note 23)							46,347,242	603,101,758	46,347,242	603,101,758
Income taxes expense							(219,990,393)	(296,629,200)	(219,990,393)	(296,629,200)
Net profit									536,883,864	978,298,375

(Amount in Rs.)

The following table provides required information for the primary segments as at December 31, 2016 and December 31, 2015:

Particulars	Information technology services and products		Business process outsourcing services		Eliminations		Corporate and others		Total	
	December 31,		December 31,		December 31,		December 31,		December 31,	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
OTHER INFORMATION										
Segment assets	2,202,721,084	2,157,251,634	334,480,246	153,426,946	34,870,436	29,528,611			2,502,330,894	2,281,149,969
Unallocated corporate assets									1,246,345,979	1,196,216,933
Income tax assets	2,202,721,084	2,157,251,634	334,480,246	153,426,946	34,870,436	29,528,611	80,935,548	77,878,643	80,935,548	77,878,643
Total assets	900,838,930	897,355,427	49,868,567	64,412,533	34,870,436	29,528,611	1,327,281,527	1,274,095,576	3,829,612,421	3,555,245,545
Segment liabilities									915,837,061	932,239,349
Unallocated corporate liabilities							75,272,217	124,668,373	75,272,217	124,668,373
Income tax liabilities	900,838,930	897,355,427	49,868,567	64,412,533	34,870,436	29,528,611	58,773,205	69,772,921	58,773,205	69,772,921
Total liabilities	151,743,164	138,438,871	808,186	22,592,472	34,870,436	29,528,611	134,045,422	194,441,294	1,049,882,483	1,126,680,643
Capital expenditures	108,442,299	126,432,952	6,677,437	13,800,770					152,551,350	161,031,343
Depreciation and amortization	(485,647)	10,473,868	-	(297,429)					115,119,736	140,233,722
Other non-cash expenses / (written back)									(485,647)	10,176,439

(Amount in Rs.)

Geographical segments:

The Group reports secondary segment information on the basis of the geographical location of the customers / assets. The management views the domestic and export markets as distinct geographical segments.

The following is the distribution of the Group's revenue by geographical area in which customers are located:

	For the year ended December 31,	
	2016 Rs.	2015 Rs.
India	94,525,830	318,673,987
USA	3,480,641,540	3,508,135,786
South East Asia	1,040,190,056	1,020,294,470
Europe	1,057,514,573	897,630,212
Others	209,500,554	305,584,158
Total	5,882,372,553	6,050,318,613

Assets and additions to fixed assets by geographical area:

The following table shows the carrying amount of assets and additions to fixed assets (including capital advances) by geographical area in which assets are located:

	Carrying amount of assets as at December 31,		Additions to fixed assets for the year ended December 31,	
	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
India	1,230,432,767	1,098,627,379	121,786,761	82,838,020
USA	1,068,704,456	999,718,844	8,384,825	9,930,164
South East Asia	543,112,730	506,483,726	4,888,170	10,593,225
Europe	916,920,470	871,409,410	17,324,454	57,609,167
Others	70,441,998	79,006,186	160,140	60,767
Total	3,829,612,421	3,555,245,545	152,551,350	161,031,343

25. Related party disclosure

Names of related parties (refer note 2 for 'R Systems Group')

(i) Key management personnel

Sl. No.	Name of person	Designation	Company
1	Satinder Singh Rekhi	Managing Director	R Systems International Limited, India
		Director	R Systems, Inc., USA (RSI)
		Director	R Systems (Singapore) Pte Ltd, Singapore
		Director	R Systems Technologies Ltd. USA (Formerly known as Indus Software, Inc.)
		Director (till December 10, 2015)	R Systems Solutions, Inc. USA (Merged into RSI w.e.f December 10, 2015)
		Director	Computaris International Limited, UK
		Director	RSYS Technologies Ltd., Canada (Formerly known as Systèmes R. International Ltée, Canada)
		Director	Ibizcs Group Pte. Ltd, Singapore
2	Lt. Gen. Baldev Singh (Retd.)	President and Senior Executive Director	R Systems International Limited, India
		Director (till July 9, 2015)	R Systems Products & Technologies Private Limited, India (ceased to be subsidiary w.e.f. July 7, 2015)
3	Raj Swaminathan	Director (resigned as director on June 27, 2015)	R Systems International Limited, India
		Director	R Systems Products & Technologies Private Limited, India (ceased to be subsidiary w.e.f. July 7, 2015)
4	Sartaj Singh Rekhi	Director	R Systems, Inc., USA
		Director (till December 10, 2015)	R Systems Solutions, Inc. USA (Merged into RSI w.e.f December 10, 2015)
		Director	ECnet Ltd, Singapore
		Director	R Systems Technologies Ltd. USA (Formerly known as Indus Software, Inc.)
		Director	RSYS Technologies Ltd., Canada (Formerly known as Systèmes R. International Ltée, Canada)
5	Chan Kum Ming	Director	ECnet Limited, Singapore
		Director	R Systems (Singapore) Pte Ltd, Singapore
6	Raluca Marina Rusu	Director	Computaris International Limited, UK
7	Joydeep Sen Chaudhuri	Director	R Systems (Singapore) Pte Ltd, Singapore
8	Harpreet Rekhi	Director	R Systems, Inc., USA
		Director	R Systems Technologies Ltd. USA (Formerly known as Indus Software, Inc.)
		Director (till December 10, 2015)	R Systems Solutions, Inc. USA (Merged into RSI w.e.f December 10, 2015)
		Director	Ibizcs Group Pte. Ltd, Singapore
		Director	R Systems (Singapore) Pte Ltd, Singapore
9	Ramasubramanian Balasubramanian	Director	Ibizcs Group Pte. Ltd, Singapore

Sl. No.	Name of person	Designation	Company
10	Nand Sardana #	Chief Financial Officer	R Systems International Limited, India
11	Ashish Thakur #	Company Secretary & Compliance Officer	R Systems International Limited, India

Pursuant to the Companies Act, 2013.

(ii) Relatives of Key management personnel

Anita Behl, (related to Satinder Singh Rekhi)

Kuldeep Baldev Singh [related to Lt. Gen. Baldev Singh (Retd.)]

Mandeep Singh Sodhi [related to Lt. Gen. Baldev Singh (Retd.)], Vice President – Sales

Ramneet Singh Rekhi (related to Satinder Singh Rekhi)

Amrita Kaur (related to Satinder Singh Rekhi)

(iii) Enterprises where key management personnel or their relatives exercise significant influence

U Infosoft Private Limited

GM Solutions Private Limited

GMU Infosoft Private Limited

Right Match Holdings Limited

Satinder and Harpreet Rekhi Family Trust

Details of transactions with related parties for the year ended December 31, 2016 and December 31, 2015:

(Amount in Rs.)

	For the year ended December 31, 2016	For the year ended December 31, 2015
Remuneration		
Satinder Singh Rekhi	37,027,495	32,046,605
Lt. Gen. Baldev Singh (Retd.)	6,642,053	6,265,670
Raj Swaminathan	-	3,380,493
Sartaj Singh Rekhi	9,547,113	9,028,367
Mandeep Singh Sodhi	36,409,934	33,118,711
Chan Kum Ming	9,308,354	8,711,618
Raluca Marina Rusu	7,933,375	6,560,513
Ramasubramanian Balasubramanian	12,280,052	7,835,597
Amrita Kaur	480,000	261,333
Ramneet Singh Rekhi	5,715,847	4,890,155
Joydeep Sen Chaudhuri	8,168,980	7,557,508
Nand Sardana	5,219,880	5,225,880
Ashish Thakur	883,124	628,210
Total	139,616,607	125,510,660
Rent		
Satinder Singh Rekhi	13,290,181	11,108,704
Total	13,290,181	11,108,704
Share buyback		
Satinder Singh Rekhi	1,796,860	-
Lt. Gen. Baldev Singh (Retd.)	189,605	-
Sartaj Singh Rekhi	8,234,460	-
Ramneet Singh Rekhi	6,964,555	-
Nand Sardana	71,630	-
Mandeep Singh Sodhi	962,390	-
GMU Infosoft Private Limited	13,276,315	-
U Infosoft Private Limited	13,542,165	-
GM Solutions Private Limited	14,057,810	-
Right Match Holdings Ltd	12,725,830	-
Satinder and Harpreet Rekhi Family Trust	17,891,185	-
Total	89,712,805	-

(Amount in Rs.)

	For the year ended December 31, 2016	For the year ended December 31, 2015
Dividend paid *		
Satinder Singh Rekhi	-	9,753,540
Lt. Gen. Baldev Singh (Retd.)	-	1,059,675
Raj Swaminathan	-	780,000
Sartaj Singh Rekhi	-	44,635,483
Ramneet Singh Rekhi	-	37,742,669
Chan Kum Ming	-	59,600
Harpreet Rekhi	-	5,662
Nand Sardana	-	388,890
Mandeep Sodhi	-	5,160,056
Kuldeep Baldev Singh	-	45,296
Anita Behl	-	59,443
GMU Infosoft Private Limited	-	66,915,061
U Infosoft Private Limited	-	68,236,517
GM Solutions Private Limited	-	70,829,639
Right Match Holdings Limited	-	69,076,400
Satinder and Harpreet Rekhi Family Trust	-	112,887,716
Total	-	487,635,647

* The amount for the year ended December 31, 2015 includes Rs. 229,444,464 towards dividend declared for the immediately preceding year.
(Amount in Rs.)

Balance payable to key management personnel	As at December 31,	
	2016	2015
Satinder Singh Rekhi	7,038,750	4,500,000
Lt. Gen. Baldev Singh (Retd.)	1,278,448	1,082,113
Raluca Marina Rusu	1,017,544	-
Total	9,334,742	5,582,113

26. Corporate Social Responsibility (CSR)

As per the requirements of Section 135 of the Companies Act, 2013, the Company is required to spend an amount of Rs. 10,608,333 on CSR expenditure for the year December 31, 2016. Out of this, the Company has disbursed Rs. 1,500,000 for education of the underprivileged children in accordance with its Corporate Social Responsibility Policy.

Further, during the year the Company was in the process of ascertaining various avenues, projects etc. for fulfilling the requirement of its CSR policy, therefore Company could not utilize the entire amount embarked for its CSR activities.

27. Capital and other commitments

	As at December 31,	
	2016 Rs.	2015 Rs.
(i) Capital commitments:		
Estimated amount of unexecuted capital contracts (net of advances)	6,152,320	3,425,621
(ii) Other commitments:		
For commitments relating to lease arrangements, refer note 29.		

28. Contingent liabilities:

	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Performance guarantees given to Department of Telecommunication for Domestic and International 'Other Service Provider' licenses	20,000,000	20,000,000
Total	20,000,000	20,000,000

29. Leases
a) Finance Lease - Company as lessee

The Group has finance leases for furniture and fixture. Each renewal is at the option of the lessee. Future minimum lease payments (MLP) under finance leases together with the present value of the net MLP are as follows:

	Year ended December 31, 2016		Year ended December 31, 2015	
	MLP	Present value of MLP	MLP	Present value of MLP
Not later than one year	1,440,000	158,359	-	-
After one year but not more than five years	5,775,000	873,187	-	-
More than five years	17,077,500	9,848,454	-	-
Total minimum lease payments	24,292,500	10,880,000	-	-
Less: amounts representing finance charges	13,412,500	-	-	-
Present value of minimum lease payments	10,880,000	10,880,000	-	-

b) Operating Lease- Company as lessee

The Group has operating lease for office premises, office equipment, vehicle etc. The future minimum payments required under non-cancelable operating leases period as at year -end are as follows:

	Year ended December 31, 2016 Rs.	Year ended December 31, 2015 Rs.
Lease payments for the year	103,078,517	102,869,151
Non-cancellable operating lease obligation :		
Not later than one year	71,829,281	72,676,493
Later than one year but not later than five years	118,672,114	106,866,329
Later than five years	2,645,193	-

The operating lease arrangements extend for a maximum of 7 years from their respective dates of inception. Some of the operating lease arrangements have price escalation and option of renewal clause as mutually agreed between the parties and there are no restrictions imposed on lease arrangements.

c) Operating Lease - Company as lessor

The Company has entered into an operating lease arrangement for its surplus land and building which has been classified under investment property. The future minimum rentals receivable under non-cancellable operating lease period as at year-end are as follows:

	Year ended December 31, 2016 Rs.	Year ended December 31, 2015 Rs.
Lease payments for the year	6,399,996	3,079,568
Non-cancellable operating lease :		
Not later than one year	6,399,996	6,399,996
Later than one year but not later than five years	3,320,440	9,720,436

The operating lease arrangement extends for a maximum period of 3 years from their respective dates of inception and has price escalation clause of 5% for every subsequent 3 years of the extended term. There are no restrictions imposed on lease agreements.

- 30. (a)** During earlier years, the Company had acquired shares in ECnet Limited, a company incorporated in Singapore at a total consideration of Rs. 34,938,958. During the year ended December 31, 2005, the Company had based upon an order of High Court of Delhi written down the goodwill value to Rs. Nil and adjusted the write off of Rs. 24,495,721 against the Securities Premium Account as this had not been represented by available assets.

During the year ended December 31, 2007, the Company had settled the liabilities towards certain erstwhile shareholders. As a result thereof, the deferred payment compensation of Rs. 14,452,222 was released, as considered appropriate by the management. Out of above, Rs. 10,442,237 had been adjusted against the value of the investment.

During the year ended December 31, 2015, after the expiry of relevant limitation period under applicable laws, the Company had reversed deferred payment compensation amounting to Rs. 12,609,305. This reversal is included under 'Exceptional items' in the consolidated financial statements for the year ended December 31, 2015.

- (b)** On August 07, 2015, Computaris International Limited, a UK subsidiary of the Company, has entered into an Assets Purchase Agreement (APA) for acquisition of certain customer contracts and related intellectual property rights from the subsidiary of a leading European telecommunication company for a maximum consideration of Euro 700,000 on fulfilment of certain conditions. The aforesaid assets purchase was completed on October 1, 2015.

The management has assessed Euro 567,382 as the estimated purchase price for the aforesaid assets acquired basis the conditions specified in APA and accordingly recorded the following intangible assets.

	Amount in Euro	Amount in Rs.
Customer contracts	234,250	16,685,956
Intellectual Property Rights (Software)	333,132	23,729,411
Total consideration paid	567,382	40,415,367

The assets acquired are amortized on following basis :-

Intangible assets	Amortisation period
Customer contracts	Over the period of contract
Intellectual Property Rights (Software)	3 years

During the year ended December 31, 2016, the conditions as stipulated in APA have been fulfilled and the purchase consideration has been settled at Euro 567,382 (Rs. 40,415,367).

- (c)** On April 30, 2015, R Systems (Singapore) Pte. Limited, a wholly owned subsidiary of the Company, has acquired 100% share of IBIZCS Group Pte. Ltd, Singapore (IBIZ) for maximum consideration of SGD 7.50 million including the earn-outs over the next three years on fulfilment of certain conditions by the erstwhile shareholder of IBIZ. IBIZ is a Microsoft Gold-certified partner specialized in Microsoft Business Management Solution suites, including Enterprise Resource Planning (ERP), Customer Relationship Management (CRM), Point of Sales (POS), Mobility, Business Intelligence (BI) and Portals having subsidiaries in Singapore, Malaysia, Indonesia, India, Hong Kong and China.

Basis the conditions specified in the Share Purchase Agreement and subsequent amendment thereof, the management has assessed the investment value at Rs. 157,710,346 which represents the consideration assessed as probable to be paid over the period and consequently the goodwill arising on acquisition is Rs. 198,475,020.

Out of this total investment value, Rs. 35,821,125 had been paid during the year ended December 31, 2015 and balance Rs. 121,889,222 was payable based on earn outs as well as fulfillment of certain condition by the erstwhile shareholders of IBIZ over the next two years.

As at December 31, 2016, the management has re-assessed the investment value at Rs. 141,172,075 which represents the consideration assessed as probable to be paid over the period and the goodwill arising on acquisition is Rs. 174,473,718 (reinstated as at December 31, 2016).

As at December 31, 2016 amount payable within one year from the year-end is shown under 'other current liabilities' of Rs. 25,384,320 and balance amount is payable after one year which has been disclosed separately under 'Other long-term liabilities' of Rs. 43,999,488.

All profits / losses relating to IBIZ subsequent to the date of acquisition i.e. April 30, 2015 are included in these consolidated financial statements.

- (d)** During the year ended December 31, 2015, ECnet Limited, a subsidiary of the Company has recorded an impairment loss amounting to Rs. 11,959,025 related to the certain intangible assets acquired in earlier years which is included under 'Exceptional Items' in the consolidated financial statements.

- (e) On November 27, 2014, the Company had completed the transfer of Europe BPO Business by way of sale of its 100% holding in R Systems Europe B.V., Netherlands and R Systems S.A.S., France, being wholly owned subsidiaries, by executing the Share Sale Agreement (the "SSA") along with other necessary documents for a sale consideration of Euro 4.70 million (Rs. 357,469,488). Out of the sale consideration, Euro 0.35 million (Rs. 26,628,000) was placed in an escrow account in the Netherlands, the realization of which was subject to certain conditions pursuant to the provision of the SSA.

During the year ended December 31, 2015, on the stipulated conditions under the SSA being completed, the Company had received Euro 0.35 million (Rs. 26,628,000) which was placed in an escrow account. The amount so received, has been included as profit on sale of aforesaid subsidiaries under the 'Exceptional items' in the consolidated financial statements for the year ended December 31, 2015.

- (f) On December 10, 2015, R Systems Solution Inc. (RSSI), a wholly owned subsidiary of the Company was merged into R Systems Inc. (RSI), also a wholly owned subsidiary of the Company, as per the applicable laws of India and USA. Pursuant to aforesaid merger, the Company had received incremental 150 common stock of RSI against outstanding common and preferred (series A) stocks held in RSSI.

Due to aforesaid merger, the Company had released currency translation reserve of RSSI amounting to Rs. 9,681,040 to the foreign exchange fluctuation which is disclosed as 'Exceptional items' in the consolidated financial statements for the year ended December 31, 2015.

- (g) On July 11, 2014, the Company had incorporated a wholly owned subsidiary in India, namely, R Systems Products & Technologies Limited (which was later converted into R Systems Products & Technologies Private Limited ("RSPTPL") on May 28, 2015). The shareholders of the Company by passing special resolution through postal ballot on September 23, 2014 had accorded necessary approval for transfer of the Company's Indus Business Unit operated out of Pune and Chennai to RSPTPL.

The Company had entered into 'Business Transfer Agreement' (BTA) with RSPTPL on June 27, 2015 for the aforesaid transfer on a going concern basis by way of slump sale, for consideration of Rs. 783,900,000 to be discharged by RSPTPL through issuance of 60,000,003 equity shares of Re. 1/- each at a premium of Rs. 6.227333 per share and 35,026 compulsorily redeemable debentures of Rs. 10,000 each to be redeemed over a period of 4 years, on the terms and conditions agreed in BTA and Debenture Subscription Agreement.

The Company also entered into 'Share Purchase Agreement' (SPA) with BD Capital Partners Ltd. ("BDC"), a Mauritius based company on June 27, 2015 to sell 93% of its equity share in RSPTPL to BDC for a consideration of Rs. 443,170,000 (USD 7 million). The closing (as defined in the agreements) under the BTA and SPA occurred on July 07, 2015.

The gain on sale of Indus Business Unit including the gain on sale of aforesaid equity share in RSPTPL, amounting to Rs. 566,142,438 (net of related expenses) is disclosed as 'Exceptional items' in the consolidated financial statement for the year ended December 31, 2015. The income tax attributable to aforesaid gains amounting to Rs. 132,635,363 is included in the 'Current Tax' in the consolidated financial statements for the year ended December 31, 2015. The name of RSPTPL has been changed to Indus Software Technologies Private Limited (ISPTPL) w.e.f August 19, 2015.

Subject to the satisfaction of certain conditions, BDC had also agreed to purchase the balance 7% equity shares for a consideration up to Rs. 66,510,000 (USD 1 million). These conditions were under evaluation and yet to be concluded as at the year ended December 31, 2015. During the year ended December 31, 2016, the Company has fulfilled the conditions specified in the SPA for the sale of balance 7% share in ISPTPL. The gain on sale of aforesaid equate share amounts to Rs. 37,174,220 is disclosed as 'Exceptional items' in the consolidated financial statements. The income tax attributable to aforesaid gains amounting to Rs. 12,684,221 is included in the 'Current Tax' in the consolidated financial statements for the year ended December 31, 2016.

Accordingly, the aforesaid Indus Business Unit, being part of Information technology services and products segment, is considered as "Discontinuing Operations" till July 07, 2015. The net assets attributable to the aforesaid operations are as follows:

	As at July 07, 2015 Rs.
Total Assets	567,943,845
Total Liabilities	325,371,698
Net Assets	242,572,147

The revenue and expenses attributable to the discontinuing operations included in the consolidated financial statements are as follows:

Particulars	(Amount in Rs.)
	For the period January 01, 2015 to July 07, 2015
Income	
Revenue from operations	574,012,964
Other income	2,457,983
Total revenue	576,470,947
Expenses	
Employee benefits expense	311,709,004
Operational and other expenses	168,770,713
Depreciation and amortisation expense	12,299,568
Finance costs	409,354
Total expenses	493,188,639
Profit before tax	83,282,308
Tax expense	
Current tax	35,510,770
Deferred tax charge / (credit)	(8,796,666)
Total tax expense	26,714,104
Profit after tax	56,568,204

- (h) The Company has realized additional amounts of Rs. 9,173,022 towards the sale of Indus Business unit and disclosed as 'Exceptional items' in the consolidated financial statements for the year ended December 31, 2016.
- (i) The consequent tax expense of aforesaid 'Exceptional items' amounting to Rs. 14,800,621 for the year ended December 31, 2016 and Rs. 63,017,987 for year ended December 31, 2015, is included in the 'Current tax' in the consolidated financial statements for the respective year.

31. (a) R Systems International Limited - Year 2004 Employee Stock Option Plan ('the plan')

The Company had instituted the plan for all eligible employees as specified in the rules in pursuance of the special resolution duly approved by the shareholders. The plan provides for the issuance of 997,500 options for equity shares of face value of Rs. 10 each, to eligible employees as recommended by the Compensation Committee constituted for this purpose.

The plan is administered by a Compensation Committee and exercise price is "1.60 times the Book Value of the Share as per the audited balance sheet as on December 31, 2003 i.e. Rs. 42 per Share or 1.60 times of the book value as per immediate previous accounting year audited balance sheet rounded off to nearest rupee as on the date of Exercise whichever is higher", till the time equity shares of the Company are not listed. Once the equity shares are listed, the exercise price is prevailing price or stock price i.e. the latest available closing price, prior to the date of the meeting of the Board of Directors in which options are granted / shares are issued, on the stock exchange on which the shares of the Company are listed.

During the year ended December 31, 2006, the Company had consolidated each of its five equity shares of Rs. 2 each into one equity share of Rs. 10 each and then issued 1:1 bonus share to each of the then existing shareholder (excluding the option holders) by utilisation of Securities Premium Account in terms of the provisions of Section 78 of the Companies Act, 1956. Considering these changes in the capital structure, the management had adjusted the number of options vesting to its employees and exercise price to preserve the benefits intended to be made available under the plan i.e. instead of five options of Rs. 2 per share, the employees' entitlement had been adjusted to one option of Rs. 10 per share and instead of earlier exercise price of Rs. 42 per share for each Rs. 2 share, the exercise price had been accordingly adjusted to Rs. 105 per equity share. During the year ended December 31, 2008, the Company had obtained a legal opinion confirming that the adjustments undertaken to the number of options vesting to its employees and exercise price, pursuant to the consolidation and subsequent bonus issue during the year ended December 31, 2006, does not tantamount to modification and no additional benefit was offered to the existing option holders. Further, during the year ended December 31, 2014, the Company had sub-divided equity shares of Rs. 10 each into 10 equity shares of Re. 1 each, the exercise price is accordingly adjusted from Rs. 105 per share to Rs. 10.50 per share.

The vesting period is 4 years (25% in each year) commencing from the date of grant under the plan. The eligible employees have an option to exercise it over a period of 10 years from the date of grant under the plan. As per the plan, the Compensation Committee cannot grant any outstanding options after August 31, 2014, therefore there are no grants outstanding for determination by the Compensation Committee.

During the year ended December 31, 2015 the scheme has been lapsed therefore all the grants outstanding has been lapsed. The movement in the options during the year ended December 31, 2015 is set out below:

	Year ended December 31, 2015 (Nos.)
At the beginning	
- Grants outstanding under the plan (Re. 1 per share)	102,150
- Grants pending determination by the Compensation Committee (Re. 1 per share)	-
During the year	
- Options granted (Re. 1 per share)	-
- Options exercised (Re. 1 per share)	-
- Options/grants lapsed or surrendered (Re. 1 per share)	102,150
At the end	
- Grants outstanding under the plan (Re. 1 per share)	-
- Grants pending determination by the Compensation Committee (Re.1 per share)	-

The weighted average remaining contractual life for the stock options as at December 31, 2015 is Nil months.

(b) R Systems International Limited Employees Stock Option Plan – Year 2001 ('the plan')

Indus Software Private Limited ('Indus') had outstanding options aggregating 21,967 equity shares as on March 31, 2002, to be issued to the eligible employees under the R Systems International Limited Employees Stock Option Plan – Year 2001 under various vesting periods as specified in the said Plan, duly approved by the erstwhile shareholders. Indus had established "R Systems Employees Welfare Trust" ('the R Systems Trust') (formerly known as Indus Software Employees Welfare Trust) to administer the plan, as approved by the members, for the benefits of the Company's employees and had provided an interest free loan of Rs. 3,382,792. Consequently, Indus had allotted 21,967 equity shares of Rs. 10 each at a premium of Rs. 144 per equity share to the R Systems Trust to be further issued to the Indus' eligible employees on the exercise of the underlying options granted to them.

As a result of the merger of Indus with the Company, all employees had surrendered their options in favour of the R Systems Trust to enable them to obtain options for shares in R Systems International Limited after the merger. Also, the Company had issued 206,822 equity shares of Rs. 2 each at a premium of Rs. 113.42 per share to the R Systems Trust in exchange of 21,967 equity shares of Indus, apropos to the agreed swap ratio. During the earlier years out of the said 206,822 shares 22,079 shares were issued to the employees on exercise of options.

The Company had consolidated each of its five equity shares of Rs. 2 each into one equity share of Rs. 10 each on January 30, 2006 and then issued 1:1 bonus share to each of the then existing shareholder by utilisation of Securities Premium Account in terms of the provisions of Section 78 of the Companies Act, 1956 and further sub-division of each of the equity shares of Rs. 10 each into 10 equity shares of Re. 1 each as per record date of February 28, 2014, consequently the total number of shares issued are now 738,980 equity shares of Re. 1 each. Accordingly an amount of Rs. 738,980 and Rs. 2,282,728 is shown as deduction from Issued, subscribed and paid-up capital and Securities Premium Account respectively as suggested by the "Guidance Note on Accounting for Employee Share-based Payments" issued by The Institute of Chartered Accountants of India.

The movement in the options (in equivalent number of shares of the Company) held by the Trust during the year ended December 31, 2016 and the year ended December 31, 2015 is set out below:

	Year ended December 31, 2016	Year ended December 31, 2015
	(Nos.)	(Nos.)
<u>At the beginning</u>		
- Grants outstanding under the plan (Re. 1 per share)		
- Grants pending determination by the Compensation Committee (Re. 1 per share)	738,980	738,980
<u>During the year</u>		
- Options granted (Re. 1 per share)	-	-
- Options exercised (Re. 1 per share)	-	-
- Options/grants lapsed or surrendered (Re. 1 per share)	-	-
<u>At the end</u>		
- Grants outstanding under the plan (Re. 1 per share)	-	-
- Grants pending determination by the Compensation Committee (Re.1 per share)	738,980	738,980

(c) R Systems International Limited Employee Stock Option Scheme 2007 ('the plan')

During the year 2007, the Company had instituted the plan for all eligible employees as specified in the rules in pursuance of the special resolution duly approved by the shareholders. The plan provides for the issuance of 650,000 options to eligible employees as recommended by the Compensation Committee constituted for this purpose.

The plan is administered by a Compensation Committee and exercise price in respect of 632,500 options granted on July 11, 2007 is Rs. 120.70 being the latest available closing price, prior to the date of the meeting of the Board of Directors / Compensation Committee, on the stock exchange on which the shares of the Company are listed. Accordingly, the intrinsic value of Employee Stock Option is taken as Rs. Nil. Further, during the year ended December 31, 2014, the Company had sub-divided equity shares of Rs. 10 each into 10 equity shares of Re. 1 each, the exercise price is accordingly adjusted from Rs. 120.70 per share to Rs. 12.07 per share.

On the recommendation of the Compensation Committee and Nomination and Remuneration Committee, the Board of Director at its meeting held on April 30, 2016, had further granted 150,000 options at an exercise price of Rs. 12.07 /- per option under R Systems International Limited Employee Stock Option Scheme 2007.

The vesting period is 4 years (25% in each year) commencing from the date of grant under the plan. The eligible employees have an option to exercise it over a period of 10 years from the date of grant under the plan. The movement in the options during the year ended December 31, 2016 and year ended December 31, 2015 is set out below:

	Year ended December 31, 2016	Year ended December 31, 2015
	(Nos.)	(Nos.)
<u>At the beginning</u>		
- Grants outstanding under the plan (Re. 1 per share)	80,280	245,280
- Grants pending determination by the Compensation Committee (Re. 1 per share)	2,040,000	1,965,000
<u>During the year</u>		
- Options granted (Re. 1 per share)	150,000	-
- Options exercised (Re. 1 per share)	-	90,000
- Options/grants lapsed or surrendered (Re. 1 per share)	35,000	75,000
<u>At the end</u>		
- Grants outstanding under the plan (Re. 1 per share)	195,280	80,280
- Grants pending determination by the Compensation Committee (Re.1 per share)	1,925,000	2,040,000

For options exercised during the year 2015, the weighted average share price at the exercise date was Rs. 68.71.

The weighted average remaining contractual life for the stock options as at December 31, 2016 is 13 months (Previous year 19 months).

- (d) For the purpose of valuation of the options granted before year ended December 31, 2004, the management obtained fair value of the options at the date of grant under respective schemes from a firm of Chartered Accountants to determine accounting impact, if any, of options granted over the periods. In the considered opinion of the valuer, the fair value of option determined using 'Black Scholes Valuation Model' under each of above schemes [except R Systems International Limited Employee Stock Option Scheme 2007 refer 31 (c) above] is "Nil" and thus no accounting thereof is required.

The assumptions used for the purpose of determination of fair value are stated below:

Assumptions	Unit	Scheme (a) *	Scheme (b) **	Comments by the valuer
Strike price	Rs.	42	154	
Current share price	Rs.	16	140	Taken on the basis of NAV and PECV method of valuation.
Expected option life	No. of Years	5	2.5	Being half of the maximum option life.
Volatility	%	1	0.5	In case of unlisted shares, the volatility may be taken as zero. Verma committee also recommends this.
Risk free return	%	7	11.3	Zero coupon rate estimated from trading government securities for a maturity corresponding to expected life of option - taken from sites of NSE and / or BSE.
Expected dividend Yield	%	-	15	Company has no set policy so dividend taken as zero. In case of scheme (b), as the dividend had been paid by the erstwhile company, it has been assumed at 15%.

*: R Systems International Ltd. - Year 2004 Employee Stock Option Plan under which the price was based on Rs. 2 per share.

** : R Systems International Limited Employees Stock Option Plan – Year 2001 under which originally the price was based on Rs. 10 per share for 21,967 shares. As a result of amalgamation of Indus Software Private Limited into R Systems, R Systems had issued 206,822 equity shares of Rs. 2 each pursuant to the swap ratio approved by Hon'ble High Courts of Delhi and Mumbai.

The details given above for plan (a) and (b) are before making the required adjustments in relation to consolidation of each of the 5 equity shares of Rs. 2 each into 1 equity share of Rs. 10 each as approved by the shareholders in the year ended December 31, 2006 and further sub-division of each of the equity shares of Rs. 10 each into 10 equity shares of Re. 1 each as per record date of February 28, 2014.

Further, for the purpose of valuation of the options granted during the year 2005 under R Systems International Limited- Year 2004 Employee Stock Option Plan, the management obtained fair value of the options at the date of grant from a firm of Chartered Accountants, to determine accounting impact, if any, of options granted. In the considered opinion of the valuer, the fair value of these option determined using 'Black Scholes Valuation Model' is "Nil" and thus no accounting thereof is required.

The assumptions used by the valuer for the purpose of determination of fair value are stated below:

Assumptions	Unit	Scheme	Comments by the valuer
Strike price	Rs.	42	
Current share price	Rs.	13.58	Taken on the basis of NAV and PECV method of valuation.
Expected option life	No. of Years	5	Being half of the maximum option life.
Volatility	%	1	In case of unlisted shares, the volatility may be taken as zero. Verma committee also recommends this.
Risk free return	%	7.42	Zero coupon rate estimated from trading government securities for a maturity corresponding to expected life of option - taken from sites of NSE.
Expected dividend yield	%	-	Company has no set policy so dividend taken as zero.

The above information is based on Rs. 2 per share prior to consolidation of 5 equity shares of Rs. 2 each into one equity share of Rs. 10 each and subsequent allotment of bonus shares in the ratio of 1:1 and further sub-division of each of the equity shares of Rs. 10 each into 10 equity shares of Re. 1 each as per record date of February 28, 2014.

- (e) For the purpose of valuation of the options granted during the year ended December 31, 2007 under R Systems International Limited Employee Stock Option Scheme – 2007, the compensation cost relating to Employee Stock Options, calculated as per the intrinsic value method is Nil.

The management obtained fair value of the options at the date of grant from a firm of Chartered Accountants. In the considered opinion of the valuer, the fair value of these options determined using 'Black Scholes Valuation Model' is "Rs. 50.73" per option.

The assumptions used by the valuer for the purpose of determination of fair value are stated below:

Assumptions	Unit	Scheme	Comments by the valuer
Strike price	Rs.	120.70	
Current share price	Rs.	118.50	Price on the date of grant by Board of Directors i.e. closing price on July 11, 2007
Expected option life	No. of Years	4	Being the vesting period.
Volatility	%	44	On the basis of industry average.
Risk free return	%	7	Zero coupon rate estimated from trading government securities for a maturity corresponding to expected life of option – taken from sites of NSE.
Expected dividend Yield	%	0.86	Company has declared Dividends of 12% in the past. Assuming that it will continue declaring similar dividends in future.

The above information is based on Rs.10 per share before sub-division of each of the equity shares of Rs. 10 each into 10 equity shares of Re. 1 each as per record date of February 28, 2014.

- (f) For the purpose of valuation of the options granted during the year ended December 31, 2016 under R Systems International Limited Employee Stock Option Scheme – 2007, the year to date compensation cost relating to Employee Stock Options, calculated as per the intrinsic value method is Rs. 2,589,490.

The management obtained fair value of the options at the date of grant i.e. April 30, 2016 from a firm of Chartered Accountants. In the considered opinion of the valuer, the weighted average fair value of these options determined using 'Black Scholes Valuation Model' is "Rs. 49.89" per option.

The assumptions used by the valuer for the purpose of determination of fair value are stated below:

Assumptions	Unit	Scheme	Comments by the valuer
Strike price	Rs.	12.07	
Current share price	Rs.	61.45	Price on the date of grant by Board of Directors i.e. closing price on April 30, 2016
Expected option life	No. of Years	4 years i.e. 25% vesting at the end of each year from the date of grant	Being the vesting period.
Volatility	%	55.32-55.83	On the basis of industry average.
Risk free return	%	7.84	The yield on a Treasury bond by Government of India (Source: RBI) on the valuation date with the tenor matching the remaining term of the stock options.
Expected dividend Yield	%	1.32	Assuming that Company will continue declaring at similar rate, consistent with the past years.

The above information is based on per equity share having face value of Re. 1 each.

In March 2005 the ICAI has issued a guidance note on “Accounting for Employees Share Based Payments” applicable to ‘employee share based plan’ the grant date in respect of which falls on or after April 1, 2005. The said guidance note requires the Proforma disclosures of the impact of the fair value method of accounting of employee stock compensation in the financial statements. Since the Company used the intrinsic value method the impact on the reported net profit and earnings per share by applying the fair value based method is as follows:

(Amount in Rs.)

Particulars	Year ended December 31, 2016	Year ended December 31, 2015
Profit after tax	536,883,864	978,298,375
Add: Intrinsic Value Compensation Cost	2,589,490	-
Less: Fair Value Compensation Cost	2,617,180	-
Adjusted Pro-forma Profit after tax	536,856,174	978,298,375
Weighted average number of equity shares for calculating Basic EPS	126,616,327	126,983,064
Weighted average number of equity shares for calculating Diluted EPS	126,653,124	126,983,064
Earnings Per Share		
Basic [Nominal value of shares Re. 1 (Previous year: Re. 1)]		
- As reported	4.24	7.70
- Pro-forma	4.24	7.70
Diluted [Nominal value of shares Re. 1 (Previous year: Re. 1)]		
- As reported	4.24	7.70
- Pro-forma	4.24	7.70

32. Earnings per share (EPS)

Particulars	Year ended December 31, 2016	Year ended December 31, 2015
Net profit after tax (Rs.)	536,883,864	978,298,375
Weighted average number of equity shares for calculating Basic EPS	126,616,327	126,983,064
Weighted average number of equity shares for calculating Diluted EPS	126,653,124	126,983,064
Basic [Nominal value of shares Re. 1 (Previous year: Re. 1)] (Rs.)	4.24	7.70
Diluted [Nominal value of shares Re. 1 (Previous year: Re. 1)] (Rs.)	4.24	7.70

33. As at January 01, 2015, the Company, based on technical assessment, reassessed the useful life of tangible assets and accordingly changed the useful lives of certain assets on the basis the transitional provision under Schedule II of the Companies Act, 2013. Consequently; the Company had transferred Rs. 12,455,113 (net of tax) to reserves during the year ended December 31, 2015.

34. The Company has received the ‘Letter of Approval’ (LOA) from Department of Commerce, Ministry of Commerce & Industry, Government of India on October 19, 2016 for setting up ‘Special Economic Zone’ (SEZ) unit measuring approx. 15,000 sq. ft. located at Greater Noida West (NCR). Subsequent to the year end, the Company has commenced its operation in SEZ premises on January 25, 2017.

35. Post-employment benefits

The Company has funded defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on separation equal to 15 days salary (last drawn salary) for each completed year of continuous service or part thereof in excess of six months subject to a maximum of Rs. 1,000,000.

The following table summarizes the components of net employee benefits expense recognised in the statement of profit and loss.

(Amount in Rs.)

Particulars	Year ended December 31, 2016	Year ended December 31, 2015
Current service cost	12,414,237	16,192,727
Interest cost on benefit obligation	4,627,859	7,518,452
Expected return on plan assets	(234,942)	(302,192)
Net actuarial (gain) / loss recognised in the year	18,951,541	(5,389,132)
Net employee benefits expense (refer note 19)	35,758,695	18,019,855
Actual return on plan assets	224,202	(267,931)

Details of defined benefit gratuity plan:

(Amount in Rs.)

Particulars	As at	As at
	December 31, 2016	December 31, 2015
Defined benefit obligation	94,598,935	68,174,622
Fair value of plan assets	2,636,628	2,957,688
Plan liability / (asset)	91,962,307	65,216,934

Changes in the present value of the defined benefit gratuity plan are as follows:

(Amount in Rs.)

Particulars	As at	As at
	December 31, 2016	December 31, 2015
Opening defined benefit obligation	68,174,622	102,262,323
Interest cost	4,627,859	7,518,452
Current service cost	12,414,237	16,192,727
Acquisition/Business Combination/Divestiture	-	(37,655,542)
Benefits paid	(9,558,584)	(14,184,084)
Actuarial (gains) / losses on obligation	18,940,801	(5,959,254)
Closing defined benefit obligation	94,598,935	68,174,622

Changes in the fair value of plan assets are as follows:

(Amount in Rs.)

Particulars	As at	As at
	December 31, 2016	December 31, 2015
Opening fair value of plan assets	2,957,688	3,681,619
Expected return	234,942	302,192
Contributions by the employer	8,000,000	5,000,000
Benefits paid	(8,545,262)	(5,456,001)
Actuarial gains / (losses) on obligation	(10,740)	(570,122)
Closing fair value of plan assets	2,636,628	2,957,688

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	As at	As at
	December 31, 2016	December 31, 2015
Investments with insurer	100%	100%

The principal assumptions used in determining defined benefit gratuity plan obligations is shown below:

Particulars	As at	As at
	December 31, 2016	December 31, 2015
Discount rate	6.75% p.a.	8.25% p.a.
Expected rate of return on plan assets	8.35% p.a.	8.75% p.a.
Salary Escalation Rate	10% for 1st year & 7% thereafter	10% for 1st year & 7% thereafter
Attrition rate:	As per table below	As per table below

Attrition rate used for the year ended December 31, 2016 and year ended December 31, 2015 are as per the table below:

Age (Years)	Rates
Below Age 30	15%
Age 30 to 34	10%
Age 35 to 44	5%
Age 45 to 50	3%
Age 51 to 54	2%
Age above 54	1%

The estimates of future salary increases takes into account the inflation, seniority, promotion and other relevant factors.

Amounts for the current and previous four years are as follows:

(Amount in Rs.)

	December 31, 2016	Gratuity			
		December 31, 2015	December 31, 2014	December 31, 2013	December 31, 2012
Defined benefit obligation	94,598,935	68,174,622	102,262,322	81,424,215	78,143,622
Plan assets	2,636,628	2,957,688	3,681,619	4,549,747	-
Surplus / (deficit)	(91,962,307)	(65,216,934)	(98,580,703)	(76,874,468)	(78,143,622)
Experience (Gains)/Losses adjustments on plan liabilities	3,555,113	(3,130,164)	(4,196,352)	(3,130,879)	2,63,983
Experience adjustments on plan assets	(10,740)	(570,122)	16,304	14,859	-

36. Particulars of Derivative Instruments and Unhedged Foreign Currency Exposure as at December 31, 2016 and December 31, 2015:

As of December 31, 2016, the Company has derivative financial instruments to sell USD 14,700,000 (Previous year USD 15,300,000), EURO 1,400,000 (Previous year EURO 1,850,000). The Company has not applied hedge accounting as these instruments do not qualify for hedge accounting. The Company has recognised mark-to-market gain of Rs. 26,417,667 (Previous year gain of Rs. 15,645,821) relating to such derivative financial instruments in the statement of profit and loss for the year ended December 31, 2016.

The particulars of Unhedged Foreign Currency Exposure as at December 31, 2016 and December 31, 2015 are as below:

	Currency	Foreign Currency amount		Closing foreign exchange rate		Amount in Rs.	
		December 31,		December 31,		December 31,	
		2016	2015	2016	2015	2016	2015
Liabilities							
Trade payables	USD	1,060,647	1,372,125	67.93	66.16	72,044,424	90,772,952
	EURO	977,863	1,205,149	71.66	72.11	70,071,718	86,906,910
	CHF	-	1,286	66.67	66.65	-	85,716
	NZD	1,025	29,065	47.29	45.31	48,487	1,316,914
	INR	84,000	84,000	1.00	1.00	84,000	84,000
	GBP	80,886	-	83.46	-	6,750,988	-
	BGN	1,713	-	36.37	-	62,308	-
Assets							
Trade receivables (Gross)	USD	5,786,604	7,177,302	67.93	66.16	393,055,065	474,814,418
	EURO	1,371,679	2,382,243	71.66	72.11	98,291,791	171,790,669
	GBP	325,570	161,406	83.46	98.07	27,173,011	15,828,279
	SGD	10,253	35,600	47.01	46.83	481,980	1,666,947
	MYR	19,600	14,700	15.15	15.46	296,920	227,233
	CAD	254,128	223,678	50.39	47.67	12,805,510	10,661,627
	NZD	-	89,506	-	45.31	-	4,055,501
	RON	15,830	19,574	15.71	16.01	248,673	313,438
Loans and advances	USD	5,344	9,229	67.93	66.16	363,014	610,547
	SGD	25,332	34,700	47.01	46.83	1,190,807	1,624,828
	NZD	244	4,877	47.29	45.31	11,522	220,991
	GBP	942	-	83.46	-	78,656	-
Cash and bank balances	USD	2,599,745	2,284,432	67.93	66.16	176,587,671	151,126,604
	EURO	378,939	1,007,780	71.66	72.11	27,153,990	72,674,030
	GBP	56,581	2,726	83.46	98.07	4,722,420	267,349
	CHF	3,103	4,974	66.67	66.65	206,856	331,532
	CAD	6,318	117	50.39	47.67	318,341	5,577
	NZD	10,271	146,319	47.29	45.31	485,647	6,629,719

Above is on the basis of unhedged foreign currency exposures outstanding as at reporting date in the Company and its subsidiaries.

The below table shows detail of different currencies:

Sl. No.	Currency Abbreviation	Name of Currency	Country
1	GBP	Great Britain Pound	United Kingdom
2	EURO	Euro	European Union
3	CHF	Swiss Franc	Switzerland
4	USD	US Dollar	United States
5	SGD	Singapore Dollar	Singapore
6	BGN	Bulgarian Lev	Bulgaria
7	MYR	Malaysian Ringgit	Malaysia
8	INR	Indian Rupee	India
9	NZD	New Zealand Dollar	New Zealand
10	CAD	Canadian Dollar	Canada
11	RON	Romanian Leu	Romania

37. Additional Information pursuant to para 2 of general instruction for the preparation of consolidated financial statements

S. No.	Name of the entity	Net Assets, i.e., total assets minus total liabilities as at		Share in profit or loss for the year ended			
		December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015		
		As % of consolidated net assets	Amount in Rs.	As % of consolidated profit or loss	Amount in Rs.		
	Parent Entity						
1	R Systems International Limited, India	67.94	2,203,451,727	69.23	412,138,007	95.07	906,439,976
	Subsidiaries						
	Indian Subsidiaries						
1	IBIZ Consultancy Services India Private Limited., India	(0.20)	(6,358,562)	0.11	678,045	0.06	564,070
2	R Systems Products & Technologies Private Limited, India (refer note 1 below)	-	-	-	-	(0.15)	(1,461,547)
	Foreign Subsidiaries						
1	R Systems (Singapore) Pte Limited, Singapore	10.26	332,677,146	2.81	16,715,945	(0.01)	(110,951)
2	R Systems, Inc., USA	17.07	553,594,894	10.31	61,367,038	9.89	94,268,585
3	R Systems Technologies Ltd., USA (formerly known as Indus Software, Inc.)	(0.50)	(16,350,737)	0.57	3,418,716	0.25	2,359,230
4	ECnet Limited, Singapore	2.02	65,483,490	(1.07)	(6,347,909)	(4.56)	(43,474,140)
5	ECnet (M) Sdn. Bhd., Malaysia	(1.21)	(39,094,140)	(2.88)	(17,138,050)	(1.92)	(18,273,902)
6	ECnet, Inc., USA	(6.64)	(215,468,318)	(0.00)	(29,144)	(0.00)	(36,996)
7	ECnet (Hong Kong) Limited, Hong Kong	0.38	12,324,272	0.47	2,771,241	0.07	685,377
8	ECnet Systems (Thailand) Co. Limited, Thailand	(0.30)	(9,872,982)	(1.44)	(8,600,189)	(0.32)	(3,091,655)
9	ECnet Kabushiki Kaisha, Japan	(1.00)	(32,526,051)	0.39	2,314,689	0.25	2,346,435
10	ECnet (Shanghai) Co. Limited, People's Republic of China	(0.85)	(27,567,685)	(0.33)	(1,965,748)	0.13	1,242,197
11	Computaris International limited, UK	7.93	257,320,008	12.96	77,144,913	2.00	19,070,113
12	Computaris Romania Srl, Romania	2.64	85,698,863	3.93	23,378,658	1.99	18,948,903
13	Computaris Polska Sp. z o.o., Poland	(0.04)	(1,145,546)	0.25	1,483,203	0.66	6,263,657
14	ICS Computaris International Srl, Moldova	0.52	16,931,736	(0.26)	(1,549,284)	(0.24)	(2,313,431)
15	Computaris Malaysia Sdn. Bhd., Malaysia	0.05	1,755,358	0.12	690,124	0.04	427,282
16	Computaris USA, Inc., USA	0.45	14,460,280	0.06	375,932	0.38	3,576,745

S. No.	Name of the entity	Net Assets, i.e., total assets minus total liabilities as at		Share in profit or loss for the year ended	
		December 31, 2016		December 31, 2016	
		As % of consolidated net assets	Amount in Rs.	As % of consolidated profit or loss	Amount in Rs.
17	Compartaris Philippines Pte. Ltd. Inc., Philippines (refer note 3 below)	0.42	13,730,554	(0.00)	(18,443)
18	RSYS Technologies Ltd., Canada (formerly known as Systèmes R. International Ltée, Canada)	(0.37)	(11,904,999)	(0.95)	(5,676,886)
19	IBIZCS Group Pte Limited, Singapore	1.58	51,081,577	(0.21)	(1,269,019)
20	IBIZ Consulting Services Pte Ltd., Singapore	0.62	19,964,876	3.80	22,633,510
21	IBIZ Consulting Services Sdn. Bhd., Malaysia	0.22	7,231,944	1.08	6,439,356
22	PT. IBIZCS Indonesia, Indonesia	0.96	31,263,541	1.80	10,742,731
23	IBIZ Consulting Service Limited, Hong Kong	0.02	610,759	0.06	344,329
24	IBIZ Consulting Service Shanghai Co., Ltd., People's Republic of China	(1.97)	(64,125,114)	(0.81)	(4,754,210)
25	R Systems Solutions, Inc., USA (refer note 2 below)	-	-	-	-
	Sub total	100.00	3,243,166,892	100.00	595,287,555
	Adjustment arising out of consolidation		(390,875,354)		24,857,077
	Total		2,779,729,938		536,883,864
			2,428,564,902		978,298,375

Notes :

1. Ceased to be subsidiary w.e.f. July 7, 2015 [refer note 30 (g)].
2. Merged with R Systems Inc., USA w.e.f. December 10, 2015 [refer note 30 (f)].
3. Incorporated w.e.f. May 23, 2016.

38. Cash and bank balances

(Amount in Rs.)

Sl. No.	Particulars	As at December 31, 2016	As at December 31, 2015
	Cash on hand (A)	765,905	902,189
	Balance with scheduled banks		
	On current accounts		
1	ICICI Bank Limited	3,266,774	1,506,070
2	HDFC Bank Limited	3,209,319	4,734,138
3	Oriental Bank of Commerce	531,873	685,947
4	State Bank of India	1,835,409	1,054,484
5	Axis Bank Limited	8,242,997	8,519,878
6	State Bank of Bikaner & Jaipur	279,897	42,097
7	Kotak Mahindra Bank Limited	308,534	243,443
8	Bank of Baroda	485,647	6,654,719
	Total (B)	18,160,450	23,440,776
	On cash credit / overdraft accounts*		
1	Axis Bank Limited	-	-
	Total (C)	-	-
	On EEFC accounts		
1	ICICI Bank Limited- USD	14,538,630	10,012,753
2	State Bank of India – USD	340	331
3	Axis Bank Limited-USD	62,732,913	1,501,362
4	Axis Bank Limited-EURO	6,680,014	818,540
5	Axis Bank Limited-GBP	458,042	267,349
6	Axis Bank Limited-CHF	318,341	5,577
7	Kotak Mahindra Bank Limited -USD	10,576,352	-
	Total (D)	95,304,632	12,605,912
	On deposit accounts		
1	State Bank of India	7,199,485	6,163,941
2	ICICI Bank Limited	303,213	282,954
3	State Bank of Bikaner & Jaipur	27,200,000	26,900,000
4	Axis Bank Limited	153,038,996	38,219,224
5	Kotak Mahindra Bank Limited	88,000,000	110,400,000
6	HDFC Bank Limited	11,000,000	10,200,000
	Total (E)	286,741,694	192,166,119
	On unclaimed dividend accounts		
1	Kotak Mahindra Bank Limited	108,299	108,299
2	HDFC Bank Limited	2,466,715	2,670,852
	Total (F)	2,575,014	2,779,151
	Balance with other banks		
	On current accounts		
1	California Bank & Trust, USA	443,277,739	353,174,088
2	Citibank Singapore Ltd, Singapore	30,646,811	38,053,077
3	DBS Bank Ltd, Singapore	22,595,217	25,573,469
4	Malayan Banking Berhad, Malaysia	16,863,266	24,993,822
5	Hang Seng Bank Limited, Hong Kong	6,419,140	5,332,952
6	Citibank NA, Thailand	2,736,610	5,955,845
7	Bank of China, China	17,899,759	24,574,162
8	Sumitomo Mitsui Banking Corporation, Japan	307,636	189,889

(Amount in Rs.)

Sl. No.	Particulars	As at December 31, 2016	As at December 31, 2015
9	Mizuho Bank Ltd, Japan	207,761	244,465
10	The Bank of Tokyo-Mitsubishi UFJ, Ltd., Japan	412,224	169,123
11	Natwest Bank	152,659,720	133,877,312
12	Bank Zachodni WBK SA	27,411,998	20,642,314
13	Mobiasbanca - Groupe Societe Generale SA	2,110,334	2,670,706
14	BRD Groupe Societe Generale SA	2,307,097	2,672,995
15	CIMB Bank BHD	1,844,553	834,814
16	Royal Bank of Canada	6,579,679	646,782
17	ING Bank N.V. Amsterdam - Bucharest	362,646	1,948,650
18	Overseas-Chinese Banking Corporation Limited	3,484	210,963
19	Standard Chartered Bank, Singapore	-	118,537
20	Bank Permata Tbk, PT	23,715,647	8,217,988
21	DBS Bank (China) Ltd.	8,605,260	4,142,997
22	Standard Chartered Bank, Hong Kong	3,072,165	4,864,744
23	Citibank N.A., USA	1,137,054	-
24	BDO UNIBANK Inc.	304,603	-
	Total (G)	771,480,403	659,109,694
	On deposit accounts		
1	Mobiasbanca - Groupe Societe Generale SA	543,388	536,889
2	BRD Groupe Societe Generale SA	6,143,322	10,229,826
3	Natwest Bank	-	15,967,164
4	Citibank Singapore Ltd, Singapore	5,172,999	4,215,663
5	BDO UNIBANK Inc.	12,815,614	-
	Total (H)	24,675,323	30,949,542
	Less: Amount disclosed under other non - current assets (refer note 15.2)	(56,458,271)	(70,486,516)
	Total cash and bank balance (refer note 16)	1,143,245,150	851,466,867

* Cash credit limit / Bank guarantee / Loan equivalent risk / Letter of credit is secured by first charge by way of hypothecation of entire current assets and collateral over an immovable property situated in Noida.

39. Previous year figures have been regrouped / reclassified where necessary to make them comparable to the current year classification. Further, as indicated in note 2 above, certain changes had taken place in the group structure. Accordingly, the current year figures are not strictly comparable with previous year figures.

As per our report of even date.

For S.R. Batliboi & Associates LLP
ICAI Firm registration number: 101049W/E300004
Chartered Accountants

For and on behalf of the Board of Directors of R Systems International Limited

Sd/-
per Yogender Seth
Partner
Membership No. 94524

Sd/-
Satinder Singh Rekhi
[Managing Director]
[DIN: 00006955]

Sd/-
Lt. Gen. Baldev Singh (Retd.)
[President & Senior
Executive Director]
[DIN: 00006966]

Sd/-
Nand Sardana
[Chief Financial Officer]

Sd/-
Ashish Thakur
[Company Secretary &
Compliance Officer]

Place: Gurgaon
Date : February 10, 2017

Place: Singapore
Date : February 10, 2017

Place: NOIDA
Date : February 10, 2017

Place: NOIDA
Date : February 10, 2017

Place: NOIDA
Date : February 10, 2017

Form AOC-1
Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures
 (Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

List of Subsidiaries

S. No.	Name of the Subsidiary	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Reporting currency for the relevant financial year in the case of foreign subsidiaries	Exchange rate as on the last date of the relevant financial year	Share capital	Reserves & surplus	Total assets	Total liabilities	Investments (other than subsidiary and fellow associates)	Turnover	Profit before taxation	Provision for taxation	Profit after taxation	Proposed dividend	% of Shareholding
1	R Systems (Singapore) Pte Limited, Singapore	December 31, 2016	Singapore Dollar	47.01	259.59	73.09	418.99	86.31	-	358.21	17.17	0.45	16.72	-	100.00%
2	R Systems, Inc., USA	December 31, 2016	US Dollar	67.93	85.62	467.98	683.21	129.61	-	1,458.62	64.78	3.41	61.37	-	100.00%
3	R Systems Technologies Ltd., USA (formerly known as Indus Software, Inc.)	December 31, 2016	US Dollar	67.93	10.79	(27.14)	11.54	27.89	-	101.88	2.54	(0.88)	3.42	-	100.00%
4	ECnet Limited, Singapore (1)	December 31, 2016	Singapore Dollar	47.01	2,438.89	(2,373.41)	113.39	47.91	-	183.30	(6.35)	-	(6.35)	-	99.75%
5	ECnet (M) Sdn. Bhd., Malaysia (2)	December 31, 2016	Malaysian Ringgit	15.15	7.35	(46.45)	26.81	65.91	-	74.94	(17.13)	0.01	(17.14)	-	99.75%
6	ECnet, Inc., USA (2)	December 31, 2016	US Dollar	67.93	0.09	(215.56)	1.56	217.03	-	-	(0.03)	-	(0.03)	-	99.75%
7	ECnet (Hong Kong) Limited, Hong Kong (2) & (4)	December 31, 2016	Hong Kong Dollar	8.77	0.00	12.32	13.75	1.43	-	8.55	3.22	0.45	2.77	-	99.75%
8	ECnet Systems (Thailand) Co. Limited, Thailand (2)	December 31, 2016	Thai Baht	1.90	2.34	(12.21)	11.21	21.08	-	30.32	(8.60)	-	(8.60)	-	99.75%
9	ECnet Kabushiki Kaisha, Japan (2)	December 31, 2016	Japanese Yen	0.58	4.29	(36.81)	0.96	33.48	-	1.73	2.31	-	2.31	-	99.75%
10	ECnet (Shanghai) Co. Limited, People's Republic of China (2)	December 31, 2016	Chinese Yuan	9.79	9.12	(36.69)	19.51	47.08	-	33.64	(1.97)	-	(1.97)	-	99.75%
11	Computaris International limited, UK	December 31, 2016	Euro	71.66	0.05	257.27	440.13	182.81	-	828.50	81.04	3.90	77.14	-	100.00%
12	Computaris Romania Srl, Romania (3)	December 31, 2016	Romanian leu	15.71	0.02	85.68	107.81	22.11	-	407.35	28.77	5.39	23.38	-	100.00%
13	Computaris Polska Sp. z o.o., Poland (3)	December 31, 2016	Polish Zloty	16.18	0.80	(1.95)	102.85	104.00	-	234.77	2.99	1.51	1.48	-	100.00%
14	ICS Computaris International Srl, Moldova (3)	December 31, 2016	Moldovan leu	3.40	0.02	16.91	18.05	1.12	-	48.30	(0.74)	0.81	(1.55)	-	100.00%
15	Computaris Malaysia Sdn. Bhd., Malaysia (3)	December 31, 2016	Malaysian Ringgit	15.15	0.01	1.74	2.21	0.46	-	13.90	1.08	0.39	0.69	-	100.00%
16	Computaris USA, Inc., USA (3) & (5)	December 31, 2016	US Dollar	67.93	0.00	14.46	53.67	39.21	-	136.09	0.46	0.09	0.37	-	100.00%
17	Computaris Philippines Pte. Ltd. Inc., Philippines (3) & (10)	December 31, 2016	Philippine Peso	1.37	14.48	(0.75)	35.38	21.65	-	19.03	(0.03)	(0.01)	(0.02)	-	100.00%
18	RSYS Technologies Ltd., Canada (formerly known as Systèmes R. International Ltée)	December 31, 2016	Canadian Dollar	50.39	5.04	(16.94)	13.85	25.75	-	24.43	(5.68)	-	(5.68)	-	100.00%
19	IBIZCS Group Pte Limited, Singapore (6)	December 31, 2016	Singapore Dollar	47.01	54.09	(3.01)	68.46	17.38	-	-	(1.27)	-	(1.27)	-	100.00%

S. No.	Name of the Subsidiary	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Reporting currency for the relevant financial year in the case of foreign subsidiaries	Exchange rate as on the last date of the relevant financial year	Share capital	Reserves & surplus	Total assets	Total liabilities	Investments (other than subsidiary and fellow associates)	Turnover	Profit before taxation	Provision for taxation	Profit after taxation	Proposed dividend	% of Shareholding
20	IBIZ Consulting Services Pte Ltd., Singapore (7)	December 31, 2016	Singapore Dollar	47.01	68.98	(49.02)	92.70	72.74	-	255.05	21.74	(0.89)	22.63	-	100.00%
21	IBIZ Consulting Services Sdn. Bhd., Malaysia (7)	December 31, 2016	Malaysian Ringgit	15.15	4.10	3.13	38.39	31.16	-	66.39	7.25	0.81	6.44	-	100.00%
22	PT. IBIZCS Indonesia, Indonesia (7)	December 31, 2016	Indonesia Rupiah	0.01	11.13	20.13	54.70	23.44	-	47.97	14.01	3.27	10.74	-	100.00%
23	IBIZ Consultancy Services India Private Limited, India (7) & (9)	December 31, 2016	Indian Rupee	1.00	0.50	(6.86)	13.33	19.69	-	23.92	0.31	(0.37)	0.68	-	100.00%
24	IBIZ Consulting Service Limited, Hong Kong (7)	December 31, 2016	Hong Kong Dollar	8.77	0.08	0.53	59.32	58.71	-	8.68	0.34	-	0.34	-	100.00%
25	IBIZ Consulting Service Shanghai Co, Ltd., People's Republic of China (8)	December 31, 2016	Chinese Yuan	9.79	4.98	(69.11)	9.13	73.26	-	15.92	(4.75)	-	(4.75)	-	100.00%

Notes :

- R Systems International Limited holds 69.37% directly in ECnet Limited, Singapore and 30.38% shares through its wholly owned subsidiary i.e. R Systems (Singapore) Pte Limited, Singapore and thus together it holds 99.75% of total capital of ECnet Limited, Singapore.
- Wholly owned subsidiary of ECnet Limited, Singapore which is the subsidiary of R Systems International Limited as explained in note no 1.
- Wholly owned subsidiary of Computaris International Limited, United Kingdom, which is the wholly owned subsidiary of R Systems International Limited.
- The absolute amount of share capital in ECnet (Hong Kong) Limited, Hong Kong is Rs. 12 /- (2 ordinary shares of HKD 1 each).
- The absolute amount of share capital in Computaris USA, Inc., USA is Rs. 4,558 /- (100 ordinary shares of USD 1 each).
- Wholly owned subsidiary of R Systems (Singapore) Pte Ltd., Singapore which is the wholly-owned subsidiary of R Systems International Limited.
- Wholly owned subsidiary of IBIZCS Group Pte Limited, Singapore which is the wholly-owned subsidiary of R Systems (Singapore) Pte Limited, Singapore as explained in note no. 6.
- Wholly owned subsidiary of IBIZ Consulting Service Limited, Hong Kong which is the wholly-owned subsidiary of IBIZCS Group Pte Limited, Singapore as explained in note no. 7
- Reporting period for all the subsidiaries is financial year i.e. January to December except for IBIZ Consultancy Services India Private Limited which follow April to March as its financial year.
- Computaris Philippines Pte. Ltd. Inc., Philippines is incorporated on May 23, 2016.

For and on behalf of the Board of Directors of R Systems International Limited

Sd/-

Satinder Singh Rekhi

[Managing Director]

[DIN: 00006955]

Place : Singapore

Date : February 10, 2017

Sd/-

Lt. Gen. Baldev Singh (Retd.)

[President & Senior Executive Director]

[DIN: 00006966]

Place : NOIDA

Date : February 10, 2017

Sd/-

Nand Sardana

[Chief Financial Officer]

Place : NOIDA

Date : February 10, 2017

Sd/-

Ashish Thakur

[Company Secretary & Compliance Officer]

Place : NOIDA

Date : February 10, 2017

NOTICE

R SYSTEMS INTERNATIONAL LIMITED

NOTICE OF THE TWENTY THIRD ANNUAL GENERAL MEETING

[Corporate Identification Number – L74899DL1993PLC053579]

Registered Office: B-104 A, Greater Kailash – I, New Delhi – 110 048

Corporate Office: C-40, Sector -59, NOIDA, Distt. Gautam Budh Nagar, U.P. – 201 307, India

Tel.: +91 – 120 – 4303500; Fax: +91 – 120 – 2587123

Website: www.rsystems.com; Email: investors@rsystems.com

NOTICE is hereby given that Twenty Third Annual General Meeting of the shareholders of R SYSTEMS INTERNATIONAL LIMITED (the "Company"/ "R Systems") will be held on Monday, May 15, 2017 at 9:00 A.M. at Air Force Auditorium, Subroto Park, New Delhi - 110 010 for transacting the following business:

AS ORDINARY BUSINESS

1. To receive, consider, approve and adopt audited financial statements of the Company for the financial year ended December 31, 2016 and the Reports of the Board of Directors and the Auditors thereon and the consolidated financial statements for the year ended on that date together with the reports of auditors.
2. To appoint a director in place of Lt. Gen. Baldev Singh (Retd.) (DIN: 00006966), who retires by rotation and being eligible, offers himself for re-appointment.
3. To consider the appointment of M/s Deloitte Haskins & Sells LLP, Chartered Accountants as Statutory Auditors in place of retiring Auditors, M/s S. R. Batliboi & Associates LLP, Chartered Accountants and, if thought fit, to pass with or without modification(s) the following resolution as an **ORDINARY RESOLUTION**:

"RESOLVED THAT pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Audit and Auditors) Rules, 2014, (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), M/s Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration No. 117366W/W-100018) be and is hereby appointed as Statutory Auditors of the Company in place of M/s S. R. Batliboi & Associates LLP, retiring Statutory Auditors, to hold office from the conclusion of this Meeting until the conclusion of the 28th Annual General Meeting of the Company, subject to ratification of their appointment by members at every Annual General Meeting, at such remuneration as may be fixed by Board of Directors of the Company."

AS SPECIAL BUSINESS

APPOINTMENT OF INDEPENDENT DIRECTORS

4. To consider the appointment of Mr. Kapil Dhameja (DIN: 02889310), as an Independent Director and if thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**.

"RESOLVED THAT pursuant to the provisions of Sections 149, 150 and 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors), Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), Mr. Kapil Dhameja (DIN: 02889310) who was appointed as an Additional Director on June 29, 2016 in accordance with the provision of Section 161 of the Companies Act, 2013 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term upto June 28, 2021, subject to Mr. Kapil Dhameja satisfying the criteria of independence in terms of the Companies Act, 2013, the Rules made thereunder and the Listing Regulations and shall not be liable to retire by rotation.

5. To consider the appointment of Mr. Aditya Wadhwa (DIN: 07556408) as an Independent Director and if thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**:

"RESOLVED THAT pursuant to the provisions of Sections 149, 150 and 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors), Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), Mr. Aditya Wadhwa (DIN: 07556408) who was appointed as an Additional Director on June 29, 2016 in accordance with the provision of Section 161 of the Companies Act, 2013 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term upto June 28, 2021, subject to Mr. Aditya Wadhwa satisfying the criteria of independence in terms of the Companies Act, 2013, the Rules made thereunder and the Listing Regulations, and shall not be liable to retire by rotation.

6. To consider and determine the fees for delivery of any document through a particular mode of delivery to a member and in this regard, to consider and, if thought fit, to pass the following resolution as an **ORDINARY RESOLUTION**:

“RESOLVED THAT pursuant to the provisions of Section 20 and other applicable provisions, if any, of the Companies Act, 2013 and relevant rules prescribed thereunder, the consent of the Company be and is hereby accorded to charge from a member in advance, a sum equivalent to the estimated actual expenses of delivery of the documents through a particular mode, if any, request has been made by such member for delivery of such document to him through such mode of service provided such request along with the requisite fee has been duly received by the Company at least one week in advance of the dispatch of the document by the Company.

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

By Order of the Board
For R Systems International Limited

Sd/-

Place : NOIDA

Ashish Thakur

Date : April 06, 2017 (Company Secretary & Compliance Officer)

NOTES

- (I) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY SO APPOINTED NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES IN ORDER TO BE EFFECTIVE SHOULD BE DULY COMPLETED, STAMPED AND SIGNED AND MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE AFORESAID MEETING.
- (II) Pursuant to Section 105 of Companies Act, 2013 and rules made thereunder, a person shall not act as a proxy for more than 50 members and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. However, a member holding more than ten percent of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person.
- (III) Corporate members intending to send their authorised representatives are requested to send a duly certified copy of the board or governing body resolution authorising the representatives to attend and vote at the Annual General Meeting.
- (IV) Members / proxies attending the meeting are requested to:
- bring their copies of annual report sent to the members, as copies of the annual report shall not be distributed at the Annual General Meeting;
 - note that no gift coupons shall be distributed at the Annual General Meeting; and
- quote their Folio / Client ID and DP ID number in all correspondences.
- (v) The register of members and share transfer books of the Company shall remain closed from May 11, 2017 to May 15, 2017 (both days inclusive) for the purpose of Annual General Meeting.
- (vi) Members holding shares in electronic form are advised to notify the changes, if any, in their address / bank details / mandate to their respective depository participants.
- (vii) Any query proposed to be raised at the Annual General Meeting may be sent to the Company at its registered office or corporate office at least seven days prior to the date of the meeting to enable the management to compile the relevant information to respond to the query in the meeting. The envelope may please be superscribed “Attention: Mr. Ashish Thakur, Company Secretary & Compliance Officer”.
- (viii) Members holding shares in physical form, may write to the Company or to the registrar and share transfer agent Link Intime India Private Limited for any change in their addresses and bank mandate. Members holding shares in electronic form may write to their depository participants for immediate updation.
- (ix) The statutory register maintained under Section 189 of the Companies Act, 2013 and Section 170 of the Companies Act, 2013, the certificate of the auditors of the Company certifying the implementation of the Company’s stock option plans / schemes in accordance with the SEBI (Share Based Employee Benefits) Regulations, 2014 as amended and the resolutions passed by the members in the general meeting, will be available at the venue of the Annual General Meeting for inspection by members.
- (x) All documents referred to in the Notice and accompanying explanatory statements as well as the annual accounts of the subsidiaries etc., are open for inspection at the registered office of the Company on all working days between 11:00 A.M. to 02:00 P.M. up to the date of the Annual General Meeting.
- (xi) Members / proxies are requested to bring the attendance slips duly filled in and signed for attending the Meeting.
- (xii) Pursuant to the provisions of Section 72 of the Companies Act, 2013, shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in Form SH-13 (which will be made available on request) to the registrar and share transfer agent Link Intime India Private Limited or can be downloaded from the following URL http://www.rsystems.com/investors/download_index.aspx
- (xiii) Pursuant to the provisions of Section 124 of the Companies Act, 2013, dividend which remains unpaid or unclaimed for a period of seven years from the date of its transfer to unpaid dividend account, is required to be transferred by the Company to Investor Education and Protection Fund (‘IEPF’), established by the Central Government under the provisions of Section 125 of the Companies Act, 2013. Shareholders are advised to claim the unclaimed dividend lying in the unpaid dividend account from

the Company's registrar and share transfer agent Link Intime India Private Limited or directly from the Company. It may be noted that once the unclaimed dividend is transferred to IEPF of the Central Government as above, no claim shall lie in respect thereof against the Company.

- (xiv) As a part of its green initiative in Corporate Governance, the Ministry of Corporate Affairs, Government of India had allowed companies to send various notices/documents to their Members through electronic mail. In terms of the provisions of the Companies Act, 2013, a company can serve Notice of the General Meeting of Members, Annual Report through electronic mode to the shareholders who have registered their e-mail address either with the Company or with the Depository Participant. Accordingly, the Annual Report of the Company comprising of Financial Statements, Directors' Report, Auditors' Reports, Notice etc. are being sent on the email addresses of the members made available to the Company by the Depositories (NSDL/CDSL) or registered by the Members with the Company or RTA of the Company.
- (xv) The Annual Report for the year December 31, 2016 and Notice for convening the Twenty Third Annual General Meeting of the Company being circulated to the members of the Company is available on the Company's website, viz. http://www.rsystems.com/investors/Annual_reports.aspx
- (xvi) Members who have not registered their e-mail addresses so far are requested to register their e-mail addresses to their Depository Participant for receiving all communications including Annual Report, Notices etc. from the Company in electronic mode.
- (xvii) Additional information, pursuant to Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 ("Listing Regulations"), in respect of directors recommended for approval of appointment/re-appointment at the Annual General Meeting and Explanatory Statement as required under Section 102 of the Companies Act, 2013, in respect of special business under item numbers 04 to 06 of the Notice is appended hereto and forms part of this Notice.
- (xviii) In compliance with the provisions of Regulation 44 of the Listing Regulations and Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide electronic voting facility to its members for transacting all the businesses as stated in the Notice for the Twenty Third Annual General Meeting of the Company through remote e-voting services being provided by Central Depository Services (India) Limited (CDSL).

The instructions for shareholders for remote e-voting are as under:

1. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.

2. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
3. The remote e-voting period begins on Thursday, May 11, 2017 at 10:00 a.m. and ends on Sunday, May 14, 2017 at 05:00 p.m.. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) i.e. Monday, May 08, 2017, may cast their vote electronically. The remote e-voting module shall be disabled by CDSL for voting thereafter.
4. The shareholders should log on to the e-voting website www.evotingindia.com.
5. Click on Shareholders.
6. Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
7. Next enter the Image Verification as displayed and Click on Login.
8. If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
9. If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form

PAN	Enter your 10 digit alpha-numeric PAN* issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) *Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Postal Ballot / Attendance Slip indicated in the PAN field.
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. #Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (6).

10. After entering these details appropriately, click on "SUBMIT" tab.
11. Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach

- 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is also to be used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for remote e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
12. For Members holding shares in physical form, the details can be used only for remote e-voting on the resolutions contained in this Notice.
 13. Click on the EVSN for the relevant <Company Name> (R Systems International Limited) on which you choose to vote.
 14. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
 15. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
 16. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
 17. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
 18. You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
 19. If you as Demat account holder have forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
 20. Note for Non – Individual Shareholders and Custodians
 - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
 21. Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Please follow the instructions as prompted by the mobile app while voting on your mobile.
 22. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.
- (xix) The voting rights of Shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date i.e. Monday, May 08, 2017.
 - (xx) Members are requested to notify the change in the address, if any, in case of shares held in electronic form to the concerned Depository Participant quoting their Client ID and in case of Physical shares to the Registrar and Transfer Agent.
 - (xxi) Mr. Sanjay Grover, Company Secretary in whole time practice (C.P No. 3850), has been appointed as the Scrutinizer to scrutinize the remote e-voting process in a fair and transparent manner.
 - (xxii) The Scrutinizer shall after the conclusion of voting at the AGM, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
 - (xxiii) The results of remote e-voting and poll on the resolutions shall be aggregated and declared on or after the AGM of the Company. Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the AGM.
 - (xxiv) The Results shall be declared on or after the AGM of the Company. The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company i.e. www.rsystems.com and on the website of CDSL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the Stock Exchanges i.e. National Stock Exchange of India Limited and BSE Limited.
 - (xxv) Route map of the venue of the Twenty Third Annual General Meeting is enclosed.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 3

Though not required statutorily, the below statement is provided as an additional information to the members.

M/s. S.R. Batliboi & Associates LLP, Chartered Accountants (ICAI Firm Registration No. 101049W/E300004) has been Associated with the Company as the Statutory Auditors for more than a decade. As per the provisions of Section 139 of the Companies Act, 2013 ("Act"), no listed company can appoint or re-appoint an audit firm as an auditor for more than two terms of five consecutive years. Section 139 of the Act has also provided a time period to comply with the aforesaid requirements i.e. a period which shall not be later than the date of the first annual general meeting of the company held after three years from the date of commencement of this Act.

M/s Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration No. 117366W/W-100018) have consented to the said appointment and confirmed that they are eligible for appointment as Statutory Auditors of the Company under Section 139 of the Act and meet the criteria for appointment specified in Section 141 of the Act .

Further, they have also confirmed that they are not disqualified from being appointed as auditors under the applicable provisions of the Act and the rules or regulations made thereunder and proposed appointment will be as per the terms provided under the provisions of the Act.

In view of the above, M/s Deloitte Haskins & Sells LLP, Chartered Accountants, being eligible for appointment and based on the recommendation of the Audit Committee, the Board of Directors has proposed the appointment of M/s Deloitte Haskins & Sells LLP, Chartered Accountants as the statutory auditors of the Company for a period of five years and to hold the office of Statutory Auditor from the conclusion of this AGM till the conclusion of the twenty-eighth AGM of the Company (subject to ratification of their appointment at every AGM).

None of the Directors or Key Managerial Personnel of the Company and their relatives are in any way concerned or interested, financially or otherwise, in this resolution.

The Board recommends the resolution as set out in Item no. 3 for approval of the Members to be passed as an Ordinary Resolution.

Item Nos. 04 and 05

Pursuant to the provisions of Section 161 of the Companies Act, 2013 and the rules made thereunder ('the Act') read with Articles of Association of the Company, Mr. Kapil Dhameja (DIN: 02889310) and Mr. Aditya Wadhwa (DIN: 07556408) were appointed as Additional Directors in the capacity of Independent Director of the Company w.e.f. June 29, 2016. Accordingly, the above Directors will hold office upto the date of ensuing Annual General Meeting.

The Company has received notice(s) in writing under the provisions of Section 160 of the Act from the member(s) of the Company, alongwith required deposit proposing the candidatures of Mr. Kapil Dhameja and Mr. Aditya Wadhwa for the office of Director(s) of the Company.

Mr. Dhameja and Mr. Wadhwa, have given a declaration to the Board that they meet the criteria of independence as provided under Section 149(6) of the Act and the Securities And Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). In the opinion of the Board, both directors fulfil the conditions specified in the Act and the rules made thereunder and the Listing Regulations for their appointment as Independent Directors of the Company and they are independent of the management. Mr. Dhameja and Mr. Wadhwa are not disqualified from being appointed as a Director in terms of Section 164 of the Act and they have given their consent to act as Director.

A brief profile of Independent Directors to be appointed, including nature of their expertise and other disclosure as required under Regulation 36(3) of the Listing Regulations, is provided at "**Annexure A**" of this Notice.

Terms & conditions of appointment of the aforesaid directors as Independent Directors are open for inspection without any fee by any member at the registered office of the company as per the details mentioned in note x.

Except these Directors, being appointees, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolutions set out at item Nos. 04 and 05.

The Board recommends the resolutions at Item Nos. 04 & 05 in relation to the appointment of Mr. Kapil Dhameja and Mr. Aditya Wadhwa as Independent Directors for the approval by the shareholders of the Company by way of Ordinary Resolutions.

Item No. 6

As per the provisions of Section 20 of the Companies Act, 2013, a document may be served on any member by sending it to him by post or by registered post or by speed post or by courier or by delivery at his office or residence address or by such electronic or other mode as may be prescribed. Further, proviso to sub-section (2) of Section 20 states that a member may request for delivery of any document through a particular mode, for which he shall pay such fees in advance as may be determined by the company in its Annual General Meeting. Accordingly, it is proposed that a sum equivalent to the estimated actual expenses of delivery of the documents through a particular mode, in case a request has been made by any member for delivery of such documents to him through such particular mode of service, be taken to cover the cost of such delivery.

None of the Directors or Key Managerial Personnel of the Company and their relatives are in any way concerned or interested, financially or otherwise, in this resolution.

The Board recommends the resolution as set out in Item no. 6 for approval of the Members to be passed as an Ordinary Resolution.

By Order of the Board
For R Systems International Limited

Sd/-

Ashish Thakur

(Company Secretary & Compliance Officer)

Place : NOIDA

Date : April 06, 2017

Annexure A

Details of Directors as on December 31, 2016 seeking appointment/ re-appointment at the Annual General Meeting to be held on May 15, 2017

(Pursuant to Regulation 36(3) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015)

Name of Director	Lt. Gen. Baldev Singh (Retd.)	Mr. Kapil Dhameja	Mr. Aditya Wadhwa
Date of Birth	September 21, 1940	November 8, 1976	February 21, 1987
Date of Appointment	September 1, 1997	June 29, 2016	June 29, 2016
Qualifications	Masters in Military Sciences- Madras University	Diploma in Business Management from IIM, Kolkatta and B. Tech., from IIT, Delhi	B.A. LL.B. (Hons.) NALSAR University, Hyderabad
Expertise in specific functional area	Lt. Gen. Baldev Singh (Retd.) has more than 50 years of experience, including handling top managerial, diplomatic and human resource development related assignments. Mr. Singh has a Masters in Military Sciences from the prestigious Madras University in India and attended two short courses at University of California at Berkeley, in Strategic Account Management and Marketing.	Mr. Kapil Dhameja, aged about 40 years, worked for over 10 years in Glaxo SmithKline consumer healthcare across South East Asia in various leadership positions including Country Head. Mr. Dhameja is a Director in Kapsa Wellness Pvt. Ltd. that own one of the largest Spa chain in the country.	Mr. Aditya Wadhwa aged about 30 Years has completed his B.A. LL.B from NALSAR University, Hyderabad. He is a member of Delhi State Bar Council. Mr. Wadhwa is a Partner at Wadhwa Law Chambers, where his practice areas are Business & Commercial laws, Civil & Criminal laws and Arbitration laws.
Directorship held in other Companies as on date	Nil	Kapsa Wellness Private Limited	Nil
Membership/ Chairmanship in Committees of other companies as on date	Nil	Nil	Nil
Number of shares held in the Company as on December 31, 2016	111,498 equity shares	Nil	Nil
Relationships between Directors inter-se	Lt. Gen. Baldev Singh (Retd.) is related to Mr. Satinder Singh Rekhi, Managing Director of the Company	Nil	Nil



R SYSTEMS INTERNATIONAL LIMITED

[Corporate Identification Number – L74899DL1993PLC053579]
 Registered Office: B-104 A, Greater Kailash – I, New Delhi – 110 048
 Corporate Office C-40, Sector -59, NOIDA, Distt. Gautam Budh Nagar, U.P. – 201 307, India
 Tel.: +91 – 120- 4303500; Fax: +91 – 120 – 2587123
 Website: www.rsystems.com; Email: investors@rsystems.com
 Twenty Third Annual General Meeting to be held on Monday, May 15, 2017 at 9:00 A.M. at
 Air Force Auditorium, Subroto Park, New Delhi - 110 010

PROXY FORM (Form no. MGT-11)

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies
(Management and Administration) Rules, 2014]

Name of the member (s).....

Registered address

E-mail Id..... Folio No. DP ID..... Client Id.....

I/We, being the member (s) of shares of the R Systems International Limited, hereby appoint

1. Name :.....

Address :.....

E-mail Id :.....

Signature :.....or failing him

2. Name :.....

Address :.....

E-mail Id :.....

Signature :.....or failing him

3. Name :.....

Address :.....

E-mail Id :.....

Signature :.....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Twenty Third Annual General Meeting of the Company, to be held on Monday, May 15, 2017 At 9:00 a.m. at Air Force Auditorium, Subroto Park, New Delhi - 110 010 and at any adjournment thereof in respect of such resolutions as are indicated below:

Ordinary business:

1. Adoption of Financial Statements.
2. Re-appointment of Lt. Gen. Baldev Singh (Retd.) (DIN: 00006966) who retires by rotation.
3. To Appoint Statutory Auditors.

Special Business:

4. Appointment of Mr. Kapil Dhameja (DIN: 02889310), as an Independent Director.
5. Appointment of Mr. Aditya Wadhwa (DIN: 07556408) as an Independent Director.
6. Determination of fees for delivery of any document through a particular mode of delivery to a member.

Signed this.....day of..... 2017.

Signature of Shareholder

Signature of Proxy Holder(s)



Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.



R SYSTEMS INTERNATIONAL LIMITED

[Corporate Identification Number – L74899DL1993PLC053579]
Registered Office: B-104 A, Greater Kailash – I, New Delhi – 110 048
Corporate Office C-40, Sector -59, NOIDA, Distt. Gautam Budh Nagar, U.P. – 201 307, India
Tel.: +91 – 120- 4303500; Fax: +91 – 120 – 2587123
Website: www.rsystems.com; Email: investors@rsystems.com
Twenty Third Annual General Meeting to be held on Monday, May 15, 2017 at 9:00 A.M. at
Air Force Auditorium, Subroto Park, New Delhi - 110 010

ATTENDANCE SLIP

Registered Folio No..... (or)

Demat Account No..... D.P. ID. No

Name of shareholder(s).....

I / We certify that I am / we are Member(s) / Proxy of the Member(s) of the Company holding..... shares.

I hereby record my presence at the Twenty Third Annual General Meeting of the Company to be held on Monday, May 15, 2017 At 09:00 a.m. at Air Force Auditorium, Subroto Park, New Delhi - 110 010.

.....
Signature of Member / Proxy

Notes:

1. A member or his duly appointed Proxy wishing to attend the meeting must complete this Attendance Slip and hand it over at the entrance.
2. Name of the Proxy in Block letters (in case the Proxy attends the meeting.)
3. Those who hold shares in Demat form shall quote their Demat Account No. and Depository Participant (D.P.) ID. No.

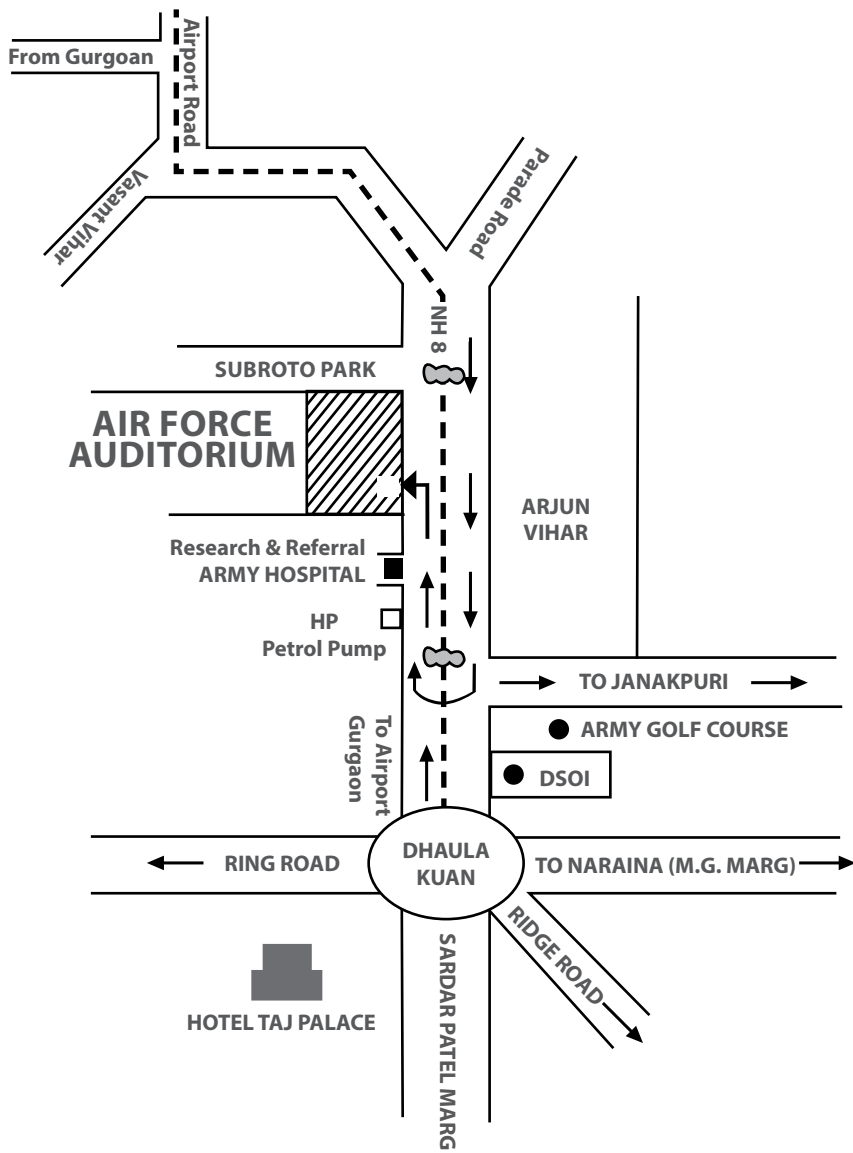


Electronic voting particulars

Electronic Voting Sequence No. (EVSN)	User ID	Sequence Number

Note: Please read the instructions printed under the Note No. xviii to the Notice dated April 06, 2017 of the Twenty Third Annual General Meeting. The remote e-voting period starts from 10:00 a.m. (IST) on Thursday, May 11, 2017 and ends at 05:00 p.m. (IST) on Sunday, May 14, 2017. The voting module shall be disabled by CDSL for voting thereafter.

Route map of the venue of 23rd Annual General Meeting of R Systems International Limited



Venue: Air Force Auditorium, Subroto Park, New Delhi - 110 010

Landmark: Adjacent to Research & Referral, Army Hospital



R Systems' journey of the last 24 years is similar to the journey of an oyster through the oceans of opportunities. An oyster travels across the oceans of opportunities and endures the challenges of the ocean currents in order to deliver value in the form of a pearl.

Similarly, we at R Systems, have grown in depth and expanded globally the scale of our operations by overcoming various odds and challenges in the last 24 years. In doing so, we have been delivering exceptional value to each of our stakeholders through our unstinted dedication, diligence and hard work.



R SYSTEMS INTERNATIONAL LIMITED

Registered Office: B - 104A, Greater Kailash - I, New Delhi - 110 048 (INDIA)

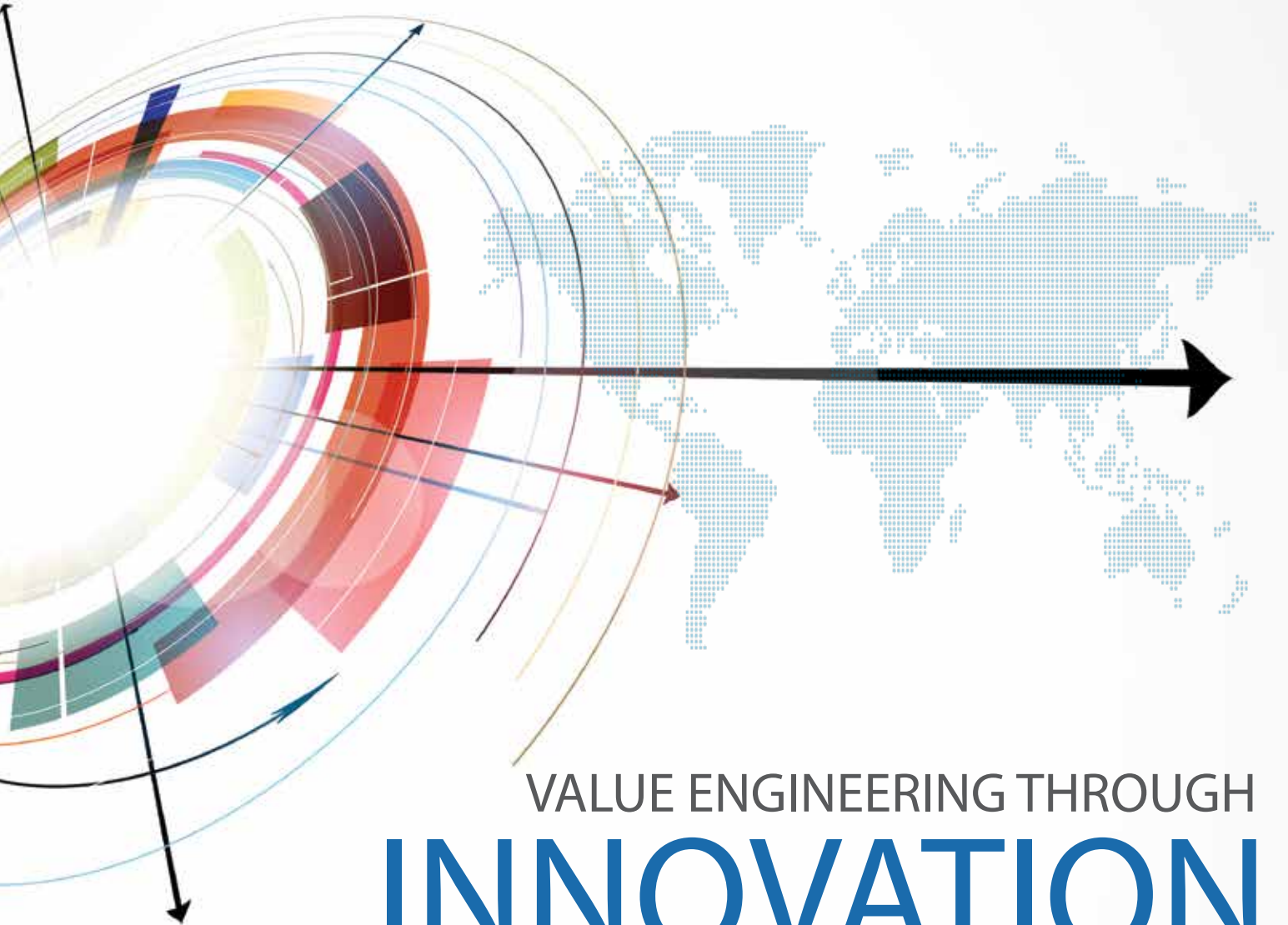
Corporate Office: C - 40, Sector - 59, Noida (U.P.) - 201 307 (INDIA)

www.rsystems.com



Caring - Innovating - Transforming

ANNUAL REPORT
2015



VALUE ENGINEERING THROUGH
INNOVATION



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Safe Harbor Statement:

Certain Statements in this report concerning our future growth prospects are forward-looking statements, which involves a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding the success of our investments, risks and uncertainties regarding fluctuations in earnings, our ability to manage growth, intense competition in IT and ITeS services and solutions including those factors which may affect our cost advantage, salary increases, our ability to attract and retain highly skilled professionals, time and cost overruns on fixed-price, fixed-time frame contracts, client concentration, restrictions on immigration, industry segment concentration, our ability to manage our international marketing and sales operations, reduced demand for technology and consulting services in our key focus areas, disruptions in telecommunication networks or system failures, our ability to successfully complete and integrate potential acquisitions and restructuring, liability for damages on our service contracts and product warranty, the success of the companies in which the Company has made strategic investments, withdrawal of governmental fiscal incentives, political instability and regional conflicts, legal restrictions on raising capital or acquiring companies outside India, and unauthorized use of our intellectual property and general economic conditions affecting our industry. The Company may, from time-to-time, make additional written and oral forward-looking statements and does not undertake to update any forward-looking statements that may be made from time-to-time by or on behalf of the Company.



Value Engineering through INNOVATION

What could be a more exciting phase and time than the current one for the Information Technology (IT) industry? The back-office automation enabler of yesteryears is now touching the lives and conscience of billions of end consumers, across the developed and developing geographies. Fast adoption of affordable smartphones and mobile internet are radically changing the way goods and services are getting populated and consumed.

In the digital era of today, the Enterprise as well as Government customers are looking at innovating the way they engage and transact with their end users. Ingenuity, simplicity, safety and speed are fast becoming the name of the game. As a leading global provider of IT and ITeS solutions and services, at R Systems, we are accelerating our innovation engine with a view to strengthen competitiveness and pioneering stint of our customers. We are striving to enhance value across 'everything we do' with a focus to deliver an engineered marvel, just like the 'oyster delivering the pearl.'

We are doing it by transcending conventional boundaries to exploring innovative solutions, often traversing into the uncharted territories. Our globally recognized Centres of Excellence (CoE) in all key verticals together with a global collaborative workforce is helping us excel our Value Engineering efforts. Breaking free from the pack, we are accelerating our innovation spree. All this with an aim to deliver significant value to our stakeholders—clients, employees, associates, investors and the communities we operate within. Riding on our robust value-engineering framework, we are pioneering innovation in every aspect of our business.

Combining our passion for client satisfaction, technology innovation, and deep industry & business process expertise, we keep the innovation engine humming. Led by our guiding principles, we continue to be Caring, Innovating, and Transforming. Building on an orchestrated social action, we seek to apprehend our obligation to look beyond our self-interest and engage with our stakeholders to create progressive changes.

The World of R Systems

Founded in 1993, we are a leading global provider of IT and ITeS solutions and services. Charting accelerated growth over the last 23 years, we have spread our global footprints with a strong presence in fast-growing markets. We have strengthened the world of services and solutions outsourcing.

We have been accelerating our progress by bringing together people, technology, and business on one hand and continuously rewarding all our stakeholders on the other. Our IT solutions and services span five major verticals namely Telecom & Digital Media, Banking & Finance, Healthcare, Manufacturing & Logistics, and Government Services.

We possess some of the industry's highest quality certifications and standards, including CMMI Level 5, PCMM Level 5, ISO 27001:2013 and ISO 9001:2008. Our commitment to operational excellence, and innovation champions our clients' businesses. Our global delivery model, expert associates, and multi-language support capabilities enable our customers to get to the next level.

Our Service Offerings

iPLM IT Services

Responding to the ever important need of enhancing customer experience through continuous value creation, our integrated product lifecycle management (iPLM) IT services help drive product innovation, accelerate turnaround time, and better quality throughout the product lifecycle. Designed on a robust product lifecycle management (PLM) strategy, these services help our clients realize the true value of PLM. With 1200+ expert resources servicing 100+ key customers, our iPLM solution enables a gradual shift from a functional perspective to a 'holistic business process' perspective of product development.

ITeS Services

Leveraging Information Technology towards improved organizational efficiency, we offer an entire gamut of ITeS services. Our key ITeS services include customer care and technical support, back office services, analytics services, and business process transformation. 350+ expert resources deliver these services to 10+ key customers by deploying our multi-lingual prowess and global delivery platform.

1700+ technical experts
servicing 150+ key customers

iPLM services drive product innovation, accelerate turnaround time, and better quality throughout the product lifecycle



Product Offerings

ECnet and IBIZ, our specialized units offer packaged solutions for specific industry verticals.

ECnet provides supply chain solutions for holistic management of the complex interaction between an organisation and its trading partners. The integrated solution aims to reduce all supply chain costs through improved collaboration and optimisation. Further, ECnet also operates as a Gold Channel Partner for Infor to resell, implement and support ERP, WMS, BI, and performance management solutions. It mainly serves SME and large businesses in the manufacturing and distribution industries. Headquartered in Singapore, their global footprint spans across Malaysia, Thailand, China, and Japan. ECnet deploys 90+ expert resources and caters to 20+ key customers.

IBIZ addresses industry segments of manufacturing, retail, wholesale distribution, marine and offshore, engineering services, apparel and textile. Its unique strength as a one-stop integrated solution provider is rooted in its core competence and technical know-how across a portfolio of “best-of-breed” technologies that include Microsoft Dynamics NAV (ERP), Microsoft Dynamics CRM, LS Retail Point-of-Sales, QlikView Business Intelligence, Microsoft Power BI, Mobility & RFID, Microsoft SharePoint, Microsoft Office 365 and Microsoft Azure. IBIZ operates across Singapore, Malaysia, Indonesia, China and India. IBIZ deploys 60+ expert resources and caters to 20+ key customers.

ECnet and IBIZ
offer specialized
packaged solutions
across Asia-Pacific

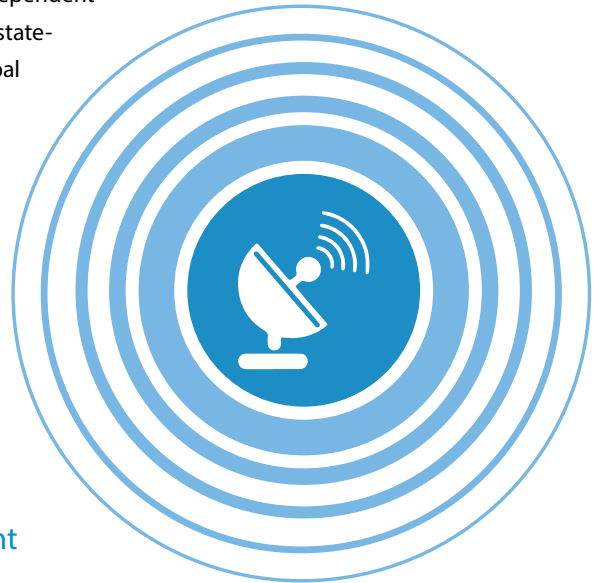


Our Industry Verticals

Telecom & Digital Media

The dynamically evolving and expanding Telecom & Digital Media domain needs to address the varied interests of consumers through new technologies. Rapid proliferation of content across smartphones, tablets, and other devices offer new possibilities, yet unexplored. Our Telecom & Digital Media Solutions lend an augmented media experience to our customers. Influencing improved ROI, our solutions place Communication Service Providers (CSPs), Original Equipment Manufacturers (OEMs), System Integrators (SI), and Independent Software Vendors (ISVs) in a profitable spot. In the past year, we established a state-of-the-art CoE for System Integration and Support Services, strengthened global partnerships with multiple vendors in complementing areas and penetrated deeper into the digital right management portfolio while providing end-to-end services to our global customers.

Computaris, our European subsidiary participated at the Mobile World Congress, the world's largest exhibition for the mobile industry. The conference featured prominent executives, who represented mobile operators, device manufacturers, technology providers, vendors, and content owners, across the world.



Core competencies

Digital Media Platforms

- IPTV – IPTV Middleware, Set Top Boxes, VoD Servers, DRM, and Security Solutions
- DVB (S/T/C): Multiplexing, CAS, SMS, Modulation.
- OTT: Transcoding adaptive bitrate, cloud OTT Solution delivery over internet

Mobile Applications

- Google Android Platform
- Apple iOS Platform
- Blackberry/RIM Development
- Nokia Symbian Platform
- Windows Mobile Platform

Business Support System (BSS)

- Customer and Services Management Solutions
- Mobile Virtual Network Operator Solutions
- Product Development
- Order Management

Value Added Services (VAS)

- Messaging Solutions for SMS (SMSC, SMSR), MMS (MMSC), USSD (Gateway) and Voicemail
- Service Delivery Platform and Service Management Solutions
- Device Management Solutions
- Location Based Services

Core Network Systems

- Subscriber Data Management
- Policy Control
- Legacy and Next Generation IN Systems

Services and solutions in Telecom and Digital Media

Services

- Product Development and Maintenance Services
- System Integration Services
- Technical Support and Managed Services
- Testing Services
- Database Management Services
- Infrastructure Management Services
- Cloud Services

Solutions

- Convergent Charging
- Mobile Broadband Management
- MVNO in a White Box
- Value Added Services

Key highlights of 2015

- R Systems rolled out two major back-end & client side releases and executed multiple device testing for a leading mobile telecommunications company.
- A USA-based innovator in digital media services, specializing in event content capture and its distribution worldwide, has engaged R Systems for development of a new EVO product for capturing live events through customized workflows.
- One of the leading telecom operators in Philippines has engaged R Systems' wholly owned subsidiary Computaris to implement a business support solution to empower it to launch flexible tariffs and services along with quick time-to-market and high scalability.

Banking & Finance

The key focus has been on developing and expanding a valued clientele. The active areas of concurrent progress include compliance, risk management, stringent cyber security framework, and holistic efficiency improvement. We leverage our proprietary iPLM solution as the key enabler of our varied Outsourced Product Development services. ISVs have continually utilized our economical, transparent, and valuable services in the Banking and Finance segment. Our Banking & Finance Centres of Excellence (in Noida and USA) ensure that economic institutions benefit and improve their operational efficacy, on a global scale.

R Systems participated at the ATMIA USA conference. This is one of the largest conferences in USA, specially focused on ATM industry.



Core competencies

ATM Services

- Branch Transformation
- Cardless Transaction
- Multi-Vendor Applications
- Deposit Automation
- ATM on Cloud
- ATM Management Solutions
- CRM Integration
- CEN/XFS
- EMV
- Messaging Protocol (NDC, DDC(91X), IFX, ISO8583)

Regulatory Compliance

- Freddie and Fannie, HAMP, GNMA, and CRA Reporting
- IRS Reporting
- Basel III
- Dodd Frank Compliance

Channel Integration

- ISO 8583 Messaging
- I-Banking
- ACH Processing
- ATM Switch, POS, and Telebanking
- Card Transaction Processing
- Third Party Integration and Interfaces
- Mobile and Tablet Banking
- Canadian CUPS and CUCBC

Retail Banking

- Account Opening
- Deposit Processing
- Loans and Mortgages
- Participation and Investor Loans
- Fraud and Risk Management

Services and solutions in Banking and Finance

Development Services

- Application Development
- Technology Migration
- Product Integration
- Mobile Banking Apps

Support Services

- Application Testing
- Automated Testing
- Requirement Engineering
- Solution Designs
- Regulatory Compliance Testing

Maintenance Services

- Application Maintenance
- Customization and Localization
- Client Care Support
- Analysis

Key highlights of 2015

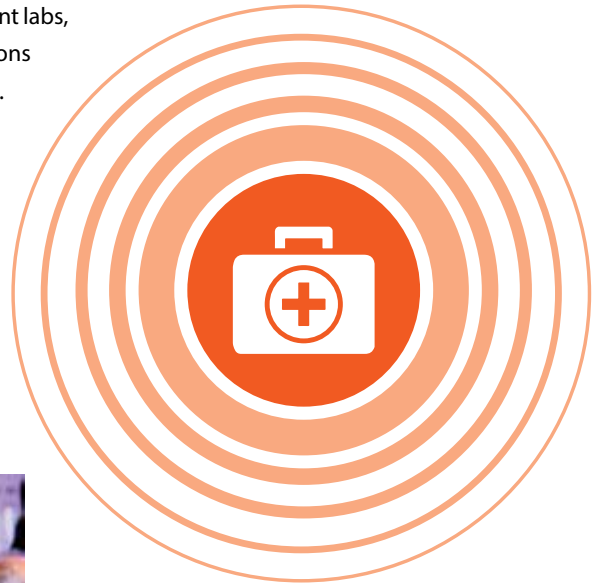
- R Systems has executed software development services, re-vamping existing system and applications using latest Microsoft technologies and engaged in developing a solution to support mobile banking on Android & iOS platforms, for one of the leading providers of multipurpose prepaid cards in USA.
- A USA-based corporation offering innovative financing solutions for renewable energy and energy efficiency projects has engaged R Systems to develop a solution that provides a single UI window to serve its customers across commercial, industrial and multifamily properties financing. This will enhance its productivity in customer handing and management and also expand its operations.

Healthcare

Riding upon a new wave of opportunity, the Healthcare industry has emerged as one of the largest sectors. In order to deliver cost-effective and high-quality care in a scalable fashion, healthcare players need a robust system and a sustainable delivery model in place.

We leverage our deep domain knowledge, technology prowess, and process expertise in helping leading global healthcare organizations navigate the rapidly changing landscape successfully. Our next generation IT Services and solutions include integrated Practice Management Systems, Electronic Health Records, and Revenue Cycle Management Services. Our global Centre of Excellence (CoE), state-of-the-art research and development labs, and highly qualified, and experienced professionals enable us to create solutions that can help organizations meet the challenges of tomorrow, innovatively. With a global delivery model and stringent quality and compliance standards in place, we have become one of the most sought after servicer of choice for the healthcare industry in USA.

R Systems attended HIMSS India Digital Healthcare Summit, 2015.



Core services

- Consulting
- Application Development and Maintenance
- Testing and QA
- Mobility - Apps Development
- BPO, RCM
- BI and Data Warehousing
- Analytics Services
- Hospital and HIE Integration
- Clinical Data Migration/Integration and Support

Services and solutions in Healthcare

Healthcare Provider

- Practice Management System (PMS)
- Electronic Medical Record (EMR)/ Electronic Health Record (EHR)
- Picture Archiving and Communication Systems (PACS)
- Radiology Information System (RIS)
- Laboratory Information System (LIS)
- Customer Relationship Management (CRM)
- Decision Support System
- HL7 & Interface Engine

- Interoperability – Healthcare Information Exchange (HIE)
- Advanced Payer Analytics
- ICD – 10 Transitions

Healthcare Payer

- Revenue Cycle Management
- Account Receivables Solutions and Services
- Electronic Billing (EDI) Transactions

Regulatory Compliance

- Affordable Care Act (ACA)
- HIPAA Compliance Support
- Federal/State
- UK/EU Compliances

Key highlights of 2015

- A USA-based company pioneering in designing, developing and deploying comprehensive training support programs for health care professionals and patients impacting clinician decision making, patient self-management and adherence, has given R Systems the mandate for developing and customizing an interactive multilingual training portal to support patients and physicians.
- A USA company offering cloud-based turnkey solutions to healthcare provider organizations, for performance management and quality improvement, has engaged R Systems to support its product customization and development.
- R Systems attended the HIMSS Annual Conference, 2015 at Chicago and the HIMSS India Digital Healthcare Summit, 2015 at Gurgaon. Senior Management from R Systems collaborated and networked with peers who faced similar challenges in the healthcare IT Industry.

Manufacturing & Logistics

Increasing competition, and changing marketing metrics in the global arena has amplified the demand for efficiency, supply chain, and inventory management besides securing a high revenue growth in the manufacturing and logistics sector.

We offer innovative manufacturing and logistics solutions through our subsidiary ECnet & IBIZ. With presence across Singapore, Malaysia, Thailand, and other countries in the Asia-Pacific region, the company offers a gamut of collaborative Supply Chain Solutions, Enterprise Solutions, and Custom-Built Solutions to our global clientele. Our unparalleled IT services under the iPLM umbrella allow clients streamline their business processes to achieve operational efficiency, as well as, a strong competitive edge in their respective industries.

ECnet notably participated in the Federation of Malaysian Manufacturers (FMM) SMI Conference and various other marketing seminars across Singapore, Malaysia, and Thailand during 2015.

IBIZ participated in a joint seminar with Microsoft and Singapore Chinese Chamber of Commerce (Singapore). Throughout the year they have actively engaged in monthly solution seminars, product update seminars, and many more events.



Core competencies

- Visibility Solution Services
- Logistics solutions for air, sea, and land
- Transport Management Services
- Freight Reservation Management
- Billing and Cost Management
- Custom Application Development
- Integration with ERP, WMS, and SCM
- CRM Implementation
- Business Intelligence

Services and solutions in Manufacturing and Logistics

Supply Chain Solutions

- Supply Chain Optimization
- Logistics Optimization
- Inventory Optimization
- Sourcing Optimization
- e-Commerce Optimization

Enterprise Solutions

- Demand Planning
- Enterprise Resource Planning
- Advance Planning and Scheduling
- Warehouse Management System
- Business Intelligence
- Corporate Performance Management
- Customer Relationship Management
- Service Management

System Integration

- Traceability Technology
- Mobile/RFID Technology
- E-Portal (EP)
- E-Workflow (EW)
- Mobility Solutions

Key highlights of 2015

- A Singapore-based leading foam and rubber components manufacturer having operations in multiple countries in South-East Asia and China has engaged our Singapore subsidiary ECnet Limited to roll out Infor Syteline ERP system for its China operations after successful implementation in its Singapore, Malaysia and Thailand operations.
- A Singapore-based group manufacturing wide range of springs for industrial application has engaged our Singapore subsidiary ECnet Limited to implement globally renowned ERP System.
- A company operating retail businesses across Indonesia, in both duty free and duty paid, has engaged R Systems' subsidiary IBIZ to implement a retail solution to automate their retail front-end operations and business intelligence for overview of operations and decision-making.
- A Japanese contact lens manufacturing company has engaged R Systems' Singapore subsidiary IBIZ to Implement Microsoft Dynamics ERP system to automate sales, distribution and manufacturing operation in Singapore.

Government Services

Changing government landscape, tighter budgets, and conventional infrastructure facilities continue to plague the USA Government sector. Innovative and pioneering solutions that can address the complex service demands of the citizens, while ensuring service quality is the dire need of the hour. Challenges faced by the Federal, State, and Local Governments call for an urgent need of innovative solutions from Government IT departments.

We help Government agencies and departments fulfill complex service demands from citizens, businesses, and other State and Local Administrations, while driving organizational change for quicker and more accurate decision-making. Enrolled as a preferred vendor with the State of California, Washington, and Oregon. Our end-to-end IT services and solutions have helped government agencies improve the accessibility of information and the quality of service delivered to the community.

Government Service Offerings

- Business Analysis
- Software Migration
- Re-engineering/Conversion
- Web Application and E-Business Solutions
- Client/Server Application Development
- Independent Verification and Validation
- Quality Assurance and Testing
- Independent Project Oversight Services
- Project Management Services
- Security Services/Network Encryption Services
- Maintenance and Operation Services
- HIPAA Services



Key highlights of 2015

- A world-class financial services organization serving public educators in USA selected R Systems to help them establish, standardize, and improve their overall enterprise reporting framework including tools, platforms, methodologies, processes, and best practices.
- R Systems provided design, development, testing, documentation, and implementation services to a USA state department to expedite proper upkeep of the workflow application and letter repositories to meet their various business and functional needs.

Our digital expertise

Analytics

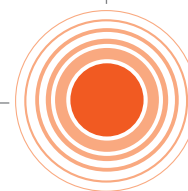
As a nerve center of transformation, the focus of our Analytics team is to build an eco-system established on best practices, resulting in maximum value generation, for businesses and customers. Leveraging on the deep domain knowledge of our existing verticals, Analytics provides a seabed for quick insights. This helps bring business & operational efficiency and also creates a vital information pool across the economical, statistical, social media, and speech metrics of our customers.

As a value augmentation initiative for all business verticals, we have created an Analytics lab. A well-devised framework is also crafted to address the business, technological and operational challenges of humongous data, to be acquired and aggregated from various sources. This holistic analytics framework will be an underlying stepping stone to arrive at handy predictions and will enable us to stand differentiated, amongst prime competitors, in the market.

Our Analytics offerings:

- Big Data & Analytics Strategy Consulting
- Predictive Analytics & Visualization
- Architecture & Infrastructure Development
- Big Data Integration & Management
- Custom Analytics Solution
- Speech & Text Analytics Solution

Analytics bring business & operational efficiency and also creates a vital information pool



Mobility

There has been a surge in the adoption of mobile devices. Quick accessibility, portability and ease of operation have resulted in businesses incrementally serving the mobility sector. Though evolving security and functional challenges need to be addressed continuously, we provide our customers a reliable mobile strategy. Customers leverage our mobility services to integrate and align the existing mobile ecosystem. We partner our clients through every phase of product development by carrying out consulting, designing, development and deployment of the product. This helps us to meet the unique needs of our customers across wireless, embedded systems, enterprise mobile applications, and other areas. We also extend ourselves in providing a 360° solution framework and a range of support services for our clients. Our business model is based on improving business efficiency, resulting in increased customer satisfaction of our global clients.

Our Mobility offerings:

- Audio and Video Streaming over HTTP and RTSP
- Location Based Services (GPS etc.)
- Porting
- Gaming
- SIP and VoIP
- Wi-Fi, Bluetooth, WAP
- XML Parsing and Local Database Management
- Barcode and QR Code Analyzing
- Internationalization
- Security

Customers leverage our mobility services to integrate and align the existing mobile ecosystem

Cloud Computing

Our clients continue to leverage the benefits offered by our Cloud Computing services. Agility and quick collaboration offered by the cloud, helps them embrace emerging technologies and materialize business goals competently. Our array of Cloud Computing services covers consulting, architecture setup, designing, implementation, and monitoring. We have multiple domain expertise in developing Software-as-a-Service (SaaS) based products for our customers.

Customers have benefited from the enhanced mobility and flexibility offered by our Cloud Computing services. Our hybrid delivery models and innovative pool of specialists enable us to exceed client expectations. As a result, we help them realize reduced cost, increased efficiency, and scalable solutions, influencing long-term growth. Further, Our subsidiary ECnet also delivers Enterprise Supply Chain Solutions through its Pro SaaS platform.

Our Cloud computing offerings:

- Consulting Services
- SaaS Strategy and Enablement
- Integration Services
- Pre-built application in SCM
- SaaS Testing

Packaged Services

Understanding the broader need of our customers, we provide packaged services to meet their widespread needs. Considering each individual requirement clearly, we develop and deliver comprehensive packaged solutions which help reduce risk and are transparent..

ECnet provides Enterprise Supply Chain Solutions delivered on the ECnet Pro Software-as-a-Service platform. The suite of solutions in Collaborative Supply Chain Solutions, Enterprise Solutions and System Integration empower our customers to streamline their business processes to achieve efficiency and competitive value in various industries. ECnet also operates as a Gold Channel Partner to resell, implement and support Infor solutions.

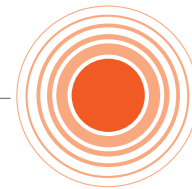
Our Singapore-based subsidiary IBIZ is a Microsoft Gold certified Partner specializing in delivering Microsoft Dynamics business management solutions to help build sustainable businesses.

We serve SME and large enterprises and help them drive automation and performance through Microsoft Dynamics NAV, Microsoft Dynamics CRM, Oracle, Microsoft SharePoint, Qlikview, JD Edwards, Infor SyteLine, Infor Supply Chain Execution (WMS), e-Workflow etc. Our rich blend of technical and functional consultants help businesses achieve faster time-to-market by utilizing validated deployment methodologies and tools.

Our Packaged services offerings:

- Implementation
- Package Selection Consulting
- Roll out
- Upgrade
- Customization
- Training/Technology Support
- Integration

Our cloud offerings help customers embrace emerging technologies and materialize business goals competently



Our rich blend of technical and functional consultants help businesses achieve faster time-to-market

Our Guiding Principles

Caring. Innovating. Transforming





Caring

At R Systems, we are driven to create a better world for our Stakeholders—employees, customers, shareholders, industry, society, and all others associated with us. Our deeply embedded ‘Caring Culture’ gets reflected throughout the organization.

Considering human assets to be our most valuable one, we holistically nurture our employees. Besides providing them an inspiring work environment with a diverse and collaborative workplace, we offer attractive growth opportunities and acknowledge accomplishments. Cultivating lasting value-accretive customer relationships on the nutrients of unwavering ethics and mutual respect remains the cornerstone of our economic success. With customer value at the fulcrum of our business strategy, we walk the extra mile to make the relationship meaningful and sustainable. Owing our success to shareholders, we strive to enhance their value by continued expansion of our business growth and profitability, which indeed is reflected in the strong performance of our stock and total shareholder return. Furthering our commitment towards building communities that are sustainable and healthy, we promote the general well being of the disadvantaged communities, through our global strategies and well-organized initiatives. Directed by the aspirations of native communities, we follow our mission with both excellence and compassion because the people whom we serve deserve nothing less.



R Systems’ attrition rate at the mid and top level has been less than 5%





Innovating

We tread a path of innovation, which bolsters growth and generates maximum value. Each new step, fuels our ideology of developing new solutions benefiting our customers. Our dynamic innovation model encompasses a cohesive effort by each employee and various stakeholders.

Our successful innovation blueprint enables and promotes each employee to build a progressive tract. We collaborate to produce ideas that hold significant value for our clients. Setting up new processes and optimizing employee performance continuously, helps us progress efficiently. Understanding customer's unique requirements and catering to their needs through innovative approaches, helps us in developing meaningful associations. Our technically furnished research and development lab in Noida, continuously harness the power of innovation across multiple verticals. Keeping ourselves well acquainted with emerging technological developments, helps us to consistently produce a stream of unique services and solutions.



Transforming

Walking along our business path with the quintessential R Systems approach of caring and innovating, we keep transforming every single day. Keeping pace with the fast changing technology and digital landscape of our customers' universe, calibrates the speed and direction of our transformation.

This has helped us to provide continual value and accelerate the development of individuals, enterprises, and the society. We have qualitatively outlined procedures that stand to benefit our customers. This involves embracing new technological spheres and optimally leveraging our engineering capabilities. We focus to transform ourselves through industry best practices, re-align with complex organizational developments, and enlighten our legacy workforce, to deliver outstanding value to customers.

Financial Highlights

FINANCIAL PERFORMANCE (Consolidated)

(Rs. in million)

Particulars	2015	2014	2013	2012	2011
Revenue	6,050.32	6,484.96	5,960.54	4,650.09	4,094.96
Other Income	98.13	90.72	47.15	71.38	55.64
Total Income	6,148.45	6,575.68	6,007.69	4,721.47	4,150.60
EBITDA	715.06	900.48	786.43	348.37	322.79
Exceptional item*	603.10	250.11	-	-	-
EBT	1,274.93	1,124.21	718.26	288.54	209.19
EAT	978.30	781.34	526.99	183.62	165.13
Share Capital (Face value of Re. 1 each)	126.13	126.72	125.92	124.47	122.43
Reserve and Surplus	2,302.43	2,004.33	2,191.69	1,821.53	1,863.40
Long-term borrowings (including current maturities)	12.56	9.29	14.54	5.63	6.88
Fixed Assets (net) (tangible and intangible assets)	320.19	415.82	463.00	387.07	400.10
Cash and Bank Balances #	921.95	1,098.24	1,115.20	889.39	949.55

KEY RATIOS

Particulars	2015	2014	2013	2012	2011
Debt -Equity Ratio	0.01	0.00	0.01	0.00	0.00
Days Sales Outstanding (in days)	57	55	56	71	65
Cash and Bank balances / Total Income (%)	14.99%	16.70%	18.56%	18.84%	22.88%
EBITDA / Revenue (%)	11.82%	13.89%	13.19%	7.49%	7.88%
EBT / Total Income (%)	20.74%	17.10%	11.96%	6.11%	5.04%
EAT / Total Income (%)	15.91%	11.88%	8.77%	3.89%	3.98%
Return on Avg. Equity (%)	42.91%	35.13%	24.72%	9.34%	8.72%
Return on Avg. Capital Employed (%)	55.71%	50.32%	33.59%	14.67%	11.03%
Earning Per Share					
- Basic (Rs.)	7.70	6.14	4.18	1.48	1.34
- Diluted (Rs.)	7.70	6.14	4.18	1.48	1.33
Dividend Per Share (Rs.)	3.95	5.85	2.05	2.35	0.36
Book Value Per Share (Rs.)	19.25	16.82	18.41	15.63	16.22
Cash Per Share (Rs.)	7.31	8.67	8.86	7.15	7.76

*Refer note no. 23 to the Consolidated Financial Statement

#In 2014, Cash and Bank Balances excluding money kept in escrow account for fourth interim (special) dividend and margin money for buy back.

NOTES:

EBITDA - Earning before tax, interest, foreign exchange fluctuation, exceptional and prior period items;

EBT- Earnings before tax;

EAT - Earnings after tax;

Debt Equity ratio = Long Term Debt / Equity;

Days Sales Outstanding = Average Trade Receivables / Net Credit Sales*360;

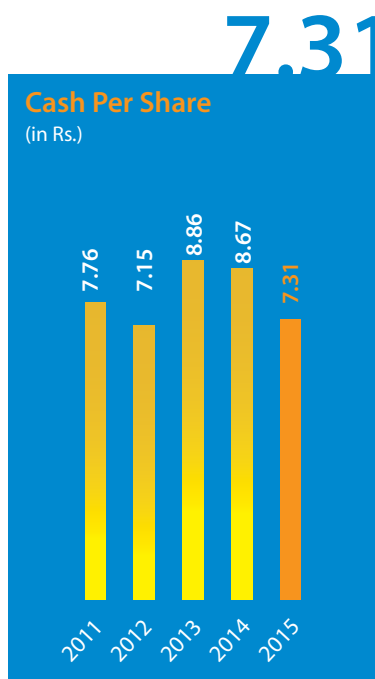
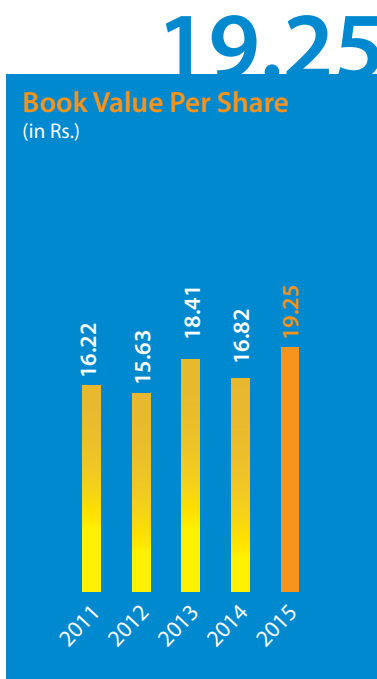
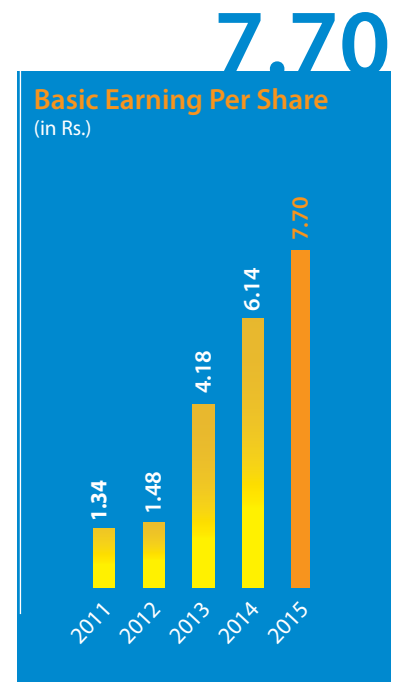
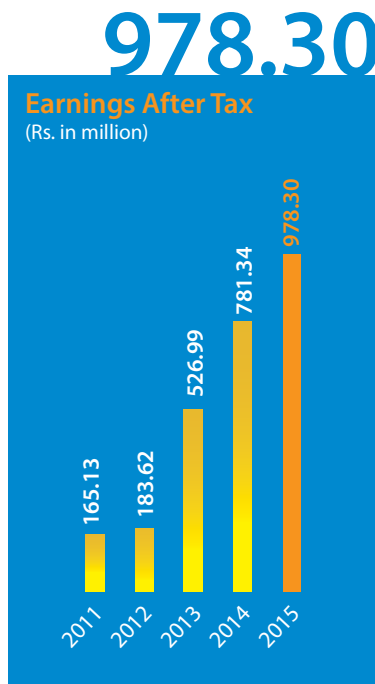
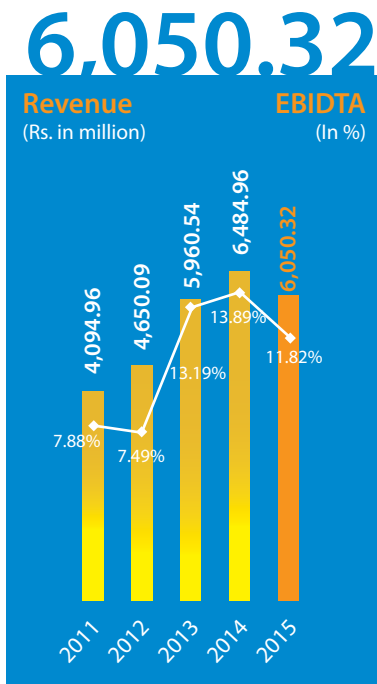
Return on Avg. Equity (%) = EAT / Average Equity;

Return on Avg. Capital Employed (%) = (EBT plus interest expenses) / Average Capital Employed;

Book Value Per Share = Net Shareholder Fund / Closing Outstanding No of Shares;

Cash Per Share = Cash and Bank Balances / Closing Outstanding No of Shares.

Previous year's figures have been regrouped or reclassified where necessary to confirm to current year classification.



R Systems is a nearly debt-free company

* Graphs not to scale

From the Desk of the Managing Director

Dear Fellow Stakeholders,

I am delighted to report that it has been yet another successful year for your company. In 2015 your company has gone through some exciting transformation and reiterated its position as a matured player in the offshore IT Services industry. Your company now delivers digital transformation services with industry specific innovation and creativity to businesses.

Just like the Oyster delivering the Pearl, our business oyster continues to produce persistent value for our customers and various stakeholders. Over the last year, we have endured the sea of opportunities, challenges and growth to realize valuable pearls for your business. For us, delivering value signifies our ability to manage technological and business challenges through innovation and learning which in turn gives a distinct advantage to our global customers.

We are proud of our highly-motivated global workforce, our enthusiastic set of customers, who have reposed faith in our capabilities, and prudent financial strategies that make your company one of the best managed IT Services player in the industry today. I am delighted that we continue to be driven by strong global vision and values.

In 2015, we ventured into some challenging areas of technology and are rapidly building competencies in the areas of Analytics, Mobility, and Cloud Services. We have setup a highly specialized Analytics team to obtain advanced business intelligence. Our analytical solutions deliver actionable business insights in the various spheres of Customer Analytics, Speech and Text Analytics, Risk and Financial Portfolio Analytics, Autonomics, Social Media Analytics, Healthcare Analytics, and Operational Analytics.

We too realized some interesting developments over the past year. We were recertified at PCMM level 5 and are amongst few Indian offshoring players with such high maturity practices, three times in a row. In 2015, we recruited sizeable technological minds from the IITs, to help us upscale to the next level of strategic growth. Our human resource practices too were upgraded and we began deploying new employee engagement programs.

We stand committed to continue to serve our customers on key verticals of Telecom & Digital Media, Banking & Finance, Healthcare, Manufacturing & Logistics, and Government Services. We have also expanded our capabilities in certain geographies by acquiring strategic businesses. In 2015, we acquired IBIZ, a Singapore-based enterprise that specializes in offering diverse ERP services. Today our global marketing efforts are geared to highlight our capabilities and strengths in Engineering across different verticals, in different geographies.

R Systems

delivers digital
transformation
services with industry
specific innovation
and creativity to
businesses



Your company now serves customers from 14 development and service centres located in North America, Europe, the Far East and India, through a very robust global delivery model. All the while we are also exploring opportunities in other geographies that we feel can help us in our strategic business expansion plans.

R SYSTEMS IN 2015

2015 has been a transformation year for R Systems. We have realigned our focus to provide the core IT Services. We have invested in building capabilities in Analytics and Mobility across all our business verticals. We are leveraging our global presence, vertical specialization, and horizontal addition of Analytics and Mobility to gather a distinctive edge in the industry. Our sales funnel across all our businesses is also very encouraging.

We reported revenue of Rs. 6,050 million (US\$ 94.32 million) with EBITDA of Rs. 715 million (US\$ 11.15 million) and net profit of Rs. 978 million (US\$ 15.25 million). Net profit increased by 25.20% over the previous year from Rs. 781 million to Rs. 978 million. Net profit for 2015 contains an exceptional profit of Rs. 540 million (US\$ 8.42 million) as against Rs. 185 million (US\$ 3.03 million) in 2014.

The exceptional profit for 2015 mainly relates to sale of Indus product division as against sale of Europe BPO in 2014. Following our strategy to focus on core service business, we divested from the Indus product business in July 2015, we earlier sold our Europe BPO in November 2014. This has impacted revenue and

**Rs. 6,050
million**

Revenues in Year 2015

operational profits; however, in 2015, we acquired IBIZ, a Microsoft gold channel partner having ERP and Business Intelligence competencies. IBIZ is having presence in South East Asia. We also acquired a relatively small but strategic telecom IT business in Europe from a renowned telecom operator.

Discipline in execution and strengthening of the US dollar contributed positively to the overall 2015 performance despite the cross currency challenges mainly due to a weak Euro. We were also able to maintain healthy utilization above 75%. We served 150-plus customers including 21 million US dollar plus customers. We added 20 marquee clients over the year. Telecom and Digital Media continues to be our largest industry vertical with ~ 30% share of revenues. We have a strong balance sheet with shareholder funds of Rs. 2,429 million and cash and bank balances of Rs. 922 million. The value creation by your company was also recognized by way of awards and accolades from industry leaders and our customers.

OUTLOOK

In 2016, we will witness some instrumental changes in the industry. We will witness large-scale disruptive innovation across global enterprises that will be fueled by increased focus on areas such as cognitive computing, mobility, big data analytics, IoT (Internet of Things), and cloud computing. The pace of technological change will also become faster demanding faster turnaround time.

2016 will be a promising year because of increased IT spends. Disruptive technologies will be the front runners and cloud-based applications, rapid mobile adoption, and big data analytics will drive business to new digital frontiers.

I am extremely positive about the outlook for your company. The USA economy is giving mixed signals now but I feel that over the years IT industry has learnt to live in uncertainty. What is more interesting is the way the world is now looking at technology as a solution to its everyday problems. Technology now is not an add-on supplementary element but a central actor that can make positive changes happen. Your company is ready to face challenges and is equipped with far higher technological competence and innovation-readiness than ever before.

Our strategy for FY 2016 is to focus for profitable growth, while intensifying our investment in innovation around people, processes, and technologies. I am confident that R Systems will realize profitable growth in FY 2016. Our sales funnel is strong across all businesses and we will continue to focus on delivering increased business value through innovation. Our engineering services are focused on sustaining and extending our portfolio of services in all the verticals in which we operate. Our industry domain knowledge combined with our expertise in big data, advanced analytics, mobility and cloud will help us move into the new digital age.

CONCLUSION

To conclude, I extend my gratitude to all our stakeholders for contributing to our success story. I thank our customers, shareholders, bankers, the stock exchanges, Securities and Exchange Board of India (SEBI), the Software Technology Parks of India (STPI), various government agencies, industry associations, and all other organizations for their invaluable support.

I would also like to express my gratitude to my colleagues at R Systems, across all our global centres, for their support and contribution in making R Systems a truly successful organization. Their support has been paramount in our quest to deliver value to our global customers, shareholders, and the diverse communities we serve.

I would like to assure you that your company will continue on its growth path and be guided by our global philosophy of being "Caring, Innovating, and Transforming." With the enthusiasm and zeal with which we are moving forward, I am confident that your company will continue to set new benchmarks of excellence and continue in its journey to emerge as a global leader. We remain committed to Value Engineering through Innovation. Quite like the Oyster delivering the Pearl!

Best Regards,

Satinder Singh Rekhi

Awards and Accolades

from industry leaders and our customers

Expertise

in big data, advanced Analytics, Mobility and Cloud will help us move into the new digital age

Awards and Accolades

R Systems

Awarded the Corporate Excellence Award in recognition of outstanding dedication and contribution to academia by the Ministry of State for External Affairs, Govt. of India.

Successfully reappraised for PCMM Level 5 (Ver.2.0)



Subsidiaries



Computaris:

Our European company was awarded Nokia Iridium Supplier of Choice Award, 2015 in recognition of excellent performance, strategic cooperation, and contribution to the success of Nokia Networks.



ECnet:

Awarded by Infor, as a channel partner with "Most Number of New Logos for FY 2016."



LS Retail
Certified Partner
Gold 2015

IBIZ:

IBIZ also received Gold Partner award by LS Retail for second consecutive year.

IBIZ won Microsoft Partner of the Year for Dynamics ERP in Singapore. This is the 4th time IBIZ received the country-level recognition.



From the Desk of SARTAJ REKHI

Dear Stakeholders,

Yet another exciting year has passed by at R Systems, “the Oyster that delivers the Pearl.” Over the past year, we have witnessed some very interesting changes in the R Systems Group across our global locations.

Our growth as a mature global player has become possible because of our continuous focus on three distinct areas—people, processes, and technologies. These three elements work in tandem and enable us to deliver value to our increasing global customers. Our focus on these areas is centred on innovation, a critical component that has enabled us to continuously enrich ourselves by deploying industry-best practices in several of our core functions including engineering, human resources, marketing and sales.

Our engineering team has grown in capability over the past year. In 2015, we expanded our capabilities by acquiring IBIZ, a Microsoft dynamics player, in Singapore. Our European subsidiary, has made some inroads into new markets and are rapidly expanding their capabilities. ECnet, our supply chain subsidiary, is rapidly expanding its services to an increasing number of customers across the APAC region.

In 2015, we initiated a specialized engineering division for developing powerful solutions in the area of Big Data and Analytics. Our team is currently working to develop analytical solutions for the Banking & Finance domain primarily in, wealth management, asset management, and hedge fund management. These analytic solutions will expand in the future to Telecom and Healthcare verticals.

Our employees are our greatest assets and they come from diverse cultures across North America, Asia Pacific, and Europe. Our HR departments are continuously reinventing themselves so as to help employees realize an enabling work environment. In 2015, our global development centre at Noida was recertified at PCMM Level 5, for the third time in a row, making us amongst the few global IT services player with such high people maturity practices. In 2015, our HR Department in Noida received the Corporate Excellence Award from the Minister of State for Foreign Affairs, Govt. of India, for our contribution to the cause of Academia-Industry interface. The HR departments across all group companies have also initiated several new employee-engagement practices to enable employees to harness their potential even further.

Driven by our focus to further enhance our workforce capabilities, we have recruited some of the best minds in the industry. In 2015, we recruited a sizeable number of employees from the prestigious IIT’s in India through our campus drives and will continue to do so in 2016. Our group companies in APAC, Europe,



and North America have also undertaken similar initiatives to ensure that they employ an equally diverse and competent workforce.

Our global Marketing and Sales departments have also witnessed some interesting changes. The Global Marketing team is currently focused on highlighting our rich legacy and competitiveness in offering IT solutions and services. In addition, our Sales team has diversified further and is reaching out to new customers who are seeking cutting-edge solutions and services that guarantee higher ROI and business growth. I am proud to acknowledge that our innovation quotient and competence is acclaimed in the industry as several new global customers have chosen us as their partners for growth.

I would like to take this opportunity to extend my heartfelt best wishes to all our associates and their families across the world, our esteemed global customers, and our shareholders, for making R Systems such a vibrant organization that it is today.

Best Regards,

Sartaj Rekhi

Innovation in People, Process, and Technology

The dynamic IT landscape pushes the need for inculcating a sustainable culture of innovation within the DNA of every organization. At R Systems, we strive to cultivate a culture of innovation that encourages business efficiency and performance.

Our business fosters a culture of customer-centric innovation, worldwide. We thrive on delivering utmost value to our customers and stakeholders spread across North America, Europe, and APAC. This extends our commitment to create new businesses, evolve dynamically, and contribute to the development of the global community.

Our innovation framework, a key differentiator, stands upon the three important pillars of People, Process, and Technology. Together they scale up the innovation ecosystem while presenting a world of new opportunities for businesses across the globe.

With an integrated approach to delivering change, we are striving to create a mindset that encourages collaboration and creative thinking at every level. At R Systems, we collaborate with our clients to turn out-of-the-box ideas into an operationalized program rooted in a way that charts long-term organizational success.

Endowed with industry standard certifications such as CMMi Level 5, PCMM Level 5, ISO 27001:2013, ISO 9001:2008, we continue to venture into new technological frontiers while maintaining impeccable quality. We apply globally recognized Six-Sigma protocols, regardless of the process in question. This ensures internal, as well as, external efficiency and a high level of productivity. Both clients and employees are benefitted while being in overall harmony. These protocols include but are not limited to Quantitative techniques, Performance models, Compliance etc.



DO YOU
KNOW

For 10+ years, R Systems
has been appraised as a
CMMi Level 5 company





Our Global Client Portfolio

We strive to maximize the value of our clients' businesses by creating solutions that integrate deep industry insights, evolving technologies, and best-in-class delivery processes. This helps us build sustainable and constructive partnerships with them. Acting with fairness at all times while maintaining an uncompromising focus on quality, our spirited engagement has yielded more 'successful' patrons, rather than 'satisfied' customers.

With businesses moving at breakneck pace, our deep domain knowledge, and global delivery model have helped our clients stay ahead of the competition. Clients leverage real business value through our integrated business processes that help build sustainable outcomes.

Over the years, we have become one of the most sought after offshoring partner, owing to our ability to handle challenging situations for our Clients. We are dedicated on delivering innovative solutions by understanding and addressing their varied needs. With Analytics and Mobility becoming our horizontal competencies, we strive to offer our Clients, a repertoire of services and solutions that extend beyond our core industry verticals.



With a rapidly increasing customer base, we take pride in working with some of the most prestigious organizations including Global Fortune 1000 companies, mid-sized companies, and government customers spanning our five industry verticals. With a global delivery model supported by fourteen development centres spread across three continents—Europe, North America and Asia, we serve marquee customers globally.



R Systems is strategically positioned in 3 continents, to be able to serve all parts of the world, with its global delivery model



Our World-Class Work Culture

Organizations with strong work culture foster an environment of trust, respect, and communication while allowing people to grow as better professionals, as well as, individuals. At R Systems, we take pride in fostering an outstanding work culture where employees are valued, nurtured, and respected.

We offer a vibrant, open, and intellectually stimulating work environment to our employees. We strive to develop our people through various competency development programs, which in turn develop a robust pipeline of engaged leaders with global abilities and mindsets. Our high maturity people practices, mapped to PCMM Level 5 standards, have ensured continuous development of our people assets while integrating enhancements into the organizational fabric. We at R Systems, seek to understand and achieve collective organizational performance through an inspiring work culture.

We strive to offer significant work-life balance programs that motivate employees to achieve professional excellence while leading a happy and contented life. Besides competitive pay packages, we also offer several health and wellness programs, recreational facilities, flexible work options and other amenities.

We value our employees as "Individual Enterprises". Our employees are regularly mentored through structured training and development programs. These are periodically revamped to keep the learning process up-to-date and build an enlightened workforce. Our subsidiaries Computaris, ECnet, and IBIZ are committed towards acknowledging and rewarding employees for their valuable association.



R Systems is a gender-sensitive company and has stringent policies for workplace conduct





Continuing the spirit of engagement and bonding, numerous fun activities were conducted during the year. The RSI cricket league and table tennis tournament saw the enthusiastic participation of many teams at our Noida headquarters. Regular cross-functional training programs, festive celebrations, and team building activities contribute to a buzzing workplace environment for everyone. Our European company Computaris had employees participating in the Galati marathon and Hackathon in Moldova. ECnet, our Singapore subsidiary conducted a Christmas Eve get together for employees and a trip to Crab Island. IBIZ, also organized month-end parties to celebrate employee birthdays, major festivals of all races and religion and various other get-togethers, to foster team spirit.

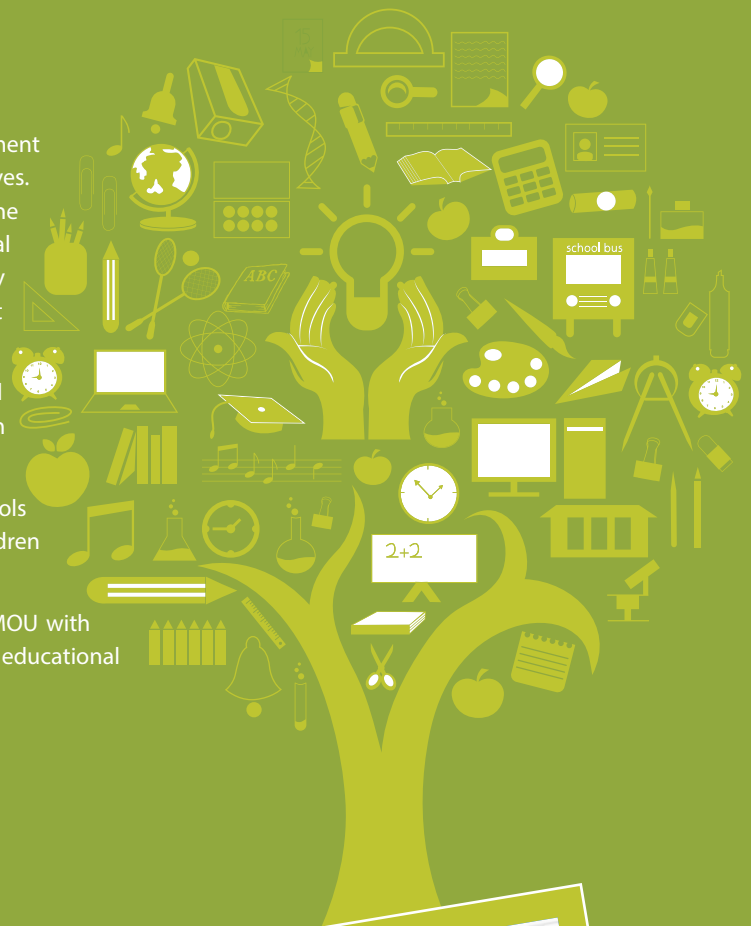


R Systems is one amongst the only 6 companies in the Indian IT industry, certified PCMM level 5

Our CSR Activities

We remain committed to undertaking economic and social development of the underprivileged communities through our various CSR initiatives. We endeavour to create value for all our stakeholders, as well as, the local communities we live and operate in by perpetuating high ethical standards in all our activities. With an intent of improving the quality of life of the disadvantaged people, we strive to raise our development index as better human beings.

- The Company has contributed Rs. 15 Lakhs in its Corporate Social Responsibility initiative for the education and welfare of children from weaker sections.
- Our European subsidiary Computaris donated laptops for rural schools in Nepal and Bangladesh. The first PC literacy courses for the children have begun.
- Committed to development at the grassroots level, we signed an MOU with Manav Rachna International University with an aim to enhance the educational experience of students and faculty members of the university.



Corporate Information



Board of Directors

(As on April 30, 2016)

1. **Mr. Satinder Singh Rekhi** (Managing Director)
2. **Lt. Gen. Baldev Singh (Retd.)** (President and Senior Executive Director)
3. **Mrs. Ruchica Gupta** (Non-Executive Director)
4. **Mr. Raj Kumar Gogia** (Non-Executive Independent Director)
5. **Mr. Gurbax Singh Bhasin** (Non-Executive Independent Director)
6. **Mr. Suresh Paruthi** (Non-Executive Independent Director)
7. **Mr. Amardeep Singh Ranghar** (Non-Executive Independent Director)

Chief Financial Officer

Mr. Nand Sardana

Company Secretary and Compliance Officer

Mr. Ashish Thakur

Committees of the Board of Directors

Audit Committee

1. **Mr. Raj Kumar Gogia** (Chairman)
2. **Mr. Gurbax Singh Bhasin** (Member)
3. **Mr. Suresh Paruthi** (Member)
4. **Mrs. Ruchica Gupta** (Member)
5. **Mr. Amardeep Singh Ranghar** (Member)

Stakeholders Relationship Committee

1. **Mr. Raj Kumar Gogia** (Chairman)
2. **Lt. Gen. Baldev Singh (Retd.)** (Member)
3. **Mr. Suresh Paruthi** (Member)

Nomination & Remuneration Committee

1. **Mr. Suresh Paruthi** (Chairman)
2. **Mr. Raj Kumar Gogia** (Member)
3. **Mr. Gurbax Singh Bhasin** (Member)
4. **Mr. Amardeep Singh Ranghar** (Member)

Compensation Committee

1. **Mr. Raj Kumar Gogia** (Chairman)
2. **Mr. Suresh Paruthi** (Member)
3. **Lt. Gen. Baldev Singh (Retd.)** (Member)

Corporate Social Responsibility Committee (CSR Committee)

1. **Mr. Raj Kumar Gogia** (Chairman)
2. **Lt. Gen. Baldev Singh (Retd.)** (Member)
3. **Mrs. Ruchica Gupta** (Member)
4. **Mr. Suresh Paruthi** (Member)

Registered Office

B - 104A, Greater Kailash - I,
New Delhi - 110 048, India

Corporate Office

C - 40, Sector - 59, Noida (U.P.) - 201 307, India

Statutory Auditors

S. R. Batliboi & Associates LLP
Chartered Accountants
Golf View Corporate Tower - B,
Sector - 42, Sector Road,
Gurgaon - 122 002, Haryana, India

Registrar & Share Transfer Agent

M/s Link Intime India Private Limited
44, Community Centre, 2nd Floor,
Naraina Industrial Area, Phase- I
Near PVR Naraina,
New Delhi - 110 028, India

Bankers to the Company

1. Axis Bank Limited
2. ICICI Bank Limited
3. HDFC Bank Limited
4. State Bank of India
5. Oriental Bank of Commerce
6. Kotak Mahindra Bank
7. California Bank and Trust, U.S.A.
8. Bank of Baroda (N.Z.)

Listed At

1. National Stock Exchange of India Limited
2. BSE Limited

Subsidiaries of R Systems International Limited

1. R Systems (Singapore) Pte Limited, Singapore
2. R Systems, Inc., U.S.A.
3. R Systems Technologies Ltd., U.S.A. (Formerly known as Indus Software, Inc., U.S.A.)
4. ECnet Limited, Singapore
5. Computaris International Limited, U.K.
6. RSYS Technologies Ltd., Canada (Formerly known as Systèmes R. International Ltée, Canada)

Subsidiary of R Systems (Singapore) Pte Limited, Singapore

7. IBIZCS Group Pte Ltd., Singapore

Subsidiaries of IBIZCS Group Pte Ltd., Singapore

8. IBIZ Consulting Services Pte Ltd., Singapore
9. IBIZ Consulting Services Sdn. Bhd., Malaysia
10. PT. IBIZCS Indonesia, Indonesia
11. IBIZ Consultancy Services India Pvt. Ltd., India
12. IBIZ Consulting Services Limited, Hong Kong (IBIZ HK)
13. IBIZ Consulting Services (Shanghai) Co. Ltd., People's Republic of China (Wholly Owned Subsidiary of IBIZ HK)

Subsidiaries of ECnet Limited

14. ECnet (M) Sdn. Bhd., Malaysia
15. ECnet Systems (Thailand) Company Limited, Thailand
16. ECnet (Shanghai) Co. Ltd., People's Republic of China
17. ECnet Kabushiki Kaisha, Japan
18. ECnet (Hong Kong) Limited, Hong Kong
19. ECnet Inc., U.S.A.

Subsidiaries of Computaris International Limited

20. Computaris Romania SRL, Romania
21. Computaris Polskasp z o.o., Poland
22. ICS Computaris International Srl, Moldova
23. Computaris USA, Inc.
24. Computaris Malaysia Sdn. Bhd., Malaysia

DIRECTORS' REPORT

Dear Shareholders,

Your directors take great pleasure in presenting the Twenty Second Annual Report on the business and operations of R Systems International Limited ("R Systems" or the "Company") together with the audited statements of accounts for the year ended December 31, 2015.

1. Financial Results

a. Standalone financial results of R Systems

(Rs. in Millions)

Particulars	Financial Year ended	
	31.12.2015	31.12.2014
Total income	2,988.83	3,045.65
Profit before depreciation, exceptional items and tax	625.70	685.01
Less : Depreciation and amortization *	95.81	67.24
Add : Exceptional items**	648.07	393.13
Profit before tax	1,177.96	1,010.90
Less : Current tax	262.82	247.53
Less : Deferred tax change/(credit)	8.70	13.08
Profit after tax	906.44	750.29
Surplus in the statement of profit and loss		
Balance as per last financial statements	494.41	633.83
Add: Profit for the current year	906.44	750.29
Less: Appropriations		
Proposed dividend [§]	-	121.76
Tax on proposed dividend	-	24.33
Interim Dividend [§]	501.10	624.33
Tax on Interim Dividend	102.27	119.29
Adjustment on account of aligning the useful life of fixed asset in accordance with Schedule II of the Companies Act, 2013*	18.87	-
Tax impact of above adjustment*	(6.41)	-
Proposed dividend written back on buy back ^{&}	(0.65)	-
Tax on proposed dividend written back on buy back ^{&}	(0.13)	-
Total Appropriation	615.05	889.71
Net Surplus in the statement of profit and loss	785.80	494.41

* refer Note No. 34 of the standalone financial statements.

** refer Note No. 22 of the standalone financial statements.

§ refer Note No. 4 of the standalone financial statements.

& The Company has written back proposed dividend for the year ended December 31, 2014 and tax thereon towards shares bought back under the buy back offer.

b. Consolidated financial results of R Systems and its subsidiaries

(Rs. in Millions)

Particulars	Financial Year ended	
	31.12.2015	31.12.2014
Total income	6,148.45	6,575.68
Profit before depreciation, exceptional items and tax	812.06	986.55
Less : Depreciation and amortisation expense*	140.23	112.45
Add : Exceptional items**	603.10	250.11
Profit before tax	1,274.93	1,124.21
Less : Current tax	290.08	325.29
Less : Deferred tax change	6.55	17.58
Profit after tax	978.30	781.34
Surplus in the statement of profit and loss		
Balance as per last financial statements	659.36	767.74
Add: Profit for the current year	978.30	781.34
Less: Appropriations		
Proposed dividend [§]	-	121.76
Tax on proposed dividend	-	24.33
Interim Dividend [§]	501.10	624.33
Tax on Interim Dividend	102.27	119.29
Adjustment on account of aligning the useful life of fixed asset in accordance with Schedule II of the Companies Act, 2013*	18.87	-
Tax impact of above adjustment*	(6.41)	-
Proposed dividend written back on buy back ^{&}	(0.65)	-
Tax on proposed dividend written back on buy back ^{&}	(0.13)	-
Total Appropriations	615.05	889.71
Net Surplus in the statement of profit and loss	1,022.61	659.36

* refer Note No. 33 of the consolidated financial statements.

** refer Note No. 23 of the consolidated financial statements.

§ refer Note No. 4 of the consolidated financial statements.

& The Company has written back proposed dividend for the year ended December 31, 2014 and tax thereon towards shares bought back under the buy back offer.

Note: Previous Year figures have been regrouped / reclassified, wherever necessary.

2. Results of Operations

Standalone Accounts

- Total income during the year 2015 decreased to Rs. 2,988.83 mn. as against Rs. 3,045.65 mn. during the year 2014, a decline of 1.87%.
- Profit after tax including exceptional items was Rs. 906.44 mn. during the year 2015 as compared to Rs. 750.29 mn. during 2014, an increase of 20.81%.
- Basic earnings per share (of face value of Re. 1/- each) was Rs. 7.14 for the year 2015 as compared to Rs. 5.90 for the year 2014, an increase of 21.02%.

Consolidated Accounts

- Consolidated total income during the year 2015 decreased to Rs. 6,148.45 mn. as against Rs. 6,575.68 mn. during the year 2014, a decline of 6.50%.
- Profit after tax including exceptional items was Rs. 978.30 mn. during the year 2015 as compared to Rs. 781.34 mn. during 2014, an increase of 25.21%.
- Basic earnings per share (of face value of Re. 1/- each) were Rs. 7.70 for the year 2015 as compared to Rs. 6.14 for the year 2014, an increase of 25.41%.

3. Appropriations and Reserves

Dividend

During the year 2015, the Board declared three interim dividends namely, first interim dividend of Re. 0.40 per equity share of Re. 1/- each at its meeting held on April 23, 2015, second interim (special) dividend of Rs. 3.30 per equity share of Re. 1/- each at its meeting held on August 05, 2015 and third interim dividend of Re. 0.25 per equity share of Re. 1/- each at its meeting held on October 29, 2015. Total interim dividends already paid for the year 2015 aggregates to Rs. 3.95 per equity share of Re. 1/- each i.e. 395%, as compared to total dividend including interim dividend paid for the year 2014 at Rs. 5.85 per equity share of Re. 1/- each i.e. 585%. The Board of Directors (the "Board") has not recommend any final dividend for the financial year ended December 31, 2015.

The register of members and share transfer books shall remain closed from June 09, 2016 to June 13, 2016 both days inclusive.

Transfer to Reserves

It is proposed not to transfer any amount to general reserve in respect to dividend declared during the year ended December 31, 2015 in pursuance of the provisions of Section 123 of the Companies Act, 2013 and Rules made thereunder.

4. Business

R Systems is a leading provider of outsourced product development services, business process outsource services and also offers own product suite in BFSI, Manufacturing & Logistic verticals. R Systems diversified offering includes:

iPLM Services Group

R Systems defines its outsourced product development business as Integrated Product Life Cycle Management (iPLM) services where R Systems helps ISV and other companies to accelerate the speed to market for their products and services with a high degree of time and cost predictability by using our proprietary pSuite framework and global delivery model.

Under iPLM Services, R Systems delivers solutions and services in the area of Information Technology and Information Technology enabled services (ITES). The IT services cover application development, systems integration and support and maintenance of applications. Under the ITES, we cover technical support and customer care for IT and Hi-Tech electronic manufacturers, high-end quality process management and revenue and claims management using our global delivery model.

R Systems competitive advantage in iPLM Services is further enhanced by its industry specific domain expertise, global delivery capabilities, multi-language support capabilities, industry best quality and security certification and agile development methodologies supported by R Systems' proprietary pSuite framework.

Products Group

ECnet Supply Chain products provide solutions for holistic management of the complex interaction between an organisation and its trading partners. The integrated solution aims to reduce all supply chain costs through improved collaboration and optimisation. The solutions are robust and scalable and give measurable ROI to clients that meets the clients' strategic business goals.

Further, ECnet also operates as a Gold Channel Partner for one of the largest business software companies in the world to resell, implement and support enterprise solutions of ERP, WMS, Service Management, BI and Performance Management. It mainly serves small to medium-sized businesses in the manufacturing and distribution industries. These products present an opportunity to cross and up sell these solutions since these are adjunct to ECnet's own product offerings.

R Systems' recent acquisition, IBIZ, is a Microsoft Gold Channel Partner and is specialized in deploying Microsoft business

management solution suites, including enterprise resource planning, customer relationship management, point of sales, mobility, business intelligence and portals.

R Systems focused on key verticals i.e. Telecom & Digital Media, Banking and Finance, Health Care, Manufacturing & Logistics and Government Services. Telecom and Digital Media is the largest industry vertical which contributes 30 percent of the total consolidated revenue for the year ended December 31, 2015.

Further with the deep expertise in the key vertical like Telecom & Digital Media, BFSI and Healthcare, we have horizontally embraced analytics solutions across these verticals to bring operational efficiency and also create a vital information pool reflecting on the economical, statistical, social media, speech metrics of the customers.

R Systems rapidly growing customer list includes a variety of Fortune 1000, government and mid-sized organisations across a wide range of industry verticals and has served twenty one million dollar plus customer during the year 2015.

Customers and Delivery Centres

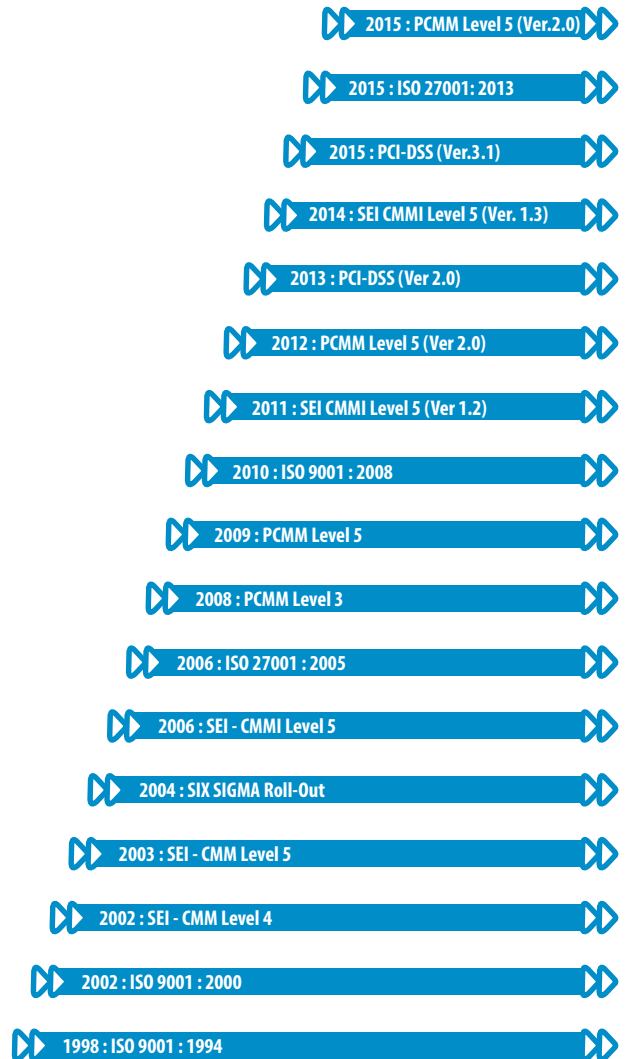
R Systems rapidly growing customer list includes a variety of Fortune 1000, government and mid-sized organizations across a wide range of industry verticals including Banking and Finance, Independent Software Vendors, Telecom and Digital Media, Government, Healthcare, Manufacturing and Logistic Industries. R Systems maintains fourteen development and service centres and using our global delivery model, we serve customers in the USA, Europe and the Far East.

There were no changes in the nature of the Company's business and generally in the classes of business in which the Company has an interest and in the business carried on by the subsidiaries during the year under review. For details of Company's subsidiaries please refer note number 14 relating to subsidiaries.

5. Quality


R Systems has continuously invested in processes, people, training, information systems, quality standards, frameworks, tools and methodologies to mitigate the risks associated with execution of projects. Adoption of quality models and practices such as the Capability Maturity Model Integrated (CMMi) and Six Sigma practices for processes have ensured that risks are identified and mitigated at various levels in the planning and execution process. R Systems journey for various quality

certifications / standards for the development and service centres in India is provided below:



During the year 2015, all ISMS artifacts of the Company have been migrated from ISO 27001:2005 to new ISO 27001:2013 standard and Noida Unit has been certified for this new Information Security Standard. Further, Noida unit has been reappraised for PCMM Level 5 (Ver.2.0). In the year 2015, Noida BPO Center has been certified as PCI-DSS (ver. 3.1) compliant for the call Analytic Services provided to one of the major client.

As of the date of this report, Noida IT centre is CMMi level 5, PCMM Level 5, ISO 9001 : 2008 and ISO 27001 : 2013 certified; Noida BPO centre is PCI-DSS (ver.3.1), PCMM Level 5, ISO 9001 : 2008, ISO 27001 : 2013 and PCI-DSS (ver.3.1) certified. The continuing compliance with these standards demonstrates the rigor of R Systems processes and differentiates us to keep our competitive edge in service and product offerings.

To maintain and strengthen competitive strengths, R Systems continues to make investments in its unique and proprietary  with best practices, tools and methodologies for flawless execution and consistent delivery of high quality software. The pSuite framework offers services along the entire software lifecycle that includes technology consulting, architecture, design and development, professional services, testing, maintenance, customer care and technical support. R Systems expects that its technology focus, investment in processes, talent and methodologies will enable it to distinguish itself from competition as it seeks to provide services to technology / product companies.

6. Directors

During the year under review, the following changes took place in the office of directors of the Company.

Mr. Raj Kumar Gogia, Mr. Gurbax Singh Bhasin, Mr. Suresh Paruthi and Mr. Amardeep Singh Ranghar, Non-Executive Independent Directors of the Company were appointed as Independent Director of the Company, not liable to retire by rotation, as per the provisions of Section 149 of the Companies Act, 2013 at twenty first Annual General Meeting for period commencing from March 29, 2015 till the ensuing Annual General Meeting.

Mrs. Ruchica Gupta who was appointed as an additional director at the meeting of the Board of Directors held on July 07, 2014 was regularized at twenty first Annual General Meeting of the Company held on June 09, 2015.

Lt. Gen. Baldev Singh (Retd.) was re-appointed as President & Senior Executive Director for a period of three years commencing from April 01, 2015 to April 01, 2018 at twenty first Annual General Meeting held on June 09, 2015.

Mr. Raj Swaminathan, Director & Chief Operating Officer of the Company ceased to be director of the Company consequent upon his resignation w.e.f. June 27, 2015.

Details of the Director proposed to be appointed and re-appointed at the ensuing Annual General Meeting are as follows:

At the ensuing Annual General Meeting Lt. Gen. Baldev Singh (Retd.), President & Senior Executive Director of the Company is liable to retire by rotation in accordance with the provisions of Section 152 of the Companies Act, 2013 read with the Articles of Association of the Company and being eligible, offer himself for reappointment as director of the Company.

Further, on the recommendation of the Nomination & Remuneration Committee of the Company, Mr. Raj Kumar Gogia, Mr. Suresh Paruthi, Mr. Gurbax Singh Bhasin and Mr. Amardeep Singh Ranghar, Non- Executive Independent

Directors of the Company are proposed to be re-appointed as Independent Director pursuant to the provision of Section 149 of the Companies Act, 2013 and rules made thereunder at the ensuing Annual General Meeting for the second term of five years commencing from the conclusion of twenty second Annual General Meeting.

As required under Section 149 of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Hereinafter referred as "Listing Regulations"), all the Independent Directors of the Company have given the declarations that they meet the criteria of independence as laid down therein. The brief profile of the aforesaid Independent Directors forms part of the Corporate Governance Report.

None of the directors of the Company is disqualified as per the provisions of Section 164(2) of the Companies Act, 2013. The directors of R Systems have made necessary disclosures, as required under various provisions of the Companies Act, 2013 and Listing Regulations.

7. Employees Stock Option Plans / Schemes

The industry in which R Systems operates is people intensive and R Systems believes that human resources play a pivotal role in the sustainability and growth of the Company. R Systems has always believed in rewarding its employees with competitive compensation packages for their dedication, hard work, loyalty and contribution towards better performance of the Company. To enable more and more employees to be a part of the financial success of the Company, retain them for future growth and attract new employees to pursue growth, R Systems has set up employees stock option plans / schemes from time to time for its employees and for the employees of its subsidiaries. As on the date of this report, the stock option plans of R Systems are as follows:

- (a) R Systems International Ltd. - Year 2004 Employee Stock Option Plan : For the employees of R Systems and its subsidiaries other than ECnet Limited.
- (b) R Systems International Ltd. - Year 2004 Employee Stock Option Plan – Ecnet : For the employees of ECnet Limited, a subsidiary of R Systems. The term of the said plan has been expired on August 31, 2014.
- (c) R Systems International Ltd. Employees Stock Option Plan- Year 2001 (Formerly known as Indus Software Employees Stock Option Plan - Year 2001) : Initially formulated for the employees of Indus Software Private Limited which got amalgamated with R Systems and the plan continues as per the scheme of amalgamation approved by the Hon'ble High Courts of Delhi and Mumbai. As on the date of this report, no stock options are in force under this plan.

(d) R Systems International Limited Employee Stock Option Scheme 2007 : For the employees of R Systems and its subsidiaries.

As required under the Companies Act, 2013 and Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme), Guidelines, 1999 as amended, details relating to options approved, granted, vested, exercised, lapsed, in force etc. under the prevailing employees stock option plans / schemes during the year ended December 31, 2015 are as follows:

S. No.	Particulars	R Systems International Ltd. Year - 2004 Employee Stock Option Plan**	R Systems International Ltd. - Year 2004 Employee Stock Option Plan - ECnet**	R Systems International Ltd. Employees Stock Option Plan - Year 2001	R Systems International Limited Employee Stock Option Scheme 2007
		(a) #	(b) #	(c) #	(d) #
a.	Total number of shares covered under the plan	1,995,000	2,000,000	738,980	6,500,000
b.	Pricing Formula	Prevailing Price once the Company's shares are listed and at the Fair Market Value as per the terms of R Systems International Ltd. - Year 2004 Employees Stock Option Plan on the date such option is granted when the Company's shares are not listed.	Prevailing Price once the Company's shares are listed and at the Fair Market Value as per the terms of R Systems International Ltd. - Year 2004 Employees Stock Option Plan - ECnet on the date such option is granted when the Company's shares are not listed.	As approved under the "Scheme of Amalgamation" of Indus Software Private Limited with the Company by the Hon'ble High Courts of Delhi and Mumbai.	"Exercise Price" means the market price which is payable for exercising the options and "Market Price" means the latest available closing price, prior to the date of the meeting of the Board of Directors / Compensation Committee, in which options are granted, on the stock exchange on which the shares of the Company are listed. If the shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume on the said date shall be considered.
c.	Options granted during the year	Nil	Nil	Nil	Nil
d.	Options vested during the year	Nil	Nil	Nil	Nil
e.	Options exercised during the year	Nil	Nil	Nil	90,000
f.	The total number of shares arising as a result of exercise of options during the year	Nil	Nil	Nil	90,000
g.	Options lapsed during the year	102,150	Nil	Nil	75,000
h.	Variation of terms of options during the year	Nil	Nil	Nil	Nil
i.	Money realised by exercise of options during the year (Rs.)	Nil	Nil	Nil	1,086,300
j.	Total number of options in force at the end of the year	Nil	Nil	Nil	80,280
k.	Employee wise details of options granted to (during the year)				
(i)	Senior managerial personnel	Nil	Nil	Nil	Nil
(ii)	Any other employee who receives a grant in any one year of options amounting to 5% or more of options granted during that year	Nil	Nil	Nil	Nil
(iii)	Identified employees who were granted options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	Nil	Nil	Nil	Nil
l.	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of options	N.A.	N.A.	N.A.	7.14*

Please note that the details given above for plan (a), (b) and (c) are after making the required adjustments in relation to consolidation of each of the 5 equity shares of Rs. 2 each into 1 equity share of Rs. 10 each as approved by the shareholders in the year 2006 and after Sub-division of each of the equity shares of Rs. 10 each into 10 equity shares of Re. 1/- each as per record date of February 28, 2014.

* EPS is Rupees per equity shares of Re. 1/- each i.e. after giving into effect Sub-division of equity shares of Rs. 10 each into equity shares of Re. 1/- each as per record date of February 28, 2014.

**During the year ended December 31, 2015 R Systems International Ltd. Year - 2004 Employee Stock Option Plan has been completely expired on December 27, 2015 due to expiry of the term of the plan. Further, R Systems International Ltd. - Year 2004 Employee Stock Option Plan – ECnet was expired on August 31, 2014 due to expiry of the term of the plan.

During the year ended December 31, 2015, R Systems had not granted any options under any of the aforementioned plans. Subsequent to year ended December 31, 2015, on the recommendation of Compensation Committee 150,000 stock options were granted under existing R Systems International Limited Employee Stock Option Scheme 2007 at the price of Rs. 12.07 per option (i.e. the price at which the options were granted earlier on July 11, 2007).

All options granted under R Systems International Ltd. Employees Stock Option Plan - Year 2001 has already been vested and exercised or lapsed and no options were in force as on December 31, 2015.

For options granted during the earlier years under plan (a), (b) and (c), R Systems used the fair value of the stock options for calculating the employees compensation cost.

For the purpose of valuation of the options granted during earlier years, the management obtained fair value of the options at the date of grant under respective schemes from a firm of Chartered Accountants, to determine accounting impact, if any, of options granted over the periods. In the considered opinion of the valuer, the fair value of option determined using 'Black Scholes Valuation Model' under each of above schemes is "Nil" and thus no accounting thereof is required.

The assumptions used for the purpose of determination of fair value are stated below:

Assumptions	Unit	Scheme (a) *	Scheme (b) **	Scheme (c)***	Comments by the valuer
Strike price	Rs.	42	154	26	
Current share price	Rs.	16	140	16	Taken on the basis of NAV and PECV method of valuation.
Expected option life	No. of Years	5	2.5	5	Being half of the maximum option life.
Volatility	%	1	0.5	1	In case of unlisted shares, the volatility may be taken as zero. Verma committee also recommends this.
Risk free return	%	7	11.3	7	Zero coupon rate estimated from trading government securities for a maturity corresponding to expected life of option - taken from sites of NSE and / or BSE.
Expected dividend Yield	%	-	15	-	Company has no set policy so dividend taken as zero. In case of R Systems Employees Stock Option Plan - Year 2001, as the dividend had been paid by the erstwhile company, it has been assumed at 15%.

* R Systems International Ltd. - Year 2004 Employee Stock Option Plan under which the price was based on Rs. 2 per share.

** R Systems International Ltd. Employees Stock Option Plan - Year 2001 under which originally the price was based on Rs. 10 per share for 21,967 shares. As a result of amalgamation of Indus Software Private Limited into R Systems, R Systems had issued 206,822 equity shares of Rs. 2 each pursuant to the swap ratio approved by Hon'ble High Courts of Delhi and Mumbai.

*** R Systems International Ltd. - Year 2004 Employee Stock Option Plan - ECnet under which the price was based on Rs. 2 per share.

Please note that the details given above for plan (a), (b) and (c) are after making the required adjustments in relation to consolidation of each of the 5 equity shares of Rs. 2 each into 1 equity share of Rs. 10 each as approved by the shareholders in the year 2006 and before Sub-division of each of the equity shares of Rs. 10 each into 10 equity shares of Re. 1/- each as per record date of February 28, 2014.

Further, for the purpose of valuation of the options granted during the year 2005 under R Systems International Ltd. - Year 2004 Employee Stock Option Plan, the management obtained fair value of the options at the date of grant from a firm of Chartered Accountants, to

determine accounting impact, if any, of options granted. In the considered opinion of the valuer, the fair value of these options determined using 'Black Scholes Valuation Model' is "Nil" and thus no accounting thereof is required.

The assumptions used by the valuer for the purpose of determination of fair value are stated below:

Assumptions	Unit	Scheme	Comments by the valuer
Strike price	Rs.	42	
Current share price	Rs.	13.58	Taken on the basis of NAV and PECV method of valuation.
Expected option life	No. of Years	5	Being half of the maximum option life.
Volatility	%	1	In case of unlisted shares, the volatility may be taken as zero. Verma committee also recommends this.
Risk free return	%	7.42	Zero coupon rate estimated from trading government securities for a maturity corresponding to expected life of option - taken from sites of NSE.
Expected dividend Yield	%	-	Company has no set policy so dividend taken as zero.

The above information is based on Rs. 2 per share prior to consolidation of 5 equity shares of Rs. 2 each into one equity share of Rs. 10 and subsequent allotment of bonus shares in the ratio of 1 : 1.

For the purpose of valuation of the options granted during the year ended December 31, 2007 under R Systems International Limited Employee Stock Option Scheme 2007, the compensation cost relating to Employee Stock Options, calculated as per the intrinsic value method is nil.

The management obtained fair value of the options at the date of grant from a firm of Chartered Accountants. In the considered opinion of the valuer, the fair value of these options determined using 'Black Scholes Valuation Model' is "Rs. 50.73" per option.

The assumptions used by the valuer for the purpose of determination of fair value are stated below:

Assumptions	Unit	Scheme	Comments by the valuer
Strike price	Rs.	120.70	
Current share price	Rs.	118.50	Price on the date of grant by Board of Directors i.e. closing price on July 11, 2007.
Expected option life	No. of Years	4	Being the vesting period.
Volatility	%	44	On the basis of industry average.
Risk free return	%	7	Zero coupon rate estimated from trading government securities for a maturity corresponding to expected life of option - taken from sites of NSE.
Expected dividend Yield	%	0.86	Company has declared Dividends of 12% in the past. Assuming that it will continue declaring similar dividends in future.

The stock based compensation cost calculated as per the intrinsic value method for the financial year 2014 and 2015 was nil. If the stock based compensation cost was calculated as per fair value method prescribed by SEBI, the total cost to be recognised in the financial statements for the year 2015 would be nil (Previous year nil). The effect of adopting the fair value method on the net income and earnings per share is presented below:

Pro Forma adjusted Net Income and Earnings Per Share

Particulars	(Amount in Rs.)	
	Year ended December 31, 2015	Year ended December 31, 2014
Net Income as reported	906,439,976	750,289,488
Add : Intrinsic Value Compensation Cost	-	-
Less : Fair Value Compensation Cost*	-	-
Adjusted Pro-forma Net Income	906,439,976	750,289,488
Earnings` Per Share (Face Value of Re. 1/-)		
Basic (Face Value of Re. 1/-)		
- As reported	7.14	5.90
- Pro-forma	7.14	5.90
Diluted (Face Value of Re. 1/-)		
- As reported	7.14	5.90
- Pro-forma	7.14	5.90

*all granted options have been vested during earlier years.

Weighted average exercise price of options granted during the year

S. No.	Particulars	Scheme (a)	Scheme (b)	Scheme (c)	Scheme (d)
1.	Exercise price equals market price	N.A.	N.A.	N.A.	N.A.
2.	Exercise price is greater than market price	N.A.	N.A.	N.A.	N.A.
3.	Exercise price is less than market price	N.A.	N.A.	N.A.	N.A.

Weighted average fair value of the options granted during the year

S. No.	Particulars	Scheme (a)	Scheme (b)	Scheme (c)	Scheme (d)
1.	Exercise price equals market price	N.A.	N.A.	N.A.	N.A.
2.	Exercise price is greater than market price	N.A.	N.A.	N.A.	N.A.
3.	Exercise price is less than market price	N.A.	N.A.	N.A.	N.A.

Scheme (a): R Systems International Ltd. - Year 2004 Employee Stock Option Plan.

Scheme (b): R Systems International Ltd. Employees Stock Option Plan-Year 2001.

Scheme (c): R Systems International Ltd. - Year 2004 Employee Stock Option Plan –ECnet.

Scheme (d): R Systems International Limited Employee Stock Option Scheme 2007.

As no options are granted during the year under Scheme (a), Scheme (b), Scheme (c) and Scheme (d), hence the required information is not applicable.

8. Liquidity and Borrowings - Consolidated Financial Statement

The available Cash and bank balance as at December 31, 2015 was Rs. 921.95 mn. against Rs. 1,098.24 mn. as of December 31, 2014. The decrease was mainly on account of purchase of fixed assets, acquisition of IBIZCS Group Pte Limited (IBIZ) and dividend payouts as offset by cash generation from operations net of taxes and proceeds from the sale of Indus Business Division.

The consolidated cash and cash equivalent as at December 31, 2015 were Rs. 786.17 mn. as against Rs. 1,059.10 mn. as on December 31, 2014.

Net cash generated from operating activities were Rs. 448.53 mn. for the year ended December 31, 2015 compared to Rs. 724.57 mn. for the year ended December 31, 2014.

Cash generated from investing activities were Rs. 397.95 mn. for the year ended December 31, 2015 comprised of proceeds from sale of subsidiaries Rs. 274.01 mn., proceeds from long term fixed deposits with banks Rs. 239.44 mn. (net), proceeds from redemption of mutual funds Rs. 19.77 mn., interest Income Rs. 42.57 mn., rental income from investment property Rs. 3.08 mn., sale of fixed assets Rs. 2.79 mn. as offset by purchase of fixed assets of Rs. 162.58 mn. and initial payout amounting to Rs. 21.13 mn. (net) on acquisition of IBIZ operations.

Cash used in financing activities were Rs 1,131.46 mn. for the year ended December 31, 2015 comprised of payment of dividend (including CDT) of Rs. 1,072.22 mn., Rs. 59.57 mn. paid for buy back of Equity shares, Rs. 1.11 mn. paid for interest as offset by cash received from issuance of equity shares of Rs. 1.09 mn. and net increase in long term borrowings by Rs. 0.36 mn. R Systems' policy is to maintain sufficient liquidity to fund the anticipated capital expenditures, operational expenses and investments for strategic initiatives.

R Systems has a credit facility from the Axis Bank Limited amounting to Rs. 200 mn. (including non-fund based credit limit of Rs. 180 mn. for currency derivatives). As at December 31, 2015, the total credit balance was Rs. Nil under fund based line of credit. Loan payable as at December 31, 2015 comprises of loan for motor vehicles purchased amounting to Rs. 11.58 mn. and against general corporate purpose of Rs. 0.99 mn. R Systems primary bankers in India are Axis Bank Limited, ICICI Bank Limited, Kotak Mahindra Bank Limited, State Bank of India, HDFC Bank Limited and Oriental Bank of Commerce. In U.S.A., U.K., Singapore and New Zealand, the primary bankers are California Bank & Trust, Natwest Bank, Citibank N.A. and Bank of Baroda (NZ), respectively.

9. Changes in the Capital Structure

During the financial year ended the following changes took place in the capital structure of the Company.

At the beginning of the financial year ended December 31, 2015 the issued and paid up capital of the Company was Rupees 127,458,580/- divided into 127,458,580 equity shares of Re. 1/- each.

Subsequently, the Company completed the buyback of its 678,155 equity shares of Re. 1/- each on April 23, 2015. Consequent to this buy back the issued and paid up capital of the Company was reduced to Rs. 126,780,425/- divided into 126,780,425 equity shares of Re. 1/- each.

Further, the Company allotted 90,000 equity shares of Re. 1/- each on June 09, 2015 pursuant to exercise of Stock Options under R Systems International Limited Employee Stock Options Scheme 2007, at an exercise price of Rs. 12.07 per share therefore,

the issued and paid up share capital reached to Rs. 126,870,425/- divided into 126,870,425 equity shares of Re. 1/- each.

During the financial year ended December 31, 2015, the Company has not issued any shares with differential voting rights or any sweat equity shares. Therefore, disclosure pursuant to Section 43(a) (ii) & Section 54(1)(d) of the Companies Act, 2013 are not applicable. Further, no disclosure is required under Section 67 (3) (c) of the Companies Act, 2013, in respect of voting rights not exercised directly by employees of the Company as the provisions of the said section are not applicable.

10. Buy Back

The Board of Directors of the Company at its meeting held on December 20, 2014 approved the buy back of the Company's fully paid-up equity shares of face value of Re. 1/- each from its existing shareholders, other than those who are promoters, members of the promoter group and persons acting in concert, from the open market through stock exchange(s) for a total consideration not exceeding Rs. 60 mn. and at a price not exceeding Rs. 100/- per share, payable in cash.

During the year ended December 31, 2015, this offer for buy back remained opened from January 06, 2015 to April 23, 2015. During this period, the Company bought back 678,155 equity shares for Rs. 59.57 mn. All the shares bought back from January 06, 2015 to April 23, 2015 had been extinguished within the statutory time limits and the said buy back was completed on April 23, 2015.

11. Corporate Restructuring

During the year ended December 31, 2015, pursuant to shareholder approval accorded by special resolution through postal ballot on September 23, 2014, the Company concluded the divestment of Indus Product Business, in line with its strategy to focus on core services business by executing a 'Business Transfer Agreement' (BTA) with R Systems Product & Technologies Private Limited ("RSPTPL"), a wholly owned subsidiary of the Company on June 27, 2015 for the transfer of Indus Business Unit operated out of Pune and Chennai to RSPTPL on a going concern basis by way of slump sale, for consideration of Rs. 783.9 mn. on the terms and conditions agreed in BTA.

The Company completed the acquisition of 100% shares of IBIZCS Group Pte Limited (IBIZ), a Singapore based Company engaged in Microsoft Dynamics ERP Practice, w.e.f. April 30, 2015 through its wholly owned subsidiary namely R Systems (Singapore) Pte Limited. IBIZCS Group Pte. Limited is having operations mainly in South East Asia as a reseller of Microsoft Dynamics Navision ERP along with BI and mobility solutions competencies.

R Systems Solutions, Inc. (RSSI) has been merged with R Systems, Inc. (RSI), both being wholly owned subsidiaries of

the Company based in USA, as per the applicable laws of USA on December 10, 2015. Pursuant to aforesaid merger, the Company has received incremental 150 common stock of RSI against outstanding common and preferred (series A) stocks held in RSSI.

12. Material changes affecting the financial position of the Company

There are no significant events, changes occurred between the end of the financial year and till the date of this report which would materially affect the financial position of the Company.

13. Particulars of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars as prescribed under Section 134 (1) (m) of the Companies Act, 2013, read with rule 8 of Companies (Accounts) Rules, 2014 for the year ended December 31, 2015 are as follows:

A. Conservation of Energy

Since the Company does not own any manufacturing facility, the other particulars relating to conservation of energy stipulated in the Companies (Accounts) Rules, 2014 are not applicable.

During the year ended December 31, 2015 R Systems continued its' action plans to curtail the energy bills by adopting various energy conservation options / technologies as identified by Federation of Indian Chambers of Commerce & Industry ("FICCI") through a detailed Energy Audit carried out by FICCI for R Systems Noida operations in the year 2007.

Significant measures were taken to reduce energy consumption by using energy efficient equipment and devices. R Systems constantly evaluates new technologies and makes appropriate investments to be energy efficient. Currently, the Company uses LED/CFL fittings and electronic ballasts to reduce power consumption of fluorescent tubes. The air is conditioned with energy efficient compressors for central air conditioning and with split air conditioning for localized areas.

R Systems is always in search of innovative and efficient energy conservation technologies and applies them prudently. However, R Systems being in the software industry, its operations are not energy intensive and energy costs constitute a very small portion of the total cost, therefore, the financial impact of these measures is not material.

B. Technology absorption

1. Efforts made towards technology absorption

The Company has established practice streams in specific technologies to analyze their implications and the benefits they can provide to the Company's customers. These

steps enable the Company to find and execute the most appropriate solutions for its clients.

2. Benefits derived as a result of the above efforts

The benefits derived from the above mentioned efforts are fulfilling customer needs, efficiency in operations, improvement in quality and growth in revenues.

3. Technology imported during the last 3 years

Not applicable, as no technology has been imported by the Company.

4. Expenditure incurred on Research and development.

Driven by our core value of innovation, we believe that innovation is not just a practice but an essential component embedded within R Systems organizational DNA. Innovation is one of our core areas which keeps us competitive and successful in today's highly competitive business environment. Over the year ended December 31, 2015, your Company has invested in research and development in the area of Analytics and Mobility solutions in addition to strengthening and up-grading proprietary products and frameworks. The key R&D initiatives undertaken by the Company for the year 2015 are as follows:

- (1) R Systems's Analytics practice plays a key role in leveraging advanced technologies to develop sophisticated & disruptive analytics solutions that drive the business transformation for the existing and prospective customers. With the deep expertise in the vertical like Telecom & Digital Media, BFSI and Healthcare, we have horizontally embraced Analytics solutions across these verticals to bring operational efficiency and also create a vital information pool reflecting on the economical, statistical, social media, speech metrics of the customers. Our technology innovation agenda focuses on solutions around advanced Analytics themes i.e. Customer Analytics, Speech & Text Analytics and Risk & Financial Portfolio Analytics, Autonomics, Social Media Analytics, Healthcare Analytics and Operational Analytics. We have also initiated our investment in next generation data analytics framework and multiple focused solutions across key verticals. This framework will provide end-to-end functions for conceptualizing and implementing any big data analytics initiative.
- (2) Your Company has developed a customer interaction analytics platform by leveraging the speech text mining capabilities that empowers organizations to measure and analyse 100% of recorded customer interactions. This platform is built to deliver actionable business insights by analysing unstructured & semi-

structured data extracted from various data sources such as: CRM, IVR, CDR, ACD and customer interactions etc. with integrated capabilities for speech, text, social media, big data & predictive analytics.

- (3) The Company has invested in building reusable components library and testing frameworks for mobile platforms (Android and iOS). These reusable components and frameworks provide an edge to your Company in term of cost efficiency and reduced time to market while servicing existing as well as prospective customers.
- (4) Additionally, your Company has continued its investment building frameworks and proof of concepts in key verticals like Telecom & Digital Media and Healthcare domains.

C. Foreign Exchange Earnings and Outgo (Accrual Basis)

A significant percentage of R Systems revenues are generated from exports. The development and service centre in Noida is registered with the Software Technology Park of India as 100% Export Oriented Undertaking. All efforts of the Company are geared to increase the business of software exports in different products and markets. We have made investments in sales and marketing activities in various growing markets.

The total foreign exchange used and earned by R Systems during the year as compared with the previous year is as follows:

(Rs. in Millions)

S. No.	Particulars	Financial Year ended	
		31.12.2015	31.12.2014
(a)	Earnings (Accrual Basis)	2,638.34	3,087.10
(b)	Expenditure (Accrual Basis)	423.67	412.68
(c)	CIF value of imports	39.73	19.74

14. Subsidiaries

As on December 31, 2015, R Systems has twenty four subsidiaries. The name and country of incorporation of those subsidiaries are as follows:

S. No.	Name of the Subsidiaries	Country of Incorporation
1.	R Systems (Singapore) Pte Ltd.	Singapore
2.	R Systems, Inc.	U.S.A.
3.	R Systems Technologies Ltd. (Formerly known as Indus Software, Inc.)	U.S.A.
4.	ECnet Limited	Singapore

S. No.	Name of the Subsidiaries	Country of Incorporation
5.	Systèmes R. International Ltée, ⁵	Canada
6.	ECnet (M) SDN. BHD [#]	Malaysia
7.	ECnet, Inc. [#]	U.S.A.
8.	ECnet (Hong Kong) Limited [#]	Hong Kong
9.	ECnet Systems (Thailand) Company Limited [#]	Thailand
10.	ECnet Kabushiki Kaisha [#]	Japan
11.	ECnet (Shanghai) Co. Ltd. [#]	People's Republic of China
12.	Computaris International Limited	U.K.
13.	ICS Computaris International Srl [@]	Moldova
14.	Computaris Malaysia Sdn. Bhd. [@]	Malaysia
15.	Computaris Polska sp zo.o. [@]	Poland
16.	Computaris Romania SRL [@]	Romania
17.	Computaris USA, Inc. [@]	U.S.A.
18.	IBIZCS Group Pte Ltd.*	Singapore
19.	IBIZ Consulting Services Pte Ltd. [^]	Singapore
20.	IBIZ Consulting Services Sdn. Bhd. [^]	Malaysia
21.	PT. IBIZCS Indonesia [^]	Indonesia
22.	IBIZ Consultancy Services India Private Limited [^]	India
23.	IBIZ Consulting Services Limited [^]	Hong Kong
24.	IBIZ Consulting Services (Shanghai) Co., Ltd. [^]	People's Republic of China

[#] wholly owned subsidiaries of ECnet Limited, Singapore being 99.75% subsidiary of R Systems (The shareholding by the Company and R Systems (Singapore) Pte. Ltd. is 69.37% and 30.38% respectively).

[@] wholly owned subsidiaries of Computaris International Limited being 100% subsidiary of R Systems.

^{*} Wholly owned subsidiary of R Systems (Singapore) Pte Ltd. being 100% subsidiary of R Systems.

[^] Wholly owned subsidiaries of IBIZCS Group Pte Ltd. being 100% Subsidiary of R Systems (Singapore) Pte Ltd. being 100% subsidiary of R Systems.

⁵ Subsequent to the year ended December 31, 2015, name of Systèmes R. International Ltée, Canada has been changed to R SYS TECHNOLOGIES LTD.

During the year ended December 31, 2015, the Company has acquired through R Systems (Singapore) Pte Ltd., wholly owned subsidiary of the Company, 100% share of IBIZCS Group Pte Ltd., Singapore (IBIZ) on April 30, 2015.

IBIZ is a Microsoft Gold-certified partner specialized in Microsoft Business Management Solution suites, including Enterprise Resource Planning (ERP), Customer Relationship Management (CRM), Point of Sales (POS), Mobility, Business Intelligence (BI) and Portals having subsidiaries in Singapore, Malaysia, Indonesia, India, Hongkong and China.

The Company has transferred 93% of its equity share in R Systems Products & Technology Private Limited ("RSPTPL") on July 07, 2015 by entering into 'Share Purchase Agreement' (SPA) with BD Capital Partners Ltd. ("BDC"), a Mauritius based company on June 27, 2015 for a consideration of Rs. 443.17 mn.

On December 10, 2015, R Systems Solution Inc. (RSSI), has been merged with R Systems Inc. (RSI), both being wholly owned subsidiaries of the Company, based in U.S.A.

As on date of this report, all the aforementioned twenty four subsidiaries except IBIZ Consultancy Services India Private Limited – India were incorporated and based outside India. In addition to providing services to various international clients these subsidiaries also help to generate revenues for R Systems. The Board of Directors of the Company regularly reviews the affairs of these subsidiaries.

Policy for determining material subsidiaries of the Company is available on the website of the Company at <http://www.rsystems.com/investors/corporategovernance.aspx>.

Further, the audited annual accounts and related detailed information of our subsidiaries, where applicable, will be made available to shareholders seeking such information at any point of time. The annual accounts of the subsidiary companies will also be available for inspection by any shareholder at Registered Office of R Systems i.e. B-104 A, Greater Kailash-I, New Delhi-110048 and Corporate Office of R Systems i.e. C-40, Sector 59, Noida (U.P.)-201307 and Registered Offices of the subsidiary companies concerned during business hours. The same will also be hosted on R Systems' website i.e. www.rsystems.com.

15. Particulars of employees

The details required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are annexed as **Annexure A** and forms part of this report.

Further, as required under the provisions of Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the name and other particulars of employees are set out in **Annexure B** and forms part of this report.

16. Directors' responsibility statement

Pursuant to the requirement of Section 134 (3) (c) read with Section 134(5) of the Companies Act, 2013 with respect to directors' responsibility statement, your directors hereby confirm that:

- i) In the preparation of the annual accounts for the financial year ended December 31, 2015, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii) the directors had 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 state of affairs of the company at the end of the financial year and of the profit and loss of the Company for that period;
- iii) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv) the directors had prepared the annual accounts for the financial year ended December 31, 2015 on a going concern basis;
- v) the directors, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- vi) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

17. Auditors

M/s S. R. Batliboi & Associates LLP (Firm Registration No. 101049W/E300004), the statutory auditors of the Company will retire at the ensuing Annual General Meeting and are eligible for reappointment.

The Board, based on the recommendation of the audit committee, recommends the re-appointment of M/s S. R. Batliboi & Associates LLP (Firm Registration No. 101049W/E300004) as the statutory auditors of the Company. M/s S. R. Batliboi & Associates LLP have confirmed their eligibility and willingness to act as the statutory auditors of the Company and have further confirmed that their appointment, if made, shall be within the limits prescribed under Section 141 of the Companies Act, 2013 and that they are not disqualified for such appointment within the meaning of the said section.

Further, the auditors' report being self-explanatory, does not call for any further comments by the Board of Directors.

18. Audit committee

R Systems has a qualified and independent Audit Committee. During the year under review there was no change in composition of the Audit Committee except that Mr. Amardeep Singh Ranghar was appointed as a member of Audit Committee w.e.f. August 04, 2015.

The constitution of the Committee is in compliance with the provisions of the Companies Act, 2013, the Listing Regulations and erstwhile Listing Agreement. Detailed description of the Audit Committee has been given in Corporate Governance report.

The terms of reference and role of the Committee are as per the guidelines set out in the Listing Regulations and erstwhile Listing Agreement read with Section 177 of the Companies Act, 2013 and rules made thereunder and includes such other functions as may be assigned to it by the Board from time to time. The Committee has adequate powers to play an effective role as required under the provisions of the statute and Listing Regulations. During the year under review, the Board of Directors of the Company had accepted all the recommendations of the Audit Committee.

19. Prevention and prohibition of sexual harassment of women at work place

At R Systems it is our desire to promote a healthy and congenial working environment irrespective of gender, caste, creed or social class of the employees. We value every individual and are committed to protect the dignity and respect of every individual. The Company has always endeavored for providing a better and safe environment free of sexual harassment at all its work places.

Consequent to the enactment of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules made thereunder, the Management of R Systems International Limited has constituted an Internal Complaints Committee (ICC) to deal with any complaints or issues that may arise, in the nature of sexual harassment of women employees. The Company has also prepared and implemented Policy for Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace. During the year ended December 31, 2015, no cases of sexual harassment against women employees at any of its work place were reported to the ICC.

20. Corporate Governance

As required under Listing Regulations, the detailed report on corporate governance is given as **Annexure C** to this report and

the certificate obtained from a practicing company secretary regarding compliance of the conditions of corporate governance as stipulated in the said clause is annexed as **Annexure D** to this report.

21. Deposits

The Company has neither invited nor accepted any deposits from the public within the purview of Section 2(31), 71 and 74 of Companies Act, 2013 read with the Companies (Acceptance of Deposit) Rules, 2014, no amount of principal or interest was outstanding on the date of the balance sheet.

22. Customer relations

R Systems recognises that the customers have a choice of service providers and the directors would like to place on record their gratitude on behalf of the Company for the business provided by them. The Company's quality policy mandates that the voice of the customer is obtained on a regular basis. We constantly review the feedback and incorporate its impact into our delivery systems and communications.

23. Stakeholder's relations

R Systems is inspired by its customers and its employees transform that inspiration and customers' needs into value for all stakeholders. We thank all R Systems employees worldwide for their hard work, commitment, dedication and discipline that enables the Company to accomplish its customer commitments and commitments to all its stakeholders. R Systems conducts regular employee satisfaction surveys and open house meetings to get employee feedback. R Systems is constantly validating key employee data with industry and peer group business. These practices have helped the Company achieve many of its business goals and have been recognised in many industry surveys over the last few years. The open door policy of our senior management team ensures that the feedback loop is completed promptly.

We thank our shareholders for their continuous support and confidence in R Systems. We are aware of our responsibilities to our shareholders to provide full visibility of operations, corporate governance and creating superior shareholder value and we promise to fulfill the same.

24. Management discussion and analysis report

In terms of the Listing Regulations management discussion and analysis report is given as **Annexure E** to this report.

25. Secretarial Report

Mr. Jitender Singh, Company Secretary in Whole Time Practice, had been appointed by the Board to carry out the Secretarial

Audit under the provision of Section 204 of the Companies Act, 2013 for the financial year ended December 31, 2015. The Secretarial Audit report for financial year ended 2015 is enclosed as **Annexure F**. The report does not contain any qualification.

26. Vigil Mechanism / Whistle Blower Policy

In order to provide a mechanism to employees of the company to disclose any unethical and improper practices or any other alleged wrongful conduct in the company and to prohibit managerial personnel from taking any adverse action against those employees, the company has laid down a Vigil Mechanism also known as Whistle Blower Policy to deal with instance of fraud and mismanagement, if any. The details of the Vigil Mechanism or Whistle Blower Policy is explained in the Corporate Governance Report and also posted on the website of the Company.

27. Continuance of the Existing Financial Year

Pursuant to the provision of Section 2(41) of the Companies Act, 2013, an order from the Company Law Board has been awarded to the Company to continue to follow calendar year (i.e. 1st January to 31st December) as its financial year.

28. Criteria for selection of candidates for Membership on the Board of Directors and the Remuneration Policy

As per the provisions of Section 178 of the Companies Act, 2013 and other relevant provisions and on the recommendation of Nomination & Remuneration Committee, the Board has framed a criteria for selection of Directors, a policy for remuneration of directors, key managerial personnel and other employees. The Criteria for selection of candidates for Membership on the Board of Directors and the remuneration policy are stated in the Corporate Governance Report.

29. Meetings of the Board

The Board and its Committees of the Company meet at regular intervals to discuss, decide and supervise the various business policies, business strategy, Company's performance and other statutory matters. During the year under review, the Board has met 09 times. The details of the meeting of the Board and its Committees are given in Corporate Governance Report. The intervening gap between two Board Meetings did not exceed 120 days.

30. Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and the Listing Regulations, the Board has carried out an annual performance evaluation of its own performance, its committees and the individual directors. The manner in which the evaluation has been carried out has been explained in the Corporate

Governance Report.

31. Particulars of Loans, Guarantees or investments under Section 186 of the Companies Act, 2013

During the year ended December 31, 2015, the Company has invested SGD 2,251,000 in R Systems (Singapore) Pte Ltd. by way of acquisition of 1,052,125 shares in R Systems (Singapore) Pte Ltd.

Further, the Company has also made investment of Rs. 700,000 in R Systems Products & Technologies Private Limited ("RSPTPL") by way of acquisition of shares in right issue. Further, the Company also acquired 60,000,003 equity shares at Rs. 6.227333 per equity share and 35,026 Non-Convertible Debentures ("NCD") at Rs. 10,000/- per NCD as purchase consideration for transfer of its business unit to RSPTPL.

The Company has transferred 93% of its equity share in RSPTPL on July 07, 2015 by entering into 'Share Purchase Agreement' (SPA) with BD Capital Partners Ltd. ("BDC"), a Mauritius based company on June 27, 2015.

32. Related Party Disclosure

All the Related Party Transactions entered during the year were in the ordinary course of business and on arm's length basis. There are no materially significant related party transactions made by the company with promoters, Directors, Key Managerial personnel or other designated persons which may have a potential conflict of interest with the company at large.

All the related party transactions are presented to the Audit Committee and the Board. Omnibus approval is obtained for the transactions which are foreseen and repetitive in nature. A statement of all related party transactions is presented before the Audit Committee on quarterly basis, specifying the terms & conditions of the transactions.

The policy on Related Party Transactions as approved by the Board is uploaded on the company's website at the weblink as mentioned in the Corporate Governance Report.

Details of particulars of contracts or arrangements with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 in form AOC-2 has been enclosed herewith as **Annexure G**.

33. Risk Management

The Company is not required to form a Risk Management Committee. The Company has developed and implemented a

risk management policy for identifying the risk associated with business of the Company and measures to be taken by including identification of elements of risk and measures to control them.

34. Corporate Social Responsibility

In compliance with the provisions of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company has constituted a Corporate Social Responsibility Committee ('CSR Committee').

During the year under review, there is no change in the constitution of the Committee except that Mr. Raj Swaminathan, Director & Chief Operating Officer of the Company ceased to be the member of the Committee consequent to his cessation as Director of the Company w.e.f. June 27, 2015.

The detailed terms of reference of the Corporate Social Responsibility Committee has been provided in the Corporate Governance Report. In pursuit of the responsibilities entrusted to the CSR Committee, a policy on Corporate Social Responsibility has been prepared and adopted by the Board which is available at the website of the Company at following link:

<http://www.rsystems.com/investors/corporategovernance.aspx>

Annual Report on CSR activities of the Company in format prescribed in Companies (Corporate Social Responsibility Policy) Rules, 2014 in enclosed as **Annexure H** and forms part of this report.

35. Internal Control System and Internal Financial Controls

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The Internal Auditors and the management monitors and evaluates the efficacy and adequacy of the internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Audit observations of Internal Auditors and corrective actions thereon are presented to the Audit Committee of the Board. To maintain its objectivity and independence, the Internal Auditor reports to

the Audit Committee.

The Company has in place adequate internal financial controls commensurate with size, scale and complexity of its operations. The Company has policies and procedures in place for ensuring proper and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and timely preparation of reliable financial information.

36. Extract of Annual Return

The details forming part of the extract of the Annual Return in form MGT - 9 is enclosed as **Annexure I** to this Report.

37. Significant and Material Orders Passed By The Regulators Or Courts

There are no significant or material orders passed by the Regulators / Courts which would impact the going concern status of the Company and it's operations in future.

38. Acknowledgments

Your directors once again take this opportunity to thank the employees, investors, clients, vendors, banks, business associates, regulatory authorities including stock exchanges, Software Technology Park of India, the Central Government, State Government of Delhi, Uttar Pradesh, Maharashtra, Tamil Nadu for the business support, valuable assistance and co-operation continuously extended to R Systems. Your directors gratefully acknowledge the trust and confidence and look forward for their continued support in the future.

On behalf of the Board
For R Systems International Limited

Sd/-
Satinder Singh Rekhi
(DIN: 00006955)
(Managing Director)

Place : Singapore
Date : April 30, 2016

Sd/-
Lt. Gen. Baldev Singh (Retd.)
(DIN: 00006966)
(President & Senior Executive Director)

Place : Noida
Date : April 30, 2016

Annexure 'A' to the Directors' Report

Disclosures pursuant to Section 197(12) of the Companies Act, 2013 and Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

A. The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year:

Sr. No.	Name of the Director	Category	Ratio of the remuneration to the median remuneration of the employees
1	Mr. Satinder Singh Rekhi	Executive Director	48.31
2	Lt. Gen. Baldev Singh (Retd.)	Executive Director	9.45
3	Mr. Raj Swaminathan*	Executive Director	10.45
4	Mr. Raj Kumar Gogia	Non-Executive Independent Director	N.A.
5	Mr. Suresh Paruthi	Non-Executive Independent Director	N.A.
6	Mr. Gurbax Singh Bhasin	Non-Executive Independent Director	N.A.
7	Mr. Amardeep Singh Ranghar	Non-Executive Independent Director	N.A.
8	Mrs. Ruchica Gupta	Non-Executive Director	N.A.

* Mr. Raj Swaminathan ceased to be director w.e.f. June 27, 2015.

Note: - All the Non- Executive Directors and Non- Executive Independent Directors are paid sitting fees only for attending the meeting of Board of Directors or Committees thereof.

B. The percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer, Company Secretary in the financial year:

Sr. No.	Name	Category	% increase in remuneration in the financial year
1.	Mr. Satinder Singh Rekhi	Executive Director	6.35
2.	Lt. Gen. Baldev Singh (Retd.)	Executive Director	6.32
3.	Mr. Raj Swaminathan*	Executive Director	10.99
4.	Mr. Raj Kumar Gogia	Non-Executive Independent Director	N.A.
5.	Mr. Suresh Paruthi	Non-Executive Independent Director	N.A.
6.	Mr. Gurbax Singh Bhasin	Non-Executive Independent Director	N.A.
7.	Mr. Amardeep Singh Ranghar	Non-Executive Independent Director	N.A.
8.	Mrs. Ruchica Gupta	Non-Executive Director	N.A.
9.	Mr. Nand Sardana	Chief Financial Officer	7.02
10.	Mr. Ashish Thakur	Company Secretary & Compliance Officer	18.45

* Mr. Raj Swaminathan ceased to be director w.e.f. June 27, 2015.

C. Percentage increase in the median remuneration of employees in the financial year:

The percentage increase in the median remuneration of the employees in the financial year was 4.30%.

D. Number of permanent employees on the rolls of company:

Number of permanent employees on the rolls of R Systems International Limited as at December 31, 2015 was 1,374.

E. Explanation on the relationship between average increase in remuneration and company performance:

The increase in remuneration of employees is in line with the individual performance and industrial and geographical standards.

F. Comparison of the remuneration of the Key Managerial Personnel against the performance of the company:

(Rs. in millions)

Aggregate remuneration of KMP for the year ended December 31, 2015	47.55
Revenue for the year ended December 31, 2015	2,892.60
Remuneration of KMP as a % of Revenue	1.64
Profit before tax (PBT) for the year ended December 31, 2015 (excluding Exceptional Items)*	529.89
Remuneration of KMP as a % of PBT (excluding Exceptional Items*)	8.97%

*Please refer Note No. 22 of the standalone financial statements for exceptional items.

G. Variations in the market capitalisation of Company and price-earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer :

a. Market Capitalisation (in Millions)

	December 31, 2015	December 31, 2014	% Change
NSE	9,718.27	11,037.91	(11.96)
BSE	9,648.50	11,076.15	(12.89)

b. Price earnings ratio

	PE Ratio December 31, 2015	PE Ratio December 31, 2014	% Change
NSE	10.73	14.68	(26.91)
BSE	10.65	14.73	(27.68)

c. Percentage increase in the market quotation of shares of the Company as compared to the rate of last public offer:

The closing price of Company's equity shares on NSE and BSE as of December 31, 2015 was 76.60 and 76.05 respectively, representing 206.40 percent increase (adjusted for sub-division) over IPO price (NSE).

H. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

Average increase in remuneration for employees is 10% (approx.). The average increase in overall managerial remuneration is 7.8%.

I. Comparison of the each remuneration of the Key Managerial Personnel against the performance of the company:

Name of Key Managerial Personnel (KMP)	Mr. Satinder Singh Rekhi, Managing Director	Lt. Gen. Baldev Singh (Retd.), President & Senior Executive Director	Mr. Raj Swaminathan, Director*	Mr. Nand Sardana, Chief Financial Officer	Mr. Ashish Thakur, Company Secretary & Compliance Officer
Remuneration of KMP (Rs. In Millions)	32.05	6.27	3.38	5.23	0.63
Remuneration of KMP as a % of Revenue	1.11%	0.22%	0.12%	0.18%	0.02%
Remuneration of KMP as a % of PBT (excluding Exceptional Items)#	6.05%	1.18%	0.64%	0.99%	0.12%

* Mr. Raj Swaminathan ceased to be director w.e.f. June 27, 2015.

Please refer Note No. 22 of the standalone financial statements for exceptional items.

J. Key parameters for any variable component of remuneration availed by the directors:

Variable pay for Mr. Satinder Singh Rekhi, Managing Director, i.e. incentive payable is based on the fixed percentage of profit after tax (PAT) and for Lt. Gen. Baldev Singh (Retd.), President & Senior Executive Director- Incentive payable is based on the fixed percentage of revenue of Noida Unit.

K. Ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year:

The ratio of remuneration of Mr. Satinder Singh Rekhi, the highest paid Director to that of Mr. Mandeep Singh Sodhi, Vice President – Sales, the highest paid employee is 0.97:1.

L. Affirmation that the remuneration is as per the remuneration policy of the company:

The Company affirms that the remuneration is as per the remuneration policy of the Company.

Annexure 'B' to the Directors' Report
Information as per Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Directors' Report for the year ended December 31, 2015
A. Employed throughout the year and in receipt of remuneration not less than Rs. 6,000,000 for the year

S. No.	Name	Designation / nature of duties	Qualification	Age (Years)	Date of Joining	Experience (Years)	Gross Remuneration (Rs.)	Previous employment & designation
1	Anand Jankiraman	Program Manager	PMP, Bachelor of Science; Microsoft Certified Professional and Microsoft Certified Solutions Developer; Diploma in Business Finance and Capital Markets	42	May 1, 2007*	17	6,827,673	Trisoft Systems, Delivery Head
2	Ashok Bhatia	Vice President - Client Operations	BSc, PGDMM and Certified Project Manager (SAPM) from Stanford University, USA	49	January 1, 2006*	24	17,170,883	ACT Inc., Pittsburgh, PA Vice President - Marketing i Healthcare Services India Ltd.
3	Debraj Ganguly	Director - Sales @	MBA - IIM Calcutta, B Tech - IIT Kharagpur	43	February 3, 2005	20	10,113,185	Vice President - Business Development
4	Gurpreet Saini	Sales Account Manager	BS Computer Science, MBA - Nagpur University in Marketing and Finance	41	January 1, 2008*	18	10,948,662	FCS Software - Sales Manager
5	Harsh Verma	Vice President (Global Innovative Research) & Head, Mobility Solutions	BE (Hons) in Electrical & Electronics Engineering, MS PhD in Computer Science from BITS, Pilani, Executive Mgmt. Prog. from IIM, Ahmedabad, Post-Doctoral Res. Prog. UC Berkeley.	56	February 19, 2007	31	8,757,093	Glocol, Inc., California, USA, Vice President, R&D
6	Lt. Gen. Baldev Singh (Retd.)	President & Senior Executive Director	Masters degree in Military Sciences from Madras University	75	September 1, 1997	49	6,265,670	Indian Army, Ministry of Defence Lt. General
7	Mandeep Singh Sodhi	Vice President - Sales	Bachelors degree in Electronics Engineering from Marathwada University and MBA from University of California, Davis	48	January 1, 2008*	23	33,118,711	Sark Synertek, Noida, Senior Marketing Engineer
8	Satinder Singh Rekhi	Managing Director	Bachelor of Technology from IIT, Kharagpur; MBA California State University, Sacramento; Senior Management programs from University of Berkeley and Harvard Business School	65	January 1, 2006*	33	32,046,605	Digital Information Systems Corporation
9	Stacey Gann	Engagement Manager	Bachelors of Science in Nursing	47	January 30, 2012	26	7,599,244	Senior Management Personnel Harris Health Plan- Training Manager

B. Employed for the part of the year and in receipt of remuneration not less than Rs. 500,000 per month

S. No.	Name	Designation / nature of duties	Qualification	Age (Years)	Date of Joining	Experience (Years)	Gross Remuneration (Rs.)	Previous employment & designation
1	Raj Swaminathan#	Director & Chief Operating Officer	MBA - XLRI	56	May 1, 2006	31	4,780,493	GE - Capital, Vice-President (Technology)

Resigned during the year.

@ Not a member of the Board of Director of the Company.

* Prior to joining R Systems International Limited "the Company" these employees were working with R Systems, Inc., USA (wholly owned subsidiary of the Company). The date of joining in the subsidiary, of these employees is given here under:

Name	Date of Joining
Anand Jankiraman	May 23, 2005
Ashok Bhatia	December 11, 2000
Gurpreet Saini	May 2, 2006
Mandeep Singh Sodhi	April 1, 1993
Satinder Singh Rekhi	April 1, 1993

Notes:

- 1 None of the employee owns more than 2% of the outstanding shares of the Company as on December 31, 2015.
- 2 Nature of employment is contractual in all the above cases.

On behalf of the Board

For R Systems International Limited

Sd/-

Satinder Singh Rekhi
(DIN: 00006955)
(Managing Director)

Place : Singapore
Date : April 30, 2016

Sd/-

Lt. Gen. Baldev Singh (Retd.)
(DIN: 00006966)
(President & Senior Executive Director)

Place : Noida
Date : April 30, 2016

Annexure 'C' to the Directors' Report

CORPORATE GOVERNANCE

Report on Corporate Governance

1. Company's Philosophy on Corporate Governance

R Systems International Limited ("R Systems" or the "Company") is committed to conduct its business in compliance with the applicable laws, rules and regulations and with the highest standards of business ethics. We, at R Systems, believe that good Corporate Governance is a key contributor to sustainable corporate growth and creating superior value for our stakeholders. It is primarily concerned with transparency, accountability, fairness, professionalism, social responsiveness, complete disclosure of material facts and independence of Board. R Systems endeavours its best to constantly comply with these aspects in letter and spirit, in addition to the statutory compliances as required under Clause 49 of the Listing Agreement ("Old Listing Agreement") later substituted by Uniform Listing Agreement entered into with the stock exchanges read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

2. Board of Directors

R Systems has an optimum combination of executive and non-executive directors on its Board of Directors ("Board"). During the year under review, the Board comprised of seven directors,

The names and categories of the directors on the Board and their attendance at the Board meetings held during the year under review are as follows:

Name of Director	Category of Director	Designation	No. of Board Meetings attended out of 09 meetings held during the year	Attendance at the last AGM	No. of directorship in other bodies corporate [#]
Mr. Satinder Singh Rekhi	Promoter & Executive Director	Managing Director	03+04*	Yes	11
Lt. Gen. Baldev Singh (Retd.)	Executive Director	President & Senior Executive Director	08	Yes	Nil
Mr. Raj Swaminathan ⁵	Executive Director	Director & Chief Operating Officer	04+01*	Yes	01
Mr. Raj Kumar Gogia	Non- Executive Independent Director	Director	08	Yes	Nil
Mr. Gurbax Singh Bhasin	Non-Executive Independent Director	Director	01+03*	No	11
Mr. Suresh Paruthi	Non-Executive Independent Director	Director	08	No	Nil

i.e. two executive directors out of which one is promoter director designated as Managing Director, one non-executive director and four non-executive independent directors. All the existing non-executive independent directors of the Company satisfy the criteria of independence as defined under the provisions of the Companies Act, 2013 and the Listing Regulations.

The total number of independent directors has been at least 50% of the total strength of the Board at all times during the year under review.

None of the directors of the Company is a director or a committee member or a chairperson of any committee in any other company in India. None of the non-executive directors of the Company hold any shares and convertible instruments in the Company. Necessary disclosures regarding directorship and committee positions in other companies and shareholding as of December 31, 2015 have been made by the directors.

Except the Managing Director and the Independent Directors appointed pursuant to the provisions of Section 149 of the Companies Act, 2013, all other directors are liable to retire by rotation as per Articles of Association of the Company read with the provisions of the Companies Act, 2013.

Name of Director	Category of Director	Designation	No. of Board Meetings attended out of 09 meetings held during the year	Attendance at the last AGM	No. of directorship in other bodies corporate [#]
Mr. Amardeep Singh Ranghar	Non-Executive Independent Director	Director	03	No	Nil
Mrs. Ruchica Gupta	Non-Executive Director	Director	09	Yes	Nil

Includes the offices of CEO, President, Managing Member and Partner.

* Attendance by teleconference.

§ Mr. Raj Swaminathan ceased to be the director of the Company w.e.f. June 27, 2015. During the year under review, he attended 04 meetings in person and 01 meeting through teleconferencing out of 06 Board Meetings held till his cessation as director.

The expression ‘independent director’ has the same meaning as defined under Regulation 16 of the Listing Regulations (came into effect on December 01, 2015) and Clause 49 of the Listing Agreement (which has been rescinded and novated by the uniform Listing Agreement entered into with the stock exchanges) (hereinafter referred as Old Listing Agreement) and the Companies Act, 2013.

Out of the seven directors, two directors namely, Mr. Satinder Singh Rekhi, Managing Director and Lt. Gen. Baldev Singh (Retd.), President & Senior Executive Director are relatives of each other as latter is former’s sister’s husband.

(i) Board Functioning & Procedures

The Board meets at least once a quarter to review the quarterly performance and financial results. Board meetings are generally held at the Corporate Office of the Company in Noida and are governed by a structured agenda. The agenda, along with the explanatory notes are sent to all the directors well in advance of the date of Board meeting to enable the Board to take informed decisions. The Board is also free to recommend the inclusion of any matter for discussion in consultation with the Chairman. The Chief Financial Officer is normally invited to the Board meetings to provide financial insights, status of internal controls in the working of the Company and for discussing corporate strategies. All relevant information required to be placed before the Board, as required under clause 49 of Old Listing Agreement and Listing Regulations is considered and taken on record / approved by the Board.

The minutes of the Board meetings are circulated to all directors and confirmed at the subsequent Board meeting. The minutes of the various committees of the Board are also circulated to the members of the Board and thereafter tabled at the subsequent Board meeting for the Board’s

view thereon. During the financial year ended December 31, 2015, the Board met nine times i.e. on January 10, 2015, February 07, 2015, March 29, 2015, April 23, 2015, June 09, 2015, June 27, 2015, August 05, 2015, October 29, 2015 and December 06, 2015. The gap between any two consecutive Board meetings did not exceed one hundred and twenty days. The Board periodically reviews compliance reports in respect of laws and regulations applicable to the Company

(ii) Code of Conduct

The Board has laid down a Code of Conduct for all Board members and senior management personnel of the Company, which is available on R Systems’ website at www.rsystems.com/investors/corporategovernance.aspx

The Company has obtained confirmations for the compliance with the said code from all its Board members and senior management personnel for the year ended December 31, 2015.

A declaration to this effect given by the Managing Director of the Company, Mr. Satinder Singh Rekhi, is reproduced below:

CODE OF CONDUCT DECLARATION

I, Satinder Singh Rekhi, Managing Director of R Systems International Limited, to the best of my knowledge and belief, hereby declare that all the Board members and senior management personnel have affirmed compliance with the Company’s Code of Conduct for the year ended December 31, 2015.

Sd/-

Place: Noida

Satinder Singh Rekhi

Date: February 05, 2016

(Managing Director)

(iii) Appointment / Reappointment of Directors

Details with respect to the directors whose appointment or reappointment is proposed at the ensuing Annual General Meeting are as follows:

A. As per the provisions of the Companies Act, 2013 and Listing Regulations, an Independent Director can be appointed for not more than two consecutive terms upto maximum period of five years each and shall not be liable to retire by rotation at Annual General Meeting. The Independent Directors of the Company were appointed at the twenty first Annual General Meeting for a term which shall expire at the ensuing Annual General Meeting. Therefore, their re-appointment for second term as per the provisions of the Companies Act, 2013 is proposed at the ensuing Annual General Meeting. Brief resume of the all the existing non-executive independent directors of the Company whose re-appointment is proposed to be approved at the ensuing Annual General Meeting as Independent Directors pursuant to Section 149 of the Companies Act, 2013 are as follows:

a. Mr. Raj Kumar Gogia (Non -Executive Independent Director)

Mr. Raj Kumar Gogia (DIN: 00007364), aged about 76 years, has a rich and vast experience of 53 years serving various Indian, multinational and foreign concerns. Mr. Gogia completed his B. Tech Honors (First Class First) in Electrical Engineering from IIT, Kharagpur in 1961. He joined the Board of R Systems on July 09, 2002. Since then, he is continuously providing his guidance and advice to the Board of R Systems International Limited.

As on the date of this report

- Mr. Raj Kumar Gogia does not hold any office of director / member in other company's board / committee.
- No stock options have been granted to him under the prevailing stock option plans of the Company.
- He doesn't hold any shares in R Systems.
- Mr. Raj Kumar Gogia is not related to any other director of the Company.

b. Mr. Gurbax Singh Bhasin (Non- Executive Independent Director)

Mr. Gurbax Singh Bhasin (DIN: 00012628) aged about 59 years is a Bachelor of Engineering. He has been

involved in the textile / fashion apparel industry and import / export for over 34 years and understands well the intricacies of international business. He joined the Board of R Systems on December 27, 2005. Since then, he is providing his guidance and advice to the Board of R Systems International Limited.

As on the date of this report

- Mr. Gurbax Singh Bhasin holds the following offices in bodies corporate outside India i.e. Prego, Inc. (U.S.A.) as President, Agro Foods, Inc. (U.S.A.) as President, Quinby Willshire, LLC as Managing Member, Shivam Investments, LLC (U.S.A.) as Managing Member, Suraj Victorville, LLC (U.S.A.) as Managing Member, Corporativo Alberdy S.A. DE C.V. (Mexico) as Partner, Comercializadora Y Distribuidora Sauces S.A. (Mexico) as Partner, Riverbrook, LLC as Managing Member, G & B Riverside, L.P as Partner, B & G Mohler, LLC (U.S.A.) as Managing Member and Bhasin Victorville, LLC (U.S.A.) as Managing Member.
- No stock options have been granted to him under the prevailing stock option plans of the Company.
- He doesn't hold any shares in R Systems.
- Mr. Gurbax Singh Bhasin is not related to any other director of the Company.

c. Mr. Suresh Paruthi (Non-Executive Independent Director)

Mr. Suresh Paruthi (DIN: 00777887) aged about 65 years, has completed his Bachelor of Technology (Hons.) from IIT, Kharagpur in 1972. He has also completed a certificate course in export marketing from the Indian Institute of Foreign Trade, New Delhi. He is having a wide experience of efficiently serving various multinationals; some of them are Siemens Limited, Bhartia Cutler Hammer Ltd. & Omron Asia Pacific Pte. Ltd.. He joined the Board of R Systems on September 29, 2006. Since then, he is continuously providing his guidance and advice to the Board of R Systems International Limited.

As on the date of this report

- Mr. Suresh Paruthi holds the office of CEO in Paruthi Consultants and Engineers.

- No stock options have been granted to him under the prevailing stock option plans of the Company.
- He doesn't hold any shares in R Systems.
- Mr. Suresh Paruthi is not related to any other director of the Company.

d. Mr. Amardeep Singh Ranghar (Non-Executive Independent Director)

Mr. Amardeep Singh Ranghar (DIN: 06916409) aged about 49 years is an MBA from the University of Chicago and B.E. (Electronics and Communications) from Manipal Institute of Technology, India. He has a vast corporate experience, having served American Express at senior position for more than 20 years. Currently he practices as an independent business consultant and is engaged in projects covering strategy, revenue and profitability. He joined the Board of R Systems on July 07, 2014.

As on the date of this report

- Mr. Amardeep Singh Ranghar does not hold any office of director / member in other company's board / committee.
- No stock options have been granted to him under the prevailing stock option plans of the Company.
- He doesn't hold any shares in R Systems.
- Mr. Amardeep Singh Ranghar is not related to any other director of the Company.

B. Lt. Gen. Baldev Singh (Retd.) (President & Senior Executive Director)

Lt. Gen. Baldev Singh (Retd.) (DIN: 00006966) aged about 75 years has more than 49 years of experience, including handling top managerial, diplomatic and human resource development related assignments.

Mr. Singh has a Masters in Military Sciences from the prestigious Madras University in India and attended two short courses at University of California at Berkeley, in Strategic Account Management and Marketing. He joined the Board of R Systems on September 01, 1997.

As on the date of this report

- Lt. Gen. Baldev Singh (Retd.) does not hold any office of director / member in other company's board / committee.
- He has no outstanding ESOPs under prevailing stock option plans of the Company.
- He holds 139,594 equity shares of Re. 1 each being 0.11% of the total paid up share capital in R Systems.
- Lt. Gen. Baldev Singh (Retd.) is related to Mr. Satinder Singh Rekhi, Managing Director of the Company.

3. R Systems has formulated the following committees of its directors:

- Audit Committee
- Nomination & Remuneration Committee
- Compensation Committee
- Stakeholders Relationship Committee
- Corporate Social Responsibility Committee

3.1. Audit Committee

R Systems has a qualified and independent Audit Committee. During the year under review there was no change in composition of the Audit Committee except that Mr. Amardeep Singh Ranghar (Non- Executive Independent Director) was appointed as a member of the Audit Committee on August 04, 2015.

The Audit Committee met seven times during the year i.e. on February 07, 2015, March 29, 2015, April 23, 2015, June 27, 2015, August 05, 2015, October 29, 2015 and December 06, 2015.

Composition of the Audit Committee & its meetings and attendance during the financial year ended on December 31, 2015

Composition of the Audit Committee	Category of Director	Chairman / Member	No. of Meetings attended out of 7 meetings held during the year
Mr. Raj Kumar Gogia	Non-Executive Independent Director	Chairman	06
Mr. Gurbax Singh Bhasin	Non-Executive Independent Director	Member	01+03*
Mr. Suresh Paruthi	Non-Executive Independent Director	Member	07
Mrs. Ruchica Gupta	Non-Executive Director	Member	07
Mr. Amardeep Singh Ranghar [@]	Non-Executive Independent Director	Member	02

* Attendance by teleconference

@ Mr. Amardeep Singh Ranghar has been appointed as a member of Audit Committee w.e.f. August 04, 2015. During the year under review he attended 02 meeting out of 03 meetings held since his appointment.

The Audit Committee invites such executives as it considers appropriate to be present at its meetings. The Chief Financial Officer, representatives of the Statutory Auditors and Internal Auditors are invited to these meetings. The Company Secretary of the Company acts as the Secretary of the Audit Committee.

Powers of the Audit Committee

The Audit Committee has adequate powers to play an effective role as required under the provisions of the Companies Act, 2013, Old Listing Agreement and Listing Regulations and to review the mandatory applicable information. The Audit Committee shall have powers which shall include the following:

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.

3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

Terms of reference of the Audit Committee

Term of reference and role of the Audit Committee are as per provision set out in the Listing Regulations and the Old Listing Agreement read with the provisions of the Companies Act, 2013. These terms of reference are as under:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- 2) Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- 3) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- 4) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - a. matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
 - b. changes, if any, in accounting policies and practices and reasons for the same;
 - c. major accounting entries involving estimates based on the exercise of judgment by management;
 - d. significant adjustments made in the financial statements arising out of audit findings;
 - e. compliance with listing and other legal requirements relating to financial statements;
 - f. disclosure of any related party transactions;
 - g. modified opinion(s) in the draft audit report;
- 5) Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- 6) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring

agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;

- 7) Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- 8) Approval or any subsequent modification of transactions of the Company with related parties;
- 9) Scrutiny of inter-corporate loans and investments;
- 10) Valuation of undertakings or assets of the Company, wherever it is necessary;
- 11) Evaluation of internal financial controls and risk management systems;
- 12) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- 13) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- 14) Discussion with internal auditors of any significant findings and follow up there on;
- 15) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- 16) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- 17) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- 18) To review the functioning of the whistle blower mechanism;
- 19) Approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- 20) Carrying out any other function as is mentioned in the terms of reference of the audit committee.

3.2. Nomination & Remuneration Committee

Brief description and terms of reference

The Nomination & Remuneration Committee consists of only non-executive independent directors. During the year under review, there has been no change in the composition of the Nomination & Remuneration Committee.

The Committee among other things evaluates and recommends compensation and benefits of the Company's executive directors. The Committee recommends / approves the remuneration package of the executive directors to the Board, after taking into consideration the financial position of the Company, the executive director's performance, qualifications and experience, comparable industry compensation packages, trend in the industry, past remuneration drawn and the proposed compensation package of the appointee, with a view to provide a package which is appropriate for the responsibilities involved.

During the year under review, Nomination & Remuneration Committee met three times i.e. on February 07, 2015, March 29, 2015 and June 27, 2015.

Composition of the Nomination & Remuneration Committee, its meetings and attendance during the year ended December 31, 2015

Composition of the Nomination & Remuneration Committee	Category of Director	Chairman /Member	No. of meetings attended out of 3 meetings held during the year
Mr. Suresh Paruthi	Non-Executive Independent Director	Chairman	03
Mr. Gurbax Singh Bhasin	Non-Executive Independent Director	Member	01+01*
Mr. Raj Kumar Gogia	Non-Executive Independent Director	Member	03
Mr. Amardeep Singh Ranghar	Non-Executive Independent Director	Member	01

* Attendance by teleconference

POLICY FOR SELECTION AND APPOINTMENT OF DIRECTORS AND THEIR PERFORMANCE EVALUATION AND REMUNERATION POLICY

CRITERIA FOR SELECTION OF CANDIDATES FOR MEMBERSHIP ON THE BOARD OF DIRECTORS :-

General Criteria

Director should have appropriate skills, experience and other characteristics so that qualified persons fill at Board and its committees positions in pursuit of achieving Company's objectives and Corporate Excellence. Each director should:

- be an individual of the highest integrity and have an inquiring mind, a willingness to go into details and the ability to work well with others;
- be free of any conflict of interest that would violate any applicable law or regulation or interfere with the proper performance of the responsibilities of a director;
- be willing and able to devote sufficient time to the affairs of the Company and be diligent in fulfilling the responsibilities of a director and Board committees' member; and
- have the capacity and desire to represent the best interests of the stakeholders as a whole.

Specific Criteria

In addition to the aforesaid, the Nomination & Remuneration Committee may, if it deems it advisable from time to time, develop specific criteria outlining the skills, experience, expertise, backgrounds, and other characteristics that should be represented on the Board to enhance its effectiveness. Any such criteria should take into account the particular needs of the Company based on its business, size, ownership, growth objectives, community, customers and other characteristics and should be adjusted as these Company characteristics evolve.

PERFORMANCE EVALUATION :-

In terms of the provisions of the Companies Act, 2013, Old Listing Agreement and Listing Regulations entered into with stock exchanges, Board has adopted a formal mechanism for evaluating its performance, as well as that of its committees and individual directors as per the recommendation of the Nomination & Remuneration Committee. The exercise was carried out through a structured evaluation process covering various aspects of the Boards' functioning such as composition of the Board & Committees, experience & competencies, leadership attribute of the directors through vision and values, strategic thinking and decision making, commercial and business acumen, contribution to resolution of divergent views, proactive participation, time commitment teamwork skills and adequacy of business strategy.

REMUNERATION POLICY :-

The remuneration policy of the company reflects the Company's objectives for good corporate governance as well as sustained long-term value creation for shareholders and guided by a common reward framework and set of principles and objectives as more fully and particularly envisaged under Section 178 of the Companies Act, 2013, inter-alia principles pertaining to determining qualifications, positive attributes, integrity and independence etc. Remuneration policy of R Systems is as follows:

Executive Directors' Remuneration

1. At the time of appointment or re-appointment, Managing Director and the Executive Directors of the Company i.e. Whole Time Director as defined in the Companies Act, 2013 by whatever name may be called (hereinafter known as Executive Directors) shall be paid such remuneration as may be proposed by Nomination and Remuneration Committee and subsequently approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013.
2. The remuneration shall be subject to the approval of the Members of the Company at its General Meeting, wherever required under the provisions of the Companies Act, 2013 and rules made there under or under the provision of any other laws as may be applicable.
3. The remuneration of the CEO & Managing Director is broadly divided into fixed and variable components. The fixed component comprises salary, allowances, perquisites, amenities and retiral benefits. The variable component comprises performance bonus and may include:
 - Short-term incentives, based on the achievement of a number of individual, pre- defined financial and strategic business targets recommended by the Committee.
 - Long-term incentives in the form of stock options, promoting a balance between short-term achievements and long-term thinking. The Directors shall be eligible to participate in the stock options only subject to the compliance of the conditions under the provisions of the Companies Act, 2013, Listing Regulations and the other Rules/ Regulations as prescribed by the Securities & Exchange Board of India (SEBI) in this regard.
 - Pension contributions, made in accordance with applicable laws and employment agreements.
 - Severance payments in accordance with termination clauses in employment agreements and subject to the provisions of the Companies Act, 2013 and other applicable laws.

4. In determining the remuneration (including the element as defined in clause 3) the Nomination and Remuneration Committee shall ensure / consider the following:
 - I. Remuneration shall be evaluated annually against performance and a benchmark of international companies, which in size and complexity are similar to R Systems. Benchmark information is obtained from internationally recognized compensation service consultancies.
 - II. Balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals.
 - III. Responsibility required to be shouldered by the Executive Directors, the industry benchmarks and the current trends.
 - IV. The Company's performance vis-à-vis the annual budget achievement and individual performance vis-à-vis the KRAs / KPIs.
5. Minimum remuneration to Executive Directors

If, in any financial year, the Company has no profits or its profits are inadequate, the company shall pay remuneration to its Executive Directors in accordance with the provision of schedule IV of the Companies Act, 2013.

Remuneration policy for the senior management employees

In determining the remuneration to Key Managerial Personnel and other employees the Nomination and Remuneration Committee shall ensure / consider the following:

- I. the relationship of remuneration and performance benchmark is clear;
- II. the balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals;
- III. the remuneration is divided into two components viz. fixed component comprising salaries, perquisites and retirement benefits and a variable component which comprises performance bonus and may include:
 - Short-term incentives, based on the achievement of a number of individual, pre- defined financial and strategic business targets recommended by the Committee.
 - Long-term incentives in the form of stock options, promoting a balance between short-term achievements and long-term thinking, in accordance to various applicable laws.
 - Pension contributions, made in accordance with

applicable laws and employment agreements.

- Severance payments in accordance with termination clauses in employment agreements. Severance payments shall comply with local legal framework.

- IV. the remuneration including annual increment and performance bonus is decided based on the criticality of the roles and responsibilities, the Company's performance vis-à-vis the annual budget achievement, individuals performance vis-à-vis KRAs / KPIs, industry benchmark and current compensation trends in the market. The Benchmark information is obtained from internationally recognized compensation service consultancies.

Remuneration for Non-Executive Directors

Non-executive members of the Board shall be entitled for sitting fees for attending the meetings of the Board or committees thereof. The sitting fee will be as fixed by the Board of Directors from time to time in accordance with the provisions of the Companies Act, 2013 and other applicable provisions of law. Non-executive directors shall not be entitled to any fixed or monthly salary or other remuneration.

Brief terms of employment and details of remuneration paid to the executive directors during the year ended December 31, 2015

(Amount in Rs.)

1.	Name of the Director	Mr. Satinder Singh Rekhi
(a)	Salary, benefits and allowances (fixed)	27,546,605
(b)	Incentive (fixed)*	4,500,000
(c)	Stock options granted	Nil
(d)	Pension	As per the applicable policy for employees
(e)	Service contract	5 years
(f)	Notice period	36 months
(g)	Severance fees	Compensation in lieu of notice
(h)	Shareholding in R Systems as on December 31, 2015	1,309,200 equity shares of Re. 1/- each in his own name & 13,018,980 equity shares of Re. 1/- each as trustee of Satinder & Harpreet Rekhi Family Trust

*Incentive payable is based on the fixed percentage of consolidated profit After Tax (PAT).

(Amount in Rs.)

2.	Name of the Director	Lt. Gen. Baldev Singh (Retd.)
(a)	Salary, benefits and allowances (fixed)	3,887,750
(b)	Incentive (fixed) [§]	2,100,000
(c)	Provident fund	277,920
(d)	Stock options granted	As detailed below [#]
(e)	Pension	As per the applicable policy for employees
(f)	Service contract	3 years
(g)	Notice period	6 months
(h)	Severance fees	Compensation in lieu of notice
(i)	Shareholding in R Systems as on December 31, 2015	139,594 equity shares of Re. 1/- each

§ Incentive payable is based on the fixed percentage of revenue of Noida Unit.

Lt. Gen. Baldev Singh (Retd.) was awarded with 27,700 stock options of Rs. 2 per share on September 01, 2004 under R Systems International Ltd. - Year 2004 Employee Stock Option Plan, exercisable at a price at par with other employees covered under the plan. The granted options had vested over a period of 4 years in equal installments and vested options could be exercised over a period of 10 years from the date of grant. On January 30, 2006 R Systems had consolidated each of its 5 equity shares of Rs. 2 each into 1 equity share of Rs. 10 each. Consequently the balance options also stood revised from Rs. 2 each to Rs. 10 each. As on December 31, 2015, entire options granted (i.e. 5,540 stock options) were already vested. 50% of the total options granted (i.e. 2,770 stock options) were already exercised and balance 50% of the total options granted (i.e. 2,770 stock options) of Rs. 10 each which stood revised to 27,700 equity shares of Re. 1/- each pursuant to sub-division of shares of Rs. 10 each into equity share of Re. 1/- each, lapsed on August 31, 2014 pursuant to completion of time limit for exercising of vested option.

(Amount in Rs.)

3.	Name of the Director	Mr. Raj Swaminathan [^]
(a)	Salary, benefits and allowances (fixed)	2,769,693
(b)	Incentive (fixed) [§]	600,000
(c)	Provident fund	10,800
(d)	Stock options granted	As detailed below [#]
(e)	Pension	As per the applicable policy for employees
(f)	Service contract	3 years
(g)	Notice period	2 months
(h)	Severance fees	Compensation in lieu of notice
(i)	Shareholding in R Systems till June 27, 2015.	200,000 equity shares of Re. 1/- each

§ Incentive payable is based on the fixed percentage of revenue of Noida Unit

60,000 stock options had been granted to him under R Systems International Limited Employees Stock Option Scheme 2007 on July 11, 2007. These options were exercisable at a price at par with other employees covered under the plan. The granted options had vested over a period of 4 years in equal installments and vested options could be exercised over a period of 10 years from the date of grant. Upto December 31, 2014, Mr. Raj Swaminathan had exercised all options granted to him. Thus, he had no options in force till his cessation as Director on June 27, 2015.

[^] Mr. Raj Swaminathan ceased to be Director of the Company w.e.f. June 27, 2015.

The aforementioned directors' remuneration has been approved, by the Nomination & Remuneration Committee, the Board, the shareholders in the General Meeting and by the Central Government, whenever applicable. Further, for remuneration of Mr. Satinder Singh Rekhi application has been approved by the Central Government under the provisions of the Companies Act, 2013.

Details of remuneration paid to the non-executive directors during the year ended December 31, 2015

As per the remuneration policy of R Systems, non-executive members of the Board shall be entitled for sitting fees for attending the meetings of the Board or committees thereof. The sitting fee shall be fixed by the Board of Directors from time to time in accordance with the provisions of the Companies Act, 2013 and other applicable provisions, if any.

non-executive directors shall not be entitled to any fixed or monthly salary or other remuneration. The sitting fees paid to the non-executive directors during the year ended December 31, 2015 is as follows:

(Amount in Rs.)

S. No.	Name of the Director	Sitting fees paid
1.	Mr. Raj Kumar Gogia	275,000
2.	Mr. Suresh Paruthi	300,000
3.	Mr. Gurbax Singh Bhasin	25,000
4.	Mr. Amardeep Singh Ranghar	125,000
5.	Mrs. Ruchica Gupta	325,000
	Total	1,050,000

As on December 31, 2015, none of the existing non-executive and independent directors of the Company hold any shares, options or any other convertible instruments in R Systems.

3.3. Compensation Committee

During the year under review, there has been no change in the composition of Compensation Committee and it comprised of three directors including two non-executive independent directors and one executive director.

The Compensation Committee is responsible for the formulation, implementation and administration of all the stock option plans, which, inter alia, includes determination of eligibility criteria, maximum number of options or shares to be offered to each employee, the aggregate number of options or shares to be offered during the period covered under each scheme, identification of classes of employees entitled to participate in the scheme, framing a detailed pricing formula, mode or process of exercise of the option, conditions under which the options may lapse etc. for the employees, directors and senior management personnel of R Systems and its subsidiaries.

During the year, there was one meeting of the Compensation committee held on October 29, 2015.

Composition of the Compensation Committee, its meetings and attendance during the year ended December 31, 2015.

Composition of the Compensation Committee	Category of Director	Chairman /Member	No. of meeting attended out of 1 meeting held during the year
Mr. Raj Kumar Gogia	Non-Executive Independent Director	Chairman	1
Mr. Suresh Paruthi	Non-Executive Independent Director	Member	1
Lt. Gen. Baldev Singh (Retd.)	President & Senior Executive Director	Member	1

3.4. Stakeholders' Relationship Committee

As on December 31, 2015, the Stakeholders' Relationship Committee of R Systems comprised of three directors, with non-executive independent director as its Chairman. Stakeholders' Relationship Committee investigates and provides resolution of shareholders' grievances relating to transfer, transmission, dematerialisation and rematerialisation of shares, issue of duplicate share certificates, non-receipt of annual report, dividend and other matters relating to the shareholders / investors. During the year under review, there has been no change in the Composition of Stakeholders Relationship Committee except that Mr. Satinder Singh Rekhi ceased to be member of the Committee w.e.f. October 29, 2015. Further, a Stakeholder Relationship team has been constituted on October 29, 2015, consisting the officials of the Company and the Registrar and Transfer Agent M/s. Link Intime India Pvt. Ltd. to fasten the process of the consideration, examination and approval of the requests for transfer, transmission of shares and other matters like consolidation/split of certificates, issue of duplicate certificates, dematerialisation and rematerialisation of shares.

Stakeholders' Relationship Committee met twenty times during the year i.e. on January 10, 2015, January 27, 2015, February 05, 2015, February 07, 2015, February 24, 2015, March 18, 2015, March 29, 2015, April 10, 2015, April 23, 2015, May 14, 2015, May 20, 2015, May 26, 2015, May 28, 2015, June 22, 2015, July 15, 2015, July 22, 2015, July 28, 2015, August 26, 2015, September 04, 2015 and October 29, 2015.

Composition of the Stakeholders' Relationship Committee, its meetings and attendance during the year ended December 31, 2015

Composition of the Stakeholders' Relationship Committee	Category of Director	Chairman /Member	No. of meetings attended out of 20 meetings held during the year
Mr. Raj Kumar Gogia	Non-Executive Independent Director	Chairman	20
Mr. Suresh Paruthi	Non-Executive Independent Director	Member	16
Mr. Satinder Singh Rekhi [#]	Executive Director	Member	03 + 15*
Lt. Gen. Baldev Singh (Retd.)	Executive Director	Member	17

* Attendance by teleconference.

Mr. Satinder Singh Rekhi ceased to be member of the Committee w.e.f. October 29, 2015.

Name and designation of the Compliance Officer

Mr. Ashish Thakur
 Company Secretary & Compliance Officer
 C - 40, Sector - 59, Noida (U.P.) 201 307
 Tel No.: 0120 - 430 3500
 Email: investors@rsystems.com

Shareholders grievances / complaints received and resolved during the year

(i)	Number of shareholders' complaints received during the year ended December 31, 2015	14
(ii)	Number of complaints not resolved to the satisfaction of shareholders	Nil
(iii)	Number of pending complaints	Nil

Share Transfers in Physical Mode

The members of Stakeholders' Relationship Committee endeavour to conduct their meetings more frequently. In order to expedite process of share transfer in Physical mode the Stake Holders Relation Team has also been delegated with the power to process of share transfer in physical mode and it conducts its meeting to extent of weekly meetings, if required. Summary of the shares transfer is noted/ratified at the next Stakeholders Relationship Committee meeting and meeting of Board of Directors.

3.5. Corporate Social Responsibility Committee (CSR Committee)

Brief description and terms of reference

At R Systems, it has been our constant endeavour to bring about a positive difference to communities where we exist. Corporate Social Responsibility (CSR) is deeply rooted in our core values. Our CSR activities are planned and well-organized to educate, support and empower less privileged communities and preserve the environment. CSR for us is not merely the means to run our business successfully but the part of our individual responsibilities as global citizens.

The Corporate Social Responsibility Committee of the Company shall:

- Formulate and recommend to the Board Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII of

the Companies Act, 2013 and the Rules made thereunder.

- Recommend the amount of expenditure to be incurred on the activities under Corporate Social Responsibilities.
- Monitor Corporate Social Responsibility Policy of the Company.
- To carry out all other duties as may be required under the Companies Act, 2013 and rules made thereunder.

Corporate Social Responsibility Committee (CSR Committee) met thrice during the year i.e. on January 10, 2015, June 09, 2015 and October 29, 2015.

Composition of the Corporate Social Responsibility Committee (CSR Committee), its meetings and attendance during the year ended December 31, 2015

Composition of the CSR Committee	Category of Director	Chairman / Member	No. of meetings attended out of 03 meetings held during the year
Mr. Raj Kumar Gogia	Non-Executive Independent Director	Chairman	3
Lt. Gen. Baldev Singh (Retd.)	Executive Director	Member	3
Mr. Suresh Paruthi	Non-Executive Independent Director	Member	2
Mr. Raj Swaminathan*	Executive Director	Member	0
Mrs. Ruchica Gupta	Non-Executive Director	Member	3

*Mr. Raj Swaminathan ceased to be the member of the Committee consequent upon his cessation as Director of the Company w.e.f. June 27, 2015.

4. Separate Meeting of Independent Directors

As stipulated under the Provisions of the Companies Act, 2013, Old Listing Agreement and Listing Regulations a separate meeting of the Independent Directors was held on October 29, 2015 to review the performance of Non - Independent Directors and the Board as whole. The Independent Directors also reviewed the quality, content and timeliness of the flow of information between the Management and the Board and Committees which is necessary to effectively and reasonably

perform and discharge their duties.

The name of independent directors on the Board and their attendance at the meeting of independent directors held during the year under review is as follows:

Name of the Director	Category of Director	Chairman /Member	No. of meeting attended out of 1 meeting held during the year
Mr. Raj Kumar Gogia	Non-Executive Independent Director	Chairman	1
Mr. Suresh Paruthi	Non-Executive Independent Director	Member	1
Mr. Gurbax Singh Bhasin	Non-Executive Independent Director	Member	Nil
Mr. Amardeep Singh Ranghar	Non-Executive Independent Director	Member	Nil

5. Subsidiary Companies

During the year under review, the Company has completed the transfer by way of sale of its 93% holding in R Systems Products & Technologies Private Limited ("RSPTL") to a Mauritius based company

6. General Body Meetings

I. Details for the last three Annual General Meetings ("AGM")

AGM Date and Time	Venue	Special Resolutions passed
19 th AGM May 11, 2013 09:00 A.M.	Air Force Auditorium, Subroto Park, New Delhi - 110 010	-Reappointment and payment of remuneration to Mr. Raj Swaminathan as Director & Chief Operating Officer of the Company. -Increase in the limit of Foreign Institutional Investors (FIIs) holding to 40%.
20 th AGM May 10, 2014 09:00 A.M.	Air Force Auditorium, Subroto Park, New Delhi - 110 010	-No Special Resolution was passed.
21 st AGM June 09, 2015 09:00 A.M.	Air Force Auditorium, Subroto Park, New Delhi - 110 010	-Reappointment and payment of remuneration to Lt. Gen. Baldev Singh (Retd.)(DIN:00006966) as President & Senior Executive Director of the Company.

- II. No Extra Ordinary General Meeting of the Company was held during the last three years.
- III. A special resolution as detailed above was moved and passed at the last Annual General Meeting.
- IV. During the year the Company has not passed any resolution through Postal Ballot
- V. No special resolution is proposed to be conducted through Postal Ballot at the ensuing Annual General Meeting.

on June 27, 2015.

R Systems (Singapore) Pte Limited, wholly owned subsidiary of the Company, has acquired 100% share of IBIZCS Group Pte Ltd., Singapore (IBIZ) on April 30, 2015. Consequent to this acquisition subsidiaries of IBIZCS Group Pte Ltd. namely IBIZ Consulting Services Pte Ltd – Singapore, IBIZ Consulting Services Sdn. Bhd. - Malaysia, PT. IBIZCS Indonesia - Indonesia, IBIZ Consultancy Services India Private Limited - India, IBIZ Consulting Services Limited - Hong Kong, IBIZ Consulting Services (Shanghai) Co., Ltd-China became the step down subsidiaries of the Company .

On December 10, 2015 R Systems Solutions Inc. has merged with R Systems Inc. both being wholly owned subsidiaries of the Company, based in USA. As on December 31, 2015, there were 24 subsidiaries of the Company.

The Audit Committee reviewed the financial statements, in particular, the investments made by the unlisted subsidiary bodies corporate. The management periodically brings to the attention of the board of directors of R Systems, a statement of all significant transaction and arrangements entered into by the unlisted subsidiary bodies corporate.

R Systems does not have any material listed/unlisted Indian subsidiary company as per the policy drafted by the company in compliance of the Clause 49 of the Old Listing Agreement with the Stock Exchanges and the Listing Regulations, 2015. The said policy is available on the website of the company at the following link:

<http://www.rsystems.com/investors/corporategovernance.aspx>

7. Disclosures

7.1 Related Party Transactions

Related Party Transactions are defined as transfer of resources, services or obligations between the company and a related party, regardless of whether a price is charged. There have been no materially significant related party transactions as per Listing Regulations, with Company's subsidiaries, promoters, directors or the management or their relatives or companies controlled by them etc., which may have potential conflict with the interest of the Company at large.

However, It may be noted that as per shareholder approval obtained through postal ballot on September 23, 2014, the Company has entered into 'Business Transfer Agreement' (BTA) with R Systems Product & Technologies Private Limited ("RSPTPL") for the transfer of its Indus Business Unit operated out of Pune and Chennai to transfer on a going concern basis by way of slump sale, for consideration of Rs. 783,900,000 discharged by RSPTPL through issuance of 60,000,003 equity shares of Re. 1/- each at a premium of Rs. 6.227333 per share and 35,026 compulsorily redeemable debentures of Rs. 10,000 each, on the terms and conditions agreed in BTA.

Details of Related Party Transactions are shown in note number 24 in the standalone and in note number 25 in the consolidated financial results for the financial year ended December 31, 2015.

In compliance of the provisions of Listing Regulations, 2015 and clause 49 of the Old Listing Agreement (along with amendments as and when applicable) with the Stock Exchanges the policy on dealing with Related Party Transactions has been uploaded on the website of the Company at the following link:

<http://www.rsystems.com/investors/corporategovernance.aspx>

7.2 Statutory Compliance, Penalties and Strictures

There were no penalties imposed on R Systems for any non-compliance by Stock Exchanges, SEBI or any other statutory authority on matters related to capital markets during the last three years.

7.3 Vigil Mechanism / Whistle Blower Policy

Pursuant to Section 177 of the Companies Act, 2013 and rules made thereunder and Clause 49 of Old Listing Agreement and the Listing Regulations, R Systems has in place a mechanism for employees to report concerns about unethical behaviour, actual or suspected fraud, violation of Code of Conduct of the Company etc. The mechanism also

provides for adequate safeguards against victimisation of employees who avail the mechanism and also provides for direct access to the Whistle Blower to the Chairman of the Audit Committee. We affirm that during the financial year ended December 31, 2015, no employee has been denied access to the Audit Committee. The details of such Whistle Blower policy (also known as vigil Mechanism) have been available on the website of the Company at the following link:

<http://www.rsystems.com/investors/corporategovernance.aspx>

7.4 Risk Management Policy

The Company has formulated a risk management policy to identify the present and potential risks involved in the business. The same is periodically reviewed and considered by the Audit Committee and the Board. The Risk Management Report forms part of this Annual Report and is provided elsewhere.

7.5 Training to Board Members

The Company follows a structured orientation and training programme for the Independent Directors to understand and get updated on the business and operations of the Company on a continuous basis.

The Board has adopted a structured policy for training of new Independent Directors which shall inter-alia provide: (a) business overview and an outline of corporate plan and annual target (b) operations overview (c) overview of Sales & Marketing (d) comprehensive rolling corporate plan etc. The details of the Familiarization Programme are available on the website of the company at the following link:

<http://www.rsystems.com/investors/corporategovernance.aspx>

The Company believes that the Board is continuously empowered with the knowledge of the latest developments in the Company's businesses and the external environment affecting the industry as a whole. Independent Directors are regularly updated on performance of each line of business of the Company, state of the market, business strategy going forward and new initiatives being taken / proposed to be taken by the Company.

7.6 Compliance with mandatory requirements and adoption of non-mandatory requirements of Regulation 27(1) read with Part-E of Schedule-II of the Listing Regulations and Old Listing Agreement

The Company has complied with all the mandatory requirements of Listing Regulations. As required under Regulation 17(8) of the Listing Regulations, a certificate signed by CEO/ Managing Director and CFO of the Company has been placed before the Board and the same has been provided elsewhere in this report.

Further, pursuant to Regulation 34 (3) read with Part E of Schedule V of the Listing Regulations a certificate obtained from the Practicing Company Secretary, certifying compliance with the conditions of Corporate Governance has been annexed with the Directors' Report.

The Company has complied with Corporate Governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of the Listing Regulations and Clause 49 of old Listing Agreement.

Disclosures with respect to demat suspense account/unclaimed suspense account are not applicable on the Company as there are no shares which are lying in demat suspense account/unclaimed suspense account.

Regulation 27(1) also requires disclosures of adoption by the Company of non-mandatory requirements specified in part E of Schedule II of the Listing Regulations the implementation of which is discretionary on the part of the Company. The details of compliance with non-mandatory requirements are as follows:

Shareholders' Rights

The quarterly and half yearly financial performance are published in the newspapers and are also posted on the Company's website.

Audit Qualifications

During the period under review, there is no audit qualification in the financial statements. The Company continues to adopt best practices to ensure unqualified financial statements.

Reporting of Internal Auditor

The Internal auditors of the Company reports to the Audit Committee.

8. Means of Communication

Quarterly results

- 8.1. The quarterly and year to date audited / unaudited financial results have been published in Business Standard (English and Hindi) for the first quarter ended March 31, 2015, second quarter ended June 30, 2015, third quarter ended on September 30, 2015 and fourth quarter and year ended December 31, 2015, as statutorily required.
- 8.2. The financial results and other corporate information are available on R Systems' website www.rsystems.com. The website also displays official news releases from time to time announced by the Company.
- 8.3. The presentations made to the institutional investors or to the industry analysts, if any are also available on the Company's website www.rsystems.com.

- 8.4. Financial results updates are also sent to all the shareholders whose email address is registered / made available to us.

9. General Shareholder Information

i) Annual General Meeting

Date and Time : June 13, 2016 at 9.00 A.M.
Venue : Air Force Auditorium,
Subroto Park,
New Delhi - 110 010

ii) Financial year

R Systems follows January 01 to December 31 as its financial year. The results for every quarter are declared generally in the month following each quarter, except for the last quarter in which case the results are declared along with the annual financial results within sixty days from the end of the financial year.

Further, as per the provisions of the Companies Act, 2013 the Company has obtained the approval of the Company Law Board, New Delhi Bench, New Delhi to follow the calendar year i.e. (January 01 to December 31) as its financial year for the future.

iii) Date of Book Closure

June 09, 2016 to June 13, 2016 (both days inclusive)

iv) Dividend Payment Date - N.A

v) Listing on Stock Exchanges

The equity shares of R Systems are listed and traded on the following Stock Exchanges:

Name of Stock Exchanges	Stock / Scrip Code
National Stock Exchange of India Limited ("NSE") Exchange Plaza, Bandra Kurla Complex, Bandra - (E), Mumbai - 400 051	RSYSTEMS
BSE Limited ("BSE") Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001	532735

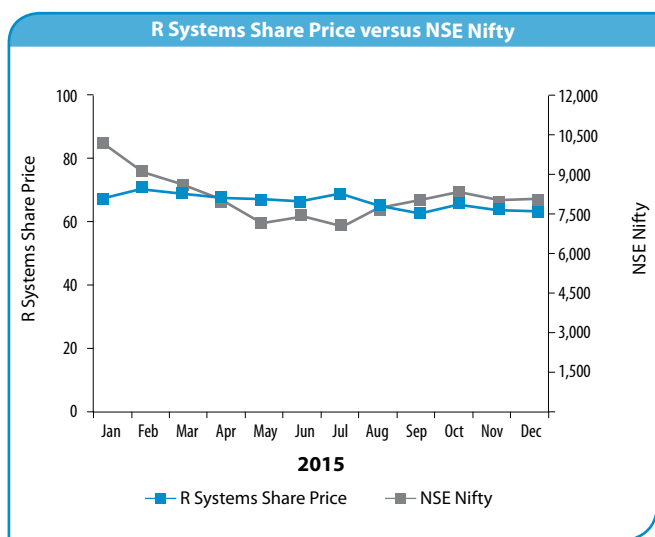
The annual listing fee for the year 2015-16 has been paid within the scheduled time to NSE and BSE. The annual listing fee for the year 2016-17 became due on March 31, 2016 and has also been paid in the scheduled time as prescribed under the provision of Listing Regulations, 2015.

vi) Market Price Data: high, Low during each month in last financial year

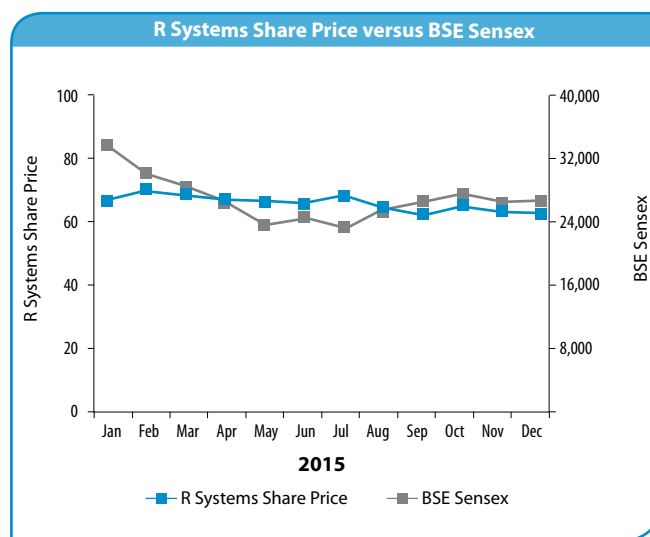
The monthly high and low quotations of R Systems' equity shares traded on NSE and BSE during each month in the previous financial year ended December 31, 2015, in comparison with NSE Nifty and BSE Sensex, are as follows:

Month 2015	NSE				BSE			
	Share Price		Nifty		Share Price		Sensex	
	High (Rs.)	Low (Rs.)	High	Low	High (Rs.)	Low (Rs.)	High	Low
Jan	90.40	85.25	8,952.35	8,102.10	90.90	85.50	29,681.77	26,908.82
Feb	88.75	76.20	8,901.85	8,526.35	88.60	76.10	29,462.27	28,227.39
Mar	85.55	71.80	8,996.25	8,341.40	86.85	72.45	29,593.73	27,457.58
Apr	97.20	66.70	8,834.00	8,181.50	97.05	67.05	29,044.44	27,011.31
May	74.65	60.05	8,458.95	8,057.30	74.15	60.10	27,957.50	26,599.11
Jun	72.50	62.30	8,433.40	7,965.35	73.10	62.50	27,895.97	26,370.98
Jul	64.95	59.30	8,633.50	8,328.55	65.10	59.10	28,504.93	27,459.23
Aug	82.85	64.55	8,588.65	7,791.85	82.65	64.35	28,298.13	25,714.66
Sep	69.95	67.20	7,981.90	7,558.80	70.00	67.20	26,218.91	24,893.81
Oct	81.55	69.65	8,295.45	7,950.90	81.55	69.80	27,470.81	26,220.95
Nov	72.20	66.65	8,060.70	7,731.80	72.55	65.85	26,590.59	25,482.52
Dec	80.00	67.20	7,954.90	7,610.45	79.65	67.90	26,169.41	25,036.05

The aforesaid table is based on the closing price of the shares of R Systems and closing of NSE Nifty and BSE Sensex at NSE and BSE website.



The aforesaid chart is based on the monthly low of closing price of the shares of R Systems at NSE and monthly low of closing NSE Nifty



The aforesaid chart is based on the monthly low of closing price of the shares of R Systems at BSE and monthly low of closing BSE Sensex

vii) Registrar and Share Transfer Agent

M/s Link Intime India Private Limited
 44, Community Centre, 2nd Floor,
 Naraina Industrial Area, Phase- I
 Near PVR Naraina,
 New Delhi-110 028

viii) Share Transfer System

Applications for transfer of shares held in physical form are received at the office of the registrar and share transfer agent of the Company, M/s Link Intime India Private Limited. They attend to share transfer formalities at least once a week and forward the same for approval of Stakeholders Relationship Team and Stakeholders' Relationship Committee. In order to expedite the process of share transfers in physical mode, the members of the Stakeholders' Relationship Committee and Stakeholder Relationship Team conduct their meetings more frequently.

Shares held in dematerialized form are electronically traded in the depository and the registrar and share transfer agent of R Systems periodically receives from the depository the details of beneficiary holdings so as to update the records for sending all corporate communications and other matters.

Physical shares received for dematerialization are processed and completed within a period of 15 days from the date of receipt, provided they are duly completed. Bad deliveries are immediately returned to the depository participants under advice to the shareholders.

ix) Transfer of unclaimed dividend to Investor Education and Protection Fund

Pursuant to the provisions of Section 205A (5) of the Companies Act, 1956, and applicable provisions of the Companies Act, 2013 dividend which remains unpaid or unclaimed for a period of seven years from the date of its transfer to unpaid dividend account, is required to be transferred by the Company to the Investor Education and Protection Fund ('IEPF'), established by the Central Government under the provisions of Section 205C of the Companies Act, 1956 and applicable provisions of Companies Act, 2013. Shareholders are advised to claim the unclaimed dividend lying in the unpaid dividend account of the Company before the due date. Given below are the dates of declaration of dividend and corresponding dates when unclaimed dividend is due for transfer to IEPF:

Date of declaration	Dividend for the year	Due date for transfer to IEPF
2-May-08	2007	June 1, 2015*
27-Apr-09	2008	May 27, 2016
20-May-10	2009	June 19, 2017
25-May-11	2010	June 24, 2018
4-May-12	2011	June 3, 2019
18-May-12	Interim Dividend 2012	June 17, 2019
11-May-13	2012	June 10, 2020
27-Jul-13	1 st Interim Dividend 2013	August 26, 2020
25-Oct-13	2 nd Interim Dividend 2013	November 24, 2020
10-May-14	2013	June 9, 2021
3-Jun-14	1 st Interim Dividend 2014	July 3, 2021
26-Jul-14	2 nd Interim Dividend 2014	August 25, 2021
29-Oct-14	3 rd Interim Dividend 2014	November 28, 2021
20-Dec-14	4 th Interim Dividend 2014	January 19, 2022
7-Feb-15	2014	March 9, 2022
23-Apr-15	1 st Interim Dividend 2015	May 23, 2022
5-Aug-15	2 nd Interim (Special) Dividend 2015	September 4, 2022
29-Oct-15	3 rd Interim Dividend 2015	November 28, 2022

*Unpaid dividend for the financial ended December 31, 2007 which was declared on May 02, 2008 has been deposited to the Investor Education and Protection fund on June 09, 2015 i.e. within a period of thirty days of such amounts becoming due to be credited to IEPF.

x) Distribution of Shareholding as on December 31, 2015*

Shareholding of nominal value of (Rs.)	Shareholders		Share Capital	
	Number	% to total	Amount in Rs.	% to total
1 - 2,500	12,705	95.44	5,069,817	4.00
2,501 - 5,000	315	2.37	1,196,254	0.94
5,001 - 10,000	136	1.02	1,020,709	0.80
10,001 - 20,000	71	0.53	1,033,933	0.81
20,001 - 30,000	19	0.14	467,046	0.37
30,001 - 40,000	20	0.15	718,197	0.57
40,001 - 50,000	8	0.06	369,830	0.29
50,001 - 1,00,000	13	0.10	996,245	0.79
Above 1,00,000	25	0.19	1,159,98,394	91.43
TOTAL	13,312	100.00	126,870,425	100.00

*During the year under review, the Company has allotted 90,000 equity shares of Re. 1/- each pursuant to exercise of stock options under R Systems International Limited Employee Stock Options Scheme 2007.

xi) Category wise Shareholding as on December 31, 2015

Category	Category of Shareholder	No. of shares	Percentage
(A)	Promoters & Promoter Group		
1	Indian	29,789,996	23.48
2	Foreign	34,658,410	27.32
	Sub Total (A)	64,448,406	50.80
(B)	Public Shareholding		
1	Institutions		
(a)	Mutual Funds / UTI	0	0.00
(b)	Financial Institutions / Banks	12,154	0.01
(c)	Foreign Institutional Investors	0	0.00
	Sub Total (B)(1)	12,154	0.01
2	Non-institutions		
(a)	Individual shareholders holding nominal share capital up to Rs. 2 lakh	10,933,629	8.62
(b)	Individual shareholders holding nominal share capital in excess of Rs. 2 lakh	49,558,666	39.06
(c)	Any Other (Clearing Member)	197,399	0.16
(d)	Bodies Corporate	981,191	0.77
(e)	Any Other (Trust)	738,980	0.58
	Sub Total (B)(2)	62,409,865	49.19
	Total Public Shareholding (B)(1) + (B)(2)	62,422,019	49.20
	Grand Total	126,870,425	100.00

xii) Dematerialisation of shares and liquidity Procedure for dematerialisation of shares

Shareholders seeking dematerialisation of their shares need to approach their Depository Participants (DP) with whom they maintain a demat account. The DP will generate an electronic request and will send the physical share certificate and demat request form to the Registrar and Share Transfer Agent (the "Registrar") of the Company. Upon receipt of the request and share certificate, the Registrar will verify the same and approval of the Company is being sought. Thereafter, the Registrar will confirm the demat request. On confirmation, the demat account of the respective shareholder will be credited with equivalent number of shares. In case of rejection of the request, the same shall be communicated to the shareholder through their respective DPs.

About 99.21% of the issued and paid up share capital of the Company has been dematerialised up to December 31, 2015. The International Securities Identification Number (ISIN) of the Company is INE411H01032. The equity shares of the Company are traded on NSE and BSE throughout the year under review and were not suspended from trading at any time during the year.

xiii) Outstanding GDRs / ADRs / Warrants or any Convertible instruments, conversion date and likely impact on equity

R Systems has not issued any GDRs / ADRs. There were no outstanding convertible warrants as on December 31, 2015, except stock options granted under the prevailing employee stock option plans / schemes, as detailed elsewhere in the Directors' Report.

xiv) Commodity Price Risk or foreign exchange risk hedging activities

A large percentage of revenue of the Company is either from export earnings or denominated in Foreign Currency. The Company tries to minimize the foreign exchange risk by taking forward contracts. It may be noted that the foreign exchange contracts are not intended to for trading and Speculations purposed but as a measure to hedge the foreign exchange risk.

xv) Development Centres

1.	Noida Office C - 40 & C - 1, Sector - 59, Noida (U.P.) - 201 307
2.	Chennai Office 4 th Floor, Block-2, The lords, Plot No. 142(N.P.), Thiruvika Industrial Estate, Ekkatutnangal, Guindy, Chennai-600032
Development / Technical Support centres at the offices of R Systems' subsidiaries	
3.	R Systems Inc. 5000, Windplay Drive, Suite # 5, El Dorado Hills, CA 95762, U.S.A.
4.	ECnet Limited 16, Jalan Kilang, #04-01 Hoi Hup Building, Singapore – 159 416
5.	Computaris Romania SRL
(a)	Bucharest office Str. Gheorghe Manu, Nr. 5, Parter, Camera 2, Sector 1, Bucuresti, Cod. 010442, Romania
(b)	Galati office 19A Portului Str., 4th Floor, Room 403, 800025, Galati, Romania

6.	Computaris Polska sp z o.o.
(a)	Warsaw office al. Jana Pawla II 80, 00-175 Warsaw, Poland
(b)	Białystok office ul. Branickiego 17, 15 -085 Białystok
7.	ICS Computaris International SRL Vlaicu Pircalab Street, No 63, Et. 8, Oficiu B, MD – 2012, Sky Tower Business Center Chisinau, Republica Moldova

Other Offices of R Systems and its subsidiaries

8.	U.S.A. Branch Office 5000, Windplay Drive, Suite 5, El Dorado Hills, CA 95762, U.S.A.
9.	R Systems Technologies Ltd. (Formerly known as Indus Software, Inc.) 5000, Windplay Drive, Suite 5, El Dorado Hills, CA 95762, U.S.A.
10.	RSYS Technologies Ltd. (Formerly known as Systèmes R. International Ltée) 1000, Cathedral Place, 925 West Georgia Street, Vancouver BC V6C 3L2, Canada.
11.	R Systems (Singapore) Pte Limited #04-01, 16 Jalan Kilang, Hoi Hup Building, Singapore 159416
12.	ECnet (M) Sdn. Bhd. Level 12, Suite 12.05 Menara Summit, Persiaran Kewajipan, USJ1, 47500 UEP Subang Jaya, Malaysia
13.	ECnet, Inc. 5000, Windplay Drive, Suite # 5, El Dorado Hills, CA 95762, U.S.A.
14.	ECnet (Hong Kong) Limited Rm 1903, 19/F, World-Wide House, 19 Des Voeux Road Central, Hong Kong
15.	ECnet Systems (Thailand) Company Limited 2/3 Bangna Tower-A, 2nd Floor, Room No. 205, Moo 14, Bangna-Trad K.M. 6.5, Tambol Bangkaew, Amphoe Bangplee, Samutprakarn Province
16.	ECnet Kabushiki Kaisha Godo Building 6F, Kaji-cho 1-6-17, Chiyoda-ku, Tokyo, Japan 101-0044.
17.	ECnet (Shanghai) Co. Ltd. Rm H,20 Floor,Foresight Mansion, No.768 Xie Tu Rd, Shanghai, China

18.	Computaris International Limited 11 Queens Road, Brentwood Essex, CM 14 4HE, United Kingdom
19.	Computaris Malaysia Sdn. Bhd. 1005 Level 10 Block B Phileo Damansara 1 9 Jalan 16/11, Off Jalan Damansara 46350 Petaling Jaya, Selangor Malaysia.
20.	Computaris USA, Inc. 5000, Windplay Drive, Suite 5, El Dorado Hills, CA 95762, U.S.A
21.	IBIZCS Group Pte Ltd. 2 Jalan Kilang Barat #04-01 Singapore 159346
22.	IBIZ Consulting Services Pte Ltd. 2 Jalan Kilang Barat #04-01 Singapore 159346
23.	IBIZ Consulting Services Sdn. Bhd. Suite A-13-6, Menara Atlas Plaza Pantai, No. 5, Jalan 4/83A Off Jalan Pantai Baru 59200 Kuala Lumpur, Malaysia
24.	PT. IBIZCS Indonesia Setiabudi Buidling 2, 2nd Floor, Suite 203 Jl. H.R. Rasuna Said Kav. 62 Jakarta Selatan 12920
25.	IBIZ Consultancy Services India Private Limited Block 2, 4th Floor, The LORDS Building No. 1&2 Northern Extension Area, Jawaharlal Nehru Rd, Thiru Vi Ka Industrial Estate, Ekkatuthangal, Chennai - 600032, India

26.	IBIZ Consulting Services Limited Room 1804-5 The Centre Mark 287-29 Queen's Road Central Hong Kong
27.	IBIZ Consulting Services (Shanghai) Co., Ltd. Rm 700 Jindu Center, No 277 Wu Xing Road, Xuhui, Shanghai, China

xvi) Address for correspondence

For any assistance regarding dematerialisation of shares, share transfers, transmissions, change of address, non-receipt of dividend or any other query relating to shares:

Registrar and Share Transfer Agent

M/s Link Intime India Private Limited

44, Community Centre, 2nd Floor,
Naraina Industrial Area, Phase- I
Near PVR Naraina,
New Delhi 110 028
Phone : 011 - 414 10592, 93, 94 Fax : 011 - 414 10591
Email: delhi@linkintime.co.in

For general correspondence:

R Systems International Limited

Corporate Office
C - 40, Sector - 59,
Noida (U.P.) - 201 307, India
Phone : 0120 - 430 3500,
Fax : 0120 - 258 7123
Email : investors@rsystems.com

CERTIFICATION BY THE CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER OF R SYSTEMS INTERNATIONAL LIMITED

We, Satinder Singh Rekhi, Managing Director/ Chief Executive Officer and Nand Sardana, Chief Financial Officer, hereby certify that:

- a. We have reviewed the financial statements and the cash flow statement for the year ended December 31, 2015 and that to the best of our knowledge and belief:
 - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the auditors and the Audit Committee
 - i) significant changes in internal control over financial reporting during the year;
 - ii) significant changes in accounting policies during the year, and that the same have been disclosed in the notes to the financial statements; and
 - iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Sd/-

Satinder Singh Rekhi

(Managing Director/CEO)

Place : NOIDA, U.P.

Date : February 05, 2016

Sd/-

Nand Sardana

(Chief Financial Officer)

Place : NOIDA, U.P.

Date : February 05, 2016

Annexure 'D' to the Directors' Report

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To,
The Members,
R Systems International Limited,
CIN: L74899DL1993PLC053579
B - 104A, Greater Kailash, Part - I,
New Delhi - 110 048

I have examined the compliance of conditions of Corporate Governance by R Systems International Limited ('the Company') for the financial year ended on December 31, 2015, as stipulated under the applicable provision of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Regulations") and pursuant to the earlier Clause 49 of the Listing Agreement entered into by the Company with the stock exchanges to the extent applicable.

The compliance of conditions of Corporate Governance is the responsibility of the management. My examination was limited to procedures and implementation thereof, adopted by the Company, for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the applicable provisions of the Regulations and earlier Clause 49 of the Listing Agreement to the extent applicable and that no investor complaints and grievances remained unattended for a period exceeding 21 days against the Company.

I further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Sd/-

CS Jitender Singh

Practicing Company Secretary
Membership No. 33610
Certificate of Practice No. 12463
Place: New Delhi
Date: April 11, 2016

Annexure 'E' to the Directors' Report

MANAGEMENT'S DISCUSSION AND ANALYSIS**Overview**

The financial statements of the Company have been prepared to comply in all material respects with the accounting standards notified under Section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014, and other accounting principles generally accepted in India. The management accepts responsibility for the integrity and objectivity of these financial statements, as well as for various estimates and judgments used therein. The estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, so that the financial statements reflect in a true and fair manner the form and substance of transactions, and reasonably present the state of affairs, profits and cash flows for the year.

A. Industry Structure and Developments

As per NASSCOM Strategic Review 2016, year 2015 was further proof that volatility and turmoil is all pervasive, and perhaps the new normal. The global economy and this time, both developed and emerging countries, experienced multiple headwinds. Economic growth stagnated, global terrorism spiked, inflationary pressures continued to build up, turbulence in currency and equity markets prevailed, commodity prices declined, and unemployment continued to haunt. The role of technology has also undergone a significant change; technology is no longer

exclusive to only the corporate sector. Consumers, leveraging mobile and 24*7 connectivity, are now the key influencing forces shaping technology spend.

Globally, the cumulative capital investment in technology is estimated to have reached USD 6 trillion in 2014. 80 percent of incremental expenditures over the next decade may be driven by digital technologies, such as platforms, cloud-based applications, big data analytics, mobile systems, social media, and cybersecurity, as well as services needed to integrate these technologies with remaining legacy core technologies.

Global Engineering and R&D sector (ER&D) spend reached ~USD 1.5 trillion, a growth of about 4 percent over 2014. The Global Top 1,000 corporations accounted for nearly 45 percent share at USD 680 billion. Investments in exciting technologies like robotics, 3D Printing, IoT/ connected devices as well as SMAC technologies are driving growth for this segment.

Worldwide BPM spend saw a ~3 percent growth over 2014 with analytics services emerging as the largest driver – customers are beginning to expect analytics as part of bundled BPM services. A verticalised offering of horizontal services is another important trend driving global BPM spends.

Global sourcing continued its growth journey - 8.5 percent growth in 2015 – estimated at USD 162-166 billion in 2015. India continued as the world's No.1 sourcing destination with a share of 56 percent.

B. Company Overview

R Systems International Limited (the 'Company') and its subsidiaries (collectively referred to as 'R Systems') is a leading global provider of IT solutions and Business Process Outsourcing ("BPO") services. The Parent Company is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956, with its Registered Office at New Delhi and has following subsidiaries:

Name of subsidiary	Year of incorporation	Location	Subsidiary since	Holding
R Systems (Singapore) Pte Limited	1997	Singapore	September 19, 2000	100%
R Systems, Inc.#	1993	USA	January 2, 2001	100%
R Systems Technologies Limited, USA (formerly known as Indus Software, Inc.)	1996	USA	April 1, 2002	100%
ECnet Limited**	1996	Singapore	January 8, 2004	99.75%
R Systems Solutions, Inc. **	2000	USA	August 24, 2006	100%
Computaris International Limited#	2006	UK	January 26, 2011	100%
Rsys Technologies Ltd (formerly known as Systèmes R. International Ltée)	2012	Canada	October 29, 2012	100%
R Systems Product & Technologies Private Limited, India (formerly known as R Systems Product & Technologies Limited) ***	2014	India	July 11, 2014	100%

* The shareholding by the Company and R Systems (Singapore) Pte Limited is 69.37% and 30.38%, respectively.

** Merged with R Systems Inc w.e.f. December 10, 2015.

*** On July 7, 2015, the Company has transferred its Indus Business Division to R Systems Product & Technologies Private Limited (RSPTPL), and thereafter, sold 93% of outstanding equity shares of RSPTPL as on date.

The aforesaid subsidiary have following subsidiary:

- (a) ECnet Limited, Singapore, has the following wholly-owned subsidiaries:

Name	Holding	Country of incorporation
ECnet (M) Sdn. Bhd.	100%	Malaysia
ECnet Systems (Thailand) Co. Ltd.	100%	Thailand
ECnet (Shanghai) Co. Ltd.	100%	People's Republic of China
ECnet (Hong Kong) Ltd.	100%	Hong Kong
ECnet, Inc.	100%	USA
ECnet Kabushiki Kaisha	100%	Japan

- (b) Computaris International Limited, UK, has the following wholly-owned subsidiaries:

Name	Holding	Country of incorporation
Computaris Romania SRL	100%	Romania
Computaris Polska sp z.o.o.	100%	Poland
Computaris USA Inc.	100%	USA
ICS Computaris International Srl	100%	Moldova
Computaris Malaysia Sdn. Bhd.	100%	Malaysia

- (c) IBIZCS Group Pte Limited, Singapore, is a wholly-owned subsidiary of R Systems (Singapore) Pte Limited, Singapore, w.e.f. April 30, 2015 and has the following wholly-owned subsidiaries:

Name	Holding	Country of incorporation
IBIZ Consulting Services Pte Ltd	100%	Singapore
IBIZ Consulting Services Sdn. Bhd.	100%	Malaysia
PT. IBIZCS Indonesia	100%	Indonesia
IBIZ Consultancy Services India Private Limited	100%	India
IBIZ Consulting Service Limited (IBIZ HK)	100%	Hong Kong
IBIZ Consulting Service Shanghai Co., Ltd	100% by IBIZ HK	People's Republic of China

As at December 31, 2015, R Systems is maintaining fourteen global development and service centres in India, USA, Romania, Poland, Moldova, Singapore, Malaysia, Indonesia and Thailand. R Systems diversified offering includes.

iPLM Service Group

R Systems defines its outsourced product development business as Integrated Product Life Cycle Management (iPLM) services where R Systems help ISV and other companies to accelerate the speed to market for their products and services with a high degree of time and cost predictability by using our proprietary pSuite framework and global delivery model.

Under iPLM Services, R Systems delivers solutions and services in the area of Information Technology and Information Technology enabled services (ITES). The IT services cover application development, systems integration and support and maintenance of applications. Under the ITES, we cover technical support and customer care for IT and Hi-Tech electronic manufacturers, high-end quality process management and revenue and claims management using our global delivery model.

R Systems competitive advantage in iPLM Services is further enhanced by its industry specific domain expertise, global delivery capabilities, multi-language support capabilities, industry best quality and security certification and agile development methodologies supported by R Systems' proprietary pSuite framework.

Products Group

ECnet Supply Chain products provide solutions for holistic management of the complex interaction between an organisation and its trading partners. The integrated solution aims to reduce all supply chain costs through improved collaboration and optimisation. The solutions are robust and scalable and give measurable ROI to clients that meets the clients' strategic business goals.

Further, ECnet also operates as a Gold Channel Partner for one of the largest business software companies in the world to resell, implement and support enterprise solutions of ERP, WMS, Service Management, BI and Performance Management. It mainly serves small to medium-sized businesses in the manufacturing and distribution industries. These products present an opportunity to cross and up sell these solutions since these are adjunct to ECnet's own product offerings.

R Systems' recent acquisition, IBIZ, is a Microsoft Gold Channel Partner and is specialized in deploying Microsoft business management solution suites, including enterprise resource planning, customer relationship management, point of sales, mobility, business intelligence and portals.

R Systems focused on key verticals i.e. Telecom & Digital Media, Banking and Finance, Health Care, Manufacturing & Logistics and Government Services. Telecom and Digital Media is the largest industry vertical which contributes ~30 percent of the total consolidated revenue for the year ended December 31, 2015.

Further with the deep expertise in the key vertical like Telecom & Digital Media, BFSI and Healthcare, we have horizontally embraced analytics solutions across these verticals to bring operational efficiency and also create a vital information pool reflecting on the economical, statistical, social media, speech metrics of the customers.

R Systems rapidly growing customer list includes a variety of Fortune 1000, government and mid-sized organisations across a wide range of industry verticals and has served twenty one million USD plus customer during the year 2015.

C. Opportunities and Threats

As per NASSCOM Strategic Review 2016, India's IT-BPM industry is projected to grow 8.5 percent in FY2016 – from USD 132 billion in FY2015 to USD 143 billion (excl. eCommerce), an addition of USD 11 billion.

Indian IT-BPM Exports in FY2016 estimated at USD 108 billion, a 10.3 per cent annual growth. ER&D and product development continues to be the fastest growing segment at 12.6 percent driven by trends around IoT/connected devices and customers' demands for disruptive innovation. IT services are to grow at the

same rate as overall exports. Demand for SMAC technologies is pushing the need to modernise legacy systems and cloud solutions. BPM exports, at ~9 percent y-o-y growth, are being driven by BPaaS, mobility and advanced analytics.

The US and UK are the leading customer markets with a combined share of nearly 80 percent. However, there is growing demand from APAC, LATAM and MEA. In terms of verticals, BFSI and Hi-Tech/Telecom continue their investments in analytics solutions as they focus on user experience; manufacturing is showing interest in IoT/connected device technologies, further driven by the Make in India and Industry 4.0 initiatives. Emerging verticals include retail (leveraging analytics and multi-channel strategies for a unified customer experience) and healthcare (wearables). R Systems having vertical specific services and solution offerings is well positioned to take advantage of these opportunities.

Increasingly competitive marketplace has posed threats and challenges for R Systems. However, over the years, R Systems has learnt to reckon with as well as address threats from competitors including their disruptive tactics, new technologies, intensifying demand for global talent, retention of employees and stringent governing norms regarding restrictions on outsourcing services. At R Systems, these threat and uncertainties are managed proactively through our risk mitigation processes and strategies.

D. Segment-wise and Product-wise Performance

Detailed information about segment-wise and product-wise performance has been given in the Consolidated Financial Statements and Standalone Financial Statements.

E. Performance and Outlook

R Systems' reported consolidated revenue of Rs. 6,050.32 mn during the year 2015 as against revenue of Rs. 6,484.96 mn for the year 2014 representing a year on year (YOY) decrease of 6.70 percent. During 2015, we have realigned our focus to provide the core IT Business Services and divested Indus Business Division. This has impacted our revenue for the year ended December 31, 2015.

Net consolidated profits before tax for the year ended December 31, 2015 is Rs. 1,274.93 mn as against Rs. 1,124.21 mn in 2014. This is after considering the exceptional profit of Rs. 603.10 mn in 2015 (mainly consists of profit on sale of Indus Business Division) as against Rs. 250.11 mn in 2014 (mainly consists of profit on sale of Europe BPO Business).

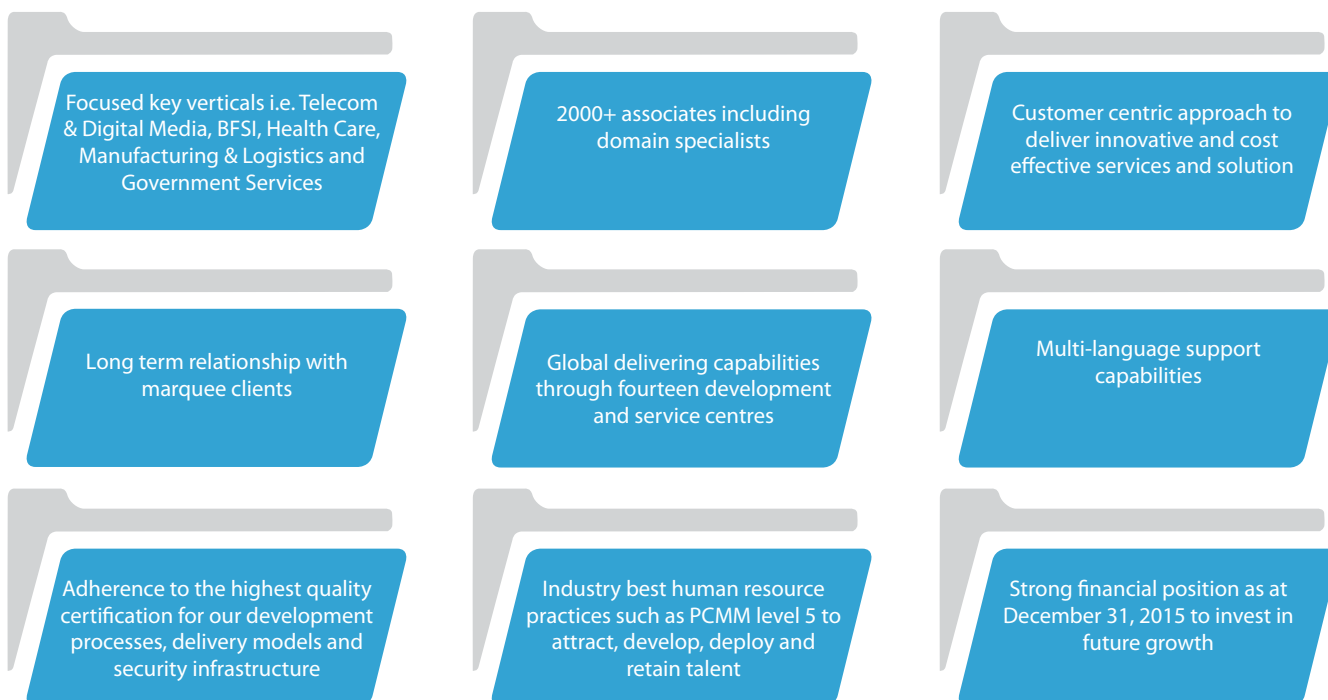
Consolidated profit after tax during the year 2015 is Rs. 978.30 mn as against net profit for year 2014 of Rs. 781.34 mn.

The basic earnings per share (based on consolidated financial statement) during the year 2015 was Rs. 7.70 per share as against Rs. 6.14 per share in 2014 of face value of Re. 1 each.

Cash and bank balance as of December 31, 2015 was Rs. 921.95 mn against Rs 1,098.24 mn as of December 31, 2014 which was excluding money kept in escrow account for interim dividend and margin money for buy back. Decrease was mainly on account of cash used for acquisition of IBIZ and business acquisition in Europe, purchase of fixed assets, payment of Income tax and payment of dividends as offset by cash generated from operations and amount received from sale of subsidiaries.

The consolidated shareholder's funds as at December 31, 2015 amount to Rs. 2,428.56 mn.

R Systems is well positioned to leverage the following factors which are key to its differentiated strategy for growth in the marketplace:



F. Risk and Concerns

At R Systems risk management is a dynamic process with an attempt to constantly identify all the emerging risks and propose solutions to manage these. This is further explained in detail in Risk Management Report.

G. Internal Control Systems and Their Adequacy

R Systems has adequate internal control systems and procedures commensurate with its size and nature of business. All areas of the Company's operations are covered by such internal control systems including revenue from rendering services, purchase of fixed assets and other equipments, treasury management, statutory compliances, expenditures such as payroll, travel, utility and insurance etc. An Independent firm of Chartered Accountants has been appointed as the Internal Auditors of the Company for all the business units in India and the Audit Committee has considered their reports and accepted their recommendations; wherever feasible the same have been implemented.

R Systems has also taken the initiative to have critical non-financial areas such as security infrastructure, quality models, development processes and delivery models reviewed and certified by independent organisations.

R Systems has continued its investment in organisation behavior and management processes to ensure that these certified industry standards are continually adhered to.

During the year 2015, all ISMS artifacts of the Company have been migrated from ISO 27001:2005 to new ISO 27001:2013 standard and Noida Unit has been certified for this new Information Security Standard. Further, Noida unit has been reappraised for PCMM Level 5 (Ver.2.0).

As of the date of this report, Noida IT centre is CMMi level 5, PCMM Level 5, ISO 9001 : 2008 and ISO 27001 : 2013 certified; Noida BPO centre is PCMM Level 5, ISO 9001 : 2008 and ISO 27001 : 2013 certified.

The continuing compliance with these standards demonstrates the rigor of R Systems processes and differentiates us to keep our competitive edge in service and product offerings.

H. Material Development in Human Resources / Industrial Relations Front, including Number of People Employed

Our employees are most precious assets and we value their

commitment in building R Systems. In the IT and ITES industry attracting, developing, deploying and retaining talent is critical. R Systems has also defined and implemented a People Management Initiative which is in line with industry best practices and People CMM. It effectively manages the employee life cycle so that the individuals are committed, have pride and show pro-activeness on the job.

R Systems concluded the year 2015 with 2,025 associates including 298 sales and support staff.

I. Discussion on Financial Position and Financial Performance with respect to Operational Performance

Analysis and Discussions of Financial Position as at December 31, 2015

1. Share Capital

Particulars	(Rs. in million)	
	As at December 31, 2015	2014
Authorised share capital	200.00	200.00
Issued, subscribed and paid up capital	127.46	126.65
Less: Buy back of shares	0.68	
Add: Shares Issued under ESOP Scheme, 2007	0.09	0.81
	126.87	127.46
Less: advance to Indus software employee welfare trust*	0.74	0.74
Total Share Capital	126.13	126.72

*This is in accordance with guidance note issued by the Institute of Chartered Accountants of India.

During the year ended December 31, 2015, the Company has bought back 678,155 fully paid-up equity shares of face value Re. 1 each from the open market through stock exchange(s). This offer was closed pursuant to approval of the Board of Directors of the Company at its meeting held on April 23, 2015.

During the year ended December 31, 2015, the Company has issued 90,000 equity shares of Re. 1 each pursuant to exercise of employee stock options under the R Systems International Limited Employee Stock Option Scheme 2007.

Detailed information about the movements in ESOP plan has been given in Note no. 31 of notes to the Consolidated Financial Statements.

2. Reserve and Surplus**(Rs. in million)**

Particulars	Consolidated		Standalone	
	2015	2014	2015	2014
Capital redemption reserve	13.34	12.66	13.34	12.66
Securities premium account	901.65	959.55	901.65	959.55
General reserve	156.80	157.48	156.80	157.48
Surplus in the statement of profit and loss	1,022.61	659.36	785.80	494.41
Capital reserve	0.03	0.03	-	-
Foreign currency translation reserve	208.00	215.25	-	-
Total	2,302.43	2,004.33	1,857.59	1,624.10

During the year ended December 31, 2015, the Company has bought back 678,155 equity shares for an aggregate amount of Rs. 59.57 mn by utilising the Securities Premium Account to the extent of Rs. 58.89 mn and General Reserve to the extent of Rs. 0.68 mn. The Capital Redemption Reserve has been created out of General Reserve for Rs. 0.68 mn being the nominal value of equity shares bought back in terms of Section 68 of the Companies Act, 2013.

3. Minority Interest

During the year, there is no change in the minority interest in the Consolidated Financial Statement.

4. Long-term borrowings (non-current portion)

Long-term borrowing (non-current portion) represent loans obtained for purchase of vehicle. The borrowings amounts to Rs. 7.77 mn as at December 31, 2015 as against Rs. 6.29 mn as at December 31, 2014.

5. Deferred Tax Assets / Liability (net)

Deferred tax reflects the timing differences between financials and tax books arising mainly from provision for gratuity, leave encashment, doubtful debts and advances (results into deferred tax assets) and differences in books base and tax base of fixed assets (results into deferred tax liability).

Deferred tax assets and deferred tax liabilities across various tax jurisdictions cannot be offset against each other therefore has been presented separately.

(Rs. in million)

Particulars	Consolidated		Standalone	
	2015	2014	2015	2014
Deferred tax liability (net)	-	0.66	-	-
Deferred Tax Assets (net)	37.03	38.30	35.46	38.30

6. Other long-term liabilities

The liabilities which are due for payment after 12 months from reporting date are considered under the other long-term liabilities.

(Rs. in million)

Particulars	Consolidated		Standalone	
	2015	2014	2015	2014
Security deposits	12.36	4.76	12.36	4.72
Deferred payment compensation to the erstwhile shareholders of subsidiary	88.10	-	-	-
Deferred payable others	0.15	0.23	-	-
Total	100.61	4.99	12.36	4.72

Deferred payment compensation to the erstwhile shareholders of subsidiary represents the amount payable after 12 months from the reporting date for the acquisition of IBIZCS Group Pte. Ltd., Singapore.

For Detailed information about the Deferred Payment Compensation refer Note no. 30(d) of notes to the Consolidated Financial Statements.

7. Long-term provisions

Long-term provisions represent the provision towards the gratuity liability due after 12 months from the reporting date based on actuarial valuation. The provision amounts to Rs. 63.46 mn as at December 31, 2015 as against Rs. 95.22 mn as at December 31, 2014.

8. Other current liabilities

The liabilities which are due for payment within next 12 months from reporting date are considered under other current liabilities.

(Rs. in million)

Particulars	Consolidated		Standalone	
	2015	2014	2015	2014
Trade payables	485.38	508.89	173.43	239.09
Payable to subsidiary companies	-	-	15.48	17.96
Current maturities of long-term borrowing	4.79	3.00	3.81	3.00
Deferred payment compensation to the erstwhile shareholders of subsidiary	33.80	12.85	-	12.85
Unearned revenues	187.73	193.48	91.19	143.06
Book overdraft	5.53	-	-	-
Investor education and protection fund (not due) - Unclaimed dividend	2.78	2.08	2.78	2.08
Unpaid dividend *	-	325.02	-	325.02
Payable for purchase of fixed assets	20.77	9.80	8.42	9.80
Other payables	48.03	44.02	18.42	22.96
Total	788.81	1,099.14	313.53	775.82

* The Board of Directors at its meeting held on December 20, 2014, had declared fourth interim (special) dividend for the year 2014 as per record date December 29, 2014. This had been transferred in a separate bank account before the year end and paid on January 07, 2015.

For detailed information about the Deferred Payment Compensation refer Note no. 30(a) & (d) of notes to the Consolidated Financial Statements.

9. Short-term provisions

(Rs. in million)

Particulars	Consolidated		Standalone	
	2015	2014	2015	2014
Provision for employee benefits				
- Gratuity	1.75	3.36	1.75	3.36
- Compensated absence	94.51	111.04	61.32	79.50
Provision for Income tax	69.77	132.48	54.12	75.29
Proposed dividend	-	121.09	-	121.09
Tax on proposed dividend	-	24.21	-	24.21
Mark-to-market losses on derivative instruments	-	0.55	-	0.55
Total	166.03	392.73	117.19	304.00

10. Fixed Assets

Fixed assets includes tangible fixed assets such as land, building, lease hold improvement computer hardware, furniture & fixture, vehicle, office and electrical equipment etc, intangible assets covering computer software and customer contracts.

(Rs. in million)

Particulars	Consolidated		Standalone	
	2015	2014	2015	2014
Net tangible assets	273.31	349.25	231.77	310.84
Net intangible assets	46.87	66.39	5.36	43.88
Capital work in progress	0.01	0.18	-	0.01
Total	320.19	415.82	237.13	354.73

Details of additions during the year in fixed assets:

(Rs. in million)

Particulars	Consolidated		Standalone	
	2015	2014	2015	2014
Total Addition to Gross Block-Tangible Assets	136.04	61.41	77.32	43.24
Total Addition to Gross Block-Intangible Assets	57.32	52.96	5.76	48.47

The additions in gross block - tangible assets were mainly on account of purchases of computer hardware, office equipment's, vehicles, furniture & fittings etc.

The additions to fixed assets as at December 31, 2015 includes the tangible assets (gross) of Rs. 31.10 mn (net Rs. 1.74 mn) and intangible assets (gross) of Rs. 1.12 mn (net Rs. 0.01 mn) on account of acquisition of IBIZCS Group Pte. Ltd. and its subsidiaries.

Further, Computaris International Limited (a wholly owned subsidiary of the Company) has entered into an Asset Purchase Agreement for acquisition of certain customer contracts and related intellectual property rights. The aforesaid intangible assets have been capitalized based on estimated purchase price of Rs. 40.42 mn (Euro 0.57 mn).

During the year Company has transferred tangible assets amounting to Rs. 33.16 mn (net of accumulated depreciation) and intangible assets amounting to Rs. 21.51 mn (net of accumulated depreciation) on account of sale of Indus Business division.

11. Goodwill on consolidation

(Rs. in million)

Particulars	As at December 31,	
	2015	2014
Goodwill on Computaris International Ltd acquisition	279.50	280.20
Goodwill on IBIZ Group Pte Ltd acquisition	198.47	-
Total Goodwill on Consolidation	477.97	280.20

For detailed information about goodwill computation refer Note no. 30(b) & (d) of notes to the Consolidated Financial Statements.

12. Non-current investments

(Rs. in million)

Particulars	Consolidated		Standalone	
	2015	2014	2015	2014
Investment in subsidiaries	-	-	872.30	722.90
Other investment	0.03	0.03	0.03	0.03
8% Redeemable Debentures in Indus Software Technologies Private Limited	262.69	-	262.69	-
Investment Property – Land and Building in Pune	27.73	-	27.73	-
Total	290.45	0.03	1,162.75	722.93

For detailed information about the Non-current Investment refer Note no. 11.1 of notes to the Standalone Financial Statements and Note no. 13.1 of notes to the Consolidated Financial Statements.

13. Long-term loans and advances

Particulars	(Rs. in million)			
	Consolidated		Standalone	
	2015	2014	2015	2014
Capital advances	0.52	0.45	0.52	0.45
Advances recoverable in cash or in kind or for value to be received	1.25	7.37	0.85	6.28
Security Deposit	20.66	26.61	9.95	17.99
Income Tax Recoverable	40.84	34.41	35.00	33.05
Total	63.27	68.84	46.32	57.77

14. Other non-current assets

Other non-current assets includes the long term fixed deposits with banks due for maturity after twelve months from reporting date, margin money deposits and accrued interest there on.

Particulars	(Rs. in million)			
	Consolidated		Standalone	
	2015	2014	2015	2014
Non-current bank deposits	70.49	56.42	47.16	48.69
Interest accrued on deposits	4.00	2.15	4.00	2.15
Total	74.49	58.57	51.16	50.84

15. Current investment

Particulars	(Rs. in million)			
	Consolidated		Standalone	
	2015	2014	2015	2014
Investment in Mutual fund	-	18.00	-	18.00
Investment in Indus Software Technologies Private Limited				
Fully paid-up equity shares	30.44	-	30.44	-
8% Redeemable Debentures	87.57	-	87.57	-
Total	118.01	18.00	118.01	18.00

For detailed information about Investment in Indus Software Technologies Private Limited refer Note no. 13.2 of notes to the Consolidated Financial Statements.

16. Trade receivables

Particulars	(Rs. in million)			
	Consolidated		Standalone	
	2015	2014	2015	2014
Trade receivables Gross	1,143.58	1,348.85	519.05	648.96
Less : Provision for doubtful debts	97.27	98.08	14.44	22.59
Trade Receivables (Net)	1,046.31	1,250.77	504.61	626.37
Days Sales Outstanding (DSO in days)	57	55	55	61

17. Cash and Bank Balance

Particulars	(Rs. in million)			
	Consolidated		Standalone	
	2015	2014	2015	2014
Cash on Hand	0.90	0.75	0.26	0.16
Balances with scheduled banks				
On current accounts	23.44	118.89	20.44	118.50
On EEFC accounts	12.61	63.20	12.61	63.20
On deposit accounts	192.17	442.63	192.17	442.63
On unclaimed dividend accounts #	2.78	2.08	2.78	2.08
On unpaid dividend #	-	325.02	-	325.02
Escrow account for buyback #	-	15.00	-	15.00
Balances with other banks				
On current accounts	659.11	433.18	30.28	23.53
On deposit accounts	30.95	19.50	-	-
	921.96	1,420.25	258.54	990.12
Less : Non-current bank balances	70.49	56.42	47.16	48.69
Total Cash and Bank Balance	851.47	1,363.83	211.38	941.43

the Company can utilise these balances for respective dividend / buy back.

For detailed movement in cash and bank balance, please refer the Consolidated and Standalone Cash Flow Statement.

18. Short-term loans and advances

Short-term loans and advances include the amount recoverable in cash and kind or for value to be received within twelve months from reporting date.

(Rs. in million)

Particulars	Consolidated		Standalone	
	2015	2014	2015	2014
Advances recoverable in cash or in kind or for value to be received	82.72	93.55	32.63	41.90
Advances to related parties	-	-	0.08	1.66
Security deposit	1.01	4.36	0.51	4.36
Mark-to-market gains on derivative instruments	15.65	-	15.65	-
Balances with customs, excise, etc.	44.37	20.66	44.37	20.66
Total	143.75	118.57	93.24	68.58

19. Other Current Assets

(Rs. in million)

Particulars	Consolidated		Standalone	
	2015	2014	2015	2014
Interest accrued	7.22	5.32	7.22	5.31
Unbilled revenue	125.08	111.83	30.76	52.63
Total	132.30	117.15	37.98	57.94

Unbilled revenue constitutes amounts not billed to customers at year end which is expected to be billed in due course in accordance with the contract with the respective customers.

20. Liquidity

The consolidated cash and cash equivalent as at December 31, 2015 were Rs. 786.17 mn as against Rs. 1,059.10 mn as on December 31, 2014.

Net cash generated from operating activities were Rs. 448.53 mn for the year ended December 31, 2015 compared to Rs. 724.57 mn for the year ended December 31, 2014.

Cash generated from investing activities were Rs. 397.95 mn for the year ended December 31, 2015 comprised of proceeds from sale of subsidiaries Rs. 274.01 mn, proceeds from long term fixed deposits with banks Rs. 239.44 mn (net), proceeds from redemption of mutual funds Rs. 19.77 mn, interest income Rs. 42.57 mn, rental income from investment property Rs. 3.08 mn, sale of fixed assets Rs. 2.79 mn as offset by purchase of fixed assets of Rs. 162.58 mn and initial payout amounting to Rs. 21.13 mn (net) on acquisition of IBIZ operations.

Cash used in financing activities were Rs. 1,131.46 for the year ended December 31, 2015 comprised of payment of dividend (including CDT) of Rs. 1,072.22 mn, Rs. 59.57 paid for buy back of Equity shares, Rs. 1.11 mn paid for interest as offset by cash received from issuance of equity shares of Rs. 1.09 mn and net increase in long term borrowings by Rs. 0.36 mn.

R Systems' policy is to maintain sufficient liquidity to fund the anticipated capital expenditures, operational expenses and investments for strategic initiatives.

Analysis and Discussions of Operating Performance for the Year Ended December 31, 2015

The following section discusses in detail the composition of different items in the Consolidated and Standalone Statement of Profit and Loss Account

Consolidated Statement of Profit and Loss for the year:

(Rs. in million)					
Particulars	2015	% of Total income	2014	% of Total income	Change %
Income					
Revenue from operations	6,050.32	98.40	6,484.96	98.62	(6.70)
Other income	98.13	1.60	90.73	1.38	8.16
Total income	6,148.45	100.00	6,575.69	100.00	(6.50)
Expenses					
Employee benefits expense	3,648.80	59.35	3,935.22	59.85	(7.28)
Operational and other expense	1,678.00	27.29	1,643.04	24.99	2.13
Depreciation and amortisation expense	140.23	2.27	112.45	1.70	24.70
Finance cost	9.59	0.16	10.88	0.17	(11.86)
Total expenses	5,476.62	89.07	5,701.59	86.71	(3.95)
Net profit before tax and exceptional items	671.83	10.93	874.10	13.29	(23.14)
Exceptional items	603.10	9.81	250.11	3.80	141.13
Net profit before tax	1,274.93	20.74	1,124.21	17.09	13.41
Tax expense	296.63	4.83	342.87	5.21	(13.49)
Net profit after tax	978.30	15.91	781.34	11.88	25.21

Standalone Statement of Profit and Loss for the year:

(Rs. in million)					
Particulars	2015	% of Total income	2014	% of Total income	Change %
Income					
Revenue from operations	2,892.60	96.78	2,910.81	95.57	(0.63)
Other income	96.23	3.22	134.84	4.43	(28.63)
Total income	2,988.83	100.00	3,045.65	100.00	(1.87)
Expenses					
Employee benefits expense	1,734.61	58.04	1,781.43	58.50	(2.63)
Operational and other expense	624.25	20.89	572.95	18.81	8.95
Depreciation and amortisation expense	95.80	3.20	67.24	2.20	42.49
Finance cost	4.28	0.14	6.26	0.21	(31.65)
Total expenses	2,458.94	82.27	2,427.88	79.72	1.28
Net profit before tax and exceptional items	529.89	17.73	617.77	20.28	(14.23)
Exceptional items	648.07	21.68	393.13	12.91	64.85
Net profit before tax	1,177.96	39.41	1,010.90	33.19	16.53
Tax expense	271.52	9.08	260.61	8.56	4.19
Net profit after tax	906.44	30.33	750.29	24.63	20.81

1. Income

1.1 Revenue from Operations

R Systems derives revenue primarily from Information technology services and product and Business process outsourcing services. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

1.1.1 Based on Consolidated Financial Statement:

Particulars	(Rs. in million)				
	Year ended December 31, 2015	%	Year ended December 31, 2014	%	change %
Information technology services and products	5,564.27	91.97	5,297.42	81.69	5.04
Business process outsourcing services	486.05	8.03	1,187.54	18.31	(59.07)
Total	6,050.32	100.00	6,484.96	100.00	(6.70)

The revenue from Information technology services and products was impacted by sale of Indus Business Division w.e.f. July 7, 2015 as offset by inclusion of revenue on acquisition of IBIZ Group.

The decline in Business process outsourcing services is mainly on account of Sales of Europe BPO business w.e.f. November 27, 2014.

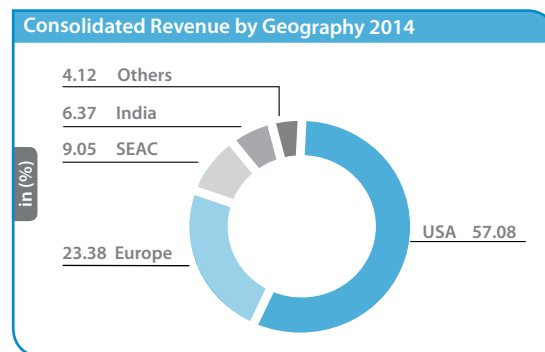
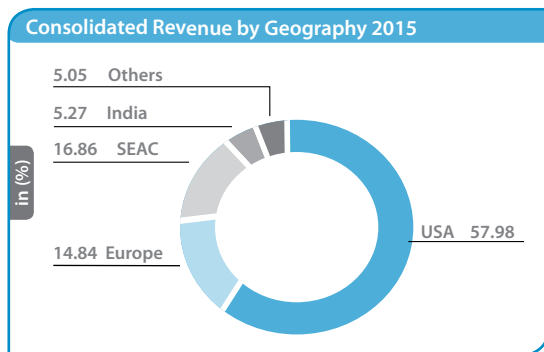
1.1.2 Based on Standalone Financial Statement:

Particulars	(Rs. in million)				
	Year ended December 31, 2015	%	Year ended December 31, 2014	%	change %
Information technology services and products	2,482.31	85.82	2,538.34	87.20	(2.21)
Business process outsourcing services	410.29	14.18	372.47	12.80	10.15
Total	2,892.60	100.00	2,910.81	100.00	(0.63)

The decline in Information technology services and products is mainly on account of Sales of Indus business unit w.e.f. July 7, 2015

1.1.3 Consolidated Revenue by Geography:

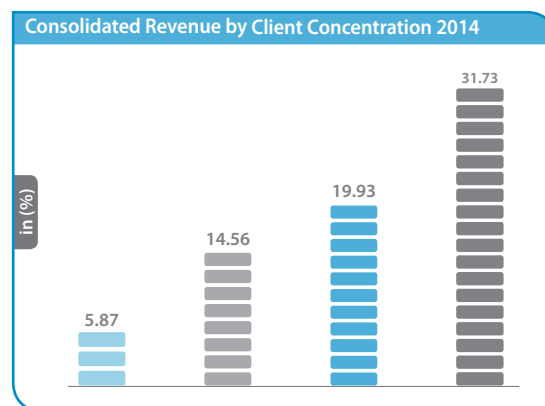
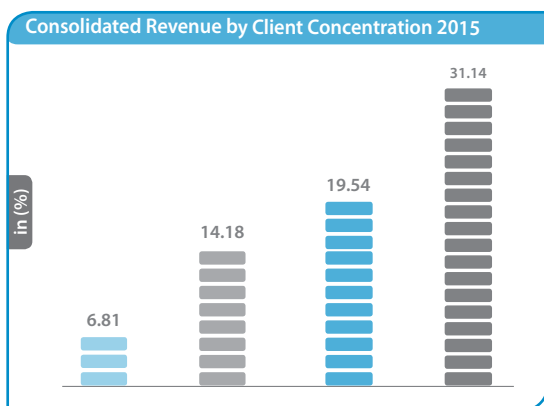
R Systems earns income from five principal geographic territories, namely the United States of America, Europe, South East Asian countries ("SEAC"), India and others. A significant proportion of the revenues were derived from clients located in the United States of America. The geographic break-down is given below:



* Graphs not to scale

1.1.4 Consolidated Revenue by Client Concentration:

The breakdown of R Systems consolidated revenue on the basis of client concentration for the year ended December 31, 2015 and 2014 is as follows:



■ The Largest Clients
 ■ Top 3 Clients
 ■ Top 5 Clients
 ■ Top 10 Clients

* Graphs not to scale

1.2 Other Income

(Rs. in million)

Particulars	Consolidated		Standalone	
	2015	2014	2015	2014
Interest income on bank deposits	32.78	41.02	32.53	39.96
Interest income on debenture	13.55	-	13.55	-
Rental income from investment property	3.08	-	3.08	-
Dividend income from subsidiary	-	-	-	55.49
Profit on redemption of mutual fund	1.77	1.01	1.77	1.01
Foreign exchange fluctuation (net)	31.18	17.48	43.60	36.94
Provision for doubtful debts and advances written back (net)	0.05	4.65	1.70	1.44
Miscellaneous income	15.72	26.57	-	-
Total other income	98.13	90.73	96.23	134.84

2. Expenditures

2.1 Personnel Expenses

Personnel expenses primarily consist of salaries, bonus, commissions, provision for compensated absence, gratuity benefits, contribution towards provident and other funds and staff welfare expenses.

2.1.1 Based on Consolidated Financial Statement:

(Rs. in million)

Particulars	2015	% of Total Income	2014	% of Total Income	change %
Salaries and bonus	3,379.86	54.97	3,583.78	54.50	(5.69)
Gratuity	18.02	0.29	30.97	0.47	(41.82)
Contribution to provident fund and other payments	212.27	3.45	283.02	4.30	(25.00)
Staff welfare expenses	38.65	0.63	37.45	0.58	3.25
Total	3,648.80	59.35	3,935.22	59.85	(7.28)

2.1.2 Based on Standalone Financial Statement:

(Rs. in million)

Particulars	2015	% of Total Income	2014	% of Total Income	change %
Salaries, wages and bonus	1,627.02	54.44	1,663.49	54.62	(2.19)
Gratuity	18.02	0.60	30.97	1.02	(41.82)
Contribution to provident fund and other payments	56.11	1.88	53.62	1.76	4.64
Staff welfare expenses	33.46	1.12	33.35	1.10	0.32
Total	1,734.61	58.04	1,781.43	58.50	(2.63)

2.2 Operational and other expenses

Operational and other expenses includes expenses on travelling and conveyance, legal and professional expenses including sub-contractors costs, cost of third party hardware and software, recruitment and training, communication, provision for doubtful debts and advances (net), rent of premises, equipment rental, audit fees, repairs and maintenance, commission, insurance premium and other miscellaneous items.

2.2.1 Based on Consolidated Financial Statement:

Particulars	(Rs. in million)			
	2015	% of Total Income	2014	% of Total Income
Travelling and conveyance	340.62	5.54	347.76	5.29
Legal and professional expenses including audit fees and subcontracting expenses	650.10	10.57	728.60	11.08
Communication costs	77.71	1.26	87.47	1.33
Repair and maintenance	97.47	1.59	109.72	1.67
Recruitment and training expenses	27.91	0.45	34.14	0.52
Power and fuel	54.87	0.89	55.29	0.84
Rent - premises and equipments	108.98	1.77	133.29	2.03
Advertising and sales promotion	29.75	0.48	31.89	0.48
Provision for doubtful debts and advances (net)	8.22	0.13	-	-
Bad debts and advances written off (net)	0.06	0.00	0.03	0.00
Contract cost	49.28	0.80	33.00	0.50
Cost of third party items*	135.48	2.20	1.10	0.02
Others	97.55	1.59	80.75	1.23
Total	1,678.00	27.29	1,643.04	24.99

*Increase in cost of third party items mainly consist of purchase of software licenses for resale in IBIZ Group.

2.2.2 Based on Standalone Financial Statement:

Particulars	(Rs. in million)			
	2015	% of Total Income	2014	% of Total Income
Travelling and conveyance	238.64	7.98	236.30	7.76
Legal and professional expenses including audit fees and subcontracting expenses	90.97	3.04	68.46	2.25
Communication costs	55.49	1.86	55.66	1.83
Repair and maintenance	71.75	2.40	59.55	1.96
Recruitment and training expenses	11.07	0.37	10.24	0.34
Power and fuel	50.14	1.68	47.78	1.57
Rent - premises and equipments	32.75	1.10	35.57	1.17
Provision for doubtful debts and advances (net)	2.39	0.08	0.38	0.01
Bad debts and advances written off	-	-	0.03	0.00
Cost of third party items	0.03	0.00	1.10	0.04
Others	55.70	1.86	41.50	1.36
Total	624.25	20.89	572.95	18.81

2.3 Depreciation and Amortisation Expense

Particulars	(Rs. in million)			
	Consolidated		Standalone	
	2015	2014	2015	2014
Depreciation and amortisation on fixed assets	139.52	112.45	95.09	67.24
Depreciation on Investment Property	0.71	-	0.71	-
Total	140.23	112.45	95.80	67.24

As at January 01, 2015, the Company, based on technical assessment, reassessed the useful life of tangible assets and accordingly changed the useful life of certain assets resulting in incremental charge of depreciation. Accordingly, the depreciation charge for the year ended December 31, 2015 is higher by Rs. 32.25 mn. Further, during the year ended December 31, 2015, the Company had transferred Rs. 12.46 mn (net of tax) to reserves based on the transitional provision under Schedule II of the Companies Act, 2013.

2.4 Finance cost

Particulars	(Rs. in million)			
	Consolidated		Standalone	
	2015	2014	2015	2014
Interest on loans	2.30	3.14	2.13	2.76
Bank charges	7.29	7.74	2.15	3.50
Total	9.59	10.88	4.28	6.26

2.5 Exceptional items

2.5.1 Exceptional items in Consolidated Financial Statement:

Particulars	(Rs. in million)	
	Consolidated	
	2015	2014
Profit on sale of subsidiaries	592.77	213.15
Deferred Compensation payable written back	12.61	-
Currency translation reserve released	9.68	36.96
Impairment loss on intangible assets earlier acquired from business acquisition	(11.96)	-
Total	603.10	250.11

For detailed information about Exceptional Items refer Note no. 30 of notes to the Consolidated Financial Statements.

2.5.2 Exceptional items in Standalone Financial Statement:

Particulars	(Rs. in million)	
	Consolidated	
	2015	2014
Profit on buy back of subsidiary's shares	-	77.80
Profit on sale of Undertaking (Indus)	564.43	-
Profit on sale Europe BPO business (sale of investment)	26.63	240.69
Deferred compensation payable written back	12.61	-
Provision for diminution in the value of investment written back	44.40	74.64
Total	648.07	393.13

For detailed information about Exceptional Items refer Note no. 31 of notes to the Standalone Financial Statements.

2.6 Tax expense

Tax expense comprises of current tax and deferred tax.

Particulars	(Rs. in million)			
	Consolidated		Standalone	
	2015	2014	2015	2014
Profit Before Tax	1,274.93	1,124.21	1,177.96	1,010.90
Current tax	290.08	325.29	262.82	247.53
Deferred tax charge / (credit)	6.55	17.58	8.70	13.08
Total Tax Expense	296.63	342.87	271.52	260.61
Effective Tax Rate (in %)	23.27	30.50	23.05	25.78

Reduction in the effective tax rate was mainly on account of capital gain tax on sale of Indus Business Division subject to lower tax rate.

2.7 Dividend

Three interim dividends aggregating to Rs. 3.95 per equity share of face value of Re. 1/- each has been paid during the year ended December 31, 2015. The shareholder's assent for these interim dividends will be taken in forthcoming Annual General Meeting.

2.8 Comparatives

As specified in Note 2 of notes to the Consolidated Financial Statements. There were certain changes in the group structure. Therefore, the current year's figures are not strictly comparable with previous year's figures.

Annexure 'F' to the Directors' Report

SECRETARIAL AUDIT REPORT**FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2015**

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,

R Systems International Limited,
CIN: L74899DL1993PLC053579
B - 104A, Greater Kailash, Part - I,
New Delhi - 110 048

I have conducted the secretarial audit of the compliance of the applicable statutory provisions and the adherence to good corporate practices by R Systems International Limited (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the statutory registers, books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on December 31, 2015 complied with the statutory provisions listed hereunder and also that the Company has proper board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on December 31, 2015 according to the provisions of:

- (i) The Companies Act, 2013 ('the Act') and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

- (v) The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') viz.: -
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - c. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - d. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - e. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - f. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008: - **Not Applicable**;
 - g. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - h. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009: - **Not Applicable**;
 - i. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; and
 - j. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (vi) The other laws which are specifically applicable to the Company based on its sector/ industry are:
 - a. The Information Technology Act, 2000;
 - b. Policy relating to Software Technology Parks of India and its regulations;
 - c. Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with BSE Limited & National Stock Exchange of India Limited.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, etc. mentioned above.

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period the company has following specific events / actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above: -

1. Company has completed the Buy Back of 678,155 equity shares of Re. 1/- each pursuant to the provisions of Section 68 of the Act and The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.
2. Company has allotted 90,000 equity shares of Re. 1/- each at the price of Rs. 12.07 per share pursuant to the exercise of the stock option granted to the employees of the company under R Systems International Limited Employee Stock Option Scheme 2007.

3. Company has declared and paid three interim dividends aggregating to Rs. 3.95 per equity share of Re. 01/-each.
4. Company has obtained necessary approval of Hon'ble Company Law Board at New Delhi under Section 2(41) of the Act to follow calendar year i.e. 1st January to 31st December as its financial year.
5. Company has passed a Board Resolution in the Board Meeting held on June 09, 2015 for Setting up a branch office of R Systems International Limited in New Zealand.
6. Company has passed a Board Resolution in the Board Meeting held on December 06, 2015 for Approval of the merger of R Systems Solutions Inc., with R Systems Inc., both being wholly owned subsidiary of the company based in U.S.A.
7. Company has concluded the divestment of Indus Product Business, on a going concern basis by way of slump sale on July 07, 2015.
8. Company has completed the acquisition of 100% shares of IBIZCS Group Pte. Limited (IBIZ), a Singapore based Company w.e.f. April 30, 2015 through its wholly owned subsidiary namely R Systems (Singapore) Pte. Limited.

Sd/-

CS Jitender Singh

Practicing Company Secretary

Mem. No. A33610

C.P. No. 12463

Date : April 11, 2016

Place : New Delhi

To,

The Members,
R Systems International Limited,
CIN: L74899DL1993PLC053579
B - 104A, Greater Kailash - I,
New Delhi - 110 048.

My report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial record and Books of Accounts of the company.
4. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Sd/-

CS Jitender Singh

Practicing Company Secretary

Mem. No. A33610

C.P. No. 12463

Date: April 11, 2016

Place: New Delhi

Annexure 'G' to the Directors' Report

FORM NO. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto:

1. Details of contracts or arrangements or transactions not at arm's length basis.

Sr. No.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts / arrangements/ transaction	Salient terms of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transactions	date(s) of approval by the Board	Amount paid as advances, if any	Date on which the special resolution was passed in general meeting as required under first proviso to section 188
	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

2. Details of material contracts or arrangement or transactions at arm's length basis

Sr. No.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts / arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advances, if any
1.	R Systems Products & Technologies Private Limited ("RSPTPL")*	Business Transfer Agreement for Transfer of Indus Business Unit of the Company**	One time	R Systems International Limited had entered into 'Business Transfer Agreement' (BTA) with RSPTPL on June 27, 2015 for transfer of Indus Business Unit of the Company on going concern basis by way of slump sale, for consideration of INR 783,900,000 to be discharged by RSPTPL through issuance of 60,000,003 equity shares of Re. 1/- each at a premium of INR 6.227333 per share amounting to INR 433,640,000 and 35,026 compulsorily redeemable debentures of INR 10,000 each amounting to INR 350,260,000 on the terms and conditions agreed in BTA. The closing (as defined in the agreements) under the BTA occurred on July 07, 2015.	June 27, 2015	Nil

* R Systems Products & Technologies Pvt. Ltd. ceased to be Subsidiary of the Company w.e.f. July 07, 2015.

** Please also refer note 31(f) of the standalone financial statements.

Note:

- 1 The aforesaid disclosure is based on the materiality threshold defined in Policy for related party transactions.
- 2 For Details of other related party transaction, please refer Note No. 24 of the standalone financial statements.

On behalf of the Board
For R Systems International Limited

Sd/-
Satinder Singh Rekhi
(DIN: 00006955)
(Managing Director)
Place : Singapore
Date : April 30, 2016

Sd/-
Lt. Gen. Baldev Singh (Retd.)
(DIN: 00006966)
(President & Senior Executive Director)
Place : Noida
Date : April 30, 2016

Annexure 'H' to the Directors' Report

ANNUAL REPORT ON CSR ACTIVITIES

For the Financial Year ended December 31, 2015

1.	A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web link to the CSR policy and projects or programs.						
	To support and endeavour to bring about positive difference to communities where we exist. Through the CSR initiatives, the Company strives to provide equitable opportunities for sustainable growth, thereby aligning with our goal to build RSIL into an organization which maximizes Stakeholders Value. The Company would engage in activities whereby business further contributes to make a positive and distinguishing impact on the environment, customers, employees and other stakeholders. Our projects focus on – Education, Health & Medical Care, Community at large, Environment. The Company's CSR policy can be accessed on: http://www.rsystems.com/investors/corporategovernance.aspx						
2.	Composition of the CSR Committee						
	1. Mr. Raj Kumar Gogia (Non Executive Independent Director) - Chairman 2. Lt. Gen. Baldev Singh (Retd.) (President & Senior Executive Director) - Member 3. Mr. Suresh Paruthi (Non Executive Independent Director) - Member 4. Mrs. Ruchica Gupta (Non Executive Director) – Member						
3.	Average Net Profit of the Company for last three financial year						Rs. 471,264,053
4.	Prescribed CSR Expenditure (two percent of the amount as in Item 3 above)						Rs. 9,425,281
5.	Details of CSR spent during the financial year						
	(a) Total Amount to be spent for the financial year						Rs. 9,425,281
	(b) Amount unspent, if any						Rs. 7,925,281
	(c) Manner in which the amount spent during the financial year is detailed below						
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No	CSR Project or activity identified	Sector in which the project is covered	Project / Programs (1) Local Area / others (2) Specify the State / District where the Project or program was Undertaken	Amount Outlay (budget) Project / Program wise	Amount spent on the project / programs Subheads: (1) Direct expenditure on project / programs (2) Overheads	Cumulative expenditure up to the reporting period	Amount spent Direct or through implementing agency*
1.	School Education Project	Education including boarding & lodging	Kapurthala-Punjab (Army Public School, Beas)	15 lakhs	(1) 15 lakhs	15 lakhs	Expenses incurred directly

*Give details of implementing agency

6. Reason for not spending two percent of the average net Profit of the last three financial years or any part thereof on CSR.

The financial year under review was a preparatory year for the implementation of CSR policy of the Company. The Company was in the process of evaluating, identifying the various focus areas, projects for achieving maximum social bearings through its CSR activities in alignment with the CSR Policy and conducted number of consultations with organizations working in the area of education, health, environment, hunger eradication etc.

The Company is under process of identification of some key projects which will be executed during the financial year 2016.

7. A Responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in Compliance with the CSR Objectives and Policy of the Company.

The implementation and monitoring of CSR Policy is in compliance with CSR objectives and policy of the Company.

Sd/-

Satinder Singh Rekhi

Managing Director

(DIN: 00006955)

Date: April 30, 2016

Place: Singapore

Sd/-

Raj Kumar Gogia

(Chairman of the CSR Committee)

(DIN: 00007364)

Date: April 30, 2016

Place: NOIDA

Annexure 'I' to the Directors' Report

FORM NO. MGT-9 EXTRACT OF ANNUAL RETURN

as on the financial year ended on December 31, 2015

[Pursuant to section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

CIN	: L74899DL1993PLC053579
Registration Date	: May 14, 1993
Name of the Company	: R Systems International Limited
Category / Sub-Category of the Company	: Company having Share Capital
Address of the Registered office and contact details	: B-104A, Greater Kailash, Part-I, New Delhi-110048 Tel. No.: +91-011-32596619 E-mail: rsystems.india@rsystems.com
Address of the Corporate office and contact details	: C-40, Sector-59, NOIDA, District Gautam Budh Nagar, U.P., India - 201307. Tel. No.: +91-120-4303500 Fax: +91-120-2587123
Whether listed company	: Yes
Name, Address and Contact details of Registrar and Transfer Agent, if any	: M/s Link Intime India Private Limited 44, Community Center, 2nd Floor, Naraina Industrial Area, Phase- I, Near PVR Naraina, New Delhi -110 028 Phone: 011 - 414 10592, 93, 94 Fax : 011 - 414 10591 Email : delhi@linkintime.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Information technology services and products	620	85.82%
2	Business process outsourcing services	620	14.18%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. NO	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
1	R Systems (Singapore) Pte Ltd.	#04-01, 16 Jalan Kilang, Hoi Hup Building, Singapore 159416	Foreign Company	Subsidiary	100%	2(87)
2	R Systems, Inc.	5000, Windplay Drive, Suite# 5, El Dorado Hills, CA 95762, U.S.A.	Foreign Company	Subsidiary	100%	2(87)
3	R Systems Technologies Ltd. (Formerly known as Indus Software, Inc.)	5000, Windplay Drive, Suite 5, El Dorado Hills, CA 95762, U.S.A.	Foreign Company	Subsidiary	100%	2(87)

Sl. NO	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
4	ECnet Limited	16 Jalan Kilang, #04-01, Hoi Hup Building, Singapore 159416	Foreign Company	Subsidiary	99.75%	2(87)
5	RSYS Technologies Ltd. (Formerly known as Systèmes R. International Ltée) ⁵	1000, Cathedral Place, 925 West Georgia Street, Vancouver BC V6C 3L2, Canada.	Foreign Company	Subsidiary	100%	2(87)
6	Computaris International Limited	11 Queens Road, Brentwood Essex, CM 14 4HE, United Kingdom	Foreign Company	Subsidiary	100%	2(87)
7	ECnet (M) Sdn Bhd [#]	Level 12, Suite 12.05, Menara Summit Persiaran Kewajipan, USJ 1 47500 UEP Subang Jaya, Malaysia	Foreign Company	Step Down Subsidiary	99.75%	2(87)
8	ECnet Systems (Thailand) Co. Ltd. [#]	2/3 Bangna Tower-A, 2nd Floor, Room No. 205, Moo 14, Bangna-Trad K.M. 6.5, Tambol Bangkaew, Amphoe Bangplee, Samutprakarn Province, Thailand	Foreign Company	Step Down Subsidiary	99.75%	2(87)
9	ECnet (Shanghai) Co. Ltd. [#]	Rm H,20 Floor,Foresight Mansion, No.768 Xie Tu Rd, Shanghai, China	Foreign Company	Step Down Subsidiary	99.75%	2(87)
10	ECnet (Hong Kong) Ltd. [#]	Rm 1903, 19th Floor, World Wide House 19 Des Voeux Road Central Hong Kong	Foreign Company	Step Down Subsidiary	99.75%	2(87)
11	ECnet, Inc. [#]	5000, Wind Play Drive Suite #5, El Dorado Hills, CA 95762, USA	Foreign Company	Step Down Subsidiary	99.75%	2(87)
12	ECnet Kabushiki Kaisha [#]	Godo Building 6F, Kaji-cho 1-6-17,Chiyoda-ku, Tokyo, Japan 101-0044.	Foreign Company	Step Down Subsidiary	99.75%	2(87)
13	Computaris Romania Srl [*]	Bucharest office Str. Gheorghe Manu, Nr. 5, Parter, Camera 2, Sector 1, Bucuresti, Cod. 010442, Romania Galati office 19A Portului Str., 4th Floor, Room 403, 800025, Galati, Romania	Foreign Company	Step Down Subsidiary	100%	2(87)
14	Computaris Polska sp z o.o. [*]	Warsaw office al. Jana Pawla II 80, 00-175 Warsaw, Poland Bialystok Office ul. Branickiego 17, 15 -085 Bialystok	Foreign Company	Step Down Subsidiary	100%	2(87)
15	ICS Computaris International Srl [*]	Vlaicu Pircalab Street, No 63, Et. 8, Oficiu B, MD – 2012, Sky Tower Business Center Chisinau, Republica Moldova	Foreign Company	Step Down Subsidiary	100%	2(87)
16	Computaris Malaysia Sdn. Bhd. [*]	1005 Level 10 Block B Phileo Damansara 1 9 Jalan 16/11, Off Jalan Damansara 46350 Petaling Jaya, Selangor Malaysia.	Foreign Company	Step Down Subsidiary	100%	2(87)
17	Computaris USA, Inc. [*]	5000, Windplay Drive, Suite# 5, El Dorado Hills, CA 95762, U.S.A.	Foreign Company	Step Down Subsidiary	100%	2(87)

Sl. NO	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
18	IBIZCS Group Pte Ltd. [®]	2 Jalan Kilang Barat #04-01 Singapore 159346	Foreign Company	Step Down Subsidiary	100%	2(87)
19	IBIZ Consulting Services Pte Ltd. [^]	2, Jalan Kilang Barat #04-01 Singapore 159346	Foreign Company	Step Down Subsidiary	100%	2(87)
20	IBIZ Consulting Services Sdn. Bhd. [^]	Suite A-13-6, Menara Atlas Plaza Pantai, No. 5, Jalan 4/83A Off Jalan Pantai Baru 59200 Kuala Lumpur, Malaysia	Foreign Company	Step Down Subsidiary	100%	2(87)
21	PT. IBIZCS Indonesia [^]	Setiabudi Buidling 2, 2nd Floor, Suite 203 Jl. H.R. Rasuna Said Kav. 62 Jakarta Selatan 12920, Indonesia	Foreign Company	Step Down Subsidiary	100%	2(87)
22	IBIZ Consultancy Services India Private Limited [^]	Block 2, 4th Floor, The LORDS Building No. 1&2 Northern Extension Area, Jawaharlal Nehru Rd, Thiru Vi Ka Industrial Estate, Ekkatuthangal, Chennai 600032, India	U72200TN2008P TC070201	Step Down Subsidiary	100%	2(87)
23	IBIZ Consulting Services Limited [^]	Room 1804-5 The Centre Mark 287-29 Queen's Road Central Hong Kong, Hong Kong	Foreign Company	Step Down Subsidiary	100%	2(87)
24	IBIZ Consulting Services (Shanghai) Co., Ltd. [^]	Rm 700 Jindu Center, No 277 Wu Xing Road, Xuhui, Shanghai, China	Foreign Company	Step Down Subsidiary	100%	2(87)

Wholly owned subsidiaries of ECnet Limited, Singapore being 99.75% subsidiary of R Systems.

* wholly owned subsidiaries of Computaris International Limited being 100% subsidiary of R Systems.

@ Wholly owned subsidiary of R Systems (Singapore) Pte Ltd. being 100% subsidiary of R Systems.

[^] Wholly owned subsidiaries of IBIZCS Group Pte Ltd. being 100% subsidiary of R Systems (Singapore) Pte Ltd. being 100% subsidiary of R Systems.

§ Subsequent to the year ended December 31, 2015, name of Systèmes R. International Ltée, Canada has been changed to RSYS TECHNOLOGIES LTD and address has been changed from 417, Rue Saint-Prerre, Porte 604, Montréal (Quebec) H2Y 2M4, Canada to 1000 Cathedral Place ,925 West Georgia Street, Vancouver BC V6C 3L2, Canada.

Note: Kindly refer to Note No. 14 of the Directors' Report for further details of the subsidiaries.

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Categorywise shareholding

Category of Shareholders	No. of Shares held at the beginning of the year-January 01, 2015				No. of Shares held at the end of the year-December 31, 2015				% Change during the year
	Physical	Demat	Total	% of Total Shares	Physical	Demat	Total	% of Total Shares	
A. Promoter and Promoter Group									
Indian									
Individuals / Hindu Undivided Family	0	19,777	19,777	0.02	0	7,777	7,777	0.01	-0.01
Central Government	0	0	0	0.00	0	0	0	0.00	0.00
State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
Bodies Corporate	0	26,476,019	26,476,019	20.77	0	29,782,219	29,782,219	23.47	2.70
Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
Any Other (Specify)	0	0	0	0.00	0	0	0	0.00	0.00
Sub Total (A)(1)	0	26,495,796	26,495,796	20.79	0	29,789,996	29,789,996	23.48	2.69
Foreign									
NRI Individual	0	12,367,430	12,367,430	9.70	0	12,367,430	12,367,430	9.75	0.04
Other Individual	0	0	0	0.00	0	0	0	0.00	0.00
Bodies Corporate	0	9,272,000	9,272,000	7.27	0	9,272,000	9,272,000	7.31	0.03
Banks/ Financial Institutions	0	0	0	0.00	0	0	0	0.00	0.00
Any Other (Foreign Trust)	0	16,325,180	16,325,180	12.81	0	13,018,980	13,018,980	10.26	-2.55
Sub Total (A)(2)	0	37,964,610	37,964,610	29.79	0	34,658,410	34,658,410	27.32	-2.47
Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	0	64,460,406	64,460,406	50.57	0	64,448,406	64,448,406	50.80	0.22
Public shareholding									
Institutions									
Mutual Funds / UTI	0	0	0	0.00	0	0	0	0.00	0.00
Financial Institutions / Banks	0	27,567	27,567	0.02	0	12,154	12,154	0.01	-0.01
Central Government	0	0	0	0.00	0	0	0	0.00	0.00
State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
Foreign Institutional Investors	0	0	0	0.00	0	0	0	0.00	0.00
Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
Any Other (specify)	0	0	0	0.00	0	0	0	0.00	0.00
Sub-Total (B)(1)	0	27,567	27,567	0.02	0	12,154	12,154	0.01	-0.01

Category of Shareholders	No. of Shares held at the beginning of the year- January 01, 2015				No. of Shares held at the end of the year- December 31, 2015				% Change during the year
	Physical	Demat	Total	% of Total Shares	Physical	Demat	Total	% of Total Shares	
Non-institutions									
Bodies Corporate (Indian and Overseas)	0	1,485,281	1,485,281	1.17	0	981,191	981,191	0.77	-0.39
Individuals -									
i. Individual shareholders holding nominal share capital up to Rs 1 lakh	256,832	9,505,090	9,761,922	7.66	143,032	9,529,718	9,672,750	7.62	-0.03
ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	114,000	50,798,067	50,912,067	39.94	114,000	50,705,545	50,819,545	40.06	0.11
Any Other (Clearing Member)	0	72,357	72,357	0.06	0	197,399	197,399	0.16	0.10
Any Other (Trust)	738,980	0	738,980	0.58	738,980	0	738,980	0.58	0.00
Sub-Total (B)(2)	1,109,812	61,860,795	62,970,607	49.40	996,012	61,413,853	62,409,865	49.19	-0.21
Total Public Shareholding (B) = (B)(1)+(B)(2)	1,109,812	61,888,362	62,998,174	49.43	996,012	61,426,007	62,422,019	49.20	-0.22
TOTAL (A)+(B)	1,109,812	126,348,768	127,458,580	100.00	996,012	125,874,413	126,870,425	100.00	0.00
Shares held by Custodian for GDRs & ADRs									
TOTAL (C)	0	0	0	0.00	0	0	0	0.00	0.00
GRAND TOTAL (A)+(B)+(C)	1,109,812	126,348,768	127,458,580	100.00	996,012	125,874,413	126,870,425	100.00	0.00

ii. Shareholding of Promoters

Sl No	Shareholder's Name	Share holding at the beginning of the year - January 01, 2015			Share holding at the end of the year - December 31, 2015			% Change during the year
		Number of shares held	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	Number of shares held	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Mrs. Kuldeep Baldev Singh	6,080	0.00	0.00	6,080	0.00	0.00	0.00
2	Mrs. Anita Behl	13,697	0.01	0.00	1,697	0.00	0.00	-0.01
3	GM Solutions Private Limited	9,100,824	7.14	0.00	10,242,424	8.07	0.00	0.93
4	GMU Infosoft Private Limited	8,603,535	6.75	0.00	9,673,035	7.62	0.00	0.87
5	U Infosoft Private Limited	8,771,660	6.88	0.00	9,866,760	7.78	0.00	0.90
6	Mr. Satinder Singh Rekhi	1,309,200	1.03	0.00	1,309,200	1.03	0.00	0.00
7	Mrs. Harpreet Rekhi	760	0.00	0.00	760	0.00	0.00	0.00
8	Mr. Sartaj Singh Rekhi	5,991,340	4.70	0.00	5,991,340	4.72	0.00	0.02
9	Mr. Ramneet Singh Rekhi	5,066,130	3.97	0.00	5,066,130	3.99	0.00	0.02
10	RightMatch Holdings Ltd.	9,272,000	7.27	0.00	9,272,000	7.31	0.00	0.03
11	Satinder & Harpreet Rekhi Family Trust (Trustee: Satinder Singh Rekhi & Harpreet Rekhi)	16,325,180	12.81	0.00	13,018,980	10.26	0.00	-2.55
	TOTAL	64,460,406	50.57	0.00	64,448,406	50.80	0.00	0.22

Note: The change in Percentage of shareholding during the year is mainly due to allotment of shares to employees exercising their options under the Employee Stock Option Scheme of the Company and the extinguishment of share capital consequent to the buy back programme of the Company.

iii. Change in Promoter Holding

Sl. No.	Name of the Promoter	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Mrs. Anita Behl				
	At the beginning of the year -January 01, 2015	13,697	0.01	13,697	0.01
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc):				
	Less: Sale on August 07, 2015	654	0.00	13,043	0.01
	Less: Sale on August 10, 2015	11,346	0.01	1,697	0.00
	At the End of the year-December 31, 2015	1,697	0.00		
2	GM Solutions Private Limited				
	At the beginning of the year - January 01, 2015	9,100,824	7.14	9,100,824	7.14
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	Add: Purchase on April 27, 2015	415,000	0.33	9,515,824	7.51
	Add: Purchase on May 15, 2015	84,600	0.07	9,600,424	7.57
	Add: Purchase on June 20, 2015	141,000	0.11	9,741,424	7.68
	Add: Purchase on August 31, 2015	455,000	0.36	10,196,424	8.04
	Add: Purchase on December 10, 2015	46,000	0.04	10,242,424	8.07
	At the End of the year - December 31, 2015	10,242,424	8.07		
3	GMU Infosoft Private Limited				
	At the beginning of the year -January 01, 2015	8,603,535	6.75	8,603,535	6.75
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	Add: Purchase on April 27, 2015	390,000	0.31	8,993,535	7.09
	Add: Purchase on May 15, 2015	72,000	0.06	9,065,535	7.15
	Add: Purchase on June 20, 2015	134,500	0.11	9,200,035	7.25
	Add: Purchase on August 31, 2015	425,000	0.33	9,625,035	7.59
	Add: Purchase on December 10, 2015	48,000	0.04	9,673,035	7.62
	At the End of the year - December 31, 2015	9,673,035	7.62		
4	U Infosoft Private Limited				
	At the beginning of the year -January 01, 2015	8,771,660	6.88	8,771,660	6.92
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	Add: Purchase on April 27, 2015	405,000	0.32	9,176,660	7.24
	Add: Purchase on May 15, 2015	71,100	0.06	9,247,760	7.29

Sl. No.	Name of the Promoter	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	Add: Purchase on June 20, 2015	134,000	0.11	9,381,760	7.39
	Add: Purchase on August 31, 2015	430,000	0.34	9,811,760	7.73
	Add: Purchase on December 10, 2015	55,000	0.04	9,866,760	7.78
	At the End of the year - December 31, 2015	9,866,760	7.78		
5	Satinder & Harpreet Rekhi Family Trust (Trustee: Satinder Singh Rekhi & Harpreet Rekhi)				
	At the beginning of the year -January 01, 2015	16,325,180	12.81	16,325,180	12.81
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	Less: Sale on April 27, 2015	1,210,000	0.95	15,115,180	11.92
	Less: Sale on May 15, 2015	227,700	0.18	14,887,480	11.74
	Less: Sale on June 20, 2015	409,500	0.32	14,477,980	11.41
	Less: Sale on August 31, 2015	1,310,000	1.03	13,167,980	10.38
	Less: Sale on December 10, 2015	149,000	0.12	13,018,980	10.26
	At the End of the year - December 31, 2015	13,018,980	10.26		

Note: The change in Percentage of shareholding during the year is also consequent to the allotment of shares to employees exercising their options under the Employee Stock Option Scheme of the Company and the extinguishment of share capital consequent the buy back programme of the Company.

(iv) *Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):*

Sl. No.	Top Ten Share Holders (For Each of the Top 10 Shareholders)	Shareholding at the beginning of the year -January 01, 2015		Shareholding at the end of the year -December 31, 2015	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Bhavook Tripathi	46,596,238	36.56	46,621,804	36.75
2	R Systems Employees Welfare Trust (Formerly Known as Indus Software Employees Welfare Trust)	738,980	0.58	738,980	0.58
3	K Mohan	717,590	0.56	717,590	0.57
4	Mandeep Sodhi	692,625	0.54	692,625	0.55
5	O'neil Nalavadi	648,770	0.51	648,770	0.51
6	Juzar Feroz Basrai	300,000	0.24	300,000	0.24
7	Prabhakar Rao Mahableshwar Bantwal	238,368	0.19	361,822	0.29
8	Padamsee Zohra Niaquat	237,000	0.19	32,000	0.03
9	Mannige Vikram Rao	221,100	0.17	221,100	0.17
10	Mehta Finstock Private Limited	199,772	0.16	0.00	0.00
11	Mohd Farooq Kamal	197,100	0.15	197,100	0.16
12	Raj Swaminathan	200,000	0.16	200,000	0.16

(iv) (b) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	Name of the Promoter	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
A	Bhavook Tripathi				
	At the beginning of the year -January 01, 2015				
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	At the End of the year-December 31, 2015				
B	Prabhakar Rao Mahableshwar Bantwal				
	At the beginning of the year -January 01, 2015				
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	At the End of the year-December 31, 2015				
C	Padamsee Zohra Niaquat				
	At the beginning of the year -January 01, 2015				
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	At the End of the year-December 31, 2015				
D	Mehta Finstock Private Limited				
	At the beginning of the year -January 01, 2015				
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	At the End of the year-December 31, 2015				

As per Annexure -1

ANNEXURE-1

v) (b) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	Date of Transaction	Nature of Transaction	Shareholding at the beginning of the Year		Cumulative Shareholding during the Year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
A	Bhavook Tripathi					
	01.01.2015	Opeing Balance	46,596,238	36.56	46,596,238	36.56
	02.01.2015	Purchase	24,583	0.02	46,620,821	36.58
	09.01.2015	Purchase	42,828	0.03	46,663,649	36.61
	16.01.2015	Purchase	45,849	0.04	46,709,498	36.65
	23.01.2015	Purchase	41,472	0.03	46,750,970	36.68
	30.01.2015	Purchase	32,141	0.03	46,783,111	36.70
	06.02.2015	Purchase	6,960	0.01	46,790,071	36.71
	13.02.2015	Sale	12,597	0.01	46,777,474	36.70
	20.02.2015	Purchase	24,101	0.02	46,801,575	36.72
	27.02.2015	Purchase	71,626	0.06	46,873,201	36.78
	06.03.2015	Purchase	24,835	0.02	46,898,036	36.79
	13.03.2015	Purchase	24,999	0.02	46,923,035	36.81
	20.03.2015	Purchase	27,998	0.02	46,951,033	36.84
	27.03.2015	Purchase	17,714	0.01	46,968,747	36.85
	31.03.2015	Purchase	12,500	0.01	46,981,247	36.86
	10.04.2015	Sale	47,448	0.04	46,933,799	36.82
	17.04.2015	Sale	164,690	0.13	46,769,109	36.69
	24.04.2015	Purchase	4,164	0.00	46,773,273	36.89
	01.05.2015	Purchase	2,200	0.00	46,775,473	36.89
	08.05.2015	Purchase	1,776	0.00	46,777,249	36.90
	15.05.2015	Purchase	9,789	0.01	46,787,038	36.90
	19.06.2015	Sale	1	0.00	46,787,037	36.90
	31.07.2015	Purchase	50	0.00	46,787,087	36.90
	07.08.2015	Sale	9,400	0.01	46,777,687	36.90
	21.08.2015	Purchase	446	0.00	46,778,133	36.90
	28.08.2015	Purchase	9,722	0.01	46,787,855	36.90
	04.09.2015	Purchase	578	0.00	46,788,433	36.91
	11.09.2015	Purchase	10,460	0.01	46,798,893	36.89
	18.09.2015	Purchase	4,345	0.00	46,803,238	36.89
	25.09.2015	Purchase	3,021	0.00	46,806,259	36.89
	30.09.2015	Purchase	3,906	0.00	46,810,165	36.90
	09.10.2015	Sale	2,425	0.00	46,807,740	36.89
	16.10.2015	Sale	14,226	0.01	46,793,514	36.88
	23.10.2015	Sale	13,671	0.01	46,779,843	36.87
	30.10.2015	Sale	46,723	0.04	46,733,120	36.84
	06.11.2015	Sale	45,080	0.04	46,688,040	36.80
	13.11.2015	Sale	958	0.00	46,687,082	36.80
	20.11.2015	Sale	527	0.00	46,686,555	36.80
	27.11.2015	Sale	500	0.00	46,686,055	36.80
	04.12.2015	Sale	8,863	0.01	46,677,192	36.79

Sl. No.	Date of Transaction	Nature of Transaction	Shareholding at the beginning of the Year		Cumulative Shareholding during the Year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	11.12.2015	Sale	4,750	0.00	46,672,442	36.79
	18.12.2015	Sale	2,048	0.00	46,670,394	36.79
	25.12.2015	Sale	22,385	0.02	46,648,009	36.77
	31.12.2015	Sale	26,205	0.02	46,621,804	36.75
B	Prabhakarrao Mahableshwar Bantwal					
	01.01.2015	Opeing Balance	238,368	0.19	238,368	0.19
	04.09.2015	Purchase	91,919	0.07	330,287	0.26
	23.10.2015	Purchase	31,535	0.02	361,822	0.29
C	Padamsee Zohra Niaquat					
	01.01.2015	Opeing Balance	237,000	0.19	237,000	0.19
	09.01.2015	Sale	2,300	0.00	234,700	0.18
	16.01.2015	Sale	1,600	0.00	233,100	0.18
	23.01.2015	Sale	2,100	0.00	231,000	0.18
	30.01.2015	Sale	3,000	0.00	228,000	0.18
	06.02.2015	Sale	9,000	0.01	219,000	0.17
	13.02.2015	Sale	1,300	0.00	217,700	0.17
	06.03.2015	Sale	1,457	0.00	216,243	0.17
	13.03.2015	Sale	3,479	0.00	212,764	0.17
	20.03.2015	Sale	3,264	0.00	209,500	0.16
	27.03.2015	Sale	12,914	0.01	196,586	0.15
	31.03.2015	Sale	4,186	0.00	192,400	0.15
	03.04.2015	Sale	500	0.00	191,900	0.15
	10.04.2015	Sale	17,300	0.01	174,600	0.14
	17.04.2015	Sale	9,650	0.01	164,950	0.13
	24.04.2015	Sale	15,263	0.01	149,687	0.12
	01.05.2015	Sale	7,287	0.01	142,400	0.11
	08.05.2015	Sale	2,000	0.00	140,400	0.11
	15.05.2015	Sale	3,700	0.00	136,700	0.11
	22.05.2015	Sale	2,300	0.00	134,400	0.11
	05.06.2015	Sale	2,370	0.00	132,030	0.10
	12.06.2015	Sale	8,330	0.01	123,700	0.10
	19.06.2015	Sale	11,628	0.01	112,072	0.09
	26.06.2015	Sale	7,603	0.01	104,469	0.08
	30.06.2015	Sale	8,314	0.01	96,155	0.08
	03.07.2015	Sale	7,455	0.01	88,700	0.07
	10.07.2015	Sale	8,200	0.01	80,500	0.06
	17.07.2015	Sale	1,601	0.00	78,899	0.06
	24.07.2015	Sale	199	0.00	78,700	0.06
	31.07.2015	Sale	800	0.00	77,900	0.06
	07.08.2015	Sale	15,900	0.01	62,000	0.05
	14.08.2015	Sale	1,300	0.00	60,700	0.05
	21.08.2015	Sale	1,200	0.00	59,500	0.05
	28.08.2015	Sale	1,300	0.00	58,200	0.05

Sl. No.	Date of Transaction	Nature of Transaction	Shareholding at the beginning of the Year		Cumulative Shareholding during the Year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	04.09.2015	Sale	6,000	0.00	52,200	0.04
	11.09.2015	Sale	5,050	0.00	47,150	0.04
	18.09.2015	Sale	6,850	0.01	40,300	0.03
	25.09.2015	Sale	6,496	0.01	33,804	0.03
	30.09.2015	Sale	1,804	0.00	32,000	0.03
D Mehta Finstock Private Limited						
	01.01.2015	Opening Balance	199,772	0.16	199,772	0.16
	09.01.2015	Sale	199,772	0.16	-	0.00

Note: 1. The change in Percentage of shareholding during the year is also consequent to the allotment of shares to employees exercising their options under the Employee Stock Option Scheme of the Company and the extinguishment of share capital consequent the buy back programme of the Company.

2. The above information is based on weekly beneficiary position (net purchase/sale) received from depositories.

(v) *Shareholding of Directors and Key Managerial Personnel:*

Change in Shareholding

Sl. No.	Name of the Promoter	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Mr. Satinder Singh Rekhi				
	At the beginning of the year -January 01, 2015	1,309,200	1.03	1,309,200	1.03
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the End of the year-December 31, 2015	1,309,200	1.03		
2	Lt. Gen. Baldev Singh (Retd.)				
	At the beginning of the year -January 01, 2015	142,330	0.11	142,330	0.11
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	Less: Sale on November 03, 2015	601	0.00	141,729	0.11
	Less: Sale on November 04, 2015	2,135	0.00	139,594	0.11
	At the End of the year-December 31, 2015	139,594	0.11		
3	Mr. Raj Swaminathan*				
	At the beginning of the year -January 01, 2015	200,000	0.16	200,000	0.16
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the End of the year-December 31, 2015	200,000	0.16		
4	Mr. Raj Kumar Gogia				
	At the beginning of the year -January 01, 2015	-	-	-	-

Sl. No.	Name of the Promoter	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the End of the year-December 31, 2015	-	-	-	-
5	Mr. Gurbax Singh Basin				
	At the beginning of the year -January 01, 2015	-	-	-	-
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the End of the year-December 31, 2015	-	-	-	-
6	Mr. Suresh Paruthi				
	At the beginning of the year -January 01, 2015	-	-	-	-
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the End of the year-December 31, 2015	-	-	-	-
7	Mr. Amardeep Singh Ranghar				
	At the beginning of the year -January 01, 2015	-	-	-	-
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the End of the year-December 31, 2015	-	-	-	-
8	Mrs. Ruchica Gupta				
	At the beginning of the year -January 01, 2015	-	-	-	-
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the End of the year-December 31, 2015	-	-	-	-
9	Mr. Nand Sardana				
	At the beginning of the year -January 01, 2015	52,200	0.04	52,200	0.04
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the End of the year-December 31, 2015	52,200	0.04		
10	Mr. Ashish Thakur				
	At the beginning of the year -January 01, 2015	-	-	-	-
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the End of the year-December 31, 2015	-	-	-	-

* Ceased to be director of the Company w.e.f. June 27, 2015

Note: The change in Percentage of shareholding during the year is also consequent to the allotment of shares to employees exercising their options under the Employee Stock Option Scheme of the Company and the extinguishment of share capital consequent the buy back programme of the Company.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Amount in Rs.)				
Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year-January 01, 2015				
i) Principal Amount	9,289,526.00	-	-	9,289,526.00
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	71,315.00	-	-	71,315.00
Total (i+ii+iii)	9,360,841.00	-	-	9,360,841.00
Change in Indebtedness during the financial year				
Addition	5,715,000.00	-	-	5,715,000.00
Reduction	3,429,337.00	-	-	3,429,337.00
Net Change	2,285,663.00	-	-	2,285,663.00
Indebtedness at the end of the financial year -December 31, 2015				
i) Principal Amount	11,575,189.00	-	-	11,575,189.00
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	87,812.03	-	-	87,812.03
Total (i+ii+iii)	11,663,001.03	-	-	11,663,001.03

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Amount in Rs.)					
Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
1	Gross salary	Mr. Satinder Singh Rekhi [#]	Lt. Gen. Baldev Singh (Retd.)	Mr. Raj Swaminathan*	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	27,546,605	6,265,670	3,380,493	41,692,768
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission - as % of profit	4,500,000	-	-	-
	others (Specify)	-	-	-	-
5	Others (Specify)	-	-	-	-
	Total (A)	32,046,605	6,265,670	3,380,493	41,692,768
	Ceiling as per the Act	29,160,776	29,160,776	29,160,776	58,321,553

The remuneration paid during the year ended December 31, 2015, in excess of the limits has been approved by the Central Government.

* Mr. Raj Swaminathan ceased to be director w.e.f. June 27, 2015.

B. Remuneration to other directors:

i. Independent Directors

(Amount in Rs.)

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
		Mr. RajKumar Gogia	Mr. Suresh Paruthi	Mr. Amardeep Singh Ranghar	Mr. Gurbax Singh Bhasin	
1	Fee for attending board / committee meetings	275,000	300,000	125,000	25,000	725,000
2	Commission	-	-	-	-	-
3	Others, please specify	-	-	-	-	-
	Total(1)	275,000	300,000	125,000	25,000	725,000

ii. Other Non-Executive Directors

(Amount in Rs.)

Sl. No.	Particulars of Remuneration	Name of Directors		Total Amount
		Mrs. Ruchica Gupta		
1	Fee for attending board / committee meetings	325,000		325,000
2	Commission	-		-
3	Others, please specify	-		-
	Total(2)	325,000		325,000
	Total B (1+2)			1,050,000
	Total Managerial Remuneration*			41,692,768
	Ceiling as per the Act	It is in accordance with the ceiling as specified under Section 197 of Companies Act, 2013.		

*Does not include sitting fees paid to Non-Executive Independent Directors and Non-Executive Director.

Note:- Except sitting fees, no other remuneration is paid to Non- Executive Directors and Non- Executive Independent Directors of the Company.

C. Remuneration to Key Managerial Personnel Other than MD/Manager/WTD:

(Amount in Rs.)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount
		Mr. Nand Sardana	Mr. Ashish Thakur	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	5,225,880	628,210	5,854,090
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission			
	as % of profit	-	-	-
	others, specify.....	-	-	-
5	Others, please specify	-	-	-
	Total	5,225,880	628,210	5,854,090

Note:- It may be noted that Mr. Satinder Singh Rekhi is the Managing Director and CEO of the Company. The details of his remuneration has already been provided in point A.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

(Amount in Rs.)					
Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	87	Condonation of inadvertent delay of registration of Charge	Rs. 40,000	RD, Northern Region	Nil
B. DIRECTORS					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
C. OTHER OFFICERS IN DEFAULT					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil

On behalf of the Board
For R Systems International Limited

Sd/-
Satinder Singh Rekhi
(DIN: 00006955)
(Managing Director)

Place : Singapore
Date : April 30, 2016

Sd/-
Lt. Gen. Baldev Singh (Retd.)
(DIN: 00006966)
(President & Senior Executive Director)

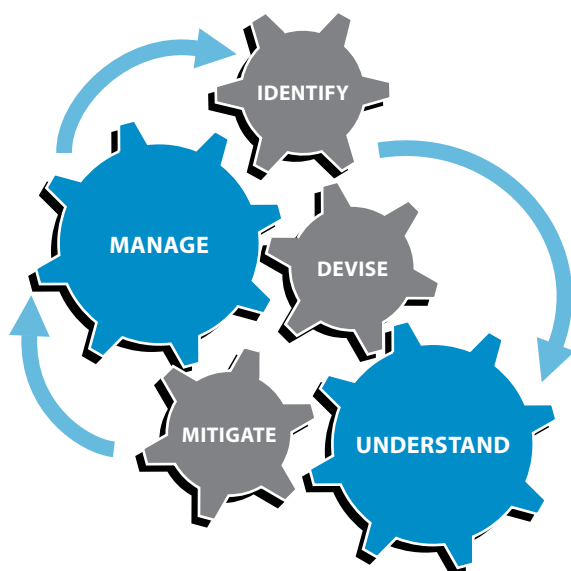
Place : Noida
Date : April 30, 2016

RISK MANAGEMENT REPORT

The Management cautions readers that the risks outlined in this report are not exhaustive, are for information purposes only and may contain forward looking statements, the results of which may differ materially from those reflected. Investors and readers are requested to exercise their own judgment in assessing various risks associated with the Company.

OVERVIEW

Risk Management is a dynamic process which should constantly be able to identify all the emerging risks and propose solutions to manage them. The risk perception also constantly varies depending on the size of the business, business segment, location, scale of business. The essence of risk management strategy at R Systems lies in maximising areas of control over outcome and minimising areas where the Company has no control over outcome. R Systems recognizes that business conditions are constantly changing, evolving and entering into cycles. Following is the model adopted by the Company for managing risk:



ENTERPRISE RISK MANAGEMENT STRUCTURE

Risk management is an integral part of the charter of the Board of Directors at R Systems. The Board is responsible for monitoring risk levels on various parameters and to suggest measures to address the same. The day to day management of the risk is entrusted to the management team of R Systems. Based on the philosophy of “No risks, no rewards”, our management continuously keeps

monitoring the level of our existence on the path of growth and within R Systems management structure, certain personnel are designated with responsibility of managing risks including ensuring compliance with laws, rules and regulations with the assistance of both internal and external resources. Further, formal reporting, escalation of risk events and control mechanisms ensure timely communication, response and proactive management of the risks.

RISK MANAGEMENT AT R SYSTEMS

1. Customer Concentration

R Systems revenues are dependent to a considerable extent upon relationships with a limited number of customers and retaining those customers. The percentage of total consolidated revenues during fiscal year 2015 and 2014 that R Systems derived from contracts with its top line customers is as follows:

Customer	Year Ended	
	December 31, 2015 (%)	December 31, 2014 (%)
Top 10	31.14	31.73
Top 5	19.54	19.93
Top 3	14.18	14.56
The Largest Customer	6.81	5.87

Concentration of revenues from a limited number of customers deepens our relationship with those customers but at the same time imposes a risk of dependence. Customer’s vendor management strategies and business risks radiate on to R Systems through fluctuations in utilization, pricing for services and service level demands. All these factors could potentially impact revenues and profitability of R Systems.

INITIATIVES: The business model and strategy followed by R Systems involves serving the customers in a manner that they get measurable tangible benefits. When customers see value in the services / solutions that R Systems provides, we believe that customer’s relationship can be nurtured into the long term. Further, with our proactive strategy of adding new customers, we attempt to reduce our dependency on a smaller number of customer relationships. During the year ended 2015, we have increased revenues from other customers and reduced dependence on revenues from top line customers.

2. Geographical Concentration

R Systems has traditionally derived most of its revenues from the US, given the technology focus and specialized outsourced

product development services offered by it. The geographic break-up of the revenue is given below:

Revenues by Geographies	Year Ended	
	December 31, 2015 (%)	December 31, 2014 (%)
U.S.A.	57.98	57.08
Europe	14.84	23.38
SEAC	16.86	9.05
India	5.27	6.37
Others	5.05	4.12
Total	100	100

INITIATIVES: In order to mitigate the risk of geographical concentration, R Systems has stepped up its business activities in other geographic areas like Europe, South East Asia etc.

3. Risks Associated with Fixed Price Contracts


Under our IPLM services most of our assignments are on the basis of time and material task orders, some proportion of the services provided by us is in the nature of fixed bid assignments. Under fixed bid assignments, in the event of cost overruns, our profitability will be adversely affected.

INITIATIVES: We have our internal processes to ensure accuracy in the estimation of the time required to execute fixed price projects and processes to implement and monitor the progress of such projects. Further, the experience gained from such projects is also used for new projects. However given the very nature of the fixed price projects, cost overruns and delayed deliveries cannot be ruled out.

4. Competition

The IT & ITES sector is a highly competitive sector. Our competitors include IT outsourcing firms in India as well as in other countries, national and multinational consulting and technology firms, Indian IT services firms, software firms and in-house IT departments of large companies. The competition in the IT industry is very intense and our competitors are aggressive in winning new business and customers that may drive a harder bargain.

INITIATIVES: We believe that R Systems is well positioned and enjoys following competitive advantages:

- Experience in providing end-to-end solutions and services to customers;
- Unique and proprietary  with best practices, tools and methodologies for flawless execution;
- Investment in processes, talent and methodologies;
- Strong customer franchise consisting of large and

mid-sized corporations;

- Strong financial position;
- Proven global delivery model;
- Our vertical focus for services and solutions;
- Industry best human resource practices to attract, develop, deploy and retain talent.

5. Disaster Prevention and Recovery

The IT industry is very sensitive to security risk and a real or perceived threat of a risk to the security and integrity of information available to us may adversely affect customer perception, give rise to litigation and reduce our customer base, thereby negatively affecting R Systems revenues and profit margins. The contracts entered into by R Systems typically hold us solely responsible for maintaining satisfactory standards of personnel competency, conduct and integrity and for taking required disciplinary action.

INITIATIVES: R Systems has adopted industry-standard security precautions such as ensuring that our employees and strategic partners enter into non-disclosure and confidentiality agreements with us, verifying that there is no information leakage through test procedures, carrying out background checks and verifications, creating and maintaining data back-ups, and maintaining an adequate disaster recovery plan.

R Systems makes continual investments in organisation behavior and management processes to ensure that these certified industry standards are continually adhered to.

In the year 2015, all ISMS artifacts of the Company have been migrated from ISO 27001:2005 to new ISO 27001:2013 standard and Noida Unit has been certified for this new Information Security Standard. Further, Noida unit has been reappraised for PCMM Level 5 (Ver.2.0). In the year 2015, Noida BPO Center has been certified as PCI-DSS (ver. 3.1) compliant for the call Analytic Services provided to one of the major client.

In addition to above, as of the date of this report, Noida IT centre is CMMi level 5, PCMM Level 5, ISO 9001 : 2008 and ISO 27001 : 2013 certified; Noida BPO centre is PCI-DSS (ver.3.1), PCMM Level 5, ISO 9001 : 2008, ISO 27001 : 2013 and PCI-DSS (ver.3.1) certified. The continuing compliance with these standards demonstrates the rigor of R Systems processes and differentiates us to keep our competitive edge in service and product offerings.

Further, our distributed offshore and near shore infrastructure is seamlessly connected through a strong infrastructure design and appropriate bandwidth that provides us the capability to initiate and maintain uninterrupted support across the world.

6. Talent Acquisition & Retention

The IT and BPO sector is highly competitive in terms of hiring strategy and incentives. R Systems is highly dependent on its employees at various levels of the organisation to provide leadership, manage the business, to provide services and execute complex projects for the clients. These skilled professionals are in high demand by other organisations and if R Systems is unable to attract and retain the skilled people, it will affect R Systems ability to grow and provide services to its customers.

INITIATIVES: At R Systems we follow industry best human resource practices such as PCMM level 5 to attract, develop, deploy and retain talent. The Company is committed to develop and innovate such programmes that motivates them and develop their potential and also inculcate leadership attributes of the employees, which helps us to retain the best talent in the industry.

7. Key Managerial Role & Succession Planning

Succession planning is one of the most critical functions of an organization. This is the process that identifies the critical and core roles of an organization and identifies and assesses the suitable candidates for the same. The process ramps up potential candidates with appropriate skills and experiences in an effort to train them to handle future responsibilities in their respective roles. Succession planning is applicable for all critical roles in any organization. The upper management of each practice or department is responsible for coming up with a suitable succession plan for each core position under his or her department.

INITIATIVES: R Systems being a CMMI Level 5 and PCMM Level 5(ver. 2.0) company has put in practice a well-documented and defined policy on Succession Planning. This applies to all key roles in the organization as agreed upon by the Senior Management. Mission critical and key roles include Chief Executive Officer, Senior Management Team comprising of VPs and other roles critical to business operations continuity. Succession planning at R Systems occurs at least on an annual basis during annual performance appraisal cycle.

Further, R Systems has extensive recruitment teams in the markets that operate to continuously recruit skilled personnel at various levels in the organisation. In addition, R Systems conducts a rigorous training program at the entry level to train new professionals and develop next generation of managers and leaders. R Systems deploys modern HR practices by offering competitive compensation and benefit packages and exciting work environment to attract and retain talent. Further, R Systems tries to mitigate the impact of attrition in the continuity of services to the clients by using its proprietary **pSuite Framework** that allows the project teams to seamlessly share knowledge and collaborate on projects.

8. Technological Obsolescence

The IT and ITES sector is characterised by technological changes at a rapid rate, evolution of existing products and introduction of new products. R Systems makes investments in R&D, with a view to keep pace with the latest developments in the technology space. Further, R Systems regularly hires, trains and nurtures domain and market specialists and continuously evaluates increasing the portfolio of technology alliances and partnerships to enrich our product and service mix. However, this risk cannot be fully mitigated despite the proactive investments made by R Systems.

INITIATIVES: While we continuously upgrade our product suite to deliver effectively by keeping our technology up-to-date, in our iPLM business, our technologies are influenced by our client's choice of technology.

9. Acquisitions

R Systems growth strategy involves future strategic acquisitions, partnerships and exploration of mutual interests with other parties. These future acquisitions may not contribute to our profitability and we may be required to incur or assume debt, or assume contingent liabilities, as part of any acquisition. We could have difficulty in assimilating the personnel, operations, software assets and technology of the acquired company. These difficulties could disrupt our ongoing business, distract our management and employees and increase our expenses.

INITIATIVES: R Systems will remain sharply focused on those acquisitions and partnerships that add to the competitive strengths of our business. Specific transactions are evaluated in detail with experienced internal personnel and external advisors, wherever relevant, before consummating any transaction. Deal teams conduct technical, operational, marketing due diligence and build detailed financial model to evaluate the risks and benefits of any transaction. Further, contractual agreements are negotiated with the advice of legal counsel to protect Company's interests.

10. Credit Risk

As a matter of business practice, the payment collection process may extend over a period of time. Customers budgeting constraints can impact their ability to make the required payments. In addition, the creditworthiness of our clients may deteriorate and we can be adversely affected by bankruptcies or other business failures of our customers.

INITIATIVES: R Systems' credit terms are standard and there is rigorous process in following up with customers for payments as and when the invoices fall due for payment. The Company has suitably streamlined its processes to develop a more focused and aggressive receivables management systems to ensure timely collections as a result of the global liquidity crunch.

11. Foreign Currency Rate Fluctuations

Managing an equilibrium state in the light of the unfavourable movements in exchange rates involved in earnings and expenditure in foreign currency continues to be one of the challenges when exposed to global markets. A significantly large percentage of R Systems consolidated revenues are either foreign currency denominated or derived from export earnings. Whereas a major portion of the R Systems expenses in India are incurred in Indian rupees. As a result, operating profits will be highly impacted by foreign currency rate fluctuations. While depreciation of the Indian rupee would have a favorable bottom-line impact, an appreciation would affect R Systems profitability adversely.

INITIATIVES: R Systems cannot directly influence exchange rates, it is incumbent upon management to follow a well thought out policy to hedge the risk associated with foreign currency without taking speculative positions. R Systems attempts to minimize currency fluctuation risks on export earnings by taking forward covers on Rupee - USD/EURO exchange rate based on anticipated revenues and debtors at periodic intervals. R Systems has laid down appropriate policies and processes for the use of financial derivative instruments consistent with its risk management strategy. The Company does not use the foreign exchange forward contracts for trading or speculation purposes.

12. Inflation and Cost Structure

R Systems' cost structure consists of salary and other compensation expenses, overseas travel, and other general selling and administrative costs. Rapid economic development in India and increasing demand for global delivery may have a significant impact on these costs and the rate of inflation as relevant to the IT & ITES services industry. This is compounded by the fact that overseas competitors may treat their India strategy as a cost centre and develop the same regardless of the cost incurred and its impact on their profitability.

INITIATIVES: R Systems' major costs are salary and benefit cost that it incurs on employees. These costs may have a tendency to escalate faster than the rate of inflation because of the demand for skilled and experienced professionals. R Systems attempts to mitigate the risks associated with wage inflation by obtaining increased price from clients, increasing bench mark prices for new business, enhancing productivity, increasing utilisation and inducting fresh graduates and train them. Further, R Systems has implemented robust processes and information systems to enable personnel to make the right decisions for

revenue realisation and cost optimisation to minimise the risks of changes in salary cost structure.

13. Intellectual Property Rights

As a part of R Systems' business, there are risks associated with intellectual property of the Company, intellectual property of R Systems' customers who may be end users or even the intellectual property of the end user.

INITIATIVES: R Systems' information security arrangements are managed under international standard ISO 27001 : 2013 series and are being audited by both internal and experts from third parties assessors who periodically audit and certify R Systems compliance.

R Systems has not registered some of its intellectual property under the relevant intellectual property laws and is in the process of applying for the same. We have applied for the registration of the following marks and their corresponding words as R Systems' trade marks



PSuite Framework



PRODUCTS FOREMOST



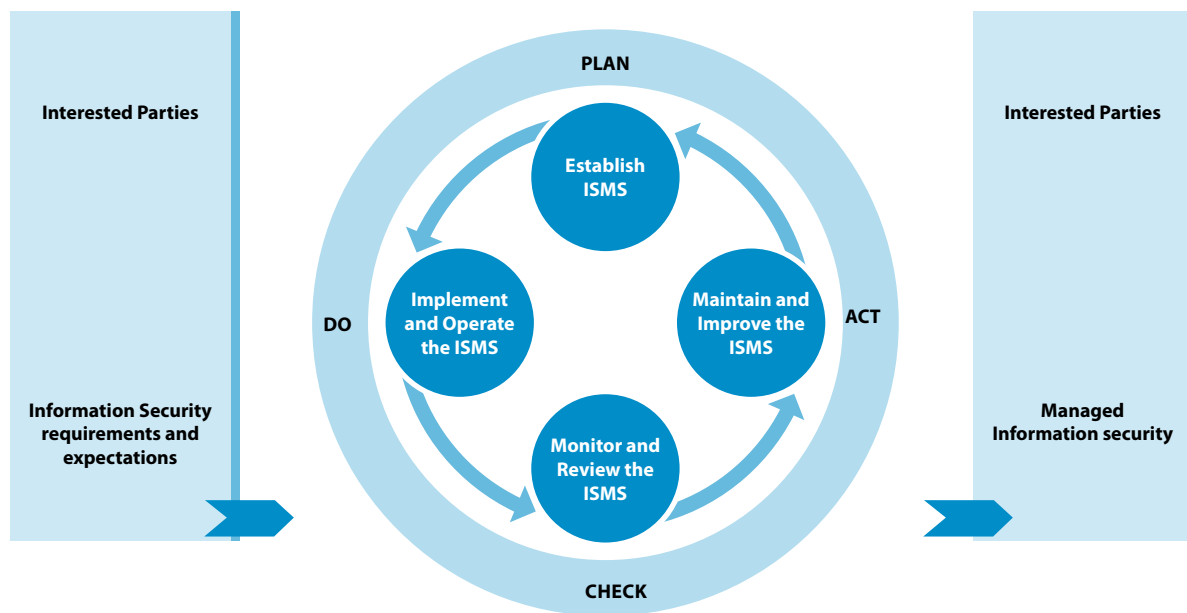
IPLM

Out of the aforesaid trademarks three logo and two words are already registered w.e.f. January 30, 2006 and the word "IPLM" is awaiting approval. Further the Company has also applied for registration of the word "R SYSTEMS" and logo  as trademark during the year 2012 under certain additional classes. During the year 2014, the company has also filed application for  registration as its new corporate logo under relevant classes. Approval is awaited for all these new applications filed in the year 2012 and 2014.

14. Information Security Management

R Systems being an IT and Software service provider company focusses on maintaining the confidentiality, integration and availability of business data and information to the exclusive but optimum use for the accomplishment of organizational objective. The task of maintaining the confidentiality of business data and information not only faces threat from outside the organization but also within the organization where the business data and information are put to use.

INITIATIVES: For ensuring the effectiveness of Information security, it is important that information security can be effective only if it is addressed at people, process and technology levels and is integrated in the way an organization operates. R Systems has established, documented and implemented Information Security Management Systems (ISMS) and shall continually improve its effectiveness in accordance with requirements of ISO 27001:2013. The approach applied to the ISMS is given in Figure below.



R Systems security policy provides a framework for protecting confidentiality, integrity and ensuring availability of organization's Information assets. This is to safeguard the interest of customer, business continuity and continual improvement of ISMS at R Systems. The security policy of R Systems has been designed to safeguard the risk associated with information security management.

15. Contractual Risk

The primary contractual risks that R Systems faces pertain to obligations of R Systems to provide services with full adherence to contracted terms of quality, time deadlines, output per hour, protection of confidential information, protection of intellectual property rights, patents and copyrights. R Systems has a rigorous process to evaluate the legal risks involved in a contract, ascertains its legal responsibilities under the applicable law of the contract and tries to restrict its liabilities to the maximum extent possible.

INITIATIVES: R Systems attempts to protect itself with "no consequential losses" and "maximum liability" clauses.

R Systems also ensures that risks are protected through various insurances like professional liability, workers compensation, directors' and officers' liability insurance. The Company's past record in this regard has been good and there has been no

significant damages awarded against the Company that has resulted in material adverse impact on our financial position. R Systems also has an escalation process to immediately involve senior management personnel in case R Systems customers or contractors make any assertion of breach of contract.

R Systems has employed professionals with adequate legal expertise who plays handy role in finalizing the various terms under written contracts on behalf of the Company. The experience gained from past contracts and transaction entered into by the Company are also analyzed and implemented for the new contracts envisaged by the Company. As a matter of practice depending upon the criticality of the transactions, contractual agreements are well discussed within the organization in coordination with technical team as well legal professionals and are also negotiated with the advice of legal counsel to protect Company's interests.

16. Execution Risk

A significant number of R Systems clients are software product, large banking and manufacturing companies. These clients need high quality and timely delivery of services with very stringent services level agreements. Any failure in delivery, quality, meeting service level bench agreements, product features and functionalities could adversely affect R Systems relationship with

its clients, which could potentially impact R Systems revenues and profitability.

INITIATIVES: R Systems has continuously invested in processes, people, training, information systems, quality standards, frameworks, tools and methodologies to mitigate the risks associated with execution of projects. Adoption of quality models and practices such as ISO, Capability Maturity Model (CMM) and Six Sigma have ensured that risks are identified and mitigated at various levels in the planning and execution process. Further, senior management personnel, project managers and process leaders are entrusted with the responsibility to meet the project and service level expectations on various engagements. Planned intervention and escalation systems are further deployed to minimise risks.

17. Directors' and Officers' Liability Risks

The directors and officers of R Systems are required to take material decisions in the best interest of the Company. Such decisions might result in errors and omission and R Systems might be sued by the other counterpart.

INITIATIVES: To mitigate this risk, the directors and officers take legal and expert advice when required and have taken various insurance policies outlined earlier including professional liability and directors' and officers' liability insurance. The Company attempts to limit its contractual liability for damages arising from negligent acts, errors, mistakes or omissions by directors and officers in rendering services, there can be no assurance that the limitations of liability set forth in its service contracts will be enforceable in all instances or will otherwise protect the Company from liability for damages. Though the Company maintains general liability insurance coverage, including coverage for errors or omissions, going forward, there can be no assurance that such coverage will be available on reasonable terms and in sufficient amount to cover one or more large claims, or that the insurer will not disclaim coverage as to any future claim. The successful assertion of one or more large claims against the Company could adversely affect the Company's results of operations and financial condition.

18. Statutory Compliance

R Systems has trans-national operations. R Systems operates in various geographies and it has to ensure compliance of various applicable rules and regulations in those countries.

R Systems is exposed to penalties and other liabilities related to non-compliance or inadequate compliance in those countries.

INITIATIVES: R Systems uses independent legal counsel to advise the Company on compliance issues with respect to the laws of various countries in which the Company has its business activities and to ensure that R Systems is not in violation of the laws applicable. R Systems has a compliance management system with qualified managers entrusted with compliance of various laws including the listing laws and regulations applicable to public companies in India.

19. Visa Regulations / Restrictions

The majority of employees of R Systems are Indian nationals. The ability of R Systems to render its services in the US, Europe and other countries depends on the ability to obtain visas and work permits. Immigration to US, Europe and other countries are subject to legislative changes as well as variations in standards of application and enforcement due to political forces and economic conditions. It is difficult to predict the political and economic events that could affect immigrations laws or the restrictive impact they could have on obtaining or monitoring work visas. The reliance on visas makes R Systems vulnerable to such changes and variations as it affects the ability of the Company to staff projects with employees who are not citizens of the country where the work is to be performed. As a result, R Systems may not be able to get a sufficient number of visas for employees or may encounter delays or additional costs all of which may affect profitability.

INITIATIVES: R Systems monitors the status of visa availability and requirements on a regular basis in consultation with external legal counsel. In house legal personnel are entrusted with the responsibility for compliance with the immigrations laws which is validated by periodic independent audit.

20. Political Risk

The Government of India has been favorably disposed towards the IT and BPO industry in India. Further, we operate in multiple countries of which the US is a major market. While most governments in the countries where we operate are in favor of free trade, we cannot be immune to changes in policies that may discourage off-shoring to protect local employment.



FINANCIAL STATEMENTS (STANDALONE)

INDEPENDENT AUDITOR'S REPORT

To the Members of R Systems International Limited

Report on the Financial Statements

We have audited the accompanying standalone financial statements of R Systems International Limited ("the Company"), which comprises the Balance Sheet as at December 31, 2015, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at December 31, 2015, its profit, and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) On the basis of written representations received from the directors as on December 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2015, from being appointed as a director in terms of section 164 (2) of the Act;
 - (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W

**Sd/-
per Yogender Seth**

Partner

Membership Number: 94524

Place of Signature: NOIDA

Date: February 06, 2015

ANNEXURE TO THE AUDITOR'S REPORT

Annexure 1 to the Auditor's Report referred to in paragraph [1] "Report on Other Legal and Regulatory Requirements" in our report of even date

Re: R Systems International Limited ('the Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets were physically verified by the management in the previous year in accordance with a planned programme of verifying them once in two years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (ii) The Company's business does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a) and (b) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for rendering of services. The activities of the Company do not involve purchase of inventory and the sale of goods. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the company in respect of these areas.
- (v) The Company has not accepted any deposits from the public.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under clause 148(1) of the Companies Act, 2013, for the products/ services of the Company.

- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax and cess on account of any dispute, are as follows:

Name of statute	Nature of dues	Amount (in INR)	Period to which amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax Demand	Nil*	A/Y 2008-09	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax Demand	1,725,570	A/Y 2009-10	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax Demand	163,950	A/Y 2010-11	Income Tax Appellate Tribunal

* Net of Rs. 1,000,000 deposited and Rs. 8,399,040 adjusted by department against refund for A/Y 2011-12 under protest.

- (d) According to the information and explanations given to us, the amount required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder has been transferred to such fund within time.

- (viii) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (ix) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (x) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xi) Based on the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xii) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W

Sd/-

per Yogender Seth

Partner

Place of Signature: NOIDA

Date: February 06, 2016

Membership Number: 94524

BALANCE SHEET as at December 31, 2015

	Notes	As at December 31, 2015 (Rs.)	As at December 31, 2014 (Rs.)
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	126,131,445	126,719,600
Reserves and surplus	4	1,857,592,785	1,624,102,462
		1,983,724,230	1,750,822,062
Non-current liabilities			
Long-term borrowings	5	7,770,174	6,285,234
Other long-term liabilities	6	12,361,422	4,723,901
Long-term provisions	7	63,463,031	95,215,947
		83,594,627	106,225,082
Current liabilities			
Trade payables	8	173,432,123	239,094,697
Other current liabilities	8	140,096,529	536,729,678
Short-term provisions	7	117,193,376	304,001,321
		430,722,028	1,079,825,696
TOTAL		2,498,040,885	2,936,872,840
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	9	231,769,348	310,841,466
Intangible assets	10	5,361,612	43,877,095
Capital work in progress		-	7,714
Non-current investments	11.1	1,162,754,125	722,925,270
Deferred tax assets (net)	12	35,455,970	38,298,987
Long-term loans and advances	13	46,316,070	57,764,957
Other non-current assets	14.2	51,156,002	50,839,015
		1,532,813,127	1,224,554,504
Current assets			
Current investments	11.2	118,008,806	18,000,000
Trade receivables	14.1	504,614,584	626,369,925
Cash and bank balances	15	211,379,570	941,428,034
Short-term loans and advances	13	93,241,189	68,577,972
Other current assets	14.2	37,983,609	57,942,405
		965,227,758	1,712,318,336
TOTAL		2,498,040,885	2,936,872,840
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.R. Batliboi & Associates LLP
ICAI Firm registration number: 101049W
Chartered Accountants

For and on behalf of the Board of Directors of R Systems International Limited

Sd/-
per Yogender Seth
Partner
Membership No. 94524

Sd/-
Satinder Singh Rekhi
[Managing Director]
[DIN: 00006955]

Sd/-
Lt. Gen. Baldev Singh (Retd.)
[President & Senior
Executive Director]
[DIN: 00006966]

Sd/-
Nand Sardana
[Chief Financial Officer]

Sd/-
Ashish Thakur
[Company Secretary &
Compliance Officer]

Place: NOIDA
Date : February 06, 2016

Place: NOIDA
Date : February 06, 2016

Place: NOIDA
Date : February 06, 2016

Place: NOIDA
Date : February 06, 2016

Place: NOIDA
Date : February 06, 2016

STATEMENT OF PROFIT AND LOSS for the year ended December 31, 2015

	Notes	For the year ended December 31, 2015 (Rs.)	For the year ended December 31, 2014 (Rs.)
Income			
Revenue from operations	16	2,892,597,994	2,910,812,553
Other income	17	96,235,243	134,841,685
Total revenue		2,988,833,237	3,045,654,238
Expenses			
Employee benefits expense	18	1,734,610,046	1,781,432,315
Operational and other expenses	19	624,246,869	572,955,746
Depreciation and amortisation expense	20	95,812,053	67,240,482
Finance costs	21	4,275,601	6,255,120
Total expenses		2,458,944,569	2,427,883,663
Profit before tax and exceptional items		529,888,668	617,770,575
Exceptional items	22	648,073,626	393,131,346
Profit before tax		1,177,962,294	1,010,901,921
Profit from continuing operations before tax	31 (f)	1,094,679,986	888,395,838
Tax expense of continuing operations			
Current tax	31 (g)	227,309,600	212,819,816
Deferred tax charge		17,498,614	6,152,799
Total tax expense		244,808,214	218,972,615
Profit from continuing operations after tax		849,871,772	669,423,223
Profit from discontinuing operations before tax	31 (f)	83,282,308	122,506,083
Tax expense of discontinuing operations			
Current tax		35,510,770	34,712,337
Deferred tax charge / (credit)		(8,796,666)	6,927,481
Total tax expense		26,714,104	41,639,818
Profit from discontinuing operations after tax		56,568,204	80,866,265
Profit for the year		906,439,976	750,289,488
Earnings per equity share [Nominal value of shares Re. 1 (Previous year: Re. 1)]:	33		
Basic			
Computed on the basis of profit from continuing operations for the year		6.69	5.26
Computed on the basis of total profit for the year		7.14	5.90
Diluted			
Computed on the basis of profit from continuing operations for the year		6.69	5.26
Computed on the basis of total profit for the year		7.14	5.90
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.R. Batliboi & Associates LLP

ICAI Firm registration number: 101049W

Chartered Accountants

For and on behalf of the Board of Directors of R Systems International Limited

Sd/-

per Yogender Seth

Partner

Membership No. 94524

Place: NOIDA

Date : February 06, 2016

Sd/-

Satinder Singh Rekhi

[Managing Director]

[DIN: 00006955]

Place: NOIDA

Date : February 06, 2016

Sd/-

Lt. Gen. Baldev Singh (Retd.)

[President & Senior

Executive Director]

[DIN: 00006966]

Place: NOIDA

Date : February 06, 2016

Sd/-

Nand Sardana

[Chief Financial Officer]

Place: NOIDA

Date : February 06, 2016

Sd/-

Ashish Thakur

[Company Secretary &

Compliance Officer]

Place: NOIDA

Date : February 06, 2016

CASH FLOW STATEMENT for the year ended December 31, 2015

	For the year ended December 31, 2015 (Rs.)	For the year ended December 31, 2014 (Rs.)
A. Cash flows from operating activities		
Net profit before taxation	1,177,962,294	1,010,901,921
Adjustments for:		
Depreciation and amortisation expense	95,812,053	67,240,482
Provision for doubtful debts (net)	3,118,804	8,137,292
Provision for doubtful advances (net)	(729,856)	(7,758,696)
Bad debts and advances written off	-	28,914
Provision for diminution in the value of investment written back [refer note 31(e) and 31(d)]	(44,401,573)	(74,645,041)
Profit on redemption of mutual fund	(1,774,260)	(1,005,000)
Profit on sale of undertaking [refer note 31 (f)]	(564,434,748)	-
Profit on sale of subsidiaries [refer note 31 (d)]	(26,628,000)	(240,687,515)
Profit on buy back of subsidiary share [refer note 31 (b)]	-	(77,798,790)
Loss on sale / discard of fixed assets (net)	2,158,052	1,092,142
Deferred compensation payable written back [refer note 31 (a)]	(12,609,305)	-
Unrealised foreign exchange loss / (gain)	4,448,090	(3,246,723)
Unrealised loss / (gain) on derivative instruments	(16,195,362)	(22,369,076)
Interest income	(46,076,768)	(39,962,132)
Rental income from investment property	(3,079,568)	-
Dividend income from subsidiary	-	(55,484,250)
Excess provisions written back	(31,125)	(411,421)
Interest under income tax	1,163,929	1,968,371
Interest on loans	962,311	783,514
Operating profit before working capital changes	569,664,968	566,783,991
Movements in working capital:		
(Increase) / Decrease in trade receivables	(81,771,385)	(54,246,769)
(Increase) / Decrease in other current assets	(71,892,994)	62,589,042
(Increase) / Decrease in loans and advances	(52,614,866)	5,773,881
(Increase) / Decrease in other non- current assets	1,490,208	5,346,256
Increase / (Decrease) in short-term and long-term provision	8,664,264	29,872,664
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	162,148,875	177,006,483
Cash generated from operations	535,689,070	793,125,549
Direct taxes paid, net of refunds	(286,551,417)	(241,932,236)
Net cash from operating activities (A)	249,137,653	551,193,313
B. Cash flows from investing activities		
Purchase of fixed assets	(56,769,381)	(74,957,265)
Proceeds from sale of fixed assets	1,415,674	605,786
Proceeds from redemption of mutual fund	19,774,260	11,005,000
Investment in mutual fund	-	(18,000,000)
Investment in subsidiary	(106,205,504)	(500,000)
Proceeds from buyback of subsidiary share [refer note 31 (b)]	-	148,979,660
Proceeds from sale of subsidiaries [refer note 31 (d) and note 31 (f)]	245,865,019	315,334,556

	For the year ended December 31, 2015 (Rs.)	For the year ended December 31, 2014 (Rs.)
Dividend received from subsidiary [refer note 31 (c)]	-	55,484,250
Interest received	42,322,837	40,187,252
Rental income from investment property	3,079,568	-
Investment in long term fixed deposits with scheduled banks	(67,649,268)	(441,477,934)
Proceeds from long term fixed deposits with scheduled banks	307,088,096	356,080,957
Net cash from investing activities (B)	388,921,301	392,742,262
C. Cash flows used in financing activities		
Proceeds from long-term borrowings	5,715,000	5,296,143
Repayment of long-term borrowings- current maturities	(3,429,337)	(2,785,751)
Proceeds from other non-current assets	43,893	20,102,062
Proceeds from issuance of equity shares	1,086,300	9,704,280
Buy back of equity shares	(59,573,776)	-
Interest paid	(945,814)	(766,121)
Dividends paid	(945,868,512)	(419,786,367)
Tax on dividend paid	(126,347,296)	(139,854,632)
Net cash used in financing activities (C)	(1,129,319,542)	(528,090,386)
Net increase / (decrease) in cash and cash equivalents (A + B + C)	(491,260,589)	415,845,189
Cash and cash equivalents at the beginning of the year	636,689,206	222,216,166
Add: Effect of exchange differences on cash and cash equivalents held in foreign currency	650,953	(1,372,149)
Cash and cash equivalents at the end of the year (refer note 15)	146,079,570	636,689,206

Notes:

- Figures in brackets indicate cash out flow.
- Cash and cash equivalents includes unclaimed dividend liabilities of Rs. 2,779,151 (Previous year Rs. 2,084,702), unpaid dividend liabilities (refer note 8) of Rs. Nil (Previous year Rs. 325,019,379) and Rs. Nil (Previous year Rs. 15,000,000) kept in the escrow account for buyback of share capital of the Company. The aforesaid amounts are not available for use by the Company.

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.R. Batliboi & Associates LLP
ICAI Firm registration number: 101049W
 Chartered Accountants

For and on behalf of the Board of Directors of R Systems International Limited

Sd/-
per Yogender Seth
 Partner
 Membership No. 94524

Sd/-
Satinder Singh Rekhi
 [Managing Director]
 [DIN: 00006955]

Sd/-
Lt. Gen. Baldev Singh (Retd.)
 [President & Senior
 Executive Director]
 [DIN: 00006966]

Sd/-
Nand Sardana
 [Chief Financial Officer]

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Ashish Thakur
 [Company Secretary &
 Compliance Officer]

Place: NOIDA
 Date : February 06, 2016

Place: NOIDA
 Date : February 06, 2016

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Place: NOIDA
 Date : February 06, 2016

NOTES to the Financial Statements for the year ended December 31, 2015

1. Corporate information

R Systems International Limited (the 'Company') is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on National Stock Exchange of India Limited and BSE Limited. The Company is a leading global provider of IT solutions and Business Process Outsourcing (BPO) services. The Company's primary focus is to provide full service IT solutions, software engineering services, technical support, customer care and other IT enabled services to independent software vendors (ISV's), telecom and digital media technology companies, banking and financial services companies, health care sector, manufacturing and logistics companies and other high technology sectors.

2. Basis of preparation

The financial statements comprising of balance sheet, statement of profit & loss, cash flow statement and notes to accounts have been prepared to comply in all material respects with the accounting standards notified under Section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014 and other accounting principles generally accepted in India. The financial statements have been prepared on an accrual basis and under the historical cost convention except for certain financial instruments which are measured at fair value. The accounting policies have been consistently applied by the Company and are consistent with those used in previous year.

The Company continues to follow calendar year i.e 1st day of January to 31st day of December as its financial year vide the Company Law Board Order dated November 18, 2015 under the proviso to Section 2(41) of the Companies Act, 2013.

All figures are in Rupees except where expressly stated.

2.1. Summary of significant accounting policies

(a) Use of estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year end. These estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

(b) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

(c) Depreciation on tangible fixed assets

Depreciation on tangible assets is provided on the straight line method based on useful lives of respective assets as estimated by the management. The assets residual values and useful lives are reviewed at each financial year end or whenever there are indicators for review, and adjusted prospectively.

Considering the applicability of Schedule II, the management has re-estimated useful lives and residual values of all its fixed assets. The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of fixed assets and are in align with Part C of Schedule II of the Companies Act 2013 (also refer note 34).

The estimated useful lives of the tangible fixed assets followed by the Company in preparing the financial statements are described as below:

Category of tangible fixed assets	Estimated useful life
Buildings – freehold	30 years
Land – leasehold	Lease period
Leasehold improvements	Lower of lease period or useful life
Plant and machinery - other than air conditioners	15 years
Air conditioners	5 years
Office Equipment (other than end user devices)	5 years
Computer hardware and network installations (other than end user devices)	6 years
End-user devices such as desktop, laptop, mobile phones etc.	3 years
Furniture and fittings	10 years
Vehicles	8 years
Electrical Installations	10 years

(d) Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

After impairment, tangible assets / intangibles are depreciated / amortised on the revised carrying amount over its remaining useful life.

(d) Intangibles assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Intangible assets are amortised on a straight line basis over the estimated useful economic life and are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortisation period and the amortisation method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortisation method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.

Research and development costs

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognised as an intangible asset when the company can demonstrate all the following:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- Its intention to complete the asset
- Its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of adequate resources to complete the development and to use or sell the asset
- The ability to measure reliably the expenditure attributable to the intangible asset during development.

Following the initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised on a straight line basis over the period of expected future benefit from the related project. Amortisation is recognised in the statement of profit and loss. During the period of development, the asset is tested for impairment annually.

A summary of amortisation policies applied to the company's intangible assets are as below:

Category of intangible fixed assets	Estimated useful life
Computer software	Lower of license period or 3 years
Internally generated	4 years

(f) Leases*Where the company is the lessee*

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

Where the company is the lessor

Leases in which the company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included under Non-current investments as investment property and are carried at cost less accumulated depreciation. Lease income on an operating lease is recognized in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the statement of profit and loss.

(g) Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Non-current investments are carried at cost except for investment property which is carried at cost less accumulated depreciation. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the Non-current investments.

(h) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Rendering of services

Revenue from software development and maintenance services projects comprise income from time-and-material and fixed-price contracts.

Revenue associated with software development and maintenance services / customisation of products and business process outsourcing services rendered on time and materials basis is recognised when services are rendered. The same is calculated based on man-hours incurred for rendering services.

Fixed-price contracts vary in duration depending on the terms of the work being performed. Revenue from fixed price contracts (including maintenance and support contracts) is recognised using the percentage of completion method, when reasonable progress has been made on the milestones achieved as specified in the contracts. The stage of completion of project is determined by the proportion that contract efforts incurred for work performed up to the balance sheet date bear to the estimated total contract effort. Changes in contract performance, estimated profitability and final contract settlements may result in revision to costs and revenue and are recognised in the period in which the revisions are determined. If a loss is projected on any contract in process, the entire projected loss is recognised immediately.

In terms of contracts, excess / shortfall of revenue over the billed as at the year end is carried in financial statement as unbilled revenue / unearned revenue separately.

Sale of products

Revenue from the sale of product (software and hardware) is recognised when the sale has been completed with the transfer of title.

Interest

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

(i) Foreign currency translation

Foreign currency transactions

(i) Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

(iii) Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expense in the year in which they arise.

(iv) Forward exchange contracts not intended for trading or speculation purposes

The premium or discount arising at the inception of forward exchange contracts (except outstanding against firm

commitments and highly probable forecast transaction) is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

(v) Translation of Integral foreign operation

The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation have been those of the Company itself.

(j) Retirement benefits

(i) Retirement benefits mainly in the form of Provident Fund are a defined contribution scheme and the contributions are charged to the statement of profit and loss of the year when an employee renders related services. There are no other obligations other than the contribution payable to the respective funds.

(ii) Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation made at the end of each financial year on projected unit credit method. The gratuity plan is funded.

(iii) Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method. The Company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

(iv) Actuarial gains / losses are immediately taken to statement of profit and loss and are not deferred.

(k) Income taxes

Tax expense comprises of current and deferred tax.

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the relevant tax regulations applicable to the Company.

Deferred income tax reflects the impact of current year timing differences between taxable income and accounting income and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises the unrecognised deferred tax assets to the extent that it has become reasonably certain that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain, that sufficient future taxable income will be available.

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified year. In the year in which the Minimum Alternative Tax (MAT) credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

(l) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs incurred in connection with the borrowing of funds.

(m) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average numbers of equity shares outstanding during the year are adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

(n) Provision

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on the best estimate required to settle the obligation at each Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the management's current estimates.

(o) Segment reporting

Identification of segments:

The Company's operating businesses are organised and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which the major customers of the Company operate and / or the area in which the assets are located.

Inter segment transfers:

The Company generally accounts for inter segment sales and transfers as if the sales or transfers were to third parties at current market prices.

Allocation of common costs:

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Unallocated items:

The corporate and other segment includes general corporate income and expense items which are not allocated to any business segment.

Segment Policies:

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

(p) Accounting for derivatives

The Company uses foreign exchange forward contracts (derivative financial instrument) to hedge its exposure to movements in foreign exchange rates against firm commitment or highly probable forecast transactions. The use of these foreign exchange forward contracts reduces the risk or cost to the Company and the Company does not use the foreign exchange forward contracts or options for trading or speculation purposes.

Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value on a mark-to-market basis at each balance sheet date. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in fair value on derivatives during the year that do not qualify for hedge accounting and the ineffective portion of an effective hedge, are taken directly to the statement of profit and loss.

The mark-to-market is the difference between the forward exchange rate and the contract rate. The forward exchange rate is referenced to current forward exchange rates for contracts with similar maturity profiles.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment (except for foreign currency risk); or
- cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

Fair value hedges

The change in the fair value of a hedging derivative is recognised in the statement of profit and loss. The change in the fair value of the hedged item attributable to the risk hedged is recorded as a part of the carrying value of the hedged item and is also recognised in the statement of profit and loss.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while any ineffective portion is recognised immediately in the statement of profit and

loss. Amounts taken to equity are transferred to the statement of profit and loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs.

If the forecast transaction or firm commitment is no longer expected to occur, amounts previously recognised in equity are transferred to the statement of profit and loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction or firm commitment occurs.

(q) Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement on balance sheet date comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

(r) Employee stock compensation cost

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The Company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortised over the vesting period of the option on a straight line basis.

(s) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

3. Share capital

Particulars	As at	As at
	December 31, 2015 (Rs.)	December 31, 2014 (Rs.)
Authorised shares		
200,000,000 (Previous year 200,000,000) equity shares of Re. 1 each	200,000,000	200,000,000
Issued, subscribed and fully paid up - shares		
126,870,425 (Previous year 127,458,580) equity shares of Re. 1 each fully paid-up	126,870,425	127,458,580
Less: Advance to R Systems Employees Welfare Trust [refer note 32 (b)]	738,980	738,980
Total	126,131,445	126,719,600

A. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Particulars	As at		As at	
	December 31, 2015		December 31, 2014	
	No.	(Rs.)	No.	(Rs.)
Shares outstanding at the beginning of the year	127,458,580	127,458,580	126,654,580	126,654,580
Add: Shares issued during the year [#]	90,000	90,000	804,000	804,000
Less: Shares bought back during the year [refer note 3 (d)]	678,155	678,155	-	-
Shares outstanding at the end of the year	126,870,425	126,870,425	127,458,580	127,458,580

The Company has issued 90,000 (previous year 804,000) equity shares of Re. 1 each at an exercise price of Rs. 12.07 per share pursuant to exercise of employee stock options under the R Systems International Limited Employee Stock Option Scheme 2007 [refer note 32 (d)].

B. Terms / rights attached to the equity share

The Company has only one class of equity shares having a par value of Re. 1 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupee.*

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

* Pursuant to the approval of the shareholders accorded by passing necessary resolution through Postal Ballot on January 14, 2014, each equity share of face value of Rs. 10/- each of the Company was sub-divided into ten equity shares of face value of Re. 1/- each fully paid up. The sub-division had been given effect as per record date fixed by the Board of Directors i.e. February 28, 2014.

C. Shares held by holding / ultimate holding company and / or their subsidiaries / associates

The Company does not have any holding / ultimate holding company.

D. Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date

The Company had issued Public Announcement dated December 29, 2014, for buy-back of equity shares of face value of Re. 1/- each from the open market at a price not exceeding Rs. 100 per share for an aggregate amount not exceeding Rs. 60,000,000. Under the Buy-back offer, the Company has bought back 678,155 equity shares for an aggregate amount of Rs. 59,573,776 by utilising the Securities Premium Account to the extent of Rs. 58,895,621 and General Reserve to the extent of Rs. 678,155. The Capital Redemption Reserve has been created out of General Reserve for Rs. 678,155 being the nominal value of equity shares bought back in terms of Section 68 of the Companies Act, 2013. The Company has closed the buy-back offer pursuant to approval by the Board of Directors of the Company at its meeting held on April 23, 2015.

E. Details of shareholders holding more than 5% shares in the Company

Particulars	As at December 31, 2015		As at December 31, 2014	
	No.	% holding in the class	No.	% holding in the class
GMU Infosoft Private Limited	9,673,035	7.62	8,603,535	6.75
U Infosoft Private Limited	9,866,760	7.78	8,771,660	6.88
GM Solutions Private Limited	10,242,424	8.07	9,100,824	7.14
Rightmatch Holdings Limited	9,272,000	7.31	9,272,000	7.27
Satinder & Harpreet Rekhi Family Trust (Trustee: Satinder Singh Rekhi & Harpreet Rekhi)	13,018,980	10.26	16,325,180	12.81
Bhavook Tripathi	46,621,804	36.75	46,596,238	36.56

As per secretarial records of the Company, including its register of shareholders / members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

F. Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option plans (ESOP) of the Company, please refer note 32.

4. Reserves and surplus

Particulars	As at December 31, 2015 (Rs.)	As at December 31, 2014 (Rs.)
Capital redemption reserve	12,658,200	12,658,200
Add: Amount transferred from general reserve towards shares buy back [refer note 3 (d)]	678,155	-
Closing balance	13,336,355	12,658,200
Securities premium account	961,832,995	952,932,715
Add: Addition on exercise of vested options as per ESOP plan [refer note 32 (d)]	996,300	8,900,280
Less: Utilisation of securities premium on buy back of shares [refer note 3 (d)]	58,895,621	-
	903,933,674	961,832,995
Less: Advance to R Systems Employees Welfare Trust [refer note 32 (b)]	2,282,728	2,282,728
Closing balance	901,650,946	959,550,267
General reserve		
Balance as per last financial statements	157,482,023	157,482,023
Less: Amount transferred to capital redemption reserve towards shares buy back [refer note 3 (d)]	678,155	-
Closing balance	156,803,868	157,482,023
Surplus in the statement of profit and loss		
Balance as per last financial statements	494,411,972	633,833,298
Add: Profit for the current year	906,439,976	750,289,488
Less: Appropriations		
Proposed dividend (refer note 1 below)	-	121,762,621
Tax on proposed dividend (refer note 1 below)	-	24,325,059
Interim dividend (refer note 1 below)	501,102,179	624,332,252
Tax on interim dividend	102,266,100	119,290,882
Adjustment on account of aligning the useful life of fixed asset in accordance with Schedule II of the Companies Act, 2013 (refer note 34)	18,868,525	-
Tax impact of above adjustment (refer note 34)	(6,413,412)	-
Proposed dividend written back on buy back (refer note 2 below)	(644,248)	-
Tax on proposed dividend written back on buy back (refer note 2 below)	(128,812)	-
Total appropriations	615,050,332	889,710,814
Net surplus in the statement of profit and loss	785,801,616	494,411,972
Total	1,857,592,785	1,624,102,462

Notes:

- (1) For the year ended December 31, 2015, the Board of Directors had declared three interim dividends aggregating to Rs. 3.95 per equity share of face value of Re. 1/- each. These dividends had been paid to the shareholders during the year ended December 31, 2015. The shareholder's assent for these interim dividends will be taken in forthcoming Annual General Meeting. Further for the year ended December 31, 2014, the Board of Directors had recommended a final dividend of Re. 0.95/- per equity share of face value of Re. 1/- each, in addition to four interim dividends aggregating to Rs. 4.90 per equity share of face value of Re. 1/- each paid during the year, which had been approved and confirmed by the shareholder's at the Annual General Meeting held on June 09, 2015. Based on applicable provisions of the Companies Act, 2013 on aforesaid dividends, the Company has not transferred any amount to the general reserves as the dividends has been declared and paid after April 1, 2014.
- (2) The Company has written back proposed dividend for the year ended December 31, 2014 and tax thereon towards shares bought back under the buy back offer [refer note 3(d)].

5. Long-term borrowings

Particulars	Non-current portion		Current maturities	
	As at December 31, 2015 (Rs.)	As at December 31, 2014 (Rs.)	As at December 31, 2015 (Rs.)	As at December 31, 2014 (Rs.)
Term loans				
For motor vehicles				
From non banking financial corporation (refer note below)	7,770,174	6,285,234	3,805,015	3,004,292
Total	7,770,174	6,285,234	3,805,015	3,004,292
The above amount includes				
Secured borrowings	7,770,174	6,285,234	3,805,015	3,004,292
Amount shown under other current liabilities (refer note 8)	-	-	(3,805,015)	(3,004,292)
Total	7,770,174	6,285,234	-	-

Note:

Term loans are secured by hypothecation of underlying motor vehicles and carries interest rate ranging from 9.64% to 11.94% per annum. The term loans are repayable in equated monthly installments ranging from 35 to 60 months from the date of loan.

6. Other long-term liabilities

Particulars	As at December 31, 2015 (Rs.)	As at December 31, 2014 (Rs.)
Security deposits	12,361,422	4,723,901
Total	12,361,422	4,723,901

7. Provisions

Particulars	Long-term		Short-term	
	As at December 31, 2015 (Rs.)	As at December 31, 2014 (Rs.)	As at December 31, 2015 (Rs.)	As at December 31, 2014 (Rs.)
Provision for employee benefits				
Gratuity	63,463,031	95,215,947	1,753,903	3,364,756
Compensated absences			61,316,976	79,500,242
Sub total (A)	63,463,031	95,215,947	63,070,879	82,864,998
Other provisions				
Income tax [net of advance tax amounting to Rs. 370,911,053 (Previous Year Rs. 341,387,111)]			54,122,497	75,291,123
Proposed dividend			-	121,085,651
Tax on proposed dividend			-	24,210,008
Mark-to-market losses on derivative instruments (refer note 36)			-	549,541
Sub total (B)	-	-	54,122,497	221,136,323
Total (A+B)	63,463,031	95,215,947	117,193,376	304,001,321

8. Other current liabilities

Particulars	As at December 31, 2015 (Rs.)	As at December 31, 2014 (Rs.)
Trade payables		
Trade payables (refer note 30 for details of dues to micro and small enterprises)	173,432,123	239,094,697
Sub total (A)	173,432,123	239,094,697
Other liabilities		
Payable to subsidiary companies	15,481,367	17,956,740
Current maturities of long-term borrowing (refer note 5)	3,805,015	3,004,292
Deferred payment compensation to the erstwhile shareholders of subsidiary [refer note 31 (a)]	-	12,850,989
Unearned revenues	91,191,188	143,056,305
Investor education and protection fund (not due) - Unclaimed dividend	2,779,151	2,084,702
Unpaid dividend (refer note below)	-	325,019,379
Payable for purchase of fixed assets	8,424,905	9,793,545
Tax deducted at source	8,439,020	13,063,414
Service tax	2,351,348	4,767,854
Others	7,624,535	5,132,458
Sub total (B)	140,096,529	536,729,678
Total (A+B)	313,528,652	775,824,375

Note:

The Board of Directors at its meeting held on December 20, 2014, had declared fourth interim (special) dividend for the year 2014 @ Rs. 2.55 per equity share of face value of Re. 1/- each to the shareholders as per record date December 29, 2014. The amount payable was transferred in a separate bank account before the year ended December 31, 2014 and the same has been paid on January 07, 2015.

9. Tangible assets

Particulars	(Amount in Rs.)											
	Land - freehold ⁽³⁾	Land - leasehold	Building - freehold ⁽³⁾	Building - leasehold ⁽¹⁾	Leasehold improvements	Plant & machinery	Computers	Office equipments	Electrical installations	Furniture and fittings	Vehicles ⁽²⁾	Total
Gross block												
As at January 1, 2014	4,765,674	10,005,968	31,198,298	89,165,701	2,271,166	48,259,416	267,223,899	31,603,072	17,545,170	81,725,338	28,989,028	612,752,730
Additions	-	-	-	-	658,183	1,688,178	25,690,960	3,313,780	200,037	2,189,929	9,502,201	43,243,268
Deletions	-	-	-	-	(573,209)	(608,607)	(24,913,322)	(2,437,736)	-	(257,102)	(1,238,999)	(30,028,975)
At December 31, 2014	4,765,674	10,005,968	31,198,298	89,165,701	2,356,140	49,338,987	268,001,537	32,479,116	17,745,207	83,658,165	37,252,230	625,967,023
Additions	-	-	-	-	293,865	1,316,553	55,041,401	7,550,050	-	1,383,115	11,732,538	77,317,522
Transfer on sale of undertaking [refer note 31 (f)]	-	-	-	-	(2,650,005)	(5,737,606)	(72,748,327)	(10,117,824)	-	(12,223,563)	(2,873,599)	(106,350,924)
Reclassified to investment property	(4,765,674)	-	(31,198,298)	-	-	-	-	-	-	-	-	(35,963,972)
Deletions	-	-	-	-	-	-	-	-	-	-	-	-
At December 31, 2015	-	10,005,968	-	89,165,701	-	(4,524,375)	(10,622,073)	(561,485)	17,745,207	72,817,717	44,830,019	543,980,566
Depreciation												
As at January 1, 2014	-	1,569,516	6,249,175	13,059,227	1,887,107	19,476,292	187,725,554	13,685,871	6,181,470	45,701,494	8,690,562	304,226,268
Charge for the year	-	149,371	513,976	1,455,012	303,370	2,858,922	22,748,102	2,317,115	831,782	4,923,461	3,129,258	39,230,369
Deletions	-	-	-	-	(573,209)	(436,620)	(24,679,854)	(1,637,472)	-	(117,078)	(886,848)	(28,331,080)
At December 31, 2014	-	1,718,887	6,763,151	14,514,239	1,617,268	21,898,594	185,793,803	14,365,514	7,013,252	50,507,877	10,932,972	315,125,557
Charge for the year	-	178,574	758,555	3,768,398	382,099	4,399,531	32,001,386	4,992,538	5,739,118	14,236,739	5,885,245	72,342,183
Transfer to reserve (refer note 34)	-	-	-	-	-	9,880	6,952,082	7,171,496	447,316	3,977,798	309,953	18,868,525
Transfer on sale of undertaking [refer note 31 (f)]	-	-	(7,521,706)	-	-	-	-	-	-	(9,200,893)	(1,121,272)	(73,187,982)
Reclassified to investment property	-	-	-	-	-	-	-	-	-	-	-	(7,521,706)
Deletions	-	-	-	-	-	(1,839,861)	(10,621,934)	(561,480)	-	-	(392,084)	(13,415,359)
At December 31, 2015	-	1,897,461	-	18,282,637	-	20,782,616	163,859,033	19,053,450	13,199,686	59,521,521	15,614,814	312,211,218
Net block												
At December 31, 2014	4,765,674	8,287,081	24,435,147	74,651,462	738,872	27,440,393	82,207,734	18,113,602	10,731,955	33,150,288	26,319,258	310,841,466
At December 31, 2015	-	8,108,507	-	70,883,064	-	19,610,943	75,813,505	10,296,407	4,545,521	13,296,196	29,215,205	231,769,348

Notes:

- (1) Includes Rs. 21,155,390 (Previous year Rs. 21,155,390) paid towards land and building under a composite lease taken in earlier year for which no separate values are assignable.
- (2) Vehicles amounting to Rs. 20,855,338 (Previous year Rs. 17,842,555) are hypothecated against terms loans for vehicle finance from non banking financial corporation.
- (3) The Company has leased out land and building located at Pune to R Systems Products & Technologies Private Limited in pursuance of Business Transfer Agreement [refer note 31 (f)]. Accordingly, the Company has classified land and building as investment property as per Accounting Standard - 13 on 'Accounting for Investments'.

10. Intangible assets

Particulars	(Amount in Rs.)		
	Softwares	Product development costs (Internally generated software)	Total
Gross block			
As at January 1, 2014	139,813,851	46,684,750	186,498,601
Additions	26,486,691	21,987,834	48,474,525
Deletions	(18,078,102)	-	(18,078,102)
At December 31, 2014	148,222,440	68,672,584	216,895,024
Additions	5,756,830	-	5,756,830
Transfer on sale of undertaking [refer note 31 (f)]	(12,805,491)	(68,672,584)	(81,478,075)
Deletions	(11,205,454)	-	(11,205,454)
At December 31, 2015	129,968,325	-	129,968,325
Amortisation			
As at January 1, 2014	127,173,833	35,912,052	163,085,885
Charge for the year	19,923,484	8,086,629	28,010,113
Deletions	(18,078,069)	-	(18,078,069)
At December 31, 2014	129,019,248	43,998,681	173,017,929
Charge for the year	18,335,786	4,423,596	22,759,382
Transfer on sale of undertaking [refer note 31 (f)]	(11,542,869)	(48,422,277)	(59,965,146)
Deletions	(11,205,452)	-	(11,205,452)
At December 31, 2015	124,606,713	-	124,606,713
Net block			
At December 31, 2014	19,203,192	24,673,903	43,877,095
At December 31, 2015	5,361,612	-	5,361,612

11.1 Non-current investments

Particulars	As at December 31, 2015 (Rs.)	As at December 31, 2014 (Rs.)
Non-trade, unquoted (valued at cost unless stated otherwise)		
(i) 2,500 (Previous year 2,500) equity shares of Rs. 10 each fully paid up in The Saraswat Co-operative Bank Limited	25,000	25,000
(ii) 26,269 (Previous Year Nil) 8% compulsorily redeemable debentures of Rs. 10,000 each in Indus Software Technologies Private Limited	262,690,000	-
Investment property (at cost less accumulated depreciation) (refer note 9)		
(i) Cost of land and building given on operating lease	35,963,972	
Less: Accumulated depreciation	(8,232,194)	27,731,778
Sub total (A)	290,446,778	25,000
In subsidiary companies:		
Trade, unquoted, fully paid up (valued at cost unless stated otherwise)		
(i) Investment in R Systems (Singapore) Pte. Ltd., Singapore 5,122,125 (Previous year 4,070,000) ordinary shares of "no par" value	209,679,074	104,173,570
(ii) Investment in R Systems, Inc., USA 2,000 (Previous year 2,000) shares of "no par" value	223,358,532	223,358,532
150 shares of "no par" value issued pursuant to merger [refer note 31 (e)]	57,816,448	-
	281,174,980	223,358,532

Particulars	As at December 31, 2015 (Rs.)		As at December 31, 2014 (Rs.)	
(iii) Investment in R Systems Technologies Limited (formerly known as Indus Software, Inc., USA) 243,750 (Previous year 243,750) common stock of US\$1 each fully paid up	10,785,738		10,785,738	
Less: Provision for diminution in the value of investment	(10,784,738)	1,000	(10,784,738)	1,000
(iv) Investment in ECnet Limited, Singapore [refer note 31 (a)] 17,651,502 (Previous year 17,651,502) ordinary shares of "no par" value	34,938,958		34,938,958	
38,306,451 (Previous year 38,306,451) ordinary shares of "no par" value	-		-	
7,933,307 (Previous year 7,933,307) ordinary shares of "no par" value	36,332,962		36,332,962	
Less : Adjustment with securities premium as per order of High Court	(24,495,721)		(24,495,721)	
	46,776,199		46,776,199	
Less: Amounts adjusted on settlement of liabilities towards certain erstwhile shareholders	(10,442,237)		(10,442,237)	
Less: Provision for diminution in the value of investment	(5,525,000)	30,808,962	(5,525,000)	30,808,962
(v) Investment in R Systems Solutions, Inc., USA [refer note 31 (e)] Nil (Previous year 8,666,884) Series A convertible preferred stock of "no par" value	-		128,825,090	
Nil (Previous year 10,335,833) common stock of "no par" value				
Nil (Previous year 6,000,000) common stock of "no par" value	-		57,266,375	
	-		186,091,465	
Less: Provision for diminution in the value of investment	-	-	(172,676,590)	13,414,875
(vi) Investment in Computaris International Limited, UK [refer note 31 (b)] 66,500 (Previous year 66,500) ordinary shares of GBP 0.01 each fully paid up		350,631,695		350,631,695
(vii) Investment in Systemes R. International Ltee, Canada 200 (Previous year 200) ordinary shares of CAD 1 each fully paid up		11,636		11,636
(viii) Investment in R Systems Products & Technologies Private Limited [refer note 31 (f)] Nil (Previous year 500,000) ordinary shares of Re. 1 each fully paid up		-		500,000
Sub total (B)		872,307,347		722,900,270
Total (A+B)		1,162,754,125		722,925,270
Aggregate amount of unquoted investments (net of provision)		1,162,754,125		722,925,270
Aggregate provision for diminution in value of investments		16,309,738		188,986,328

11.2 Current investments

Particulars	As at December 31, 2015 (Rs.)	As at December 31, 2014 (Rs.)
Non-trade, quoted mutual funds (valued at cost or fair value, which ever is lower)#		
Investment in SBI Debt Fund [Nil units (Previous year 1,800,000) of Rs.10 each]	-	18,000,000
Non-trade, unquoted (valued at cost or fair value, which ever is lower)		
Investment in Indus Software Technologies Private Limited [refer note 31 (f)]		
4,284,001(Previous year Nil) equity shares of Re. 1 each fully paid up	30,438,806	-
8,757 (Previous year Nil) 8% compulsorily redeemable debentures of Rs. 10,000 each	87,570,000	-
Total	118,008,806	18,000,000

#Aggregate amount of quoted investments [Market value of Rs. Nil (Previous year Rs. 19,310,580)]

12. Deferred tax assets (net)

Particulars	As at December 31, 2015 (Rs.)	As at December 31, 2014 (Rs.)
Deferred tax assets		
Provision for gratuity	22,570,277	33,507,581
Provision for compensated absences	21,220,579	27,022,132
Provision for doubtful debts and advances	5,046,359	6,590,262
Other timing differences	8,497,405	8,182,047
Gross deferred tax assets	57,334,620	75,302,022
Deferred tax liability		
Differences in depreciation / amortisation and other differences in block of fixed assets as per tax books and financial books	21,878,650	37,003,035
Gross deferred tax liability	21,878,650	37,003,035
Deferred tax assets (net)	35,455,970	38,298,987

13. Loans and advances

Particulars	Non-current		Current	
	As at December 31, 2015 (Rs.)	As at December 31, 2014 (Rs.)	As at December 31, 2015 (Rs.)	As at December 31, 2014 (Rs.)
Capital advances				
Unsecured, considered good	515,884	450,000		
Sub total (A)	515,884	450,000		
Advances recoverable in cash or in kind or for value to be received				
Unsecured, considered good	852,206	6,276,620	32,629,040	41,898,792
Sub total (B)	852,206	6,276,620	32,629,040	41,898,792
Loans and advances to related parties				
Unsecured, considered good				
Advance recoverable from subsidiaries:				
R Systems, Inc., USA			79,313	1,616,220
ECnet Limited, Singapore			-	16,082
Systèmes R. International Ltée, Canada			-	808
R Systems Product & Technologies Limited, India			-	25,457
Sub total (C)			79,313	1,658,567
Security deposits				
Unsecured, considered good	9,947,027	17,990,357	507,664	4,361,460
Sub total (D)	9,947,027	17,990,357	507,664	4,361,460
Other loans and advances				
Unsecured, considered good				
Mark-to-market losses on derivative instruments (refer note 36)	-	-	15,645,821	-
Balances with customs, excise, etc.	-	-	44,379,351	20,659,153
Advance fringe benefit tax [net of provisions amounting to Rs. 7,082,336 (Previous year Rs. 7,082,336)]	167,664	167,664	-	-
Advance income taxes [net of provisions amounting to Rs. 506,126,215 (Previous year Rs. 251,251,711)]	34,833,289	32,880,316	-	-
Sub total (E)	35,000,953	33,047,980	60,025,172	20,659,153
Total (A+B+C+D+E)	46,316,070	57,764,957	93,241,189	68,577,972

14. Trade receivables and other assets

14.1 Trade receivables

Particulars	Current	
	As at December 31, 2015 (Rs.)	As at December 31, 2014 (Rs.)
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	301,554	17,532,393
Unsecured, considered doubtful	13,620,628	17,960,321
	13,922,182	35,492,714
Provision for doubtful receivables	(13,620,628)	(17,960,321)
Sub total (A)	301,554	17,532,393
Other receivables		
Unsecured, considered good	504,313,030	608,837,532
Unsecured, considered doubtful	819,263	4,627,926
	505,132,293	613,465,458
Provision for doubtful receivables	(819,263)	(4,627,926)
Sub total (B)	504,313,030	608,837,532
Total (A+B)	504,614,584	626,369,925

Trade receivables include:

Particulars	As at December 31, 2015 (Rs.)	As at December 31, 2014 (Rs.)
From subsidiary companies		
R Systems, Inc., USA	7,060,459	6,890,986
ECnet Limited, Singapore	10,668,165	22,391,041
Computaris International Limited, U.K.	4,915,116	6,787,628
R Systems Solutions, Inc, USA	-	508,314
IBIZ Consulting Services Pte Ltd	825,994	-

14.2 Other assets

Particulars	Non-current		Current	
	As at December 31, 2015 (Rs.)	As at December 31, 2014 (Rs.)	As at December 31, 2015 (Rs.)	As at December 31, 2014 (Rs.)
Non-current bank balances (refer note 15)	47,158,352	48,692,453		
Interest accrued				
Fixed deposits	3,997,650	2,146,562	669,424	5,271,757
Compulsorily redeemable debentures (refer note 11.1 & 11.2)	-	-	6,548,339	-
Staff advance	-	-	-	43,163
Unbilled revenues	-	-	30,765,846	52,627,485
Total	51,156,002	50,839,015	37,983,609	57,942,405

15. Cash and bank balances

Particulars	Non-current		Current	
	As at December 31, 2015 (Rs.)	As at December 31, 2014 (Rs.)	As at December 31, 2015 (Rs.)	As at December 31, 2014 (Rs.)
Cash and cash equivalents				
Cash on hand			261,763	162,955
Balances with scheduled banks:				
On current accounts			20,442,419	118,496,073
On EEFC accounts			12,605,912	63,196,116
On deposit accounts with original maturity of less than 3 months			79,707,767	89,200,000
On unclaimed dividend *			2,779,151	2,084,702
On unpaid dividend (refer note 1 below) *			-	325,019,379
Escrow account for buyback (refer note 2 below) *			-	15,000,000
Balance with other banks:				
On current account with California Bank & Trust			30,282,558	23,529,981
			146,079,570	636,689,206
Other bank balances				
Deposits with original maturity for more than 12 months	-	-	5,400,000	150,300,000
Deposits with original maturity for more than 3 months but less than 12 months			59,900,000	154,438,828
Margin money deposits (refer details below)	47,158,352	48,692,453		
	47,158,352	48,692,453	65,300,000	304,738,828
Amount disclosed under non-current assets (refer note 14.2)	(47,158,352)	(48,692,453)		
Total	-	-	211,379,570	941,428,034

* Company can utilise these balances for respective dividend / buy back, as the case may be.

Detail of margin money deposits

Particulars	As at December 31, 2015 (Rs.)	As at December 31, 2014 (Rs.)
Margin money deposits against performance guarantees	26,446,895	27,937,103
Margin money deposits against credit / derivative facilities	20,711,457	20,755,350
Total	47,158,352	48,692,453

Notes:

- (1) The Board of Directors at its meeting held on December 20, 2014, had declared fourth interim (special) dividend for the year 2014 @ Rs. 2.55 per equity share of face value of Re. 1/- each to the shareholders as per record date December 29, 2014. The amount payable was earlier transferred in a separate bank account which has been subsequently paid on January 07, 2015.
- (2) During the year ended December 31, 2014, the Company had deposited an amount aggregating to Rs. 15,000,000, being 25% of the maximum buy-back size in an escrow account with a bank pursuant to the buy back offer. The Company has utilised the aforesaid amount against the shares brought back during the year ended December 31, 2015 [refer note 3(d)].

16. Revenue from operations

Particulars	For the year ended December 31, 2015 (Rs.)	For the year ended December 31, 2014 (Rs.)
Sales of services *	2,892,567,244	2,909,497,897
Sale of third party items	30,750	1,314,656
Total	2,892,597,994	2,910,812,553

* includes revenue from Information technology services Rs. 2,482,276,272 (Previous year Rs. 2,537,023,260) and Business process outsourcing services Rs. 410,290,972 (Previous year Rs. 372,474,637).

17. Other income

Particulars	For the year ended December 31, 2015 (Rs.)	For the year ended December 31, 2014 (Rs.)
Interest income on bank deposits	32,523,229	39,962,132
Interest income on debenture (refer note 11.1 & 11.2)	13,553,539	-
Rental income from investment property (refer note 11.1)	3,079,568	-
Dividend income from subsidiary [refer note 31(c)]	-	55,484,250
Foreign exchange fluctuation (net)	43,599,049	36,943,981
Profit on redemption of mutual fund	1,774,260	1,005,000
Excess provisions written back	31,125	411,421
Miscellaneous income	1,674,473	1,034,901
Total	96,235,243	134,841,685

18. Employee benefits expense

Particulars	For the year ended December 31, 2015 (Rs.)	For the year ended December 31, 2014 (Rs.)
Salaries, wages and bonus	1,627,023,312	1,663,486,222
Gratuity (refer note 35)	18,019,855	30,974,730
Contribution to provident fund and other funds	56,108,923	53,619,833
Staff welfare expenses	33,457,956	33,351,530
Total	1,734,610,046	1,781,432,315

19. Operational and other expenses

Particulars	For the year ended December 31, 2015 (Rs.)	For the year ended December 31, 2014 (Rs.)
Power and fuel	50,142,319	47,777,233
Rent - premises	30,061,888	33,737,622
Rent - equipments	2,684,748	1,832,665
Rates and taxes	1,349,559	2,219,884
Insurance	7,153,437	6,374,523
Repair and maintenance		
- Buildings	2,611,250	1,085,373
- Others	69,135,569	58,460,080
Advertising and sales promotion	15,319,533	16,380,000
Commission - others	22,010,770	7,302,989
Traveling and conveyance	238,639,644	236,296,530
Communication costs	55,488,463	55,657,047
Printing and stationery	2,146,070	2,165,223
Legal and professional fees	86,053,248	62,578,254
Cost of third party items	30,250	1,103,857
Directors' sitting fee	1,050,500	935,000
Auditors' remuneration (refer detail below)	4,912,250	5,878,196
Provision for doubtful debts (net)	3,118,804	8,137,292
Provision for doubtful advances (net)	(729,856)	(7,758,696)
Bad debts and advances written off [net of Rs. 3,747,954 (previous year Rs. 56,277,668) utilisation from provision for doubtful debts and advances]	-	28,914
Loss on sale / discard of fixed assets (net)	2,158,052	1,092,142
Recruitment and training expenses	11,067,488	10,237,526
Security expenses	8,739,813	9,095,462
Membership and subscription	6,307,315	8,421,955
Miscellaneous expenses	4,795,755	3,916,675
Total	624,246,869	572,955,746

Note:

Figures in brackets represent write back.

Detail of auditors remuneration

Particulars	For the year ended December 31, 2015 (Rs.)	For the year ended December 31, 2014 (Rs.)
As auditor:		
- Audit fee		
- Statutory audit fee	1,350,000	1,677,500
- Quarterly audit fee	1,750,000	2,130,000
- Limited Review	350,000	570,000
- Out-of-pocket expenses	162,250	245,696
In other capacity:		
- Certification	800,000	880,000
- Other services	500,000	375,000
Total	4,912,250	5,878,196

20. Depreciation and amortisation expense

Particulars	For the year ended December 31, 2015 (Rs.)	For the year ended December 31, 2014 (Rs.)
Depreciation on tangible assets (refer note 34)	72,342,183	39,230,369
Amortisation on intangible assets	22,759,382	28,010,113
Depreciation on investment property	710,488	-
Total	95,812,053	67,240,482

21. Finance costs

Particulars	For the year ended December 31, 2015 (Rs.)	For the year ended December 31, 2014 (Rs.)
Interest on loans	962,311	783,514
Interest under income tax	1,163,929	1,968,371
Bank charges	2,149,361	3,503,235
Total	4,275,601	6,255,120

22. Exceptional items

Particulars	For the year ended December 31, 2015 (Rs.)	For the year ended December 31, 2014 (Rs.)
Profit on buy back of subsidiary share [refer note 31(b)]	-	77,798,790
Profit on sale of undertaking [refer note 31 (f)]	564,434,748	-
Profit on sale of subsidiaries [refer note 31(d)]	26,628,000	240,687,515
Deferred compensation payable written back [refer note 31(a)]	12,609,305	-
Provision for diminution in the value of investment written back [refer note 31(e) and 31(d)]	44,401,573	74,645,041
Total	648,073,626	393,131,346

23. Segment information*Business segments:*

The Company considers business segment as the basis for primary segmental reporting. The Company is organised into two business segments – Information technology services and products and Business process outsourcing services. Costs and expenses which cannot be allocated to any business segment are reflected in the column 'corporate and others'. Segments have been identified and reported based on the nature of the services, the risks and returns, the organisation structure and the internal financial reporting system.

Geographical segments:

The Company reports secondary segment information on the basis of the geographical location of the customers / assets. Although the Company's major operating divisions are managed on a worldwide basis, they operate in five principal geographical areas of the world which are: India, United States of America, South East Asian countries, Europe and Other areas.

The following table provides required information for the primary segments for the year ended December 31, 2015 and December 31, 2014:

Particulars	Continuing Operations						Discontinuing operations [refer note 31 (f)]		(Amount in Rs.)			
	Information technology services and products			Business process outsourcing services			Information technology services and products		Corporate and others		Total	
	Year ended December 31,		2014	Year ended December 31,		2014	Year ended December 31,		2014	Year ended December 31,		2014
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2014	
REVENUE												
External sales	1,908,294,058	1,708,195,945	410,290,972	372,474,637	574,012,964	830,141,971	-	-	2,892,597,994	2,910,812,553		
Total revenue	1,908,294,058	1,708,195,945	410,290,972	372,474,637	574,012,964	830,141,971	-	-	2,892,597,994	2,910,812,553		
RESULT												
Segment result	399,057,956	384,744,335	48,733,063	66,239,874	89,231,159	128,989,839			537,022,178	579,974,048		
Unallocated corporate expenses									(55,937,865)	(55,902,970)		
Operating profit									481,084,313	524,071,078		
Interest expenses									(2,126,240)	(2,751,885)		
Interest income									46,076,768	39,962,132		
Dividend income [refer note 31 (c)]									-	55,484,250		
Other unallocable income									4,853,827	1,005,000		
Exceptional items (refer note 22)									648,073,626	393,131,346		
Income taxes expense									(271,522,318)	(260,612,433)		
Net profit									906,439,976	750,289,488		

The following table provides required information for the primary segments as at December 31, 2015 and December 31, 2014:

Particulars	Continuing Operations						Discontinuing operations [refer note 31 (f)]		(Amount in Rs.)					
	Information technology services and products			Business process outsourcing services			Elimination		Information technology services and products		Corporate and others		Total	
	Year ended December 31,		2014	Year ended December 31,		2014	December 31,		December 31,		December 31,		December 31	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
OTHER INFORMATION														
Segment assets	744,002,867	875,969,181	153,426,945	116,581,818	24,860,715	111,980,052			-	334,498,315			872,569,097	1,215,069,262
Unallocated corporate assets													1,555,014,865	1,650,456,611
Income tax assets													70,456,923	71,346,967
Total assets	744,002,867	875,969,181	153,426,945	116,581,818	24,860,715	111,980,052			-	334,498,315			2,498,040,885	2,936,872,840
Segment liabilities	408,160,594	402,599,372	64,412,533	155,497,861	24,860,715	111,980,052							447,712,412	638,359,914
Unallocated corporate liabilities													12,481,746	448,189,732
Income tax liabilities													54,122,497	99,501,132
Total liabilities	408,160,594	402,599,372	64,412,533	155,497,861	24,860,715	111,980,052			-	192,242,733			514,316,655	1,186,050,778
Capital expenditures	45,952,832	49,654,952	22,409,718	4,716,696									83,132,522	77,827,937
Depreciation and amortisation	74,896,056	41,815,906	8,616,429	6,892,250									95,812,053	67,240,482
Other non-cash expenses / (written back)	(1,652,943)	7,791,277	(233,076)	277,519									4,547,000	9,258,348

Geographical segments:

The Company reports secondary segment information on the basis of the geographical location of the customers / assets. The management views the domestic and export markets as distinct geographical segments.

The following is the distribution of the Company's revenue by geographical area in which customers are located, including for discontinuing operations:

	For the year ended December 31,	
	2015 (Rs.)	2014 (Rs.)
India	302,772,060	405,547,312
USA	1,731,095,322	1,602,286,970
South East Asia	121,353,004	129,619,974
Europe	509,177,005	608,194,498
Others	228,200,603	165,163,799
Total	2,892,597,994	2,910,812,553

The following is the distribution of the revenue by geographical area in which customer are located from discontinuing operations [refer note 31 (f)]:

	For the period 01.01.15 to 07.07.15	For the year ended December 31, 2014
	(Rs.)	(Rs.)
India	241,931,477	354,875,591
USA	37,493,825	66,518,677
South East Asia	73,592,425	85,946,560
Europe	116,435,512	231,822,326
Others	104,559,725	90,978,817
Total	574,012,964	830,141,971

Assets and additions to fixed assets by geographical area:

The following table shows the carrying amount of assets and additions to fixed assets (including capital advances) by geographical area in which assets are located, including for discontinuing operations:

	Carrying amount of assets as at December 31,		Additions to fixed assets for the year ended December 31,	
	2015 (Rs.)	2014 (Rs.)	2015 (Rs.)	2014 (Rs.)
India	1,086,532,513	1,657,482,244	82,685,347	77,427,068
USA	705,093,781	566,119,976	447,175	400,869
South East Asia	253,607,022	189,836,107	-	-
Europe	421,910,001	476,218,954	-	-
Others	30,897,619	47,215,559	-	-
Total	2,498,040,936	2,936,872,840	83,132,522	77,827,937

The following table shows the carrying amount of assets and additions to fixed assets (including capital advances) by geographical area in which assets are located for discontinuing operation [refer note 31 (f)]:

	Carrying amount of assets as at December 31,		Additions to fixed assets for the year ended December 31,	
	2015 (Rs.)	2014 (Rs.)	2015 (Rs.)	2014 (Rs.)
India	-	302,059,838	14,769,972	23,456,289
USA	-	19,548,959	-	-
South East Asia	-	30,977,469	-	-
Europe	-	14,653,558	-	-
Others	-	28,680,661	-	-
Total	-	395,920,485	14,769,972	23,456,289

24. Related Party Disclosures:

(i) Names of related parties :

Names of related parties where control exists:

Subsidiaries	R Systems (Singapore) Pte Ltd, Singapore R Systems, Inc., USA ECnet Ltd, Singapore Computaris International Limited, U.K. Systèmes R. International Ltée, Canada R Systems Technologies Limited, India (formerly known as Indus Software, Inc., USA) R Systems Product & Technologies Private Limited, India (formerly known as R Systems Product & Technologies Limited) (ceased to be subsidiary w.e.f. July 07, 2015) R Systems Solutions, Inc., USA (merged with R Systems, Inc., USA w.e.f. December 10, 2015) R Systems Europe B.V., Netherlands (ceased to be subsidiary w.e.f. November 27, 2014) R Systems S.A.S., France (ceased to be subsidiary w.e.f. November 27, 2014)
	Following are the subsidiaries of ECnet Ltd, Singapore <ul style="list-style-type: none"> • ECnet (M) Sdn Bhd, Malaysia • ECnet Systems (Thailand) Co. Ltd., Thailand • ECnet (Shanghai) Co. Ltd., People's Republic of China • ECnet (Hong Kong) Ltd., Hong Kong • ECnet, Inc., USA • ECnet Kabushiki Kaisha, Japan
	Following are the subsidiaries of Computaris International Limited, U.K. <ul style="list-style-type: none"> • Computaris Romania Srl, Romania • Computaris Polska sp z o.o., Poland • ICS Computaris International Srl, Moldova • Computaris Malaysia Sdn. Bhd., Malaysia • Computaris USA, Inc., USA
	Following are the subsidiaries of R Systems (Singapore) Pte Ltd, Singapore <ul style="list-style-type: none"> • IBIZCS Group Pte Ltd- Singapore with the following step down subsidiaries <ul style="list-style-type: none"> ➢ IBIZ Consulting Services Pte Ltd – Singapore ➢ IBIZ Consulting Services Sdn. Bhd. Malaysia ➢ PT. IBIZCS Indonesia, Indonesia ➢ IBIZ Consultancy Services India Private Limited – India ➢ IBIZ Consulting Services Limited - Hong Kong ➢ IBIZ Consulting Services (Shanghai) Co., Ltd China
Key management personnel	Satinder Singh Rekhi, Managing Director Lt. Gen. Baldev Singh (Retd.), President and Senior Executive Director Raj Swaminathan, Director (resigned as director on June 27, 2015) Nand Sardana, Chief Financial Officer # Vikash Kumar Tiwari, Company Secretary & Compliance Officer (resigned on December 20, 2014) # Ashish Thakur, Company Secretary & Compliance Officer (appointed on December 20, 2014)
# Pursuant to the Companies Act, 2013.	
Relatives of Key management personnel	Harpreet Rekhi, (related to Satinder Singh Rekhi) Sartaj Singh Rekhi, (related to Satinder Singh Rekhi) Amrita Kaur, (related to Satinder Singh Rekhi) Ramneet Singh Rekhi, (related to Satinder Singh Rekhi) Anita Behl, (related to Satinder Singh Rekhi) Kuldeep Baldev Singh, [related to Lt. Gen. Baldev Singh (Retd.)] Mandeep Singh Sodhi, [related to Lt. Gen. Baldev Singh (Retd.)], Vice President – Sales
Enterprises where key management personnel or their relatives exercise significant influence	U Infosoft Private Limited GM Solutions Private Limited GMU Infosoft Private Limited Right Match Holdings Limited Satinder and Harpreet Rekhi Family Trust

(ii) Details of transactions with related parties for the year ended December 31, 2015 and December 31, 2014 :-

	(Amount in Rs.)	
	Year ended December 31,	
	2015	2014
Information technology and BPO services rendered to		
ECnet Ltd, Singapore	44,573,934	41,351,703
R Systems, Inc., USA	26,195,635	22,228,086
R Systems (Singapore) Pte Ltd, Singapore	951,564	-
R Systems Europe B.V., Netherlands	-	11,687,892
R Systems Solutions, Inc., USA	486,870	1,996,325
IBIZ Consulting Services Pte Ltd – Singapore	819,974	-
Computaris International Limited, U.K.	36,090,132	34,399,594
Total	109,118,109	111,663,600
Information technology services received from		
R Systems, Inc., USA	7,980,900	7,627,129
Total	7,980,900	7,627,129
Dividend received from		
R Systems Europe B.V., Netherlands [refer note 31 (c)]	-	55,484,250
Total	-	55,484,250
Travel and other expenses reimbursed by the Company to		
ECnet Ltd, Singapore	228,882	1,198,191
R Systems, Inc., USA	33,443,061	29,678,863
R Systems (Singapore) Pte Ltd, Singapore	12,121,187	9,802,123
R Systems Solutions, Inc., USA	611,314	-
R Systems Europe B.V., Netherlands	-	70,271
Total	46,404,444	40,749,448
Travel and other expenses reimbursed to the Company by		
ECnet Ltd, Singapore	700,137	1,905,413
R Systems, Inc., USA	7,352,172	9,623,028
R Systems (Singapore) Pte Ltd, Singapore	100,577	92,718
R Systems Solutions, Inc., USA	414,334	667,984
R Systems Europe B.V., Netherlands	-	1,216,411
Systèmes R. International Ltée, Canada	-	466,479
R Systems Product & Technologies Private Limited, India	-	25,457
Computaris International Limited, U.K.	1,708,825	1,222,756
Total	10,276,045	15,220,246
Reimbursement to the Company for purchase of assets on behalf of		
R Systems, Inc., USA	1,778,585	15,588
ECnet Ltd, Singapore	-	62,349
Computaris International Limited, U.K.	-	2,615,514
Total	1,778,585	2,693,451
Reimbursement by the Company for purchase of assets to		
R Systems, Inc., USA	146,123	-
Total	146,123	-
Investment in shares of subsidiary		
R Systems Product & Technologies Private Limited, India	700,000	500,000
R Systems (Singapore) Pte Ltd, Singapore	105,505,504	-
R Systems, Inc., USA [refer note 31 (e)]	57,816,448	-
Total	164,021,952	500,000

(Amount in Rs.)

	Year ended December 31,	
	2015	2014
Buy back of shares of subsidiary		
Computaris International Limited, U.K. [refer note 31 (b)]	-	148,979,660
Total	-	148,979,660
Merger of wholly owned subsidiaries		
R Systems Solutions, Inc., USA [refer note 31 (e)]	13,414,875	-
Total	13,414,875	-
Assets obtained free of cost on returnable basis		
R Systems, Inc., USA	-	23,420
Total	-	23,420
Remuneration		
Satinder Singh Rekhi	32,046,605	30,133,078
Lt. Gen. Baldev Singh (Retd.)	6,265,670	5,893,452
Raj Swaminathan	3,380,493	6,245,664
Mandeep Singh Sodhi	33,118,711	31,031,483
Nand Sardana	5,225,880	4,883,000
Vikash Kumar Tiwari	-	1,485,671
Ashish Thakur	628,210	21,356
Amrita Kaur	261,333	-
Total	80,926,902	79,693,704
Rent		
Satinder Singh Rekhi	6,951,784	6,444,376
Total	6,951,784	6,444,376
Dividend paid *		
Satinder Singh Rekhi	9,753,540	4,320,360
Lt. Gen. Baldev Singh (Retd.)	1,059,675	847,013
Raj Swaminathan	780,000	660,000
Sartaj Singh Rekhi	44,635,483	19,771,422
Ramneet Singh Rekhi	37,742,669	16,718,229
Harpreet Rekhi	5,662	2,508
Nand Sardana	388,890	172,260
Mandeep Sodhi	5,160,056	2,722,159
Kuldeep Baldev Singh	45,296	20,064
Anita Behl	59,443	46,275
GMU Infosoft Private Limited	66,915,061	27,176,899
U Infosoft Private Limited	68,236,517	27,834,178
GM Solutions Private Limited	70,829,639	28,884,354
Right Match Holdings Limited	69,076,400	30,597,600
Satinder and Harpreet Rekhi Family Trust	112,887,716	57,112,994
Total	487,576,047	216,886,315

* The amount for the year ended December 31, 2015 includes Rs. 229,416,464 (Previous year Rs. 62,511,278) towards dividend declared for the immediately preceding year.

(Amount in Rs.)

Balance outstanding	As at December 31,	
	2015	2014
Trade Receivables		
ECnet Ltd, Singapore	10,668,165	22,391,041
R Systems, Inc., USA	7,060,459	6,890,986
R Systems Solutions, Inc., USA	-	508,314
IBIZ Consulting Services Pte Ltd – Singapore	825,994	-
Computaris International Limited, UK	4,915,116	6,787,628
Total	23,469,734	36,577,969
Short-term loans and advances		
ECnet Ltd, Singapore	-	16,082
R Systems, Inc., USA	79,313	1,616,220
Systèmes R. International Ltée, Canada	-	808
R Systems Product & Technologies Limited, India	-	25,457
Total	79,313	1,658,567
Other current liabilities		
ECnet Ltd, Singapore	574,049	1,335
R Systems, Inc., USA	11,889,525	17,341,577
R Systems (Singapore) Pte Ltd, Singapore	3,017,792	613,828
Total	15,481,367	17,956,740
Assets obtained free of cost on returnable basis		
R Systems, Inc., USA	18,390,687	18,390,687
R Systems (Singapore) Pte Ltd, Singapore	137,241	137,241
Total	18,527,928	18,527,928
Balance payable to key management personnel		
Satinder Singh Rekhi	4,500,000	5,158,363
Lt. Gen. Baldev Singh (Retd.)	1,082,113	1,098,001
Raj Swaminathan	-	1,833,399
Nand Sardana	-	231,988
Vikash Kumar Tiwari	-	147,905
Ashish Thakur	-	49,651
Total	5,582,113	8,519,307

25. Corporate Social Responsibility (CSR)

As per the requirements of Section 135 of the Companies Act, 2013, the Company is required to spend an amount of Rs. 9,425,281 on CSR expenditure for the year December 31, 2015. Out of this, the Company has disbursed Rs. 1,500,000 for education of the underprivileged children in accordance with its Corporate Social Responsibility Policy.

Further, during the year the Company was in the process of ascertaining various avenues, projects etc. for fulfilling the requirement of its CSR policy, therefore Company could not utilise the entire amount embarked for its CSR activities.

26. Capital and other commitments

	As at December 31, 2015 (Rs.)	As at December 31, 2014 (Rs.)
(i) Capital commitments:		
Estimated amount of unexecuted capital contracts (net of advances)	3,425,621	3,356,027
(ii) Other commitments:		
For commitments relating to lease arrangements, refer note 28.		

27. Contingent liabilities:

	As at December 31, 2015 (Rs.)	As at December 31, 2014 (Rs.)
Performance guarantees given to Department of Telecommunication for Domestic and International 'Other Service Provider' licenses	20,000,000	20,000,000
Performance bank guarantee issued to a customer	-	279,000
Total	20,000,000	20,279,000

28. Operating Lease - Company as lessee

The Company has operating lease for office premises. The future minimum rentals payable under non-cancellable operating leases period as at year-end are as follows:

	Year ended December 31, 2015 (Rs.)	Year ended December 31, 2014 (Rs.)
Lease payments for the year	30,061,888	33,737,622
Non-cancellable operating lease obligation:		
Not later than one year	16,707,540	32,813,895
Later than one year but not later than five years	31,031,346	63,962,935
Later than five years	-	13,826,304

The operating lease arrangements extend for a maximum period of 5 years from their respective dates of inception. Some of the operating lease arrangements have price escalation and option of renewal clause as mutually agreed between the parties and there are no restrictions imposed on lease arrangements.

Operating Lease - Company as lessor

The Company has given land and building on operating lease. The future minimum rentals receivable under non-cancellable operating lease period as at year-end are as follows:

	Year ended December 31, 2015 (Rs.)	Year ended December 31, 2014 (Rs.)
Lease payments for the year	3,079,568	-
Non-cancellable operating lease		
Not later than one year	6,399,996	-
Later than one year but not later than five years	9,720,436	-

The operating lease arrangement extends for a maximum period of 3 years from their respective dates of inception and has price escalation clause of 5% for every subsequent 3 years of the extended term. There are no restrictions imposed on lease agreements.

29. Supplementary statutory information

29.1 (a) Directors' remuneration

Particulars	Year ended December 31, 2015 (Rs.)	Year ended December 31, 2014 (Rs.)
Salaries, wages and bonus	41,404,048	41,980,834
Contribution to provident fund	288,720	291,360
Total	41,692,768	42,272,194

Note:

As the future liability for gratuity and long term compensated absences is provided on an actuarial basis for the Company as a whole, the amount pertaining to the directors is not ascertainable and, therefore, not included above.

29.1 (b) Computation of net profit under Section 198 of the Companies Act, 2013 for calculation of managerial remuneration under Section 197 of the Companies Act, 2013.

(Amount in Rs.)			
Sl. No.	Particulars	Year ended December 31, 2015	Year ended December 31, 2014
	Profit after tax and before appropriation	906,439,976	750,289,488
	Add:		
(i)	Loss on fixed assets sold / discarded	2,158,052	1,092,142
(ii)	Provision for doubtful debts / advances (net)	2,388,948	378,596
(iii)	Tax for the year	271,522,318	260,612,433
(iv)	Depreciation and amortisation as per books of accounts	95,812,053	67,240,482
	Less:		
(i)	Depreciation and amortisation	95,812,053	67,240,482
(ii)	Profit on sale of subsidiaries	26,628,000	240,687,515
(iii)	Profit on buy back of subsidiary share	-	77,798,790
(iv)	Profit on redemption of mutual fund	1,774,260	1,005,000
(v)	Provision for diminution in the value of investment written back	-	74,645,041
(vi)	Profit on merger of wholly owned subsidiaries	44,401,573	-
(vii)	Profit on sale of undertaking	564,434,748	-
(viii)	Bad debts written off against provisions	3,747,954	56,277,668
	Net Profit for the year	541,522,760	561,958,645
	Add:		
	Remuneration paid to the whole time directors	41,692,768	42,272,194
	Net Profit for the purpose of managerial remuneration	583,215,553	604,230,839
	Overall maximum remuneration to all managerial personnel at 10% of the net profits as calculated above	58,321,553	60,423,084
	Overall maximum remuneration to individual managerial personnel at 5% of the net profits as calculated above	29,160,776	30,211,542

Notes:

- Figures for the year ended December 31, 2015 and December 31, 2014 are as per provisions of the Companies Act, 2013 and the Companies Act, 1956, respectively.
- The remuneration paid during the year ended December 31, 2015, in excess of the limits specified in 29.1 (b) above has been approved by the Central Government.

29.2 Earnings in foreign currency (on accrual basis)

	Year ended December 31, 2015 (Rs.)	Year ended December 31, 2014 (Rs.)
Sale of product and services	2,589,825,934	2,505,265,241
Dividend received from subsidiary	-	55,484,250
Proceeds from buyback of subsidiary share [refer note 31 (b)]	-	148,979,660
Proceeds from sale of subsidiaries [refer note 31 (d)]	26,628,000	330,841,488
Reimbursement of travel, communication and other costs*	21,883,859	46,528,849
Total	2,638,337,793	3,087,099,488

* Out of this Rs. 20,673,940 (previous year Rs. 28,746,337) is reimbursement for expenses which have been netted off from the respective expenses in the statement of profit and loss and balance Rs. 1,209,918 (previous year Rs. 17,782,512) is reimbursement for purchase of fixed assets.

29.3 Expenditure in foreign currency (on accrual basis)

	Year ended December 31, 2015 (Rs.)	Year ended December 31, 2014 (Rs.)
Traveling and conveyance	160,860,248	165,040,145
Commission-others	14,679,451	7,145,685
Employee benefits expense	152,135,346	155,783,802
Communication expenses	16,441,504	17,880,567
Income tax	14,435,780	5,755,402
Cost of reimbursable capital assets	535,513	14,727,139
Other miscellaneous expenses	64,579,926	46,343,988
Total	423,667,768	412,676,728

29.4 Value of imports calculated on CIF basis

	Year ended December 31, 2015 (Rs.)	Year ended December 31, 2014 (Rs.)
Capital goods	39,639,588	16,532,523
Equipments received free of cost on returnable basis	88,986	3,206,015
Total	39,728,574	19,738,538

29.5 Remittance in foreign currency on account of dividend

Sl. No.	Particulars	Number of non-resident shareholders	Number of equity shares	Amount remitted (Rs.)		Amount remitted (USD)	
				2015	2014	2015	2014
(a)	Final Dividend for year ended December 31, 2013	12	41,200,220	-	-	39,140,209	667,694
(b)	First Interim dividend for the year ended December 31, 2014	12	41,200,220	-	-	39,140,209	649,846
(c)	Second Interim dividend for the year ended December 31, 2014	12	39,875,220	-	-	19,937,610	328,137
(d)	Third Interim dividend for the year ended December 31, 2014	12	39,574,220	-	-	35,616,798	575,904
(e)	Fourth Interim dividend for the year ended December 31, 2014	12	39,574,220	100,914,261	1,590,203	-	-
(f)	Final Dividend for year ended December 31, 2014	11	38,060,520	36,157,494	563,728	-	-
(g)	First Interim dividend for the year ended December 31, 2015	11	38,288,220	15,315,288	239,770	-	-
(h)	Second Interim dividend for the year ended December 31, 2015	11	37,651,020	124,248,366	1,900,694	-	-
(i)	Third Interim dividend for the year ended December 31, 2015	11	36,341,020	9,085,255	137,629	-	-

30. During the year ended December 31, 2006, Government of India has promulgated an Act namely The Micro, Small and Medium Enterprises Development Act, 2006 which comes into force with effect from October 2, 2006. As per the Act, the Company is required to identify the Micro, Small and Medium suppliers and pay interest to micro and small enterprises on overdue beyond the specified period irrespective of the terms agreed with the suppliers. For the purpose of identification of such suppliers, the Company has sent confirmations to all its suppliers. Based upon the confirmations received so far and the supplier profile available with the Company, the management believes that there are no dues to such suppliers.

Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006	As at December 31, 2015 (Rs.)	As at December 31, 2014 (Rs.)
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	Nil	Nil
The amount of interest paid by the buyer in terms of Section 16 of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	Nil	Nil
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	Nil	Nil
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro Small and Medium Enterprise Development Act, 2006	Nil	Nil

31. (a) During earlier years, the Company had acquired shares in ECnet Limited, a company incorporated in Singapore at a total consideration of Rs. 34,938,958. During the year ended December 31, 2005, the Company had based upon an order of High Court of Delhi written down the investment value to Rs. 10,443,237 and adjusted the write off of Rs. 24,495,721 against the Securities Premium Account as this had not been represented by available assets.

During the year ended December 31, 2007, the Company had settled the liabilities towards certain erstwhile shareholders. As a result thereof, the deferred payment compensation of Rs. 14,452,222 was released, as considered appropriate by the management. Out of above, Rs. 10,442,237 had been adjusted against the value of the investment. The reassessed amount payable as at December 31, 2014 was shown under 'Other current liabilities'.

During the year ended December 31, 2015, after the expiry of relevant limitation period under applicable laws, the Company has reversed deferred payment compensation amounting to Rs. 12,609,305. This reversal is included under 'Exceptional items' in the financial statements.

- (b) During the year ended December 31, 2011, the Company had acquired 100% shares of Computaris International Limited, UK (Computaris) on January 26, 2011 for a maximum consideration of GBP 9 million out of which GBP 4.25 million was the initial payout and balance was based on earn outs as well as fulfillment of certain condition by the erstwhile shareholders of Computaris over the next two years.

During the year ended December 31, 2013, the management basis the settlement entered into with erstwhile shareholders of Computaris, has agreed the final consideration at Rs. 421,812,565 and accordingly adjusted the investments value by Rs. 17,209,661.

The Board of Directors at its meeting held on July 07, 2014 has approved the offer of buy-back from Computaris International Limited (a wholly owned subsidiary) of 13,500 shares held by the Company in the said subsidiary at the rate of GBP 111.38 per share amounting to for a consideration of Rs. 148,979,660. The aforesaid buy-back proceeds have been received by the Company on September 17, 2014. Even after this buy-back, Computaris International Limited continues to remain wholly owned subsidiary of the Company. The profit on the buy-back amounting to Rs. 77,798,790 is included in 'Exceptional items' in the financial statements for the year ended December 31, 2014.

- (c) During the year ended December 31, 2014, the Company has received Rs. 55,484,250 as dividend from R Systems Europe B.V., its wholly owned subsidiary in Netherlands.

- (d) On November 27, 2014, the Company had completed the transfer of Europe BPO Business by way of sale of its 100% holding in R Systems Europe B.V., Netherlands and R Systems S.A.S., France, being wholly owned subsidiaries, to Customer Contact Management Group B.V. ("CCMG") a Europe based company by executing the Share Sale Agreement (the "SSA") along with other necessary documents for a sale consideration of Euro 4.70 million (Rs. 357,469,488). Out of the sale consideration, Euro 0.35 million (Rs. 26,628,000) had been placed in an escrow account in the Netherlands, the realisation of which was subject to certain conditions pursuant to the provision of the SSA. The profit on transfer amounting to Rs. 176,158,238 and Rs. 64,529,277 for R Systems Europe B.V., Netherlands and R Systems S.A.S., France respectively are disclosed as 'Exceptional items' in the financial statements for the year ended December 31, 2014.

Also, during the year ended December 31, 2014, the Company had reversed the provision considered in earlier years towards diminution in the value of investment amounting to Rs. 42,052,275 and Rs. 32,592,766 for R Systems Europe B.V., Netherlands and R Systems S.A.S., France respectively. These reversals are included in 'Exceptional items' in the financial statements for the year ended December 31, 2014.

Further, during the year ended December 31, 2015, on the stipulated conditions under the SSA being completed, the Company has received Euro 0.35 million (Rs. 26,628,000) which had been placed in an escrow account. The amount so received, has been included as profit on sale of aforesaid subsidiaries under the 'Exceptional items' in the financial statements for the year ended December 31, 2015.

- (e) On December 10, 2015, R Systems Solution Inc. (RSSI), a wholly owned subsidiary of the Company has been merged into R Systems Inc. (RSI), also a wholly owned subsidiary of the Company, as per the applicable laws of India and USA. Pursuant to aforesaid merger, the Company has received incremental 150 common stock of RSI against outstanding common and preferred (series A) stocks held in RSSI. Accordingly the Company has recorded receipt of incremental shares in RSI at Rs. 57,816,448, being the fair value of investments given up. The Company in the earlier years had provided for permanent diminution in value of its investments in RSSI amounting to Rs. 172,676,590 and was carrying these investments at Rs. 13,414,875. Consequent to the above merger, the Company has written back such permanent diminution to the extent of available net assets of Rs. 57,816,448 and accordingly recorded Rs. 44,401,573 as gain under 'Exceptional items' for the year ended December 31, 2015.

- (f) On July 11, 2014, the Company had incorporated a wholly owned subsidiary in India, namely, R Systems Products & Technologies Limited (which was later converted into R Systems Products & Technologies Private Limited ("RSPTPL") on May 28, 2015). The shareholders of the Company by passing special resolution through postal ballot on September 23, 2014 had accorded necessary approval for transfer of the Company's Indus Business Unit operated out of Pune and Chennai to RSPTPL.

The Company had entered into 'Business Transfer Agreement' (BTA) with RSPTPL on June 27, 2015 for the aforesaid transfer on a going concern basis by way of slump sale, for consideration of Rs. 783,900,000 to be discharged by RSPTPL through issuance of 60,000,003 equity shares of Re. 1/- each at a premium of Rs. 6.227333 per share and 35,026 compulsorily redeemable debentures of Rs. 10,000 each, on the terms and conditions agreed in BTA.

The Company also entered into 'Share Purchase Agreement' (SPA) with BD Capital Partners Ltd. ("BDC"), a Mauritius based company on June 27, 2015 to sell 93% of its equity share in RSPTPL to BDC for a consideration of Rs. 443,170,000 (USD 7 million). Subject to the satisfaction of certain conditions, BDC has also agreed to purchase the balance 7% equity shares for a consideration up to Rs. 66,510,000 (USD 1 million). These conditions are under evaluation and yet to be concluded as at the year ended December 31, 2015. The Company will continue to hold the compulsorily redeemable debentures having an aggregate face value of Rs. 350,260,000 in accordance with the terms of the BTA. The closing (as defined in the agreements) under the BTA and SPA occurred on July 07, 2015.

The gain on sale of Indus Business Unit amounting to Rs. 535,713,373 (net of related expenses) and gain on sale of aforesaid equity share in RSPTPL amounting to Rs. 28,721,375 (net of related expenses) is disclosed as 'Exceptional items' in the financial statements for the year ended December 31, 2015. The income tax attributable to aforesaid gains amounting to Rs. 132,635,363 is included in the 'Current Tax' in the financial statements for the year ended December 31, 2015. The name of RSPTPL has been changed to Indus Software Technologies Private Limited w.e.f August 19, 2015.

Accordingly, the aforesaid Indus Business Unit, being part of Information technology services and products segment, is considered as "Discontinuing Operations" till July 07, 2015. The revenue and expenses attributable to the said operations included in the financial statements are as follows.

	As at July 07, 2015 (Rs.)	As at December 31, 2014 (Rs.)
Total Assets	567,943,845	395,920,485
Total Liabilities	325,371,698	192,242,733
Net Assets	242,572,147	203,677,752

The revenue and expenses attributable to the discontinuing operations included in the financial statements are as follows:

Particulars	(Amount in Rs.)	
	For the period January 01, 2015 to July 07, 2015	Year Ended December 31, 2014
Income		
Revenue from operations	574,012,964	830,141,971
Other income	2,457,983	11,199,504
Total revenue	576,470,947	841,341,475
Expenses		
Employee benefits expense	311,709,004	472,051,323
Operational and other expenses	168,770,713	227,514,476
Depreciation and amortisation expense	12,299,568	18,532,326
Finance costs	409,354	737,267
Total expenses	493,188,639	718,835,392
Profit before tax	83,282,308	122,506,083
Tax expense		
Current tax	35,510,770	34,712,337
Deferred tax charge / (credit)	(8,796,666)	6,927,481
Total tax expense	26,714,104	41,639,818
Profit after tax	56,568,204	80,866,265

The revenue and expenses attributable to the continuing operations included in the financial statements are as follows:

Particulars	(Amount in Rs.)	
	Year Ended December 31, 2015	Year Ended December 31, 2014
Income		
Revenue from operations	2,318,585,030	2,080,670,582
Other income	93,777,260	123,642,181
Total revenue	2,412,362,290	2,204,312,763
Expenses		
Employee benefits expense	1,422,901,042	1,309,380,992
Operational and other expenses	455,476,156	347,409,641
Depreciation and amortisation expense	83,512,485	48,708,156
Finance costs	3,866,247	3,549,482
Total expenses	1,965,755,930	1,709,048,271
Profit before tax and exceptional items	446,606,360	495,264,492
Exceptional items	648,073,626	393,131,346
Profit before tax	1,094,679,986	888,395,838
Tax expense		
Current tax	227,309,600	212,819,816
Deferred tax charge	17,498,614	6,152,799
Total tax expense	244,808,214	218,972,615
Profit after tax	849,871,772	669,423,223

Net cash flow attributable to the discontinuing operations included in the financial statements is as follows:

Particulars	(Amount in Rs.)	
	For the period January 01, 2015 to July 07, 2015	For the year ended December 31, 2014
A. Cash flows from / (used in) operating activities	(11,863,375)	211,174,308
B. Cash flows from / (used in) investing activities	(7,339,125)	(18,803,485)
C. Cash flows from / (used in) financing activities	-	-

Inter unit transactions between continuing and discontinuing operations have been excluded

- (g) The consequent tax expense of aforesaid 'Exceptional items' amounting to Rs. 63,017,987 for the year ended December 31, 2015 and Rs. 55,731,548 for year ended December 31, 2014, is included in the 'Current tax' in the financial statements for the respective year.

32. (a) R Systems International Limited - Year 2004 Employee Stock Option Plan ('the plan')

The Company had instituted the plan for all eligible employees as specified in the rules in pursuance of the special resolution duly approved by the shareholders. The plan provides for the issuance of 997,500 options for equity shares of face value of Rs. 10 each, to eligible employees as recommended by the Compensation Committee constituted for this purpose.

The plan is administered by a Compensation Committee and exercise price is "1.60 times the Book Value of the Share as per the audited balance sheet as on December 31, 2003 i.e. Rs. 42 per Share or 1.60 times of the book value as per immediate previous accounting year audited balance sheet rounded off to nearest rupee as on the date of Exercise whichever is higher", till the time equity shares of the Company are not listed. Once the equity shares are listed, the exercise price is prevailing price or stock price i.e. the latest available closing price, prior to the date of the meeting of the Board of Directors in which options are granted / shares are issued, on the stock exchange on which the shares of the Company are listed.

During the year ended December 31, 2006, the Company had consolidated each of its five equity shares of Rs. 2 each into one equity share of Rs. 10 each and then issued 1:1 bonus share to each of the then existing shareholder (excluding the option holders) by utilisation of Securities Premium Account in terms of the provisions of Section 78 of the Companies Act, 1956. Considering these changes in the capital structure, the management had adjusted the number of options vesting to its employees and exercise price to preserve the benefits intended to be made available under the plan i.e. instead of five options of Rs. 2 per share, the employees' entitlement had been adjusted to one option of Rs. 10 per share and instead of earlier exercise price of Rs. 42 per share for each Rs. 2 share, the exercise price had been accordingly adjusted to Rs. 105 per equity share. During the year ended December 31, 2008, the Company had obtained a legal opinion confirming that the adjustments undertaken to the number of options vesting to its employees and exercise price, pursuant to the consolidation and subsequent bonus issue during the year ended December 31, 2006, does not tantamount to modification and no additional benefit was offered to the existing option holders. Further, during the year ended December 31, 2014, the Company had sub-divided equity shares of Rs. 10 each into 10 equity shares of Re. 1 each, the exercise price is accordingly adjusted from Rs. 105 per share to Rs. 10.50 per share.

The vesting period is 4 years (25% in each year) commencing from the date of grant under the plan. The eligible employees have an option to exercise it over a period of 10 years from the date of grant under the plan. As per the plan, the Compensation Committee cannot grant any outstanding options after August 31, 2014, therefore there are no grants outstanding for determination by the Compensation Committee.

During the year ended December 31, 2015 the scheme has been lapsed therefore all the grants outstanding has been lapsed. The movement in the options during the year ended December 31, 2015 and year ended December 31, 2014 is set out below:

	Year ended December 31, 2015	Year ended December 31, 2014
	(Nos.)	(Nos.)
At the beginning		
- Grants outstanding under the plan (Re. 1 per share)	102,150	515,400
- Grants pending determination by the Compensation Committee (Re. 1 per share)	-	931,250
During the year		
- Options granted (Re. 1 per share)	-	-
- Options exercised (Re. 1 per share)	-	-
- Options/grants lapsed or surrendered (Re. 1 per share)	102,150	1,344,500
At the end		
- Grants outstanding under the plan (Re. 1 per share)	-	102,150
- Grants pending determination by the Compensation Committee (Re.1 per share)	-	-

The weighted average remaining contractual life for the stock options as at December 31, 2015 is Nil months (Previous year 11.54 months).

(b) Indus Software Employees Stock Option Plan – Year 2001 ('the plan'):

Indus Software Private Limited ('Indus') had outstanding options aggregating 21,967 equity shares as on March 31, 2002, to be issued to the eligible employees under the Indus Software Employees Stock Option Plan – Year 2001 under various vesting periods as specified in the said Plan, duly approved by the erstwhile shareholders. Indus had established "R Systems Employees Welfare Trust" ('the R Systems Trust') (formerly known as Indus Software Employees Welfare Trust) to administer the plan, as approved by the members, for the benefits of the Company's employees and had provided an interest free loan of Rs. 3,382,792. Consequently, Indus had allotted 21,967 equity shares of Rs. 10 each at a premium of Rs. 144 per equity share to the R Systems Trust to be further issued to the Indus' eligible employees on the exercise of the underlying options granted to them.

As a result of the merger of Indus with the Company, all employees had surrendered their options in favour of the R Systems Trust to enable them to obtain options for shares in R Systems International Limited after the merger. Also, the Company had issued 206,822 equity shares of Rs. 2 each at a premium of Rs. 113.42 per share to the R Systems Trust in exchange of 21,967 equity shares of Indus, apropos to the agreed swap ratio. During the earlier years out of the said 206,822 shares 22,079 shares were issued to the employees on exercise of options.

The Company had consolidated each of its five equity shares of Rs. 2 each into one equity share of Rs. 10 each on January 30, 2006 and then issued 1:1 bonus share to each of the then existing shareholder by utilisation of Securities Premium Account in terms of the provisions of Section 78 of the Companies Act, 1956 and further sub-division of each of the equity shares of Rs. 10 each into 10 equity shares of Re. 1 each as per record date of February 28, 2014, consequently the total number of shares issued are now 738,980 equity shares of Re. 1 each. Accordingly an amount of Rs. 738,980 and Rs. 2,282,728 is shown as deduction from Issued, subscribed and paid-up capital and Securities Premium Account respectively as suggested by the "Guidance Note on Accounting for Employee Share-based Payments" issued by The Institute of Chartered Accountants of India.

The movement in the options (in equivalent number of shares of the Company) held by the Trust during the year ended December 31, 2015 and the year ended December 31, 2014 is set out below::

	Year ended December 31, 2015 (Nos.)	Year ended December 31, 2014 (Nos.)
<u>At the beginning</u>		
- Grants outstanding under the plan (Re. 1 per share)		
- Grants pending determination by the Compensation Committee (Re. 1 per share)	738,980	738,980
<u>During the year</u>		
- Options granted (Re. 1 per share)	-	-
- Options exercised (Re. 1 per share)	-	-
- Options/grants lapsed or surrendered (Re. 1 per share)	-	-
<u>At the end</u>		
- Grants outstanding under the plan (Re. 1 per share)		-
- Grants pending determination by the Compensation Committee (Re.1 per share)	738,980	738,980

(c) R Systems International Limited – Year 2004 Employees Stock Option Plan ECnet ('the plan')

The Company had instituted the plan for all eligible employees in pursuance of the special resolution duly approved by the shareholders. The plan provides for the issuance of 1,000,000 options to eligible employees as recommended by the Compensation Committee constituted for this purpose.

The plan is administered by a Compensation Committee and exercise price is "book value of the share as per the audited balance sheet as on December 31, 2003 i.e. Rs. 26 or as on the date of exercise, the book value as per immediate previous accounting year audited balance sheet rounded off to nearest rupee whichever is higher" till the time equity shares of the Company are not listed. Once the equity shares are listed, the exercise price is prevailing price or stock price i.e. the latest available closing price, prior to the date of the meeting of the Board of Directors in which options are granted / shares are issued, on the stock exchange on which the shares of the Company are listed.

During the year ended December 31, 2006, the Company had consolidated each of its five equity shares of Rs. 2 each into one equity share of Rs. 10 each and then issued 1:1 bonus share to each of the then existing shareholder (excluding the option holders) by utilisation of Securities Premium Account in terms of the provisions of Section 78 of the Companies Act, 1956. Considering these changes in the capital structure, the management had adjusted the number of options vesting to its employees and exercise price to preserve the benefits intended to be made available under the plan i.e. instead of five options of Rs. 2 per share, the employees' entitlement had been adjusted to one option of Rs. 10 per share and instead of earlier exercise price of Rs. 26 per share for each Rs. 2 share, the exercise price had been accordingly adjusted to Rs. 65 per equity share. During the year ended December 31, 2008,

the Company had obtained a legal opinion confirming that the adjustments undertaken to the number of options vesting to its employees and exercise price, pursuant to the consolidation and subsequent bonus issue during the year ended December 31, 2006, does not tantamount to modification and no additional benefit was offered to the existing option holders. Further, during the year ended December 31, 2014, the Company had sub-divided equity shares of Rs. 10 each into 10 equity shares of Re. 1 each, the exercise price is accordingly adjusted from Rs. 65 per share to Rs. 6.50 per share.

The vesting period is 4 years (40% in 1st year & 20% in 2nd, 3rd & 4th year) commencing from the date of grant under the plan. The eligible employees have an option to exercise it over a period of 10 years from the date of grant under the plan. During the year ended December 31, 2014 the scheme has been lapsed and therefore there are no grants outstanding for determination by the Compensation Committee. The movement in the options during the year ended December 31, 2015 and year ended December 31, 2014 is set out below:

	Year ended December 31, 2015 (Nos.)	Year ended December 31, 2014 (Nos.)
At the beginning		
- Grants outstanding under the plan (Re. 1 per share)	-	62,000
- Grants pending determination by the Compensation Committee (Re. 1 per share)	-	1,238,410
During the year		
- Options granted (Re. 1 per share)	-	-
- Options exercised (Re. 1 per share)	-	-
- Options/grants lapsed or surrendered (Re. 1 per share)	-	1,300,410
At the end		
- Grants outstanding under the plan (Re. 1 per share)	-	-
- Grants pending determination by the Compensation Committee (Re.1 per share)	-	-

The weighted average remaining contractual life for the stock options as at December 31, 2015 is Nil (Previous year Nil months).

(d) R Systems International Limited Employee Stock Option Scheme 2007 ('the plan')

During the year 2007, the Company had instituted the plan for all eligible employees as specified in the rules in pursuance of the special resolution duly approved by the shareholders. The plan provides for the issuance of 650,000 options to eligible employees as recommended by the Compensation Committee constituted for this purpose.

The plan is administered by a Compensation Committee and exercise price is Rs. 120.70 being the latest available closing price, prior to the date of the meeting of the Board of Directors / Compensation Committee held on July 11, 2007 in which options were granted, on the stock exchange on which the shares of the Company are listed. Accordingly, the intrinsic value of Employee Stock Option is taken as Rs. Nil. Further, during the year ended December 31, 2014, the Company had sub-divided equity shares of Rs. 10 each into 10 equity shares of Re. 1 each, the exercise price is accordingly adjusted from Rs. 120.70 per share to Rs. 12.07 per share.

The vesting period is 4 years (25% in each year) commencing from the date of grant under the plan. The eligible employees have an option to exercise it over a period of 10 years from the date of grant under the plan. The movement in the options during the year ended December 31, 2015 and year ended December 31, 2014 is set out below:

	Year ended December 31, 2015 (Nos.)	Year ended December 31, 2014 (Nos.)
At the beginning		
- Grants outstanding under the plan (Re. 1 per share)	245,280	1,049,280
- Grants pending determination by the Compensation Committee (Re. 1 per share)	1,965,000	1,965,000
During the year		
- Options granted (Re. 1 per share)	-	-
- Options exercised (Re. 1 per share)	90,000	804,000
- Options/grants lapsed or surrendered (Re. 1 per share)	75,000	-
At the end		
- Grants outstanding under the plan (Re. 1 per share)	80,280	245,280
- Grants pending determination by the Compensation Committee (Re.1 per share)	2,040,000	1,965,000

For options exercised during the period, the weighted average share price at the exercise date was Rs. 68.71 per share (Previous year Rs. 49.72).

The weighted average remaining contractual life for the stock options as at December 31, 2015 is 19 months (Previous year 31 months).

- (e) For the purpose of valuation of the options granted before year ended December 31, 2004, the management obtained fair value of the options at the date of grant under respective schemes from a firm of Chartered Accountants to determine accounting impact, if any, of options granted over the periods. In the considered opinion of the valuer, the fair value of option determined using 'Black Scholes Valuation Model' under each of above schemes [except R Systems International Limited Employee Stock Option Scheme 2007 refer 32 (d) above] is "Nil" and thus no accounting thereof is required.

The assumptions used for the purpose of determination of fair value are stated below:

Assumptions	Unit	Scheme (a) *	Scheme (b) **	Scheme (c)***	Comments by the valuer
Strike price	Rs.	42	154	26	
Current share price	Rs.	16	140	16	Taken on the basis of NAV and PECV method of valuation.
Expected option life	No. of Years	5	2.5	5	Being half of the maximum option life.
Volatility	%	1	0.5	1	In case of unlisted shares, the volatility may be taken as zero. Verma committee also recommends this.
Risk free return	%	7	11.3	7	Zero coupon rate estimated from trading government securities for a maturity corresponding to expected life of option - taken from sites of NSE and / or BSE.
Expected dividend Yield	%	-	15	-	Company has no set policy so dividend taken as zero. In case of Indus plan, as the dividend had been paid by the erstwhile company, it has been assumed at 15%.

*: R Systems International Ltd. - Year 2004 Employee Stock Option Plan under which the price was based on Rs. 2 per share.

** : Indus Software Employees Stock Option Plan - Year 2001 under which originally the price was based on Rs. 10 per share for 21,967 shares. As a result of amalgamation of Indus Software Private Limited into R Systems, R Systems had issued 206,822 equity shares of Rs. 2 each pursuant to the swap ratio approved by Hon'ble High Courts of Delhi and Mumbai.

***: R Systems International Ltd. - Year 2004 Employee Stock Option Plan - ECnet under which the price was based on Rs. 2 per share. The details given above for plan (a), (b) and (c) are before making the required adjustments in relation to consolidation of each of the 5 equity shares of Rs. 2 each into 1 equity share of Rs. 10 each as approved by the shareholders in the year ended December 31, 2006 and further sub-division of each of the equity shares of Rs. 10 each into 10 equity shares of Re. 1 each as per record date of February 28, 2014.

Further, for the purpose of valuation of the options granted during the year 2005 under R Systems International Limited- Year 2004 Employee Stock Option Plan, the management obtained fair value of the options at the date of grant from a firm of Chartered Accountants, to determine accounting impact, if any, of options granted. In the considered opinion of the valuer, the fair value of these option determined using 'Black Scholes Valuation Model' is "Nil" and thus no accounting thereof is required.

The assumptions used by the valuer for the purpose of determination of fair value are stated below:

Assumptions	Unit	Scheme	Comments by the valuer
Strike price	Rs.	42	
Current share price	Rs.	13.58	Taken on the basis of NAV and PECV method of valuation.
Expected option life	No. of Years	5	Being half of the maximum option life.
Volatility	%	1	In case of unlisted shares, the volatility may be taken as zero. Verma committee also recommends this.
Risk free return	%	7.42	Zero coupon rate estimated from trading government securities for a maturity corresponding to expected life of option - taken from sites of NSE.
Expected dividend Yield	%	-	Company has no set policy so dividend taken as zero.

The above information is based on Rs. 2 per share prior to consolidation of 5 equity shares of Rs. 2 each into one equity share of Rs. 10 each and subsequent allotment of bonus shares in the ratio of 1 : 1 and further sub-division of each of the equity shares of Rs. 10 each into 10 equity shares of Re. 1 each as per record date of February 28, 2014.

- (f) For the purpose of valuation of the options granted during the year ended December 31, 2007 under R Systems International Limited Employee Stock Option Scheme – 2007, the compensation cost relating to Employee Stock Options, calculated as per the intrinsic value method is Nil.

The management obtained fair value of the options at the date of grant from a firm of Chartered Accountants. In the considered opinion of the valuer, the fair value of these options determined using 'Black Scholes Valuation Model' is "Rs. 50.73" per option.

The assumptions used by the valuer for the purpose of determination of fair value are stated below:

Assumptions	Unit	Scheme	Comments by the valuer
Strike price	Rs.	120.70	
Current share price	Rs.	118.50	Price on the date of grant by Board of Directors i.e. closing price on July 11, 2007
Expected option life	No. of Years	4	Being the vesting period.
Volatility	%	44	On the basis of industry average.
Risk free return	%	7	Zero coupon rate estimated from trading government securities for a maturity corresponding to expected life of option – taken from sites of NSE.
Expected dividend Yield	%	0.86	Company has declared Dividends of 12% in the past. Assuming that it will continue declaring similar dividends in future.

The above information is based on Rs.10 per share before sub-division of each of the equity shares of Rs. 10 each into 10 equity shares of Re. 1 each as per record date of February 28, 2014.

In March 2005 the ICAI has issued a guidance note on "Accounting for Employees Share Based Payments" applicable to 'employee share based plan' the grant date in respect of which falls on or after April 1, 2005. The said guidance note requires the Proforma disclosures of the impact of the fair value method of accounting of employee stock compensation in the financial statements. Since the Company used the intrinsic value method the impact on the reported net profit and earnings per share by applying the fair value based method is as follows:

Particulars	(Amount in Rs.)	
	Year ended December 31, 2015	Year ended December 31, 2014
Profit after tax	906,439,976	750,289,488
Add: Intrinsic Value Compensation Cost	-	-
Less: Fair Value Compensation Cost*	-	-
Adjusted Pro-forma Profit after tax	906,439,976	750,289,488
Earnings Per Share		
Basic [Nominal value of shares Re. 1 (Previous year: Re. 1)]		
- As reported	7.14	5.90
- Pro-forma	7.14	5.90
Diluted [Nominal value of shares Re. 1 (Previous year: Re. 1)]		
- As reported	7.14	5.90
- Pro-forma	7.14	5.90

*All granted options have been vested during earlier years.

33. Earnings per share (EPS)

Particulars	Year ended	
	December 31, 2015	December 31, 2014
Net profit after tax (Rs.)	906,439,976	750,289,488
Weighted average number of equity shares for calculating Basic and Diluted EPS	126,983,064	127,239,931
Basic [Nominal value of shares Re. 1 (Previous year: Re. 1)] (Rs.)	7.14	5.90
Diluted [Nominal value of shares Re. 1 (Previous year: Re. 1)] (Rs.)	7.14	5.90

Continuing Operations

Particulars	Year ended December 31, 2015	Year ended December 31, 2014
Net profit after tax (Rs.)	849,871,772	669,423,223
Weighted average number of equity shares for calculating Basic and Diluted EPS	126,983,064	127,239,931
Basic [Nominal value of shares Re. 1 (Previous year: Re. 1)] (Rs.)	6.69	5.26
Diluted [Nominal value of shares Re. 1 (Previous year: Re. 1)] (Rs.)	6.69	5.26

- 34.** As at January 01, 2015, the Company, based on technical assessment, reassessed the useful life of tangible assets and accordingly changed the useful lives of certain assets resulting in incremental charge of depreciation. Accordingly, the depreciation charge for the year ended December 31, 2015 is higher by Rs. 32,249,242. The profit after tax for the year ended December 31, 2015 is lower by Rs. 21,151,945. Further, during the year ended December 31, 2015, the Company had transferred Rs. 12,455,113 (net of tax) to reserves based on the transitional provision under Schedule II of the Companies Act, 2013.

35. Post-employment benefits

The Company has funded defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on separation equal to 15 days salary (last drawn salary) for each completed year of continuous service or part thereof in excess of six months subject to a maximum of Rs. 1,000,000.

The following table summarises the components of net employee benefits expense recognised in the statement of profit and loss.

(Amount in Rs.)

Particulars	Year ended December 31, 2015	Year ended December 31, 2014
Current service cost	16,192,727	14,241,689
Interest cost on benefit obligation	7,518,452	7,162,357
Expected return on plan assets	(302,192)	(353,758)
Net actuarial (gain) / loss recognised in the year	(5,389,132)	9,924,442
Net employee benefits expense (refer note 18)	18,019,855	30,974,730
Actual return on plan assets	(267,931)	370,063

Details of defined benefit gratuity plan

(Amount in Rs.)

Particulars	As at December 31, 2015	As at December 31, 2014
Defined benefit obligation	68,174,622	102,262,322
Fair value of plan assets	2,957,688	3,681,619
Plan liability / (asset)	65,216,934	98,580,703

Changes in the present value of the defined benefit gratuity plan are as follows:

(Amount in Rs.)

Particulars	Year ended December 31, 2015	Year ended December 31, 2014
Opening defined benefit obligation	102,262,323	81,424,215
Interest cost	7,518,452	7,162,357
Current service cost	16,192,727	14,241,689
Acquisition/Business Combination/Divestiture	(37,655,542)	-
Benefits paid	(14,184,084)	(10,506,685)
Actuarial (gains) / losses on obligation	(5,959,254)	9,940,746
Closing defined benefit obligation	68,174,622	102,262,322

Changes in the fair value of plan assets are as follows:

Particulars	(Amount in Rs.)	
	Year ended December 31, 2015	Year ended December 31, 2014
Opening fair value of plan assets	3,681,619	4,549,747
Expected return	302,192	353,758
Contributions by the employer	5,000,000	5,005,000
Benefits paid	(5,456,001)	(6,243,190)
Actuarial gains / (losses) on obligation	(570,122)	16,304
Closing fair value of plan assets	2,957,688	3,681,619

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	Year ended December 31, 2015	Year ended December 31, 2014
Investments with insurer	100%	100%

The principal assumptions used in determining defined benefit gratuity plan obligations is shown below:

Particulars	Year ended December 31, 2015	Year ended December 31, 2014
Discount rate	8.25% p.a.	7.90% p.a.
Expected rate of return on plan assets	8.75% p.a.	8.75% p.a.
Salary Escalation Rate	10% for 1st year & 7% thereafter	10% for 1st year & 7% thereafter
Attrition rate:	As per table below	As per table below

Attrition rate used for the year ended December 31, 2015 and year ended December 31, 2014 are as per the table below:

Age (Years)	Rates
Below Age 30	15%
Age 30 to 34	10%
Age 35 to 44	5%
Age 45 to 50	3%
Age 51 to 54	2%
Age above 54	1%

The estimates of future salary increases takes into account the inflation, seniority, promotion and other relevant factors.

Amounts for the current and previous four years are as follows:

	(Amount in Rs.)				
	December 31, 2015	December 31, 2014	December 31, 2013	December 31, 2012	December 31, 2011
Defined benefit obligation	68,174,622	102,262,322	81,424,215	78,143,622	62,937,379
Plan assets	2,957,688	3,681,619	4,549,747	-	-
Surplus / (deficit)	(65,216,934)	(98,580,703)	(76,874,468)	(78,143,622)	(62,937,379)
Experience (Gains)/ Losses adjustments on plan liabilities	(3,130,164)	(4,196,352)	(3,130,879)	2,63,983	1,934,614
Experience adjustments on plan assets	(570,122)	16,304	14,859	-	-

36. Particulars of Derivative Instruments and Unhedged Foreign Currency Exposure as at December 31, 2015 and December 31, 2014:

As of December 31, 2015, the Company has derivative financial instruments to sell USD 15,300,000 (Previous year USD 14,750,000), EURO 1,850,000 (Previous year EURO 1,200,000) and put options USD Nil (Previous year 150,000). The Company has not applied hedge accounting as these instruments do not qualify for hedge accounting. The Company has recognised mark-to-market gain of Rs. 15,645,821 (Previous year loss of Rs. 549,541) relating to such derivative financial instruments in the statement of profit and loss for the year ended December 31, 2015.

The particulars of Unhedged Foreign Currency Exposure as at December 31, 2015 and December 31, 2014 are as below:

	Currency	Foreign Currency amount		Closing foreign exchange rate		Amount (in Rs.)	
		December 31,		December 31,		December 31,	
		2015	2014	2015	2014	2015	2014
Liabilities							
Deferred compensation to erstwhile shareholders of subsidiary	SGD	-	269,285	-	47.72	-	12,850,989
Trade payables	USD	914,306	799,883	66.16	63.04	60,485,885	50,420,604
	SGD	76,708	12,890	46.83	47.72	3,591,841	615,163
	NZD	29,065	-	45.31	-	1,316,914	-
Assets							
Trade receivables (Gross)	USD	5,730,448	6,161,323	66.16	63.04	379,097,784	388,379,008
	EURO	783,610	1,288,764	72.11	76.59	56,508,051	98,699,984
	GBP	161,406	132,663	98.07	98.31	15,828,279	13,042,409
	SGD	245,471	35,438	46.83	47.72	11,494,159	1,691,166
	NZD	89,506	-	45.31	-	4,055,501	-
	CHF	-	56,950	-	63.70	-	3,627,715
	CAD	223,678	242,308	47.67	54.42	10,661,627	13,187,003
Loans and advances	USD	10,428	33,115	66.16	63.04	689,860	2,087,407
	SGD	34,700	24,815	46.83	47.72	1,624,828	1,184,244
	CAD	-	15	-	54.42	-	808
	NZD	4,877	-	45.31	-	220,991	-
Bank balances	USD	631,804	1,140,682	66.16	63.04	41,797,004	71,902,872
	EURO	11,351	113,684	72.11	76.59	818,540	8,706,494
	GBP	2,726	926	98.07	98.31	267,349	91,037
	CAD	117	-	47.67	-	5,577	-
	CHF	-	94,595	-	63.70	-	6,025,694
	NZD	146,319	-	45.31	-	6,629,719	-

The below table shows the detail of different currencies:

Sl. No.	Currency Abbreviation	Name of Currency	Country
1	GBP	Great Britain Pound	United Kingdom
2	EURO	Euro	European Union
3	CHF	Swiss Franc	Switzerland
4	USD	US Dollar	United States
5	AUD	Australian dollar	Australia
6	SGD	Singapore Dollar	Singapore
7	CAD	Canadian Dollar	Canada
8	NZD	New Zealand Dollar	New Zealand

37. Cash and bank balances:

(Amount in Rs.)

Sl. No.	Particulars	As at December 31, 2015	As at December 31, 2014
	Cash on hand (A)	261,763	162,955
	Balance with scheduled banks		
	On current accounts		
1	Axis Bank Limited	8,519,878	25,263,893
2	ICICI Bank Limited	1,480,022	82,121,855
3	HDFC Bank Limited	1,761,829	5,894,989
4	Oriental Bank of Commerce	685,947	78,437
5	State Bank of India	1,054,484	4,896,668
6	State Bank of Bikaner & Jaipur	42,097	66,392
7	Kotak Mahindra Bank Limited	243,443	93,854
8	The Ratnakar Bank Limited	-	79,985
9	Bank of Baroda	6,654,719	-
	Total (B)	20,442,419	118,496,073
	On cash credit / overdraft accounts*		
1	Axis Bank Limited	-	-
	Total (C)	-	-
	On EEFC accounts		
1	ICICI Bank Limited- USD	10,012,753	22,567,090
2	State Bank of India - USD	331	3,606,650
3	Axis Bank Limited-USD	1,501,362	22,199,151
4	Axis Bank Limited-EURO	818,540	8,706,494
5	Axis Bank Limited-GBP	267,349	91,037
6	Axis Bank Limited-CHF	-	6,025,694
7	Axis Bank Limited-CAD	5,577	-
	Total (D)	12,605,912	63,196,116
	On deposit accounts		
1	Oriental Bank of Commerce	-	76,838,828
2	State Bank of India	6,163,941	7,674,574
3	ICICI Bank Limited	282,954	31,862,529
4	State Bank of Bikaner & Jaipur	26,900,000	195,300,000
5	Axis Bank Limited	38,219,224	20,755,350
6	Kotak Mahindra Bank Limited	110,400,000	110,200,000
7	HDFC Bank Limited	10,200,000	-
	Total (E)	192,166,119	442,631,281
	On unclaimed dividend accounts		
1	HDFC Bank Limited	2,670,852	1,968,014
2	Kotak Mahindra Bank Limited	108,299	116,688
	Total (F)	2,779,151	2,084,702
	On unpaid dividend accounts		
1	HDFC Bank Limited	-	325,019,379
	Total (G)	-	325,019,379
	Escrow account for buyback		
1	Kotak Mahindra Bank Limited	-	15,000,000
	Total (H)	-	15,000,000

(Amount in Rs.)			
Sl. No.	Particulars	As at December 31, 2015	As at December 31, 2014
	Balance with other banks On current accounts		
1	California Bank & Trust, USA	30,282,558	23,529,981
	Total (I)	30,282,558	23,529,981
	Less: Amount disclosed under other non- current assets (refer note 14.2)	47,158,352	48,692,453
	Total cash and bank balances (refer note 15)	211,379,570	941,428,034

* Cash credit limit / Bank guarantee / Loan equivalent risk / Letter of credit is secured by first charge by way of hypothecation of entire current assets and collateral over an immovable property situated in Noida.

38. Previous year figures have been regrouped / reclassified where necessary to make them comparable to the current year classification.

As per our report of even date.

For S.R. Batliboi & Associates LLP
ICAI Firm registration number: 101049W
 Chartered Accountants

For and on behalf of the Board of Directors of R Systems International Limited

Sd/-
per Yogender Seth
 Partner
 Membership No. 94524

Sd/-
Satinder Singh Rekhi
 [Managing Director]
 [DIN: 00006955]

Sd/-
Lt. Gen. Baldev Singh (Retd.)
 [President & Senior
 Executive Director]
 [DIN: 00006966]

Sd/-
Nand Sardana
 [Chief Financial Officer]

Sd/-
Ashish Thakur
 [Company Secretary &
 Compliance Officer]

Place : NOIDA
 Date : February 06, 2016

Place : NOIDA
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Place : NOIDA
 Date : February 06, 2016



FINANCIAL STATEMENTS (CONSOLIDATED)

INDEPENDENT AUDITOR'S REPORT

To the Members of R Systems International Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of R Systems International Limited (hereinafter referred to as "the Holding Company") and its subsidiaries namely; R Systems, Inc., USA, R Systems Technologies Limited, USA (formerly known as Indus Software Inc., USA), R Systems Solution, Inc., USA (merged with R Systems Inc., USA w.e.f. December 10, 2015), R Systems (Singapore) Pte Limited, Singapore and its subsidiaries, ECnet Limited, Singapore and its subsidiaries, Computaris International Limited, U.K. and its subsidiaries, Systèmes R. International Ltée, Canada and R Systems Product & Technologies Private Limited (sold on July 7, 2015) (the Holding Company and its subsidiaries together referred to as "the Group"), comprising the consolidated Balance Sheet as at December 31, 2015, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the consolidated financial statements').

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms with the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit,

we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group as at December 31, 2015, their consolidated profit and their consolidated cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on the comments in the auditor's report of the Holding company and its subsidiaries incorporated in India, to whom the Order applies, we give in the Annexure 1a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by section 143 (3) of the Act, we report, to the extent applicable, that:

- (a) We / the other auditors whose reports we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
- (b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
- (c) The consolidated Balance Sheet, consolidated Statement of Profit and Loss, and consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) On the basis of the written representations received from the directors of the Holding Company as on December 31, 2015 taken on record by the Board of Directors of the Holding Company and the reports of the auditors who are appointed under Section 139 of the Act, of its subsidiary companies incorporated in India, none of the directors of the Group's companies incorporated in India is disqualified as on 31st December, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Group does not have any pending litigations which would impact its consolidated financial position;
 - ii. The Group did not have any material foreseeable losses in long-term contracts including derivative contracts;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, its subsidiaries incorporated in India.

Other Matter

The accompanying consolidated financial statements include total assets of Rs. 19,518.63 lacs as at December 31, 2015, and total revenues and net cash inflows of Rs. 32,547.61 lacs and Rs. 2,330.92 lacs for the year ended on that date, in respect of twenty four subsidiaries, which have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. The financial statements and information of these subsidiaries have been prepared in accordance with accounting principles generally accepted in their respective countries and have been audited by other auditors who have submitted their audit reports, prepared under generally accepted auditing standards of their respective countries, to the shareholder of the respective entities. The Company's management has converted the financial statements and information of these subsidiaries from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We audited the adjustments that were applied to prepare the 2015 consolidated financial statements made by the Company's management to convert these subsidiaries financial statements and information from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. In our opinion, such adjustments have been properly applied. We did not audit the 2015 financial statements of these subsidiaries and accordingly, our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the report(s) of such other auditors and information provided by the Company's management. Our opinion is not qualified in respect of this matter.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements above, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

For S.R. Batliboi & Associates LLP

Chartered Accountants
ICAI Firm Registration Number: 101049W

**Sd/-
per Yogender Seth**

Place of Signature: NOIDA
Date: February 06, 2015

Partner
Membership Number: 94524

ANNEXURE TO THE AUDITOR'S REPORT

Annexure 1a to the Auditor's Report referred to in paragraph [1] of "Report on Other Legal and Regulatory Requirements" in our report of even date

R Systems International Limited ('Holding Company') incorporated in India to whom the provisions of the Order apply (referred to as "the covered entity" in this report)

- (i) (a) The Holding Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets were physically verified by the management of the Holding Company in the previous year in accordance with a planned programme of verifying them once in two years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (ii) The business of the Holding Company does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Holding Company.
- (iii) According to the information and explanations given to us, the Holding Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a) and (b) of the Order are not applicable to the Covered entities of the Group and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Holding Company and the nature of its business, for purchase of fixed assets and rendering of services. The activities of the Company do not involve purchase of inventory and the sale of goods. During the course of our audit, no major weakness was observed or continuing failure to correct any major weakness in the internal control system of the Holding Company in respect of these areas.
- (v) The Holding Company has not accepted any deposits from the public.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under clause 148(1) of the Companies Act, 2013, for the products/services of the Holding Company.
- (vii) (a) The Holding Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues as applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable for the covered entities of the Group.
- (c) According to the records of the Holding Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service

tax, customs duty, excise duty, value added tax and cess on account of any dispute, are as follows:

Name of statute	Nature of dues	Amount (in INR)	Period to which amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax Demand	Nil*	A/Y 2008-09	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax Demand	1,725,570	AY 2009-10	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax Demand	163,950	A/Y 2010-11	Income Tax Appellate Tribunal

* Net of Rs. 1,000,000 deposited and Rs. 8,399,040 adjusted by department against refund for A/Y 2011-12 under protest.

- (d) According to the information and explanations given to us, the amount required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder has been transferred to such fund within time.
- (viii) The Holding Company has no accumulated losses at the end of the financial year and has not incurred cash losses in the current and immediately preceding financial year.
- (ix) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Covered entities of the Group have not defaulted in their repayment of dues to a financial institution, bank or debenture holders.
- (x) According to the information and explanations given to us, the Holding Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xi) Based on the information and explanations given to us by the management of the Holding Company, terms loans were applied for the purpose for which the loans were obtained.
- (xii) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the consolidated financial statements and as per the information and explanations given by the management, which we have relied upon, we report that no fraud on or by the Holding Company has been noticed or reported during the year.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W

**Sd/-
per Yogender Seth**

Partner

Place of Signature: NOIDA

Date: February 06, 2016

Membership Number: 94524

CONSOLIDATED BALANCE SHEET as at December 31, 2015

	Notes	As at December 31, 2015 (Rs.)	As at December 31, 2014 (Rs.)
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	126,131,445	126,719,600
Reserves and surplus	4	2,302,433,457	2,004,331,641
		2,428,564,902	2,131,051,241
Minority Interest			
	5	-	-
Non-current liabilities			
Long-term borrowings	6	7,770,174	6,285,234
Deferred tax liabilities (net)	7.1	-	662,438
Other long-term liabilities	8	100,607,021	4,994,715
Long-term provisions	9	63,463,031	95,215,947
		171,840,226	107,158,334
Current liabilities			
Trade payables	10	485,385,254	508,887,723
Other current liabilities	10	303,425,800	590,248,233
Short-term provisions	9	166,029,363	392,731,307
		954,840,417	1,491,867,263
TOTAL		3,555,245,545	3,730,076,838
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	11	273,315,714	349,245,943
Intangible assets	12	46,865,482	66,386,272
Capital work in progress		12,522	182,700
Goodwill on consolidation	30 (b) & (d)	477,971,842	280,203,651
Non-current investments	13.1	290,446,778	25,000
Deferred tax assets (net)	7.2	37,034,304	38,298,987
Long-term loans and advances	14	63,270,017	68,841,286
Other non-current assets	15.2	74,484,166	58,571,642
		1,263,400,825	861,755,481
Current assets			
Current investments	13.2	118,008,806	18,000,000
Trade receivables	15.1	1,046,312,266	1,250,765,042
Cash and bank balances	16	851,466,867	1,363,834,550
Short-term loans and advances	14	143,753,659	118,574,903
Other current assets	15.2	132,303,122	117,146,862
		2,291,844,720	2,868,321,357
TOTAL		3,555,245,545	3,730,076,838
Summary of significant accounting policies	1.1		

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date.

For S.R. Batliboi & Associates LLP
ICAI Firm registration number: 101049W
Chartered Accountants

For and on behalf of the Board of Directors of R Systems International Limited

Sd/-
per Yogender Seth
Partner
Membership No. 94524

Sd/-
Satinder Singh Rekhi
[Managing Director]
[DIN: 00006955]

Sd/-
Lt. Gen. Baldev Singh (Retd.)
[President & Senior
Executive Director]
[DIN: 00006966]

Sd/-
Nand Sardana
[Chief Financial Officer]

Sd/-
Ashish Thakur
[Company Secretary &
Compliance Officer]

Place: NOIDA
Date : February 06, 2016

Place: NOIDA
Date : February 06, 2016

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Date : February 06, 2016

CONSOLIDATED STATEMENT OF PROFIT AND LOSS for the year ended December 31, 2015

	Notes	For the Year ended December 31, 2015 (Rs.)	For the Year ended December 31, 2014 (Rs.)
Income			
Revenue from operations	17	6,050,318,613	6,484,958,614
Other income	18	98,128,187	90,726,159
Total revenue		6,148,446,800	6,575,684,773
Expenses			
Employee benefits expense	19	3,648,803,495	3,935,220,758
Operational and other expenses	20	1,677,995,747	1,643,037,333
Depreciation and amortisation expense	21	140,233,722	112,453,011
Finance costs	22	9,588,019	10,878,543
Total expenses		5,476,620,983	5,701,589,645
Profit before tax and exceptional items		671,825,817	874,095,128
Exceptional items	23	603,101,758	250,109,782
Profit before tax		1,274,927,575	1,124,204,910
Tax expense			
Current tax	30 (i)	290,075,504	325,289,478
Deferred tax charge		6,553,696	17,577,974
Total tax expense		296,629,200	342,867,452
Profit for the year		978,298,375	781,337,458
Earnings per equity share [Nominal value of shares Re. 1 (Previous year: Re. 1)]:			
Basic	32	7.70	6.14
Diluted		7.70	6.14
Summary of significant accounting policies	1.1		

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date.

For S.R. Batliboi & Associates LLP
ICAI Firm registration number: 101049W
Chartered Accountants

For and on behalf of the Board of Directors of R Systems International Limited

Sd/-
per Yogender Seth
Partner
Membership No. 94524

Sd/-
Satinder Singh Rekhi
[Managing Director]
[DIN: 00006955]

Sd/-
Lt. Gen. Baldev Singh (Retd.)
[President & Senior
Executive Director]
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Sd/-
Nand Sardana
[Chief Financial Officer]

Sd/-
Ashish Thakur
[Company Secretary &
Compliance Officer]

Place: NOIDA
Date : February 06, 2016

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CONSOLIDATED CASH FLOW STATEMENT for the year ended December 31, 2015

	For the year ended December 31, 2015 (Rs.)	For the year ended December 31, 2014 (Rs.)
A. Cash flows from operating activities		
Net profit before taxation	1,274,927,575	1,124,204,910
Adjustments for		
Depreciation and amortisation expense	140,233,722	112,453,011
Impairment loss on intangible assets earlier acquired from business acquisition [refer note 30 (e)]	11,959,025	-
Debts and advances provided / written off (net)	8,277,682	(3,445,516)
Deferred compensation payable written back	(12,609,305)	-
Profit on redemption of mutual fund	(1,774,260)	(1,005,000)
Currency translation reserve released	(9,681,040)	(36,956,977)
Profit on sale of subsidiaries [refer note 30 (f) & (h)]	(592,770,438)	(213,152,805)
Rental income from investment property	(3,079,568)	-
Loss on sale / discard of fixed assets (net)	1,457,687	1,609,875
Unrealised foreign exchange loss / (gain)	(5,458,894)	(18,782,984)
Unrealised loss / (gain) on derivative instruments	(16,195,362)	(22,369,076)
Interest income	(46,320,723)	(41,016,484)
Excess provisions written back	(50,882)	(1,182,856)
Interest under income tax	1,163,929	1,968,371
Interest on loans	1,130,175	1,174,750
Operating profit before working capital changes	751,209,323	903,499,219
Movements in working capital		
(Increase) / Decrease in trade receivables	75,332,916	(256,762,771)
(Increase) / Decrease in other current assets	(74,110,744)	122,572,397
(Increase) / Decrease in loans and advances	(51,413,568)	10,086,223
(Increase) / Decrease in other non-current assets	(14,193,795)	13,595,078
Increase / (Decrease) in short-term and long-term provision	(2,006,331)	27,096,207
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	121,246,125	170,980,780
Cash generated from operations	806,063,926	991,067,133
Direct taxes paid, net of refunds	(357,530,572)	(266,493,371)
Net cash flows from operating activities (A)	448,533,354	724,573,762
B. Cash flows from investing activities		
Purchase of fixed assets	(162,577,426)	(98,243,098)
Proceeds from sale of fixed assets	2,792,080	636,742
Acquisition of subsidiary (net of cash and cash equivalents acquired amounting to Rs. 14,574,097)	(21,127,688)	-
Investment in mutual fund	-	(18,000,000)
Proceeds from redemption of mutual fund	19,774,260	11,005,000
Amount received on sale of subsidiaries [refer note 30 (f) & (h)]	274,005,252	229,279,031
Rental income from investment property	3,079,568	-
Interest received	42,566,792	41,241,603
Investment in long term fixed deposits with banks	(67,649,268)	(441,477,934)
Proceeds from long term fixed deposits with banks	307,088,096	356,080,957
Net cash from investing activities (B)	397,951,666	80,522,301

	For the year ended December 31, 2015 (Rs.)	For the year ended December 31, 2014 (Rs.)
C. Cash flows used in financing activities		
Proceeds from long-term borrowings	5,715,000	5,296,143
Repayment of long-term borrowings - current maturities	(5,401,860)	(5,953,479)
Proceeds from other non-current assets	43,893	20,102,062
Proceeds from issuance of equity share	1,086,300	9,704,280
Buy Back of equity shares	(59,573,776)	-
Interest paid	(1,113,678)	(1,157,357)
Dividends paid	(945,868,512)	(419,786,367)
Tax on dividend paid	(126,347,296)	(139,854,632)
Net cash used in financing activities (C)	(1,131,459,929)	(531,649,350)
Net increase / (decrease) in cash and cash equivalents during the year (A + B + C)	(284,974,909)	273,446,713
Add: Cash and cash equivalents at the beginning of the year	1,059,095,722	795,193,692
Add : Effect of exchange rate changes on cash and cash equivalents	12,046,054	(9,544,683)
Cash and cash equivalents at the end of the year (also refer note 16)	786,166,867	1,059,095,722

Notes:

- Figures in brackets indicate cash out flow.
- Cash and cash equivalents includes unclaimed dividend liabilities of Rs. 2,779,151 (Previous year Rs. 2,084,702), unpaid dividend liabilities (refer note 10) of Rs. Nil (Previous year Rs. 325,019,379) and Rs. Nil (Previous year Rs. 15,000,000) kept in the escrow account for buyback of share capital of the Company. The aforesaid amounts are not available for use by the Company.

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date.

For S.R. Batliboi & Associates LLP
ICAI Firm registration number: 101049W
 Chartered Accountants

For and on behalf of the Board of Directors of R Systems International Limited

Sd/-
per Yogender Seth
 Partner
 Membership No. 94524

Sd/-
Satinder Singh Rekhi
 [Managing Director]
 [DIN: 00006955]

Sd/-
Lt. Gen. Baldev Singh (Retd.)
 [President & Senior
 Executive Director]
 [DIN: 00006966]

Sd/-
Nand Sardana
 [Chief Financial Officer]

Sd/-
Ashish Thakur
 [Company Secretary &
 Compliance Officer]

Place: NOIDA
 Date : February 06, 2016

Place: NOIDA
 Date : February 06, 2016

Place: NOIDA
 Date : February 06, 2016

Place: NOIDA
 Date : February 06, 2016

Place: NOIDA
 Date : February 06, 2016

NOTES to the Consolidated Financial Statements for the year ended December 31, 2015

1 Basis of preparation

The consolidated financial statements of R Systems International Limited (the 'Company') and its subsidiaries (collectively referred to as 'R Systems Group' or the 'Group') have been prepared to comply in all material respects with the accounting standards notified under Section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014 and other accounting principles generally accepted in India. The financial statements have been prepared on an accrual basis and under the historical cost convention except for certain financial instruments which are measured at fair value. The accounting policies have been consistently applied by the Company and are consistent with those used in previous year.

Further, the Company continues to follow calendar year i.e. 1st day of January to 31st day of December as its financial year vide the Company Law Board Order dated November 18, 2015 under the proviso to Section 2(41) of the Companies Act, 2013.

All figures are in Rupees except where expressly stated.

1.1 Summary of significant accounting policies

(a) Principles of consolidation

The consolidated financial statements are prepared in accordance with the principles and procedures for the preparation and presentation of consolidated financial statements as laid down under Accounting Standard 21 "Consolidated Financial Statements".

The consolidated financial statements include the financial statements of R Systems International Limited and its subsidiaries (as explained in note 2 below). These accounts do not include enterprises, which are set-up for the benefit of employees like ESOP trusts (explained in note 30 (b) below) as not required to be consolidated as per Accounting Standard 21 "Consolidated Financial Statements".

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Company's standalone financial statements. The Group follows uniform accounting year i.e. January to December.

The financial statements of the Company and its subsidiaries have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances / transactions.

Minority Interest's share in the net income of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company. In case the losses applicable to consolidated minority are in excess

of minority interest in the equity of the subsidiary, the excess, and any further losses applicable to the minority are adjusted against majority interest except to the extent minority has a binding obligation to, and is able to, make good losses. If the subsidiary subsequently reports profit, all such profits are allocated to the majority interest until the minority's share of losses previously absorbed by the majority has been recovered.

(b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year end. These estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

(c) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

(d) Depreciation on tangible fixed assets

Depreciation on tangible assets is provided on the straight line method based on useful lives of respective assets as estimated by the management. The assets residual values and useful lives are reviewed at each financial year end or whenever there are indicators for review, and adjusted prospectively.

Considering the applicability of Schedule II, the management has re-estimated useful lives and residual values of all its fixed assets. The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of fixed assets and are in align with Part C of Schedule II of the Companies Act 2013 (also refer note 33).

The estimated useful lives of the tangible fixed assets followed by the Group in preparing the consolidated financial statements are described as below:

Category of tangible fixed assets	Estimated useful life
Land leasehold	Lease period
Building- freehold	30 years
Leasehold improvements	Lower of lease period or useful life
Plant and machinery - other than air conditioners	15 years
Air conditioners	5 years

Category of tangible fixed assets	Estimated useful life
Office Equipment (other than end user devices)	5 years
Computer hardware and network installations (other than end user devices)	6 years
End-user devices such as desktop, laptop, mobile phones etc.	3 years
Furniture and fittings	10 years
Vehicles	8 years
Electrical Installations	10 years

(e) Intangibles assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Intangible assets are amortised on a straight line basis over the estimated useful economic life and are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortisation period and the amortisation method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortisation method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.

Research and development costs

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognised as an intangible asset when the company can demonstrate all the following:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- Its intention to complete the asset
- Its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of adequate resources to complete the development and to use or sell the asset
- The ability to measure reliably the expenditure attributable to the intangible asset during development.

Following the initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised on a straight line basis over the period of expected future benefit from the related project. Amortisation is recognised in the statement of profit and loss. During the period of development, the asset is tested for impairment annually.

A summary of amortisation policies applied to intangible assets are as below:

Category of intangible fixed assets	Estimated useful life
Computer software	Lower of license period or 3 to 5 Years
Customer contract	Over the period of contract
Internally generated	4 years

(f) Goodwill / capital reserve

Goodwill / capital reserve represents the cost to the parent of its investment in subsidiaries over / under the parent's portion of equity of the subsidiary, at the date on which the investment in the subsidiaries is made.

(g) Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

After impairment, tangible assets / intangibles are depreciated / amortised on the revised carrying amount over its remaining useful life.

The Group evaluates the carrying value of its goodwill whenever events or changes in circumstances indicate that its carrying value may be impaired. Impairment is recognised in the year / period of such determination. Management also ascertains the future revenue and earnings of the acquired entities and analyses sustainability thereof to determine impairment. For ascertaining impairment, consideration is given to fair value of the acquired entities.

(h) Leases

Where the Group is the lessee

Finance leases, which effectively transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the lower

of the fair value of lease property and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalised.

If there is no reasonable certainty that the Group will obtain the ownership by the end of the lease term, capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

Where the Group is the lessor

Leases in which the company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included under Non-current investments as investment property and are carried at cost less accumulated depreciation. Lease income on an operating lease is recognized in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the statement of profit and loss.

(i) Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Non-current investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the Non-current investments.

(j) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Rendering of services

Revenue from software development and maintenance services projects comprise income from time-and-material and fixed-price contracts.

Revenue associated with software development and maintenance services / customisation of products and business process outsourcing services rendered on time and materials basis is recognised when services are

rendered. The same is calculated based on man-hours incurred for rendering services.

Fixed-price contracts vary in duration depending on the terms of the work being performed. Revenue from fixed price contracts (including maintenance and support contracts) is recognised using the percentage of completion method, when reasonable progress has been made on the milestones achieved as specified in the contracts. The stage of completion of project is determined by the proportion that contract efforts incurred for work performed up to the balance sheet date bear to the estimated total contract effort. Changes in contract performance, estimated profitability and final contract settlements may result in revision to costs and revenue and are recognised in the period in which the revisions are determined. If a loss is projected on any contract in process, the entire projected loss is recognised immediately.

In terms of contracts excess / shortfall of revenue over the billed as at the year-end is carried in financial statement as unbilled revenue / unearned revenue separately.

Sale of products

Revenue from the sale of the product (software and hardware) is recognised when the sale has been completed with the transfer of title.

Interest

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

(k) Foreign currency translation

Foreign currency transactions

(i) Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

(iii) Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting Group monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expense in the year in which they arise except those arising from investments in non-integral operations.

- (iv) Forward exchange contracts not intended for trading or speculation purposes

The premium or discount arising at the inception of forward exchange contracts (except outstanding against firm commitments and highly probable forecast transaction) is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

- (v) Translation of non-integral foreign operations

In translating the financial statements of a non-integral foreign operation for incorporation in consolidated financial statements, the assets and liabilities, both monetary and non-monetary, of the non-integral foreign operation are translated at the closing rate; income and expense items of the non-integral foreign operations are translated at yearly average exchange rates; and all resulting exchange differences are accumulated in a foreign currency translation reserve until the disposal of net investment. On the disposal of a non-integral foreign operation, the cumulative amount of the exchange differences which have been deferred and which relate to that operation are recognised as income or as expenses in the same period in which the gain or loss on disposal is recognised.

For translating income, expense and cash flows items, during the year ended December 31, 2015, the rates used were US \$ 1 = Rs. 64.15, GBP 1 = Rs. 98.06, Singapore \$ 1 = Rs. 46.67 and Canadian \$ 1 = Rs. 50.20. For translating assets and liabilities at the year-end, the rates used were US \$ 1 = Rs. 66.16, GBP 1 = Rs. 98.07, Singapore \$ 1 = Rs. 46.83 and Canadian \$ 1 = Rs. 47.67.

For translating income, expense and cash flows items, during the year ended December 31, 2014, the rates used were US \$ 1 = Rs. 61.02, Euro 1 = Rs. 81.04, GBP 1 = Rs. 100.51, Singapore \$ 1 = Rs. 48.16 and Canadian \$ 1 = Rs. 55.25. For translating assets and liabilities at the year-end, the rates used were US \$ 1 = Rs. 63.04, Euro 1 = Rs. 76.59, GBP 1 = Rs. 98.31, Singapore \$ 1 = Rs. 47.72 and Canadian \$ 1 = Rs. 54.42.

- (vi) Translation of Integral foreign operation

The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation have been those of the Company itself.

(I) Retirement benefits

- (i) Retirement benefits in the form of defined contribution schemes are charged to the statement of profit and

loss of the year when an employee renders related services. There are no other obligations other than the contribution payable to the respective funds.

- (ii) Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation made at the end of each financial year for the employees of the Company on projected unit credit method. The gratuity plan of the Company is funded.

- (iii) Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method. The Group presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

- (iv) Actuarial gains / losses are immediately taken to statement of profit and loss and are not deferred.

(m) Income taxes

Tax expense comprises of current and deferred tax.

Current income tax expense comprises of taxes on income from operations in India and in foreign jurisdictions. Income tax payable in India is determined in accordance with the provisions of the Income Tax Act, 1961. Tax expense relating to overseas operations is determined in accordance with tax laws applicable in countries where such operations are domiciled.

Deferred income tax reflects the impact of current year timing differences between taxable income and accounting income and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities across various countries of operation are not set off against each other as the Group does not have a legal right to do so. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

If the Group has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

At each balance sheet date the Group re-assesses unrecognised deferred tax assets. It recognises the unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Group writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain, that sufficient future taxable income will be available.

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified year. In the year in which the Minimum Alternative Tax (MAT) credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

The companies in the Group are subject to tax legislation as applicable in the respective country of incorporation. Accordingly, the calculations do not represent tax liability / income attributable to Group results, if these were to be analysed under the local legislation of the Company.

(n) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs incurred in connection with the borrowing of funds.

(o) Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement on balance sheet date comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

(p) Government grants and subsidies

Grants and subsidies from the government are recognised when there is reasonable assurance that the grant / subsidy will be received and all attaching conditions will be complied with.

When the grant or subsidy relates to an expense item, it is deducted in reporting the related expenses over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate.

(q) Provision

A provision is recognised when the Group has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value

and are determined based on the best estimate required to settle the obligation at each balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the management's current estimates.

(r) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average numbers of equity shares outstanding during the year are adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

(s) Segment reporting

Identification of segments :

The Group's operating businesses are organised and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which the major customers of the Group operate and / or the area in which the assets are located.

Inter segment transfers :

The Group generally accounts for inter segment sales and transfers as if the sales or transfers were to third parties at current market prices.

Allocation of common costs :

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Unallocated items :

The corporate and other segment includes general corporate income and expense items which are not allocated to any business segment.

Segment Policies :

The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Group as a whole.

(t) Employee stock compensation cost

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The Company measures compensation cost relating to employee stock options

using the intrinsic value method. Compensation expense is amortised over the vesting period of the option on a straight line basis.

(u) Accounting for derivatives

The Group uses foreign exchange forward contracts (derivative financial instrument) to hedge its exposure to movements in foreign exchange rates against firm commitment or highly probable forecast transactions. The use of these foreign exchange forward contracts reduces the risk or cost to the Group and the Group does not use the foreign exchange forward contracts or options for trading or speculation purposes.

Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value on a mark-to-market basis at each balance sheet date. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in fair value on derivatives during the year that do not qualify for hedge accounting and the ineffective portion of an effective hedge, are taken directly to the statement of profit and loss.

The mark-to-market is the difference between the forward exchange rate and the contract rate. The forward exchange rate is referenced to current forward exchange rates for contracts with similar maturity profiles.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment (except for foreign currency risk); or
- cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

Fair value hedges

The change in the fair value of a hedging derivative is recognised in the statement of profit and loss. The change in the fair value of the hedged item attributable to the risk hedged is recorded as a part of the carrying value of the hedged item and is also recognised in the Statement of profit and loss.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while any ineffective portion is recognised immediately in the Statement of profit and loss. Amounts taken to equity are transferred to the Statement of profit and loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs.

If the forecast transaction or firm commitment is no longer expected to occur, amounts previously recognised in equity are transferred to the Statement of profit and loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction or firm commitment occurs.

(v) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements.

2. Description of the Group

The Company is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on National Stock Exchange of India Limited and BSE Limited. R Systems Group is a leading global provider of IT solutions and Business Process Outsourcing (BPO) services. The Company's primary focus is to provide full service IT solutions, software engineering services, technical support, customer care and other IT enabled services to independent software vendors (ISV's), telecom and digital media technology companies, banking and financial services companies, health care sector, manufacturing and logistics companies and other high technology sectors. R Systems Group through its subsidiary ECnet Limited develops and markets its proprietary supply chain solution under the brand name "ECnet", primarily to the high technology sector.

The Company, R Systems International Limited is registered under the Companies Act, 1956 with its Registered Office at New Delhi and during the year ended December 31, 2015 had following subsidiaries:-

Subsidiary	Holding	Country of incorporation and other particulars
R Systems, Inc., USA	100% (Previous year 100%)	A company registered under the laws of California, USA in 1993 and subsidiary of the Company since January 2, 2001.
R Systems (Singapore) Pte Limited, Singapore	100% (Previous year 100%)	A company registered under the laws of Singapore in 1997 and subsidiary of the Company since September 19, 2000.
R Systems Technologies Limited, USA (formerly known as Indus Software, Inc.)	100% (Previous year 100%)	A company registered under the laws of Delaware, USA in 1996 and subsidiary of the Company since April 1, 2002.
ECnet Limited, Singapore *	99.75% (Previous year 99.75%)	A company registered under the laws of Singapore in 1996. The Company has acquired majority share on January 8, 2004. ECnet Limited, Singapore has subsidiaries in Malaysia, Thailand, China, Hong Kong, USA and Japan.
Computaris International Limited, U.K.	100% (Previous year 100%)	A company registered under the laws of U.K in 2006. The Company has acquired the entire share on January 26, 2011. Computaris International Limited, U.K. has subsidiaries in Romania, Poland, Moldova, Malaysia and USA.
Systèmes R. International Ltée, Canada	100% (Previous year 100%)	A company registered under the laws of Canada in 2012 and subsidiary of the Company since October 29, 2012.
R Systems Solution, Inc., USA [refer note 30 (g)]	100% (Previous year 100%)	A company registered under the laws of California, USA in 2000 and subsidiary of the Company since August 24, 2006. (merged into R Systems, Inc., USA w.e.f. December 10, 2015)
R Systems Europe B.V., Netherlands [refer note 30 (f)]	Nil (Previous year 100%)	A company registered under the laws of Netherlands in 1999 and subsidiary of the Company since January 23, 2008. (Ceased to be subsidiary of the Company w.e.f. November 27, 2014).
R Systems S.A.S, France [refer note 30 (f)]	Nil (Previous year 100%)	A company registered under the laws of France in 2000 and subsidiary of the Company since January 23, 2008. (Ceased to be subsidiary of the Company w.e.f. November 27, 2014)
R Systems Product & Technologies Private Limited, India (formerly known as R Systems Product & Technologies Limited) [refer note 30 (h)]	100% (Previous year 100%)	A company incorporated under the provision of Companies Act, 2013 in India on July 11, 2014. (Ceased to be subsidiary of the Company w.e.f. July 7, 2015).

*The shareholding by the Company and R Systems (Singapore) Pte Limited is 69.37% and 30.38% respectively.

ECnet Limited, Singapore has following wholly owned subsidiaries:

Name	Holding	Country of incorporation
ECnet (M) Sdn Bhd	100 % (Previous year 100%)	Malaysia
ECnet Systems (Thailand) Co. Ltd.	100 % (Previous year 100%)	Thailand
ECnet (Shanghai) Co. Ltd.	100 % (Previous year 100%)	People's Republic of China
ECnet (Hong Kong) Ltd.	100 % (Previous year 100%)	Hong Kong
ECnet, Inc.	100 % (Previous year 100%)	United States of America
ECnet Kabushiki Kaisha	100 % (Previous year 100%)	Japan

Computaris International Limited, UK has following wholly owned subsidiaries:

Name	Holding	Country of incorporation
Computaris Romania SRL	100 % (Previous year 100%)	Romania
Computaris Polska sp z o.o.	100 % (Previous year 100%)	Poland
Computaris USA, Inc.	100 % (Previous year 100%)	United States of America
ICS Computaris International Srl	100 % (Previous year 100%)	Moldova
Computaris Malaysia Sdn. Bhd.	100 % (Previous year 100%)	Malaysia

IBIZCS Group Pte Limited, Singapore is a wholly owned subsidiary of R Systems (Singapore) Pte Limited, Singapore w.e.f. April 30, 2015 and has following wholly owned subsidiaries [refer note 30 (d)]:

Name	Holding	Country of incorporation
IBIZ Consulting Services Pte Ltd	100 %	Singapore
IBIZ Consulting Services Sdn. Bhd.	100 %	Malaysia
PT. IBIZCS Indonesia	100 %	Indonesia
IBIZ Consultancy Services India Private Limited	100 %	India
IBIZ Consulting Service Limited (IBIZ HK)	100 %	Hong Kong
IBIZ Consulting Service Shanghai Co., Ltd.	100% by IBIZ HK	People's Republic of China

3. Share capital

Particulars	As at December 31, 2015 (Rs.)	As at December 31, 2014 (Rs.)
Authorised shares		
200,000,000 (Previous year 200,000,000) equity shares of Re. 1 each	200,000,000	200,000,000
Issued, subscribed and fully paid up- shares		
126,870,425 (Previous year 127,458,580) equity shares of Re. 1 each fully paid-up	126,870,425	127,458,580
Less: Advance to R Systems Employees Welfare Trust [refer note 31 (b)]	738,980	738,980
Total	126,131,445	126,719,600

A. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period [refer note 31 (b)]

Particulars	As at December 31, 2015		As at December 31, 2014	
	No.	(Rs.)	No.	(Rs.)
Shares outstanding at the beginning of the year	127,458,580	127,458,580	126,654,580	126,654,580
Add: Shares issued during the year [#]	90,000	90,000	804,000	804,000
Less: Shares bought back during the year [refer note 3 (d)]	678,155	678,155	-	-
Shares outstanding at the end of the year	126,870,425	126,870,425	127,458,580	127,458,580

The Company has issued 90,000 equity shares of Re. 1 each at an exercise price of Rs. 12.07 per share pursuant to exercise of employee stock options under the R Systems International Limited Employee Stock Option Scheme 2007. Refer note 31 (d).

B. Terms / rights attached to the equity share

The Company has only one class of equity shares having a par value of Re. 1 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupee*.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

* Pursuant to the approval of the shareholders accorded by passing necessary resolution through Postal Ballot on January 14, 2014, each equity share of face value of Rs. 10/- each of the Company was sub-divided into ten equity shares of face value of Re. 1/- each fully paid up. The sub-division had been given effect as per record date fixed by the Board of Directors i.e. February 28, 2014.

C. Shares held by holding / ultimate holding company and / or their subsidiaries / associates

The Company does not have any holding / ultimate holding company.

D. Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately

The Company had issued Public Announcement dated December 29, 2014, for buy-back of equity shares of face value of Re. 1/- each from the open market at a price not exceeding Rs. 100 per share for an aggregate amount not exceeding Rs. 60,000,000. Under the Buy-back offer, the Company has bought back 678,155 equity shares for an aggregate amount of Rs. 59,573,776 by utilising the Securities Premium Account to the extent of Rs. 58,895,621 and General Reserve to the extent of Rs. 678,155. The Capital Redemption Reserve has been created out of General Reserve for Rs. 678,155 being the nominal value of equity shares bought back in terms of Section 68 of the Companies Act, 2013. The Company has closed the buy-back offer pursuant to approval by the Board of Directors of the Company at its meeting held on April 23, 2015.

E. Details of shareholders holding more than 5% shares in the Company

Particulars	As at December 31, 2015		As at December 31, 2014	
	No.	% holding in the class	No.	% holding in the class
GMU Infosoft Private Limited	9,673,035	7.62	8,603,535	6.75
U Infosoft Private Limited	9,866,760	7.78	8,771,660	6.88
GM Solutions Private Limited	10,242,424	8.07	9,100,824	7.14
Rightmatch Holdings Limited	9,272,000	7.31	9,272,000	7.27
Satinder & Harpreet Rekhi Family Trust (Trustee: Satinder Singh Rekhi & Harpreet Rekhi)	13,018,980	10.26	16,325,180	12.81
Bhavook Tripathi	46,621,804	36.75	46,596,238	36.56

As per secretarial records of the Company, including its register of shareholders / members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

F. Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option plans (ESOP) of the company, please refer note 31.

4. Reserves and surplus

Particulars	As at December 31, 2015 (Rs.)	As at December 31, 2014 (Rs.)
Capital redemption reserve	12,658,200	12,658,200
Add: Amount transferred from general reserve towards shares buy back [refer note 3 (d)]	678,155	-
Closing balance	13,336,355	12,658,200
Securities premium account	961,832,995	952,932,715
Add: Addition on exercise of vested options as per ESOP plan [refer note 31 (d)]	996,300	8,900,280
Less: Utilization of securities premium on buy back of shares [refer note 3 (d)]	58,895,621	-
	903,933,674	961,832,995
Less: Advance to R Systems Employees Welfare Trust [refer note 31 (b)]	2,282,728	2,282,728
Closing balance	901,650,946	959,550,267
Capital reserve	31,726	31,726
General reserve		
Balance as per last financial statements	157,482,023	157,482,023
Less: Amount transferred to capital redemption reserve towards shares buy back [refer note 3 (d)]	678,155	-
Closing balance	156,803,868	157,482,023
Surplus in the statement of profit and loss		
Balance as per last financial statements	659,363,411	767,736,767
Add: Profit for the current year	978,298,375	781,337,458
Less: Appropriations		
Proposed dividend (refer note 1 below)	-	121,762,621
Tax on proposed dividend (refer note 1 below)	-	24,325,059
Interim dividend (refer note 1 below)	501,102,179	624,332,252
Tax on interim dividend	102,266,100	119,290,882
Adjustment on account of aligning the useful life of fixed asset in accordance with Schedule II of the Companies Act, 2013 (refer note 33)	18,868,525	-
Tax impact of above adjustment (refer note 33)	(6,413,412)	-
Proposed dividend written back on buy back (refer note 2 below)	(644,248)	-
Tax on proposed dividend written back on buy back (refer note 2 below)	(128,812)	-
Total appropriations	615,050,332	889,710,814
Net surplus in the statement of profit and loss	1,022,611,454	659,363,411
Foreign currency translation reserve		
Balance as per last account	215,246,014	303,132,944
Add: Current year translation differences	2,434,134	(50,929,953)
Less: Currency translation released to consolidated statement of profit and loss [refer note 30 (b), (f) & (g)]	9,681,040	36,956,977
Closing balance	207,999,108	215,246,014
Total	2,302,433,457	2,004,331,641

Notes:

- (1) For the year ended December 31, 2015, the Board of Directors had declared three interim dividends aggregating to Rs. 3.95 per equity share of face value of Re. 1/- each. These dividends had been paid to the shareholders during the year ended December 31, 2015. The shareholder's assent for these interim dividends will be taken in forthcoming Annual General Meeting. Further for the year ended December 31, 2014, the Board of Directors had recommended a final dividend of Re. 0.95/- per equity share of face value of Re. 1/- each, in addition to four interim dividends aggregating to Rs. 4.90 per equity share of face value of Re. 1/- each paid during the year, which had been approved and confirmed by the shareholder's at the Annual General Meeting held on June 09, 2015. Based on applicable provisions of the Companies Act, 2013 on aforesaid dividends, the Company has not transferred any amount to the general reserves as the dividends has been declared and paid after April 1, 2014.

- (2) The Company has written back proposed dividend for the year ended December 31, 2014 and tax thereon towards shares bought back under the buy back offer [refer note 3(d)].

5. Minority interest

Particulars	As at December 31, 2015 (Rs.)	As at December 31, 2014 (Rs.)
Minority interest in ECnet Limited at the time of acquisition	149,585	149,585
Less: Minority interest in post acquisition losses to the extent allocable	149,585	149,585
Total	-	-

6. Long-term borrowings

Particulars	Non-current portion		Current maturities	
	As at December 31, 2015 (Rs.)	As at December 31, 2014 (Rs.)	As at December 31, 2015 (Rs.)	As at December 31, 2014 (Rs.)
Term loans				
For motor vehicles				
From non banking financial corporation (refer note 1 below)	7,770,174	6,285,234	3,805,015	3,004,292
For general corporate purpose				
From bank (refer note 2 below)	-	-	989,147	-
Total	7,770,174	6,285,234	4,794,162	3,004,292
The above amount includes				
Secured borrowings	7,770,174	6,285,234	3,805,015	3,004,292
Unsecured borrowings	-	-	989,147	-
Amount shown under other current liabilities (refer note 10)	-	-	(4,794,162)	(3,004,292)
Total	7,770,174	6,285,234	-	-

Notes:

- (1) Term loans are secured by hypothecation of underlying motor vehicles and carries interest rate ranging from 9.64% to 11.94% per annum. The term loans are repayable in equated monthly installments ranging from 35 to 60 months from the date of loan.
- (2) Term loans from banks are unsecured and carries interest rate ranging from 3.99% to 6.02% per annum. The term loans are repayable in equated monthly installments ranging from 36 to 48 months from the date of loan.

7.1 Deferred tax liability (net)

Particulars	As at December 31, 2015 (Rs.)	As at December 31, 2014 (Rs.)
Deferred tax liability		
Differences in depreciation / amortisation and other differences in block of fixed assets as per tax books and financial books	-	272,402
Provision for compensated absences	-	297,066
Other timing differences	-	92,970
Deferred tax liability (net)	-	662,438

7.2 Deferred tax assets (net)

Particulars	As at December 31, 2015 (Rs.)	As at December 31, 2014 (Rs.)
Deferred tax assets		
Provision for gratuity	28,107,557	33,507,581
Provision for compensated absences	21,220,579	27,022,132
Provision for doubtful debts and advances	5,046,359	6,590,262
Other timing differences	5,445,593	8,182,047
Gross deferred tax assets	59,820,088	75,302,022
Deferred tax liability		
Differences in depreciation / amortisation and other differences in block of fixed assets as per tax books and financial books	21,878,650	37,003,035
Other timing differences	907,134	-
Gross deferred tax liability	22,785,784	37,003,035
Deferred tax assets (net)	37,034,304	38,298,987

8. Other long-term liabilities

Particulars	As at December 31, 2015 (Rs.)	As at December 31, 2014 (Rs.)
Security deposits	12,361,422	4,759,444
Deferred payment compensation to the erstwhile shareholders of subsidiary [refer note 30 (d)]	88,091,873	-
Deferred payable others	153,726	235,271
Total	100,607,021	4,994,715

9. Provisions

Particulars	Long-term		Short-term	
	As at December 31, 2015 (Rs.)	As at December 31, 2014 (Rs.)	As at December 31, 2015 (Rs.)	As at December 31, 2014 (Rs.)
Provision for employee benefits				
Gratuity	63,463,031	95,215,947	1,753,903	3,364,756
Compensated absences			94,502,539	111,040,062
Sub total (A)	63,463,031	95,215,947	96,256,442	114,404,818
Other provisions				
Income tax [net of advance tax amounting to Rs. 374,341,957 (Previous year Rs. 360,028,957)]			69,772,921	132,481,289
Proposed dividend			-	121,085,651
Tax on proposed dividend			-	24,210,008
Mark-to-market losses on derivative instruments (refer note 35)			-	549,541
Sub total (B)	-	-	69,772,921	278,326,489
Total (A+B)	63,463,031	95,215,947	166,029,363	392,731,307

10. Other current liabilities

Particulars	As at December 31, 2015 (Rs.)	As at December 31, 2014 (Rs.)
Trade payables	485,385,254	508,887,723
Sub total (A)	485,385,254	508,887,723
Other liabilities		
Current maturities of long-term borrowing (refer note 6)	4,794,162	3,004,292
Deferred payment compensation to the erstwhile shareholders of subsidiary [refer note 30 (a) & (d)]	33,797,349	12,850,989
Unearned revenues	187,734,366	193,476,640
Book overdraft	5,527,797	-
Investor education and protection fund (not due) - Unclaimed dividend	2,779,151	2,084,702
Unpaid dividend (refer note below)	-	325,019,379
Payable for purchase of fixed assets	20,772,898	9,793,545
Tax deducted at source	8,439,020	13,063,414
Service tax / GST / VAT	13,340,079	11,249,621
Others	26,240,978	19,705,651
Sub total (B)	303,425,800	590,248,233
Total (A+B)	788,811,054	1,099,135,956

Note:

The Board of Directors at its meeting held on December 20, 2014, had declared fourth interim (special) dividend for the year 2014 @ Rs. 2.55 per equity share of face value of Re. 1/- each to the shareholders as per record date December 29, 2014. The amount payable was transferred in a separate bank account before the year ended December 31, 2014 and the same has been paid on January 07, 2015.

11. Tangible assets

Particulars	(Amount in Rs.)											
	Land - freehold ⁽³⁾	Land - leasehold	Building - freehold ⁽³⁾	Building - leasehold ⁽¹⁾	Leasehold improvements	Plant & machinery	Computers	Office equipments	Electrical equipment	Furniture and fittings	Vehicles ⁽²⁾	Total
Gross block												
As at January 1, 2014	4,765,674	10,005,968	31,198,298	89,165,701	67,059,119	48,259,415	538,103,413	124,787,884	17,545,170	165,434,011	49,495,826	1,145,820,479
Additions	-	-	-	-	1,493,421	1,688,178	39,129,198	6,000,678	200,037	3,398,375	9,502,201	61,412,088
Deletions	-	-	-	-	(3,707,656)	(608,607)	(32,407,724)	(48,288,065)	-	(3,582,385)	(1,238,999)	(89,833,436)
Foreign currency translation	-	-	-	-	(4,812,626)	-	(9,090,797)	(5,623,803)	-	(5,663,366)	408,113	(24,782,479)
Sale of subsidiaries [refer note 30 (f)]	-	-	-	-	(45,286,949)	-	(44,886,343)	(9,747,493)	-	(49,781,800)	-	(149,702,585)
At December 31, 2014	4,765,674	10,005,968	31,198,298	89,165,701	14,745,309	49,338,986	490,847,747	67,129,201	17,745,207	109,804,835	58,167,141	942,914,067
Acquisition of IBIZCS Group Pte. Ltd [refer note 30 (d)]	-	-	-	-	-	-	22,587,749	3,162,369	260,217	5,027,239	71,773	31,109,347
Additions	-	-	-	-	4,613,144	1,316,553	68,143,440	16,510,611	-	2,614,706	11,732,538	104,930,992
Deletions	-	-	-	-	(197,645)	(4,524,375)	(29,649,044)	(2,789,366)	-	(3,225,956)	(3,896,985)	(44,283,371)
Reclassified to investment property	(4,765,674)	-	(31,198,298)	-	-	-	-	-	-	-	-	(35,963,972)
Foreign currency translation	-	-	-	-	(855,145)	-	(78,681,599)	(19,059,638)	(15,884)	(7,595,873)	1,035,795	(105,172,344)
Transfer on sale of undertaking [refer note 30 (h)]	-	-	-	-	(2,650,005)	(5,737,606)	(72,748,327)	(10,117,824)	-	(12,223,563)	(2,873,599)	(106,350,924)
At December 31, 2015	-	10,005,968	-	89,165,701	15,655,658	40,393,558	400,499,966	54,835,353	17,989,540	94,401,388	64,236,663	787,183,795
Depreciation												
As at January 1, 2014	-	1,569,516	6,249,175	13,059,227	62,885,924	19,476,291	415,228,871	95,834,063	6,181,470	120,911,853	26,397,631	767,794,021
Charge for the year	-	149,371	513,976	1,455,012	1,334,728	2,858,922	38,441,983	10,170,678	831,782	7,311,951	4,878,475	67,946,878
Deletions	-	-	-	-	(3,185,895)	(436,620)	(32,174,255)	(47,457,554)	-	(3,442,361)	(886,848)	(87,583,533)
Foreign currency translation	-	-	-	-	(4,718,012)	-	(6,348,202)	(5,449,316)	-	(5,539,214)	410,070	(21,644,674)
Sale of subsidiaries [refer note 30 (f)]	-	-	-	-	(44,612,335)	-	(29,938,762)	(9,338,676)	-	(48,954,795)	-	(132,844,568)
At December 31, 2014	-	1,718,887	6,763,151	14,514,239	11,704,410	21,898,593	385,209,635	43,759,195	7,013,252	70,287,434	30,799,328	593,668,124
Acquisition of IBIZCS Group Pte. Ltd [refer note 30 (d)]	-	-	-	-	-	194,749	21,573,128	3,051,547	-	4,476,258	71,773	29,367,455
Charge for the year	-	178,574	758,555	4,793,445	895,427	4,399,531	49,193,621	9,619,374	5,748,648	16,015,661	6,233,708	97,836,544
Transfer to reserve [refer note 33]	-	-	-	-	-	-	6,961,528	7,171,930	447,316	3,977,798	309,953	18,868,525
Deletions	-	-	-	-	(145,098)	(1,839,861)	(29,459,215)	(2,747,813)	-	(3,225,956)	(3,007,918)	(40,425,861)
Reclassified to investment property	-	-	(7,521,706)	-	-	-	-	-	-	-	-	(7,521,706)
Foreign currency translation	-	-	-	-	(839,082)	(17,528)	(78,023,106)	(19,123,666)	-	(7,728,426)	994,790	(104,737,018)
Transfer on sale of undertaking [refer note 30 (h)]	-	-	-	-	(1,999,367)	(3,685,528)	(50,266,304)	(6,914,618)	-	(9,200,893)	(1,121,272)	(73,187,982)
At December 31, 2015	-	1,897,461	-	19,307,684	9,616,290	20,949,956	305,189,287	34,815,949	13,209,216	74,601,876	34,280,362	513,868,081
Net block												
At December 31, 2014	4,765,674	8,287,081	24,435,147	74,651,462	3,040,899	27,440,393	105,638,112	23,370,006	10,731,955	39,517,401	27,367,813	349,245,943
At December 31, 2015	-	8,108,507	-	69,858,017	6,039,368	19,443,602	95,310,679	20,019,404	4,780,324	19,799,512	29,956,301	273,315,714

Notes:

- (1) Includes Rs. 21,155,390 (Previous year Rs. 21,155,390) paid towards land and building under a composite lease taken in earlier year for which no separate values are assignable.
- (2) Vehicles amounting to Rs. 20,855,338 (Previous year Rs. 17,842,555) are hypothecated against terms loans for vehicle finance from non banking financial corporation.
- (3) The Company has leased out land and building located at Pune to R Systems Products & Technologies Private Limited in pursuance of Business Transfer Agreement [refer note 30 (h)]. Accordingly, the Company has classified land and building as investment property as per Accounting Standard -13 on 'Accounting for Investments'.

12. Intangible assets

(Amount in Rs.)

Particulars	Softwares	Product development costs (Internally generated software)	Customer contract	Non compete fee	Goodwill on business acquisition	Total
Gross block						
As at January 1, 2014	288,918,497	46,684,750	8,305,409	8,402,952	20,115,006	372,426,614
Additions	30,973,630	21,987,834	-	-	-	52,961,464
Deletions	(36,383,751)	-	-	-	-	(36,383,751)
Foreign currency translation	(10,561,413)	-	(190,780)	(193,021)	(462,054)	(11,407,268)
Sale of subsidiaries [refer note 30 (f)]	(62,986,331)	-	-	-	-	(62,986,331)
At December 31, 2014	209,960,632	68,672,584	8,114,629	8,209,931	19,652,952	314,610,728
Acquisition of IBIZCS Group Pte. Ltd [refer note 30 (d)]	1,115,662	-	-	-	-	1,115,662
Additions	39,518,688	-	16,685,956	-	-	56,204,644
Deletions	(14,109,982)	-	-	-	-	(14,109,982)
Foreign currency translation	(3,972,214)	-	(152,693)	(154,486)	(369,808)	(4,649,201)
Transfer on sale of undertaking [refer note 30 (h)]	(12,805,491)	(68,672,584)	-	-	-	(81,478,075)
At December 31, 2015	219,707,295	-	24,647,892	8,055,445	19,283,144	271,693,776
Amortisation						
As at January 1, 2014	252,907,080	35,912,052	8,171,036	1,353,690	3,240,426	301,584,284
Charge for the year	30,663,532	8,086,629	132,485	1,656,987	3,966,500	44,506,133
Deletions	(36,383,718)	-	-	-	-	(36,383,718)
Foreign currency translation	(9,249,485)	-	(188,892)	(46,097)	(110,345)	(9,594,819)
Sale of subsidiaries [refer note 30 (f)]	(51,887,424)	-	-	-	-	(51,887,424)
At December 31, 2014	186,049,985	43,998,681	8,114,629	2,964,580	7,096,581	248,224,456
Acquisition of IBIZCS Group Pte. Ltd [refer note 30 (d)]	1,105,196	-	-	-	-	1,105,196
Charge for the year	25,472,847	4,423,596	6,340,754	1,605,694	3,843,799	41,686,690
Impairment loss on intangible assets earlier acquired from business acquisition [refer note 30 (e)]	-	-	-	3,523,790	8,435,235	11,959,025
Deletions	(14,109,980)	-	-	-	-	(14,109,980)
Foreign currency translation	(3,788,293)	-	(152,564)	(38,619)	(92,471)	(4,071,947)
Transfer on sale of undertaking [refer note 30 (h)]	(11,542,869)	(48,422,277)	-	-	-	(59,965,146)
At December 31, 2015	183,186,886	-	14,302,819	8,055,445	19,283,144	224,828,294
Net block						
At December 31, 2014	23,910,647	24,673,903	-	5,245,351	12,556,371	66,386,272
At December 31, 2015	36,520,409	-	10,345,073	-	-	46,865,482

13.1 Non-current investments

Particulars	As at December 31, 2015 (Rs.)	As at December 31, 2014 (Rs.)
Non-trade, unquoted (valued at cost unless stated otherwise)		
(i) 2,500 (Previous year 2,500) equity shares of Rs. 10 each fully paid up in The Saraswat Co-operative Bank Limited	25,000	25,000
(ii) 26,269 (Previous Year Nil) 8% compulsorily redeemable debentures of Rs. 10,000 each in Indus Software Technologies Private Limited	262,690,000	-
Investment property (at cost less accumulated depreciation) (refer note 11)		
Cost of land & building given on operating lease	35,963,972	-
Less: Accumulated depreciation	(8,232,194)	-
Total	290,446,778	25,000
Aggregate amount of unquoted investments	290,446,778	25,000

13.2 Current investments

Particulars	As at December 31, 2015 (Rs.)	As at December 31, 2014 (Rs.)
Non-trade, quoted mutual funds (valued at cost or fair value, which ever is lower)		
Investment in SBI Debt Fund [Nil units (Previous year 1,800,000) of Rs.10 each]	-	18,000,000
Non-trade, unquoted (valued at cost or fair value, which ever is lower)		
Investment in Indus Software Technologies Private Limited [refer note 30 (h)]		
4,284,001 (Previous year Nil) equity shares of Re. 1 each fully paid up	30,438,806	-
8,757 (Previous year Nil) 8% compulsorily redeemable debentures of Rs. 10,000 each	87,570,000	-
Total	118,008,806	18,000,000

Aggregate amount of quoted investments [Market value of Rs. Nil (Previous year Rs. 19,310,580)]

14. Loans and advances

Particulars	Non-current		Current	
	As at December 31, 2015 (Rs.)	As at December 31, 2014 (Rs.)	As at December 31, 2015 (Rs.)	As at December 31, 2014 (Rs.)
Capital advances				
Unsecured, considered good	515,884	450,000		
Sub total (A)	515,884	450,000		
Advances recoverable in cash or in kind or for value to be received				
Unsecured, considered good	1,246,039	7,371,251	82,719,801	93,554,290
Unsecured, considered doubtful	-	-	3,214,397	3,073,684
	1,246,039	7,371,251	85,934,198	96,627,974
Provision for doubtful advances	-	-	(3,214,397)	(3,073,684)
Sub total (B)	1,246,039	7,371,251	82,719,801	93,554,290
Security deposit				
Unsecured, considered good	20,663,754	26,612,483	1,008,686	4,361,460
Sub total (C)	20,663,754	26,612,483	1,008,686	4,361,460
Other loans and advances				
Unsecured, considered good				
Mark-to-market gains on derivative instruments (refer note 35)	-	-	15,645,821	-
Balances with customs, excise, etc.	-	-	44,379,351	20,659,153
Advance fringe benefit tax [net of provisions amounting to Rs.7,082,336 (Previous year Rs. 7,082,336)]	167,664	167,664	-	-
Advance income taxes [net of provisions amounting to Rs. 514,751,660 (Previous year Rs. 251,640,403)]	40,676,676	34,239,888	-	-
Sub total (D)	40,844,340	34,407,552	60,025,172	20,659,153
Total (A+B+C+D)	63,270,017	68,841,286	143,753,659	118,574,903

15. Trade receivables and other assets**15.1 Trade receivables**

Particulars	Current	
	As at December 31, 2015 (Rs.)	As at December 31, 2014 (Rs.)
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	6,175,775	18,713,598
Unsecured, considered doubtful	81,062,569	77,445,165
	87,238,344	96,158,763
Provision for doubtful receivables	(81,062,569)	(77,445,165)
Sub total (A)	6,175,775	18,713,598
Other receivables		
Unsecured, considered good	1,040,136,491	1,232,051,444
Unsecured, considered doubtful	16,205,523	20,634,953
	1,056,342,014	1,252,686,397
Provision for doubtful receivables	(16,205,523)	(20,634,953)
Sub total (B)	1,040,136,491	1,232,051,444
Total (A+B)	1,046,312,266	1,250,765,042

15.2 Other assets

Particulars	Non-current		Current	
	As at December 31, 2015 (Rs.)	As at December 31, 2014 (Rs.)	As at December 31, 2015 (Rs.)	As at December 31, 2014 (Rs.)
Non-current bank balances (refer note 16)	70,486,516	56,425,080		
Interest accrued				
Fixed deposits	3,997,650	2,146,562	669,424	5,271,757
Compulsorily redeemable debentures (refer note 13.1 & 13.2)	-	-	6,548,339	-
Staff advance	-	-	-	43,163
Unbilled revenues	-	-	125,085,359	111,831,942
Total	74,484,166	58,571,642	132,303,122	117,146,862

16. Cash and bank balances

Particulars	Non-current		Current	
	As at December 31, 2015 (Rs.)	As at December 31, 2014 (Rs.)	As at December 31, 2015 (Rs.)	As at December 31, 2014 (Rs.)
Cash and cash equivalents				
Cash on hand			902,189	750,646
Balances with scheduled banks:				
On current accounts			23,440,776	118,888,448
On EEFC accounts			12,605,912	63,196,116
On deposit accounts with original maturity of less than 3 months			79,707,767	89,200,000
On unclaimed dividend *			2,779,151	2,084,702
On unpaid dividend (refer note 1 below) *			-	325,019,379
Escrow account for buyback (refer note 2 below) *			-	15,000,000
Balance with other banks:				
On current accounts			659,109,694	433,183,530
On deposit accounts			7,621,378	11,772,901
			786,166,867	1,059,095,722
Other bank balances				
Deposits with original maturity for more than 12 months			5,400,000	150,300,000
Deposits with original maturity for more than 3 months but less than 12 months			59,900,000	154,438,828
Margin money deposits (refer detail below)	70,486,516	56,425,080	-	-
	70,486,516	56,425,080	65,300,000	304,738,828
Amount disclosed under non-current assets (refer note 15.2)	(70,486,516)	(56,425,080)		
Total	-	-	851,466,867	1,363,834,550

* Company can utilise these balances for respective dividend / buy back, as the case may be.

Detail of margin money deposits

Particulars	As at December 31, 2015 (Rs.)	As at December 31, 2014 (Rs.)
Margin money deposits against performance guarantees	49,775,059	35,669,730
Margin money deposits against credit / derivative facilities	20,711,457	20,755,350
Total	70,486,516	56,425,080

Notes:

- The Board of Directors at its meeting held on December 20, 2014, had declared fourth interim (special) dividend for the year 2014 @ Rs. 2.55 per equity share of face value of Re. 1/- each to the shareholders as per record date December 29, 2014. The amount payable was earlier transferred in a separate bank account which has been subsequently paid on January 07, 2015.
- During the year ended December 31, 2014, the Company had deposited an amount aggregating to Rs. 15,000,000, being 25% of the maximum buy-back size in an escrow account with a bank pursuant to the buy back offer. The Company has utilized the aforesaid amount against the shares brought back during the year ended December 31, 2015 [refer note 3(d)].

17. Revenue from operations

Particulars	For the Year ended December 31, 2015 (Rs.)	For the Year ended December 31, 2014 (Rs.)
Sale of services*	6,050,287,863	6,483,643,958
Sale of third party items	30,750	1,314,656
Total	6,050,318,613	6,484,958,614

*include revenue from Information technology services Rs. 5,564,242,817 (Previous year Rs. 5,296,102,913) and Business process outsourcing services Rs. 486,045,046 (Previous year Rs. 1,187,541,045).

18. Other income

Particulars	For the Year ended December 31, 2015 (Rs.)	For the Year ended December 31, 2014 (Rs.)
Interest income on bank deposits	32,767,184	41,016,484
Interest income on debenture (refer note 13.1 & 13.2)	13,553,539	-
Rental income from investment property (refer note 13.1)	3,079,568	-
Foreign exchange fluctuation (net)	31,182,112	17,476,967
Profit on redemption of mutual fund	1,774,260	1,005,000
Provision for doubtful debts and advances written back (net)	-	3,474,430
Excess provisions written back	50,882	1,182,856
Miscellaneous income	15,720,642	26,570,422
Total	98,128,187	90,726,159

19. Employee benefits expense

Particulars	For the Year ended December 31, 2015 (Rs.)	For the Year ended December 31, 2014 (Rs.)
Salaries, wages and bonus	3,379,856,346	3,583,781,252
Gratuity (refer note 34)	18,019,855	30,974,730
Contribution to provident fund and other funds	212,266,968	283,019,766
Staff welfare expenses	38,660,326	37,445,010
Total	3,648,803,495	3,935,220,758

20. Operational and other expenses

Particulars	For the Year ended December 31, 2015 (Rs.)	For the Year ended December 31, 2014 (Rs.)
Contract cost	49,283,666	32,997,381
Power and fuel	54,869,759	55,290,997
Rent - premises	105,022,998	129,054,956
Rent - equipments	3,954,097	4,230,477
Rates and taxes	6,144,157	9,367,511
Insurance	24,533,208	24,211,355
Repair and maintenance	97,470,327	109,717,897
Advertising and sales promotion	29,749,561	31,886,643
Commission - others	22,010,770	7,314,837
Traveling and conveyance	340,615,958	347,763,699
Communication costs	77,707,844	87,467,648
Printing and stationery	6,683,014	6,876,010
Legal and professional fees	645,190,047	722,717,286
Cost of third party items	135,484,456	1,103,857
Directors' sitting fee	1,050,500	935,000
Auditors' remuneration (refer detail below)	4,912,250	5,878,196
Provision for doubtful debts and advances (net)	8,215,085	-
Bad debts and advances written off [net of Rs. 12,694,473 (previous year Rs. 67,989,552) utilisation from provision for doubtful debts and advances]	62,597	28,914
Loss on sale / discard of fixed assets (net)	1,457,687	1,609,875
Recruitment and training expenses	27,907,949	34,136,471
Security expenses	8,955,401	9,466,764
Membership and subscription	9,345,487	11,227,381
Miscellaneous expenses	17,368,929	9,754,178
Total	1,677,995,747	1,643,037,333

Detail of auditors remuneration

Particulars	For the Year ended December 31, 2015 (Rs.)	For the Year ended December 31, 2014 (Rs.)
As auditor:		
- Audit fee		
- Statutory audit fee	1,350,000	1,677,500
- Quarterly audit fee	1,750,000	2,130,000
- Limited Review	350,000	570,000
- Out-of-pocket expenses	162,250	245,696
In other capacity:		
- Certification	800,000	880,000
- Other services	500,000	375,000
Total	4,912,250	5,878,196

21. Depreciation and amortisation expense

Particulars	For the Year ended December 31, 2015 (Rs.)	For the Year ended December 31, 2014 (Rs.)
Depreciation on tangible assets (refer note 33)	97,836,544	67,946,878
Amortisation on intangible assets	41,686,690	44,506,133
Depreciation on investment property	710,488	-
Total	140,233,722	112,453,011

22. Finance costs

Particulars	For the Year ended December 31, 2015 (Rs.)	For the Year ended December 31, 2014 (Rs.)
Interest on loans	1,130,175	1,174,750
Interest under income tax	1,163,929	1,968,371
Bank charges	7,293,915	7,735,422
Total	9,588,019	10,878,543

23. Exceptional items

Particulars	For the Year ended December 31, 2015 (Rs.)	For the Year ended December 31, 2014 (Rs.)
Currency translation reserve released [refer note 30 (b) , (f) & (g)]	9,681,040	36,956,977
Deferred Compensation payable written back [refer note 30 (a)]	12,609,305	-
Profit on sale of subsidiaries [refer note 30 (f) & (h)]	592,770,438	213,152,805
Impairment loss on intangible assets earlier acquired from business acquisition [refer note 30 (e)]	(11,959,025)	-
Total	603,101,758	250,109,782

24. Segment information

Business segments :

R Systems Group is a leading global provider of IT solutions and Business Process Outsourcing (BPO) services. The Group considers business segment as the basis for primary segmental reporting. The Group is organised into two business segments – Information technology services and products and Business process outsourcing services. Costs and expenses which cannot be allocated to any business segment are reflected in the column 'corporate and others'. Segments have been identified and reported based on the nature of the services, the risks and returns, the organisation structure and the internal financial reporting system.

Geographical segments :

The Group reports secondary segment information on the basis of the geographical location of the customers / assets. Although the Group's major operating divisions are managed on a worldwide basis, they operate in five principal geographical areas of the world which are: India, United States of America, South East Asian countries, Europe and Other areas

The following table provides required information for the primary segments for the year ended December 31, 2015 and December 31, 2014

Particulars	(Amount in Rs.)									
	Information technology services and products		Business process outsourcing services		Eliminations		Corporate and others		Total	
	Year ended December 31		Year ended December 31		Year ended December 31		Year ended December 31		Year ended December 31	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
REVENUE										
External sales	5,564,273,567	5,297,417,569	486,045,046	1,187,541,045					6,050,318,613	6,484,958,614
Inter-segment sales	-	1,172,881	18,143,177	17,247,805	18,143,177	18,420,686			-	-
Total revenue	5,564,273,567	5,298,590,450	504,188,223	1,204,788,850	18,143,177	18,420,686			6,050,318,613	6,484,958,614
RESULT										
Segment result	676,848,993	764,038,245	18,889,700	143,508,421					695,738,693	907,546,666
Unallocated corporate expenses							(72,793,323)	(72,329,901)	(72,793,323)	(72,329,901)
Operating profit									622,945,370	835,216,765
Interest expenses							(2,294,104)	(3,143,121)	(2,294,104)	(3,143,121)
Interest income							46,320,723	41,016,484	46,320,723	41,016,484
Other Unallocable income							4,853,828	1,005,000	4,853,828	1,005,000
Exceptional items (refer note 23)							603,101,758	250,109,782	603,101,758	250,109,782
Income taxes expense							(296,629,200)	(342,867,452)	(296,629,200)	(342,867,452)
Net profit									978,298,375	781,337,458

The following table provides required information for the primary segments as at December 31, 2015 and December 31, 2014:

Particulars	(Amount in Rs.)									
	Information technology services and products		Business process outsourcing services		Eliminations		Corporate and others		Total	
	December 31		December 31		December 31		December 31		December 31	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
OTHER INFORMATION										
Segment assets	2,157,251,634	2,192,391,639	153,426,946	270,732,940	29,528,611	39,198,293	1,196,216,933	1,233,444,013	2,281,149,969	2,423,926,286
Unallocated corporate assets							77,878,643	72,706,539	77,878,643	72,706,539
Income tax assets										
Total assets	2,157,251,634	2,192,391,639	153,426,946	270,732,940	29,528,611	39,198,293	1,274,095,576	1,306,150,552	3,555,245,545	3,730,076,838
Segment liabilities	897,355,427	953,635,631	64,412,533	79,044,792	29,528,611	39,198,293	124,668,373	448,852,170	932,239,349	993,482,130
Unallocated corporate liabilities										
Income tax liabilities										
Total liabilities	897,355,427	953,635,631	64,412,533	79,044,792	29,528,611	39,198,293	194,441,294	156,691,297	69,772,921	156,691,297
Capital expenditures	138,438,871	89,839,472	22,592,472	10,819,210			605,543,467		1,126,680,643	1,599,025,597
Depreciation and amortization	126,432,952	89,404,710	13,800,770	23,048,301					161,031,343	100,658,682
Other non-cash expenses / (written back)	10,473,868	1,613,918	(297,429)	24,871					140,233,722	112,453,011
									10,176,439	1,638,789

Geographical segments:

The Group reports secondary segment information on the basis of the geographical location of the customers / assets. The management views the domestic and export markets as distinct geographical segments.

The following is the distribution of the Group's revenue by geographical area in which customers are located:

	For the year ended December 31,	
	2015 (Rs.)	2014 (Rs.)
India	318,673,987	413,281,662
USA	3,508,135,786	3,701,587,121
South East Asia	1,020,294,470	586,813,434
Europe	897,630,212	1,516,302,927
Others	305,584,158	266,973,470
Total	6,050,318,613	6,484,958,614

Assets and additions to fixed assets by geographical area:

The following table shows the carrying amount of assets and additions to fixed assets (including capital advances) by geographical area in which assets are located :

	Carrying amount of assets as at December 31,		Additions to fixed assets for the year ended December 31,	
	2015 (Rs.)	2014 (Rs.)	2015 (Rs.)	2014 (Rs.)
India	1,098,627,379	1,658,379,333	82,838,020	77,427,068
USA	999,718,844	923,383,328	9,930,164	3,877,951
South East Asia	506,483,726	201,907,530	10,593,225	2,899,145
Europe	871,409,410	860,912,773	57,609,167	16,454,518
Others	79,006,186	85,493,874	60,767	-
Total	3,555,245,545	3,730,076,838	161,031,343	100,658,682

25. Related party disclosure

Names of related parties (refer note 2 for 'R Systems Group')

(i) Key management personnel

Sl. No.	Name of person	Designation	Company
1	Satinder Singh Rekhi	Managing Director	R Systems International Limited, India
		Director	R Systems, Inc., USA
		Director	R Systems (Singapore) Pte Ltd, Singapore
		Director	R Systems Technologies Ltd. USA (Formerly known as Indus Software, Inc.)
		Director (till December 10, 2015)	R Systems Solutions, Inc. USA (Merged into RSI Inc w.e.f December 10, 2015)
		Director (till November 27, 2014)	R Systems Europe B.V., Netherlands (ceased to be subsidiary w.e.f. November 27, 2014)
		Director	Computaris International Limited, UK
		Director	Systèmes R. International Ltée, Canada
		Director	Ibizcs Group Pte. Ltd, Singapore
2	Lt. Gen. Baldev Singh (Retd.)	President and Senior Executive Director	R Systems International Limited, India
		Director (till July 9, 2015)	R Systems Products & Technologies Private Limited, India (ceased to be subsidiary w.e.f. July 7, 2015)
3	Raj Swaminathan	Director (resigned as director on June 27, 2015)	R Systems International Limited, India
		Director (appointed on July 11, 2014)	R Systems Products & Technologies Private Limited, India (ceased to be subsidiary w.e.f. July 7, 2015)
4	Sartaj Singh Rekhi	Director (till December 10, 2015)	R Systems Solutions, Inc. USA (Merged into RSI Inc w.e.f December 10, 2015)
		Director (till November 27, 2014)	R Systems Europe B.V., Netherlands (ceased to be subsidiary w.e.f. November 27, 2014)
		Director (appointed on February 1, 2014)	ECnet Ltd, Singapore
		Director	R Systems Technologies Ltd. USA (Formerly known as Indus Software, Inc.)
		Director	R Systems, Inc., USA
		Director	Systèmes R. International Ltée, Canada
5	Sidhartha Shankar Dubey	Director (till November 27, 2014)	R Systems Europe B.V., Netherlands (ceased to be subsidiary w.e.f. November 27, 2014)
		Director (till November 27, 2014)	R Systems S.A.S ,France (ceased to be subsidiary w.e.f. November 27, 2014)
6	Chan Kum Ming	Director	ECnet Limited, Singapore
		Director	R Systems (Singapore) Pte Ltd, Singapore
7	Raluca Marina Rusu	Director	Computaris International Limited, UK
8	Joydeep Sen Chaudhuri	Director (appointed on February 1, 2014)	R Systems (Singapore) Pte Ltd, Singapore
9	Harpreet Rekhi	Director	R Systems, Inc., USA
		Director	R Systems Technologies Ltd. USA (Formerly known as Indus Software, Inc.)
		Director (till December 10, 2015)	R Systems Solutions, Inc. USA (Merged into RSI Inc w.e.f December 10, 2015)
		Director	R Systems (Singapore) Pte Ltd, Singapore

Sl. No.	Name of person	Designation	Company
10	Ramasubramanian Balasubramanian	Director	Ibizcs Group Pte. Ltd, Singapore
11	Nand Sardana #	Chief Financial Officer	R Systems International Limited, India
12	Vikash Kumar Tiwari #	Company Secretary & Compliance Officer (resigned on December 20, 2014)	R Systems International Limited, India
13	Ashish Thakur #	Company Secretary & Compliance Officer (appointed on December 20, 2014)	R Systems International Limited, India

Pursuant to the Companies Act, 2013.

(ii) Relatives of Key management personnel

Anita Behl, (related to Satinder Singh Rekhi)

Kuldeep Baldev Singh [related to Lt. Gen. Baldev Singh (Retd.)]

Mandeep Singh Sodhi [related to Lt. Gen. Baldev Singh (Retd.)], Vice President – Sales

Ramneet Singh Rekhi (related to Satinder Singh Rekhi)

Amrita Kaur Walia (related to Satinder Singh Rekhi)

(iii) Enterprises where key management personnel or their relatives exercise significant influence

U Infosoft Private Limited

GM Solutions Private Limited

GMU Infosoft Private Limited

Right Match Holdings Limited

Satinder and Harpreet Rekhi Family Trust

Details of transactions with related parties for the year ended December 31, 2015 and December 31, 2014:

(Amount in Rs.)

	For the year ended December 31, 2015	For the year ended December 31, 2014
Remuneration		
Satinder Singh Rekhi	32,046,605	30,133,078
Lt. Gen. Baldev Singh (Retd.)	6,265,670	5,893,452
Raj Swaminathan	3,380,493	6,245,664
Sartaj Singh Rekhi	9,028,367	10,848,566
Mandeep Singh Sodhi	33,118,711	31,031,483
Chan Kum Ming	8,711,618	9,321,992
Raluca Marina Rusu	6,560,513	7,989,088
Ramasubramanian Balasubramanian	7,835,597	-
Amrita Kaur Walia	261,333	-
Ramneet Singh Rekhi	4,890,155	3,392,652
Joydeep Sen Chaudhuri	7,557,508	7,261,896
Nand Sardana	5,225,880	4,883,000
Vikash Kumar Tiwari	-	1,485,671
Ashish Thakur	628,210	21,356
Total	125,510,660	118,507,898
Rent		
Satinder Singh Rekhi	11,108,704	10,105,756
Total	11,108,704	10,105,756
Dividend paid *		
Satinder Singh Rekhi	9,753,540	4,320,360
Lt. Gen. Baldev Singh (Retd.)	1,059,675	847,013
Raj Swaminathan	780,000	660,000
Sartaj Singh Rekhi	44,635,483	19,771,422
Ramneet Singh Rekhi	37,742,669	16,718,229
Chan Kum Ming	59,600	7,200
Harpreet Rekhi	5,662	2,508
Nand Sardana	388,890	172,260
Mandeep Sodhi	5,160,056	2,722,159
Kuldeep Baldev Singh	45,296	20,064
Anita Behl	59,443	46,275
GMU Infosoft Private Limited	66,915,061	27,176,899
U Infosoft Private Limited	68,236,517	27,834,178
GM Solutions Private Limited	70,829,639	28,884,354
Right Match Holdings Limited	69,076,400	30,597,600
Satinder and Harpreet Rekhi Family Trust	112,887,716	57,112,994
Total	487,635,647	216,893,515

* The amount for the year ended December 31, 2015 includes Rs. 229,444,464 (Previous year Rs. 62,511,278) towards dividend declared for the immediately preceding year.

(Amount in Rs.)

Balance payable to key management personnel	As at December 31,	
	2015	2014
Satinder Singh Rekhi	4,500,000	5,158,363
Lt. Gen. Baldev Singh (Retd.)	1,082,113	1,098,001
Raj Swaminathan	-	1,833,399
Raluca Marina Rusu	-	621,452
Nand Sardana	-	231,988
Vikash Kumar Tiwari	-	147,905
Ashish Thakur	-	49,651
Total	5,582,113	9,140,759

26. Corporate Social Responsibility (CSR)

As per the requirements of Section 135 of the Companies Act, 2013, the Company is required to spend an amount of Rs. 9,425,281 on CSR expenditure for the year December 31, 2015. Out of this, the Company has disbursed Rs. 1,500,000 for education of the underprivileged children in accordance with its Corporate Social Responsibility Policy.

Further, during the year the Company was in the process of ascertaining various avenues, projects etc. for fulfilling the requirement of its CSR policy, therefore Company could not utilise the entire amount embarked for its CSR activities.

27. Capital and other commitments

	As at December 31,	
	2015 (Rs.)	2014 (Rs.)
(i) Capital commitments:		
Estimated amount of unexecuted capital contracts (net of advances)	3,425,621	3,356,027
(ii) Other commitments:		
For commitments relating to lease arrangements, refer note 29.		

28. Contingent liabilities:

	As at December 31, 2015 (Rs.)	As at December 31, 2014 (Rs.)
Performance guarantees given to Department of Telecommunication for Domestic and International 'Other Service Provider' licenses	20,000,000	20,000,000
Performance bank guarantee issued to a customer	-	279,000
Total	20,000,000	20,279,000

29. Operating Lease- Company as lessee

The Group has operating lease for office premises, office equipment, vehicle etc. The future minimum payments required under non-cancelable operating leases period as at year -end are as follows

	Year ended December 31, 2015 (Rs.)	Year ended December 31, 2014 (Rs.)
Lease payments for the year	102,869,151	137,569,131
Non-cancellable operating lease obligation :		
Not later than one year	72,676,493	79,374,877
Later than one year but not later than five years	106,866,329	111,571,819
Later than five years	-	13,826,304

The operating lease arrangements extend for a maximum of 5 years from their respective dates of inception. Some of the operating lease arrangements have price escalation and option of renewal clause as mutually agreed between the parties and there are no restrictions imposed on lease arrangements.

Operating Lease - Company as lessor

The Company given land and building on operating lease. The future minimum rentals receivable under non-cancellable operating lease period as at year-end are as follows:

	Year ended December 31, 2015 (Rs.)	Year ended December 31, 2014 (Rs.)
Lease payments for the year	3,079,568	-
Non-cancellable operating lease :		
Not later than one year	6,399,996	-
Later than one year but not later than five years	9,720,436	-

The operating lease arrangement extends for a maximum period of 3 years from their respective dates of inception and has price escalation clause of 5% for every subsequent 3 years of the extended term. There are no restrictions imposed on lease agreements.

- 30. (a)** During earlier years, the Company had acquired shares in ECnet Limited, a company incorporated in Singapore at a total consideration of Rs. 34,938,958. During the year ended December 31, 2005, the Company had based upon an order of High Court of Delhi written down the goodwill value to Rs. Nil and adjusted the write off of Rs. 24,495,721 against the Securities Premium Account as this had not been represented by available assets.

During the year ended December 31, 2007, the Company had settled the liabilities towards certain erstwhile shareholders. As a result thereof, the deferred payment compensation of Rs. 14,452,222 was released, as considered appropriate by the management. Out of above, Rs. 10,442,237 had been adjusted against the value of the investment. The reassessed amount payable as at December 31, 2014 was shown under 'Other current liabilities'.

During the year ended December 31, 2015, after the expiry of relevant limitation period under applicable laws, the Company has reversed deferred payment compensation amounting to Rs. 12,609,305. This reversal is included under "Exceptional items" in the consolidated financial statement.

- (b) During the year ended December 31, 2011, the Company had acquired 100% shares of Computaris International Limited, UK (Computaris) on January 26, 2011 for a maximum consideration of GBP 9 million out of which GBP 4.25 million was the initial payout and balance was based on earn outs as well as fulfillment of certain condition by the erstwhile shareholders of Computaris over the next two years.

During the year ended December 31, 2013, the management basis the settlement entered with erstwhile shareholders of Computaris, has agreed the final consideration at Rs. 421,812,565 and accordingly adjusted the investment value and goodwill on acquisition by Rs. 17,209,661. The restated Goodwill as at December 31, 2015 amounts to Rs. 279,496,822 [Previous year Rs. 280,203,651 (reinstated as at December 31, 2014)].

The Board of Directors at its meeting held on July 07, 2014 had approved the offer of buy-back from Computaris International Limited (a wholly owned subsidiary) of 13,500 shares held by the Company in the said subsidiary at the rate of GBP 111.38 per share amounting to for a consideration of Rs. 148,979,660. The aforesaid buy-back proceeds were received by the Company on September 17, 2014. Even after this buy-back, Computaris International Limited continues to remain wholly owned subsidiary of the Company.

On account of this buy-back, the Company had released proportionate currency translation reserve amounting to Rs. 26,084,902 to the foreign exchange fluctuation which is disclosed as 'Exceptional Items' in the consolidated financial statement for the year ended December 31, 2014.

- (c) On August 07, 2015, Computaris International Limited, a UK subsidiary of the Company, has entered into an Assets Purchase Agreement (APA) for acquisition of certain customer contracts and related intellectual property rights from the subsidiary of a leading European telecommunication company for a maximum consideration of Euro 700,000 on fulfilment of certain conditions. The aforesaid assets purchase was completed on October 1, 2015.

The management has assessed Euro 567,382 as the estimated purchase price for the aforesaid assets acquired basis the conditions specified in APA and accordingly recorded the following intangible assets.

	Amount in Euro	Amount in INR
Customer contracts	234,250	16,685,922
Intellectual Property Rights (Software)	333,132	23,729,411
Total consideration paid	567,382	40,415,333

The assets acquired are amortized on following basis :-

Intangible assets	Amortisation period
Customer contracts	Over the period of contract
Intellectual Property Rights (Software)	3 years

- (d) On April 30, 2015, R Systems (Singapore) Pte. Limited, a wholly owned subsidiary of the Company, has acquired 100% share of IBIZCS Group Pte. Ltd, Singapore (IBIZ) for maximum consideration of SGD 7.50 million including the earn-outs over the next three years on fulfilment of certain conditions by the erstwhile shareholder of IBIZ. IBIZ is a Microsoft Gold-certified partner specialized in Microsoft Business Management Solution suites, including Enterprise Resource Planning (ERP), Customer Relationship Management (CRM), Point of Sales (POS), Mobility, Business Intelligence (BI) and Portals having subsidiaries in Singapore, Malaysia, Indonesia, India, Hong Kong and China.

Basis the conditions specified in the Share Purchase Agreement and subsequent amendment thereof, the management has assessed the investment value at SGD 3,368,080 (Rs. 157,710,346) which represents the consideration assessed as probable to be paid over the period and consequently the goodwill arising on acquisition is SGD 4,238,655 (Rs. 198,475,020).

Out of this total investment value, Rs. 35,821,125 have been paid during the year and balance Rs. 121,889,222 is payable based on earn outs as well as fulfillment of certain condition by the erstwhile shareholders of IBIZ over the next two years.

As at December 31, 2015 amount payable within one year from the year-end is shown under 'other current liabilities' of Rs. 33,797,349 and balance amount is payable after one year which has been disclosed separately under 'Other long-term liabilities' of Rs. 88,091,873.

All profits / losses relating to IBIZ subsequent to the date of acquisition are included in these consolidated financial statements. Accordingly, profit for the period from April 30, 2015 to December 31, 2015 is incorporated in the consolidated statement of profit and loss.

- (e) During the year ended December 31, 2015, ECnet Limited, a subsidiary of the Company has recorded an impairment loss amounting to Rs. 11,959,025 related to the certain intangible assets acquired in earlier years which is included under 'Exceptional Items' in the consolidated financial statements.
- (f) On November 27, 2014, the Company had transferred Europe BPO Business by way of sale of its 100% holding in R Systems Europe B.V., Netherlands and R Systems S.A.S., France, being wholly owned subsidiaries, to Customer Contact Management Group B.V. ("CCMG") a Europe based company by executing the Share Sale Agreement along with other necessary documents for a sale consideration of Euros 4.70 million (Rs. 357,469,488). Out of the sale consideration, Euro 0.35 million (Rs. 26,628,000) had been placed in an escrow account in the Netherlands pursuant to the provision of the Share Sale Agreement. The profit on aforesaid transfer of subsidiaries amounting to Rs. 224,024,880 (including Rs. 10,872,075 transfer to foreign exchange fluctuation from currency translation reserve) was disclosed as 'Exceptional Items' in the consolidated financial statements for the year ended December 31, 2014.

Further, during the year ended December 31, 2015, on the stipulated conditions under the SSA being completed, the Company has received Euro 0.35 million (Rs. 26,628,000) which had been placed in an escrow account. The amount so received, has been included as profit on sale of aforesaid subsidiaries under the 'Exceptional items' in the consolidated financial statements for the year ended December 31, 2015.

- (g) On December 10, 2015, R Systems Solution Inc. (RSSI), a wholly owned subsidiary of the Company has been merged into R Systems Inc. (RSI), also a wholly owned subsidiary of the Company, as per the applicable laws of India and USA. Pursuant to aforesaid merger, the Company has received incremental 150 common stock of RSI against outstanding common and preferred (series A) stocks held in RSSI.

Due to aforesaid merger, the Company has released currency translation reserve of RSSI amounting to Rs. 9,681,040 to the foreign exchange fluctuation which is disclosed as 'Exceptional items' in the consolidated financial statements for the year ended December 31, 2015.

- (h) On July 11, 2014, the Company had incorporated a wholly owned subsidiary in India, namely, R Systems Products & Technologies Limited (which was later converted into R Systems Products & Technologies Private Limited ("RSPTPL") on May 28, 2015). The shareholders of the Company by passing special resolution through postal ballot on September 23, 2014 had accorded necessary approval for transfer of the Company's Indus Business Unit operated out of Pune and Chennai to RSPTPL.

The Company had entered into 'Business Transfer Agreement' (BTA) with RSPTPL on June 27, 2015 for the aforesaid transfer on a going concern basis by way of slump sale, for consideration of Rs. 783,900,000 to be discharged by RSPTPL through issuance of 60,000,003 equity shares of Re. 1/- each at a premium of Rs. 6.227333 per share and 35,026 compulsorily redeemable debentures of Rs. 10,000 each, on the terms and conditions agreed in BTA.

The Company also entered into 'Share Purchase Agreement' (SPA) with BD Capital Partners Ltd. ("BDC"), a Mauritius based company on June 27, 2015 to sell 93% of its equity share in RSPTPL to BDC for a consideration of Rs. 4,431.70 lakhs (USD 7 million). Subject to the satisfaction of certain conditions, BDC has also agreed to purchase the balance 7% equity shares for a consideration up to Rs. 66,510,000 (USD 1 million). These conditions are under evaluation and yet to be concluded as at the quarter and year ended December 31, 2015. The Company will continue to hold the compulsorily redeemable debentures having an aggregate face value of Rs. 350,260,000 in accordance with the terms of the BTA. The closing (as defined in the agreements) under the BTA and SPA occurred on July 07, 2015.

The gain on sale of Indus Business Unit including the gain on sale of aforesaid equity share in RSPTPL, amounting to Rs. 566,142,438 (net of related expenses) is disclosed as 'Exceptional items' in the consolidated financial statement for the year ended December 31, 2015. The income tax attributable to aforesaid gains amounting to Rs. 132,635,363 is included in the 'Current Tax' in the financial statements for the year ended December 31, 2015. The name of RSPTPL has been changed to Indus Software Technologies Private Limited w.e.f August 19, 2015.

Accordingly, the aforesaid Indus Business Unit, being part of Information technology services and products segment, is considered as "Discontinuing Operations" till July 07, 2015. The revenue and expenses attributable to the said operations included in the consolidated financial statement are as follows:

	As at	
	July 07, 2015 Rs.	December 31, 2014 Rs.
Total Assets	567,943,845	395,920,485
Total Liabilities	325,371,698	192,242,733
Net Assets	242,572,147	203,677,752

The revenue and expenses attributable to the discontinuing operations included in the consolidated financial statements are as follows:

	(Amount in Rs.)	
	For the period January 01, 2015 to July 07, 2015	Year Ended December 31, 2014
Income		
Revenue from operations	574,012,964	830,141,971
Other income	2,457,983	11,199,504
Total revenue	576,470,947	841,341,475
Expenses		
Employee benefits expense	311,709,004	472,051,323
Operational and other expenses	168,770,713	227,514,476
Depreciation and amortisation expense	12,299,568	18,532,326
Finance costs	409,354	737,267
Total expenses	493,188,639	718,835,392
Profit before tax	83,282,308	122,506,083
Tax expense		
Current tax	35,510,770	34,712,337
Deferred tax charge / (credit)	(8,796,666)	6,927,481
Total tax expense	26,714,104	41,639,818
Profit after tax	56,568,204	80,866,265

- (i) The consequent tax expense of aforesaid 'Exceptional items' amounting to Rs. 63,017,987 for the year ended December 31, 2015 and Rs. 55,731,548 for year ended December 31, 2014, is included in the 'Current tax' in the consolidated financial statements for the respective year.

31. (a) R Systems International Limited - Year 2004 Employee Stock Option Plan ('the plan')

The Company had instituted the plan for all eligible employees as specified in the rules in pursuance of the special resolution duly approved by the shareholders. The plan provides for the issuance of 997,500 options for equity shares of face value of Rs. 10 each, to eligible employees as recommended by the Compensation Committee constituted for this purpose.

The plan is administered by a Compensation Committee and exercise price is "1.60 times the Book Value of the Share as per the audited balance sheet as on December 31, 2003 i.e. Rs. 42 per Share or 1.60 times of the book value as per immediate previous accounting year audited balance sheet rounded off to nearest rupee as on the date of Exercise whichever is higher", till the time equity shares of the Company are not listed. Once the equity shares are listed, the exercise price is prevailing price or stock price i.e. the latest available closing price, prior to the date of the meeting of the Board of Directors in which options are granted / shares are issued, on the stock exchange on which the shares of the Company are listed.

During the year ended December 31, 2006, the Company had consolidated each of its five equity shares of Rs. 2 each into one equity share of Rs. 10 each and then issued 1:1 bonus share to each of the then existing shareholder (excluding the option holders) by utilisation of Securities Premium Account in terms of the provisions of Section 78 of the Companies Act, 1956. Considering these changes in the capital structure, the management had adjusted the number of options vesting to its employees and exercise price to preserve the benefits intended to be made available under the plan i.e. instead of five options of Rs. 2 per share, the employees' entitlement had been adjusted to one option of Rs. 10 per share and instead of earlier exercise price of Rs. 42 per share for each Rs. 2 share, the exercise price had been accordingly adjusted to Rs. 105 per equity share. During the year ended December 31, 2008, the Company had obtained a legal opinion confirming that the adjustments undertaken to the number of options vesting to its employees and exercise price, pursuant to the consolidation and subsequent bonus issue during the year ended December 31, 2006, does not tantamount to modification and no additional benefit was offered to the existing option holders. Further, during the year ended December 31, 2014, the Company had sub-divided equity shares of Rs. 10 each into 10 equity shares of Re. 1 each, the exercise price is accordingly adjusted from Rs. 105 per share to Rs. 10.50 per share.

The vesting period is 4 years (25% in each year) commencing from the date of grant under the plan. The eligible employees have an option to exercise it over a period of 10 years from the date of grant under the plan. As per the plan, the Compensation Committee cannot grant any outstanding options after August 31, 2014, therefore there are no grants outstanding for determination by the Compensation Committee.

During the year ended December 31, 2015 the scheme has been lapsed therefore all the grants outstanding has been lapsed. The movement in the options during the year ended December 31, 2015 and year ended December 31, 2014 is set out below:

	Year ended December 31, 2015 (Nos.)	Year ended December 31, 2014 (Nos.)
<u>At the beginning</u>		
- Grants outstanding under the plan (Re. 1 per share)	102,150	515,400
- Grants pending determination by the Compensation Committee (Re. 1 per share)	-	931,250
<u>During the year</u>		
- Options granted (Re. 1 per share)	-	-
- Options exercised (Re. 1 per share)	-	-
- Options/grants lapsed or surrendered (Re. 1 per share)	102,150	1,344,050
<u>At the end</u>		
- Grants outstanding under the plan (Re. 1 per share)	-	102,150
- Grants pending determination by the Compensation Committee (Re.1 per share)	-	-

The weighted average remaining contractual life for the stock options as at December 31, 2015 is Nil months (Previous year 11.54 months).

(b) Indus Software Employees Stock Option Plan – Year 2001 ('the plan'):

Indus Software Private Limited ('Indus') had outstanding options aggregating 21,967 equity shares as on March 31, 2002, to be issued to the eligible employees under the Indus Software Employees Stock Option Plan – Year 2001 under various vesting periods as specified in the said Plan, duly approved by the erstwhile shareholders. Indus had established "R Systems Employees Welfare Trust" ('the R Systems Trust') (formerly known as Indus Software Employees Welfare Trust) to administer the plan, as approved by the members, for the benefits of the Company's employees and had provided an interest free loan of Rs. 3,382,792. Consequently, Indus had allotted 21,967 equity shares of Rs. 10 each at a premium of Rs. 144 per equity share to the R Systems Trust to be further issued to the Indus' eligible employees on the exercise of the underlying options granted to them.

As a result of the merger of Indus with the Company, all employees had surrendered their options in favour of the R Systems Trust to enable them to obtain options for shares in R Systems International Limited after the merger. Also, the Company had issued 206,822 equity shares of Rs. 2 each at a premium of Rs. 113.42 per share to the R Systems Trust in exchange of 21,967 equity shares of Indus, apropos to the agreed swap ratio. During the earlier years out of the said 206,822 shares 22,079 shares were issued to the employees on exercise of options.

The Company had consolidated each of its five equity shares of Rs. 2 each into one equity share of Rs. 10 each on January 30, 2006 and then issued 1:1 bonus share to each of the then existing shareholder by utilisation of Securities Premium Account in terms of the provisions of Section 78 of the Companies Act, 1956 and further sub-division of each of the equity shares of Rs. 10 each into 10 equity shares of Re. 1 each as per record date of February 28, 2014, consequently the total number of shares issued are now 738,980 equity shares of Re. 1 each. Accordingly an amount of Rs. 738,980 and Rs. 2,282,728 is shown as deduction from Issued, subscribed and paid-up capital and Securities Premium Account respectively as suggested by the "Guidance Note on Accounting for Employee Share-based Payments" issued by The Institute of Chartered Accountants of India.

The movement in the options (in equivalent number of shares of the Company) held by the Trust during the year ended December 31, 2015 and the year ended December 31, 2014 is set out below:

	Year ended December 31, 2015 (Nos.)	Year ended December 31, 2014 (Nos.)
<u>At the beginning</u>		
- Grants outstanding under the plan (Re. 1 per share)	-	-
- Grants pending determination by the Compensation Committee (Re. 1 per share)	738,980	738,980
<u>During the year</u>		
- Options granted (Re. 1 per share)	-	-
- Options exercised (Re. 1 per share)	-	-
- Options/grants lapsed or surrendered (Re. 1 per share)	-	-
<u>At the end</u>		
- Grants outstanding under the plan (Re. 1 per share)	-	-
- Grants pending determination by the Compensation Committee (Re.1 per share)	738,980	738,980

(c) R Systems International Limited – Year 2004 Employees Stock Option Plan ECnet ('the plan'):

The Company had instituted the plan for all eligible employees in pursuance of the special resolution duly approved by the shareholders. The plan provides for the issuance of 1,000,000 options to eligible employees as recommended by the Compensation Committee constituted for this purpose.

The plan is administered by a Compensation Committee and exercise price is "book value of the share as per the audited balance sheet as on December 31, 2003 i.e. Rs. 26 or as on the date of exercise, the book value as per immediate previous accounting year audited balance sheet rounded off to nearest rupee whichever is higher" till the time equity shares of the Company are not listed. Once the equity shares are listed, the exercise price is prevailing price or stock price i.e. the latest available closing price, prior to the date of the meeting of the Board of Directors in which options are granted / shares are issued, on the stock exchange on which the shares of the Company are listed.

During the year ended December 31, 2006, the Company had consolidated each of its five equity shares of Rs. 2 each into one equity share of Rs. 10 each and then issued 1:1 bonus share to each of the then existing shareholder (excluding the option holders) by utilisation of Securities Premium Account in terms of the provisions of Section 78 of the Companies Act, 1956. Considering these changes in the capital structure, the management had adjusted the number of options vesting to its employees and exercise price to preserve the benefits intended to be made available under the plan i.e. instead of five options of Rs. 2 per share, the employees' entitlement had been adjusted to one option of Rs. 10 per share and instead of earlier exercise price of Rs. 26 per share for each Rs. 2 share, the exercise price had been accordingly adjusted to Rs. 65 per equity share. During the year ended December 31, 2008, the Company had obtained a legal opinion confirming that the adjustments undertaken to the number of options vesting to its employees and exercise price, pursuant to the consolidation and subsequent bonus issue during the year ended December 31, 2006, does not tantamount to modification and no additional benefit was offered to the existing option holders. Further, during the year ended December 31, 2014, the Company had sub-divided equity shares of Rs. 10 each into 10 equity shares of Re. 1 each, the exercise price is accordingly adjusted from Rs. 65 per share to Rs. 6.50 per share.

The vesting period is 4 years (40% in 1st year & 20% in 2nd, 3rd & 4th year) commencing from the date of grant under the plan. The eligible employees have an option to exercise it over a period of 10 years from the date of grant under the plan. During the year ended December 31, 2014 the scheme has been lapsed and therefore there are no grants outstanding for determination by the Compensation Committee. The movement in the options during the year ended December 31, 2015 and year ended December 31, 2014 is set out below :

	Year ended	Year ended
	December 31, 2015	December 31, 2014
	(Nos.)	(Nos.)
<u>At the beginning</u>		
- Grants outstanding under the plan (Re. 1 per share)	-	62,000
- Grants pending determination by the Compensation Committee (Re. 1 per share)	-	1,238,410
<u>During the year</u>		
- Options granted (Re. 1 per share)	-	-
- Options exercised (Re. 1 per share)	-	-
- Options/grants lapsed or surrendered (Re. 1 per share)	-	1,300,410
<u>At the end</u>		
- Grants outstanding under the plan (Re. 1 per share)	-	-
- Grants pending determination by the Compensation Committee (Re.1 per share)	-	-

The weighted average remaining contractual life for the stock options as at December 31, 2015 is Nil (Previous year Nil months).

(d) R Systems International Limited Employee Stock Option Scheme 2007 ('the plan')

During the year 2007, the Company had instituted the plan for all eligible employees as specified in the rules in pursuance of the special resolution duly approved by the shareholders. The plan provides for the issuance of 650,000 options to eligible employees as recommended by the Compensation Committee constituted for this purpose.

The plan is administered by a Compensation Committee and exercise price is Rs. 120.70 being the latest available closing price, prior to the date of the meeting of the Board of Directors / Compensation Committee held on July 11, 2007 in which options were granted, on the stock exchange on which the shares of the Company are listed. Accordingly, the intrinsic value of Employee Stock Option is taken as Rs. Nil. Further, during the year ended December 31, 2014, the Company had sub-divided equity shares of Rs. 10 each into 10 equity shares of Re. 1 each, the exercise price is accordingly adjusted from Rs. 120.70 per share to Rs. 12.07 per share.

The vesting period is 4 years (25% in each year) commencing from the date of grant under the plan. The eligible employees have an option to exercise it over a period of 10 years from the date of grant under the plan. The movement in the options during the year ended December 31, 2015 and year ended December 31, 2014 is set out below:

	Year ended December 31, 2015 (Nos.)	Year ended December 31, 2014 (Nos.)
At the beginning		
- Grants outstanding under the plan (Re. 1 per share)	245,280	1,049,280
- Grants pending determination by the Compensation Committee (Re. 1 per share)	1,965,000	1,965,000
During the year		
- Options granted (Re. 1 per share)	-	-
- Options exercised (Re. 1 per share)	90,000	804,000
- Options/grants lapsed or surrendered (Re. 1 per share)	75,000	-
At the end		
- Grants outstanding under the plan (Re. 1 per share)	80,280	245,280
- Grants pending determination by the Compensation Committee (Re.1 per share)	2,040,000	1,965,000

For options exercised during the period, the weighted average share price at the exercise date was Rs. 68.71 per share (Previous year Rs. 49.72).

The weighted average remaining contractual life for the stock options as at December 31, 2015 is 19 months (Previous year 31 months).

- (e) For the purpose of valuation of the options granted before year ended December 31, 2004, the management obtained fair value of the options at the date of grant under respective schemes from a firm of Chartered Accountants to determine accounting impact, if any, of options granted over the periods. In the considered opinion of the valuer, the fair value of option determined using 'Black Scholes Valuation Model' under each of above schemes [except R Systems International Limited Employee Stock Option Scheme 2007 refer 31 (d) above] is "Nil" and thus no accounting thereof is required.

The assumptions used for the purpose of determination of fair value are stated below:

Assumptions	Unit	Scheme (a) *	Scheme (b) **	Scheme (c) ***	Comments by the valuer
Strike price	Rs.	42	154	26	
Current share price	Rs.	16	140	16	Taken on the basis of NAV and PECV method of valuation.
Expected option life	No. of Years	5	2.5	5	Being half of the maximum option life.
Volatility	%	1	0.5	1	In case of unlisted shares, the volatility may be taken as zero. Verma committee also recommends this.
Risk free return	%	7	11.3	7	Zero coupon rate estimated from trading government securities for a maturity corresponding to expected life of option - taken from sites of NSE and / or BSE.
Expected dividend Yield	%	-	15	-	Company has no set policy so dividend taken as zero. In case of Indus plan, as the dividend had been paid by the erstwhile company, it has been assumed at 15%.

*: R Systems International Ltd. - Year 2004 Employee Stock Option Plan under which the price was based on Rs. 2 per share.

** : Indus Software Employees Stock Option Plan - Year 2001 under which originally the price was based on Rs. 10 per share for 21,967 shares. As a result of amalgamation of Indus Software Private Limited into R Systems, R Systems had issued 206,822 equity shares of Rs. 2 each pursuant to the swap ratio approved by Hon'ble High Courts of Delhi and Mumbai.

***: R Systems International Ltd. - Year 2004 Employee Stock Option Plan - ECnet under which the price was based on Rs. 2 per share.

The details given above for plan (a), (b) and (c) are before making the required adjustments in relation to consolidation of each of the 5 equity shares of Rs. 2 each into 1 equity share of Rs. 10 each as approved by the shareholders in the year ended December 31, 2006 and further sub-division of each of the equity shares of Rs. 10 each into 10 equity shares of Re. 1 each as per record date of February 28, 2014.

Further, for the purpose of valuation of the options granted during the year 2005 under R Systems International Limited- Year 2004 Employee Stock Option Plan, the management obtained fair value of the options at the date of grant from a firm of Chartered Accountants, to determine accounting impact, if any, of options granted. In the considered opinion of the valuer, the fair value of these option determined using 'Black Scholes Valuation Model' is "Nil" and thus no accounting thereof is required.

The assumptions used by the valuer for the purpose of determination of fair value are stated below:

Assumptions	Unit	Scheme	Comments by the valuer
Strike price	Rs.	42	
Current share price	Rs.	13.58	Taken on the basis of NAV and PECV method of valuation.
Expected option life	No. of Years	5	Being half of the maximum option life.
Volatility	%	1	In case of unlisted shares, the volatility may be taken as zero. Verma committee also recommends this.
Risk free return	%	7.42	Zero coupon rate estimated from trading government securities for a maturity corresponding to expected life of option - taken from sites of NSE.
Expected dividend Yield	%	-	Company has no set policy so dividend taken as zero.

The above information is based on Rs. 2 per share prior to consolidation of 5 equity shares of Rs. 2 each into one equity share of Rs. 10 each and subsequent allotment of bonus shares in the ratio of 1:1 and further sub-division of each of the equity shares of Rs. 10 each into 10 equity shares of Re. 1 each as per record date of February 28, 2014.

- (f) For the purpose of valuation of the options granted during the year ended December 31, 2007 under R Systems International Limited Employee Stock Option Scheme – 2007, the compensation cost relating to Employee Stock Options, calculated as per the intrinsic value method is Nil.

The management obtained fair value of the options at the date of grant from a firm of Chartered Accountants. In the considered opinion of the valuer, the fair value of these options determined using 'Black Scholes Valuation Model' is "Rs. 50.73" per option.

The assumptions used by the valuer for the purpose of determination of fair value are stated below:

Assumptions	Unit	Scheme	Comments by the valuer
Strike price	Rs.	120.70	
Current share price	Rs.	118.50	Price on the date of grant by Board of Directors i.e. closing price on July 11, 2007
Expected option life	No. of Years	4	Being the vesting period.
Volatility	%	44	On the basis of industry average.
Risk free return	%	7	Zero coupon rate estimated from trading government securities for a maturity corresponding to expected life of option – taken from sites of NSE.
Expected dividend Yield	%	0.86	Company has declared Dividends of 12% in the past. Assuming that it will continue declaring similar dividends in future.

The above information is based on Rs.10 per share before sub-division of each of the equity shares of Rs. 10 each into 10 equity shares of Re. 1 each as per record date of February 28, 2014.

In March 2005 the ICAI has issued a guidance note on "Accounting for Employees Share Based Payments" applicable to 'employee share based plan' the grant date in respect of which falls on or after April 1, 2005. The said guidance note requires the Proforma disclosures of the impact of the fair value method of accounting of employee stock compensation in the financial statements. Since the Company used the intrinsic value method the impact on the reported net profit and earnings per share by applying the fair value based method is as follows:

Particulars	(Amount in Rs.)	
	Year ended December 31, 2015	Year ended December 31, 2014
Profit after tax	978,298,375	781,337,458
Add: Intrinsic Value Compensation Cost	-	-
Less: Fair Value Compensation Cost *	-	-
Adjusted Pro-forma Profit after tax	978,298,375	781,337,458
Earnings Per Share		
Basic [Nominal value of shares Re. 1 (Previous year: Re. 1)]		
- As reported	7.70	6.14
- Pro-forma	7.70	6.14
Diluted [Nominal value of shares Re. 1 (Previous year: Re. 1)]		
- As reported	7.70	6.14
- Pro-forma	7.70	6.14

*All granted options have been vested during earlier years.

32. Earnings per share (EPS)

Particulars	Year ended December 31, 2015	Year ended December 31, 2014
Net profit after tax (Rs.)	978,298,375	781,337,458
Weighted average number of equity shares for calculating Basic and Diluted EPS	127,021,023	127,239,931
Basic [Nominal value of shares Re. 1 (Previous year: Re. 1)] (Rs.)	7.70	6.14
Diluted [Nominal value of shares Re. 1 (Previous year: Re. 1)] (Rs.)	7.70	6.14

33. As at January 01, 2015, the Company, based on technical assessment, reassessed the useful life of tangible assets and accordingly changed the useful lives of certain assets resulting in incremental charge of depreciation. Accordingly, the depreciation charge for the year ended December 31, 2015 is higher by Rs. 32,249,242. The profit after tax for the year ended December 31, 2015 is lower by Rs. 21,151,945. Further, during the year ended December 31, 2015, the Company had transferred Rs. 12,455,113 (net of tax) to reserves based on the transitional provision under Schedule II of the Companies Act, 2013.

34. Post-employment benefits

The Company has funded defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on separation equal to 15 days salary (last drawn salary) for each completed year of continuous service or part thereof in excess of six months subject to a maximum of Rs. 1,000,000.

The following table summarises the components of net employee benefits expense recognised in the Statement of Profit and Loss.

Particulars	(Amount in Rs.)	
	Year ended December 31, 2015	Year ended December 31, 2015
Current service cost	16,192,727	14,241,689
Interest cost on benefit obligation	7,518,452	7,162,357
Expected return on plan assets	(302,192)	(353,758)
Net actuarial (gain) / loss recognised in the year	(5,389,132)	9,924,442
Net employee benefits expense (refer note 19)	18,019,855	30,974,730
Actual return on plan assets	(267,931)	370,063

Details of defined benefit gratuity plan

Particulars	(Amount in Rs.)	
	As at December 31, 2015	As at December 31, 2014
Defined benefit obligation	68,174,622	102,262,322
Fair value of plan assets	2,957,688	3,681,619
Plan liability / (asset)	65,216,934	98,580,703

Changes in the present value of the defined benefit gratuity plan are as follows:

Particulars	(Amount in Rs.)	
	Year ended December 31, 2015	Year ended December 31, 2014
Opening defined benefit obligation	102,262,323	81,424,215
Interest cost	7,518,452	7,162,357
Current service cost	16,192,727	14,241,689
Acquisition/Business Combination/Divestiture	(37,655,542)	-
Benefits paid	(14,184,084)	(10,506,685)
Actuarial (gains) / losses on obligation	(5,959,254)	9,940,746
Closing defined benefit obligation	68,174,622	102,262,322

Changes in the fair value of plan assets are as follows:

Particulars	(Amount in Rs.)	
	Year ended December 31, 2015	Year ended December 31, 2014
Opening fair value of plan assets	3,681,619	4,549,747
Expected return	302,192	353,758
Contributions by the employer	5,000,000	5,005,000
Benefits paid	(5,456,001)	(6,243,190)
Actuarial gains / (losses) on obligation	(570,122)	16,304
Closing fair value of plan assets	2,957,688	3,681,619

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	Year ended December 31, 2015	Year ended December 31, 2014
Investments with insurer	100%	100%

The principal assumptions used in determining defined benefit gratuity plan obligations is shown below:

Particulars	Year ended December 31, 2015	Year ended December 31, 2014
Discount rate	8.25% p.a.	7.90% p.a.
Expected rate of return on plan assets	8.75% p.a.	8.75% p.a.
Salary Escalation Rate	10% for 1st year & 7% thereafter	10% for 1st year & 7% thereafter
Attrition rate:	As per table below	As per table below

Attrition rate used for the year ended December 31, 2015 and year ended December 31, 2014 are as per the table below:

Age (Years)	Rates
Below Age 30	15%
Age 30 to 34	10%
Age 35 to 44	5%
Age 45 to 50	3%
Age 51 to 54	2%
Age above 54	1%

The estimates of future salary increases takes into account the inflation, seniority, promotion and other relevant factors.

Amounts for the current and previous four years are as follows:

	(Amount in Rs.)				
	December 31, 2015	December 31, 2014	December 31, 2013	December 31, 2012	December 31, 2011
Defined benefit obligation	68,174,622	102,262,322	81,424,215	78,143,622	62,937,379
Plan assets	2,957,688	3,681,619	4,549,747	-	-
Surplus / (deficit)	(65,216,934)	(98,580,703)	(76,874,468)	(78,143,622)	(62,937,379)
Experience (Gains)/ Losses adjustments on plan liabilities	(3,130,164)	(4,196,352)	(3,130,879)	2,63,983	1,934,614
Experience adjustments on plan assets	(570,122)	16,304	14,859	-	-

35. Particulars of Derivative Instruments and Unhedged Foreign Currency Exposure as at December 31, 2015 and December 31, 2014:

As of December 31, 2015, the Company has derivative financial instruments to sell USD 15,300,000 (Previous year USD 14,750,000), EURO 1,850,000 (Previous year EURO 1,200,000) and put options USD Nil (Previous year USD 150,000). The Company has not applied hedge accounting as these instruments do not qualify for hedge accounting. The Group has recognised mark-to-market gain of Rs. 15,645,821 (Previous year loss of Rs. 549,541) relating to such derivative financial instruments in the Profit and Loss Account for the year ended December 31, 2015.

The particulars of Unhedged Foreign Currency Exposure as at December 31, 2015 and December 31, 2014 are as below:

	Currency	Foreign Currency amount		Closing foreign exchange rate		Amount (in Rs.)	
		December 31,		December 31,		December 31,	
		2015	2014	2015	2014	2015	2014
Liabilities							
Deferred compensation to erstwhile shareholders of subsidiary	SGD	-	269,285	-	47.72	-	12,850,989
Trade payables	USD	1,372,125	529,056	66.16	63.04	90,772,952	33,349,067
	EURO	1,205,149	1,105,194	72.11	76.59	86,906,910	84,641,282
	CHF	1,286	1,286	66.65	63.70	85,716	81,918
	NZD	29,065	-	45.31	-	1,316,914	-
	INR	84,000	-	1.00	-	84,000	-
Assets							
Trade receivables (Gross)	USD	7,177,302	6,067,109	66.16	63.04	474,814,418	382,440,210
	EURO	2,382,243	4,518,411	72.11	76.59	171,790,669	346,042,529
	GBP	161,406	132,663	98.07	98.31	15,828,279	13,042,409
	SGD	35,600	-	46.83	-	1,666,947	-
	CHF	-	56,950	-	63.70	-	3,627,715
	MYR	14,700	1,250	15.46	18.12	227,233	22,648
	CAD	223,678	242,308	47.67	54.42	10,661,627	13,187,003
	NZD	89,506	-	45.31	-	4,055,501	-
	RON	19,574	-	16.01	-	313,438	-
Loans and advances	USD	9,229	7,475	66.16	63.04	610,547	471,188
	SGD	34,700	24,815	46.83	47.72	1,624,828	1,184,244
	NZD	4,877	-	45.31	-	220,991	-
Cash and bank balances	USD	2,284,432	1,441,288	66.16	63.04	151,126,604	90,851,607
	EURO	1,007,780	1,282,755	72.11	76.59	72,674,030	98,239,797
	GBP	2,726	926	98.07	98.31	267,349	91,037
	CHF	4,974	103,204	66.65	63.70	331,532	6,574,087
	BGN	-	113	-	39.52	-	4,465
	PLN	-	124	-	17.81	-	2,209
	UAH	-	719	-	3.95	-	2,841
	SEK	-	210	-	8.14	-	1,710
	MDL	-	827	-	4.04	-	3,344
	SGD	-	14	-	47.72	-	668
	RUB	-	2,350	-	1.12	-	2,630
	CAD	117	-	47.67	-	5,577	-
	NZD	146,319	-	45.31	-	6,629,719	-
	INR	-	670	-	1.00	-	670
	TRY	-	17	-	27.37	-	465

Above is on the basis of unhedged foreign currency exposures outstanding as at reporting date in the Company and its subsidiaries.

The below table shows the detail of different currencies:

Sl. No.	Currency Abbreviation	Name of Currency	Country
1	GBP	Great Britain Pound	United Kingdom
2	EURO	Euro	European Union
3	CHF	Swiss Franc	Switzerland
4	USD	US Dollar	United States
5	SGD	Singapore Dollar	Singapore
6	BGN	Bulgarian Lev	Bulgaria
7	TRY	Turkish Lira	Turkey
8	PLN	Polish Zloty	Poland
9	MYR	Malaysian Ringgit	Malaysia
10	SEK	Swedish Krona	Sweden
11	UAH	Ukrainian Hryvna	Ukraine
12	MDL	Moldovan Leu	Moldova
13	RUB	Russian Ruble	Russia
14	INR	Indian Rupee	India
15	NZD	New Zealand Dollar	New Zealand
16	RON	Romanian Leu	Romania

36. Cash and bank balances

(Amount in Rs.)			
Sl. No.	Particulars	As at December 31, 2015	As at December 31, 2014
	Cash on hand (A)	902,189	750,646
	Balance with scheduled banks		
	On current accounts		
1	ICICI Bank Limited	1,506,070	82,121,855
2	HDFC Bank Limited	4,734,138	5,894,989
3	Oriental Bank of Commerce	685,947	78,437
4	State Bank of India	1,054,484	4,896,668
5	Axis Bank Limited	8,519,878	25,656,268
6	State Bank of Bikaner & Jaipur	42,097	66,392
7	Kotak Mahindra Bank Limited	243,443	93,854
9	Bank of Baroda	6,654,719	-
10	The Ratnakar Bank Limited	-	79,985
	Total (B)	23,440,776	118,888,448
	On cash credit / overdraft accounts*		
1	Axis Bank Limited	-	-
	Total (C)	-	-
	On EEFC accounts		
1	ICICI Bank Limited- USD	10,012,753	22,567,090
2	State Bank of India – USD	331	3,606,650
3	Axis Bank Limited-USD	1,501,362	22,199,151
4	Axis Bank Limited-EURO	818,540	8,706,494
5	Axis Bank Limited-GBP	267,349	91,037
6	Axis Bank Limited-CHF	-	6,025,694
7	Axis Bank Limited-CAD	5,577	-
	Total (D)	12,605,912	63,196,116

Form AOC-1
(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures
Part 'A': Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Rs)

(Rs. in million, except exchange rate)

S. No.	Name of the Subsidiary	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Reporting currency for the relevant financial year in the case of foreign subsidiaries	Exchange rate as on the last date of the relevant Financial year	Share Capital	Reserves & Surplus	Total assets	Total Liabilities	"Investments (other than subsidiary and fellow associates)"	Turnover	Profit before taxation	Provision for taxation	Profit after taxation	Proposed Dividend	% of Shareholding
1	R Systems (Singapore) Pte Limited, Singapore	December 31, 2015	Singapore Dollar	46.83	211.44	58.91	404.69	134.34	-	253.36	0.13	0.24	(0.11)	-	100.00%
2	R Systems, Inc., USA	December 31, 2015	US Dollar	66.16	85.62	393.13	633.48	154.73	-	1,410.56	103.16	8.89	94.27	-	100.00%
3	R Systems Technologies Ltd., USA (formerly known as Includ Software, Inc., USA)	December 31, 2015	US Dollar	66.16	10.79	(30.08)	8.97	28.26	-	90.42	2.36	-	2.36	-	100.00%
4	ECNet Limited, Singapore (1)	December 31, 2015	Singapore Dollar	46.83	2,438.89	(2,367.56)	109.90	38.57	-	183.50	(43.47)	-	(43.47)	-	99.75%
5	ECNet (M) Sdn. Bhd., Malaysia (2)	December 31, 2015	Malaysian Ringgit	15.46	7.35	(30.93)	33.34	56.92	-	77.88	(17.60)	0.68	(18.27)	-	99.75%
6	ECNet, Inc., USA (2)	December 31, 2015	US Dollar	66.16	0.09	(209.92)	1.58	211.41	-	-	(0.04)	-	(0.04)	-	99.75%
7	ECNet (Hong Kong) Limited, Hong Kong (2) & (4)	December 31, 2015	Hong Kong Dollar	8.57	0.00	9.31	10.14	0.83	-	9.09	0.62	(0.06)	0.69	-	99.75%
8	ECNet Systems (Thailand) Co. Limited, Thailand (2)	December 31, 2015	Thai Baht	1.84	2.34	(3.61)	10.31	11.58	-	29.61	(3.09)	-	(3.09)	-	99.75%
9	ECNet Kabushiki Kaisha, Japan (2)	December 31, 2015	Japanese Yen	0.55	4.29	(37.14)	0.62	33.47	-	1.99	2.35	-	2.35	-	99.75%
10	ECNet (Shanghai) Co. Limited, People's Republic of China (2)	December 31, 2015	Chinese Yuan	10.24	9.12	(35.95)	27.14	53.97	-	33.22	1.24	-	1.24	-	99.75%
11	Computaris International limited, UK	December 31, 2015	British Pound	98.07	0.05	184.49	434.04	249.50	-	869.87	23.89	4.82	19.07	-	100.00%
12	Computaris Romania Srl, Romania (3)	December 31, 2015	Romania leu	16.01	0.02	93.58	105.83	12.23	-	377.73	23.18	4.23	18.95	-	100.00%
13	Computaris Polska Sp. z o.o., Poland (3)	December 31, 2015	Polish Zloty	16.97	0.80	25.79	111.93	85.34	-	213.28	8.35	2.08	6.26	-	100.00%
14	ICS Computaris International Srl, Moldova (3)	December 31, 2015	Moldovan leu	3.38	0.02	29.53	30.83	1.28	-	48.74	(2.05)	0.27	(2.31)	-	100.00%
15	Computaris Malaysia Sdn. Bhd., Malaysia (3)	December 31, 2015	Malaysian Ringgit	15.46	0.01	1.12	1.51	0.38	-	13.17	0.58	0.15	0.43	-	100.00%
16	Computaris USA, Inc., USA (3) & (5)	December 31, 2015	US Dollar	66.16	0.00	13.71	54.73	41.02	-	157.07	5.25	1.68	3.58	-	100.00%
17	Systemes R. International Ltée, Canada	December 31, 2015	Canadian Dollar	47.67	0.01	(10.70)	4.37	15.06	-	18.17	(8.00)	-	(8.00)	-	100.00%
18	IBIZCS Group Pte Limited, Singapore. (6)	December 31, 2015	Singapore Dollar	46.83	46.61	(1.53)	67.49	22.41	-	-	(1.80)	-	(1.80)	-	100.00%
19	IBIZ Consulting Services Pte Ltd., Singapore. (7)	December 31, 2015	Singapore Dollar	46.83	56.55	(70.14)	82.58	96.17	-	197.25	2.45	(0.09)	2.55	-	100.00%
20	IBIZ Consulting Services Sdn. Bhd., Malaysia. (7)	December 31, 2015	Malaysian Ringgit	15.46	1.78	(2.85)	45.73	46.80	-	65.45	3.92	1.67	2.25	-	100.00%
21	PT. IBIZCS Indonesia, Indonesia. (7)	December 31, 2015	Indonesia Rupiah	0.01	11.13	8.65	32.91	13.13	-	18.51	3.05	0.53	2.51	-	100.00%

S. No.	Name of the Subsidiary	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Reporting currency for the relevant Financial year in the case of foreign subsidiaries	Exchange rate as on the last date of the relevant Financial year	Share Capital	Reserves & Surplus	Total assets	Total Liabilities	"Investments (other than subsidiary and fellow associates)"	Turnover	Profit before taxation	Provision for taxation	Profit after taxation	Proposed Dividend	% of Shareholding
22	IBIZ Consultancy Services India Private Limited, India.(7) & (11)	December 31, 2015	Indian Rupee	1.00	0.50	(7.54)	12.02	19.06	-	15.84	0.51	(0.06)	0.56	-	100.00%
23	IBIZ Consulting Service Limited, Hong Kong (7)	December 31, 2015	Hong Kong Dollar	8.57	0.08	0.17	54.64	54.39	-	6.68	1.31	-	1.31	-	100.00%
24	IBIZ Consulting Service Shanghai Co., Ltd., People's Republic of China (8)	December 31, 2015	Chinese Yuan	10.24	4.98	(67.22)	5.09	67.33	-	17.75	(2.52)	-	(2.52)	-	100.00%
25	R Systems Solutions, Inc., USA	Refer Note 9	US Dollar	66.16	-	-	-	-	-	94.45	(30.22)	0.06	(30.28)	-	Refer Note 9
26	R Systems Products And Technologies Private Limited, India	Refer Note 10 & 11	Indian Rupee	1.00	-	-	-	-	-	-	(1.46)	-	(1.46)	-	Refer Note 10

Notes :

- R Systems International Limited holds 69.37% directly in ECnet Limited, Singapore and 30.38% shares through its wholly owned subsidiary i.e. R Systems (Singapore) Pte Limited, Singapore and thus together it holds 99.75% of total capital of ECnet Limited, Singapore.
- Wholly owned subsidiary of ECnet Limited, Singapore which is the subsidiary of R Systems International Limited as explained in note no 1.
- Wholly owned subsidiary of Computaris International Limited, United Kingdom, which is the wholly owned subsidiary of R Systems International Limited.
- The absolute amount of share capital in ECnet (Hong Kong) Limited, Hong Kong is Rs. 12 /- (2 ordinary shares of HKD 1 each).
- The absolute amount of share capital in Computaris USA, Inc., USA is Rs. 4,558 /- (100 ordinary shares of USD 1 each).
- On April 30, 2015, R Systems (Singapore) Pte Ltd., a wholly owned Subsidiary of R Systems International Limited acquired 100% shares of IBIZCS Group Pte Limited, Singapore.
- Wholly owned subsidiary of IBIZCS Group Pte Limited, Singapore which is the wholly-owned subsidiary of R Systems (Singapore) Pte Limited, Singapore as explained in note no. 6.
- Wholly owned subsidiary of IBIZ Consulting Service Limited, Hong Kong which is the wholly-owned subsidiary of IBIZCS Group Pte Limited, Singapore as explained in note no. 7
- On December 10, 2015, R Systems Solutions Inc, USA has been merged with R Systems, Inc, USA. Hence, balance sheet items are reported as nil as at December 31, 2015 and profit and loss items are reported up to the date of merger i.e. December 10, 2015.
- R Systems Products and Technologies Private Limited ceased to be subsidiary of R Systems International Limited after sale 93% of its equity share capital effective July 7, 2015. Hence, balance sheet items are reported as nil as at December 31, 2015 and profit and loss items are reported up to July 7, 2015.
- Reporting period for all the subsidiaries is financial year i.e. January to December except for IBIZ Consultancy Services India Private Limited and R Systems Products And Technologies Private Limited, India. The Financial Year for these entities is April to March (Also refer Note no. 6, 7 and 10 above).

Sd/-

Sd/-

Sd/-

Sd/-

Satinder Singh Rekhi

[Managing Director]

[DIN: 00006955]

Place : NOIDA

Date : February 06, 2016

Lt. Gen. Baldev Singh (Retd.)

[President & Senior Executive Director]

[DIN: 00006966]

Place : NOIDA

Date : February 06, 2016

Nand Sardana

[Chief Financial Officer]

Place : NOIDA

Date : February 06, 2016

Ashish Thakur

[Company Secretary & Compliance Officer]

Place : NOIDA

Date : February 06, 2016

NOTICE

R SYSTEMS INTERNATIONAL LIMITED

NOTICE OF THE TWENTY SECOND ANNUAL GENERAL MEETING

[Corporate Identification Number – L74899DL1993PLC053579]

Registered Office: B-104 A, Greater Kailash – I, New Delhi – 110 048

Corporate Office: C-40, Sector -59, NOIDA, Distt. Gautam Budh Nagar, U.P. – 201 307, India

Tel.: +91 – 120 – 4303500; Fax: +91 – 120 – 2587123

Website: www.rsystems.com; Email: investors@systems.com

NOTICE is hereby given that Twenty Second Annual General Meeting of the shareholders of R SYSTEMS INTERNATIONAL LIMITED (the “Company”/ “R Systems”) will be held on Monday, June 13, 2016 at 9:00 A.M. at Air Force Auditorium, Subroto Park, New Delhi - 110 010 for transacting the following business:

AS ORDINARY BUSINESS

1. To receive, consider and adopt audited financial statements of the Company for the financial year ended December 31, 2015 and the Reports of the Board of Directors and the Auditors thereon and the consolidated Financial Statements for the year ended on that date together with the reports of auditors.
2. To confirm the three interim dividends of Re. 0.40, Rs. 3.30 and Re. 0.25 per equity shares of Re. 1/- declared and paid during the year ended December 31, 2015.
3. To appoint a director in place of Lt. Gen. Baldev Singh (Retd.) (DIN: 00006966), who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration. M/s. S. R. Batliboi & Associates LLP, Chartered Accountants (FRN: 101049W/E300004), the retiring auditors are eligible for reappointment.

SPECIAL BUSINESS

RE-APPOINTMENT OF INDEPENDENT DIRECTORS

5. To consider the re-appointment of Mr. Raj Kumar Gogia (DIN: 00007364), as an Independent Director and if thought fit, to pass with or without modification(s), the following resolution as a **SPECIAL RESOLUTION.**

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and 160 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), Mr. Raj Kumar Gogia (DIN: 00007364) who has submitted a declaration that he meets the criteria of Independence as provided in

Section 149(6) of the Companies Act, 2013 and the Listing Regulations and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director be and is hereby re-appointed as an Independent Director of the Company, not liable to retirement by rotation, pursuant to Section 149 of the Companies Act, 2013 for a term of 5 (five) years from the conclusion of this Annual General Meeting.”

6. To consider the re-appointment of Mr. Suresh Paruthi (DIN: 00777887) as an Independent Director and if thought fit, to pass with or without modification(s), the following resolution as a **SPECIAL RESOLUTION:**

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and 160 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), Mr. Suresh Paruthi (DIN: 00777887) who has submitted a declaration that he meets the criteria of Independence as provided in Section 149(6) of the Companies Act, 2013 and the Listing Regulations and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director be and is hereby re-appointed as an Independent Director of the Company, not liable to retirement by rotation, pursuant to Section 149 of the Companies Act, 2013 for a term of 5 (five) years from the conclusion of this Annual General Meeting.”

7. To consider the re-appointment of Mr. Gurbax Singh Bhasin (DIN: 00012628) as an Independent Director and if thought fit, to pass with or without modification(s), the following resolution as a **SPECIAL RESOLUTION.**

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and 160 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to the provisions of the Securities and Exchange

Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), Mr. Gurbax Singh Bhasin (DIN: 00012628) who has submitted a declaration that he meets the criteria of Independence as provided in Section 149(6) of the Companies Act, 2013 and the Listing Regulations and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director be and is hereby re-appointed as an Independent Director of the Company, not liable to retirement by rotation, pursuant to Section 149 of the Companies Act, 2013 for a term of 5 (five) years from the conclusion of this Annual General Meeting."

8. To consider the re-appointment of Mr. Amardeep Singh Ranghar (DIN: 06916409) as an Independent Director and if thought fit, to pass with or without modification(s), the following resolution as a **SPECIAL RESOLUTION**

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and 160 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), Mr. Amardeep Singh Ranghar (DIN: 06916409) who has submitted a declaration that he meets the criteria of independence under Section 149(6) of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director be and is hereby re-appointed as an Independent Director of the Company, not liable to retirement by rotation, pursuant to Section 149 of the Companies Act, 2013 for a term of 5 (five) years from the conclusion of this Annual General Meeting."

NOTES

- (i) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY SO APPOINTED NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES IN ORDER TO BE EFFECTIVE SHOULD BE DULY COMPLETED, STAMPED AND SIGNED AND MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE AFORESAID MEETING.
- (ii) Pursuant to Section 105 of Companies Act, 2013 and rules made thereunder, a person shall not act as a proxy for more than 50 members and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. However, a member holding more than ten percent of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person.
- (iii) Corporate members intending to send their authorised representatives are requested to send a duly certified copy of the board or governing body resolution authorising the representatives to attend and vote at the Annual General Meeting.
- (iv) Members / proxies attending the meeting are requested to:
- bring their copies of annual report sent to the members, as copies of the annual report shall not be distributed at the Annual General Meeting;
 - note that no gift coupons shall be distributed at the Annual General Meeting; and
 - quote their Folio / Client ID and DP ID number in all correspondences.
- (v) The register of members and share transfer books of the Company shall remain closed from June 09, 2016 to June 13, 2016 (both days inclusive) for the purpose of Annual General Meeting.
- (vi) Members holding shares in electronic form are advised to notify the changes, if any, in their address / bank details / mandate to their respective depository participants.
- (vii) Any query proposed to be raised at the Annual General Meeting may be sent to the Company at its registered office at least seven days prior to the date of the meeting to enable the management to compile the relevant information to respond to the query in the meeting. The envelope may please be superscribed "Attention: Mr. Ashish Thakur, Company Secretary & Compliance Officer".
- (viii) Members holding shares in physical form, may write to the Company or to the registrar and share transfer agent M/s Link Intime India Private Limited for any change in their addresses and bank mandate. Members holding shares in electronic form may write to their depository participants for immediate updation.
- (ix) The statutory register maintained under Section 189 of the Companies Act, 2013 and Section 170 of the Companies Act, 2013 the certificate of the auditors of the Company certifying the implementation of the Company's stock option plans / schemes in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 as amended and the resolutions passed by the members in the general meeting, will be available at the venue of the Annual General Meeting for inspection by members.
- (x) All documents referred to in the Notice and accompanying explanatory statements as well as the annual accounts of the subsidiaries etc., are open for inspection at the registered office of the Company on all working days between 11:00 A.M. and 02:00 P.M. up to the date of the Annual General Meeting.
- (xi) Members / proxies are requested to bring the attendance slips duly filled in and signed for attending the Meeting.
- (xii) Pursuant to the provisions of Section 72 of the Companies Act, 2013, shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in Form SH-13 (which will be made available on request) to the registrar

and share transfer agent M/s Link Intime India Private Limited or can be downloaded from the following URL http://www.rsystems.com/investors/download_index.aspx

- (xiii) Pursuant to provisions of Section 205A (5) of the Companies Act, 1956 and as per applicable provisions of the Companies Act, 2013, dividend which remains unpaid or unclaimed for a period of seven years from the date of its transfer to unpaid dividend account, is required to be transferred by the Company to Investor Education and Protection Fund ('IEPF'), established by the Central Government under the provisions of the Section 205C of the Companies Act, 1956 and applicable provisions of the Companies Act 2013. Shareholders are advised to claim the unclaimed dividend lying in the unpaid dividend account from the Company's registrar and share transfer agent M/s Link Intime India Private Limited or directly from the Company. It may be noted that once the unclaimed dividend is transferred to IEPF of the Central Government as above, no claim shall lie in respect thereof against the Company.
- (xiv) As a part of its green initiative in Corporate Governance, the Ministry of Corporate Affairs, Government of India through its Circular Nos. 17/2011 and 18/2011 dated 21st April, 2011 and 29th April, 2011 respectively had allowed companies to send various notices/documents to their Members through electronic mail. In terms of the provisions of the Companies Act, 2013, a company can serve Notice of the General Meeting of Members, Annual Report through electronic mode to the shareholders who have registered their e-mail address either with the Company or with the Depository Participant. Accordingly, the Annual Report of the Company comprising of Notice, Balance Sheet, Statement of Profit & Loss, Directors' Report, Auditors' Reports, etc. are being sent on the email addresses of the members made available to the Company by the Depositories (NSDL/CDSL) or registered by the Members with the Company or RTA of the Company.
- (xv) The Annual Report for the year December 31, 2015 and Notice for convening the Twenty Second Annual General Meeting of the Company being circulated to the members of the Company is available on the Company's website, viz. www.rsystems.com.
- (xvi) Members who have not registered their e-mail addresses so far are requested to register their e-mail addresses to their Depository Participant for receiving all communications including Annual Report, Notices etc. from the Company in electronic mode.
- (xvii) Additional information, pursuant to Regulation 36 (3) the Securities and Exchange Board of India ("Listing Regulations") entered into with stock exchanges, in respect of directors recommended for approval of reappointment at the Annual General Meeting and Explanatory Statement as required under Section 102 of the Companies Act, 2013, in respect of special business under item

numbers 05 to 08 of the Notice is appended hereto Annexure-A and forms part of this Notice.

(xviii) In compliance with the provisions of Regulation 44 of the Listing Regulations and Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company is pleased to provide electronic voting facility to its members for transacting all the businesses as stated in the Notice for the Twenty Second Annual General Meeting of the Company through e-voting services being provided by Central Depository Services (India) Limited (CDSL). **The instructions for shareholders for e-voting are as under:**

1. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.
2. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
3. The remote e-voting period begins on Thursday, June 09, 2016 at 10:00 a.m. and ends on Sunday, June 12, 2016 at 5:00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Monday, June 06, 2016 may cast their vote through remote e-voting. The remote e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is casted by the member, the member shall not be allowed to change it subsequently.
4. The shareholders should log on to the e-voting website www.evotingindia.com.
5. Click on "Shareholders".
6. Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
7. Next enter the Image Verification as displayed and Click on Login.
8. If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

9. If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric PAN* issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) *Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on the Attendance Slip indicated in the PAN field.
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format. There are two fields provided viz. D.O.B. and dividend bank details. Any one details may be entered.
Dividend Bank Details*	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. #Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company, please enter the member id / folio number as mentioned in instruction (6). Dividend Bank details, means Bank Account number which is recorded in the demat account.

10. After entering these details appropriately, click on "SUBMIT" tab.
11. Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for remote e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
12. For Members holding shares in physical form, the details can be used only for remote e-voting on the resolutions contained in this Notice.
13. Click on the EVSN for the relevant <Company Name> (R Systems International Limited) on which you choose to vote.
14. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
15. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
16. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you

wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

17. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
18. You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
19. If you as Demat account holder has forgotten the existing password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
20. Note for Non – Individual Shareholders and Custodians
 - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cDSLindia.com.
 - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cDSLindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
21. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cDSLindia.com.
- xix. In the event, the draft resolution is assented to by the requisite majority of Members by means of electronic voting, the date of declaration of result shall be deemed to be the date of passing of the said resolution at the General Meeting.
- xx. The voting rights of Shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date i.e. June 06, 2016.
- xxi. Members are requested to notify the change in the address, if any, in case of shares held in electronic form to the concerned Depository Participant quoting their Client ID and in case of Physical shares to the Registrar and Transfer Agent.
- xxii. Mr. Sanjay Grover, Company Secretary in whole time practice (C.P No. 3850), has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

- xxiii. The Scrutinizer shall after the conclusion of voting at the AGM, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- xxiv. The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company www.rsystems.com and on the website of CDSL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the Stock Exchanges i.e. National Stock Exchange and BSE Limited.
- xxv. Route map of the venue of Twenty Second Annual General Meeting is enclosed.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item Nos. 05 to 08

Pursuant to the provisions of Section 149 and other applicable provisions of the Companies Act, 2013 and Securities And Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the Independent Directors can be appointed for not more than two consecutive terms of not more than five years each and shall not be liable to retire by rotation.

Mr. Raj Kumar Gogia, Mr. Suresh Paruthi, Mr. Gurbax Singh Bhasin and Mr. Amardeep Singh Ranghar had been appointed as Independent Directors pursuant to Section 149 of the Companies Act, 2013 and other applicable provisions at the previous Annual General Meeting for a period commencing from March 29, 2015 till the conclusion of the this Annual General Meeting. Therefore, their first term as Independent Director for the above mentioned period will be completed at the conclusion this Annual General Meeting.

The Board and the Nomination and Remuneration Committee have recommended the re-appointment of the aforesaid directors as Independent Directors at their second term of five year commencing from the conclusion of this Annual General Meeting.

Mr. Raj Kumar Gogia, Mr. Suresh Paruthi, Mr. Gurbax Singh Bhasin and Mr. Amardeep Singh Ranghar, Non-executive Independent Directors of the Company, have given a declaration to the Board that they meet the criteria of independence as provided under Section 149(6) of the Companies Act, 2013 and the Listing Regulations. In the opinion of the Board, all of these directors fulfil the conditions specified in the Companies Act, 2013 and rules made thereunder for their re-appointment as Independent Directors of the Company and they are independent of the management. These Directors are not disqualified from being re-appointed as a Director in terms of Section 164 of the Companies Act, 2013 and they have given their consent to act as Director. Notices have been received from member(s) signifying their intention to propose appointment of these Directors along with a deposit of Rs. 100,000 each.

A brief profile of Independent Directors to be appointed, including nature of their expertise and other disclosure as required under Regulation 36(3) of the Listing Regulations, is provided in Annexure A of this Notice.

Except these Directors, being appointees, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolutions set out at item Nos. 05 to 08.

The Board recommends the resolution in relation to the re-appointment of these Directors as Independent Directors, for the approval by the shareholders of the Company by way of Special Resolution.

By Order of the Board
For R Systems International Limited
Sd/-

Ashish Thakur
(Company Secretary & Compliance Officer)

Place : NOIDA

Date : April 30, 2016

Annexure A

Details of Directors as on December 31, 2015 seeking appointment/re-appointment at the Annual General Meeting to be held on June 13, 2016

(Pursuant to Regulation 36(3) of the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015

Name of Director	Lt. Gen. Baldev Singh (Retd.)	Mr. Raj Kumar Gogia	Mr. Gurbax Singh Bhasin	Mr. Suresh Paruthi	Mr. Amardeep Singh Ranghar
Date of Birth	September 21, 1940	November 9, 1939	September 1, 1956	November 1, 1950	November 13, 1966
Date of Appointment	September 1, 1997	July 9, 2002	December 27, 2005	September 29, 2006	July 7, 2014
Qualifications	Masters in Military Sciences-Madras University	B. Tech Honors (First Class First) in Electrical Engineering from IIT, Kharagpur	Bachelor of Engineering	Bachelor of Technology (Hons.) from IIT, Kharagpur, India	MBA-University of Chicago PGDM Marketing Management- Loyola College , India Export Marketing Certification-Indian Institute of Foreign Trade, India B.E. (Electronics & Communications)-Manipal & Institute of Tech, India
Expertise in specific functional area	Lt. Gen. Baldev Singh (Retd.) has more than 49 years of experience, including handling top managerial, diplomatic and human resource development related assignments. Mr. Singh has a Masters in Military Sciences from the prestigious Madras University in India and attended two short courses at University of California at Berkeley, in Strategic Account management and Marketing.	Mr. Raj Kumar Gogia, aged about 76 years, has a rich and vast experience of 52 years serving various Indian, multinational and foreign concerns. He joined the Board of R Systems on July 09, 2002. Since then, he is continuously providing his guidance and advice to the Board of R Systems International Limited.	Mr. Gurbax Singh Bhasin holds a degree in Bachelor of Engineering. He has been involved in the textile / fashion apparel industry and import / export for over 34 years and understands well the intricacies of international business. Mr. Bhasin's wide diversification and experience helps R Systems to attain even higher levels in customer satisfaction by constantly striving to be the best in all it does through a combination of product excellence, creativity and technological innovation.	Mr. Paruthi had completed his Bachelor of Technology (Hons.) from IIT, Kharagpur in 1972. He has also completed a certificate course in export marketing from the Indian Institute of Foreign Trade, New Delhi. He is having a wide experience of efficiently serving various multinationals; some of them are Siemens Limited, Bhartia Cutler Hammer Ltd. & Omron Asia Pacific Pte. Ltd.	Mr. Amardeep Singh Ranghar has vast Corporate experience, having served American Express at senior positions for more than 20 years. Currently, he practices as an independent business consultant and is engaged in projects covering strategy revenue & profitability.
Directorship held in other Companies as on date	Nil	Nil	Prego, Inc(U.S.A.), Agro Foods, Inc. (U.S.A), Quinby Willshire, LLC, Shivam Investments, LLC(U.S.A.), Suraj Victorville, LLC(U.S.A.), Corporativo Alberdy S.A. DECV.(Mexico), Comercializadora Y Distribuidora Sauces S.A.(Mexico), Riverbrook, LLC, G & B Riverside, LP, B&G Mohler, LLC(U.S.A.), Bhasin Victorville, LLC(U.S.A.)	Paruthi Consultants And Engineers	Nil
Membership / Chairmanship in other committees of other companies as on date	Nil	Nil	Nil	Nil	Nil
Number of shares held in Company as on December 31, 2015	139,594 equity shares	Nil	Nil	Nil	Nil
Relationships between Directors inter-se	Lt. Gen. Baldev Singh (Retd.) is related to Mr. Satinder Singh Rekhi, Managing Director of the Company	Nil	Nil	Nil	Nil



R SYSTEMS INTERNATIONAL LIMITED

[Corporate Identification Number – L74899DL1993PLC053579]
Registered Office: B-104 A, Greater Kailash – I, New Delhi – 110 048
Corporate Office C-40, Sector -59, NOIDA, Distt. Gautam Budh Nagar, U.P. – 201 307, India
Tel.: +91 – 120- 4303500; Fax: +91 – 120 – 2587123
Website: www.rsystems.com; Email: investors@rsystems.com

Twenty Second Annual General Meeting to be held on Monday, June 13, 2016 at 9:00 A.M. at
Air Force Auditorium, Subroto Park, New Delhi - 110 010

PROXY FORM (Form no. MGT-11)

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies
(Management and Administration) Rules, 2014]

Name of the member (s).....
Registered address
E-mail Id..... Folio No. DP ID..... Client Id.....

I/We, being the member (s) ofshares of the R Systems International Limited, hereby appoint

- Name :.....
Address :.....
E-mail Id :.....
Signature :.....or failing him
- Name :.....
Address :.....
E-mail Id :.....
Signature :.....or failing him
- Name :.....
Address :.....
E-mail Id :.....
Signature :.....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the as my/our proxy to attend and vote (on a poll) for me/
us and on my/our behalf at the Twenty Second Annual General Meeting of the Company, to be held on Monday, June 13, 2016 at 09:00 a.m. at
Air Force Auditorium, Subroto Park, New Delhi - 110 010 and at any adjournment thereof in respect of such resolutions as are indicated below:

Ordinary business:

- Adoption of Financial Statements.
- To confirm the interim dividend declared and paid during the financial year ended December 31, 2015.
- Re-appointment of Lt. Gen. Baldev Singh (Retd.) (DIN: 00006966) who retires by rotation.
- To Appoint Statutory Auditors .

Special Business:

- Re-appointment of Mr. Raj Kumar Gogia (DIN: 00007364), as an Independent Director.
- Re-appointment of Mr. Suresh Paruthi (DIN: 00777887) as an Independent Director.
- Re-appointment of Mr. Gurbax Singh Bhasin (DIN: 00012628) as an Independent Director.
- Re-appointment of Mr. Amardeep Singh Ranghar (DIN: 06916409) as an Independent Director.

Signed this.....day of..... 2016.

Signature of Shareholder

Signature of Proxy Holder(s)

Affix
Revenue
Stamp

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less
than 48 hours before the commencement of the Meeting.



R SYSTEMS INTERNATIONAL LIMITED

[Corporate Identification Number – L74899DL1993PLC053579]

Registered Office: B-104 A, Greater Kailash – I, New Delhi – 110 048

Corporate Office C-40, Sector -59, NOIDA, Distt. Gautam Budh Nagar, U.P. – 201 307, India

Tel.: +91 – 120- 4303500; Fax: +91 – 120 – 2587123

Website: www.rsystems.com; Email: investors@rsystems.com

Twenty Second Annual General Meeting to be held on Monday, June 13, 2016 at 9:00 A.M. at

Air Force Auditorium, Subroto Park, New Delhi - 110 010

ATTENDANCE SLIP

Registered Folio No..... (or)

Demat Account No..... D.P. ID. No

Name of shareholder(s).....

I / We certify that I am / we are Member(s) / Proxy of the Member(s) of the Company holding..... shares.

I hereby record my presence at the Twenty Second Annual General Meeting of the Company to be held on Monday, June 13, 2016 at 09:00 a.m. at Air Force Auditorium, Subroto Park, New Delhi - 110 010.

.....
Signature of Member / Proxy

Notes:

1. A member or his duly appointed Proxy wishing to attend the meeting must complete this Attendance Slip and hand it over at the entrance.
2. Name of the Proxy in Block letters.....(in case the Proxy attends the meeting.)
3. Those who hold shares in Demat form to quote their Demat Account No. and Depository Participant (D.P.) ID. No.



Electronic voting particulars

Electronic Voting Sequence No. (EVSN)	User ID	Sequence Number

Note: Please read the instructions printed under the Note No. xviii to the Notice dated April 30, 2016 of the Twenty Second Annual General Meeting. The voting period starts from 10:00 a.m. (IST) on Thursday, June 09, 2016 and ends at 05:00 p.m. (IST) on Sunday, June 12, 2016. The voting module shall be disabled by CDSL for voting thereafter.



R SYSTEMS INTERNATIONAL LIMITED

[Corporate Identification Number – L74899DL1993PLC053579]

Registered Office: B-104 A, Greater Kailash – I, New Delhi – 110 048

Corporate Office C-40, Sector -59, NOIDA, Distt. Gautam Budh Nagar, U.P. – 201 307, India

Tel.: +91 – 120- 4303500; Fax: +91 – 120 – 2587123

Website: www.rsystems.com; Email: investors@systems.com

Twenty Second Annual General Meeting to be held on Monday, June 13, 2016 at 9:00 A.M. at

Air Force Auditorium, Subroto Park, New Delhi - 110 010

Dear Shareholder,

The Ministry of Corporate Affairs, Government of India (MCA) has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by companies and has issued circulars on 21.04.2011 & 29.04.2011 stating that the service by a company can be made through electronic mode, provided the Company has obtained e-mail address of its members for sending the notice/documents through e-mail by giving an advance opportunity to every shareholder to register their e-mail address and changes therein from time to time with the Company.

In furtherance to these, the Company invites its valued shareholders to participate in the Green Initiative to affirm their commitment towards maintaining environment clean and progressive for future generations.

Keeping in view the above, we are proposing to send henceforth all communications/documents like AGM notice, financial statements, directors' report, auditors' report etc. on the email address registered by you with your Depository Participant (DP). Please join us in our support for this noble cause by registering or updating your email address as under:

- With your Depository Participant (DP) if you hold Company's shares in electronic mode.
- With the Registrar & Transfer Agent i.e. M/s. Link Intime India Private Limited if you hold shares in physical mode by sending an e-mail to delhi@linkintime.co.in with cc to investors@systems.com quoting your folio no.

It may be noted that as a member of the Company, you will be entitled to receive on request, a copy of the said documents free of cost any time in accordance with the provisions of the Companies Act, 2013. Further, the said documents and other information will be uploaded from time to time on the official website of the Company i.e. www.rsystems.com under "Investor" section.

In case you desire to continue receiving the above documents in physical mode, you are requested to please inform us by sending your request to investors@systems.com quoting your DP/Client ID or Folio No.

We look forward for your encouraging support in welcoming this initiative in reducing the impact on the environment and receive all communications electronically.

Thanking you,

Yours faithfully,

For R Systems International Limited

Sd/-

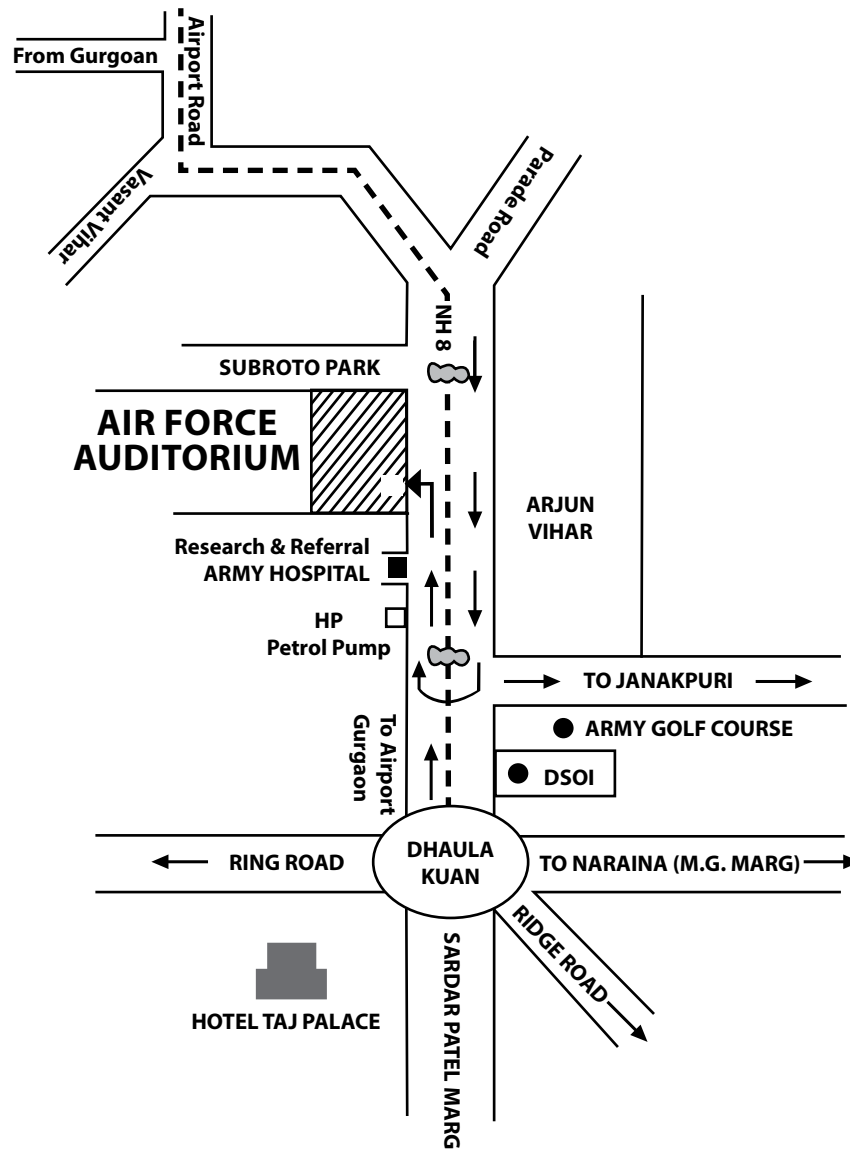
Ashish Thakur

(Company Secretary & Compliance Officer)

Place : Noida

Date : April 30, 2016

Route map of the venue of 22nd Annual General Meeting of R Systems International Limited



Venue: Air Force Auditorium, Subroto Park, New Delhi - 110 010

Landmark: Adjacent to Research & Referral, Army Hospital



R Systems' journey of the last 22 years is similar to the journey of an oyster through the oceans of opportunities. An oyster travels across the oceans of opportunities and endures the challenges of the ocean currents in order to deliver value in the form of a pearl.

Similarly, we at R Systems, have grown in depth and expanded globally the scale of our operations by overcoming various odds and challenges in the last 22 years. In doing so, we have been delivering exceptional value to each of our stakeholders through our unstinted dedication, diligence and hard work.

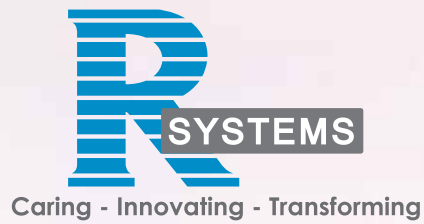


R SYSTEMS INTERNATIONAL LIMITED

Registered Office: B - 104A, Greater Kailash - I, New Delhi - 110 048 (INDIA)

Corporate Office: C - 40, Sector - 59, Noida (U.P.) - 201 307 (INDIA)

www.rsystems.com



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...like the Oyster delivering the Pearl

ANNUAL REPORT
2014

ANNUAL REPORT 2014

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Value Engineering



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Caring



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Innovating



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Transforming

OUR INDUSTRY VERTICALS



Telecom And
Digital Media



Banking and
Finance



Healthcare
Services



Manufacturing and
Logistics



Government
Services

Safe Harbor Statement:

Certain Statements in this report concerning our future growth prospects are forward-looking statements, which involves a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding the success of our investments, risks and uncertainties regarding fluctuations in earnings, our ability to manage growth, intense competition in IT and ITeS services and solutions including those factors which may affect our cost advantage, salary increases, our ability to attract and retain highly skilled professionals, time and cost overruns on fixed-price, fixed-time frame contracts, client concentration, restrictions on immigration, industry segment concentration, our ability to manage our international marketing and sales operations, reduced demand for technology and consulting services in our key focus areas, disruptions in telecommunication networks or system failures, our ability to successfully complete and integrate potential acquisitions and restructuring, liability for damages on our service contracts and product warranty, the success of the companies in which the Company has made strategic investments, withdrawal of governmental fiscal incentives, political instability and regional conflicts, legal restrictions on raising capital or acquiring companies outside India, and unauthorized use of our intellectual property and general economic conditions affecting our industry. The Company may, from time-to-time, make additional written and oral forward-looking statements and does not undertake to update any forward-looking statements that may be made from time-to-time by or on behalf of the Company.

CORPORATE INFORMATION

Board of Directors

(As on April 23, 2015)

1. **Mr. Satinder Singh Rekhi**
(Managing Director)
2. **Lt. Gen. Baldev Singh (Retd.)**
(President and Senior Executive Director)
3. **Mrs. Ruchica Gupta**
(Additional Director – Non Executive)
4. **Mr. Raj Kumar Gogia**
(Non-Executive Independent Director)
5. **Mr. Gurbax Singh Bhasin**
(Non-Executive Independent Director)
6. **Mr. Suresh Paruthi**
(Non-Executive Independent Director)
7. **Mr. Amardeep Singh Ranghar**
(Additional Director – Non Executive Independent)
8. **Mr. Raj Swaminathan**
(Director and Chief Operating Officer)

Chief Financial Officer

Mr. Nand Sardana

Company Secretary and Compliance Officer

Mr. Ashish Thakur

Committees of the Board of Directors

Audit Committee

1. **Mr. Raj Kumar Gogia**
(Chairman)
2. **Mrs. Ruchica Gupta**
(Member)
3. **Mr. Gurbax Singh Bhasin**
(Member)
4. **Mr. Suresh Paruthi**
(Member)

Stakeholders Relationship Committee

(Also known as Shareholders /Investors Grievance Committee)

1. **Mr. Raj Kumar Gogia**
(Chairman)
2. **Mr. Suresh Paruthi**
(Member)
3. **Mr. Satinder Singh Rekhi**
(Member)
4. **Lt. Gen. Baldev Singh (Retd.)**
(Member)

Nomination & Remuneration Committee

1. **Mr. Suresh Paruthi**
(Chairman)
2. **Mr. Raj Kumar Gogia**
(Member)
3. **Mr. Gurbax Singh Bhasin**
(Member)
4. **Mr. Amardeep Singh Ranghar**
(Member)

Compensation Committee

1. **Mr. Raj Kumar Gogia**
(Chairman)
2. **Mr. Suresh Paruthi**
(Member)
3. **Lt. Gen. Baldev Singh (Retd.)**
(Member)

Corporate Social Responsibility Committee (CSR Committee)

1. **Mr. Raj Kumar Gogia**
(Chairman)
2. **Lt. Gen. Baldev Singh (Retd.)**
(Member)
3. **Mrs. Ruchica Gupta**
(Member)
4. **Mr. Suresh Paruthi**
(Member)
5. **Mr. Raj Swaminathan**
(Member)

Registered Office

B - 104A, Greater Kailash - I,
New Delhi - 110 048, India

Corporate Office

C - 40, Sector - 59,
Noida (U.P.) - 201 307, India

Statutory Auditors

S. R. Batliboi & Associates LLP
Chartered Accountants
Golf View Corporate Tower - B,
Sector - 42, Sector Road,
Gurgaon - 122 002, Haryana, India

Registrar & Share Transfer Agent

M/s Link Intime India Private Limited
44, Community Centre, 2nd Floor,
Naraina Industrial Area, Phase- I
Near PVR Naraina,
New Delhi - 110 028, India

Bankers to the Company

1. Axis Bank Limited
2. ICICI Bank Limited
3. HDFC Bank Limited
4. State Bank of India
5. The Ratnakar Bank Limited
6. Oriental Bank of Commerce
7. State Bank of Bikaner & Jaipur
8. Kotak Mahindra Bank
9. California Bank and Trust, U.S.A.

Listed At

1. National Stock Exchange of India Limited
2. BSE Limited

Subsidiaries of R Systems International Limited

1. R Systems (Singapore) Pte Limited, Singapore
2. R Systems, Inc., U.S.A.
3. Indus Software, Inc., U.S.A.
4. ECnet Limited, Singapore
5. R Systems Solutions, Inc., U.S.A.
6. R Systems Europe B.V., The Netherlands
(Ceased to be a subsidiary w.e.f. November 27, 2014)
7. R Systems S.A.S., France
(Ceased to be a subsidiary w.e.f. November 27, 2014)
8. Computaris International Limited, U.K.
9. Systèmes R. International Ltée, Canada
10. R Systems Products & Technologies Limited, India

Subsidiaries of ECnet Limited

11. ECnet (M) Sdn. Bhd., Malaysia
12. ECnet Systems (Thailand) Company Limited, Thailand
13. ECnet (Shanghai) Co. Ltd., People's Republic of China
14. ECnet Kabushiki Kaisha, Japan
15. ECnet (Hong Kong) Limited, Hong Kong
16. ECnet Inc., U.S.A.

Subsidiaries of Computaris International Limited

17. Computaris Romania SRL, Romania
18. Computaris Polska sp z o.o., Poland
19. ICS Computaris International Srl, Moldova
20. Computaris USA, Inc.
21. Computaris Malaysia Sdn. Bhd., Malaysia

THE MAKING OF A GLOBAL OFFSHORING LEADER

2004

- 📍 Six Sigma and Lean Methodologies deployed
- 📍 Acquired ECnet (Singapore)

2003

- 📍 Set up BPO Centre at Noida, India
- 📍 Assessed at SEI-CMMi Level 5

2002

- 📍 Acquired Indus Software, Pune and Chennai (India)



TRANSFORMING

2000

- 📍 Opened Offshore Development Centre at Noida



RESHAPING

1998

- 📍 ISO 9001: 1994 certified

1997

- 📍 India operations started

1993

- 📍 Started as Software Engineering firm in Sacramento, CA

2011

- 📍 Acquired Computaris, UK
- 📍 Appraised at SEI-CMMi Level 5 (ver. 1.2)

2010

- 📍 ISO 9001: 2008 Certified

ENABLING

SHARPENING

GROWING

2009

- 📍 Assessed at PCMM Level 5

2006

- 📍 IPO launched
- 📍 R Systems listed on BSE and NSE
- 📍 Acquired Web Converse, Salt Lake City (USA)
- 📍 Assessed at SEI-CMMi Level 5 (ver. 1.1)

2014

- 📍 Successfully appraised for CMMi Level 5 (ver. 1.3)
- 📍 Received Special Commendation for "Golden Peacock Award for Excellence in Corporate Governance"
- 📍 Sale of Europe BPO (Netherlands and France centre)

2013

- 📍 Joined Elite Group of USD 100 mn + by Revenue
- 📍 Won the Rajiv Gandhi National Quality Award in "Large Scale Service Industry" category
- 📍 Financial Express "IT Solution of the Year" Award for Indus' Product
- 📍 Acquired ERP Business of Nikko Computer Systems (S) Pte Ltd.
- 📍 PCI-DSS (ver. 2.0) Certification for BPO

2012

- 📍 Assessed at PCMM Level 5 (ver. 2.0)
- 📍 Ranked 5th Best IT Employer by DataQuest

VALUE ENGINEERING

OUR USP IN THE INDUSTRY

Our journey so far has been like an untold tale of unstinted dedication, diligence and hard work – just like the ‘Oyster delivering the Pearl’. Just as the oyster embraces the irritant grain of sand and nurtures it with warmth and patience instead of getting rid of it, our attitude of perceiving problems as challenges, has pushed us to the position we stand today.

Overcoming all the odds, we strive to deliver exceptional value to our employees, customers and all those who are associated with us through our robust value engineering framework. Our zeal to move beyond conventional boundaries has helped us explore uninhabited territories that represent real value innovation.

Illustrating uncompromising focus on delivering significant value to our clients, our growth strategy has differentiated us from the rest of the pack. By addressing their concerns and encouraging their enthusiasm, our efficient growth engines have harnessed new opportunities, enabling us to grow consistently over the years.

Our innovation curve and our ability to offer cutting-edge services and solutions to our global clients positions us a tall leader in “Value Engineering”. We measure ourselves as a value creator for a diverse group of stakeholders – customers, employees, investors and the society. Over the past two decades of existence we have continuously ramped up our people, processes and technological capabilities through innovative steps. Our existence is founded with the singular focus of delivering Value, which can be best expressed through our core values of Caring, Innovating and Transforming.





OUR LEADERSHIP...

Caring . Innovating . Transforming

...WE ARE CARING

At R Systems, we are powered by our stakeholders including our employees, customers, shareholders, industry, society and all those who are connected with us. We aim for a better world where we treat our employees the way we want them to treat and serve our clients i.e. with perfection and a sense of security.





At R Systems, we consider our employees to be our greatest assets. We care for our employees, their individual growth and their overall well-being by rendering world class infrastructure, extra-ordinary work culture, extensive mentoring and global onsite work opportunities. We promote a culture where employees are motivated to achieve excellence in their performance by learning new skills and knowledge.

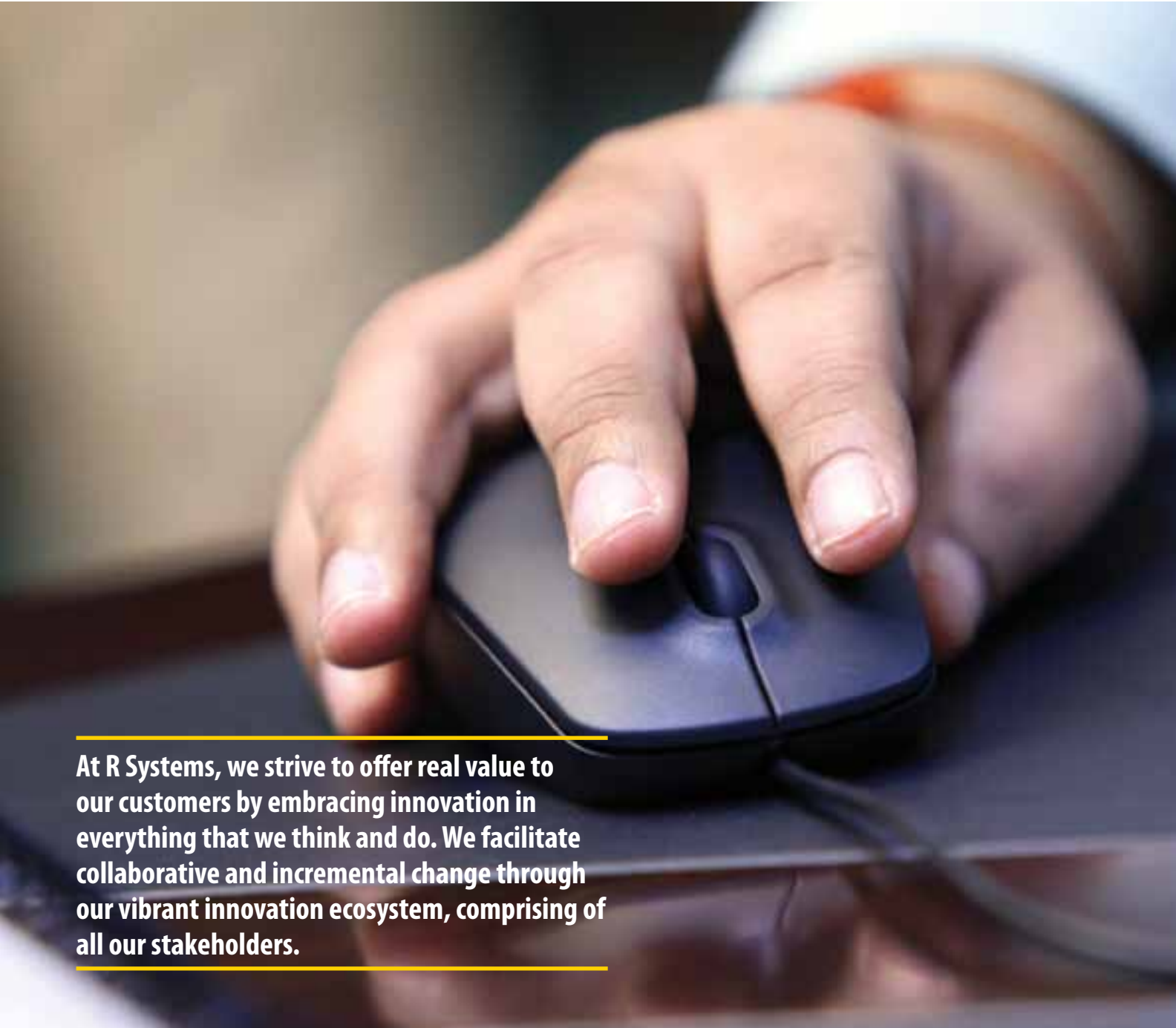
Year-on-year, we are expanding our services portfolio to meet the increasing demands of our customers. Since, the time of our inception, we have been consistently delivering quality excellence in our services. We listen, we care and we solve every concern of our customers by providing them a real time visibility of their projects. We are system-level thinkers who have demonstrated remarkable ability to design and deliver technically elegant, practical solutions that have often exceeded our clients' expectations. We walk an extra mile to strengthen our relationship with our esteemed customers while ensuring necessary measures to sustain it.

We care for our shareholders – who serve as the financial backbone of R systems' success – and place confidence in our vision. Our investments strengthen us with unique capabilities that differentiate us from our competitors. Our processes and funds are well managed by seasoned professionals, who help in maximizing the returns on our investments and further help us in providing long term loyalty to our investors. The byproduct of our investments has been rapid innovation across the entire technology ecosystem.

We owe our success to the community we live and work in. We have delivered solutions which have changed how people live, businesses run and economies grow. Also, our global strategies and numerous initiatives perfectly complement our vision to provide good health and social welfare for each and everyone around us. Our society plays a vital role in our growth and evolution, and we put in every possible effort to ensure its social and ecological development.



...WE ARE INNOVATING

A close-up photograph of a person's hand clicking a computer mouse. The hand is in focus, with the mouse button being pressed. The background is blurred, showing a person's face and glasses.

At R Systems, we strive to offer real value to our customers by embracing innovation in everything that we think and do. We facilitate collaborative and incremental change through our vibrant innovation ecosystem, comprising of all our stakeholders.





Developed by and for every employee, the innovation framework at R Systems seeks to encourage ideas from every employee. We strive to enumerate each and every idea depending on the value it generates for the clients. We consider every individual employee as an "Individual Enterprise". We strive to leverage their true potential by deploying new processes, and optimizing employee performances. We nurture our employees by providing them with structured training programs that are enhanced from time to time so as to equip them with maximum learning.


We understand that the purpose of any business is to create value for its customers and at R Systems it is a key strategic initiative. We thrive on getting innovative thinking to the table while discovering new ways to connect with the requirements of our customers. We focus on making successful rather than just satisfied customers by addressing their IT expectations.

We keep ourselves abreast of new emerging technology and industry trends by undertaking research and development in these new areas. Our State-of-the-art research and development labs at Pune and Noida have spearheaded innovation for our customers and have delighted them by offering continuous stream of new products and solutions. Our customer focused innovation initiatives have largely benefitted our shareholders as well the community at large.

We combine a unique blend of entrepreneurial spirit, technical competence and perpetual passion to innovate. Our self-sustained and self-motivated Innovation engine comprises of 2500+ employee who are spread across the three continents of APAC, Europe and North America.



...WE ARE TRANSFORMING

A photograph of four business professionals in an office setting. A man in a light blue shirt and tie stands leaning over a desk, pointing at a laptop screen with a white marker. Three other people (two men and one woman) are seated around the desk, looking at the laptop with focused expressions. The man on the left is wearing a blue shirt and has his hand to his forehead in a thoughtful pose. The man in the center is wearing a light blue shirt and a red tie, resting his chin on his hand. The woman on the right is wearing a dark blue top with a gold emblem. The background shows office furniture and a window with blinds.

At R Systems, we seek to transform individuals, businesses and the society at large through our caring and innovation-driven culture. We strive to offer rapid and sustainable outcomes through our transformation services.



We have a strategic roadmap so as to ensure transformation for our customers and other stakeholders, through our caring and innovation-driven enterprise. By deploying industry best practices (gathered from our experiences), we have endeavored to re-engineer and align changing organizational processes, technology investment, and most importantly, the mindset of our legacy workforce, in order to provide high value to all our stakeholders.

We strive to better the lives of our employees by providing them a work culture that is inspiring and motivating. We tap into the way our employees feel, think, behave and work by investing in various competency development initiatives such as career development and structured training programs. At R Systems, we understand the significance of employee engagement and their involvement in creating value, and better customer experience. Our people practices are mapped to that of PCMM Level 5, which helps us to capitalize on the potential of our employees while helping them realize job satisfaction.

Over the past two decades, R Systems have been transforming global businesses by offering them real business value. We strive to create a clear transformation roadmap for our customer's by leveraging our dynamic operating model and mature portfolio of services. We strive to create an integrated customer experience by seamlessly aligning their business processes, and innovative technology solutions to their strategic goals. We seek to move beyond small achievements, and focus on using innovative practices for transforming organizations in a way that make them completely sustainable.

We seek to establish ourselves as a responsible organization by bringing positive and meaningful change in our society where we live and work, through our well-organized CSR activities.



GLOBAL CORPORATE PROFILE

R SYSTEMS

WE ARE

R Systems, founded in 1993, is a leading provider of IT and ITeS services and solutions. Ever since its inception, the Company has demonstrated remarkable growth and established its presence all across the globe.

Fighting all the odds, the Company has emerged as one of the world's leading IT solutions and services provider. Our IT services and solutions span five major verticals including Telecom & Digital Media, Banking & Finance, Healthcare, Manufacturing & Logistics, and Government Services. Endowed with some of the industry's highest quality certifications and standards, including SEI CMMI Level 5, PCMM Level 5, ISO 27001:2005 and ISO 9001:2008, we cater to customers worldwide using our global delivery model, expert associates and multi-language support capabilities.



WE OFFER

R Systems' core service offerings include Outsourced Product Engineering, sold under our brand of iPLM (Integrated Product Life Cycle Management) IT and ITeS services.

iPLM IT Services : Following changing customer needs, Software product development companies are under tremendous pressure to provide product offerings in the marketplace within



the quickest possible time. Our iPLM IT Services including new product development, product maintenance and support, and testing and quality assurance, are designed to help these firms, accelerate time-to-market, become more competitive, and increase product life spans. With 1100+ expert resources servicing 80+ key customers, our iPLM solution delivers a comprehensive range of benefits that help companies respond to product life cycle challenges that too within real time.

ITeS Services : Our key ITeS services include customer care and technical support, managed services, NOC support, high-end quality process management and revenue and claims management. These are delivered in multiple languages using our global delivery model. Our 350+ expert resources in this segment are servicing 10+ key customers using our global delivery model.

Product Offerings : R Systems products are delivered by our two units – Indus® and ECnet®. Indus® addresses the retail lending, telecom and insurance industry. With 600+ expert resources, Indus serves 40+ key customers including reputed banks, insurance companies and telecom operators. ECnet® addresses supply chain, warehousing, inventory management and ERP solutions for SME sector. ECnet deploys 90+ expert resources to cater 20+ key customers.

OUR VISION

To generate Value through Technology, like the Oyster Delivering the Pearl

OUR MISSION

Our mission is to emerge as the world's leading solutions and services provider by leveraging on the entrepreneurial spirit of our employees, on cutting-edge technologies and niche verticals, through constant innovation and learning.

OUR VALUES

CARING:

We care for our employees, customers, investors and all those who are associated with us. We walk the extra mile and nurture our relationships to build an association that is meaningful, long-term and sustainable.

INNOVATING:

We stay ahead by embracing innovation in all that we think and do. Our innovation spreads across the entire value chain and includes people, processes, and technologies.

TRANSFORMING:

We see ourselves as transformation agents. Our caring and innovation-driven culture seeks to transform individuals, businesses, and Society, for the better.

OUR GLOBAL FOOTPRINTS

Beginning our journey as a start-up software engineering firm in Sacramento, California, in the year 1993, our attitude of seeing problems as challenges, has pushed us to the position we stand today. Today, with global presence across Asia Pacific, Europe, and North America, we have placed ourselves as leading IT player in the world map.

Besides having a leading presence in India (Noida, Chennai and Pune), R System's operates from its 11+ development and service centres established across the world including Sacramento and Salt Lake City in USA; Singapore; Bucharest and Galati in Romania; Warsaw and Bialystok in Poland and Chisinau in Moldova.



OUR GLOBAL HIGHLIGHTS

11

Development and Service Centres spread across Asia Pacific, Europe and North America

2500+

Our Global Employees





5

Our Key Industry Verticals

150+

Our Global Key Customers

FROM THE DESK OF THE **MANAGING DIRECTOR**



Our people are now aligned to take on the challenges of new technologies to be able to meet the ever increasing expectations of our customers. Our processes have become even more robust and agile and we are equipped to handle the ever increasing complexities in the offshoring ecosystem. Our ambitious skills enhancement programs are empowering Team Leaders to prepare for the challenges of tomorrow.

Dear Fellow Stakeholders,

It gives me immense pleasure to report that your company has witnessed another successful Year in 2014 and realized profitable growth.

Over the past year, your company has witnessed several new and interesting changes. Our perseverance and quest to move up the value ladder closely follows the oyster and pearl story. We have religiously mobilized the philosophy of Caring – Innovating – Transforming in all aspects of our business and are now witnessing impressive changes. Our journey towards becoming a global leader in “Value Engineering” has energized us and all our stakeholders with renewed enthusiasm and excitement. I am proud that we continue to be driven by such a profound global vision.

Your company has witnessed several interesting changes over the past year. We have introduced several new changes in staff, processes and technology. Our people are now aligned to take on the challenges of new technologies to be able to meet the ever increasing expectations of our customers. Our processes have become even more robust and agile and we are equipped to handle the ever increasing complexities in the offshoring ecosystem. Our ambitious skills enhancement programs are empowering Team Leaders to prepare for the challenges of tomorrow.

Our culture of Innovation is now helping us capitalize on a much diverse spectrum of ideas. By encouraging innovation, we have sustained our technological leadership in our traditional strongholds and also provided new momentum to technology spheres like Analytics, Cloud Computing and several other areas that have helped sustain our position as a global leader in the field of offshoring.

We continue to focus on our key verticals, Telecom & Digital Media, Banking and Finance, Health Care, Manufacturing & Logistics and Government Services. We have strengthened our efforts in all our verticals by aligning our branding and marketing strategies, to highlight our strengths and proficiencies around these verticals to accelerate our future growth.

Your company now has 11 development and service centres that serve customers in USA, Europe, South America, India, the Far East, the Middle East and Africa through a robust global delivery model. Our footprints are also rapidly expanding in our traditional geographies of North America and Europe and embracing a new league of customers.

R SYSTEMS IN 2014

Our performance, in the year 2014, has been extremely satisfactory. We served 27 million-dollar plus customers and also added over 20 marque clients across all business verticals and geographies. Globally, we served 150 + Key customers during the year.

The consolidated revenues continued its upward growth during 2014 and it reached Rs. 6,485 million (US\$ 106.27 million). This gave us a Year-on-Year growth of 8.80 %. The EBITDA was Rs. 900 million (US\$ 14.76 million) which grew 14.50 % over last year. The Profit after tax was Rs. 781 million (US\$ 12.80 million) with a growth of 48.27 % over last year.

 Rs. 6,485^{million}
(US\$ 106.27^{million})

Revenues in Year 2014

 8.8%

Revenue Growth in 2014

 Rs. 900^{million}
(US\$ 14.76^{million})

EBITDA in Year 2014

 14.50%

EBITDA Growth in 2014



Our sales funnel is strong across all businesses. Our focus for 2015 will be to continue to deliver increased business value to our global customers through innovative industry-specific services and solutions; realignment towards core services to improve margins.

We have deployed robust financial management practices and ensured that our balance sheet remains strong. Share Holder Funds stood at Rs. 2,131 million and our cash and bank balances was Rs. 1,098 million.

During 2014, we also completed the sale of Europe BPO Business comprising of its 100% holding in R Systems Europe B.V., Netherlands and R Systems S.A.S., France. This will enable us to focus on core businesses. The profit after tax from this sale of our Europe BPO Business helped us gather an exceptional profit of Rs. 169 million (US\$ 2.77 million).

Telecom and Digital Media continues to be our largest industry vertical with 33.71% share of revenues followed by BFSI which accounts for 15.10% during the year 2014. The volumes growth from existing, as well as, new customers, coupled with discipline in execution and higher license revenue, led to improved margins.

Considering the overall performance during the year 2014, the Board has recommended a final dividend of Rs 0.95 per share (in addition to earlier declared interim dividends of Rs. 4.90 per share) subject to approval of shareholders.

OUTLOOK

As the year 2015 rolls out, I am very positive about the outlook for your company. The US economy is poised for solid growth in the Year 2015 while the European Economy is still giving mixed signals for recovery. Gartner has predicted that the global offshoring industry will sustain its growth momentum which will be led by the adoption of newer and robust technologies, to make businesses more efficient and competitive.

R Systems will continue to focus on profitable growth in FY 2015. Our sales funnel is strong across all businesses. Our focus for 2015 will be to continue to deliver increased business value to our global customers through innovative industry-specific services and solutions; realignment towards core services to improve margins; improve branding and marketing efforts to highlight our strengths in key verticals; and sustain discipline in execution and maintain utilization around 75% even while continuing to invest in people, processes and technologies.

CONCLUSION

To conclude, I thank all our stakeholders for contributing to our success. I also express my gratitude to our customers, shareholders, bankers, the stock exchanges, Securities and Exchange Board of India (SEBI), the Software Technology Parks of India (STPI), various government agencies, industry associations and all other organizations for their valuable support.

I would also like to thank my colleagues, worldwide, at R Systems for their support and contribution in making R Systems an esteemed organization. It is with their support that R Systems is able to deliver value to our global customers, meet the expectations of our shareholders and also contribute to the diverse communities around us.

Let me assure you that your company will continue to pursue its global philosophy of Caring, Innovating, and Transforming, to meet the aspirations of our diverse stakeholders. I am confident that your company will set new benchmarks of excellence and continue to grow as an industry leader, now, and into the Future.

We remain committed to excel, **like the Oyster delivering the Pearl.**

Sincerely,

Satinder Singh Rekhi
Managing Director

FROM THE DESK OF SARTAJ SINGH REKHI

Dear Stakeholders,

R Systems continues to ride high on its journey as a value creator. Our ability to deliver value to diverse stakeholders has already touched new benchmarks. In fact, it's this impeccable track record and value proposition that makes us masters of "Value Engineering".

We at R Systems are now entering a new phase of growth that will be increasingly dominated by innovation. Everything we do, every stride we take – no matter how small or big – will be packed with innovation. Our innovation is holistic and has a 360° span covering People, Processes and Technologies.

In the present environment, technological leadership is not only about our ability to provide technological services and solutions; rather it's about how closely we are able to partner with our customers and help them navigate across the vast and complex technological realm. Speed is a significant component in this. Our leadership thus lies in our ability to be innovative against a rapidly shifting technological goalpost.

At R Systems we adopt global best practices in all that we do. We constantly test our People, Processes and Technologies against global benchmarks. Our obsession for quality and timely delivery makes us one of the most acclaimed global IT organizations in the world. Our proactive management, robust training, and agility are some of the many factors that position us as a tall leader in an increasingly competitive world.

Our vertical focus has helped us generate profitable growth, not only in terms of revenue, but also in terms of enhanced customer satisfaction. Over the year 2014, we further invested in building competencies around all our key verticals. We have also focused to offer analytics- and mobility-based solutions and services to many of our global customers.

Against this backdrop, I am very optimistic about R Systems. I am confident that our global workforce and our diverse leadership will continue to deliver value to all our stakeholders across the world. I believe that our existence and satisfaction revolves around our ability to deliver Value, like the Oyster delivering the Pearl!

Sincerely,
Sartaj Rekhi



At R Systems we adopt global best practices in all that we do. We constantly test our People, Processes and Technologies against global benchmarks. Our obsession for quality and timely delivery makes us one of the most acclaimed global IT organizations in the world.

FINANCIAL HIGHLIGHTS

(On the basis of Consolidated Financial Statements under Indian GAAP)

FINANCIAL PERFORMANCE

(Rs. in million)

Particulars	2014	2013	2012	2011	2010
Revenue	6,484.96	5,960.54	4,650.09	4,094.96	2,905.47
Other Income	90.72	47.15	71.38	55.64	63.19
Total Income	6,575.68	6,007.69	4,721.47	4,150.60	2,968.66
EBITDA	900.48	786.43	348.37	322.79	220.32
Exceptional item*	250.11	-	-	-	-
EBT	1,124.21	718.26	288.54	209.19	145.58
EAT	781.34	526.99	183.62	165.13	167.76
Share Capital (Face value of Re. 1 each)	126.72	125.92	124.47	122.43	122.43
Reserve and Surplus	2,004.33	2,191.69	1,821.53	1,863.40	1,680.10
Long-term borrowings (including current maturities)	9.29	14.54	5.63	6.88	8.35
Fixed Assets (net) (tangible and intangible assets)	415.82	463.00	387.07	400.10	444.34
Cash and Bank Balances	1,098.24	1,115.20	889.39	949.55	956.89

KEY RATIOS

Particulars	2014	2013	2012	2011	2010
Debt -Equity Ratio	0.00	0.01	0.00	0.00	0.01
Days Sales Outstanding	55	56	71	65	61
EBITDA / Revenue (%)	13.89%	13.19%	7.49%	7.88%	7.58%
EBT / Total Income (%)	17.10%	11.96%	6.11%	5.04%	4.90%
EAT / Total Income (%)	11.88%	8.77%	3.89%	3.98%	5.65%
Return on Avg. Equity (%)	35.13%	24.72%	9.34%	8.72%	9.65%
Return on Avg. Capital Employed (%)	50.32%	33.59%	14.67%	11.03%	8.36%
Earning Per Share					
- Basic (Rs.)	6.14	4.18	1.48	1.34	1.36
- Diluted (Rs.)	6.14	4.18	1.48	1.33	1.35
Dividend Per Share (Rs.) #	5.85	2.05	2.35	0.36	0.24
Book Value Per Share (Rs.)	16.82	18.41	15.63	16.22	14.72
Cash Per Share (Rs.)	8.67	8.86	7.15	7.76	7.82

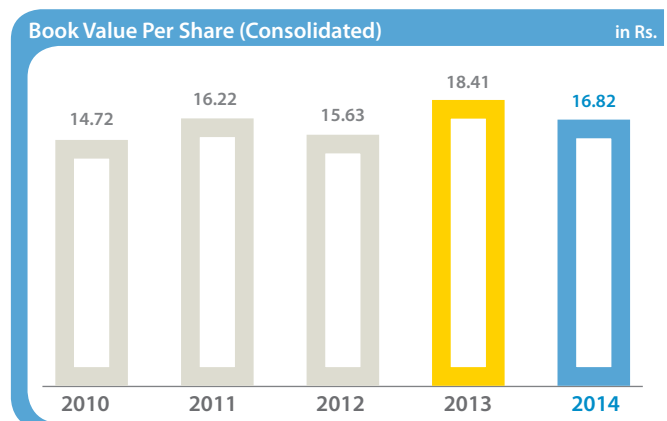
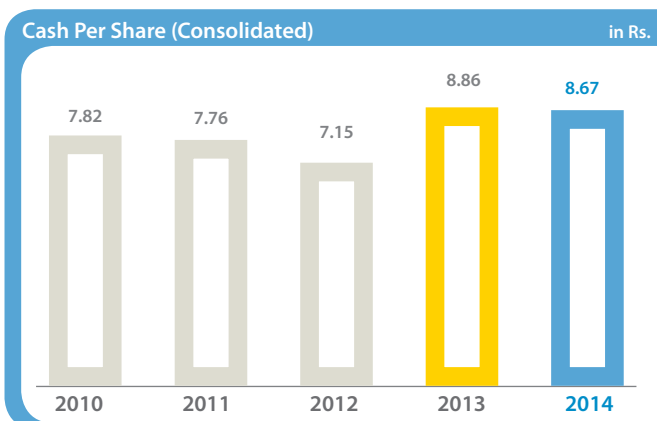
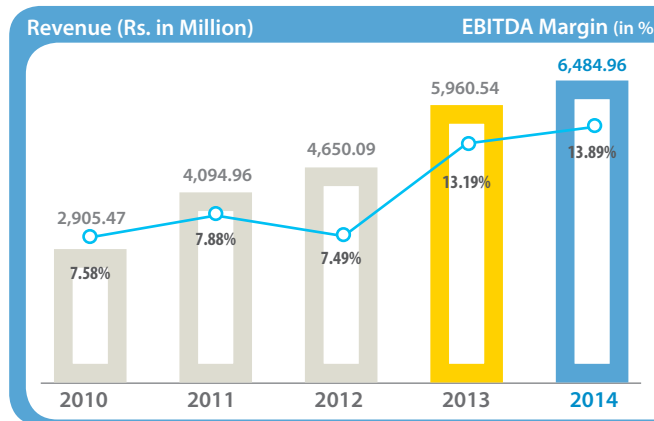
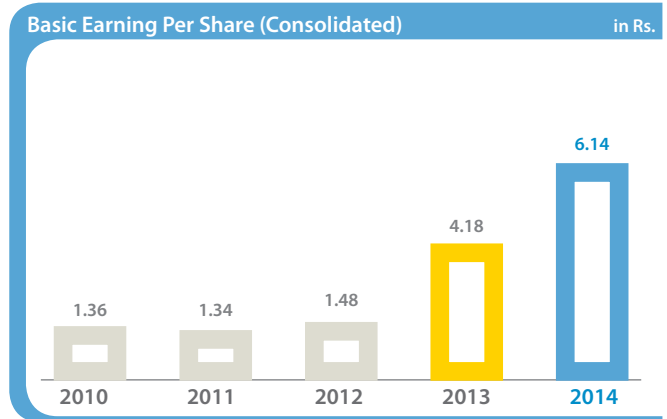
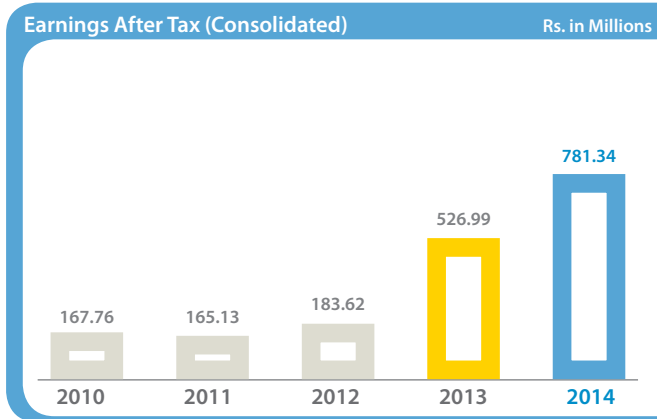
*Exceptional items includes profit on sale of Europe BPO Business amounting to Rs. 224.02 mn and Rs. 26.09 mn transfer of currency translation reserve to profit and loss account on account of buy back from a subsidiary.

includes final dividend of Re. 0.95 per equity share of face value of Re. 1/- each (being 95% on the par value) subject to the approval of the shareholders in forthcoming Annual General Meeting.

NOTES:

EBITDA - Earning before tax, interest, foreign exchange fluctuation, exceptional and prior period items; Cash and Bank Balances excluding money kept in escrow account for fourth interim (special) dividend and margin money for buy back. EBT- Earnings before tax; EAT - Earnings after tax; Debt Equity ratio = Long Term Debt / Equity; Days Sales Outstanding = Average Trade Receivables / Net Credit Sales*360; Return on Avg. Equity (%) = EAT / Average Equity; Return on Avg. Capital Employed (%) = (EBT less interest expenses) / Average Capital Employed; Book Value Per Share = Net Shareholder Fund / Closing Outstanding No of Shares; Cash Per Share = Cash and Bank Balances / Closing Outstanding No of Shares.

Previous year's figures have been regrouped or reclassified where necessary to confirm to current year classification.



* Graphs not to scale

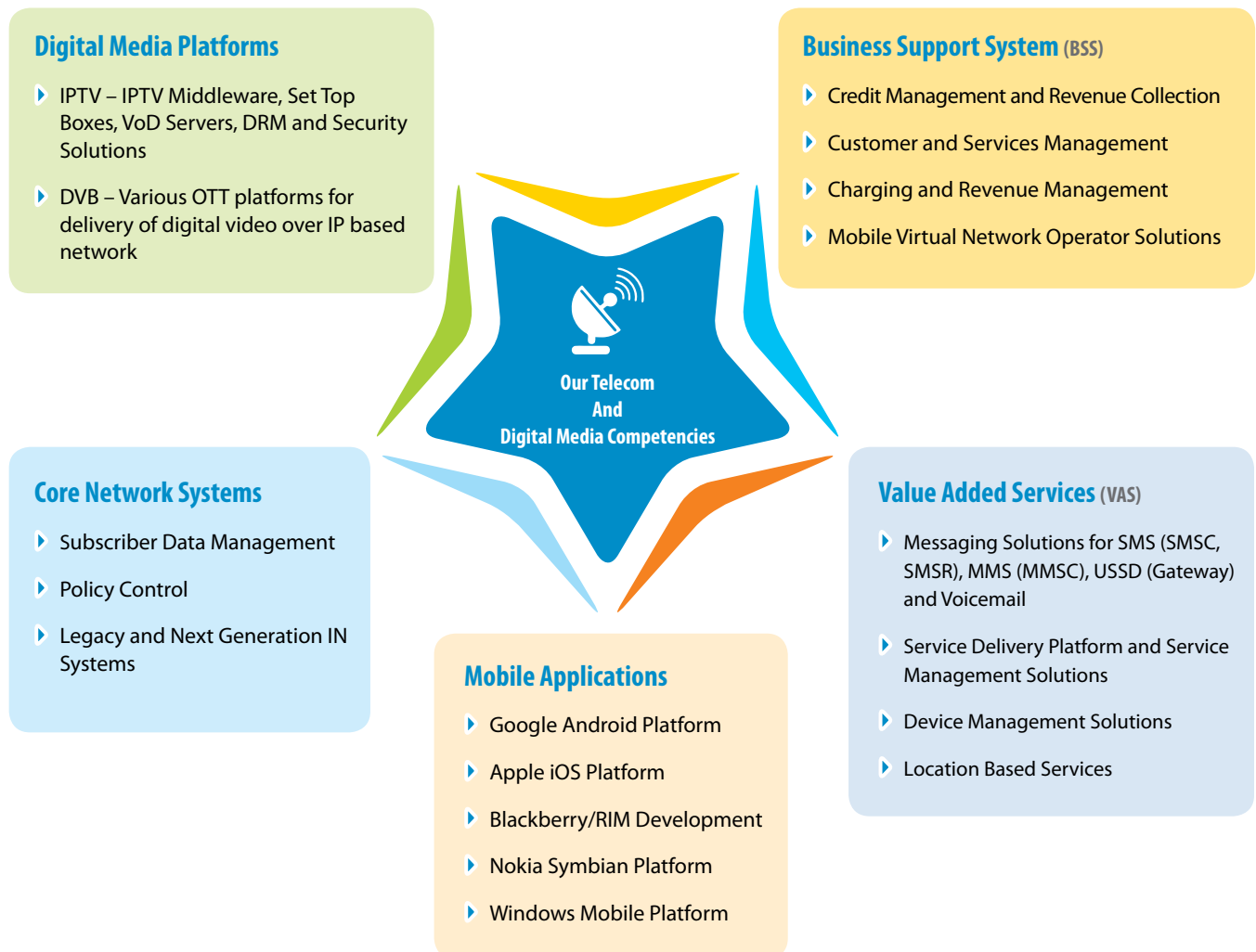
OUR INDUSTRY VERTICALS

TELECOM AND DIGITAL MEDIA

The Telecom and Digital Media Landscape is evolving very fast. The rapidity of change in the telecom industry is unrivaled. Technological advancement and changing consumer behavior have irrevocably transformed business environment for the telecom industry. In 2014, Telecom and Digital Media stands out to be the largest industry vertical for R Systems and contributes 33.71% share of revenue.

R Systems Telecom and Digital Media Solutions help telecom players provide and enhanced media experience to their subscribers. Our Telecom and Digital Media services help Independent Software Vendors (ISVs), Original Equipment Manufacturers (OEMs), System

Integrators (SI), and Communication Service Providers (CSPs) to realize enhanced ROI and competitive edge. Our CMRC Solution installed with leading CSPs of APAC is serving large customer base of over 350 million.



Our services and solutions in telecom and digital media industry vertical

SERVICES

- ▶ Product Development and Maintenance Services
- ▶ System Integration Services
- ▶ Technical Support and Managed Services
- ▶ BPO Services
- ▶ Testing Services

SOLUTIONS

- ▶ Credit Management and Revenue Collections Solution
- ▶ Dealer Management
- ▶ Convergent Charging
- ▶ Mobile Broadband Management
- ▶ MVNO in a White Box
- ▶ Value Added Services

Key Highlights of 2014

- ▶ R Systems is contributing towards customer's growth by providing innovative platform to improve customer base, new feature development, maintenance of deployed product and round-the-clock technical support to key IPTV players based in Europe.
- ▶ A leading mobile telecommunication company in Austria has engaged our European subsidiary Computaris to deliver IT services for service delivery platform built on OC Rhino technology.
- ▶ One of Saudi Arabia's largest telecom operators has mandated R Systems to implement Indus Credit Management and Revenue Collection solution to manage its customer acquisition, exposure management and bill collection processes.



BANKING AND FINANCE (BFSI)

The banking and financial services industry requires a unique blend of technology, services and solutions to meet the distinct and diverse needs of the sector. R System’s value differentiators are envisioned to resolve customers’ business challenges, improve operational excellence, and deliver new efficiencies beyond just cost savings while driving innovation. In 2014, the Banking and Financial segment contributed 15.10% share of revenue to R Systems. It was the second largest industry vertical during the year 2014.

In our Banking & Finance Centre of Excellence located in India (Pune, Chennai and Noida) and US, we walk an extra mile to help global Banking & Finance institutions enhance their efficiency and serviceability. For ISVs catering to Banking & Finance domain, we

offer Outsourced Product Development Services using our time-tested and proven model of iPLM. This ensures transparency, quality and cost effectiveness.



Our Services and Solutions in Banking and Finance Industry Vertical

INDUS SOLUTIONS

- ▶ Loan Originations System
- ▶ Loan Management System
- ▶ Loan Collections
- ▶ Corporate Loan Originations
- ▶ Collateral Management System
- ▶ Commercial Vehicle and Leasing System
- ▶ Exposure Monitoring System
- ▶ Dealer Funding (Auto Loan Business)
- ▶ Stock Audit (Auto Loan Business)
- ▶ Ipersyst - Managing Renewals
- ▶ Iprotect - Originations
- ▶ Common Reporting System
- ▶ Commissions and Incentives

DEVELOPMENT SERVICES

- ▶ Application Development
- ▶ Technology Migration
- ▶ Product Integration
- ▶ Mobile Banking Apps

SUPPORT SERVICES

- ▶ Application Testing
- ▶ Automated Testing
- ▶ Requirement Engineering
- ▶ Solution Designs
- ▶ Regulatory Compliance Testing

MAINTENANCE SERVICES

- ▶ Application Maintenance
- ▶ Customization and Localization
- ▶ Client Care Support
- ▶ Analysis

Key Highlights of 2014

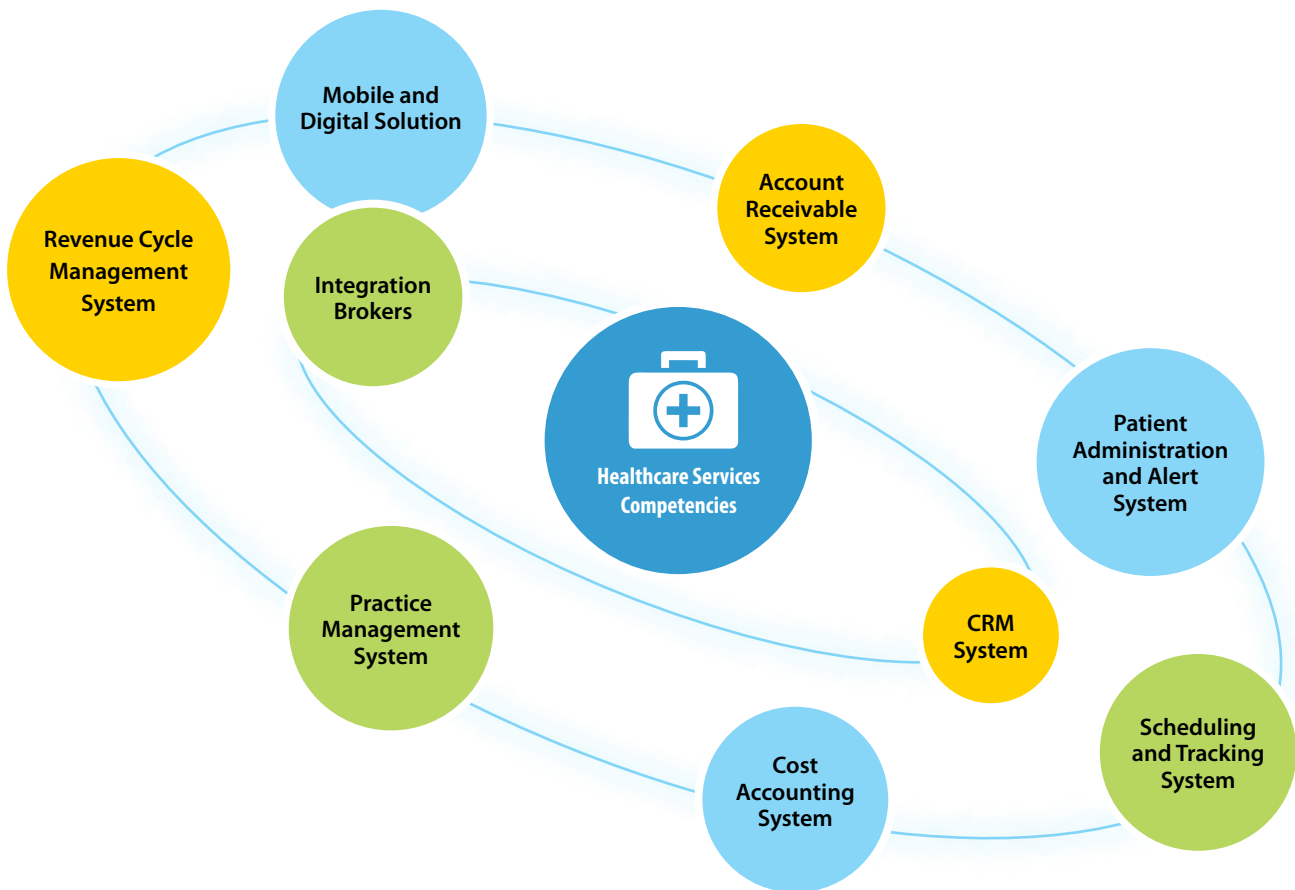
- ▶ One of India's foremost system integrators has chosen to partner with R Systems to implement Indus Loan Originations Systems and the Corporate Loan Originations solution at a reputed public sector bank in India.
- ▶ An international automobile company's captive finance arm has chosen R Systems flagship Lending Solutions product LSI "Loan Origination System", "Loan Management System", "Collections System" Common Reporting Services module (CRS), Commissions & Incentives (CNI), Dealer Funding (DF) and Stock Audit for its business in India.
- ▶ One of Africa's large banking companies has selected Indus' Lending Solutions suite for its Zambia business. The Solution will address end to end requirements for its lending business.
- ▶ One of the leading providers of self-service banking solutions such as web-enabled ATMs, deposit automation, customer preferences and targeted marketing has selected R Systems for development of next generation software products / solutions.

HEALTHCARE SERVICES

Being one of the largest sectors, the Healthcare service industry offers a new wave of opportunities and challenges in terms of employment and revenue generation. Healthcare Players are reinventing existing delivery models to bring healthcare closer to the patient while delivering high quality and cost-effective services.

With our deep industry experience, expertise, and capabilities, we help different players in healthcare industry to streamline, innovate and transform their enterprise. We deliver our clients unparalleled IT services and solutions through industry best practices and a global delivery model to meet their diverse and unique needs. Our teams of dedicated business professionals bring a diverse range of client engagement practices and analytic skills in the healthcare industry including technical feasibilities, operations improvement, and new technology applications.

R Systems also provides end-to-end Revenue Cycle Management (RCM) services to Healthcare clients. Our team of highly skilled experts, with deep domain expertise in RCM, consists of AAPC certified coders, graduate/post graduate billers and accent neutralized AR follow-up specialists. We have stringent quality standards in place which are measured, analyzed and implemented for process enhancements. For PHI security, an essential HIPAA requirement, we have Physical, System, Human Resource, and Network audit controls in place.



Our services offerings in healthcare vertical

HEALTHCARE PROVIDERS

- ▶ Practice Management System
- ▶ EMR/ EHR/ PACS Systems
- ▶ Rx, LIS, RIS, CRM Systems
- ▶ Decision Support System
- ▶ Clinical Predictive Analytics System
- ▶ Interface Engine
- ▶ Interoperability - HIE
- ▶ Clinical Terminology Service
- ▶ HL7, IHE, HITSP Standards

HEALTHCARE PAYERS

- ▶ RCM, BPO
- ▶ AR Systems
- ▶ Payer Analytics
- ▶ Electronic Billing (EDI) - Claims, Adjudication, and Denials
- ▶ Eligibility Checking
- ▶ Payment Processing/ Collections
- ▶ ICD - 10 Translation

REGULATORY COMPLIANCE

- ▶ HITECH Act, Obama Care
- ▶ Meaningful Use Implementation
- ▶ EHR/ CLIA Certification
- ▶ HIPAA 2013
- ▶ Federal/ State Regulations and Mandates
- ▶ NHS, ATOS, and other UK/ EU Compliances

CORE SERVICES

- ▶ Consulting
- ▶ Application Development and Maintenance
- ▶ Testing and QA
- ▶ Mobility - Apps Development
- ▶ BPO, RCM
- ▶ BI and Data Warehousing
- ▶ Analytics Services
- ▶ Hospital and HIE Integration
- ▶ Clinical Data Migration/ Integration and Support

Key Highlights of 2014

- ▶ A US-based leading provider of interactive patient care and patient engagement solutions has engaged R Systems to re-architect its key product which empowers patients to participate in their care and leads to better outcomes.
- ▶ At R Systems, we have demonstrated value to our Healthcare client by managing their end-to-end Revenue Cycle Management. We service customers, including national hospital chains, across all the states, processing claims over \$2.5 billion annually. Our revenue collection percentage, (which is significantly higher than industry standards), and our world-class quality and compliance standards makes us the servicer of choice for the US healthcare industry.
- ▶ One of the leading providers of cloud-based products for health insurers and state health agencies based in USA has engaged R Systems for various cloud based J2EE initiatives using Spring and Hibernate technologies.
- ▶ A US-based company focusing on clinical research, with a flagship product having multi-tenant architecture to isolate each customer data, has engaged R Systems to build an automation framework to improve study protocol design and streamline study recruitment activities.

MANUFACTURING AND LOGISTICS

R Systems, with its agile approach, helps businesses to pace up their operations in accordance with changing market metrics, stringent environmental regulations and evolving technology. We are committed to help manufacturers maximize productivity by controlling cost & inventory, escalating need for operational efficiency, and quicker time-to-market.

Our subsidiary 'ECnet' provide innovative business models and solutions for manufacturing and logistics vertical to improve their overall operations. 'ECnet' has a presence across Singapore, Malaysia, Thailand, China and other countries in the Asia-Pacific region. We offer collaborative Supply Chain Solutions, Enterprise Solutions and Custom-Built Solutions which in turn enable our

customers to streamline their business processes to achieve efficiency and competitive value while ensuring consistent and predictable results. We also offer diverse IT Services under IPLM IT offerings from Noida centre to our clients in the Manufacturing and Logistics domain so as to enable them to stay ahead in the competitive race.



Our Services and Solutions in Manufacturing and Logistics Industry Vertical

SUPPLY CHAIN MANAGEMENT SOLUTIONS

- ▶ Supply Chain Optimization
- ▶ Enterprise Procurement Optimization
- ▶ Logistics Optimization
- ▶ Inventory Optimization
- ▶ Sourcing Optimization

ENTERPRISE SOLUTIONS

- ▶ Enterprise Resource
- ▶ Warehouse Management
- ▶ Advance Planning and Scheduling
- ▶ Demand Planning
- ▶ Corporate Performance Management
- ▶ Business Intelligence



Key Highlights of 2014

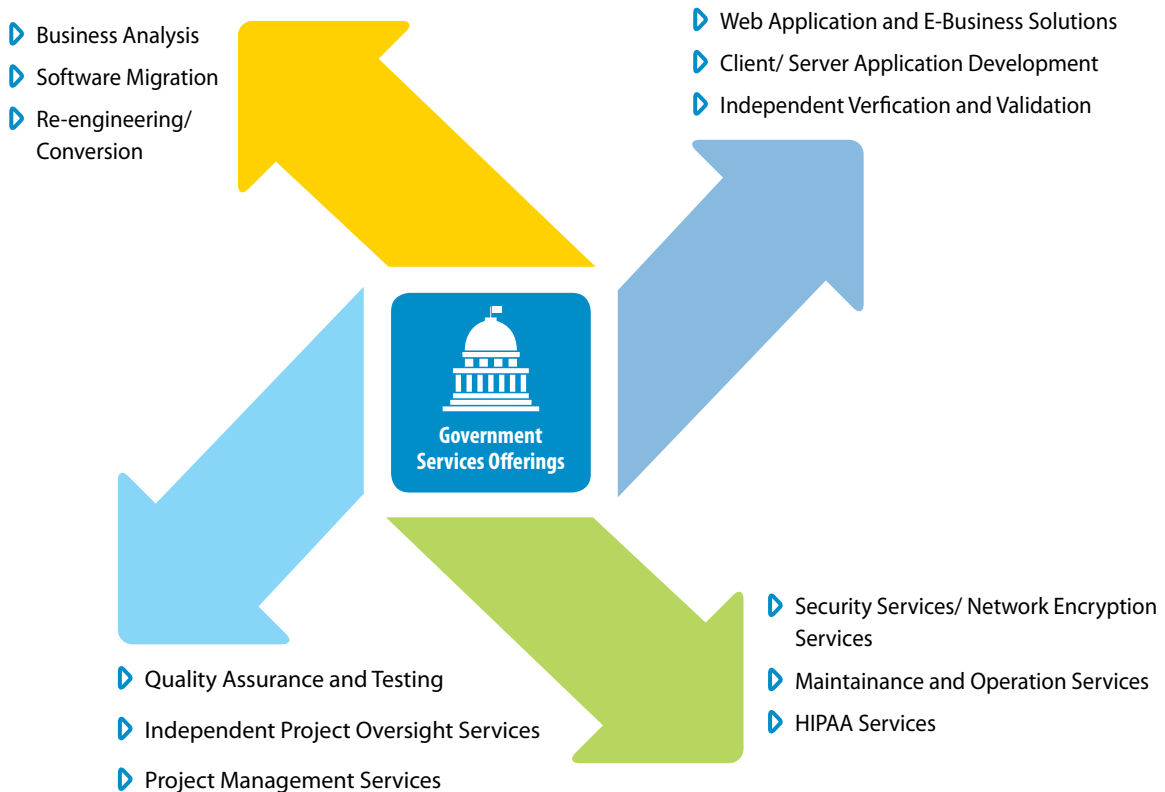
- ▶ A Singapore based company specialized in electrical goods and component has selected our subsidiary ECnet Limited to implement a data collection solution. The solution will result in improved warehouse management.
- ▶ A renowned group engaged in manufacturing of packaging material and manufacturing and distribution of dairy and non-dairy products, has selected ECnet Malaysia for an ERP implementation.
- ▶ A Malaysian conglomerate involved in several business activities like assembly and marketing of motor vehicles, auto parts manufacturing and trading of industrial equipment and consumer products, has selected ECnet Malaysia for an ERP implementation.
- ▶ The R&D division of one of the leading electronic product manufacturer worldwide, has awarded R Systems' Singapore based subsidiary ECnet Limited software development projects related to effective energy management systems.

GOVERNMENT SERVICES

We at R Systems offer comprehensive range of services that address some of the biggest challenges of the US state government, local, county and state agencies. We respond to the changing government sector landscape by introducing new approaches and ideas to service delivery, modernizing and protecting government infrastructure, simplifying the management of resources, and improving budgetary restraint, while delivering better solutions to citizens. We are also enrolled as preferred vendor with State of California, Washington and Oregon to provide end to end IT services for public and government services.

With broad experience across all key sectors, we have empowered and helped many government agencies and departments in the US to realize critical missions. R Systems state and local Government practice has delivered numerous technology solutions to help

Government leaders transform their organizations from a Government agency to an e-Government organization. Our goal is to help government use e-Business technologies to improve the availability of information and the quality of service to the public.



Key Highlights of 2014

R Systems was engaged to work on a project to implement a basic public information portal to be combined with the existing 400A OnLine Permitting Module and the Permits Self-service model in order to support eCommerce (eGovernment) operations.

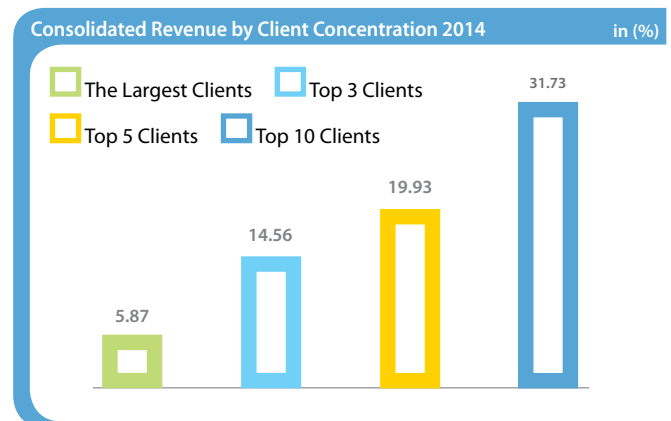
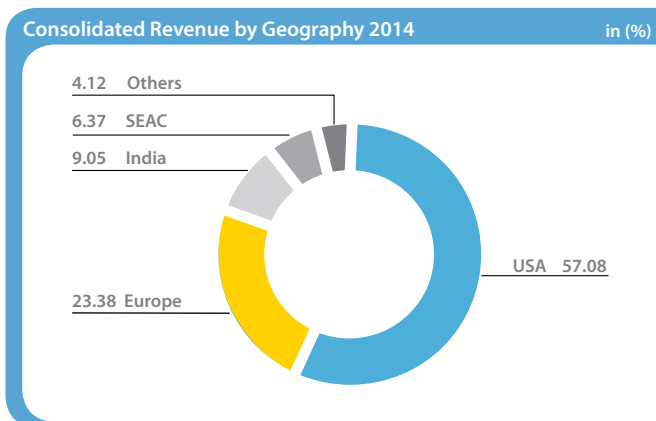
R Systems was contracted by a state department in USA to do application development which includes finalization of requirements, coding, testing and deploying a client server, multi-tiered and web based applications. This developemnt efforts was specifically for the statewide implementation.

OUR GLOBAL CLIENT PORTFOLIO

R Systems has an impressive portfolio of Fortune 1000, government and mid-sized customers across the world. Our customers are spread across four continents – North America, Europe, APAC, and Africa – who operate in diverse industry verticals such as Telecom & Digital Media, Banking & Finance, Healthcare, Manufacturing & Logistics, and Government Services.

At R Systems, we believe in nurturing strong relationships with our customers and our innovation in processes and delivery is geared towards that objective. Today, our ability to walk the extra mile makes us one of the industry's most sought-after offshoring partners. And it is this 'caring' nature that is responsible for propelling us to greater heights of success, across the world.

We innovate and work with our customers to meet their ever-increasing challenges of technological obsolescence, reduced time-to-market and increased ROI. Today, our customer base is rapidly expanding and we are now offering solutions and services that go beyond our core industry verticals. In addition, our technology verticals of mobility and analytics are helping us to extend our repertoire of Solutions and Services across our core industry verticals.



* Graphs not to scale

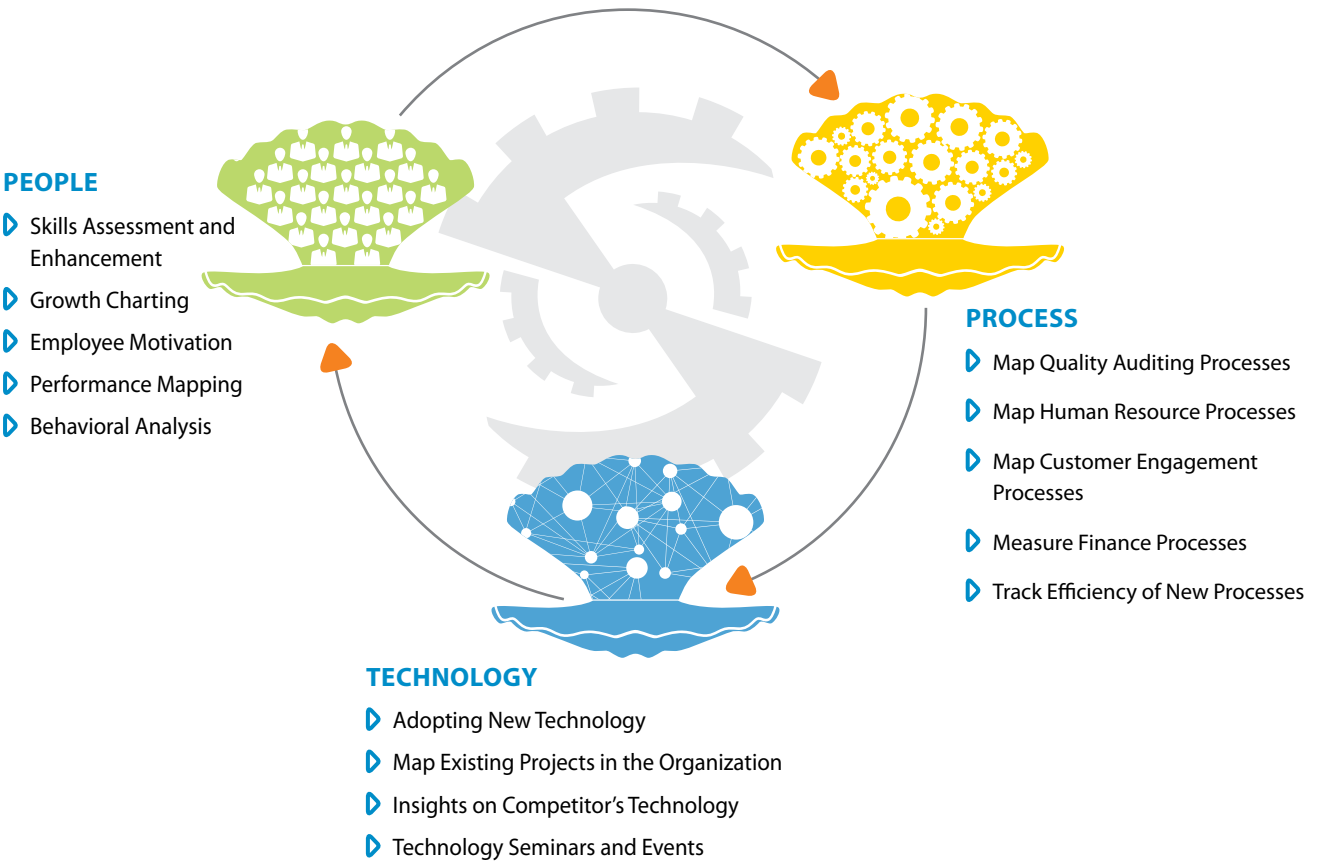


OUR INNOVATION PEOPLE, PROCESS, TECHNOLOGY

For organizations to remain significant and future-ready in this highly competitive IT services space, fostering a culture that embraces innovation mindset becomes imperative. However, the actual challenge lies in embracing innovation as a cultural form. At R Systems, we embrace innovation in every aspect of our everyday lives.

Organizations today have realized the significance of aligning people, process and technology for achieving their strategic goals. The combined effects of people, process and technology evolution have driven innovation and have presented a wealth of new opportunities for businesses across the globe. At R Systems, we strive to chart a long-term chart of success, by empowering our customers through Innovative services and solutions.

We understand that for strengthening long-term competitiveness of an organization, innovation in people, process and technology is of paramount significance. By empowering people, improving processes and addressing technology challenges, we strive to provide a culture of innovation that drives productivity and encourages performance through continuous improvement.



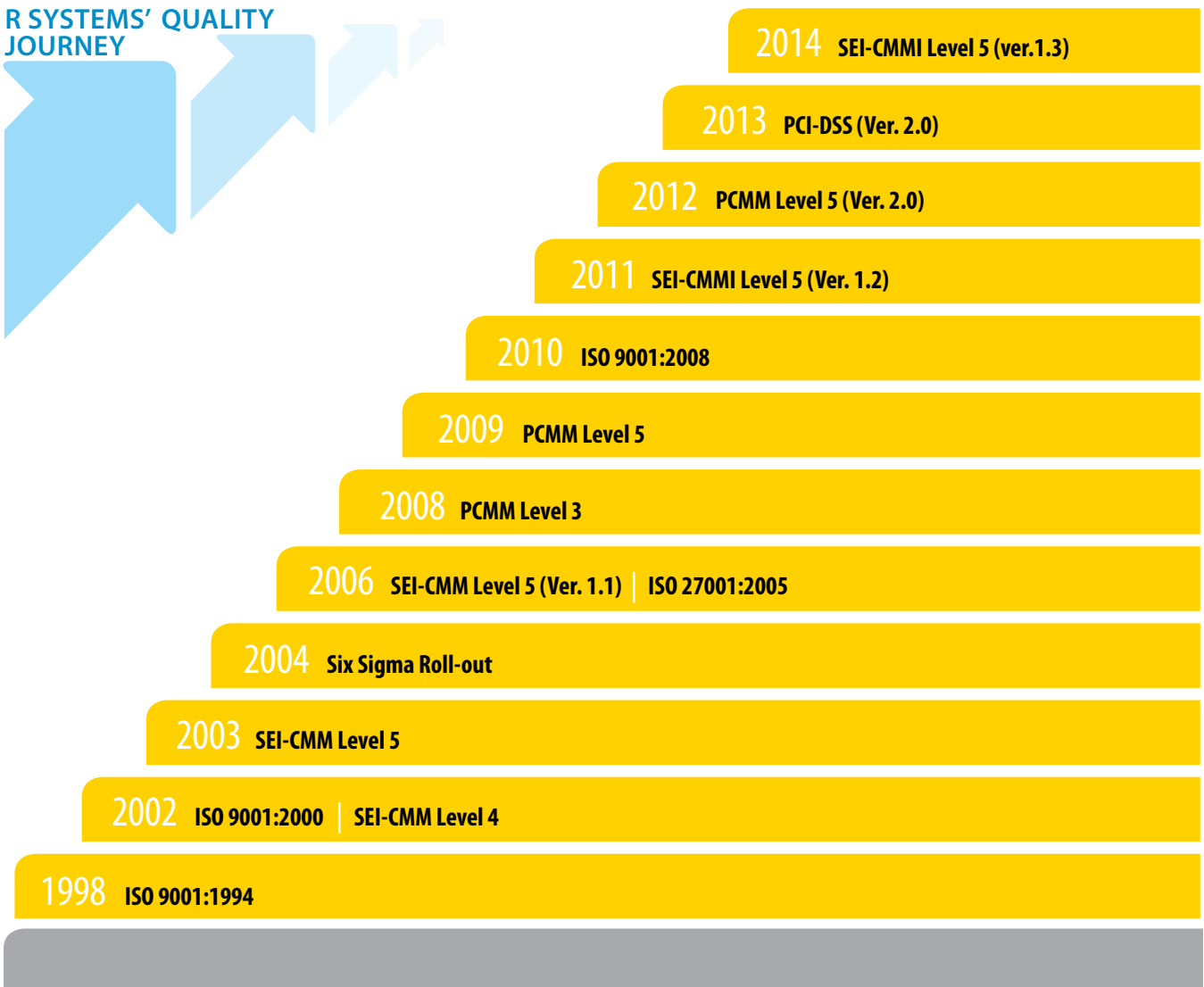
OUR QUALITY EXCELLENCE

R Systems, stands amidst a few pioneer companies across the globe that have built unparalleled capabilities & earned world renowned certifications/standards such as SEI CMMI Level 5, PCMM Level 5, ISO 27001:2005 and ISO 9001:2008.

In addition, R Systems dovetails Six-Sigma practices with its quality procedures to benefit both its clients, as well as, the corporate sector. Our deployment of quantitative process management practices and process performance models have helped project managers in bettering predictability & enhance their project

management approaches. R Systems' continuing compliance with these global standards demonstrates the strength of our processes and provides us a competitive edge in service and product offerings.

R SYSTEMS' QUALITY JOURNEY



OUR INSPIRING WORK CULTURE

Businesses across the globe have realized the significance of having a strong workplace culture within their organizations. Pointless to mention that the backdrop to enhanced employee performance is a work environment that inspires amusement and collaboration.

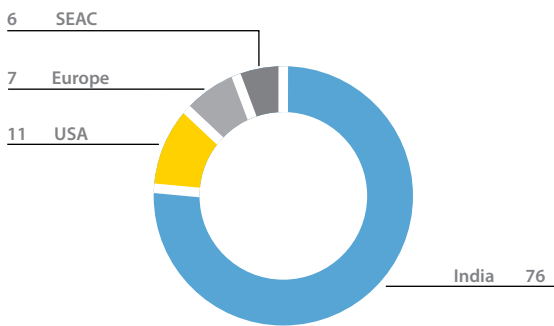
At R Systems, our work culture could be best expressed through our core values i.e. caring, innovating and transforming. We strive to create a work environment that is vibrant, employee-friendly and socially responsible. Our motto is not just to provide our employees a place to work but a workplace that encourages learning through various competency development programs.

We serve customers worldwide using our global delivery model and 2500+ expert resources, 76% of which are located across our 3 prime development and service centres located in India including Noida, Chennai and Pune, with Noida development centre being the largest one. Our development centres spread across USA, South East Asia and Europe comprehends rest of the 24% of our workforce.



Head Count

in (%)



* Graphs not to scale

Our high maturity people practices that are mapped to that of PCMM Level 5 standards have helped employees develop their full potential and capabilities to the maximum accomplishment of the organizational aspirations. At R Systems, we understand that productivity could be achieved through a desired work/life balance.



Assessed at PCMM Level 5,
version 2.0 in 2012

Ranked as fifth "Best IT Employer" in
DataQuest – Best Employer Survey 2012

Ranked as first in survey
"Rising Star" in year 2012
conducted by NASSCOM

Ranked as sixth
"Best Employer" by
DataQuest in 2009



Recognitions in HR

Ranked fifth in
"Exciting Emerging Companies to
work for" survey 2008 conducted by
NASSCOM

Awarded the
"HR Excellence Award" at the "Global
HR Summit 2006" organized by Amity
International Business School, Noida



OUR COMMUNITY INITIATIVES (CSR)

At R Systems, we constantly endeavor to make positive difference to the society by giving back what we received from it. We strive to significantly contribute to the social and economic development of the underprivileged communities through our CSR initiatives. By doing so, we not just provide a better and sustainable way of life for the less privileged sections of society but also raise our development index as human beings.



CONTRIBUTION BY EMPLOYEES

Our employees have a key role to play in the achievement of our CSR objectives. Through robust engagement in activities like blood donation, tree plantation, recycling waste materials, and spending quality time with orphanages and underprivileged children, our employees have contributed significantly to our CSR initiatives.

CORPORATE SOCIAL RESPONSIBILITY @ R SYSTEMS

SAKSHAM

We undertake our CSR initiatives through 'Saksham' that supports health, education and other child developmental programs for the underprivileged children. By fulfilling their basic requirement of food, housing, hygiene, sanitation and other necessary resources, Saksham thrives on the goal of enabling and empowering these children into healthy, educated and self-driven individuals.



The following are some of the key initiatives that is undertaken by SAKSHAM:

- ▶ Monthly outflow of donations to Annapurna Parivar crèche and Hermann Gmeiner Social Centre from Pune Centre for undertaking various child development programs.
- ▶ Funding higher education of needy but brilliant students by sponsoring two lakhs rupees every year towards this effort. The beneficiaries include students from the Friends of Children NGO (Pune).
- ▶ Joining hands with institutes such as Door Step School and Good Life Centre, Chennai for providing free education to children of tribal migrants (who have to move from one city to

other in search of work), and abandoned children, including Intellectually Disabled children, respectively.

- ▶ Sponsoring healthcare needs of children from poor and needy families. Saksham has funded bone marrow transplantation of 2 children, both of whom have completely recovered.

Apart from several CSR initiatives undertaken by our largest development centre at Noida, Computaris, our subsidiary based out of Europe, has also undertaken several CSR initiatives including tree plantation, recycling of waste materials, and helping the needy and orphan children. With a mission to make positive changes in people's lives, we strive to ensure that the communities benefitting through our CSR initiatives experience stability in their lives.



DIRECTORS' REPORT

Dear Shareholders,

Your directors take great pleasure in presenting the Twenty First Annual Report on the business and operations of R Systems International Limited ("R Systems" or the "Company") together with the audited statements of accounts for the year ended December 31, 2014.

1. Financial Results

a. Standalone financial results of R Systems

(Rs. in Millions)

Particulars	Financial Year ended	
	31.12.2014	31.12.2013
Total income	3,045.65	2,739.72
Profit before depreciation, exceptional items and tax	685.01	589.30
Less : Depreciation and amortisation	67.24	47.81
Add : Exceptional items*	393.13	-
Profit before tax	1,010.90	541.49
Less : Current tax (net of MAT credit)	247.53	188.29
Less : Deferred tax change/(credit)	13.08	(12.32)
Profit after tax	750.29	365.52
Surplus in the statement of profit and loss		
Balance as per last financial statements	633.83	609.70
Add: Profit for the current year	750.29	365.52
Less: Appropriations		
Proposed dividend(refer note below)	121.76	120.70
Tax on proposed dividend (refer note below)	24.33	21.24
Interim Dividend	624.33	139.24
Tax on Interim Dividend	119.29	23.66
Transfer to General Reserve	-	36.55
Total Appropriation	889.71	341.39
Net Surplus in the statement of profit and loss	494.41	633.83

* Exceptional Items (Rs. in Millions)

Particulars	Financial Year ended	
	31.12.2014	31.12.2013
Profit on buy back of subsidiary shares	77.79	-
Profit on sale of subsidiaries	240.69	-
Provision for diminution in the value of investment written back	74.65	-
Total	393.13	-

The Company has issued 712,600 equity shares pursuant to exercise of employee stock options under the R Systems International Limited Employee Stock Option Scheme 2007 up to book closure date for distribution of dividend for the year ended December 31, 2013 and accordingly increased the appropriation in the current year by Rs. 0.68 million and Rs. 0.12 million as dividend and tax on dividend respectively.

b. Consolidated financial results of R Systems and its subsidiaries

(Rs. in Millions)

Particulars	Financial Year ended	
	31.12.2014	31.12.2013
Total income	6,575.68	6,007.69
Profit before depreciation, exceptional items and tax	986.55	819.96
Less : Depreciation and amortisation	112.45	101.71
Add : Exceptional items*	250.11	-
Profit before tax	1,124.21	718.25
Less : Current tax (net of MAT credit)	325.29	192.50
Less : Deferred tax change/(credit)	17.58	(1.23)
Profit after tax	781.34	526.99
Surplus in the statement of profit and loss		
Balance as per last financial statements	767.74	582.14
Add: Profit for the current year	781.34	526.99
Less: Appropriations		
Proposed dividend	121.76	120.70
Tax on proposed dividend	24.33	21.24
Interim Dividend	624.33	139.24
Tax on Interim Dividend	119.29	23.66
Transfer to General Reserve	-	36.55
Total Appropriations	889.71	341.39
Net Surplus in the statement of profit and loss	659.36	767.74

Previous Year figures have been regrouped / recasted, wherever necessary.

* Exceptional Items (Rs. in Millions)

Particulars	Financial Year ended	
	31.12.2014	31.12.2013
Currency translation reserve released on buy back of subsidiary shares	26.09	-
Profit on sale of subsidiaries	224.02	-
Total	250.11	-

2. Results of Operations

Standalone Accounts

- Total income during the year 2014 increased to Rs. 3,045.65 million as against Rs. 2,739.72 million during the year 2013, a growth of 11.17%.
- Profit after tax was Rs. 750.29 million during the year 2014 as compared to Rs. 365.52 million during 2013, a growth of 105.27%.
- Basic earnings per share (of face value of Re. 1/- each) was Rs. 5.90 for the year 2014 as compared to Rs. 2.90 for the year 2013, a growth of 103.45%.

Consolidated Accounts

- Consolidated total income during the year 2014 increased to Rs. 6,575.68 million as against Rs. 6,007.69 million during the year 2013, a growth of 9.45%.
- Profit after taxes was Rs. 781.34 million during the year 2014 as compared to Rs. 526.99 million during 2013, a growth of 48.27%.
- Basic earnings per share (of face value of Re. 1/- each) were Rs. 6.14 for the year 2014 as compared to Rs. 4.18 for the year 2013, a growth of 46.89%.

3. Appropriations and Reserves

Dividend

During the year 2014, the Board declared four interim dividends namely, first interim dividend of Re. 0.95 per equity share of Re. 1/- each at its meeting held on June 03, 2014, second interim dividend of Re. 0.50 per equity share of Re 1/-each at its meeting held on July 26, 2014, third interim dividend of Re. 0.90 per equity share of Re. 1/- each at its meeting held on October 29, 2014 and fourth interim(Special) dividend of Rs. 2.55 per equity share of Re. 1/- each at its meeting held on December 20, 2014.

Taking into consideration the operating profits for the year 2014, the Board of Directors (the "Board") is pleased to recommend a final dividend of Re. 0.95 per equity share of Re. 1/- each, being 95% on the par value of Re. 1/- per share, to be appropriated from the available profits of the Company for the financial year 2014 subject to the approval of the shareholders at the ensuing Annual General Meeting. Total dividend including four interim dividends already paid for the year 2014 comes to Rs. 5.85 per equity share of Re. 1/- each i.e. 585%, as compared to total dividend including interim dividend paid for the year 2013 at Rs. 2.05 per equity shares of Re. 1/- each i.e. 205%.

The aforesaid final dividend for the year 2014 as recommended

by the Board, if approved at the ensuing Annual General Meeting, will be paid to all the equity shareholders whose names appear in the Register of Members of the Company as of the opening business hours on June 05, 2015 after giving effect to all valid share transfers in physical form which would be received by the Company's registrar and share transfer agent M/s Link Intime India Private Limited up to the end of business hours on June 04, 2015 and to those whose names appear as beneficial owners in the records of National Securities Depository Limited ("NSDL") and Central Depository Services (India) Limited ("CDSL") as of the said date.

The register of members and share transfer books shall remain closed from June 05, 2015 to June 09, 2015, both days inclusive.

Transfer to Reserves

It is proposed not to transfer any amount to General Reserve in respect to dividend declared after April 01, 2014 in pursuance of the Section 123 of the Companies Act, 2013 and Rules made thereunder.

4. Business

R Systems is a leading provider of outsourced product development services, business process outsource services and also offers own product suite in BFSI, Manufacturing & Logistic verticals. R Systems diversified offering includes:

iPLM Services Group

Under IPLM Services, R Systems delivers solutions and services in the area of Information Technology and Information Technology enabled services. The IT services cover application development, systems integration and support and maintenance of applications.

Under the ITES we cover managed services, BPO services covering both technical support for IT and Hi-Tech electronic gadgets, high-end Quality Process Management and Revenue and Claims Management using our global delivery model.

Products Group

R Systems products group consists of two units. Indus[®] which address the retail lending, telecom and insurance industry and ECnet[®] which addresses supply chain, warehousing and inventory management.

Indus offerings include an integrated enterprise multi-portfolio lending suite for banking and financial services in the Retail, Corporate and SME sectors, credit management and revenue collection for telecom companies, iPerSyst for insurance companies which helps in timely policy renewal and customer retention along with other IT services to banking and financial clients.

ECnet Supply Chain products provide solutions for holistic management of the complex interaction between an organisation and its trading partners. The integrated solution aims to reduce all supply chain costs through improved collaboration and optimisation. The solutions are robust and scalable and give measurable ROI to clients within one year. Further, ECnet also operates as a channel partners for reselling and implementing several ERP products of one of the largest business software company to serve customers in a key customer segment: Small- to medium-sized businesses. These products present an opportunity to cross and up sell these solutions since these are adjunct to ECnet’s own product offerings.

R Systems is focused on key business verticals – Telecom and Digital Media, Banking and Finance, Healthcare Services, Manufacturing and Logistics, and Government Services and invested in building capabilities and domain knowledge around these focused verticals. This has helped in providing innovative and cost efficient solutions and services under chosen verticals.

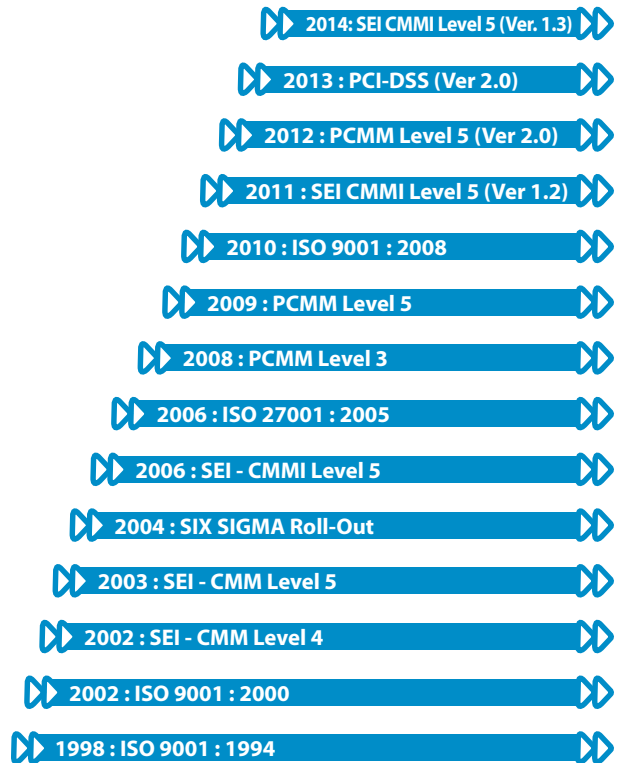
Customers and Delivery Centres

R Systems rapidly growing customer list includes a variety of Fortune 1000, government and mid-sized organizations across a wide range of industry verticals including Banking and Finance, High Technology, Independent Software Vendors, Telecom and Digital Media, Government, HealthCare, Manufacturing and Logistic Industries. R Systems maintains eleven development and service centres and using our global delivery model, we serve customers in the US, Europe, South America, the Far East, the Middle East, India and Africa.

There were no changes in the nature of the Company’s business and generally in the classes of business in which the Company has an interest and in the business carried on by the subsidiaries during the year under review. For details of Company’s subsidiaries please refer note number 14 relating to subsidiaries.


5. Quality

R Systems has continuously invested in processes, people, training, information systems, quality standards, frameworks, tools and methodologies to mitigate the risks associated with execution of projects. Adoption of quality models and practices such as the Capability Maturity Model Integrated CMMi and Six Sigma practices for processes have ensured that risks are identified and mitigated at various levels in the planning and execution process. R Systems journey for various quality certifications / standards for the development and service centres in India is provided below:



In the year 2014, Noida IT Center of the Company was re-appraised for SEI CMMI Level 5 ver 1.3. In the year 2013, Noida BPO center was certified as PCI-DSS ver 2.0 compliant for the Call Analytic Services provided to one of the major client.

As of the date of this report, Noida IT centre is SEI-CMMi level 5, PCMM Level 5, ISO 9001 : 2008 and ISO 27001 : 2005 certified; Noida BPO centre is PCMM Level 5, ISO 9001 : 2008 and ISO 27001 : 2005 certified. Pune and Chennai development centres are SEI-CMM Level 5, ISO 9001 : 2008 and ISO 27001 : 2005 certified. The continuing compliance with these standards demonstrates the rigor of R Systems processes and differentiates us to keep our competitive edge in service and product offerings.

To maintain and strengthen competitive strengths, R Systems continues to make investments in its unique and proprietary  with best practices, tools and methodologies for flawless execution and consistent delivery of high quality software. The pSuite framework offers services along the entire software lifecycle that includes technology consulting, architecture, design and development, professional services, testing, maintenance, customer care and technical support. R Systems expects that its technology focus, investment in processes, talent and methodologies will enable it to distinguish itself from competition as it seeks to provide services to technology / product companies.

6. Acquisition

Subsequent to the closing of the year 2014, the Board of Directors at its meeting held on April 23, 2015 has approved the acquisition of a Singapore based ERP company having operations mainly in South East Asia through wholly owned subsidiary namely R Systems (Singapore) Pte. Limited, for a maximum consideration of SGD 7.50 million including the earn-outs over the next three years on fulfillment of certain conditions. The above said approval is subject to execution of definitive agreements and receipt of necessary corporate and regulatory approval.

7. Directors

During the year under review, the following changes took place in the office of directors of the Company.

Mr. Suresh Paruthi and Lt. Gen. Baldev Singh (Retd.) were reappointed as directors liable to retire by rotation at the previous Annual General Meeting held on May 10, 2014.

Mr. Anuj Kanish, who expressed his unwillingness to be re-appointed at the previous Annual General Meeting of the Company held on May 10, 2014, ceased to be the director of the Company w.e.f. May 10, 2014 on completion of his term as additional director.

Mr. Amardeep Singh Ranghar and Mrs. Ruchica Gupta were appointed by the Board of Directors at its meeting held on July 07, 2014 as an additional director to hold office till the ensuing Annual General Meeting of the company.

Pursuant to the implementation of Section 149 of the Companies Act, 2013, Mr. Raj Kumar Gogia, Mr. Gurbax Singh Bhasin, and Mr. Suresh Paruthi, existing Non-Executive Independent Directors of the Company whose offices were liable to retire by rotation, under the erstwhile applicable provisions of the Companies Act, 1956, are proposed to be appointed as Independent Directors of the Company, not liable to retire by rotation, at the ensuing Annual General Meeting. These directors have given the declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

Mr. Amardeep Singh Ranghar who was appointed as additional director at the Board Meeting held on July 07, 2014 and who shall hold the office up to the date of ensuing Annual General Meeting, is also proposed to be appointed as Independent Director of the Company, not liable to retire by rotation, at the ensuing Annual General Meeting. He has given the declarations that he meets the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

Mrs. Ruchica Gupta was appointed by the Board as an additional director of the Company at its meeting held on July 07, 2014 to hold office upto the date of ensuing Annual General Meeting and

proposed to be appointed as a regular director pursuant to Section 152 of the Companies Act, 2013.

At the ensuing Annual General Meeting Mr. Raj Swaminathan, Director & Chief Operating Officer of the Company is liable to retire by rotation in accordance with the provisions of Section 152 of the Companies Act, 2013 read with the Articles of Association of the Company and being eligible, offer himself for reappointment as director of the Company.

Further, on the recommendation of the Nomination & Remuneration Committee of the Company, Lt. Gen Baldev Singh (Retd.) is proposed to be reappointed as President and Senior Executive Director of the Company for a period of three years i.e. w.e.f. April 01, 2015 to April 01, 2018 subject to the approval of the Central Government and the shareholders at the ensuing Annual General Meeting of the Company.

None of the directors of the Company are disqualified as per the provisions of Section 274(1)(g) of the Companies Act, 1956 and Section 164(2) of the Companies Act, 2013. The directors of R Systems have made necessary disclosures, as required under various provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

8. Employees Stock Option Plans / Schemes

The industry in which R Systems operates is people intensive and R Systems believes that human resources play a pivotal role in the sustainability and growth of the Company. R Systems has always believed in rewarding its employees with competitive compensation packages for their dedication, hard work, loyalty and contribution towards better performance of the Company. To enable more and more employees to be a part of the financial success of the Company, retain them for future growth and attract new employees to pursue growth, R Systems has set up employees stock option plans / schemes from time to time for its employees and for the employees of its subsidiaries. As on the date of this report, the prevailing stock option plans of R Systems are as follows:

- (a) R Systems International Ltd. - Year 2004 Employee Stock Option Plan : For the employees of R Systems and its subsidiaries other than ECnet Limited.
- (b) R Systems International Ltd. - Year 2004 Employee Stock Option Plan – ECnet : For the employees of ECnet Limited, a subsidiary of R Systems. The term of the said plan has been expired on August 31, 2014.
- (c) Indus Software Employees Stock Option Plan - Year 2001 : Initially formulated for the employees of Indus Software Private Limited which got amalgamated with R Systems and the plan continues as per the scheme of amalgamation approved by the Hon'ble High Courts of Delhi and Mumbai. As on the date of this report, no stock options are in force under this plan.

(d) R Systems International Limited Employee Stock Option Scheme 2007 : For the employees of R Systems and its subsidiaries.

As required under the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme), Guidelines, 1999 as amended, details relating to options approved, granted, vested, exercised, lapsed, in force etc. under the prevailing employees stock option plans / schemes during the year ended December 31, 2014 are as follows:

S. No.	Particulars	R Systems International Ltd. Year - 2004 Employee Stock Option Plan	R Systems International Ltd. - Year 2004 Employee Stock Option Plan - ECnet**	Indus Software Employees Stock Option Plan Year 2001	R Systems International Limited Employee Stock Option Scheme 2007
		(a) #	(b) #	(c) #	(d) #
a.	Total number of shares covered under the plan	199,500	2,000,000	738,980	6500,000
b.	Pricing Formula	Prevailing Price once the Company's shares are listed and at the Fair Market Value as per the terms of R Systems International Ltd. - Year 2004 Employees Stock Option Plan on the date such option is granted when the Company's shares are not listed.	Prevailing Price once the Company's shares are listed and at the Fair Market Value as per the terms of R Systems International Ltd. - Year 2004 Employees Stock Option Plan - ECnet on the date such option is granted when the Company's shares are not listed.	As approved under the "Scheme of Amalgamation" of Indus Software Private Limited with the Company by the Hon'ble High Courts of Delhi and Mumbai.	"Exercise Price" means the market price which is payable for exercising the options and "Market Price" means the latest available closing price, prior to the date of the meeting of the Board of Directors / Compensation Committee, in which options are granted, on the stock exchange on which the shares of the Company are listed. If the shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume on the said date shall be considered.
c.	Options granted during the year	Nil	Nil	Nil	Nil
d.	Options vested during the year	Nil	Nil	Nil	Nil
e.	Options exercised during the year	Nil	Nil	Nil	804,000
f.	The total number of shares arising as a result of exercise of options during the year	Nil	Nil	Nil	804,000
g.	Options lapsed during the year	1,344,500	1,300,410	Nil	Nil
h.	Variation of terms of options during the year	Nil	Nil	Nil	Nil
i.	Money realised by exercise of options during the year (Rs.)	Nil	Nil	Nil	9,704,280
j.	Total number of options in force at the end of the year	102,150	Nil	Nil	245,280
k.	Employee wise details of options granted to (during the year)				
(i)	Senior managerial personnel	Nil	Nil	Nil	Nil
(ii)	Any other employee who receives a grant in any one year of options amounting to 5% or more of options granted during that year	Nil	Nil	Nil	Nil
(iii)	Identified employees who were granted options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	Nil	Nil	Nil	Nil
l.	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of options	N.A.	N.A.	N.A.	5.90*

Please note that the details given above for plan (a), (b) and (c) are after making the required adjustments in relation to consolidation of

each of the 5 equity shares of Rs. 2 each into 1 equity share of Rs. 10 each as approved by the shareholders in the year 2006 and after Sub-division of each of the equity shares of Rs. 10 each into 10 equity shares of Re. 1/- each as per record date of February 28, 2014.

*EPS is Rupees per equity shares of Re. 1/- each i.e. after giving into effect Sub-division of equity shares of Rs. 10 each into equity shares of Re. 1/- each as per record date of February 28, 2014.

**During the year ended December 31, 2014, R Systems International Ltd. - Year 2004 Employee Stock Option Plan – Ecnnet has been expired on August 31, 2014 due to expiry of the term of the plan.

During the year ended December 31, 2014, R Systems had not granted any options under any of the aforementioned plans.

All options granted under Indus Software Employees Stock Option Plan - Year 2001 have already been vested and exercised or lapsed and no options were in force as on December 31, 2014.

For options granted during the earlier years under plan (a), (b) and (c), R Systems used the fair value of the stock options for calculating the employees compensation cost.

For the purpose of valuation of the options granted during earlier years, the management obtained fair value of the options at the date of grant under respective schemes from a firm of Chartered Accountants, to determine accounting impact, if any, of options granted over the periods. In the considered opinion of the valuer, the fair value of option determined using 'Black Scholes Valuation Model' under each of above schemes is "Nil" and thus no accounting thereof is required.

The assumptions used for the purpose of determination of fair value are stated below:

Assumptions	Unit	Scheme (a) *	Scheme (b) **	Scheme (c) ***	Comments by the valuer
Strike price	Rs.	42	154	26	
Current share price	Rs.	16	140	16	Taken on the basis of NAV and PECV method of valuation.
Expected option life	No. of Years	5	2.5	5	Being half of the maximum option life.
Volatility	%	1	0.5	1	In case of unlisted shares, the volatility may be taken as zero. Verma committee also recommends this.
Risk free return	%	7	11.3	7	Zero coupon rate estimated from trading government securities for a maturity corresponding to expected life of option - taken from sites of NSE and / or BSE.
Expected dividend Yield	%	-	15	-	Company has no set policy so dividend taken as zero. In case of Indus plan, as the dividend had been paid by the erstwhile company, it has been assumed at 15%.

* R Systems International Ltd. - Year 2004 Employee Stock Option Plan under which the price was based on Rs. 2 per share.

** Indus Software Employees Stock Option Plan - Year 2001 under which originally the price was based on Rs. 10 per share for 21,967 shares. As a result of amalgamation of Indus Software Private Limited into R Systems, R Systems had issued 206,822 equity shares of Rs. 2 each pursuant to the swap ratio approved by Hon'ble High Courts of Delhi and Mumbai.

*** R Systems International Ltd. - Year 2004 Employee Stock Option Plan - Ecnnet under which the price was based on Rs. 2 per share.

Please note that the details given above for plan (a), (b) and (c) are after making the required adjustments in relation to consolidation of each of the 5 equity shares of Rs. 2 each into 1 equity share of Rs. 10 each as approved by the shareholders in the year 2006 and before Sub-division of each of the equity shares of Rs. 10 each into 10 equity shares of Re. 1/- each as per record date of February 28, 2014.

Further, for the purpose of valuation of the options granted during the year 2005 under R Systems International Ltd. - Year 2004 Employee Stock Option Plan, the management obtained fair value of the options at the date of grant from a firm of Chartered Accountants, to determine accounting impact, if any, of options granted. In the considered opinion of the valuer, the fair value of these options determined using 'Black Scholes Valuation Model' is "Nil" and thus no accounting thereof is required.

The assumptions used by the valuer for the purpose of determination of fair value are stated below:

Assumptions	Unit	Scheme	Comments by the valuer
Strike price	Rs.	42	
Current share price	Rs.	13.58	Taken on the basis of NAV and PECV method of valuation.
Expected option life	No. of Years	5	Being half of the maximum option life.
Volatility	%	1	In case of unlisted shares, the volatility may be taken as zero. Verma committee also recommends this.
Risk free return	%	7.42	Zero coupon rate estimated from trading government securities for a maturity corresponding to expected life of option - taken from site of NSE.
Expected dividend Yield	%	-	Company has no set policy so dividend taken as zero.

The above information is based on Rs. 2 per share prior to consolidation of 5 equity shares of Rs. 2 each into one equity share of Rs. 10 and subsequent allotment of bonus shares in the ratio of 1 : 1.

For the purpose of valuation of the options granted during the year ended December 31, 2007 under R Systems International Limited Employee Stock Option Scheme 2007, the compensation cost relating to Employee Stock Options, calculated as per the intrinsic value method is nil.

The management obtained fair value of the options at the date of grant from a firm of Chartered Accountants. In the considered opinion of the valuer, the fair value of these options determined using 'Black Scholes Valuation Model' is "Rs. 50.73" per option.

The assumptions used by the valuer for the purpose of determination of fair value are stated below:

Assumptions	Unit	Scheme	Comments by the valuer
Strike price	Rs.	120.70	
Current share price	Rs.	118.50	Price on the date of grant by Board of Directors i.e. closing price on July 11, 2007.
Expected option life	No. of Years	4	Being the vesting period.
Volatility	%	44	On the basis of industry average.
Risk free return	%	7	Zero coupon rate estimated from trading government securities for a maturity corresponding to expected life of option - taken from site of NSE.
Expected dividend Yield	%	0.86	Company has declared Dividends of 12% in the past. Assuming that it will continue declaring similar dividends in future.

The stock based compensation cost calculated as per the intrinsic value method for the financial year 2013 and 2014 was nil. If the stock based compensation cost was calculated as per fair value method prescribed by SEBI, the total cost to be recognised in the financial statements for the year 2014 would be nil (Previous year nil). The effect of adopting the fair value method on the net income and earnings per share is presented below:

Pro Forma adjusted Net Income and Earnings Per Share**(Amount in Rs.)**

Particulars	Year ended December 31, 2014	Year ended December 31, 2013
Net Income as reported	750,289,488	365,521,996
Add : Intrinsic Value Compensation Cost	-	-
Less : Fair Value Compensation Cost*	-	-
Adjusted Pro-forma Net Income	750,289,488	365,521,996
Earnings` Per Share (Face Value of Re. 1/-)		
Basic (Face Value of Re. 1/-)		
- As reported	5.90	2.90
- Pro-forma	5.90	2.90
Diluted (Face Value of Re. 1/-)		
- As reported	5.90	2.90
- Pro-forma	5.90	2.90

*all granted options have been vested during earlier years.

Weighted average exercise price of options granted during the year

S. No.	Particulars	Scheme (a)	Scheme (b)	Scheme (c)	Scheme (d)
1.	Exercise price equals market price	N.A.	N.A.	N.A.	N.A.
2.	Exercise price is greater than market price	N.A.	N.A.	N.A.	N.A.
3.	Exercise price is less than market price	N.A.	N.A.	N.A.	N.A.

Weighted average fair value of options granted during the year

S. No.	Particulars	Scheme (a)	Scheme (b)	Scheme (c)	Scheme (d)
1.	Exercise price equals market price	N.A.	N.A.	N.A.	N.A.
2.	Exercise price is greater than market price	N.A.	N.A.	N.A.	N.A.
3.	Exercise price is less than market price	N.A.	N.A.	N.A.	N.A.

Scheme (a): R Systems International Ltd. - Year 2004 Employee Stock Option Plan.

Scheme (b): Indus Software Employees Stock Option Plan -Year 2001.

Scheme (c): R Systems International Ltd. - Year 2004 Employee Stock Option Plan -ECnet.

Scheme (d): R Systems International Limited Employee Stock Option Scheme 2007.

As no options are granted during the year under Scheme (a), Scheme (b), Scheme (c) and Scheme (d), hence the required information is not applicable.

9. Liquidity and Borrowings - Consolidated Financial Statement

Cash and bank balance as at December 31, 2014 was Rs. 1,098.24 mn against Rs. 1,115.20 mn as of December 31, 2013. This excludes the money kept in separate bank accounts for fourth interim (special) dividend and margin money for buy back offer. Decrease was mainly on account of purchase of fixed assets and dividends as offset by cash generation from operations net of taxes and proceeds from the sale of Europe BPO business.

The consolidated cash and cash equivalent as at December 31, 2014 were Rs. 1,059.10 mn as against Rs. 795.19 mn as on December 31, 2013. Cash and cash equivalent as at December 31, 2014 includes Rs. 325.02 mn for fourth interim dividend which has been paid subsequent to year end and Rs. 15.00 mn for buy back offer by the Company.

Net cash generated from operating activities is Rs. 724.57 mn for the year ended December 31, 2014 compared to Rs. 481.02 mn for the year ended December 31, 2013.

Cash flow generated from investing activities during the year 2014 mainly includes Rs. 229.28 mn received from sale of Europe BPO business and Rs. 41.24 mn as interest income on fixed deposits as offset by purchase of fixed assets of Rs. 98.24 mn.

Cash used in financing activities during the year 2014 mainly includes payment of dividend of Rs. 419.79 mn and Rs. 139.85 mn for dividend distribution tax as offset by proceeds from other non-current assets (margin money) Rs. 20.10 mn and proceeds of Rs. 9.70 mn on issuance of shares pursuant to exercise of ESOP.

R Systems' policy is to maintain sufficient liquidity to fund the anticipated capital expenditures, operational expenses and investments for strategic initiatives.

R Systems has a credit facility from the Axis Bank Limited amounting to Rs. 200 mn (including non-fund based credit limit of Rs. 180 mn for currency forwards). As at December 31, 2014, the total credit balance was Rs. Nil under fund based line of credit. The total liability of R Systems against the loan for motor vehicles purchased was Rs. 9.29 mn as at December 31, 2014. R Systems primary bankers in India are Axis Bank Limited, ICICI Bank Limited, Kotak Mahindra Bank Limited, State Bank of India, HDFC Bank Limited and Oriental Bank of Commerce. In U.S.A., U.K., and Singapore, the primary bankers are California Bank & Trust, Natwest Bank and Citibank N.A., respectively.

10. Changes in the Capital Structure

The following changes took place in the capital structure during the year under review:

i. Sub division of Equity Shares

Shareholders of the company by passing necessary resolution through postal ballot on January 14, 2014 approved the sub-division of equity shares of the company of face value of Rs. 10 each into equity shares of Re. 1 each. Hence after the said sub-division, the authorised share capital of the Company was Rs. 200,000,000 divided into 200,000,000 equity shares of Re. 1 each and the issued, subscribed and paid up share capital was Rs. 126,654,580/- divided into 126,654,580 equity shares of Re. 1 each.

ii. Allotment of Shares under R Systems International Limited Employee Stock Option Scheme 2007

R Systems allotted 804,000 equity shares of Re. 1/- per shares to the eligible employees of the Company pursuant to the exercise of stock options granted under R Systems International Limited Employee Stock Option Scheme 2007

Hence after the said allotment, the issued, subscribed and paid up share capital of the Company as on December 31, 2014 was Rs. 127,458,580/- divided into 127,458,580 equity shares of Re. 1 each.

iii Buy Back of Equity Shares.

The Board of Directors of the Company at its meeting held on December 20, 2014 had approved the buy-back of the Company's fully paid-up equity shares of face value of Re. 1/- each from its existing shareholders, other than those who are promoters, members of the promoter group and persons acting in concert, from the open market through stock exchange(s) for a total consideration not exceeding Rs. 600 lakhs and at a price not exceeding Rs. 100/- per share, payable in cash. This offer for buy back remained opened from January 06, 2015 to April 23, 2015. During this period of Buy Back the company has bought back 678,155 equity shares for Rs. 595.74 lacs. All the shares bought back from January 06, 2015 to April 23, 2015 have been extinguished. After the said extinguishment the issued and paid up share capital of the Company stands revised to Rs. 126,780,425 divided into 126,780,425 equity shares of Re. 1/- each.

11. Corporate Restructuring

During the year ended December 31, 2014 the Company has obtained the approval of its Shareholders through postal ballot on September 23, 2014 to transfer its Indus IT Product and Service business operated out of Pune and Chennai centres to R Systems Products & Technologies Limited ("RSPTL"), a wholly owned subsidiary of the Company. The Company is in the process of implementing the transfer as per the aforesaid approval.

During the year ended December 31, 2014 the Company has transferred Europe BPO Business by way of sale of its 100% holding in R Systems Europe B.V., Netherlands and R Systems S.A.S., France, being wholly owned subsidiaries, to Customer Contact Management Group B.V. ("CCMG") a Europe based company.

12. Material Changes Affecting the Financial Position of the Company

Subsequent to the year ended on December 31, 2014 the Company has bought back 678,155 equity shares of face value of Re. 1/- each from its existing shares holders, other than those who are promoters, members of the promoter group and persons acting in concert, from the open market through stock exchange(s) from January 06, 2015 to April 23, 2015 for Rs. 595.74 lacs pursuant to the approval of the Board of Directors at its meeting held on December 20, 2014.

Except as detailed above, there were no other significant events subsequent to the balance sheet date till the date of this report which would materially affect the financial position of the Company.

13. Particulars of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars as prescribed under Section 217 (1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 for the year ended December 31, 2014 are as follows:

A. Conservation of Energy

During the year ended December 31, 2014 R Systems continued its' action plans to curtail the energy bills by adopting various energy conservation options / technologies as identified by Federation of Indian Chambers of Commerce & Industry ("FICCI") through a detailed Energy Audit carried out by FICCI for R Systems Noida operations. Significant measures were taken to reduce energy consumption by using energy efficient equipment and devices. R Systems constantly evaluates new technologies and makes appropriate investments to be energy efficient. Currently, the Company uses CFL fittings and electronic ballasts to reduce power consumption of fluorescent tubes. The air is conditioned with energy efficient compressors for central air conditioning and with split air conditioning for localized areas. R Systems is always in search of innovative and efficient energy conservation technologies and applies them prudently. However, R Systems being in the software industry, its operations are not energy intensive and energy costs constitute a very small portion of the total cost, therefore, the financial impact of these measures is not material.

Form A of the said Rules is not applicable to the software industry.

B. Technology Absorption

The particulars with respect to technology absorption are given below:

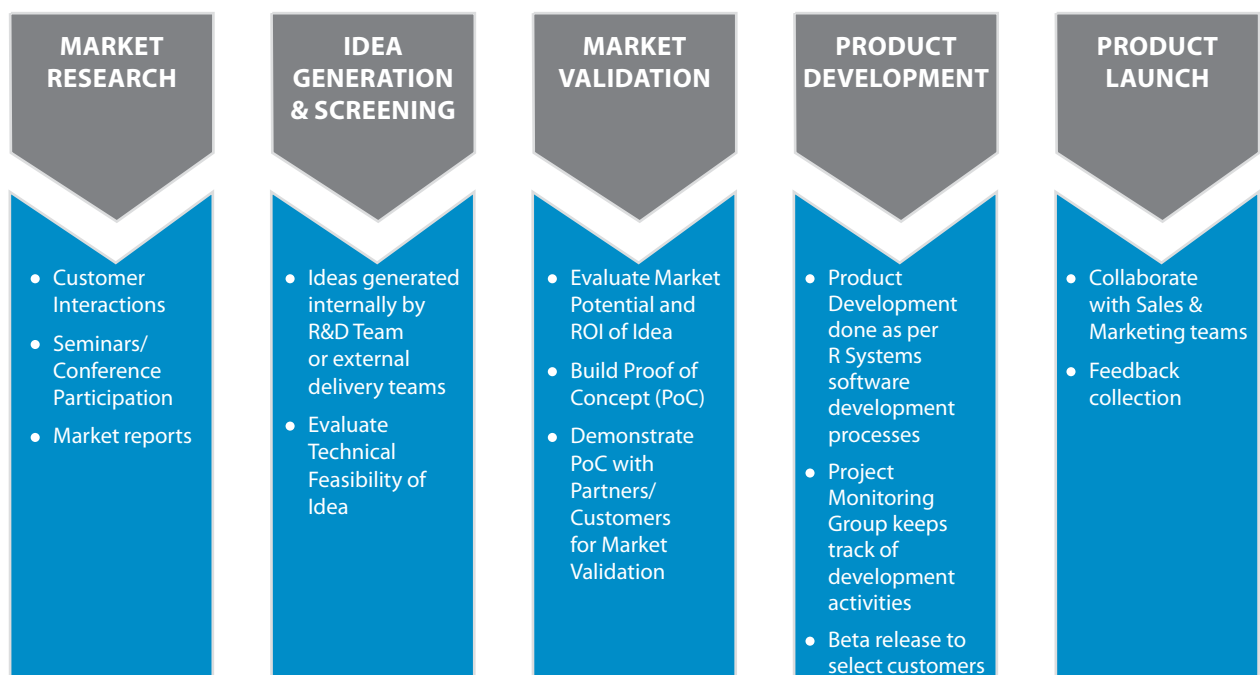
(a) Research and Development (R&D)

Research and Development (R&D) Activities Carried out by the Company

The Company's R&D programme covers technology for the secure, high performance and high availability products across web and mobility modes. The Company creates and owns the intellectual property in these products that cater to Retail, SME & Corporate Sector Lending, Insurance, Telecom, and Mobility businesses. The Company builds on a continuous basis new products, upgrades existing products with new releases. The rapidly evolving technology and competitive environment necessitates that we re-vamp the technology stack, provide new functionality and modules.

The Company develops a medium term and long term product road map and strategy which is reviewed constantly for relevance. We incorporate market and technology inputs on a continuous basis based on Market Research, RFI/RFP analysis, and feedback from customers and prospects. The Company follows an AGILE product development methodology under inspirational leadership of its management and its R & D Heads.

R&D Process at R systems



All R&D initiatives are governed by a Research & Development Committee constituted by the board of directors of the Company which includes technology and domain experts and R&D heads who approve all R&D initiatives

These R&D initiatives are carried out of our R&D centres at Pune and Noida. The R&D team consists of 100 plus associates including high quality technical experts, engineers and domain experts who create a knowledge culture.

The technology stack has been reviewed and appreciated by peers and intellectuals who are represented in our customers and business alliances who have endorsed the products by their selection.

The product and technologies built by the R&D centres are delivered to the customers through a separate delivery team.

The products created out of the R&D initiatives of the Company compete with international products besides bringing in valuable foreign exchange into the country, also provides a degree of import substitution as it fulfils domestic needs for robust, scalable, high performance and high availability technology solutions

Specific areas of R&D

The Company has been engaged in developing its own intellectual property in form of product for many years and owns high quality intellectual properties. The key areas of R & D in technology covers.

- High performance on web
- Highly Secure applications relevant to today's requirement for anytime/anywhere access
- Build products that are world class and international (multi-tenant, multi-lingual, multi-currency)
- Optimise and Upgrade existing products
- Ergonomic and aesthetic usability standards
- High availability
- Open Source and other low cost technology stack
- Cloud Technology
- Mobile computing
- Digitisation and workflow
- Business Functionality
- Interfacing with other IT solutions used by client in adjacent areas
- Incorporate and innovate best industry practices
- Promote a culture of knowledge workers by sharing within the company and with technology and business groups

Benefits derived as a result of the above R&D

The Company has over the years become a key product vendor to banks, NBFCs, Telecom and Insurance Companies competing globally and winning customers in India and abroad. The solutions are receiving recognition for its contemporary technology, robustness, low "total cost of ownership". This is amply proven by the award that R Systems has received during 2013 as WINNER of the Financial Express "IT Solution of the Year" award for the Product solution that we delivered for India's one of the most respected Insurance companies.

The Company has also won many global engagements and is recognised as global, internationalised solution suitable in a multi country, multi-currency, multi-tenant environment.

Over the years the company has expanded its stability of products:

For Banking and Non-banking Finance Companies

- Indus Loan Originations System
- Indus Loan Management Systems (or Receivables Management System)
- Indus Collections
- Indus Corporate Loan Originations
- Indus Collateral Management System
- Indus Commercial Vehicle and Leasing System
- Indus Exposure Monitoring System
- Indus Dealer Funding (Auto Loan Business)
- Indus Stock Audit (Auto Loan Business)
- BFSI Apps
- Mobile Apps for Customer acquisition and Collections

For Telecom Companies

- Indus Customer Acquisition System
- Indus Credit Management and Receivables System

For Insurance Companies

- Ipersyst – solution for persistency
- Iprotect- web based solutions for Insurance Originations

Generic Modules

- Platform for managing workflows that can be integrated into business solutions

Common Reporting System

- Commissions & Incentives (a performance management solution) – This is Generic Module applicable across industry verticals. Report & template printing is CRS module.

Future plan of action

The key R&D areas for future shall include:

- Evaluating the platform for its 6th generation product suite. The key deliverables for the 6th generation product suite will be:
 - Low TCO bringing a great deal of efficiency into the Financial Services Business
 - High configurability allowing customers to improvise financial products, workflow and control systems
 - Flexibility in use of bandwidth availability – web & mobility enabled
 - Ergonomic and multi-language capabilities
 - Architecture that allows customers to mix and match solutions and use invest in technology in an incremental manner improving the ROI for the investment
 - Build strong interfaces with technology partners that allows for bundling the solution in manner that provides customers a seamless ERP like business environment
 - Build strong set of analytics in the suite that provides customers business tools
- The Company shall continue to focus on applications for mobile devices such as:
 - Generic office automation for business on the move
 - Extending web-based software by B2B and B2C enablement on mobile devices
 - Personal tools for convenience of mobile users
 - Applications for banking and finance industry
 - Cloud and Crowd computing

Expenditure on R&D

The details of expenditure are as follows:

Particulars	(Rs. in Millions)	
	Financial Year ended	
	31.12.2014	31.12.2013
Recurring expenditure charged to statement of profit & loss	80.25	93.04
Capital expenditure		
(i) Intangible assets (including under development)	8.37	15.89
(ii) Tangible assets	2.03	1.99
Total	90.65	110.92
Total R&D expenses as % of total revenue	3.11	4.11

(b) Technology absorption, adaptation and innovation

1. Efforts made towards technology absorption, adaptation and innovation

The Company has established practice streams in specific technologies to analyze their implications and the benefits they can provide to the Company's customers. These steps enable the Company to find and execute the most appropriate solutions for its clients.

2. Benefits derived as a result of the above efforts

The benefits derived from the above mentioned efforts are fulfilling customer needs, efficiency in operations, improvement in quality and growth in revenues.

3. Technology imported during the last 5 years

Not applicable, as no technology has been imported by the Company.

C. Foreign Exchange Earnings and Outgo (Accrual Basis)

A significant percentage of R Systems revenues are generated from exports. The development and service centres in Noida, Pune and Chennai are registered with the Software Technology Park of India in their respective areas as 100% Export Oriented Undertakings. All efforts of the Company are geared to increase the business of software exports in different products and markets. We have made investments in sales and marketing activities in various growing markets.

The total foreign exchange used and earned by R Systems during the year as compared with the previous year is as follows:

(Rs. in Millions)

Particulars	Financial Year ended	
	31.12.2014	31.12.2013
(a) Earnings (Accrual Basis)	3,087.10	2,454.88
(b) Expenditure (Accrual Basis)	412.68	398.40
(c) CIF value of imports	19.74	49.49

14. Subsidiaries

During the year under review the Company has incorporated subsidiary named R Systems Products & Technologies Limited in Pune on July 11, 2014. This is the first Indian subsidiary of the Company.

Further, during the year the Company has completed the transfer of its two wholly owned subsidiaries named R Systems Europe B.V., Netherlands and R Systems S.A.S., France, on November 27, 2014 to Customer Contact Management Group B.V. ("CCMG") a Europe based company by executing the Share Sale Agreement along with other necessary documents.

As on December 31, 2014, R Systems has nineteen subsidiaries. The names and country of incorporation of those subsidiaries are as follows:

S. No.	Name of the Subsidiaries	Country of Incorporation
1.	R Systems (Singapore) Pte Limited	Singapore
2.	R Systems, Inc.	U.S.A.
3.	Indus Software, Inc.	U.S.A.
4.	ECnet Limited	Singapore
5.	R Systems Solutions, Inc.	U.S.A.
6.	Systèmes R. International Ltée	Canada
7.	R Systems Products & Technologies Limited	India
8.	ECnet (M) Sdn. Bhd. #	Malaysia
9.	ECnet, Inc. #	U.S.A.
10.	ECnet (Hong Kong) Limited #	Hong Kong
11.	ECnet Systems (Thailand) Company Limited #	Thailand
12.	ECnet Kabushiki Kaisha #	Japan
13.	ECnet (Shanghai) Co. Ltd. #	People's Republic of China
14.	Computaris International Limited	U.K.
15.	ICS Computaris International Srl @	Moldova
16.	Computaris Malaysia Sdn. Bhd. @	Malaysia
17.	Computaris Polska sp z o.o. @	Poland
18.	Computaris Romania SRL @	Romania
19.	Computaris USA, Inc.	U.S.A.

wholly owned subsidiaries of ECnet Limited, Singapore being 99.75% subsidiary of R Systems (The shareholding by the Company and R Systems (Singapore) Pte Limited is 69.37% and 30.38% respectively).

@ wholly owned subsidiaries of Computaris International Limited being 100% subsidiary of R Systems.

All the aforementioned nineteen subsidiaries except R Systems Products & Technologies Limited were incorporated and based outside India. In addition to providing services to various international clients these subsidiaries also help to generate revenues for R Systems. The Board of Directors of the Company regularly reviews the affairs of these subsidiaries.

During the year under review, the Board of Directors at its meeting held on July 07, 2014 has approved the offer of buy-back from Computaris International Limited (a wholly owned subsidiary) of 13,500 shares held by the Company in the said subsidiary at the rate of GBP 111.38 per share for a consideration of Rs. 148,979,660. The aforesaid buy-back proceeds have been received by the Company on September 17, 2014. Even after this buy-back, Computaris International Limited continues to remain wholly owned subsidiary of the Company.

During the year ended December 31, 2014, the Company has received Rs. 55,484,250 as dividend from R Systems Europe B.V., its wholly owned subsidiary in Netherlands. Further, Computaris International Limited, U.K., wholly owned subsidiary of R Systems International Limited has received a dividend amounting to Rs. 55.95 million from its wholly owned subsidiary Computaris Polska Sp. zo.o., Poland.

As per Section 212 of the Companies Act, 1956, we are required to attach the Directors' Report, Balance Sheet and Statement of Profit and Loss (referred to as Financial Statements) of our subsidiaries. The Ministry of Corporate Affairs, Government of India vide its General Circular No. 2/2011 dated 8th February, 2011 has provided an exemption to companies from complying with Section 212, provided such companies publish the audited consolidated financial statement in the Annual Report. Accordingly, the Annual Report 2014 does not contain the Financial Statements of our subsidiaries. As directed under the said Circular, information in aggregate in respect of each subsidiaries including subsidiaries of subsidiaries i.e. (a) capital (b) reserves (c) total assets (d) total liabilities (e) details of investments (except in case of investment in subsidiaries) (f) turnover (g) profit before taxation (h) provisions for taxation (i) profit after taxation and (j) proposed dividend for each subsidiary has been disclosed in brief abstract forming part of the consolidated balance sheet.

Further, the audited annual accounts and related detailed information of our subsidiaries, where applicable, will be made available to shareholders seeking such information at any point of time. The annual accounts of the subsidiary companies will also be available for inspection by any shareholder at Registered Office of R Systems i.e. B-104 A, Greater Kailash-I, New Delhi – 110 048 and Corporate Office of R Systems i.e. C-40,

Sector 59, Noida – 201 307 and Registered Offices of the subsidiary companies concerned during business hours. The same will also be hosted on R Systems' website, www.rsystems.com.

15. Particulars of Employees

As required under the provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended by notification dated March 31, 2011, the names and other particulars of employees are set out in **Annexure A** to this report.

16. Directors' Responsibility Statement

Pursuant to the requirement of Listing Agreement read with Section 134 (3) (c) of the Companies Act, 2013 (erstwhile Section 217 (2AA) of the Companies Act, 1956) with respect to directors' responsibility statement, your directors hereby confirm that:

- i) In the preparation of the annual accounts for the financial year ended December 31, 2014, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii) the directors had 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 state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- iii) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv) the directors had prepared the annual accounts for the financial year ended December 31, 2014 on a going concern basis;
- v) the directors, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- vi) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

17. Auditors

M/s S. R. Batliboi & Associates LLP (ICAI Firm Registration No. 101049W), the statutory auditors of the Company will retire at the upcoming Annual General Meeting and are eligible for reappointment.

The Board, based on the recommendation of the audit committee, recommends the re-appointment of M/s S. R. Batliboi & Associates LLP (ICAI Firm Registration No. 101049W) as the statutory auditors of the Company. M/s S. R. Batliboi & Associates LLP have confirmed their eligibility and willingness to act as the statutory auditors of the Company and have further confirmed that their appointment, if made, shall be within the limits prescribed under Section 141 of the Companies Act, 2013 and that they are not disqualified for such appointment within the meaning of the said section.

Further, the auditors' report being self-explanatory, does not call for any further comments by the Board of Directors.

18. Audit Committee

R Systems has a qualified and independent Audit Committee. During the year under review there was no change in composition of the Audit Committee except that Mr. Anuj Kanish ceased to be a member of Audit Committee consequent upon the completion of his term as Additional Director w.e.f. May 10, 2014 and Mrs. Ruchica Gupta was nominated as member of Audit Committee by the Board at its meeting held on July 26, 2014.

The constitution of the Committee is in compliance with the provisions of the Companies Act, 2013 and the Listing Agreement entered into with the stock exchanges. Detailed description of the Audit Committee has been given in Corporate Governance Report.

The terms of reference and role of the Committee are as per the guidelines set out in the Listing Agreement with the stock exchanges read with Section 177 of the Companies Act, 2013 and rules made thereunder and includes such other functions as may be assigned to it by the Board from time to time. The Committee has adequate powers to play an effective role as required under the provisions of the statute and Listing Agreement.

19. Prevention and Prohibition of Sexual Harassment of Women at Work Place

At R Systems it is our desire to promote a healthy and congenial working environment irrespective of gender, caste, creed or social class of the employees. We value every individual and are committed to protect the dignity and respect of every individual. The Company has always endeavored for providing a better and safe environment free of sexual harassment at all its work places. Consequent to the enactment of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act 2013 and Rules made thereunder, the Management of R Systems International Limited has constituted an Internal Complaints Committee (ICC) to deal with any complaints or issues that may arise, in the nature of sexual harassment of women employees.

The Company has also prepared and implemented Policy for Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace. During the year 2014, no cases of sexual harassment against women employees at any of its work place were reported to the ICC.

20. Corporate Governance

As required under Clause 49 of the Listing Agreement entered into with the stock exchanges, the detailed report on corporate governance is given as **Annexure B** to this report and the certificate obtained from a practicing company secretary regarding compliance of the conditions of corporate governance as stipulated in the said clause is annexed as **Annexure C** to this report.

Further, the disclosure as required pursuant to Section II Clause C of Part II of Schedule XIII to the Companies Act, 1956 and (now Section II Clause B of Part II of Schedule V of the Companies Act, 2013) and in terms of Clause 49 of the Listing Agreement entered into with the stock exchanges for all the directors is given in the detailed report on corporate governance which forms part of this report and annexed as Annexure B to this report.

21. Deposits

The Company has neither invited nor accepted any deposits from the public within the meaning of Section 58A of the Companies Act, 1956 and Section 2(31) of Companies Act, 2013 and rules made thereunder as such, no amount of principal or interest was outstanding on the date of the balance sheet.

22. Customer Relations

R Systems recognises that the customers have a choice of service providers and the directors would like to place on record their gratitude on behalf of the Company for the business provided by them. The Company's quality policy mandates that the voice of the customer is obtained on a regular basis. We constantly review the feedback and incorporate its impact into our delivery systems and communications.

23. Stakeholder's Relations

R Systems is inspired by its customers and its employees transform that inspiration and customers' needs into value for all stakeholders. We thank all R Systems employees worldwide for their hard work, commitment, dedication and discipline that enables the Company to accomplish its customer commitments and commitments to all its stakeholders. R Systems conducts regular employee satisfaction surveys, and open house meetings to get employee feedback. R Systems is constantly validating key employee data with industry and peer group business. These

practices have helped the Company achieve many of its business goals and have been recognised in many industry surveys over the last few years. The open door policy of our senior management team ensures that the feedback loop is completed promptly.

We thank our shareholders for their continuous support and confidence in R Systems. We are aware of our responsibilities to our shareholders to provide full visibility of operations, corporate governance and creating superior shareholder value and we promise to fulfill the same.

24. Management Discussion and Analysis Report

In terms of Clause 49 of the Listing Agreement entered into with the stock exchanges, management discussion and analysis report is given as **Annexure D** to this report.

25. Secretarial Audit Report

As per good governance practices, M/s SKP & Co., Company Secretaries in Whole Time Practice, has been appointed by the Board voluntarily to carry out the Secretarial Audit under the provision of Section 204 of the Companies Act, 2013 for the financial year ended December 31, 2014. The Secretarial Audit report for financial year ended 2014 is enclosed as **Annexure E**. The report does not contain any qualification.

26. Vigil Mechanism / Whistle Blower Policy

In order to provide a mechanism to employees of the company to disclose any unethical and improper practices or any other alleged wrongful conduct in the company and to prohibit managerial personnel from taking any adverse action against those employees, the company has laid down a Vigil Mechanism also known as Whistle Blower Policy to deal with instance of fraud and mismanagement, if any. The details of the Vigil Mechanism or Whistle Policy is explained in the Corporate Governance Report and also posted on the website of the Company.

27. Remuneration Policy

On the recommendation of Nomination & Remuneration Committee, the Board has framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The Remuneration Policy is stated in the Corporate Governance Report.

28. Meeting of the Board

The Board of R Systems International meets at regular intervals to discuss decide and supervise the various business policies, business strategy, Company's performance and other statutory matters. During the year under review, the Board has met 12

times. The details of which are given in Corporate Governance Report. The intervening gap between two Board Meetings did not exceed 120 days.

29. Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out an annual performance evaluation of its own performance as well as of directors individually. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

30. Particulars of Loans, Guarantees or investments under Section 186 of the Companies Act, 2013

During the year the Company has incorporated a wholly owned Subsidiary named as R Systems Products & Technologies Limited by investing Rs. 500,000 (Rupees Five Lacs Only) by way of subscribing its Memorandum and Articles of Association.

31. Corporate Social Responsibility

In compliance with the provisions of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Board of Directors of the Company at its Meeting held on March 30, 2014 has constituted a Corporate Social Responsibility Committee ('CSR Committee'). The CSR Committee comprises of the following members:

1. Mr. Raj Kumar Gogia (Chairman & Non Executive Independent Director)
2. Lt. Gen. Baldev Singh (Retd.) (President and Senior Executive Director)
3. Mrs. Ruchica Gupta (Non-Executive Director)
4. Mr. Suresh Paruthi (Non- Executive Independent Director)
5. Mr. Raj Swaminathan (Director & Chief Operating Officer)

The detailed terms of reference of the Corporate Social Responsibility Committee has been provided in the Corporate Governance Report. In pursuit of the responsibilities entrusted to the CSR Committee, a policy on Corporate Social Responsibility

Policy has been prepared and adopted by the Board which is available at the website of the Company at following link:

http://www.rsystems.com/investors/composition_board_of_directors.aspx

32. Acknowledgments

Your directors once again take this opportunity to thank the employees, investors, clients, vendors, banks, business associates, regulatory authorities including stock exchanges, Software Technology Park of India, the Central Government, State Government of Delhi, Uttar Pradesh, Maharashtra, Tamil Nadu for the business support, valuable assistance and co-operation continuously extended to R Systems. Your directors gratefully acknowledge the trust and confidence and look forward for their continued support in the future.

33. DISCLAIMER

The Ministry of Corporate Affairs vide its Circular No. 08/2014 dated April 04, 2014 clarified that the financial statements and the documents required to be attached thereto, the Auditor's and Boards' Report in respect of the financial year under reference shall continue to be governed by the relevant provisions of the Companies Act, 1956, schedules and rules made thereunder.

Accordingly, whilst the financial statements and the Auditor's Report as aforesaid are prepared as per the requirements of the Companies Act, 1956, the Company, as per its commitment to transparency and good governance, has provided some of the information in the Board's Report and the Corporate Governance Report as per the Companies Act, 2013.

On behalf of the Board
For R Systems International Limited

<p>Sd/- Satinder Singh Rekhi (DIN: 00006955) (Managing Director)</p> <p>Place : CA, U.S.A Date : April 23, 2015</p>	<p>Sd/- Lt. Gen. Baldev Singh (Retd.) (DIN: 00006966) (President & Senior Executive Director)</p> <p>Place : New Delhi Date : April 23, 2015</p>	<p>Sd/- Raj Swaminathan (DIN: 00788158) (Director & Chief Operating Officer)</p> <p>Place : New Delhi Date : April 23, 2015</p>
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Annexure 'A' to the Directors' Report
Information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended December 31, 2014

A. Employed throughout the year and in receipt of remuneration not less than Rs. 6,000,000 for the year

S. No.	Name	Designation / nature of duties	Qualification	Age (Years)	Date of Joining	Experience (Years)	Gross Remuneration (Rs.)	Previous employment & designation
1	Anand Jankiraman	Program Manager	PMP; Bachelor of Science; Microsoft Certified Professional and Microsoft Certified Solutions Developer; Diploma in Business Finance and Capital Markets B.Sc. University of Agra	41	May 1, 2007*	16	6,336,600	Trisoft Systems; Delivery Head
2	Anurag Sharma #	Technical Program Manager	B.Sc. PGDMM and Certified Project Manager (SAPM) from Stanford University, USA	37	January 31, 2005	14	6,534,686	IHealth Care, Systems Analyst
3	Ashok Bhatia	Vice President - Client Operations	MBA - IIM Calcutta, B Tech - IIT Kharagpur	48	January 1, 2006*	23	11,902,061	ACT Inc., Pittsburgh, PA Vice President - Marketing
4	Debraj Ganguly	Director - Sales @	BS Computer Science, MBA - Nagpur University in Marketing and Finance	42	February 3, 2005	19	9,407,312	i-Healthcare Services India Ltd. Vice President - Business Development
5	Gurpreet Saini	Sales Account Manager	BE (Hons) in Electrical & Electronics Engineering, MS PHD in Computer Science from BITS, Pilani, Executive Mgmt Prog from IIM, Ahmedabad, Post-Doctoral Res Prog, UC Berkeley.	40	January 1, 2008*	17	7,598,040	FCS Software - Sales Manager
6	Harsh Verma	Vice President (Global Innovative Research) & Head, Mobility Solutions	University and MBA from University of California, Davis MBA - XLRI	55	February 19, 2007	30	8,985,349	Glocol, Inc., California, USA Vice President, R&D
7	Mandeep Singh Sodhi	Vice President - Sales	Bachelors degree in Electronics Engineering from Marathwada University and MBA from University of California, Davis	47	January 1, 2008*	22	31,031,483	Sark Syntek; Noida Senior Marketing Engineer
8	Raj Swaminathan	Director & Chief Operating Officer	Bachelor of Technology from IIT, Kharagpur; MBA California State University, Sacramento; Senior Management programs from University of Berkeley and Harvard Business School	55	May 1, 2006	30	6,245,664	GE - Capital, Vice-President (Technology) Corporation
9	Satinder Singh Rekhi	Managing Director	Bachelors of Science in Nursing	64	January 1, 2006*	32	30,133,078	Senior Management Personnel Harris Health Plan- Training Manager
10	Stacey Gann	Engagement Manager		46	January 30, 2012	25	7,468,408	

B. Employed for the part of the year and in receipt of remuneration not less than Rs. 500,000 per month.

S. No.	Name	Designation / nature of duties	Qualification	Age (Years)	Date of Joining	Experience (Years)	Gross Remuneration (Rs.)	Previous employment & designation
1	Hemant J Doshi #	Director - Sales @ IT sales manager	MBA from Mumbai University	51	July 29, 2013	19	2,664,076	HCG Net, Sr. Manager
2	Lalit Mohan Sharma #	Director - Information Systems @	BE, Maharshi Dayanand University, Rohtak	32	May 23, 2005	11	2,898,415	IndyaSoft, Team Leader
3	Ravi Madugala #	Vice President, Operations and Sales	M.Sc. in Computer Science, University of Dayton, Ohio, Bachelors in Mechanical Engineering	49	July 1, 2007*	21	7,614,126	University of Dayton, Student Assistant
4	Sam Prasad #		BS, Statistics, University of Madras, India MS, Statistics, specialization in Industrial Statistics, Sampling theory, and Statistical Quality Control, University of Madras, India	61	April 3, 2010	24	6,176,659	IBM, Atlanta, ISV Alliances and Partner Executive

Resigned during the year.

@ Not a member of the Board of Director of the Company.

* Prior to joining R Systems International Limited "the Company" these employees were working with R Systems, Inc the USA subsidiary of the Company. The date of joining in the subsidiary, of these employees is given hereunder:

Name	Date of Joining
Anand Jankiraman	May 23, 2005
Ashok Bhatia	December 11, 2000
Gurpreet Saini	May 2, 2006
Mandeep Singh Sodhi	April 1, 1993
Satinder Singh Rekhi	April 1, 1993
Ravi Madugala	February 16, 1996

Notes:

- The gross remuneration includes basic salary, allowances and taxable value of perquisites other than the perquisites on exercise of Employee Stock Option Plan.
- None of the employee owns more than 2% of the outstanding shares of the Company as on December 31, 2014
- Nature of employment is contractual in all the above cases.

On behalf of the Board For R Systems International Limited

Sd/-
Satinder Singh Rekhi
 (DIN: 00006955)
 (Managing Director)
 Place : CA, U.S.A
 Date : April 23, 2015

Sd/-
Lt. Gen. Baldev Singh (Retd.)
 (DIN: 00006966)
 (President & Senior Executive Director)
 Place New Delhi
 Date : April 23, 2015

Sd/-
Raj Swaminathan
 (DIN: 00788158)
 (Director & Chief Operating Officer)
 Place : New Delhi
 Date : April 23, 2015

Annexure 'B' to the Directors' Report

CORPORATE GOVERNANCE

Report on Corporate Governance

1. Company's Philosophy on Corporate Governance

R Systems International Limited ("R Systems" or the "Company") is committed to conduct its business in compliance with the applicable laws, rules and regulations and with the highest standards of business ethics. We, at R Systems, believe that good Corporate Governance is a key contributor to sustainable corporate growth and creating superior value for our stakeholders. It is primarily concerned with transparency, accountability, fairness, professionalism, social responsiveness, complete disclosure of material facts and independence of Board. R Systems endeavours its best to constantly comply with these aspects in letter and spirit, in addition to the statutory compliances as required under Clause 49 of the Listing Agreement with the Stock Exchanges.

2. Board of Directors

R Systems has an optimum combination of executive and non-executive directors on its Board. During the year under review, the Board comprised of eight directors, i.e. three executive directors out of which one is promoter director designated as Managing Director, one non-executive director and four non-executive independent directors. All the existing non-executive independent directors of the Company satisfy the criteria of independence as defined under the provisions of the Companies Act, 2013 and the Listing Agreement entered into with the Stock Exchanges. Mr. Amardeep Singh Ranghar, Non - Executive

Independent Director and Mrs. Ruchica Gupta, Non - Executive Director were appointed as additional directors of the Company w.e.f. July 07, 2014 to hold office upto the date of ensuing Annual General Meeting. Mr. Anuj Kanish, Non - Executive Independent Director ceased to be the director of the Company w.e.f. May 10, 2014 on completion of his term as additional director. The total number of independent directors has been at least 50% of the total strength of the Board at all times during the year under review.

None of the directors of the Company is a director or a committee member or a chairperson of any committee in any other company in India except Lt. General Baldev Singh (Retd.), President and Senior Executive Director and Mr. Raj Swaminathan, Director & Chief Operating Officer who hold directorship in an Indian company (i.e. R Systems Products & Technologies Limited, wholly owned subsidiary of R Systems International Limited) as on the date of this report. Necessary disclosures regarding directorship and committee positions in other companies as of December 31, 2014 have been made by the directors.

Except the Managing Director and existing independent directors whose appointment is to be approved at the ensuing Annual General Meeting as per the provisions of Section 149 of the Companies Act, 2013, all other directors are liable to retire by rotation as per Articles of Association of the Company read with the provisions of the Companies Act, 2013.

The names and categories of the directors on the Board and their attendance at the Board meetings held during the year under review are as follows:

Name of Director	Category of Director	Designation	No. of Board Meetings attended out of 12 meetings held during the year	Attendance at the last AGM	No. of directorship in other bodies corporate [#]
Mr. Satinder Singh Rekhi	Promoter & Executive Director	Managing Director	3+8*	Yes	10
Lt. Gen. Baldev Singh (Retd.)	Executive Director	President & Senior Executive Director	08	No	1
Mr. Raj Swaminathan	Executive Director	Director & Chief Operating Officer	4+7*	Yes	1
Mr. Raj Kumar Gogia	Non- Executive Independent Director	Director	12	Yes	Nil
Mr. Gurbax Singh Bhasin	Non-Executive Independent Director	Director	1 [@] +7*	No	11
Mr. Suresh Paruthi	Non-Executive Independent Director	Director	12	Yes	Nil
Mr. Amardeep Singh Ranghar [§]	Non-Executive Independent Director	Additional Director	1+2*	N.A.	Nil

Name of Director	Category of Director	Designation	No. of Board Meetings attended out of 12 meetings held during the year	Attendance at the last AGM	No. of directorship in other bodies corporate#
Mrs. Ruchica Gupta [^]	Non-Executive Director	Additional Director	06	N.A.	Nil
Mr. Anuj Kanish ^{**}	Non-Executive Independent Director	Additional Director	03	No	04

Includes the offices of CEO, President, Managing Member and Partner.

* Attendance by teleconference.

@ Attended the meeting through video conferencing.

\$ Mr. Amardep Singh Ranghar has been appointed as additional director of the Company w.e.f. July 07, 2014. During the year under review, he attended 01 meeting physically and 02 meetings through teleconferencing out of 6 Board Meetings held since his appointment.

[^] Mrs. Ruchica Gupta has been appointed as additional director of the Company w.e.f. July 07, 2014. During the year under review, she attended all the 06 Board Meetings held since her appointment.

^{**} Mr. Anuj Kanish, ceased to be the additional director of the company w.e.f. May 10, 2014. During the year under review, he attended 03 out of 04 Board Meetings till his cessation as additional director.

The expression 'independent director' has the same meaning as defined under Clause 49 of the Listing Agreement and the Companies Act, 2013.

Out of the eight directors, two directors namely, Mr. Satinder Singh Rekhi, Managing Director and Lt. Gen. Baldev Singh (Retd.), President and Senior Executive Director are relatives of each other in the manner indicated in Schedule IA of the Companies Act, 1956, as latter is former's sister's husband.

(i) Board Functioning & Procedures

The Board meets at least once a quarter to review the quarterly performance and financial results. Board meetings are generally held at the Corporate Office of the Company in Noida and are governed by a structured agenda. The agenda, along with the explanatory notes are sent to all the directors well in advance of the date of Board meeting to enable the Board to take informed decisions. The Board is also free to recommend the inclusion of any matter for discussion in consultation with the Chairman. The Chief Financial Officer is normally invited to the Board meetings to provide financial insights, status of internal controls in the working of the Company and for discussing corporate strategies. All relevant information required to be placed before the Board, as required under Clause 49 of the Listing Agreement, are considered and taken on record / approved by the Board.

The minutes of the Board meetings are circulated to all directors and confirmed at the subsequent Board meeting. The minutes of the various committees of the Board are also circulated to the members of the Board and thereafter tabled at the subsequent Board meeting for the Board's view thereon. During the financial year 2014, the Board met Twelve times i.e. on January 19, 2014, February 07, 2014, March 30, 2014, April 27, 2014, May 10, 2014, June 03, 2014, July 07, 2014, July 26, 2014, September 05, 2014, October 29, 2014, December 10, 2014 and December 20, 2014.

The gap between any two consecutive Board meetings did not exceed one hundred and twenty days.

The Board periodically reviews compliance reports in respect of laws and regulations applicable to the Company.

Code of Conduct

The Board has laid down a Code of Conduct for all Board members and senior management personnel of the Company, which is available on R Systems' website at <http://www.rsystems.com/investors/corporategovernance.aspx>

The Company has obtained confirmations for the compliance with the said code from all its Board members and senior management personnel for the year ended December 31, 2014.

A declaration to this effect given by the Managing Director of the Company, Mr. Satinder Singh Rekhi, is reproduced below:

CODE OF CONDUCT DECLARATION

I, Satinder Singh Rekhi, Managing Director of R Systems International Limited, to the best of my knowledge and belief, hereby declare that all the Board members and senior management personnel have affirmed compliance with the Company's Code of Conduct for the year ended December 31, 2014.

Sd/-

Place: Singapore

Satinder Singh Rekhi

Date: February 07, 2015

(Managing Director)

Appointment / Reappointment of Directors

Details with respect to the directors whose appointment or reappointment is proposed at the ensuing Annual General Meeting are as follows:

- A.** As per the provisions of the Companies Act, 2013, the Independent Directors shall be appointed for not more than two terms upto maximum period of five years each and shall not be liable to retire by rotation at Annual General Meeting. The Board of Directors of the Company has adopted the provisions with respect to appointment and tenure of Independent Directors which is consistent with the Companies Act, 2013 and the Listing Agreement. Brief resume of the all the existing non- executive independent directors of the Company whose appointment is proposed to be approved at the ensuing Annual General Meeting as Independent Directors pursuant to Section 149 of the Companies Act, 2013 are as follows:

1. Mr. Raj Kumar Gogia (Non -Executive Independent Director)

Mr. Raj Kumar Gogia (DIN: 00007364), aged about 75 years, has a rich and vast experience of 52 years serving various Indian, multinational and foreign concerns. Mr. Gogia completed his B. Tech Honors (First Class First) in Electrical Engineering from IIT, Kharagpur in 1961. He joined the Board of R Systems on July 09, 2002. Since then, he is continuously providing his guidance and advice to the Board of R Systems International Limited.

As on the date of this report

- Mr. Raj Kumar Gogia does not hold any office of director / member in other company's board / committee.

- No stock options have been granted to him under the prevailing stock option plans of the Company.
- He doesn't hold any share in R Systems.
- Mr. Raj Kumar Gogia is not related to any other director

2. Mr. Gurbax Singh Bhasin (Non- Executive Independent Director)

Mr. Gurbax Singh Bhasin (DIN: 00012628) aged about 58 years, joined the Board of R Systems on December 27, 2005. He is a Bachelor of Engineering. He has been involved in the textile / fashion apparel industry and import / export for over 33 years and understands well the intricacies of international business. Mr. Bhasin's wide diversification and experience helps R Systems to attain even higher levels in customer satisfaction by constantly striving to be the best in all it does through a combination of product excellence, creativity and technological innovation.

As on the date of this report

- Mr. Gurbax Singh Bhasin holds the following offices in bodies corporate outside India i.e. Prego, Inc. (U.S.A.) as President, Agro Foods, Inc. (U.S.A.) as President, Quinby Willshire, LLC as Managing Member, Shivam Investments, LLC (U.S.A.) as Managing Member, Suraj Victorville, LLC (U.S.A.) as Managing Member, Corporativo Alberdy S.A. DE C.V. (Mexico) as Partner, Comercializadora Y Distribuidora Sauces S.A. (Mexico) as Partner, Riverbrook, LLC as Managing Member, G & B Riverside, L.P as Partner, B & G Mohler, LLC (U.S.A.) as Managing Member and Bhasin Victorville, LLC (U.S.A.) as Managing Member.

- No stock options have been granted to him under the prevailing stock option plans of the Company.
- He doesn't hold any share in R Systems.

3. Mr. Suresh Paruthi (Non-Executive Independent Director)

Mr. Suresh Paruthi (DIN: 00777887) aged about 64 years, joined the Board of R Systems on September 29, 2006. Mr. Suresh Paruthi has completed his Bachelor of Technology (Hons.) from IIT, Kharagpur in 1972. He has also completed a certificate course in export marketing from the Indian Institute of Foreign Trade,

New Delhi. He is having a wide experience of efficiently serving various multinationals; some of them are Siemens Limited, Bhartia Cutler Hammer Ltd. & Omron Asia Pacific Pte. Ltd.

As on the date of this report

- Mr. Suresh Paruthi holds the office of CEO in Paruthi Consultants and Engineers.
- No stock options have been granted to him under the prevailing stock option plans of the Company.
- He doesn't hold any share in R Systems.

4. Mr. Amardeep Singh Ranghar (Non-Executive Independent Director)

Mr. Amardeep Singh Ranghar (DIN: 06916409) aged about 48 years is an MBA from the University of Chicago, B.E. (Electronics and Communications) from Manipal Institute of Technology, India. He has a vast corporate experience, having served American Express at senior position for more than 20 years. Currently he practices as an independent business consultant and is engaged in projects covering strategy, revenue and profitability.

As on the date of this report

- Mr. Amardeep Singh Ranghar does not hold any office of director / member in other company's board / committee.
- No stock options have been granted to him under the prevailing stock option plans of the Company.
- He doesn't hold any share in R Systems

B. Mr. Raj Swaminathan (Director & Chief Operating Officer)

Mr. Raj Swaminathan (DIN: 00788158) aged about 55 years has over 30 years' experience in IT & Financial Services Industry. He has done his MBA from Xavier Labour Relations Institute, Jamshedpur after his Bachelor of Engineering from Bangalore University. Prior to joining R Systems, Mr. Swaminathan has had a distinguished 11 years career at GE where he was Vice President and CIO at GE Countrywide, India and part of the senior Global Consumer Finance Corporate IT team. Earlier in his career, Mr. Swaminathan also headed the IT function at Standard Chartered Bank for the consumer, corporate banking and treasury businesses.

As on the date of this report

- Mr. Raj Swaminathan holds directorship in an Indian company (i.e. R Systems Products & Technologies Limited, wholly owned subsidiary of R Systems International Limited).
- 60,000 stock options had been granted to him under R Systems International Limited Employees Stock Option Scheme 2007 on July 11, 2007. These options were exercisable at a price at par with other employees covered under the plan. The granted options had vested over a period of 4 years in equal installments and vested options could be exercised over a period of 10 years from the date of grant. Upto December 31, 2014 Mr. Raj Swaminathan had exercised all options granted to him. Thus, he had no options in force as on December 31, 2014.
- As on the date of this report, he holds 200,000 equity shares of Re. 1 each being 0.16% of the total paid up share capital in R Systems.
- Mr. Raj Swaminathan is not related to any other directors of the Company.

C. Lt. Gen. Baldev Singh (Retd.) (President & Senior Executive Director)

Lt. Gen. Baldev Singh (Retd.) (DIN: 00006966) aged about 74 years has more than 48 years of experience, including handling top managerial, diplomatic and human resource development related assignments. Mr. Singh has a Masters in Military Sciences from the prestigious Madras University in India and attended two short courses at University of California at Berkeley, in Strategic Account Management and Marketing. He joined the Board of R Systems on September 01, 1997.

As on the date of this report

- Lt. Gen. Baldev Singh (Retd.) holds directorship in an Indian company (i.e. R Systems Products & Technologies Limited, wholly owned subsidiary of R Systems International Limited).
- Lt. Gen. Baldev Singh (Retd.) was awarded with 27,700 stock options of Rs. 2 per share on September 01, 2004 under R Systems International Ltd. - Year 2004 Employee Stock Option Plan, exercisable at a price at par with other employees covered under the plan. The granted options had vested over a period of 4

years in equal installments and vested options could be exercised over a period of 10 years from the date of grant. On January 30, 2006 R Systems had consolidated each of its 5 equity shares of Rs. 2 each into 1 equity share of Rs. 10 each. Consequently the balance options also stood revised from Rs. 2 each to Rs. 10 each. As on December 31, 2014, entire options granted (i.e. 5,540 stock options) were already vested. 50% of the total options granted (i.e. 2,770 stock options) were already exercised and balance 50% of the total options granted (i.e. 2,770 stock options) of Rs. 10 each which stood revised to 27,700 equity shares of Re. 1/- each pursuant to sub-division of shares of Rs. 10 each into equity share of Re. 1/- each, lapsed on August 31, 2014 pursuant to completion of time limit for exercising of vested options.

- As on the date of this report, he holds 142,330 equity shares of Re. 1 each being 0.11% of the total paid up share capital in R Systems.
- Lt. Gen. Baldev Singh (Retd.) is related to Mr. Satinder Singh Rekhi, Managing Director of the Company

D. Mrs. Ruchica Gupta (Non-Executive Director)

Mrs. Ruchica Gupta (DIN: 06912329) had been associated as a lecturer in University of Delhi for more than 15 years. As a part of the Expert Committee Board at Indira Gandhi National Open University (IGNOU), she was instrumental in launching various programs for the University. She has authored nearly 40 articles on various management topics. Mrs. Ruchica is an M. Phil. from the University of Delhi and a Postgraduate topper from the Lady Shri Ram College. She is a leading corporate trainer in the areas of Organization Development, Change Management, Leadership, and Motivation.

As on the date of this report

- Mrs. Ruchica Gupta does not hold any office of director / member in other company's board / committee.
- No stock options have been granted to her under the prevailing stock option plans of the Company.
- She doesn't hold any share in R Systems.

R Systems has formulated the following committees of its directors:

- Audit Committee
- Nomination & Remuneration Committee (Erstwhile known as Remuneration Committee)
- Compensation Committee
- Stakeholders Relationship Committee (also known as Stakeholders Grievance Committee or Shareholders/Investors Grievance Committee)
- Corporate Social Responsibility Committee (CSR Committee)

3. Audit Committee

R Systems has a qualified and independent Audit Committee. During the year under review there was no change in composition of the Audit Committee except that Mrs. Ruchica Gupta (Non-Executive Director) was nominated as a member of the Audit Committee on July 26, 2014 upon her appointment as Additional Director of the Company w.e.f. July 07, 2014 and Mr. Anuj Kanish, (Non-Executive Independent Director) ceased to be a member of the committee consequent upon completion of his term as Additional Director w.e.f. May 10, 2014.

The Audit Committee met Nine times during the year i.e. on February 07, 2014, March 30, 2014, April 27, 2014, June 03, 2014, July 07, 2014, July 26, 2014, September 05, 2014, October 29, 2014 and December 20, 2014.

Composition of the Audit Committee & its meetings and attendance during the financial year ended on December 31, 2014

Composition of the Audit Committee	Category of Director	Chairman /Member	No. of meetings attended out of 9 meetings held during the year
Mr. Raj Kumar Gogia	Non-Executive Independent Director	Chairman	9
Mr. Gurbax Singh Bhasin	Non-Executive Independent Director	Member	7*
Mr. Suresh Paruthi	Non-Executive Independent Director	Member	9
Mrs. Ruchica Gupta®	Non-Executive Director	Member	3
Mr. Anuj Kanish#	Non-Executive Independent Director	Member	2

* Attendance by teleconference

- @ Mrs. Ruchica Gupta has been appointed as a member of Audit Committee w.e.f July 26, 2014. During the year under review she attended all 03 meetings held since her appointment.
- # Mr. Anuj Kanish ceased to be a member of the Audit Committee consequent upon completion of his term as Additional Director w.e.f. May 10, 2014. During the year under review he attended 02 out of 03 meetings till his cessation as member of the Committee.

The Audit Committee invites such executives as it considers appropriate to be present at its meetings. The Chief Financial Officer, representatives of the Statutory Auditors and Internal Auditors are invited to these meetings. The Company Secretary of the Company acts as the Secretary of the Audit Committee.

Powers of the Audit Committee

The Audit Committee has adequate powers to play an effective role as required under the provisions of the Companies Act, 1956, the Companies Act, 2013 and Listing Agreement and to review the mandatory applicable information. The Audit Committee shall have powers which shall include the following:

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

Terms of reference of the Audit Committee

The Board of Directors in its meeting held on October 29, 2014 modified the terms of reference of the Audit Committee keeping in view the requirements under the Companies Act, 2013 and requirements under Clause 49 of the Listing Agreement. These terms of reference are as under:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission

to the board for approval, with particular reference to:

- a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013
 - b. Changes, if any, in accounting policies and practices and reasons for the same
 - c. Major accounting entries involving estimates based on the exercise of judgment by management
 - d. Significant adjustments made in the financial statements arising out of audit findings
 - e. Compliance with listing and other legal requirements relating to financial statements
 - f. Disclosure of any related party transactions
 - g. Qualifications in the draft audit report
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
 6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
 7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
 8. Approval or any subsequent modification of transactions of the company with related parties;
 9. Scrutiny of inter-corporate loans and investments;
 10. Valuation of undertakings or assets of the company, wherever it is necessary;
 11. Evaluation of internal financial controls and risk management systems;
 12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
 13. Reviewing the adequacy of internal audit function, if any,

including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

14. Discussion with internal auditors of any significant findings and follow up there on;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the Whistle Blower mechanism;
19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

4. Nomination & Remuneration Committee (Erstwhile known as Remuneration Committee)

Brief description and terms of reference

Pursuant to the applicable provisions of the Companies Act, 2013 read with the Listing Agreement, existing Remuneration Committee of the Company has been renamed as "Nomination & Remuneration Committee" by the Board at its meeting held on March 30, 2014 which consists of only non-executive independent directors. During the year under review, there has been no change in the composition of the Nomination & Remuneration Committee except that Mr. Amardeep Singh Ranghar was nominated as a member of the Nomination & Remuneration Committee on July 26, 2015 upon his appointment as Additional Director of the Company w.e.f July 07, 2014 and Mr. Anuj Kanish, Non-Executive Independent Director ceased to be a member of the committee consequent on completion of his term as Additional Director w.e.f. May 10, 2014.

The Committee among other things evaluates and recommends compensation and benefits of the Company's executive directors. The Committee recommends / approves the remuneration package of the executive directors to the Board, after taking

into consideration the financial position of the Company, the executive director's performance, qualifications and experience, comparable industry compensation packages, trend in the industry, past remuneration drawn and the proposed compensation package of the appointee, with a view to provide a package which is appropriate for the responsibilities involved.

During the year under review, Nomination & Remuneration Committee met three times i.e. on July 07, 2014, October 29, 2014 and December 20, 2014.

Composition of the Nomination & Remuneration Committee, its meetings and attendance during the year ended December 31, 2014

Composition of the Nomination & Remuneration Committee	Category of Director	Chairman /Member	No. of meetings attended out of 3 meetings held during the year
Mr. Suresh Paruthi	Non-Executive Independent Director	Chairman	3
Mr. Gurbax Singh Bhasin	Non-Executive Independent Director	Member	1*
Mr. Raj Kumar Gogia	Non-Executive Independent Director	Member	3
Mr. Amardeep Singh Ranghar [@]	Non-Executive Independent Director	Member	Nil
Mr. Anuj Kanish [#]	Non-Executive Independent Director	Member	Nil

* Attendance by teleconference

@ Mr. Amardeep Singh Ranghar was nominated as member of the Nomination & Remuneration Committee w.e.f. July 26, 2014. During the year under review he could not attend any of the meeting of the committee.

Mr. Anuj Kanish ceased to be a member of the Committee consequent upon completion of his term as Additional Director w.e.f. May 10, 2014. During the period under review, no meeting of Nomination & Remuneration Committee held till his cessation as Additional Director.

POLICY FOR SELECTION AND APPOINTMENT OF DIRECTORS AND THEIR PERFORMANCE EVALUATION AND REMUNERATION POLICY

CRITERIA FOR SELECTION OF CANDIDATES FOR MEMBERSHIP ON THE BOARD OF DIRECTORS

General Criteria

Director should have appropriate skills, experience and other characteristics so that qualified persons fill at Board and its committees positions in pursuit of achieving Company's objectives and Corporate Excellence. Each director should:

- be an individual of the highest integrity and have an inquiring mind, a willingness to go into details and the ability to work well with others;
- be free of any conflict of interest that would violate any applicable law or regulation or interfere with the proper performance of the responsibilities of a director;
- be willing and able to devote sufficient time to the affairs of the Company and be diligent in fulfilling the responsibilities of a director and Board committees' member; and
- have the capacity and desire to represent the best interests of the stakeholders as a whole.

Specific Criteria

In addition to the foregoing, the Nomination & Remuneration Committee may, if it deems it advisable from time to time, develop specific criteria outlining the skills, experience, expertise, backgrounds, and other characteristics that should be represented on the Board to enhance its effectiveness. Any such criteria should take into account the particular needs of the Company based on its business, size, ownership, growth objectives, community, customers and other characteristics and should be adjusted as these Company characteristics evolve.

PERFORMANCE EVALUATION

In terms of the provisions of the Companies Act 2013, and the Listing Agreement entered into with stock exchanges, Board has adopted a formal mechanism for evaluating its performance as well as individual directors as per the recommendation of the Nomination & Remuneration Committee. The exercise was carried out through a structured evaluation process covering various aspects of the Boards functioning such as composition of the Board & committees, experience & competencies, leadership attribute of the directors through vision and values, strategic thinking and decision making, commercial and business acumen, contribution to resolution of divergent views, proactive participation, time commitment teamwork skills and adequacy of business strategy.

REMUNERATION POLICY

The remuneration policy of the company reflects the Company's objectives for good corporate governance as well as sustained

long-term value creation for shareholders and guided by a common reward framework and set of principles and objectives as more fully and particularly envisaged under Section 178 of the Companies Act 2013, inter-alia principles pertaining to determining qualifications, positive attributes, integrity and independence etc. Remuneration policy of R Systems is as follows:

Executive Directors' Remuneration

1. At the time of appointment or re-appointment, Managing Director and the Executive Directors of the Company i.e. Whole Time Director as defined in the Companies Act, 2013 by whatever name may be called (hereinafter known as Executive Directors) shall be paid such remuneration as may be proposed by Nomination and Remuneration Committee and subsequently approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013.
2. The remuneration shall be subject to the approval of the Members of the Company at its General Meeting, wherever required under the provisions of the Companies Act, 2013 and rules made there under or under the provision of any other laws as may be applicable.
3. The remuneration of the CEO & Managing Director is broadly divided into fixed and variable components. The fixed component comprises salary, allowances, perquisites, amenities and retiral benefits. The variable component comprises performance bonus and may include
 - Short-term incentives, based on the achievement of a number of individual, pre- defined financial and strategic business targets recommended by the Committee.
 - Long-term incentives in the form of stock options, promoting a balance between short-term achievements and long-term thinking. The Directors shall be eligible to participate in the stock options only subject to the compliance of the conditions under the provisions of the Companies Act, 2013, Listing Agreement and the Rules/Regulations as prescribed by the Securities & Exchange Board of India (SEBI) in this regard.
 - Pension contributions, made in accordance with applicable laws and employment agreements.
 - Severance payments in accordance with termination clauses in employment agreements and subject to the provisions of the Companies Act, 2013 and other applicable laws

4. In determining the remuneration (including the element as defined in clause 3) the Nomination and Remuneration Committee shall ensure / consider the following:
 - I. Remuneration shall be evaluated annually against performance and a benchmark of international companies, which in size and complexity are similar to R Systems. Benchmark information is obtained from internationally recognized compensation service consultancies.
 - II. Balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals.
 - III. Responsibility required to be shouldered by the Executive Directors, the industry benchmarks and the current trends.
 - IV. The Company's performance vis-à-vis the annual budget achievement and individual performance vis-à-vis the KRAs / KPIs.
5. Minimum remuneration to Executive Directors
If, in any financial year, the Company has no profits or its profits are inadequate, the company shall pay remuneration to its Executive Directors in accordance with the provision of schedule IV of the Companies Act, 2013

Remuneration policy for the senior management employees

In determining the remuneration to Key Managerial Personnel and other employees the Nomination and Remuneration Committee shall ensure / consider the following:

- I. the relationship of remuneration and performance benchmark is clear;
- II. the balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals;
- III. the remuneration is divided into two components viz. fixed component comprising salaries, perquisites and retirement benefits and a variable component which comprises performance bonus and may include
 - Short-term incentives, based on the achievement of a number of individual, pre- defined financial and strategic business targets recommended by the Committee.
 - Long-term incentives in the form of stock options, promoting a balance between short-term achievements and long-term thinking, in accordance to various applicable laws.

- Pension contributions, made in accordance with applicable laws and employment agreements.
- Severance payments in accordance with termination clauses in employment agreements. Severance payments shall comply with local legal framework.

IV. the remuneration including annual increment and performance bonus is decided based on the criticality of the roles and responsibilities, the Company's performance vis-à-vis the annual budget achievement, individuals performance vis-à-vis KRAs / KPIs, industry benchmark and current compensation trends in the market. The Benchmark information is obtained from internationally recognized compensation service consultancies.

Remuneration for Non-Executive Directors

Non-executive members of the Board shall be entitled for sitting fees for attending the meetings of the Board or committees thereof. The sitting fee will be as fixed by the Board of Directors from time to time in accordance with the provisions of the Companies Act, 2013 and other applicable provisions of law. Non-executive directors shall not be entitled to any fixed or monthly salary or other remuneration.

Brief terms of employment and details of remuneration paid to the executive directors during the year ended December 31, 2014

(Amount in Rs.)

1.	Name of the Director	Mr. Satinder Singh Rekhi
(a)	Salary, benefits and allowances (fixed)	26,077,828
(b)	Incentive (fixed)*	4,055,250
(c)	Stock options granted	Nil
(d)	Pension	As per the applicable policy for employees
(e)	Service contract	5 years
(f)	Notice period	36 months
(g)	Severance fees	Compensation in lieu of notice
(h)	Shareholding in R Systems as on December 31, 2014	1,309,200 equity shares of Re. 1/- each in his own name & 16,325,180 equity shares of Re. 1/- each as trustee of Satinder & Harpreet Rekhi Family Trust

*Incentive payable is based on the fixed percentage of Profit After Tax (PAT).

(Amount in Rs.)

2.	Name of the Director	Lt. Gen. Baldev Singh (Retd.)
(a)	Salary, benefits and allowances (fixed)	3,815,532
(b)	Incentive (fixed) [§]	1,800,000
(c)	Provident fund	277,920
(d)	Stock options granted	As detailed below [#]
(e)	Pension	As per the applicable policy for employees
(f)	Service contract	3 years
(g)	Notice period	6 months
(h)	Severance fees	Compensation in lieu of notice
(i)	Shareholding in R Systems as on December 31, 2014	142,330 equity shares of Re. 1/- each

§ Incentive payable is based on the fixed percentage of revenue of Noida Unit.

Lt. Gen. Baldev Singh (Retd.) was awarded with 27,700 stock options of Rs. 2 per share on September 01, 2004 under R Systems International Ltd. - Year 2004 Employee Stock Option Plan, exercisable at a price at par with other employees covered under the plan. The granted options had vested over a period of 4 years in equal installments and vested options could be exercised over a period of 10 years from the date of grant. On January 30, 2006 R Systems had consolidated each of its 5 equity shares of Rs. 2 each into 1 equity share of Rs. 10 each. Consequently the balance options also stood revised from Rs. 2 each to Rs. 10 each. As on December 31, 2014, entire options granted (i.e. 5,540 stock options) were already vested. 50% of the total options granted (i.e. 2,770 stock options) were already exercised and balance 50% of the total options granted (i.e. 2,770 stock options) of Rs. 10 each which stood revised to 27,700 equity shares of Re. 1/- each pursuant to sub-division of shares of Rs. 10 each into equity share of Re. 1/- each, lapsed on August 31, 2014 pursuant to completion of time limit for exercising of vested option.

(Amount in Rs.)

3.	Name of the Director	Mr. Raj Swaminathan
(a)	Salary, benefits and allowances (fixed)	5,132,224
(b)	Incentive (fixed)	1,100,000
(c)	Provident fund	13,440
(d)	Stock options granted	As detailed below*
(e)	Pension	As per the applicable policy for employees
(f)	Service contract	3 years
(g)	Notice period	2 months
(h)	Severance fees	Compensation in lieu of notice
(i)	Shareholding in R Systems as on December 31, 2014	200,000 equity shares of Re. 1/- each

*60,000 stock options had been granted to him under R Systems International Limited Employees Stock Option Scheme 2007 on July 11, 2007. These options were exercisable at a price at par with other employees covered under the plan. The granted options had vested over a period of 4 years in equal installments and vested options could be exercised over a period of 10 years from the date of grant. Upto December 31, 2014, Mr. Raj Swaminathan had exercised all options granted to him. Thus, he had no options in force as on December 31, 2014.

The aforementioned directors' remuneration has been approved, by the Nomination & Remuneration Committee, the Board, the shareholders in the General Meeting and by the Central Government whenever applicable. Further, for remuneration of Mr. Satinder Singh Rekhi application has been submitted to the Central Government and the approval for the same is awaited, as required under the provisions of the Companies Act, 2013.

Details of remuneration paid to the non-executive directors during the year ended December 31, 2014

As per the remuneration policy of R Systems non-executive members of the Board shall be entitled for sitting fees for attending the meetings of the Board or committees thereof. The sitting fee shall be fixed by the Board of Directors from time to time in accordance with the provisions of the Companies Act, 2013 and other applicable provisions if any. Non-executive directors shall not be entitled to any fixed or monthly salary or other remuneration. The sitting fees paid to the non-executive directors during the year ended December 31, 2014 is as follows:

(Amount in Rs.)

S. No.	Name of the Director	Sitting fees paid
1.	Mr. Raj Kumar Gogia	3,30,000
2.	Mr. Suresh Paruthi	3,30,000
3.	Mr. Gurbax Singh Bhasin	NIL
4.	Mr. Anuj Kanish	75,000
5.	Mr. Amardeep Singh Ranghar	25,000
6.	Mrs. Ruchica Gupta	1,75,000
	Total	935,000

As on December 31, 2014, none of the existing non-executive and independent directors of the Company hold any shares, options or any other convertible instruments in R Systems.

5. Compensation Committee

During the year under review, there has been no change in the composition of Compensation Committee and it comprised of three directors including two non-executive independent directors and one executive director.

The Compensation Committee is responsible for the formulation, implementation and administration of all the stock option plans, which, inter alia, includes determination of eligibility criteria, maximum number of options or shares to be offered to each employee, the aggregate number of options or shares to be offered during the period covered under each scheme, identification of classes of employees entitled to participate in the scheme, framing a detailed pricing formula, mode or process of exercise of the option, conditions under which the options may lapse etc. for the employees, directors and senior management personnel of R Systems and its subsidiaries.

The Compensation committee met once during the year i.e. on July 26, 2014.

Composition of the Compensation Committee, its meetings and attendance during the year ended December 31, 2014

Composition of the Compensation Committee	Category of Director	Chairman /Member	No. of meetings attended out of 1 meeting held during the year
Mr. Raj Kumar Gogia	Non-Executive Independent Director	Chairman	1
Mr. Suresh Paruthi	Non-Executive Independent Director	Member	1
Lt. Gen. Baldev Singh (Retd.)	Executive Director	Member	1

6. Separate Meeting of Independent Directors

As stipulated under the Provisions of the Companies Act, 2013 and the Listing Agreement, separate meeting of the Independent Directors was held on December 20, 2014 to review the performance of Non - Independent Directors and the Board as whole. The Independent Directors also reviewed the quality, content and timeliness of the flow of information between the Management and the Board and Committees which is necessary to effectively and reasonably perform and discharge their duties.

The names of independent directors on the Board and their attendance at the meeting of independent directors held during the year under review is as follows:

Name of the Director	Category of Director	Chairman /Member	No. of meetings attended out of 1 meeting held during the year
Mr. Raj Kumar Gogia	Non-Executive Independent Director	Chairman	1
Mr. Suresh Paruthi	Non-Executive Independent Director	Member	1
Mr. Gurbax Singh Bhasin	Non-Executive Independent Director	Member	Nil
Mr. Amardeep Singh Ranghar [#]	Non-Executive Independent Director	Member	Nil
Mr. Anuj Kanish [*]	Non-Executive Independent Director	-	-

[#]Mr. Amardep Singh Ranghar has been appointed as additional director of the Company w.e.f. July 07, 2014 in the capacity of Non-Executive Independent director. During the year under review, he could not attend the meeting of independent directors held on December 20, 2014.

^{*}Mr. Anuj Kanish, ceased to be the director of the company w.e.f. May 10, 2014. No meeting of independent directors was held during his tenure.

7. Stakeholders' Relationship Committee (also known as Stakeholders Grievance Committee or Shareholders/ Investors Grievance Committee)

The existing Shareholders/Investors Grievance Committee¹ was renamed as "Stakeholders' Relationship Committee" by the Board in its meeting held on March 30, 2014 in compliance with the provisions of the Companies Act, 2013. The Stakeholders' Relationship Committee of R Systems is comprised of four

directors, with non-executive independent director as its Chairman. Stakeholders' Relationship Committee investigates and provides resolution of shareholders' grievances relating to transfer, transmission, dematerialisation and rematerialisation of shares, issue of duplicate share certificates, non-receipt of annual report, dividend and other matters relating to the shareholders / investors.

Stakeholders' Relationship Committee met thirty one times during the year i.e. on February 07, 2014, March 01, 2014, March 20, 2014, March 21, 2014, March 27, 2014, March 30, 2014, April 07, 2014, April 15, 2014, April 17, 2014, April 27, 2014, May 01, 2014, June 03, 2014, June 05, 2014, June 13, 2014, June 27, 2014, July 07, 2014, July 15, 2014, July 18, 2014, July 26, 2014, August 01, 2014, August 21, 2014, September 05, 2014, September 30, 2014, October 15, 2014, October 22, 2014, October 29, 2014, October 31, 2014, November 14, 2014, November 21, 2014, December 20, 2014 and December 30, 2014.

Composition of the Stakeholders' Relationship Committee (also known as Shareholders / Stakeholders / Investors Grievance Committee), its meetings and attendance during the year ended December 31, 2014

Composition of the Stakeholders' Relationship Committee	Category of Director	Chairman /Member	No. of meetings attended out of 31 meetings held during the year
Mr. Raj Kumar Gogia	Non-Executive Independent Director	Chairman	31
Mr. Suresh Paruthi	Non-Executive Independent Director	Member	30
Mr. Satinder Singh Rekhi	Executive Director	Member	03 + 27*
Lt. Gen. Baldev Singh (Retd.)	Executive Director	Member	26 + 02*

* Attendance by teleconference

Name and designation of the Compliance Officer

Mr. Ashish Thakur
 Company Secretary & Compliance Officer
 C - 40, Sector - 59, Noida (U.P) 201 307
 Tel No.: 0120 - 430 3500
 Email: investors@rsystems.com

Shareholders grievances / complaints received and resolved during the year

(i)	Number of shareholders' complaints received during the year ended December 31, 2014	26
(ii)	Number of complaints not resolved to the satisfaction of shareholders	Nil
(iii)	Number of pending complaints	Nil

Share Transfers in Physical Mode

In order to expedite the process of share transfer, the members of the Stakeholders' Relationship Committee (also known as Shareholders / Stakeholders / Investors Grievance Committee) conduct their meetings more frequently, to the extent of weekly meetings of the Committee.

8. Corporate Social Responsibility Committee (CSR Committee)

Brief description and terms of reference

At R Systems, it has been our constant endeavor to bring about a positive difference to communities where we exist. Corporate Social Responsibility (CSR) is deeply rooted in our core values. Our CSR activities are planned and well-organized to educate, support and empower less privileged communities and preserve the environment. CSR for us is not merely the means to run our business successfully but the part of our individual responsibilities as global citizens.

As per the requirements of the Companies Act, 2013, the Board of Directors at its meeting held on March 30, 2014 constituted the CSR Committee:

The Corporate Social Responsibility Committee of the Company shall:

- Formulate and recommend to the Board Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII of the Companies Act, 2013 and the Rules made thereunder.
- Recommend the amount of expenditure to be incurred on the activities under Corporate Social Responsibilities.
- Monitor Corporate Social Responsibility Policy of the Company.
- To carry out all other duties as may be required under the Companies Act, 2013 and rules made thereunder.

Corporate Social Responsibility Committee (CSR Committee) met once during the year i.e. on October 29, 2014.

Composition of the Corporate Social Responsibility Committee (CSR Committee), its meetings and attendance during the year ended December 31, 2014

Composition of the Corporate Social Responsibility Committee (CSR Committee)	Category of Director	Chairman /Member	No. of meetings attended out of 1 meeting held during the year
Mr. Raj Kumar Gogia	Non-Executive Independent Director	Chairman	1
Lt. Gen. Baldev Singh (Retd.)	Executive Director	Member	1
Mr. Suresh Paruthi	Non Executive Independent Director	Member	1
Mr. Raj Swaminathan	Executive Director	Member	1
Mrs. Ruchica Gupta*	Non Executive Director	Member	1

* Mrs. Ruchica Gupta was nominated as member of the Corporate Social Responsibility Committee w.e.f. July 26, 2014.

9. Subsidiary Companies

During the year under review, the Company has completed the transfer of Europe BPO Business by way of sale of its 100% holding in R Systems Europe B.V., Netherlands and R Systems S.A.S., France, being wholly owned subsidiaries, to Customer Contact Management Group B.V. ("CCMG") a Europe based company by executing the Share Sale Agreement along with other necessary documents on November 27, 2014. The Company has also incorporated a wholly owned subsidiary in India, namely, R Systems Products & Technologies Limited ("RSPTL") on July 11, 2014. Hence, now R Systems has in aggregate Nineteen subsidiaries all of which except one subsidiary i.e. R Systems Products & Technologies Limited ("RSPTL"), are incorporated and based outside India.

The Audit Committee reviewed the financial statement, in particular, the investments made by the unlisted subsidiary bodies corporate. The management periodically brings to the attention of the board of directors of R Systems, a statement of all significant transaction and arrangements entered into by the unlisted subsidiary bodies corporate.

R Systems does not have any material non-listed Indian subsidiary company as per the policy drafted by the company in compliance of the Clause 49 of the listing agreement with the Stock Exchanges and the same is available at the website of the company at the following link:

<http://www.rsystems.com/investors/corporategovernance.aspx>

10. General Body Meetings

I. Details for the last three Annual General Meetings ("AGM")

AGM Date and Time	Venue	Special Resolutions passed
18th AGM May 04, 2012 09:00 A.M.	Air Force Auditorium, Subroto Park, New Delhi - 110 010	<ul style="list-style-type: none"> Reappointment of and payment of remuneration to Lt. Gen. Baldev Singh (Retd.) as President & Senior Executive Director of the Company Appointment of and payment of remuneration to Mr. Ramneet Singh Rekhi, son of Mr. Satinder Singh Rekhi, Chairman and Managing Director of the Company, as an Assistant Manager - Strategy in R Systems International Limited's wholly owned subsidiary company, R Systems Inc., U.S.A.
19th AGM May 11, 2013 09:00 A.M.	Air Force Auditorium, Subroto Park, New Delhi - 110 010	<ul style="list-style-type: none"> Reappointment and payment of remuneration to Mr. Raj Swaminathan as Director & Chief Operating Officer of the Company. Increase in the limit of Foreign Institutional Investors (FIIs) holding to 40%.
20th AGM May 10, 2014 09:00 A.M.	Air Force Auditorium, Subroto Park, New Delhi - 110 010	<ul style="list-style-type: none"> No Special Resolution was passed.

II. No Extra Ordinary General Meeting of the Company was held during the last three years.

III. No special resolution was moved and passed at the last Annual General Meeting.

IV. During the year the Company has passed necessary resolution through Postal Ballot as per the following details:

S. No.	Date of Postal Ballot Notice	Date of Passing of Resolution	Resolution passed
1.	July 26, 2014	September 23, 2014	1. Transfer of Indus Business Unit to R Systems Products & Technologies Limited, a wholly owned subsidiary of R Systems International Limited on slump sale basis.
2.	October 29, 2014	December 16, 2014	1. Payment of remuneration to Mr. Satinder Singh Rekhi as Managing Director of the Company.

Details relating to voting pattern are as follows :

Date of Postal Ballot Notice	Date of Passing of Resolution through Postal Ballot	Resolution Number	Total Valid Votes (A)	Votes with Assent (B)	Percentage (B/A*100)
July 26, 2014	September 23, 2014	1	113,002,031	112,976,185	99.977
October 29, 2014	December 16, 2014	1	112,910,465	112,890,070	99.981

The Company had appointed Mr. Sanjay Grover, Company Secretary in whole time practice as scrutinizer for the purpose of both the Postal Ballot exercise.

- V. The Company has followed the procedure as prescribed under Section 110 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 for conducting the postal ballot as referred hereinbefore.
- VI. No special resolution is proposed to be conducted through Postal Ballot at the forthcoming Annual General Meeting.

11. Disclosures

Related Party Transactions

Related Party Transactions are defined as transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged. Transactions of the Company of material nature, with Company's subsidiaries, promoters, directors or the management or their relatives or companies controlled by them etc., which may have potential conflict with the interest of the Company at large.

Details on materially significant Related Party Transactions are shown in note number 24 in the standalone and in note number 25 in the consolidated financial results for the financial year ended December 31, 2014.

In compliance of the provisions of Clause 49 of the Listing Agreement (along with amendments as and when applicable) with the Stock Exchanges the Board at its meeting held on October 29, 2014 approved the policy on dealing with Related Party Transactions and the same has been uploaded on the website of the Company at the following link:

<http://www.rsystems.com/investors/corporategovernance.aspx>

Statutory Compliance, Penalties and Strictures

There were no penalties imposed on R Systems for any non-compliance by Stock Exchanges, SEBI or any other statutory authority on matters related to capital markets during the last three years.

Vigil Mechanism / Whistle Blower Policy

Pursuant to Section 177 of the Companies Act, 2013 and rules made thereunder and Clause 49 of Listing Agreement, R Systems has in place a mechanism for employees to report concerns about unethical behaviour, actual or suspected fraud, violation of Code of Conduct of the Company etc. The mechanism also provides for adequate safeguards against victimisation of employees who avail the mechanism and also provides for direct access to the Whistle Blower to the Chairman of the Audit Committee. We

affirm that during the financial year ended December 31, 2014, no employee has been denied access to the Audit Committee. The details of such Whistle Blower policy (also known as vigil Mechanism) have been available at the website of the Company at the following link:

<http://www.rsystems.com/investors/corporategovernance.aspx>

Risk Management Policy

The Company has formulated a risk management policy to identify the present and potential risks involved in the business. The same is periodically reviewed and considered by the Audit Committee and the Board. The Risk Management Report forms part of this Annual Report and is provided elsewhere.

Training to Board Members

The Company follows a structured orientation and training programme for the Independent Directors to understand and get updated on the business and operations of the Company on a continuous basis.

The Board has adopted a structured policy for training of new Independent Directors which shall inter-alia provide: (a) business overview and an outline of corporate plan and annual target, (b) operations overview (c) overview of Sales & Marketing, (d) comprehensive rolling corporate plan etc. The details of the Familiarization Programme are available at the website of the company at the following link:

<http://www.rsystems.com/investors/corporategovernance.aspx>

The Company believes that the Board is continuously empowered with the knowledge of the latest developments in the Company's businesses and the external environment affecting the industry as a whole. Independent Directors are regularly updated on performance of each line of business of the Company, state of the market, business strategy going forward and new initiatives being taken / proposed to be taken by the Company.

Compliance with mandatory requirements and adoption of non-mandatory requirements of Clause 49 of the Listing Agreement

The Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement. As required under Clause 49, a certificate signed by CEO and CFO of the Company has been placed before the Board and the same has been provided elsewhere in this report.

Further a certificate obtained from the Practicing Company Secretary, certifying compliance with the conditions of Corporate Governance under Clause 49 of the listing agreement has been annexed with the Directors' Report.

Clause 49 also requires disclosures of adoption by the Company of non-mandatory requirements specified in the said Clause, the implementation of which is discretionary on the part of the Company. The details of compliance with non-mandatory requirements are as follows:

Shareholders Rights

The quarterly and half yearly financial performance are published in the newspapers and are also posted on the Company's website.

Audit Qualifications

During the period under review, there is no audit qualification in the financial statements. The Company continues to adopt best practices to ensure unqualified financial statements.

Reporting of Internal Auditor

The Internal auditors of the Company reports to the Audit Committee.

12. Means of Communication

Quarterly results

- a) The quarterly and year to date audited / unaudited financial results have been published in Business Standard (English and Hindi) for the first quarter ended March 31, 2014, second quarter ended June 30, 2014, third quarter ended on September 30, 2014 and fourth quarter and year ended December 31, 2014, as statutorily required.
- b) The financial results and other corporate information are available on R Systems' website www.rsystems.com. The website also displays official news releases from time to time announced by the Company.
- c) The presentations made to the institutional investors or to the industry analysts are also available on the Company's website www.rsystems.com.

- d) Financial results updates are also sent to all the shareholders whose email address is registered / made available to us.

13. General Shareholder Information

i) Annual General Meeting

Date and Time : June 09, 2015, at 9.00 A.M.
Venue : Air Force Auditorium,
Subroto Park,
New Delhi - 110 010

ii) Financial year

R Systems follows January 01 to December 31 as its financial year. The results for every quarter are declared in the month following each quarter, except for the last quarter in which case the results are declared along with the annual financial results within sixty days from the end of the financial year.

iii) Date of Book Closure

June 05, 2015 to June 09, 2015 (both days inclusive)

iv) Dividend Payment Date

The dividend, if declared, will be paid within 30 days from the date of Annual General Meeting.

v) Listing on Stock Exchanges

The equity shares of R Systems are listed and traded on the following Stock Exchanges:

Name of Stock Exchanges	Stock / Scrip Code
National Stock Exchange of India Limited ("NSE") Exchange Plaza, Bandra Kurla Complex, Bandra - (E), Mumbai - 400 051	RSYSTEMS
BSE Limited ("BSE") Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001	532735

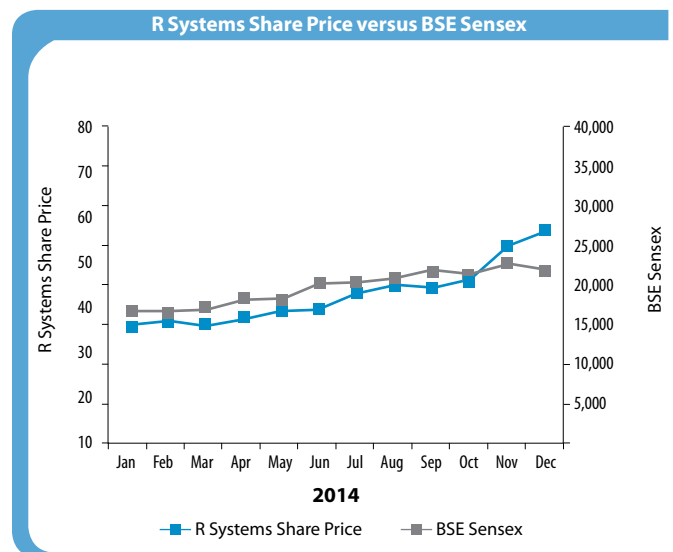
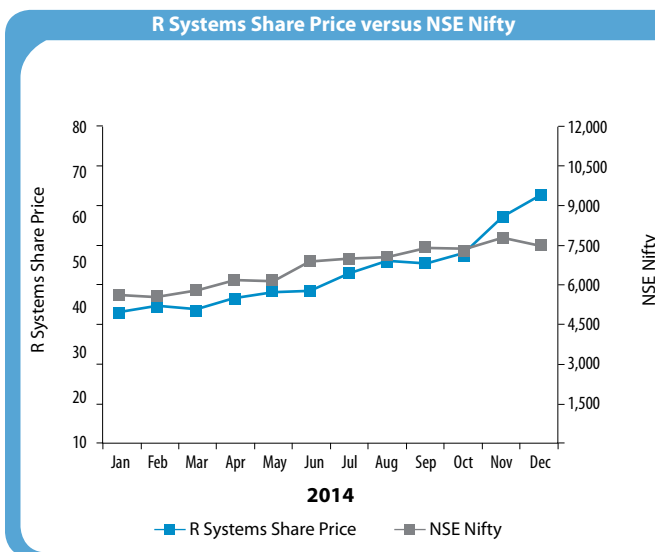
The annual listing fee for the year 2014-15 had been paid within the scheduled time to NSE and BSE. The annual listing fee for the year 2015-16 has also been paid within the scheduled time as prescribed under the provisions of the listing agreement.

vi) Market Price Data: High, Low during each month in last financial year

The monthly high and low quotations of R Systems' equity shares traded on NSE and BSE during each month in the previous financial year ended December 31, 2014, in comparison with NSE Nifty and BSE Sensex, are as follows:

Month 2014	NSE				BSE			
	Share Price		Nifty		Share Price		Sensex	
	High (Rs.)	Low (Rs.)	High	Low	High (Rs.)	Low (Rs.)	High	Low
January	38.16	35.81	6,345.65	6,073.70	38.23	35.98	21,140.48	20,498.25
February	67.20	38.37	6,276.95	6,000.90	67.23	38.41	21,120.12	20,193.35
March	55.65	36.20	6,704.20	6,221.45	55.50	36.15	22,386.27	20,946.65
April	46.05	39.65	6,840.80	6,675.30	45.95	39.35	22,876.54	22,277.23
May	48.95	41.60	7,367.10	6,652.55	48.65	41.30	24,716.88	22,323.90
June	49.95	41.50	7,656.40	7,362.50	49.85	41.60	25,583.69	24,684.85
July	55.95	46.35	7,830.60	7,454.15	55.80	46.85	26,271.85	25,006.98
August	53.90	49.45	7,954.35	7,568.55	53.60	49.40	26,638.11	25,329.14
September	54.85	48.65	8,173.90	7,911.85	54.80	48.40	27,319.85	26,468.36
October	63.95	50.90	8,322.20	7,748.20	64.15	50.80	27,865.83	25,999.34
November	72.30	60.95	8,588.25	8,324.15	72.25	61.05	28,693.99	27,860.38
December	93.25	66.45	8,564.40	8,029.80	93.15	66.10	28,562.82	26,710.13

The aforesaid table is based on the closing price of the shares of R Systems and closing of NSE Nifty and BSE Sensex at NSE and BSE website.



The aforesaid chart is based on the monthly low of closing price of the shares of R Systems at NSE and monthly low of closing NSE Nifty.

The aforesaid chart is based on the monthly low of closing price of the shares of R Systems at BSE and monthly low of closing BSE Sensex

Note: Pursuant to the necessary resolution passed by the shareholders through postal ballot on January 14, 2014, the equity shares of the company having face value of Rs. 10/- each had been sub-divided into equity shares of face value Re. 1/- each. The trading in the equity shares after sub-division on the aforesaid Stock Exchanges had become effective as per record date of February 28, 2014 fixed for the purpose. Therefore, share price in the table above has been accordingly adjusted.

vii) Registrar and Share Transfer Agent

M/s Link Intime India Private Limited
 44, Community Centre, 2nd Floor,
 Naraina Industrial Area, Phase- I
 Near PVR Naraina,
 New Delhi-110 028

viii) Share Transfer System

Applications for transfer of shares held in physical form are received at the office of the registrar and share transfer agent of the Company, M/s Link Intime India Private Limited. They attend to share transfer formalities at least once a week and forward the same to the Company for the Stakeholders' Relationship Committee's (also known as Shareholders / Stakeholders / Investors Grievance Committee) approval. In order to expedite the process of share transfers in physical mode, the members of the Stakeholders' Relationship Committee (also known as Shareholders / Stakeholders / Investors Grievance Committee) conduct their meetings more frequently, to the extent of weekly meetings of the Committee.

Shares held in dematerialized form are electronically traded in the depository and the registrar and share transfer agent of R Systems periodically receives from

the depository the details of beneficiary holdings so as to update the records for sending all corporate communications and other matters.

Physical shares received for dematerialization are processed and completed within a period of 15 days from the date of receipt, provided they are duly completed. Bad deliveries are immediately returned to the depository participants under advice to the shareholders.

ix) Transfer of unclaimed dividend to Investor Education and Protection Fund

Pursuant to the provisions of Section 205A (5) of the Companies Act, 1956, and applicable provisions of the Companies Act, 2013 dividend which remains unpaid or unclaimed for a period of seven years from the date of its transfer to unpaid dividend account, is required to be transferred by the Company to the Investor Education and Protection Fund ('IEPF'), established by the Central Government under the provisions of Section 205C of the Companies Act, 1956. Shareholders are advised to claim the unclaimed dividend lying in the unpaid dividend account of the Company before the due date. Given below are the dates of declaration of dividend and corresponding dates when unclaimed dividend is due for transfer to IEPF:

Date of declaration / payment of dividend	Dividend for the year	Due date for transfer to IEPF
May 01, 2007	2006	May 31, 2014*
May 02, 2008	2007	June 01, 2015
April 27, 2009	2008	May 27, 2016
May 20, 2010	2009	June 19, 2017
May 25, 2011	2010	June 24, 2018
May 04, 2012	2011	June 03, 2019
May 18, 2012	Interim Dividend 2012	June 17, 2019
May 11, 2013	2012	June 10, 2020
July 27, 2013	1st Interim Dividend 2013	August 26, 2020
October 25, 2013	2nd Interim Dividend 2013	November 24, 2020
May 10, 2014	2013	June 09, 2021
June 03, 2014	1st Interim Dividend 2014	July 03, 2021
July 26, 2014	2nd Interim Dividend 2014	August 25, 2021
October 29, 2014	3rd Interim Dividend 2014	November 28, 2021
December 20, 2014	4th Interim Dividend 2014	January 19, 2022

*Unpaid dividend for the financial ended December 31, 2006 which was declared on May 01, 2007 has been deposited to the Investor Education and Protection fund on June 07, 2014.

x) Distribution of Shareholding as on December 31, 2014*

Shareholding of nominal value of (Rs.)	Shareholders		Share Capital	
	Number	% to total	Amount in Rs.	% to total
1 - 2,500	11,372	94.85	5,032,924	3.95
2,501 - 5,000	316	2.64	1,200,436	0.94
5,001 - 10,000	139	1.16	1,065,640	0.84
10,001 - 20,000	72	0.60	1,028,745	0.81
20,001 - 30,000	22	0.18	547,812	0.43
30,001 - 40,000	14	0.12	513,535	0.40
40,001 - 50,000	9	0.08	414,103	0.32
50,001 - 1,00,000	19	0.16	1,364,697	1.07
Above 1,00,000	27	0.23	116,290,688	91.24
TOTAL	11,990	100.00	127,458,580	100.00

*During the year under review, the Company has allotted 804,000 equity shares of Re. 1.00/- each pursuant to exercise of stock options under R Systems International Limited Employee Stock Options Scheme 2007.

During the year under review, shareholders of the Company by passing necessary resolution through postal ballot on January 14, 2014 approved the sub-division of equity shares of the Company of face value of Rs. 10 each into ten equity shares of Re. 1 each.

xi) Category wise Shareholding as on December 31, 2014

Category	Category of Shareholder	No. of shares	Percentage
(A)	Promoters & Promoter Group		
1	Indian	26,495,796	20.79
2	Foreign	37,964,610	29.79
	Sub Total (A)	64,460,406	50.57
(B)	Public Shareholding		
1	Institutions		
(a)	Mutual Funds / UTI	0.00	0.00
(b)	Financial Institutions / Banks	27,567	0.02
(c)	Foreign Institutional Investors	0.00	0.00
	Sub Total (B)(1)	27,567	0.02
2	Non-institutions		
(a)	Bodies Corporate	1,485,281	1.17
(b)	Individual shareholders holding nominal share capital up to Rs. 1 lakh	9,761,922	7.66
(c)	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	50,912,067	39.94
(d)	Any Other (Clearing Member)	72,357	0.06
(e)	Any Other (Trust)	738,980	0.58
	Sub Total (B)(2)	62,970,607	49.40
	Total Public Shareholding (B)(1) + (B)(2)	62,998,174	49.43
	Grand Total	127,458,580	100.00

xii) Dematerialisation of shares and liquidity

Procedure for dematerialisation of shares:

Shareholders seeking dematerialisation of their shares need to approach their Depository Participants (DP) with whom they maintain a demat account. The DP will generate an electronic request and will send the physical share certificate and demat request form to the Registrar and Share

Transfer Agent (the “Registrar”) of the Company. Upon receipt of the request and share certificate, the Registrar will verify the same and approval of the Company is being sought. Thereafter, the Registrar will confirm the demat request. On confirmation, the demat account of the respective shareholder will be credited with equivalent number of shares. In case of rejection of the request, the same shall be communicated to the shareholder through their respective DPs.

About 99.13% of the issued and paid up share capital of the Company has been dematerialised up to December 31, 2014. The International Securities Identification Number (ISIN) of the Company was INE411H01024 which has been changed to INE411H01032 upon sub-division of equity shares from the face of value of Rs. 10/- to Re. 1/- becoming effective as per record date of February 28, 2014.

The equity shares of the Company are traded on NSE and BSE.

xiii) Outstanding GDRs / ADRs / Warrants or any Convertible instruments, conversion date and likely impact on equity

R Systems has not issued any GDRs / ADRs. There were no outstanding convertible warrants as on December 31, 2014, except stock options granted under the prevailing employee stock option plans / schemes, as detailed elsewhere in the Directors’ Report.

xiv) Development Centres

1.	Noida Office C - 40 & C - 1, Sector - 59, Noida (U.P.) - 201 307
2.	Pune Offices
(a)	S. No. 303/2/2, Bavdhan (BK) Mumbai Bangalore Highway (Bypass) Pune - 411 021, Maharashtra
(b)	Survey No. 127/1B/1, Plot A - 1, 5th Floor, Gopal House, Above Hotel Kimaya, Kothrud, Pune - 411 029, Maharashtra
3.	Chennai Office Rayala Techno Park, 3rd Floor, 144/7 Rajiv Gandhi Salai, Kottivakkam, Chennai - 600 041

Development / Technical Support centres at the offices of R Systems’ subsidiaries

4.	R Systems, Inc. 5000, Windplay Drive, Suite # 5, El Dorado Hills, CA 95762, U.S.A.
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5.	R Systems Solutions, Inc. Metro Annex Building 9, Suite B, 1193 West 2400 South, Suite # 9c, West Valley City, UT 84119, U.S.A.
6.	ECnet Limited 16, Jalan Kilang, #04-01 Hoi Hup Building, Singapore – 159 416
7.	Computaris Romania SRL
(a)	Bucharest office Str. Gheorghe Manu, Nr. 5, Parter, Camera 2, Sector 1, Bucuresti, Cod. 010442, Romania
(b)	Galati office 19A Portului Str., 4th Floor, Room 403, 800025, Galati, Romania
8.	Computaris Polska sp z o.o.
(a)	Warsaw office Okopowa 47, 01-059 Warszawa, Poland
(b)	Białystok office Ul. Świętojanska 2 15-082 Białystok, Poland
9.	ICS Computaris International SRL Vlaicu Pircalab Street, No 63, Et. 8, Oficiu B, MD – 2012, Sky Tower Business Center Chisinau, Republica Moldova

Other Offices of R Systems and its subsidiaries

10.	U.S.A. Branch Office 5000, Windplay Drive, Suite 5, El Dorado Hills, CA 95762, U.S.A.
11.	Indus Software, Inc. 5000, Windplay Drive, Suite 5, El Dorado Hills, CA 95762, U.S.A.
12.	Systèmes R. International Ltée, 417, Rue Saint-Pierre, Porte 604 Montréal (Quebec) H2Y 2M4, Canada
13.	R Systems (Singapore) Pte Limited 16, Jalan Kilang, #04-01 Hoi Hup Building, Singapore – 159 416
14.	ECnet (M) Sdn. Bhd. Level 12, Suite 12.05 Menara Summit, Persiaran Kewajipan, USJ1, 47600 UEP Subang Jaya, Selangor Darul Ehsan, Malaysia
15.	ECnet, Inc. 5000, Windplay Drive, Suite # 5, El Dorado Hills, CA 95762, U.S.A.
16.	ECnet (Hong Kong) Limited Room 1903, 19/F, World-Wide House, 19 Des Voeux Road Central, Hong Kong

17.	ECnet Systems (Thailand) Company Limited 2/3 Moo 14, Bangna Tower - A, 2nd Floor, Room No. 205 Bangna - Trad Rd. K.M. 6.5, Bangkaew, Bangplee, Samutprakarn, Thailand - 10540
18.	ECnet Kabushiki Kaisha 1-6-17 Godo Build. 6 F, Kaji-cho, Chiyoda-ku, Tokyo, Japan 101-0044
19.	ECnet (Shanghai) Co. Ltd. Rm H, 20th Floor, Foresight Mansion, No. 768, Xie Tu Rd, Shanghai - 200 023, People's Republic of China
20.	Computaris International Limited 11 Queens Road, Brentwood Essex, CM 14 4HE, United Kingdom
21.	Computaris Malaysia Sdn. Bhd. No. 52, 1st Floor, Jalan SS21/58 Damansara Utama, 47400 Petaling Jaya, Selangor, Malaysia.
22.	Computaris USA, Inc. 5000, Windplay Drive, Suite 5, El Dorado Hills, CA 95762, U.S.A.

23.	R Systems Products & Technologies Limited S. No. 303/2/2, Bavdhan (BK), Mumbai - Bangalore Highway (Bypass), Taluka Mulshi, Pune, Maharashtra- 411021(India)
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xv) Address for correspondence

For any assistance regarding dematerialisation of shares, share transfers, transmissions, change of address, non-receipt of dividend or any other query relating to shares:

Registrar and Share Transfer Agent

M/s Link Intime India Private Limited

44, Community Centre, 2nd Floor,
Naraina Industrial Area, Phase- I
Near PVR Naraina,
New Delhi 110 028
Phone : 011 - 414 10592, 93, 94 Fax : 011 - 414 10591
Email : delhi@linkintime.co.in

For general correspondence:

R Systems International Limited

Corporate Office
C - 40, Sector - 59,
Noida (U.P.) - 201 307, India
Phone : 0120 - 430 3500, Fax : 0120 - 258 7123
Email : investors@rsystems.com

CERTIFICATION BY THE CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER OF R SYSTEMS INTERNATIONAL LIMITED

We, Satinder Singh Rekhi, Managing Director and Nand Sardana, Chief Financial Officer, hereby certify that:

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

Sd/-
Satinder Singh Rekhi
(Managing Director)
Place : SINGAPORE
Date : February 07, 2015

Sd/-
Nand Sardana
(Chief Financial Officer)
Place : NOIDA
Date : February 07, 2015

Annexure 'C' to the Directors' Report CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To,
The Members,
R Systems International Limited,
B - 104A, Greater Kailash - I,
New Delhi - 110 048

We have examined all relevant records of R Systems International Limited (the "Company") for the purpose of certifying compliance of the conditions of Corporate Governance under Clause 49 of the Listing Agreement with National Stock Exchange of India Limited and BSE Limited (the "Stock Exchanges") for the financial year ended on December 31, 2014. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of certification.

The compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof. This certificate is neither an assurance as to the future viability of the Company, nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in abovementioned Listing Agreement with the Stock Exchanges and that no investor complaints / grievances remain unattended for a period exceeding 21 days against the Company.

For **SKP & Co.,**
Company Secretaries

Sd/-
(CS Sundeep Kumar Parashar)
Prop.
Membership No. FCS 6136
Certificate of Practice No. 6575

Place: Vaishali
Date: April 07, 2015

Annexure 'D' to the Directors' Report

MANAGEMENT'S DISCUSSION AND ANALYSIS

Overview

The financial statements of the Company have been prepared to comply in all material respects with the accounting standards notified under the Companies Act, 1956 read with General Circular 8/2014 dated 4 April 2014, issued by the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 1956. The management accepts responsibility for the integrity and objectivity of these financial statements, as well as for various estimates and judgments used therein. The estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, so that the financial statements reflect in a true and fair manner the form and substance of transactions, and reasonably present the state of affairs, profits and cash flows for the year.

A. Industry Structure and Developments

As per NASSCOM Strategic Review 2015, the worldwide IT-BPM spending reached nearly USD 2.3 trillion in FY 2014, a growth of 4.6 per cent over 2013. The FY 2014 saw renewed demand for overall global sourcing, which grew by 9-10 per cent over 2013, nearly twice the global technology spend growth.

B. Company Overview

R Systems International Limited (the 'Company') and its subsidiaries (collectively referred to as 'R Systems') is a leading global provider of IT solutions and Business Process Outsourcing ("BPO") services. The parent Company is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956 with its Registered Office at New Delhi and has following subsidiaries:

Name of Subsidiary	Year of Incorporation	Location	Subsidiary Since	Holding
R Systems (Singapore) Pte Limited	1997	Singapore	September 19, 2000	100%
R Systems, Inc.	1993	USA	January 2, 2001	100%
Indus Software, Inc.	1996	USA	April 1, 2002	100%
ECnet Limited	1996	Singapore	January 8, 2004	99.75%*
R Systems Solutions, Inc.	2000	USA	August 24, 2006	100%
R Systems Europe B.V. #	1999	The Netherlands	January 23, 2008	100%
R Systems S.A.S. #	2000	France	January 23, 2008	100%
Computaris International Limited	2006	UK	January 26, 2011	100%
Systèmes R. International Ltée	2012	Canada	October 29, 2012	100%
R Systems Products & Technologies Limited	2014	India	July 11, 2014	100%

*The shareholding by the Company and R Systems (Singapore) Pte Limited is 69.37% and 30.38% respectively.

On November 27, 2014, the Company has transferred Europe BPO Business by way of sale of its 100% holding in R Systems Europe B.V., Netherlands and R Systems S.A.S., France, being wholly owned subsidiaries.

Software products, IT and BPM services continued to reinforce India's position as the only country in the world from where one can do anything and everything. India has continued to maintain its first mover advantage and retained its leadership position in the global sourcing arena with a share of 55 per cent.

While Americas remained the largest market, APAC recorded highest growth of 5.1 per cent, driven by faster growth in BPM services. Demand from Europe remained strong during the first half of the year, but softened during the second half due to currency movements and economic challenges. Emerging verticals like healthcare, communication and media, government were key growth drivers for the IT segment during 2014.

The global technology industry is at the forefront of change. Economic turbulence, intensifying competition, technological obsolescence and insatiable consumer appetite presents a whole new world of challenges as well as opportunities. The industry has the obligation of serving two distinct requirements i.e. driving operational excellence and creating digital transformation within enterprises simultaneously. This enables organizations to augment customer reach and engagement, ensure real time decision making, while providing a distinct competitive edge to their clients' business.

ECnet Limited, Singapore has following wholly owned subsidiaries:

Name	Holding	Country of incorporation
ECnet (M) Sdn. Bhd.	100%	Malaysia
ECnet Systems (Thailand) Co. Ltd.	100%	Thailand
ECnet (Shanghai) Co. Ltd.	100%	China
ECnet (Hong Kong) Ltd.	100%	Hong Kong
ECnet, Inc.	100%	USA
ECnet Kabushiki Kaisha	100%	Japan

Computaris International Limited, UK has following wholly owned subsidiaries:

Name	Holding	Country of incorporation
Computaris Romania SRL	100%	Romania
Computaris Polska sp z.o.o.	100%	Poland
Computaris USA Inc.	100%	USA
ICS Computaris International Srl	100%	Moldova
Computaris Malaysia Sdn. Bhd.	100%	Malaysia

As at December 31, 2014, R Systems is maintaining eleven global development and service centres in India, USA, Romania, Poland, Moldova and Singapore. R Systems diversified offering includes:

iPLM Service Group

R Systems defines its OPD business as Integrated Product Life Cycle Management (iPLM) Services where R Systems help ISV and other companies to accelerate the speed to market for their products and services with a high degree of time and cost predictability by using our proprietary pSuite framework and global delivery model.

Under iPLM Services, R Systems delivers solutions and services in the area of Information Technology and Information Technology enabled services (ITES). The IT services cover application development, systems integration and support and maintenance of applications. Under the ITES, we cover technical support and customer care for IT and Hi-Tech electronic manufacturers, high-end quality process management and revenue and claims management using our global delivery model.

R Systems competitive advantage in iPLM Services is further enhanced by its industry specific domain expertise, global delivery capabilities, multi-language support capabilities, industry best quality and security certification and agile development methodologies supported by R Systems' proprietary pSuite Framework.

Products Group

R Systems products group consists of two units. Indus® which address the retail lending, telecom and insurance industry

and ECnet® which addresses supply chain, warehousing and inventory management.

Indus® offerings include an integrated enterprise multi-portfolio lending suite for banking and financial services in the retail, corporate and SME sectors, credit management and revenue collection for telecom companies, iPerSyst for insurance companies which helps in timely policy renewal and customer retention along with other IT services to banking and financial service clients. Indus also offers a comprehensive solution for origination and management of commercial vehicles and equipment leasing that can be used across retail, corporate banking & SME sectors.

ECnet® Supply Chain products provide solutions for holistic management of the complex interaction between an organisation and its trading partners. The integrated solution aims to reduce all supply chain costs through improved collaboration and optimisation. The solutions are robust and scalable and give measurable ROI to clients within one year.

Further, ECnet also operates as a channel partners for reselling and implementing several ERP products of one of the largest business software company to serve customers in a key customer segment: Small- to medium-sized businesses. These products present an opportunity to cross and up sell these solutions since these are adjunct to ECnet's own product offerings.

R Systems focused on key verticals i.e. Telecom & Digital Media, Banking and Finance, Health Care, Manufacturing & Logistics and Government Services. During the year ended December 31, 2014, Telecom and Digital Media contributed 33.71% and BFSI contributed 15.10% of the total consolidated revenues.

R Systems rapidly growing customer list includes a variety of Fortune 1000, government and mid-sized organisations across a wide range of industry verticals and has served twenty seven million US \$ plus customer during the year 2014.

C. Opportunities and Threats

As per NASSCOM Strategic Review 2015, the Indian IT-BPM industry is relentlessly continuing its growth path. The industry demonstrated flexibility and resolves to adjust to turbulent economic conditions and experience double digit growth. Overall revenue (exports + domestic) for FY2015 is expected at USD 146 billion, a growth of ~13 per cent over last year, an overall y-o-y addition of ~USD 17 billion. Industry contribution relative to India's GDP is set to touch an estimated 9.5 per cent and share in total services exports >38 per cent.

FY2015 is expected to see the exports market at over USD 98 billion, recording a 12.3 per cent growth over last year.

Engineering and **R&D** sector (ER&D) and product development segment is the fastest growing at 13.2 per cent, driven by higher value-added services from existing players and an increased business from GICs. IT services exports are to grow at industry rate of 12.6 per cent. Value-added services around SMAC – upgrading legacy systems to be SMAC enabled, greater demand for ERP, CRM, mobility from manufacturing segment and user experience technologies in retail segment is driving growth in IT services. BPM is being driven by greater automation, expanding omni-channel presence, application of analytics across entire value chain, etc. R Systems being one of the leading IT & ITES services and solutions providers is well positioned to take advantage of these opportunities.

Increasingly competitive marketplace has posed threats and challenges for R Systems. However, over the years, R Systems has learnt to reckon with as well as address threats from competitors including their disruptive tactics, new technologies, intensifying demand for global talent, retention of employees and stringent governing norms regarding restrictions on outsourcing services. At R Systems, these threat and uncertainties are managed proactively through our risk mitigation processes and strategies.

D. Segment-wise and Product-wise Performance

Detailed information about segment-wise and product-wise

performance has been given in the Consolidated Financial Statements and Standalone Financial Statements.

E. Performance and Outlook

R Systems’ reported record consolidated revenue of Rs. 6,484.96 mn during the year 2014 as against revenue of Rs. 5,960.54 mn for the year 2013 representing a year on year (YOY) increase of 8.80 %.

Net consolidated profits during the year 2014 were Rs. 781.34 mn [after considering exceptional profit (net of tax) of Rs. 184.95 mn . Out of this Rs. 168.88 mn pertains to profit on sale of Europe BPO Business and Rs. 16.07 mn on buy-back of shares of Computaris International Limited (a wholly owned subsidiary)] as against net profit of Rs. 526.99 mn in the year 2013.

The basic earnings per share (based on consolidated financial statement) during the year 2014 was Rs. 6.14 per share as against Rs. 4.18 per share in 2013 of face value of Re. 1 each.

Cash and bank balance excluding money kept in escrow account for interim dividend and margin money for buy back as of December 31, 2014 was Rs. 1,098.24 mn against Rs 1,115.20 mn as of December 31, 2013. Decrease was mainly on account cash used for purchase of fixed assets and payment of dividends as offset by cash generated from operations and amount received from sale of Europe BPO operations.

R Systems is well positioned to leverage the following factors which are key to its differentiated strategy for growth in the marketplace:

- Focused key verticals i.e. Telecom & Digital Media, BFSI, Health Care, Manufacturing & Logistics and Government Services;
- 2500+ associates including domain specialists;
- Customer centric approach to deliver innovative and cost effective services and solution;
- Long term relationship with world class clients including fortune 1000 companies;
- Global delivering capabilities through eleven development and service centres;
- Multi-language support capabilities;
- Adherence to the highest quality certification for our development processes, delivery models and security infrastructure;
- Industry best human resource practices such as PCMM level 5 to attract, develop, deploy and retain talent;
- Strong financial position as at December 31, 2014 to invest in future growth.

The consolidated shareholder's funds as at December 31, 2014 amount to Rs. 2,131.05 mn.

F. Risk and Concerns

At R Systems risk management is a dynamic process with an attempt to constantly identify all the emerging risks and propose solutions to manage these. This is further explained in detail in Risk Management Report.

G. Internal Control Systems and Their Adequacy

R Systems has adequate internal control systems and procedures commensurate with its size and nature of business. All areas of the Company's operations are covered by such internal control systems including revenue from rendering services, sale of products, purchase of fixed assets and other equipments, treasury management, statutory compliances, expenditures such as payroll, travel, utility and insurance etc. An Independent firm of Chartered Accountants has been appointed as the Internal Auditors of the Company for all the business units in India and the Audit Committee has considered their reports and accepted their recommendations; wherever feasible the same have been implemented. Further, R Systems corporate governance policies and practices have been recognized through a 'Special Commendation' for 'Golden Peacock Award for Excellence in Corporate Governance' for the year 2014.

R Systems has also taken the initiative to have critical non-financial areas such as security infrastructure, quality models, development processes and delivery models reviewed and certified by independent organisations.

R Systems has continued its investment in organisation behavior and management processes to ensure that these certified industry standards are continually adhered to. As of the date of this report, Noida IT centre is CMMi level 5, PCMM Level 5, ISO 9001 : 2008 and ISO 27001 : 2005 certified; Noida BPO centre is PCMM Level 5, ISO 9001 : 2008 and ISO 27001 : 2005 certified. Further, Noida BPO center was certified as PCI-DSS ver 2.0 compliant for the Call Analytic Services provided to one of the major client. Pune and Chennai development centres are SEI-CMM Level 5, ISO 9001: 2008 and ISO 27001: 2005 certified.

The continuing compliance with these standards demonstrates the rigor of R Systems processes and differentiates us to keep our competitive edge in service and product offerings.

H. Material Development in Human Resources/Industrial Relations Front, Including Number of People Employed

Our employees are most precious assets and we value their commitment in building R Systems. In the IT and ITES industry attracting, developing, deploying and retaining talent is

critical and R Systems has defined and implemented a People Management Initiative which is in line with industry best practices and People CMM. It effectively manages the employee life cycle so that the individuals are committed, have pride and show pro-activeness on the job.

R Systems concluded the year 2014 with 2,598 associates including 353 sales and support staff.

I. Discussion on Financial Position and Financial Performance with respect to Operational Performance Analysis and Discussions of Financial Position as at December 31, 2014

1. Share Capital

Particulars	(Rs. in million)	
	As at December 31, 2014	2013
Authorised share capital	200.00	200.00
Issued, subscribed and paid up capital	127.46	126.66
Less: advance to Indus software employee welfare trust	0.74	0.74
Total Share Capital	126.72	125.92

The issued, subscribed and paid up capital is Rs. 126.72 mn as at December 31, 2014 compared to Rs. 125.92 mn over the last year This is after adjusting Rs. 0.74 mn advance to Indus Software Employee Welfare Trust in compliance with guidance note issued by the Institute of Chartered Accountant of India.

During the year ended December 31, 2014, the Company has issued 804,000 equity shares of Re. 1 each pursuant to exercise of employee stock options under the R Systems International Limited Employee Stock Option Scheme 2007.

Detailed information about the movements in ESOP plan has been given in Note no. 30 of notes to the Consolidated Financial Statements.

Further, the Board of Directors of the Company at its meeting held on December 20, 2014 has approved the buy-back of the Company's fully paid-up equity shares from the open market through stock exchange(s) for a total consideration not exceeding Rs. 60.00 mn and at a price not exceeding Rs. 100/- per share, payable in cash. This offer for buy back opened on January 06, 2015, and therefore has not been accounted in the financial statements.

2. Reserve and Surplus

(Rs. in million)

Particulars	Consolidated		Standalone	
	2014	2013	2014	2013
Capital redemption reserve	12.66	12.66	12.66	12.66
Securities premium account	959.55	950.65	959.55	950.65
General reserve	157.48	157.48	157.48	157.48
Surplus in the statement of profit and loss	659.36	767.74	494.41	633.83
Capital reserve	0.03	0.03	-	-
Foreign currency translation reserve	215.25	303.13	-	-
Total	2,004.33	2,191.69	1,624.10	1,754.62

The increase in securities premium account during the year ended December 31, 2014, is on account of issue of 804,000 equity shares of Re. 1/- each @ a premium of Rs. 11.07 per share, pursuant to exercise of employee stock options under the R Systems International Limited Employee Stock Option Scheme 2007.

The foreign currency translation reserve is decreased by Rs. 87.88 mn during the year 2014 on account of Rs. 50.93 mn on appreciation of Rupee against foreign currencies on consolidation of non-integral overseas subsidiaries, Rs. 26.08 mn transferred to profit and loss account on buy back of a subsidiary share and Rs. 10.87 mn transferred to profit and loss account on sale of Europe BPO business.

3. Minority Interest

During the year, there is no change in the minority interest in the consolidated financial statement.

4. Long-term borrowings (non-current portion)

Long-term borrowing consists of loans obtained for purchase of motor vehicle and equipment.

(Rs. in million)

Particulars	Consolidated		Standalone	
	2014	2013	2014	2013
Term loans against				
- Motor vehicles	6.29	4.40	6.29	4.40
- Equipments	-	4.40	-	-
Total	6.29	8.80	6.29	4.40

5. Deferred Tax Assets / Liability (net)

Deferred tax reflects the timing differences between financials and tax books arising mainly from provision for gratuity, leave encashment, doubtful debts and advances (results into deferred tax assets) and differences in books base and tax base of fixed assets (results into deferred tax liability).

Deferred tax assets and deferred tax liabilities across various tax jurisdictions cannot be offset against each other therefore has been presented separately.

(Rs. in million)

Particulars	Consolidated		Standalone	
	2014	2013	2014	2013
Deferred tax liability (net)	0.66	-	-	-
Deferred Tax Assets (net)	38.30	55.35	38.30	51.38

6. Other long-term liabilities

The liabilities which are due for payment after 12 months from reporting date are considered under the other long-term liabilities.

(Rs. in million)

Particulars	Consolidated		Standalone	
	2014	2013	2014	2013
Security deposits	4.76	3.86	4.72	3.83
Deferred payable others	0.23	0.52	-	-
Total	4.99	4.38	4.72	3.83

7. Long-term provisions

Long-term provisions represents the provision towards the gratuity liability due after 12 months from the reporting date based on actuarial valuation. The provision amounts to Rs. 95.22 mn as at December 31, 2014 as against Rs. 73.44 mn as at December 31, 2013.

8. Other current liabilities

The liabilities which are due for payment within next 12 months from reporting date are considered under other current liabilities.

(Rs. in million)

Particulars	Consolidated		Standalone	
	2014	2013	2014	2013
Trade payables	508.89	527.12	239.09	165.35
Payable to subsidiary companies	-	-	17.96	15.38
Current maturities of long-term borrowing	3.00	5.74	3.00	2.38
Deferred payment compensation to the erstwhile shareholders of ECnet Limited	12.85	13.15	12.85	13.15
Unearned revenues	193.48	89.69	143.06	56.36
Book overdraft	-	0.33	-	-
Investor education and protection fund (not due) - Unclaimed dividend	2.08	1.56	2.08	1.56
Unpaid dividend #	325.02	-	325.02	-
Payable for purchase of fixed assets	9.80	12.65	9.80	6.92
Other payables	44.02	54.33	22.96	17.52
Total	1,099.14	704.57	775.82	278.62

The Board of Directors at its meeting held on December 20, 2014, has declared fourth interim (special) dividend for the year 2014 as per record date December 29, 2014. This has been transferred in a separate bank account before the year end and paid on January 07, 2015.

9. Short-term provisions

(Rs. in million)

Particulars	Consolidated		Standalone	
	2014	2013	2014	2013
Provision for employee benefits				
- Gratuity	3.36	3.44	3.36	3.44
- Leave encashment	111.04	116.33	79.50	71.33
Income tax	132.48	79.69	75.29	71.94
Proposed dividend	121.09	120.32	121.09	120.32
Tax on proposed dividend	24.21	20.45	24.21	20.45
Mark-to-market losses on derivative instruments	0.55	22.92	0.55	22.92
Total	392.73	363.15	304.00	310.40

10. Fixed Assets

Fixed assets includes tangible fixed assets such as land, building, computer hardware, furniture & fixture, vehicle, office and electrical equipment etc, intangible assets covering computer software, product development cost (internally generated software) customer contracts, non-compete fee and goodwill on business acquisition and intangible assets under development.

(Rs. in million)

Particulars	Consolidated		Standalone	
	2014	2013	2014	2013
Net tangible assets	349.25	378.03	310.84	308.53
Net intangible assets	66.39	70.84	43.88	23.41
Capital work in progress	0.18	-	0.01	-
Intangible assets under development	-	14.13	-	14.13
Total	415.82	463.00	354.73	346.07

Details of additions during the year:

(Rs. in million)

Particulars	Consolidated		Standalone	
	2014	2013	2014	2013
Total additions to gross block-tangible assets	61.41	105.75	43.24	70.57
Total additions to gross block-intangible assets	52.96	64.28	48.47	22.40

The additions in gross block - tangible assets were mainly on account of purchases of computer hardware including networking equipments and office and electrical equipments and vehicles.

Further, the fixed assets as at December 31, 2014 excludes the tangible assets (net) of Rs. 16.86 mn and intangible assets (net) of Rs. 11.10 mn which have been transferred on the sale of Europe BPO business.

11. Goodwill on consolidation

As at December 31, 2014, the goodwill on consolidation is Rs. 280.20 mn as against Rs. 291.11 mn in December 31, 2013. This relates to acquisition of Computaris International Limited, UK in the year 2011.

12. Non-current investments

(Rs. in million)

Particulars	Consolidated		Standalone	
	2014	2013	2014	2013
Investment in subsidiaries	-	-	722.90	793.58
Other investment	0.03	0.03	0.03	0.03
Total	0.03	0.03	722.93	793.61

Detailed information about the movements in Non-current investment has been given in Note no. 11.1 of notes to the Standalone Financial Statements.

13. Long-term loans and advances

(Rs. in million)

Particulars	Consolidated		Standalone	
	2014	2013	2014	2013
Capital advances	0.45	0.22	0.45	0.22
Advances recoverable in cash or in kind or for value to be received	7.37	16.69	6.28	14.69
Security deposit	26.61	26.58	17.99	16.44
Income tax recoverable	34.41	40.89	33.05	37.26
Total	68.84	84.38	57.77	68.61

Decrease in long-term loans and advance is mainly on account of decline in prepaid assets and exclusion of loans and advances of Europe BPO business.

14. Other non-current assets

Other non-current assets includes the long term fixed deposits with banks due for maturity after twelve months from reporting date, margin money deposits and accrued interest there on.

(Rs. in million)

Particulars	Consolidated		Standalone	
	2014	2013	2014	2013
Non-current bank balances	56.42	90.66	48.69	74.14
Interest accrued on deposits	2.15	5.57	2.15	5.57
Total	58.57	96.23	50.84	79.71

15. Current investment

Current investment represents the amount invested in SBI debt fund of Rs. 18.00 mn and Rs. 10.00 mn as at December 31, 2014 and December 31, 2013 respectively.

16. Trade receivables

(Rs. in million)

Particulars	Consolidated		Standalone	
	2014	2013	2014	2013
Trade receivables Gross	1,348.85	1,204.85	648.96	648.15
Less : Provision for doubtful debts	98.08	163.92	22.59	68.63
Trade receivables (net)	1,250.77	1,040.93	626.37	579.52
Days Sales Outstanding (DSO)	55	56	61	64

17. Cash and Bank Balance

(Rs. in million)

Particulars	Consolidated		Standalone	
	2014	2013	2014	2013
Cash on Hand	0.75	0.96	0.16	0.36
Cheques on hand	-	1.10	-	1.10
Balances with scheduled banks				
On current accounts	118.89	21.56	118.50	21.56
On EEFC accounts	63.20	84.52	63.20	84.52
On deposit accounts	442.63	362.88	442.63	362.88
On unclaimed dividend accounts #	2.08	1.56	2.08	1.56
On unpaid dividend #	325.02	-	325.02	-
Escrow account for buyback #	15.00	-	15.00	-
Balances with other banks				
On current accounts	433.18	516.25	23.53	43.72
On deposit accounts	19.50	116.37	-	-
	1,420.25	1,105.20	990.12	515.70
Less : Non-current bank balances	56.42	90.66	48.69	74.14
Total Cash and Bank Balance	1,363.83	1,014.54	941.43	441.56

the Company can utilise these balances for respective dividend / buy back, as the case may be.

For detailed movement in cash and bank balance, please refer the consolidated and standalone cash flow statement.

18. Short-term loans and advances

Short-term loans and advances includes the amount recoverable in cash and kind or for value to be received with in twelve months from reporting date.

(Rs. in million)

Particulars	Consolidated		Standalone	
	2014	2013	2014	2013
Advances recoverable in cash or in kind or for value to be received	93.55	130.03	41.90	44.41
Advances to related parties	-	-	1.66	3.33
Security deposit	4.36	1.74	4.36	1.74
Mark-to-market gains on derivative instruments	-	-	-	-
Balances with customs, excise, etc.	20.66	18.38	20.66	18.38
Total	118.57	150.15	68.58	67.86

Decrease in short-term loans and advance is mainly on account of decline in prepaid assets and exclusion of loans and advances of Europe BPO business.

19. Other Current Assets

(Rs. in million)

Particulars	Consolidated		Standalone	
	2014	2013	2014	2013
Interest accrued	5.32	2.12	5.31	2.12
Unbilled revenue	111.83	264.11	52.63	110.79
Total	117.15	266.23	57.94	112.91

Interest accrued represents interest income accrued but not due on the fixed deposits which will be become due within twelve months from the reporting date.

Unbilled revenue constitutes amounts not billed to customers at year end which is expected to be billed in due course in accordance with the contract with the respective customers.

20. Liquidity

The consolidated cash and cash equivalent as at December 31, 2014 were Rs. 1,059.10 mn as against Rs. 795.19 mn as on December 31, 2013. Cash and cash equivalent as at December 31, 2014 includes Rs. 325.02 mn for fourth interim dividend which has been paid subsequent to year end and Rs. 15.00 mn for buy back offer by the Company.

Net cash generated from operating activities is Rs. 724.57 mn for the year ended December 31, 2014 compared to Rs. 481.02 mn for the year ended December 31, 2013.

Cash flow generated from investing activities during the year 2014 mainly includes Rs. 229.28 mn received from sale of Europe BPO business and Rs. 41.24 mn as interest income on fixed deposits as offset by purchase of fixed assets of Rs. 98.24 mn.

Cash used in financing activities during the year 2014 mainly includes payment of dividend of Rs. 419.79 mn and Rs. 139.85 mn for dividend distribution tax as offset by proceeds from other non-current assets (margin money) Rs. 20.10 mn and proceeds of Rs. 9.70 mn on issuance of share pursuant to exercise of ESOP.

R Systems' policy is to maintain sufficient liquidity to fund the anticipated capital expenditures, operational expenses and investments for strategic initiatives.

Analysis and Discussions of Operating Performance for the Year Ended December 31, 2014

The following section discusses in detail the composition of different items in the consolidated and standalone statement of Profit and Loss Account.

Consolidated Statement of Profit and Loss for the year:

(Rs. in million)

Particulars	2014	% of Total income	2013	% of Total income	Change %
Income					
Revenue from operations	6,484.96	98.62	5,960.54	99.22	8.80
Other income	90.73	1.38	47.15	0.78	92.43
Total income	6,575.69	100.00	6,007.69	100.00	9.45
Expenses					
Employee benefits expense	3,935.22	59.85	3,573.87	59.49	10.11
Operational and other expense	1,645.01	25.02	1,606.37	26.74	2.40
Depreciation and amortisation expense	112.45	1.71	101.71	1.69	10.57
Finance cost	8.91	0.14	7.48	0.12	19.06
Total expenses	5,701.59	86.71	5,289.43	88.04	7.79
Net profit before tax and exceptional items	874.10	13.29	718.26	11.96	21.70
Exceptional items	250.11	3.80	-	-	-
Net profit before tax	1124.21	17.09	718.26	11.96	56.52
Tax expense	342.87	5.21	191.27	3.18	79.26
Net profit after tax	781.34	11.88	526.99	8.77	48.27

Standalone Statement of Profit and Loss for the year:

(Rs. in million)

Particulars	2014	% of Total income	2013	% of Total income	Change %
Income					
Revenue from operations	2,910.81	95.57	2,698.03	98.48	7.89
Other income	134.84	4.43	41.69	1.52	223.46
Total income	3,045.65	100.00	2,739.72	100.00	11.17
Expenses					
Employee benefits expense	1,781.43	58.50	1,602.04	58.48	11.20
Operational and other expense	574.92	18.89	545.59	19.92	5.38
Depreciation and amortisation expense	67.24	2.21	47.81	1.74	40.65
Finance cost	4.29	0.14	2.79	0.10	53.28
Total expenses	2,427.88	79.72	2,198.23	80.24	10.45
Net profit before tax and exceptional items	617.77	20.28	541.49	19.76	14.09
Exceptional items	393.13	12.91	-	-	-
Net profit before tax	1,010.90	33.19	541.49	19.76	86.69
Tax expense	260.61	8.56	175.97	6.42	48.10
Net profit after tax	750.29	24.63	365.52	13.34	105.27

1. Income
1.1 Revenue from Operations

R Systems derives revenue primarily from Information technology services and products and business process outsourcing services. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

1.1.1 Based on Consolidated Financial Statement

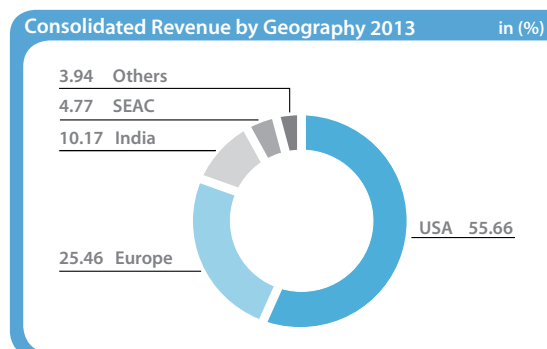
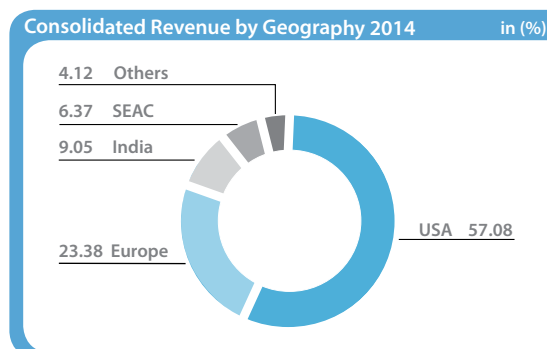
Particulars	(Rs. in million)				
	Year ended December 31, 2014	%	Year ended December 31, 2013	%	change %
Information technology services and products	5,297.42	81.69	4,832.85	81.08	9.61
Business process outsourcing services	1,187.54	18.31	1,127.69	18.92	5.31
Total	6,484.96	100.00	5,960.54	100.00	8.80

1.1.2 Based on Standalone Financial Statement

Particulars	(Rs. in million)				
	Year ended December 31, 2014	%	Year ended December 31, 2013	%	change %
Information technology services and products	2,538.34	87.20	2,356.40	87.34	7.72
Business process outsourcing services	372.47	12.80	341.63	12.66	9.03
Total	2,910.81	100.00	2,698.03	100.00	7.89

1.1.3 Consolidated Revenue by Geography

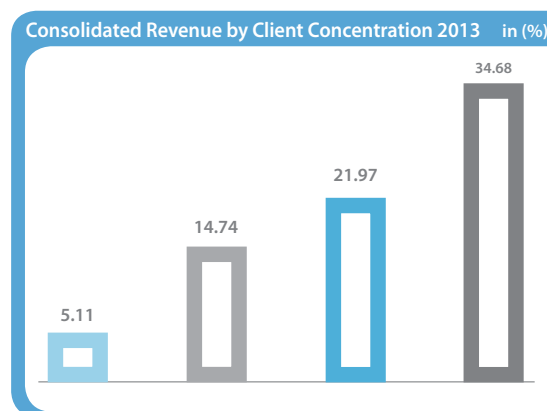
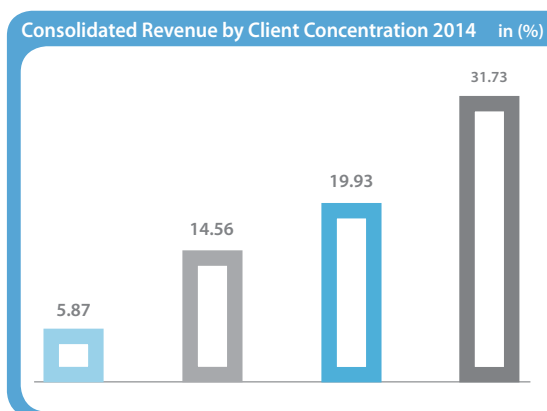
R Systems earns income from five principal geographic territories, namely the United States of America, Europe, South East Asian countries ("SEAC"), India and others. A significant proportion of the revenues were derived from clients located in the United States of America and Europe. The geographic break-down is given below:



* Graphs not to scale

1.1.4 Consolidated Revenue by Client Concentration

The breakdown of R Systems consolidated revenue on the basis of client concentration for the year ended December 31, 2014 and 2013 is as follows:



The Largest Clients
 Top 3 Clients
 Top 5 Clients
 Top 10 Clients

* Graphs not to scale

1.2 Other Income

(Rs. in million)

Particulars	Consolidated		Standalone	
	2014	2013	2014	2013
Interest income on bank deposits	41.02	40.35	39.96	38.51
Dividend income from subsidiary	-	-	55.49	-
Profit on redemption of mutual fund	1.01	-	1.01	-
Foreign exchange fluctuation (net)	17.48	-	36.94	-
Provision for doubtful debts and advances written back (net)	4.65	1.03	0.41	0.88
Miscellaneous income	26.57	5.77	1.03	2.30
Total other income	90.73	47.15	134.84	41.69

Increase in miscellaneous income in the consolidated profit and loss amount was mainly on account of refund of withholding taxes in UK which was earlier not recognised due to uncertainty.

2. Expenditures
2.1 Personnel Expenses

Personnel expenses primarily consist of salaries, bonus, commissions, perquisites, provision for leave encashment, gratuity benefits, contribution towards provident and other funds and staff welfare expenses.

2.1.1 Based on Consolidated Financial Statement:

(Rs. in million)

Particulars	2014	% of Total Income	2013	% of Total Income	change %
Salaries and bonus	3,583.78	54.50	3,253.47	54.16	10.15
Gratuity	30.97	0.47	10.65	0.18	190.88
Contribution to provident fund and other payments	283.02	4.30	275.15	4.58	2.86
Staff welfare expenses	37.45	0.58	34.60	0.57	8.21
Total	3,935.22	59.85	3,573.87	59.49	10.11

2.1.2 Based on Standalone Financial Statement:

(Rs. in million)

Particulars	2014	% of Total Income	2013	% of Total Income	change %
Salaries, wages and bonus	1,663.49	54.62	1,515.26	55.31	9.78
Gratuity	30.97	1.02	10.65	0.39	190.88
Contribution to provident fund and other payments	53.62	1.76	49.38	1.80	8.60
Staff welfare expenses	33.35	1.10	26.75	0.98	24.63
Total	1,781.43	58.50	1,602.04	58.48	11.20

Increase in gratuity expenses during the year 2014 was mainly on account of decrease in government security interest rate used for discounting the liability under actuarial valuation.

2.2 Operational and other expenses

Operational and other expenses includes expenses on traveling and conveyance, legal and professional expenses including sub-contractors costs, cost of third party hardware and software, recruitment and training, communication, provision for doubtful debts and advances (net), foreign exchange fluctuation (net), rent of premises, equipment rental, audit fees, repairs and maintenance, commission, insurance premium and other miscellaneous items.

2.2.1 Based on Consolidated Financial Statement:

Particulars	(Rs. in million)			
	2014	% of Total Income	2013	% of Total Income
Travelling and conveyance	347.76	5.29	345.94	5.76
Legal and professional expenses including audit fees and subcontracting expenses	728.60	11.08	603.89	10.05
Communication costs	87.47	1.33	83.57	1.39
Repair and maintenance	109.72	1.67	109.17	1.82
Recruitment and training expenses	34.14	0.52	28.30	0.47
Power and fuel	55.29	0.84	55.10	0.92
Rent - premises and equipments	133.29	2.03	133.58	2.22
Advertising and sales promotion	31.89	0.48	21.22	0.35
Provision for doubtful debts and advances (net)	-	-	33.45	0.56
Bad debts and advances written off (net)	0.03	0.00	0.65	0.01
Contract cost	33.00	0.50	106.58	1.77
Cost of third party items	1.10	0.02	1.62	0.03
Foreign exchange fluctuation (net)	-	-	11.84	0.20
Others	82.72	1.26	71.46	1.19
Total	1,645.01	25.02	1,606.37	26.74

2.2.2 Based on Standalone Financial Statement:

Particulars	(Rs. in million)			
	2014	% of Total Income	2013	% of Total Income
Travelling and conveyance	236.30	7.76	217.07	7.92
Legal and professional expenses including audit fees and subcontracting expenses	68.46	2.25	61.44	2.24
Communication costs	55.66	1.83	50.65	1.85
Repair and maintenance	59.55	1.96	58.78	2.15
Recruitment and training expenses	10.24	0.34	4.57	0.17
Power and fuel	47.78	1.57	47.56	1.74
Rent - premises and equipments	35.57	1.17	35.42	1.29
Advertising and sales promotion	16.38	0.54	8.56	0.31
Provision for doubtful debts and advances (net)	0.38	0.01	14.96	0.55
Loss on liquidation of subsidiary	-	-	0.21	0.01
Bad debts and advances written off	0.03	0.00	-	-
Cost of third party items	1.10	0.04	1.62	0.06
Foreign exchange fluctuation (net)	-	-	6.77	0.25
Others	43.47	1.42	37.98	1.38
Total	574.92	18.89	545.59	19.92

2.3 Depreciation and Amortisation Expense

Particulars	(Rs. in million)			
	Consolidated		Standalone	
	2014	2013	2014	2013
Depreciation and amortisation	112.45	101.71	67.24	47.81
% of gross block (tangible and intangible fixed assets)	8.94	6.70	7.98	5.98
% of total income	1.71	1.69	2.21	1.74

The depreciation has been increased on account of increase in depreciation on computer hardware and amortisation of computer software.

2.4 Finance cost

(Rs. in million)

Particulars	Consolidated		Standalone	
	2014	2013	2014	2013
Interest on loans	1.17	1.23	0.79	0.68
Bank charges	7.74	6.25	3.50	2.11
Total	8.91	7.48	4.29	2.79
% of total income	0.14	0.12	0.14	0.10

2.5 Exceptional items**2.5.1 Exceptional items in Consolidated Financial Statement**

(Rs. in million)

Particulars	Consolidated	
	2014	2013
Profit on sale Europe BPO business	224.02	-
Currency translation reserve released on buy back of subsidiary share	26.09	-
Total	250.11	-
% of total income	3.80	-

2.5.2 Exceptional items in Standalone Financial Statement

(Rs. in million)

Particulars	Consolidated	
	2014	2013
Profit on buy back of subsidiary share	77.80	-
Profit on sale Europe BPO business (sale of investment)	240.69	-
Provision for diminution in the value of investment written back	74.64	-
Total	393.13	-
% of total income	12.91	-

2.6 Tax expense

Tax expense comprises of current tax and deferred tax.

(Rs. in million)

Particulars	Consolidated		Standalone	
	2014	2013	2014	2013
Profit Before Tax	1,124.21	718.26	1,010.90	541.49
Current tax	325.29	192.50	247.53	178.56
Deferred tax charge / (credit)	17.58	(1.23)	13.08	(2.59)
Total Tax Expense	342.87	191.27	260.61	175.97
Effective Tax Rate	30.50	26.63	25.78	32.50

In 2014, the consolidated effective tax rate is increased mainly on account of increase in corporate tax of USA subsidiary where past losses have been utilized. Now, the USA subsidiary is required to pay corporate tax at marginal rate. To some extent, this is offset by lower tax rate on capital gain resultant from the sale of Europe BPO business and buy back of share of UK subsidiary.

2.7 Dividend

For the year ended December 31, 2014, the Board of Directors of the Company has recommended a final dividend of Re. 0.95 per equity share of face value of Re. 1/- each, subject to the approval of the shareholders in forthcoming Annual General Meeting. This is in addition to four interim dividends aggregating to Rs. 4.90 per equity share of face value of Re. 1/- each declared during the year ended December 31, 2014.

Annexure 'E' to the Directors' Report

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2014

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,

R Systems International Limited
CIN: L74899DL1993PLC053579
B-104A, Greater Kailash,
Part – I, New Delhi – 110 048.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **R Systems International Limited (hereinafter called "the Company")**. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the R Systems International Limited's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on December 31, 2014, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on December 31, 2014 according to the provisions of:

1. The Companies Act, 2013 & Companies Act, 1956 ("**the Acts**") and the rules made thereunder, as applicable;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 and;
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited.

During the period under review the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Acts.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance except where a meeting was duly called on shorter notice as per the prescribed procedure, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as the part of the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, the Company has undertaken following event(s)/ action(s) having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. as given below:

1. Sub-division of equity shares of face value of Rs. 10/-each into equity shares of face value of Re. 1/- each.
2. Allotment of 804,000 (Eight Lacs Four Thousand) equity shares, in aggregate, of the Company to its employees under its R Systems International Limited Employee Stock Option Scheme 2007.
3. Incorporation of M/s R Systems Products & Technologies Limited, as a wholly owned subsidiary of the Company in India. This is the

first subsidiary of the Company in India.

4. Approval by shareholders, through postal ballot process, for transfer of 'Indus Business Unit' of the Company to M/s R Systems Products & Technologies Limited, a wholly owned subsidiary of the Company on a slump sale basis under Section 180(1)(a) read with Section 188 of the Companies Act, 2013 and Rules made there under.
5. Transfer of Europe BPO Business by way of sale of Company's 100% holding in R Systems Europe B.V., the Netherlands and R Systems S.A.S., France, Wholly Owned Subsidiaries of the Company.
6. Declaration of four interim dividends of 490% in aggregate by the Board of Directors during the financial year.
7. Approval by Board of Directors, at its meeting held on December 20, 2014, to buy-back equity shares of the Company within the limit of ten percent of the paid up equity share capital and free reserves of the Company during the said financial year.

For SKP & Co.
Company Secretaries

Sd/-

(CS Sundeep K. Parashar)

M. No. : FCS 6136

C.P. No. : 6575

Place : Vaishali

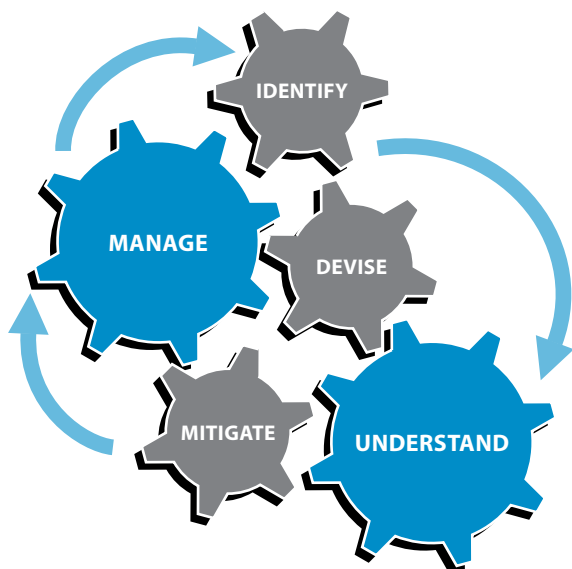
Date : 20.04.2015

RISK MANAGEMENT REPORT

The Management cautions readers that the risks outlined in this report are not exhaustive, are for information purposes only and may contain forward looking statements, the results of which may differ materially from those reflected. Investors and readers are requested to exercise their own judgment in assessing various risks associated with the Company.

OVERVIEW

Risk Management is a dynamic process which should constantly be able to identify all the emerging risks and propose solutions to manage them. The risk perception also constantly varies depending on the size of the business, business segment, location, scale of business. The essence of risk management strategy at R Systems lies in maximising areas of control over outcome and minimising areas where the Company has no control over outcome. R Systems recognizes that business conditions are constantly changing, evolving, and entering into cycles. Following is the model adopted by the Company for managing risk:



ENTERPRISE RISK MANAGEMENT STRUCTURE

Risk management is an integral part of the charter of the Board of Directors at R Systems. The Board is responsible for monitoring risk levels on various parameters and to suggest measures to address the same. The day to day management of the risk is entrusted to the management team of R Systems. Based on the philosophy of "No risks, no rewards", our management continuously keeps monitoring the level of our existence on the path of growth and within R Systems management structure, certain personnel are designated with responsibility of managing risks including ensuring compliance with

laws, rules and regulations with the assistance of both internal and external resources. Further, formal reporting, escalation of risk events and control mechanisms ensure timely communication, response and proactive management of the risks.

RISK MANAGEMENT AT R SYSTEMS

1. Customer Concentration

R Systems revenues are dependent to a considerable extent upon relationships with a limited number of customers and retaining those customers. The percentage of total consolidated revenues during fiscal year 2014 and 2013 that R Systems derived from contracts with its top line customers is as follows:

Customer	Year Ended	
	December 31, 2014 (%)	December 31, 2013 (%)
Top 10	31.73	34.68
Top 5	19.93	21.97
Top 3	14.56	14.74
The Largest Customer	5.87	5.11

Concentration of revenues from a limited number of customers deepens our relationship with those customers but at the same time imposes a risk of dependence. Customer's vendor management strategies and business risks radiate on to R Systems through fluctuations in utilization, pricing for services and service level demands. All these factors could potentially impact revenues and profitability of R Systems.

INITIATIVES: The business model and strategy followed by R Systems involves serving the customers in a manner that they get measurable tangible benefits. When customers see value in the services / solutions that R Systems provides, we believe that customer's relationship can be nurtured into the long term. Further, with our proactive strategy of adding new customers, we attempt to reduce our dependency on a smaller number of customer relationships. During the year ended 2014, we have increased revenues from other customers and reduced dependence on revenues from top line customers.

2. Geographical Concentration

R Systems has traditionally derived most of its revenues from the US, given the technology focus and specialized outsourced product development services offered by it. The geographic break-up of the revenue is given below:

Revenues by Geographies	Year Ended	
	December 31, 2014 (%)	December 31, 2013 (%)
U.S.A.	57.08	55.66
Europe	23.38	25.46
SEAC	9.05	10.17
India	6.37	4.77
Others	4.12	3.94
Total	100.00	100.00

INITIATIVES: In order to mitigate the risk of geographical concentration, R Systems has stepped up its business activities in other geographic areas like Europe, South East Asia etc.

3. Risks Associated with Fixed Price Contracts

Under our IPLM services most of our assignments are on the basis of time and material task orders, some proportion of the services provided by us is in the nature of fixed bid assignments. Under fixed bid assignments, in the event of cost overruns, our profitability will be adversely affected.

INITIATIVES: We have our internal processes to ensure accuracy in the estimation of the time required to execute fixed price projects, and processes to implement and monitor the progress of such projects. Further the experience gained from such projects is also used for new projects. However given the very nature of the fixed price projects, cost overruns and delayed deliveries cannot be ruled out.

4. Competition

The IT & ITES sector is a highly competitive sector. Our competitors include IT outsourcing firms in India as well as in other countries, national and multinational consulting and technology firms, Indian IT services firms, software firms and in-house IT departments of large companies. The competition in the IT industry is very intense and our competitors are aggressive in winning new business and customers that may drive a harder bargain.

INITIATIVES: We believe that R Systems is well positioned and enjoys following competitive advantages:

- Experience in providing end-to-end solutions and services to customers;
- Unique and proprietary **iPLM & iSuite** with best practices, tools and methodologies for flawless execution;
- Investment in processes, talent and methodologies;
- Strong customer franchise consisting of large and mid-sized corporations;

- Strong financial position;
- Proven global delivery model;
- Our vertical focus for services and solutions;
- Industry best human resource practices to attract, develop, deploy and retain talent.

5. Disaster Prevention and Recovery

The IT industry is very sensitive to security risk and a real or perceived threat of a risk to the security and integrity of information available to us may adversely affect customer perception, give rise to litigation and reduce our customer base, thereby negatively affecting R Systems revenues and profit margins. The contracts entered into by R Systems typically hold us solely responsible for maintaining satisfactory standards of personnel competency, conduct and integrity and for taking required disciplinary action.

INITIATIVES: R Systems has adopted industry-standard security precautions such as ensuring that our employees and strategic partners enter into non-disclosure and confidentiality agreements with us, verifying that there is no information leakage through test procedures, carrying out background checks and verifications, creating and maintaining data back-ups, and maintaining an adequate disaster recovery plan.

R Systems makes continual investments in organisation behavior and management processes to ensure that these certified industry standards are continually adhered to.

In the year 2014, Noida IT Center of the Company was re-appraised for SEI-CMMI Level 5 (ver. 1.3.)

In addition to above, as of the date of this report, Noida IT centre is SEI-CMMi level 5, PCMM Level 5, ISO 9001 : 2008 and ISO 27001 : 2005 certified; Noida BPO centre is PCMM Level 5, ISO 9001 : 2008 and ISO 27001 : 2005 certified. Pune and Chennai development centres are SEI-CMM Level 5, ISO 9001 : 2008 and ISO 27001 : 2005 certified. The continuing compliance with these standards demonstrates the rigor of R Systems processes and differentiates us to keep our competitive edge in service and product offerings.

Further, our distributed offshore and near shore infrastructure is seamlessly connected through a strong infrastructure design and appropriate bandwidth that provides us the capability to initiate and maintain uninterrupted support across the world.

6. Talent Acquisition & Retention

The IT and BPO sector is highly competitive in terms of hiring strategy and incentives. R Systems is highly dependent on

its employees at various levels of the organisation to provide leadership, manage the business, to provide services and execute complex projects for the clients. These skilled professionals are in high demand by other organisations and if R Systems is unable to attract and retain the skilled people, it will affect R Systems ability to grow and provide services to its customers.

INITIATIVES: At R Systems we follow industry best human resource practices such as PCMM level 5 to attract, develop, deploy and retain talent.

7. Key Managerial Role & Succession Planning

Succession planning is one of the most critical functions of an organization. This is the process that identifies the critical and core roles of an organization and identifies and assesses the suitable candidates for the same. The process ramps up potential candidates with appropriate skills and experiences in an effort to train them to handle future responsibilities in their respective roles. Succession planning is applicable for all critical roles in any organization. The upper management of each practice or department is responsible for coming up with a suitable succession plan for each core position under his or her department.

INITIATIVES: R Systems being a CMMI Level 5 and PCMM Level 5 company has put in practice a well-documented and defined policy on Succession Planning. This applies to all key roles in the organization as agreed upon by the Senior Management. Mission critical and key roles include Chief Executive Officer, Senior Management Team comprising of VPs and other roles critical to business operations continuity. Succession planning at R Systems occurs at least on an annual basis during annual performance appraisal cycle.

Further, R Systems has extensive recruitment teams in the markets that operate to continuously recruit skilled personnel at various levels in the organisation. In addition, R Systems conducts a rigorous training program at the entry level to train new professionals and develop next generation of managers and leaders. R Systems deploys modern HR practices by offering competitive compensation and benefit packages and exciting work environment to attract and retain talent. Further, R Systems tries to mitigate the impact of attrition in the continuity of services to the clients by using its proprietary **pSuite Framework** that allows the project teams to seamlessly share knowledge and collaborate on projects.

8. Technological Obsolescence

The IT and ITES sector is characterised by technological changes at a rapid rate, evolution of existing products and introduction of new products. R Systems makes investments in R&D, with a view to

keep pace with the latest developments in the technology space. Further, R Systems regularly hires, trains and nurtures domain and market specialists and continuously evaluates increasing the portfolio of technology alliances and partnerships to enrich our product and service mix. However, this risk cannot be fully mitigated despite the proactive investments made by R Systems.

INITIATIVES: While we continuously upgrade our product suite to deliver effectively by keeping our technology up-to-date, in our iPLM business, our technologies are influenced by our client's choice of technology.

9. Acquisitions

R Systems growth strategy involves future strategic acquisitions, partnerships and exploration of mutual interests with other parties. These future acquisitions may not contribute to our profitability, and we may be required to incur or assume debt, or assume contingent liabilities, as part of any acquisition. We could have difficulty in assimilating the personnel, operations, software assets and technology of the acquired company. These difficulties could disrupt our ongoing business, distract our management and employees and increase our expenses.

INITIATIVES: R Systems will remain sharply focused on those acquisitions and partnerships that add to the competitive strengths of our business. Specific transactions are evaluated in detail with experienced internal personnel and external advisors, wherever relevant, before consummating any transaction. Deal teams conduct technical, operational, marketing due diligence and build detailed financial model to evaluate the risks and benefits of any transaction. Further, contractual agreements are negotiated with the advice of legal counsel to protect Company's interests.

10. Credit Risk

As a matter of business practice, the payment collection process may extend over a period of time. Customers budgeting constraints can impact their ability to make the required payments. In addition, the creditworthiness of our clients may deteriorate and we can be adversely affected by bankruptcies or other business failures of our customers.

INITIATIVES: R Systems' credit terms are standard and there is rigorous process in following up with customers for payments as and when the invoices fall due for payment. The Company has suitably streamlined its processes to develop a more focused and aggressive receivables management systems to ensure timely collections as a result of the global liquidity crunch.

11. Foreign Currency Rate Fluctuations

Managing an equilibrium state in the light of the unfavourable

movements in exchange rates involved in earnings and expenditure in foreign currency continues to be one of the challenges when exposed to global markets. A significantly large percentage of R Systems consolidated revenues are either foreign currency denominated or derived from export earnings. Whereas a major portion of the R Systems expenses in India are incurred in Indian rupee. As a result, operating profits will be highly impacted by foreign currency rate fluctuations. While depreciation of the Indian rupee would have a favorable bottom-line impact, an appreciation would affect R Systems profitability adversely.

INITIATIVES: R Systems cannot directly influence exchange rates, it is incumbent upon management to follow a well thought out policy to hedge the risk associated with foreign currency without taking speculative positions. R Systems attempts to minimize currency fluctuation risks on export earnings by taking forward covers on Rupee - USD/EURO exchange rate based on anticipated revenues and debtors at periodic intervals. R Systems has laid down appropriate policies and processes for the use of financial derivative instruments consistent with its risk management strategy. The Company does not use the foreign exchange forward contracts for trading or speculation purposes.

12. Inflation and Cost Structure

R Systems' cost structure consists of salary and other compensation expenses, overseas travel, and other general selling and administrative costs. Rapid economic development in India and increasing demand for global delivery may have a significant impact on these costs and the rate of inflation as relevant to the IT & ITES services industry. This is compounded by the fact that overseas competitors may treat their India strategy as a cost centre and develop the same regardless of the cost incurred and its impact on their profitability.

INITIATIVES: R Systems' major costs are salary and benefit cost that it incurs on employees. These costs may have a tendency to escalate faster than the rate of inflation because of the demand for skilled and experienced professionals. R Systems attempts to mitigate the risks associated with wage inflation by obtaining increased price from clients, increasing bench mark prices for new business, enhancing productivity, increasing utilisation and inducting fresh graduates and training them. Further, R Systems has implemented robust processes and information systems to enable personnel to make the right decisions for revenue realisation and cost optimisation to minimise the risks of changes in salary cost structure.

13. Intellectual Property Rights

As a part of R Systems' business, there are risks associated with intellectual property of the Company, intellectual property of R Systems' customers who may be end users or even the intellectual property of the end user.

INITIATIVES: R Systems' information security arrangements are managed under international standard ISO 27001 : 2005 series and are being audited by both internal and experts from third parties assessors who periodically audit and certify R Systems compliance.

R Systems has not registered some of its intellectual property under the relevant intellectual property laws and is in the process of applying for the same. We have applied for the registration of the following marks and their corresponding words as R Systems' trade marks



PSuite Framework



PRODUCTS FOREMOST



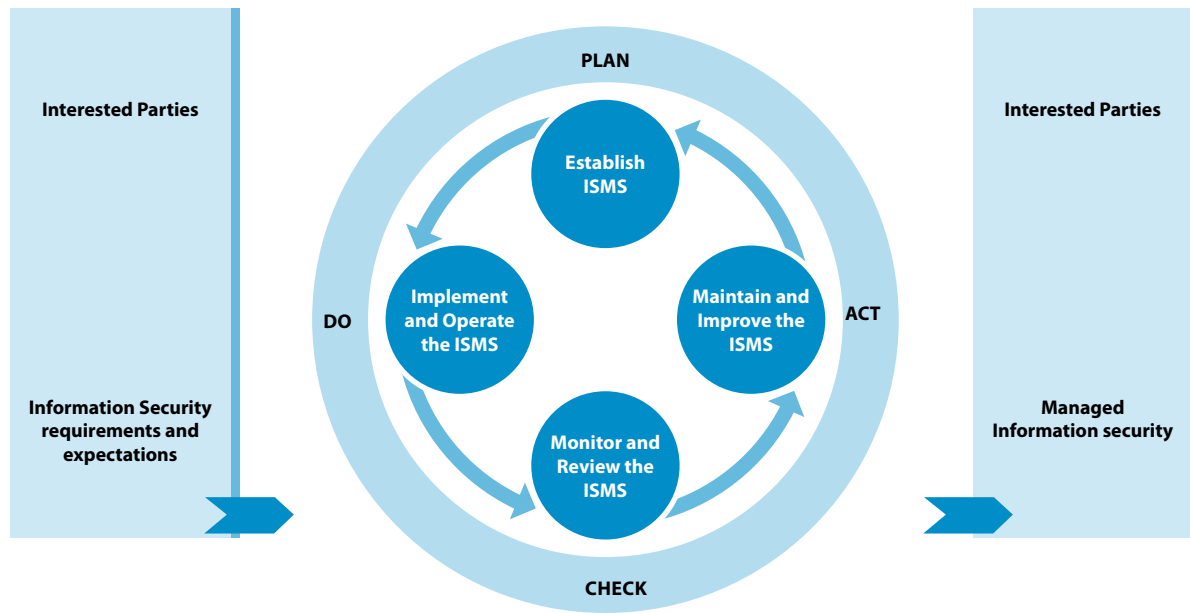
IPLM

Out of the aforesaid trademarks three logo and two words are already registered w.e.f. January 30, 2006 and the word "IPLM" is awaiting approval. Further the Company has also applied for registration of the word "R SYSTEMS" and logo  as trademark during the year 2012 under certain additional classes. During the year 2014, the company has also filed application for  registration as its new corporate logo under relevant classes. All these new applications filed in the year 2012 and 2014 are awaited for the approval.

14. Information Security Management

R Systems being an IT and Software service provider company focusses on maintaining the confidentiality, integration and availability of business data and information to the exclusive but optimum use for the accomplishment of organizational objective. The task of maintaining the confidentiality of business data and information not only faces threat from outside the organization but also within the organization where the business data and information are put to use.

INITIATIVES: For ensuring the effectiveness of Information security, it is important that information security can be effective only if it is addressed at people, process and technology levels and is integrated in the way an organization operates. R Systems has established, documented and implemented Information Security Management Systems (ISMS) and shall continually improve its effectiveness in accordance with requirements of ISO IEC 27001:2005. The approach applied to the ISMS is given in Figure below.



R Systems security policy provides a framework for protecting confidentiality, integrity and ensuring availability of organization's Information assets. This is to safeguard the interest of customer, business continuity and continual improvement of ISMS at R Systems. The security policy of R Systems has been designed to safeguard the risk associated with information security management.

15. Contractual Risk

The primary contractual risks that R Systems faces pertain to obligations of R Systems to provide services with full adherence to contracted terms of quality, time deadlines, output per hour, protection of confidential information, protection of intellectual property rights, patents and copyrights. R Systems has a rigorous process to evaluate the legal risks involved in a contract, ascertains its legal responsibilities under the applicable law of the contract and tries to restrict its liabilities to the maximum extent possible.

INITIATIVES: R Systems attempts to protect itself with "no consequential losses" and "maximum liability" clauses.

R Systems also ensures that risks are protected through various insurances like professional liability, workers compensation, directors' and officers' liability insurance. The Company's past record in this regard has been good and there has been no significant damages awarded against the Company that has

resulted in material adverse impact on our financial position. R Systems also has an escalation process to immediately involve senior management personnel in case R Systems customers or contractors make any assertion of breach of contract.

R Systems has employed professionals with adequate legal expertise who plays handy role in finalizing the various terms under written contracts on behalf of the Company. The experience gained from past contracts and transaction entered into by the Company are also analyzed and implemented for the new contracts envisaged by the Company. As a matter of practice depending upon the criticality of the transactions, contractual agreements are well discussed within the organization in coordination with technical team as well legal professionals and are also negotiated with the advice of legal counsel to protect Company's interests.

16. Execution Risk

A significant number of R Systems clients are software product, large banking and manufacturing companies. These clients need high quality and timely delivery of services with very stringent services level agreements. Any failure in delivery, quality, meeting service level bench agreements, product features and functionalities could adversely affect R Systems relationship with its clients, which could potentially impact R Systems revenues and profitability.

INITIATIVES: R Systems has continuously invested in processes, people, training, information systems, quality standards, frameworks, tools and methodologies to mitigate the risks associated with execution of projects. Adoption of quality models and practices such as ISO, Software Engineering Institute's - Capability Maturity Model (SEI-CMM) and Six Sigma have ensured that risks are identified and mitigated at various levels in the planning and execution process. Further, senior management personnel, project managers and process leaders are entrusted with the responsibility to meet the project and service level expectations on various engagements. Planned intervention and escalation systems are further deployed to minimise risks.

17. Directors' and Officers' Liability Risks

The directors and officers of R Systems are required to take material decisions in the best interest of the Company. Such decisions might result in errors and omission and R Systems might be sued by the other counterpart.

INITIATIVES: To mitigate this risk, the directors and officers take legal and expert advice when required and have taken various insurance policies outlined earlier including professional liability and directors' and officers' liability insurance. The Company attempts to limit its contractual liability for damages arising from negligent acts, errors, mistakes or omissions by directors and officers in rendering services, there can be no assurance that the limitations of liability set forth in its service contracts will be enforceable in all instances or will otherwise protect the Company from liability for damages. Though the Company maintains general liability insurance coverage, including coverage for errors or omissions, going forward, there can be no assurance that such coverage will be available on reasonable terms and in sufficient amount to cover one or more large claims, or that the insurer will not disclaim coverage as to any future claim. The successful assertion of one or more large claims against the Company could adversely affect the Company's results of operations and financial condition.

18. Statutory Compliance

R Systems has trans-national operations. R Systems operates in various geographies and it has to ensure compliance of various applicable rules and regulations in those countries. R Systems is exposed to penalties and other liabilities related to non-compliance or inadequate compliance in those countries.

INITIATIVES: R Systems uses independent legal counsel to advise the Company on compliance issues with respect to the laws of various countries in which the Company has its business activities and to ensure that R Systems is not in violation of the laws applicable. R Systems has a compliance management

system with qualified managers entrusted with compliance of various laws including the listing laws and regulations applicable to public companies in India.

19. Visa Regulations / Restrictions

The majority of employees of R Systems are Indian nationals. The ability of R Systems to render its services in the US, Europe and other countries depends on the ability to obtain visas and work permits. Immigration to US, Europe and other countries are subject to legislative changes as well as variations in standards of application and enforcement due to political forces and economic conditions. It is difficult to predict the political and economic events that could affect immigrations laws or the restrictive impact they could have on obtaining or monitoring work visas. The reliance on visas makes R Systems vulnerable to such changes and variations as it affects the ability of the Company to staff projects with employees who are not citizens of the country where the work is to be performed. As a result, R Systems may not be able to get a sufficient number of visas for employees or may encounter delays or additional costs all of which may affect profitability.

INITIATIVES: R Systems monitors the status of visa availability and requirements on a regular basis in consultation with external legal counsel. In house legal personnel are entrusted with the responsibility for compliance with the immigrations laws which is validated by periodic independent audit.

20. Political Risk

The Government of India has been favorably disposed towards the IT and BPO industry in India. Further, we operate in multiple countries of which the US is a major market. While most governments in the countries where we operate are in favor of free trade, we cannot be immune to changes in policies that may discourage off-shoring to protect local employment.



FINANCIAL STATEMENTS



INDEPENDENT AUDITOR'S REPORT

To the Members of R Systems International Limited

Report on the Financial Statements

We have audited the accompanying financial statements of R Systems International Limited ("the Company"), which comprise the Balance Sheet as at December 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956, (which are deemed to be applicable as per section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014) and read with General Circular 08/2014 dated 4 April 2014, issued by the Ministry of Corporate Affairs, and other accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Companies Act, 1956 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956, (which are deemed to be applicable as per section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014) and read with General Circular 08/2014 dated 4 April 2014, issued by the Ministry of Corporate Affairs, and other accounting principles generally accepted in India;
 - (e) On the basis of written representations received from the directors as on December 31, 2014 under section 164(2) of the Companies Act, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on December 31 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956, provisions of which are consistent with those under section 164(2) of the Companies Act, 2013.

For S.R. Batliboi & Associates LLP
ICAI Firm Registration Number: 101049W
Chartered Accountants

Place: NOIDA
Date: February 07, 2015

Sd/-
per Yogender Seth
Partner
Membership Number: 94524

ANNEXURE TO THE AUDITOR'S REPORT

Annexure referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date

Re: R Systems International Limited ('the Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) There was no disposal of a substantial part of fixed assets during the year.
- (ii) The Company has no inventory and therefore, the provisions of clause 4(ii) of the Companies (Auditors Report) Order, 2003 (as amended) are not applicable to the Company.
- (iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii) (b), (c) and (d) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company and hence not commented upon. In evaluating the parties to be covered under section 301, only contracts or arrangements upto March 31, 2014 (being the last day up to which this section was applicable to the Company) were considered.
- (b) According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of Companies Act, 1956. Accordingly, the provisions of clause 4(iii) (f) and (g) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company and hence not commented upon. In evaluating the parties to be covered under section 301, only contracts or arrangements upto March 31, 2014 (being the last day up to which this section was applicable to the Company) were considered.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for rendering of services. The activity of the Company does not involve purchase of inventory and sale of goods. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered. In evaluating the parties to be covered under section 301, only contracts or arrangements upto March 31, 2014 (being the last day up to which this section was applicable to the Company) were considered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees five lacs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the period upto March 31, 2014 (the Companies Act, 1956 and the relevant section has been replaced by the Companies Act, 2013 effective April 1, 2014), for the products of the Company.
- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the information and explanation given to us, there are no dues of income tax, wealth tax, service tax, sales tax, customs duty, excise duty and cess which have not been deposited on account of any dispute except for income tax as below:

Name of statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax Demand	Nil*	A/Y 2008-09	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax Demand	1,725,570	A/Y 2009-10	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax Demand	163,950	A/Y 2010-11	Income Tax Appellate Tribunal

* Net of Rs. 1,000,000 deposited and Rs. 8,399,040 adjusted by department against refund for A/Y 2011-12 under protest.

- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to any bank. The Company did not have any dues to any financial institution or any outstanding debentures during the year.
- (xii) According to the information and explanations given to us and based on the documents and records produced before us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003, are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) Based on the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short- term basis have been used for long- term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956 for the period upto March 31, 2014 (being the last day up to which this section was applicable to the Company).
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money through a public issue during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For S.R. Batliboi & Associates LLP
ICAI Firm Registration Number: 101049W
 Chartered Accountants

Sd/-
per Yogender Seth

Place: NOIDA
 Date: February 07, 2015

Partner
 Membership Number: 94524

BALANCE SHEET as at December 31, 2014

	Notes	As at December 31, 2014 (Rs.)	As at December 31, 2013 (Rs.)
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	126,719,600	125,915,600
Reserves and surplus	4	1,624,102,462	1,754,623,508
		1,750,822,062	1,880,539,108
Non-current liabilities			
Long-term borrowings	5	6,285,234	4,403,189
Other long-term liabilities	6	4,723,901	3,827,371
Long-term provisions	7	95,215,947	73,437,567
		106,225,082	81,668,127
Current liabilities			
Trade payables	8	239,094,697	165,354,034
Other current liabilities	8	536,729,678	113,269,715
Short-term provisions	7	304,001,321	310,396,941
		1,079,825,696	589,020,690
TOTAL		2,936,872,840	2,551,227,925
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	9	310,841,466	308,526,462
Intangible assets	10	43,877,095	23,412,716
Capital work in progress		7,714	-
Intangible assets under development		-	14,129,170
Non-current investments	11.1	722,925,270	793,608,140
Deferred tax assets (net)	12	38,298,987	51,379,267
Long-term loans and advances	13	57,764,957	68,608,651
Other non-current assets	14.2	50,839,015	79,709,836
		1,224,554,504	1,339,374,242
Current assets			
Current investments	11.2	18,000,000	10,000,000
Trade receivables	14.1	626,369,925	579,525,737
Cash and bank balances	15	941,428,034	441,558,017
Short-term loans and advances	13	68,577,972	67,864,029
Other current assets	14.2	57,942,405	112,905,900
		1,712,318,336	1,211,853,683
TOTAL		2,936,872,840	2,551,227,925
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.R. Batliboi & Associates LLP For and on behalf of the Board of Directors of R Systems International Limited

**ICAI Firm registration
number: 101049W**
Chartered Accountants

**Sd/-
per Yogender Seth**
Partner
Membership No. 94524

**Sd/-
Satinder Singh Rekhi**
[Managing Director]
[DIN: 00006955]

**Sd/-
Lt. Gen. Baldev Singh (Retd.)**
[President & Senior
Executive Director]
[DIN: 00006966]

**Sd/-
Raj Swaminathan**
[Director & Chief
Operating Officer]
[DIN: 00788158]

**Sd/-
Nand Sardana**
[Chief Financial Officer]

**Sd/-
Ashish Thakur**
[Company Secretary &
Compliance Officer]

Place: NOIDA
Date : February 07, 2015

Place : Singapore
Date : February 07, 2015

Place: NOIDA
Date : February 07, 2015

Place : NOIDA
Date : February 07, 2015

Place: NOIDA
Date : February 07, 2015

Place: NOIDA
Date : February 07, 2015

STATEMENT OF PROFIT AND LOSS for the year ended December 31, 2014

	Notes	For the year ended December 31, 2014 (Rs.)	For the year ended December 31, 2013 (Rs.)
Income			
Revenue from operations	16	2,910,812,553	2,698,033,791
Other income	17	134,841,685	41,686,882
Total revenue		3,045,654,238	2,739,720,673
Expenses			
Employee benefits expense	18	1,781,432,315	1,602,043,706
Operational and other expenses	19	574,924,117	545,585,053
Depreciation and amortisation expense	20	67,240,482	47,807,690
Finance costs	21	4,286,749	2,796,754
Total expenses		2,427,883,663	2,198,233,203
Profit before tax and exceptional items		617,770,575	541,487,470
Exceptional items	22	393,131,346	-
Profit before tax		1,010,901,921	541,487,470
Profit from continuing operations before tax		888,395,838	434,019,955
Tax expense			
Current tax		212,819,816	153,370,823
MAT credit entitlement (related to earlier years)		-	(12,321,134)
Deferred tax charge / (credit)		6,152,799	(1,382,980)
Total tax expense		218,972,615	139,666,709
Profit from continuing operations after tax		669,423,223	294,353,246
Profit from discontinuing operations before tax	31 (f)	122,506,083	107,467,515
Tax expense			
Current tax		34,712,337	37,503,761
Deferred tax charge / (credit)		6,927,481	(1,204,996)
Total tax expense		41,639,818	36,298,765
Profit from discontinuing operations after tax		80,866,265	71,168,750
Profit for the year		750,289,488	365,521,996
Earnings per equity share:	33		
Basic [Nominal value of shares Re. 1 (Previous year: Re. 1)]			
Computed on the basis of profit from continuing operations		5.26	2.33
Computed on the basis of total profit for the year		5.90	2.90
Diluted [Nominal value of shares Re. 1 (Previous year: Re. 1)]			
Computed on the basis of profit from continuing operations		5.26	2.33
Computed on the basis of total profit for the year		5.90	2.90
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.R. Batliboi & Associates LLP
ICAI Firm registration number: 101049W
Chartered Accountants

For and on behalf of the Board of Directors of R Systems International Limited

Sd/- per Yogender Seth Partner Membership No. 94524 Place: NOIDA Date : February 07, 2015	Sd/- Satinder Singh Rekhi [Managing Director] [DIN: 00006955] Place : Singapore Date : February 07, 2015	Sd/- Lt. Gen. Baldev Singh (Retd.) [President & Senior Executive Director] [DIN: 00006966] Place: NOIDA Date : February 07, 2015	Sd/- Raj Swaminathan [Director & Chief Operating Officer] [DIN: 00788158] Place : NOIDA Date : February 07, 2015	Sd/- Nand Sardana [Chief Financial Officer] Place: NOIDA Date : February 07, 2015	Sd/- Ashish Thakur [Company Secretary & Compliance Officer] Place: NOIDA Date : February 07, 2015
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CASH FLOW STATEMENT for the year ended December 31, 2014

	For the year ended December 31, 2014 (Rs.)	For the year ended December 31, 2013 (Rs.)
A. Cash flows from operating activities		
Net profit before taxation	1,010,901,921	541,487,470
Adjustments for:		
Depreciation and amortisation expense	67,240,482	47,807,690
Provision for doubtful debts (net)	8,137,292	7,425,323
Provision for doubtful advances (net)	(7,758,696)	7,533,620
Bad debts and advances written off	28,914	2,146
Provision for diminution in the value of investment written back [refer note 31 (d)]	(74,645,041)	-
Profit on redemption of mutual fund	(1,005,000)	-
Profit on sale of subsidiaries [refer note 31 (d)]	(240,687,515)	-
Profit on buy back of subsidiary share [refer note 31 (b)]	(77,798,790)	-
Loss on sale / discard of fixed assets (net)	1,092,142	3,018,743
Loss on liquidation of subsidiary	-	211,233
Unrealised foreign exchange loss / (gain)	(3,246,723)	60,479
Unrealised loss / (gain) on derivative instruments	(22,369,076)	28,732,878
Interest income	(39,962,132)	(38,504,734)
Dividend received from subsidiary	(55,484,250)	-
Excess provisions written back	(411,421)	(878,517)
Interest on loans	783,514	680,810
Operating profit before working capital changes	564,815,621	597,577,141
Movements in working capital:		
(Increase) / Decrease in trade receivables	(54,246,769)	(122,684,419)
(Increase) / Decrease in other current assets	62,589,042	(62,029,765)
(Increase) / Decrease in loans and advances	5,773,881	(43,271,491)
(Increase) / Decrease in other non-current assets	5,346,256	(44,121,757)
Increase / (Decrease) in short-term and long-term provision	29,872,664	3,740,690
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	177,006,483	12,675,321
Cash generated from operations	791,157,178	341,885,720
Direct taxes paid, net of refunds	(239,963,865)	(131,549,220)
Net cash from operating activities (A)	551,193,313	210,336,500
B. Cash flows used in investing activities		
Purchase of fixed assets	(74,957,265)	(92,451,115)
Proceeds from sale of fixed assets	605,786	2,513,288
Proceeds from redemption of mutual fund	11,005,000	(44,233,473)
Investment in mutual fund	(18,000,000)	(10,000,000)
Investment in subsidiary [refer note 31 (f)]	(500,000)	-
Proceeds from buyback of subsidiary share [refer note 31 (b)]	148,979,660	-
Proceeds from liquidation of subsidiary [refer note 31 (g)]	-	223,662
Proceeds from sale of subsidiaries [refer note 31 (d)]	315,334,556	-
Dividend received from subsidiary	55,484,250	-
Interest received	40,187,252	43,555,199

	For the year ended December 31, 2014 (Rs.)	For the year ended December 31, 2013 (Rs.)
Investment in long term fixed deposits with scheduled banks	(441,477,934)	(393,860,267)
Proceeds from long term fixed deposits with scheduled banks	356,080,957	464,932,016
Net cash used in investing activities (B)	392,742,262	(29,320,690)
C. Cash flows used in financing activities		
Proceeds from long-term borrowings	5,296,143	3,620,857
Repayment of long-term borrowings- current maturities	(2,785,751)	(2,473,929)
Proceeds from other non-current assets	20,102,062	35,850,000
Proceeds from issuance of share capital	9,704,280	17,471,325
Interest paid	(766,121)	(670,967)
Dividends paid	(419,786,367)	(233,154,614)
Tax on dividend paid	(139,854,632)	(39,686,768)
Net cash used in financing activities (C)	(528,090,386)	(219,044,096)
Net increase / (decrease) in cash and cash equivalents (A + B + C)	415,845,189	(38,028,286)
Cash and cash equivalents at the beginning of the year	222,216,166	257,748,168
Add: Effect of exchange differences on cash and cash equivalents held in foreign currency	(1,372,149)	2,496,284
Cash and cash equivalents at the end of the year (refer note 15)	636,689,206	222,216,166

Notes:

- Figures in brackets indicate cash out flow.
- Cash and cash equivalents includes unclaimed dividend liabilities of Rs. 2,084,702 (Previous year Rs. 1,559,375), unpaid dividend liabilities (refer note 8) of Rs. 325,019,379 (Previous year Rs. Nil) and Rs. 15,000,000 (Previous year Rs. Nil) kept in the escrow account for buyback of share capital of the Company. The aforesaid amounts are not available for use by the Company.

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.R. Batliboi & Associates LLP For and on behalf of the Board of Directors of R Systems International Limited
ICAI Firm registration number: 101049W
 Chartered Accountants

Sd/- per Yogender Seth Partner Membership No. 94524	Sd/- Satinder Singh Rekhi [Managing Director] [DIN: 00006955]	Sd/- Lt. Gen. Baldev Singh (Retd.) [President & Senior Executive Director] [DIN: 00006966]	Sd/- Raj Swaminathan [Director & Chief Operating Officer] [DIN: 00788158]	Sd/- Nand Sardana [Chief Financial Officer]	Sd/- Ashish Thakur [Company Secretary & Compliance Officer]
Place: NOIDA Date : February 07, 2015	Place : Singapore Date : February 07, 2015	Place: NOIDA Date : February 07, 2015	Place : NOIDA Date : February 07, 2015	Place: NOIDA Date : February 07, 2015	Place: NOIDA Date : February 07, 2015

NOTES to the Financial Statements for the year ended December 31, 2014

1. Corporate information

R Systems International Limited (the 'Company') is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on National Stock Exchange of India Limited and BSE Limited. The Company is a leading global provider of IT solutions and Business Process Outsourcing (BPO) services. The Company's primary focus is to provide full service IT solutions, software engineering services, technical support, customer care and other IT enabled services to the high technology sector, independent software vendors (ISV's), banks, financial services companies, telecom and digital media technology companies and services providers, insurance and health care sector. The Company also develops and markets a suite of applications under the brand name "Indus" for the retail lending to banks and non-banking finance companies, insurance and telecom segment.

2. Basis of preparation

The Financial Statements comprising of balance sheet, statement of profit & loss, cash flow statement and notes to accounts has been prepared to comply in all material respects with the accounting standards notified under the Companies Act, 1956 read with General Circular 8/2014 dated 4 April 2014, issued by the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention except for certain financial instruments which are measured at fair value. The accounting policies have been consistently applied by the Company and are consistent with those used in previous year.

All figures are in Rupees except where expressly stated.

2.1. Summary of significant accounting policies

(a) Use of estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year end. These estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

(b) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

(c) Depreciation on tangible fixed assets

Depreciation is provided on Straight Line method over the estimated useful lives of the tangible fixed assets which result in depreciation rates being greater than or equal to the corresponding rates prescribed in Schedule XIV of the Companies Act, 1956.

The estimated useful lives of the tangible fixed assets followed by the Company in preparing the financial statements are described as below:

Category of tangible fixed assets	Estimated useful life
Land – leasehold	Lease period
Buildings – freehold	61 years
Buildings – leasehold	Lower of lease period or 61 years
Leasehold improvements	Lower of lease period or useful life
Plant and machinery - office equipments other than	20 years
(i) UPS systems,	
(ii) standalone air conditioners and	
(iii) telephone instruments	
UPS systems	12 years
Standalone air conditioners and telephone instruments	6 years
Computer hardware and network installations	6 years
Furniture and fittings	15 years
Vehicles	10 years

In the following cases, the estimated useful lives of the assets followed by the Company result in depreciation rates to be higher than that provided under Schedule XIV.

	Rates (SLM)	Schedule XIV Rates (SLM)
UPS systems	8.33%	4.75%
Standalone air conditioners and telephone instruments	16.66%	4.75%

Individual assets costing up to Rs. 5,000 are fully depreciated in the year of purchase.

(d) Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

After impairment, tangible assets / intangibles are depreciated / amortised on the revised carrying amount over its remaining useful life.

(e) Intangibles assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Intangible assets are amortised on a straight line basis over the estimated useful economic life and are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortisation period and the amortisation method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortisation method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.

Research and development costs

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognised as an intangible asset when the company can demonstrate all the following:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- Its intention to complete the asset
- Its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of adequate resources to complete the development and to use or sell the asset
- The ability to measure reliably the expenditure attributable to the intangible asset during development.

Following the initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised on a straight line basis over the period of expected future benefit from the related project. Amortisation is recognised

in the statement of profit and loss. During the period of development, the asset is tested for impairment annually.

A summary of amortisation policies applied to the company's intangible assets are as below:

Category of intangible fixed assets	Estimated useful life
Computer software	Lower of license period or 3 years
Internally generated	4 years

(f) Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

(g) Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Non-current investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the Non-current investments.

(h) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Rendering of services

Revenue from software development and maintenance services projects comprise income from time-and-material and fixed-price contracts.

Revenue associated with software development and maintenance services / customisation of products and business process outsourcing services rendered on time and materials basis is recognised when services are rendered. The same is calculated based on man-hours incurred for rendering services.

Fixed-price contracts vary in duration depending on the terms of the work being performed. Revenue from fixed price contracts (including maintenance and support contracts) is recognised using the percentage of completion method, when reasonable progress has been made on the milestones achieved as specified in the contracts. The stage of completion of project is determined by the proportion that contract efforts incurred for work performed up to the balance sheet date bear to the estimated total contract effort. Changes in contract performance, estimated profitability and final contract settlements may result in

revision to costs and revenue and are recognised in the period in which the revisions are determined. If a loss is projected on any contract in process, the entire projected loss is recognised immediately.

In terms of contracts, excess / shortfall of revenue over the billed as at the year-end is carried in financial statement as unbilled revenue / unearned revenue separately.

Management fees from the customers for managing projects are being recognised on time basis over the estimated life of the project.

Sale of products

Revenue from the sale of product (software and hardware) is recognised when the sale has been completed with the transfer of title.

Interest

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

(i) Foreign currency translation

Foreign currency transactions

(i) Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

(iii) Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expense in the year in which they arise.

(iv) Forward exchange contracts not intended for trading or speculation purposes

The premium or discount arising at the inception of forward exchange contracts (except outstanding against firm commitments and highly probable forecast transaction) is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

(v) Translation of Integral foreign operation

The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation have been those of the Company itself.

(j) Retirement benefits

(i) Retirement benefits mainly in the form of Provident Fund are a defined contribution scheme and the contributions are charged to the Statement of Profit and Loss of the year when an employee renders related services. There are no other obligations other than the contribution payable to the respective funds.

(ii) Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation made at the end of each financial year on projected unit credit method. The gratuity plan is funded.

(iii) Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method. The Company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

(iv) Actuarial gains / losses are immediately taken to Statement of Profit and Loss and are not deferred.

(k) Income taxes

Tax expense comprises of current and deferred tax.

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the relevant tax regulations applicable to the Company.

Deferred income tax reflects the impact of current year timing differences between taxable income and accounting income and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises the unrecognised deferred tax assets to the extent that it has become reasonably certain that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain, that sufficient future taxable income will be available against which deferred tax

asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain, that sufficient future taxable income will be available.

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified year. In the year in which the Minimum Alternative Tax (MAT) credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Statement of Profit and Loss and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

(l) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs incurred in connection with the borrowing of funds.

(m) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average numbers of equity shares outstanding during the year are adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

(n) Provision

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on the best estimate required to settle the obligation at each Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the management's current estimates.

(o) Segment reporting

Identification of segments:

The Company's operating businesses are organised and

managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which the major customers of the Company operate and / or the area in which the assets are located.

Inter segment transfers:

The Company generally accounts for inter segment sales and transfers as if the sales or transfers were to third parties at current market prices.

Allocation of common costs:

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Unallocated items:

The corporate and other segment includes general corporate income and expense items which are not allocated to any business segment.

Segment Policies:

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

(p) Accounting for derivatives

The Company uses foreign exchange forward contracts (derivative financial instrument) to hedge its exposure to movements in foreign exchange rates against firm commitment or highly probable forecast transactions. The use of these foreign exchange forward contracts reduces the risk or cost to the Company and the Company does not use the foreign exchange forward contracts or options for trading or speculation purposes.

Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value on a mark-to-market basis at each balance sheet date. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in fair value on derivatives during the year that do not qualify for hedge accounting and the ineffective portion of an effective hedge, are taken directly to the Statement of Profit and Loss.

The mark-to-market is the difference between the forward exchange rate and the contract rate. The forward exchange rate is referenced to current forward exchange rates for contracts with similar maturity profiles.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or

liability or an unrecognised firm commitment (except for foreign currency risk); or

- cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

Fair value hedges

The change in the fair value of a hedging derivative is recognised in the Statement of Profit and Loss. The change in the fair value of the hedged item attributable to the risk hedged is recorded as a part of the carrying value of the hedged item and is also recognised in the Statement of Profit and Loss.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while any ineffective portion is recognised immediately in the Statement of Profit and Loss. Amounts taken to equity are transferred to the Statement of Profit and Loss when the hedged transaction affects profit or loss, such as when the

hedged financial income or financial expense is recognised or when a forecast sale occurs.

If the forecast transaction or firm commitment is no longer expected to occur, amounts previously recognised in equity are transferred to the Statement of Profit and Loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction or firm commitment occurs.

(q) Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement on balance sheet date comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

(r) Employee stock compensation cost

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The Company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortised over the vesting period of the option on a straight line basis.

(s) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

3. Share capital

Particulars	As at December 31, 2014 (Rs.)	As at December 31, 2013 (Rs.)
Authorised shares [refer note 33 (b)]		
200,000,000 (Previous year 200,000,000) equity shares of Re. 1 each	200,000,000	200,000,000
Issued, subscribed and fully paid up- shares [refer note 33 (b)]		
127,458,580 (Previous year 126,654,580) equity shares of Re. 1 each fully paid-up	127,458,580	126,654,580
Less: Advance to Indus Software Employees Welfare Trust [refer note 32 (b)]	738,980	738,980
Total	126,719,600	125,915,600

A. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period [refer note 33 (b)]

Particulars	As at December 31, 2014		As at December 31, 2013	
	No.	(Rs.)	No.	(Rs.)
Shares outstanding at the beginning of the year	126,654,580	126,654,580	125,207,080	125,207,080
Add: Shares issued during the year #	804,000	804,000	1,447,500	1,447,500
Shares outstanding at the end of the year	127,458,580	127,458,580	126,654,580	126,654,580

The Company has issued 804,000 equity shares of Re. 1 each at an exercise price of Rs. 12.07 per share pursuant to exercise of employee stock options under the R Systems International Limited Employee Stock Option Scheme 2007. Refer note 32 (d).

B. Terms / rights attached to the equity share [refer note 33 (b)]

The Company has only one class of equity shares having a par value of Re. 1 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupee.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

C. Shares held by holding / ultimate holding company and / or their subsidiaries / associates

The Company does not have any holding / ultimate holding company.

D. Details of shareholders holding more than 5% shares in the Company [refer note 33 (b)]

Particulars	As at December 31, 2014		As at December 31, 2013	
	No.	% holding in the class	No.	% holding in the class
GMU Infosoft Private Limited	8,603,535	6.75	7,862,600	6.21
U Infosoft Private Limited	8,771,660	6.88	8,087,660	6.39
GM Solutions Private Limited	9,100,824	7.14	8,397,630	6.63
Rightmatch Holdings Ltd.	9,272,000	7.27	9,272,000	7.32
Satinder & Harpreet Rekhi Family Trust (Trustee: Satinder Singh Rekhi & Harpreet Rekhi)	16,325,180	12.81	18,347,180	14.49
Bhavook Tripathi	46,596,238	36.56	46,291,100	36.55

As per secretarial records of the Company, including its register of shareholders / members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

E. Shares reserved for issue under options [refer note 33 (b)]

For details of shares reserved for issue under the employee stock option plans (ESOP) of the Company, please refer note 32.

F. Buy back Offer

The Board of Directors of the Company at its meeting held on December 20, 2014 has approved the buy-back of the Company's fully paid-up equity shares of face value of Re. 1/- each from its existing shareholders, other than those who are promoters, members of the promoter group and persons acting in concert, from the open market through stock exchange(s) for a total consideration not exceeding Rs. 60,000,000, and at a price not exceeding Rs. 100/- per share, payable in cash. Pursuant to above buy back offer, the

Company has deposited an amount aggregating to Rs. 15,000,000, being 25% of the maximum buy-back size as approved in the meeting, in an escrow account with a bank. This offer for buy back opened on January 06, 2015 subsequent to the financial year ended December 31, 2014, and therefore has not been accounted in the financial statements.

4. Reserves and surplus

Particulars	As at December 31, 2014 (Rs.)	As at December 31, 2013 (Rs.)
Capital redemption reserve	12,658,200	12,658,200
Securities premium account	952,932,715	936,908,890
Add: Addition on exercise of vested options as per ESOP plan [refer note 32 (d)]	8,900,280	16,023,825
	961,832,995	952,932,715
Less: Advance to Indus Software Employees Welfare Trust [refer note 32 (b)]	2,282,728	2,282,728
Closing balance	959,550,267	950,649,987
General reserve		
Balance as per last financial statements	157,482,023	120,929,823
Add: Amount transferred from surplus balance in the statement of profit and loss (refer note 1 below)	-	36,552,200
Closing balance	157,482,023	157,482,023
Surplus in the statement of profit and loss		
Balance as per last financial statements	633,833,298	609,701,972
Add: Profit for the current year	750,289,488	365,521,996
Less: Appropriations		
Proposed dividend (refer note 1 and 2 below)	121,762,621	120,697,601
Tax on proposed dividend (refer note 2 below)	24,325,059	21,237,977
Interim dividend (refer note 1 below)	624,332,252	139,239,191
Tax on interim dividend	119,290,882	23,663,701
Transfer to general reserve (refer note 1 below)	-	36,552,200
Total appropriations	889,710,814	341,390,670
Net surplus in the statement of profit and loss	494,411,972	633,833,298
Total	1,624,102,462	1,754,623,508

Notes:

- (1) For the year ended December 31, 2014, the Board of Directors at its meeting held on February 07, 2015 has recommended a final dividend of Re. 0.95/- per equity share of face value of Re. 1/- each. This is in addition to four interim dividends aggregating to Rs. 4.90 per equity share of face value of Re. 1/- each declared during the year ended December 31, 2014. The shareholder's assent for final and interim dividends will be taken in forthcoming Annual General Meeting. Based on Companies Act, 2013 provisions applicable on the aforesaid dividends, the Company has not transferred any amount to the general reserves as the dividends has been declared and paid after April 1, 2014. Further for the year ended December 2013, the Board of Directors of the Company had recommended a final dividend of Re. 0.95 per equity share of face value of Re. 1/- each, in addition to first and second interim dividend of Rs. 2.50 and Rs. 8.50 per equity share of face value of 10/- each paid in August 2013 and November 2013, which had been approved and confirmed by the shareholder's at the Annual General Meeting on May 10, 2014.
- (2) The Company has issued 712,600 shares pursuant to exercise of employee stock options under the R Systems International Limited Employee Stock Option Scheme 2007 up to book closure date for distribution of dividend for the year ended December 31, 2013 and accordingly increased the appropriation in the current year by Rs. 676,970 and Rs. 115,051 as dividend and tax on dividend respectively.

5. Long-term borrowings

Particulars	Non-current portion		Current maturities	
	As at December 31, 2014 (Rs.)	As at December 31, 2013 (Rs.)	As at December 31, 2014 (Rs.)	As at December 31, 2013 (Rs.)
Term loans				
For motor vehicles				
From non banking financial corporation (refer note below)	6,285,234	4,403,189	3,004,292	2,375,945
Total	6,285,234	4,403,189	3,004,292	2,375,945
The above amount includes				
Secured borrowings	6,285,234	4,403,189	3,004,292	2,375,945
Amount shown under other current liabilities (refer note 8)	-	-	(3,004,292)	(2,375,945)
Total	6,285,234	4,403,189	-	-

Note:

Term loans are secured by hypothecation of underlying motor vehicles and carries interest rate ranging from 10.10% to 11.94% per annum. The term loans are repayable in equated monthly installments ranging from 35 to 60 months from the date of loan.

6. Other long-term liabilities

Particulars	As at December 31, 2014 (Rs.)	As at December 31, 2013 (Rs.)
Security deposits	4,723,901	3,827,371
Total	4,723,901	3,827,371

7. Provisions

Particulars	Long-term		Short-term	
	As at December 31, 2014 (Rs.)	As at December 31, 2013 (Rs.)	As at December 31, 2014 (Rs.)	As at December 31, 2013 (Rs.)
Provision for employee benefits				
Gratuity	95,215,947	73,437,567	3,364,756	3,436,901
Compensated absences			79,500,242	71,333,813
Sub total (A)	95,215,947	73,437,567	82,864,998	74,770,714
Other provisions				
Income tax [net of advance tax amounting to Rs. 341,387,111 (Previous Year Rs. 101,927,830)]			75,291,123	71,937,060
Proposed dividend			121,085,651	120,321,851
Tax on proposed dividend			24,210,008	20,448,699
Mark-to-market losses on derivative instruments (refer note 35)			549,541	22,918,617
Sub total (B)	-	-	221,136,323	235,626,227
Total (A+B)	95,215,947	73,437,567	304,001,321	310,396,941

8. Other current liabilities

Particulars	As at December 31, 2014 (Rs.)	As at December 31, 2013 (Rs.)
Trade payables		
Trade payables (refer note 30 for details of dues to micro and small enterprises)	239,094,697	165,354,034
Sub total (A)	239,094,697	165,354,034
Other liabilities		
Payable to subsidiary companies	17,956,740	15,376,979
Current maturities of long-term borrowing (refer note 5)	3,004,292	2,375,945
Deferred payment compensation to the erstwhile shareholders of subsidiary [refer note 31 (a)]	12,850,989	13,153,262
Unearned revenues	143,056,305	56,364,461
Investor education and protection fund (not due) - Unclaimed dividend	2,084,702	1,559,375
Unpaid dividend (refer note below)	325,019,379	-
Payable for purchase of fixed assets	9,793,545	6,922,880
Tax deducted at source	13,063,414	10,306,198
Service tax	4,767,854	2,764,502
Others	5,132,458	4,446,113
Sub total (B)	536,729,678	113,269,715
Total (A+B)	775,824,375	278,623,749

Note :

The Board of Directors at its meeting held on December 20, 2014, has declared fourth interim (special) dividend for the year 2014 @ Rs. 2.55 per equity share of face value of Re. 1/- each to the shareholders as per record date December 29, 2014. The amount payable has been transferred in a separate bank account before the year ended December 31, 2014 and the same has been paid on January 07, 2015.

9. Tangible assets

Particulars	(Amount in Rs.)									
	Land - freehold	Land - leasehold	Building - freehold	Building - leasehold ⁽¹⁾	Leasehold improvements	Computers	Office equipments	Furniture and fittings	Vehicles ⁽²⁾	Total
Gross block										
As at January 1, 2013	4,765,674	10,005,968	31,198,298	89,013,201	1,783,516	240,093,538	90,284,476	83,354,634	26,275,894	576,775,199
Additions	-	-	-	152,500	487,650	51,944,560	10,516,957	112,761	7,353,315	70,567,743
Deletions	-	-	-	-	-	24,903,456	3,304,518	1,742,057	4,640,181	34,590,212
At December 31, 2013	4,765,674	10,005,968	31,198,298	89,165,701	2,271,166	267,134,642	97,496,915	81,725,338	28,989,028	612,752,730
Additions	-	-	-	-	658,183	25,627,460	5,265,495	2,189,929	9,502,201	43,243,268
Deletions	-	-	-	-	573,209	24,913,322	3,046,343	257,102	1,238,999	30,028,975
At December 31, 2014	4,765,674	10,005,968	31,198,298	89,165,701	2,356,140	267,848,780	99,716,067	83,658,165	37,252,230	625,967,023
Depreciation										
As at January 1, 2013	-	1,410,374	5,735,671	11,607,353	1,783,516	192,697,860	35,584,476	41,813,224	7,918,047	298,550,521
Charge for the year	-	159,142	513,504	1,451,874	103,591	19,707,306	5,430,129	4,706,075	2,667,119	34,738,740
Deletions	-	-	-	-	-	24,716,121	1,634,463	817,805	1,894,604	29,062,993
At December 31, 2013	-	1,569,516	6,249,175	13,059,227	1,887,107	187,689,045	39,380,142	45,701,494	8,690,562	304,226,268
Charge for the year	-	149,371	513,976	1,455,012	303,370	22,732,728	6,023,193	4,923,461	3,129,258	39,230,369
Deletions	-	-	-	-	573,209	24,679,853	2,074,092	117,078	886,848	28,331,080
At December 31, 2014	-	1,718,887	6,763,151	14,514,239	1,617,268	185,741,920	43,329,243	50,507,877	10,932,972	315,125,557
Net block										
At December 31, 2013	4,765,674	8,436,452	24,949,123	76,106,474	384,059	79,445,597	58,116,773	36,023,844	20,298,466	308,526,462
At December 31, 2014	4,765,674	8,287,081	24,435,147	74,651,462	738,872	82,106,860	56,386,824	33,150,288	26,319,258	310,841,466

Notes:

(1) Includes Rs. 21,155,390 (Previous year Rs. 21,155,390) paid towards land and building under a composite lease taken in earlier year for which no separate values are assignable.

(2) Vehicles amounting to Rs. 17,842,555 (Previous year Rs. 15,323,824) are hypothecated against terms loans for vehicle finance from non banking financial corporation.

10. Intangible assets

(Amount in Rs.)

Particulars	Softwares	Product development costs (Internally generated software)	Total
Gross block			
As at January 1, 2013	135,369,871	34,580,899	169,950,770
Additions	10,293,751	12,103,851	22,397,602
Deletions	5,849,771	-	5,849,771
At December 31, 2013	139,813,851	46,684,750	186,498,601
Additions	26,486,691	21,987,834	48,474,525
Deletions	18,078,102	-	18,078,102
At December 31, 2014	148,222,440	68,672,584	216,895,024
Amortisation			
As at January 1, 2013	125,972,551	29,889,343	155,861,894
Charge for the year	7,046,241	6,022,709	13,068,950
Deletions	5,844,959	-	5,844,959
At December 31, 2013	127,173,833	35,912,052	163,085,885
Charge for the year	19,923,484	8,086,629	28,010,113
Deletions	18,078,069	-	18,078,069
At December 31, 2014	129,019,248	43,998,681	173,017,929
Net block			
At December 31, 2013	12,640,018	10,772,698	23,412,716
At December 31, 2014	19,203,192	24,673,903	43,877,095

11.1 Non-current investments

Particulars	As at December 31, 2014 (Rs.)	As at December 31, 2013 (Rs.)
Non-trade, unquoted (valued at cost unless stated otherwise)		
2,500 (Previous year 2,500) equity shares of Rs. 10 each fully paid up in The Saraswat Co-operative Bank Limited	25,000	25,000
Sub total (A)	25,000	25,000
In subsidiary companies:		
Trade, unquoted, fully paid up (valued at cost unless stated otherwise)		
(i) Investment in R Systems (Singapore) Pte. Ltd., Singapore 4,070,000 (Previous year 4,070,000) ordinary shares of "no par" value	104,173,570	104,173,570
(ii) Investment in R Systems, Inc, USA 2,000 (Previous year 2,000) shares of "no par" value	223,358,532	223,358,532
(iii) Investment in Indus Software Inc., USA 243,750 (Previous year 243,750) common stock of US\$1 each fully paid up Less: Provision for diminution in the value of investment	10,785,738 (10,784,738)	10,785,738 (10,784,738)
(iv) Investment in ECnet Limited, Singapore [refer note 31 (a)] 17,651,502 (Previous year 17,651,502) ordinary shares of "no par" value 38,306,451 (Previous year 38,306,451) ordinary shares of "no par" value	34,938,958 -	34,938,958 -

Particulars	As at December 31, 2014 (Rs.)		As at December 31, 2013 (Rs.)	
7,933,307 (Previous year 1,260,081) ordinary shares of "no par" value	36,332,962		36,332,962	
Less : Adjustment with securities premium as per order of High Court	(24,495,721)		(24,495,721)	
	46,776,199		46,776,199	
Less: Amounts adjusted on settlement of liabilities towards certain erstwhile shareholders	(10,442,237)		(10,442,237)	
Less: Provision for diminution in the value of investment	(5,525,000)	30,808,962	(5,525,000)	30,808,962
(v) Investment in R Systems Solutions, Inc, USA				
8,666,884 (Previous year 8,666,884) Series A convertible preferred stock of "no par" value	128,825,090		128,825,090	
10,335,833 (Previous year 10,335,833) common stock of "no par" value				
6,000,000 (Previous year 1,000,000) common stock of "no par" value	57,266,375		57,266,375	
	186,091,465		186,091,465	
Less: Provision for diminution in the value of investment	(172,676,590)	13,414,875	(172,676,590)	13,414,875
(vi) Investment in R Systems Europe B.V., Netherlands [refer note 31 (d)]				
Nil (Previous year 3,170) ordinary shares of Euro 100 each fully paid up	-		42,053,275	
Less: Provision for diminution in the value of investment	-	-	(42,052,275)	1,000
(vii) Investment in R Systems S.A.S., France [refer note 31 (d)]				
Nil (Previous year 10,000) ordinary shares of Euro 15.24 each fully paid up	-		32,593,766	
Less: Provision for diminution in the value of investment	-	-	(32,592,766)	1,000
(viii) Investment in Computaris International Limited, UK [refer note 31 (b)]				
66,500 (Previous year 80,000) ordinary shares of GBP 0.01 each fully paid up		350,631,695		421,812,565
(ix) Investment in Systemes R. International Ltee, Canada				
200 (Previous year 200) ordinary shares of CAD 1 each fully paid up		11,636		11,636
(x) Investment in R Systems Product & Technologies Limited, India [refer note 31(f)]				
500,000 (Previous year Nil) ordinary shares of Re. 1 each fully paid up		500,000		-
Sub total (B)		722,900,270		793,583,140
Total (A+B)		722,925,270		793,608,140
Aggregate amount of unquoted investments (net of provision)		722,925,270		793,608,140
Aggregate provision for diminution in value of investments		188,986,328		263,631,369

11.2 Current investments

Particulars	As at December 31, 2014 (Rs.)	As at December 31, 2013 (Rs.)
Non-trade, quoted mutual funds (valued at cost or fair value, which ever is lower)		
Investment in SBI Debt Fund [1,800,000 units (Previous year 1,000,000) of Rs.10 each]	18,000,000	10,000,000
Total	18,000,000	10,000,000

Aggregate amount of quoted investments [Market value of Rs. 19,310,580 (Previous year Rs. 10,711,500)]

12. Deferred tax assets (net)

Particulars	As at December 31, 2014 (Rs.)	As at December 31, 2013 (Rs.)
Deferred tax assets		
Provision for gratuity	33,507,581	27,676,089
Provision for compensated absences	27,022,132	24,246,363
Provision for doubtful debts and advances	6,590,262	25,819,791
Other timing differences	8,182,047	7,519,438
Gross deferred tax assets	75,302,022	85,261,681
Deferred tax liability		
Differences in depreciation / amortisation and other differences in block of fixed assets as per tax books and financial books	37,003,035	33,882,414
Gross deferred tax liability	37,003,035	33,882,414
Deferred tax assets (net)	38,298,987	51,379,267

13. Loans and advances

Particulars	Non-current		Current	
	As at December 31, 2014 (Rs.)	As at December 31, 2013 (Rs.)	As at December 31, 2014 (Rs.)	As at December 31, 2013 (Rs.)
Capital advances				
Unsecured, considered good	450,000	218,400		
Sub total (A)	450,000	218,400		
Advances recoverable in cash or in kind or for value to be received				
Unsecured, considered good	6,276,620	14,686,651	41,898,792	44,407,292
Sub total (B)	6,276,620	14,686,651	41,898,792	44,407,292
Loans and advances to related parties				
Unsecured, considered good				
Advance recoverable from subsidiaries:				
R Systems, Inc., USA			1,616,220	3,196,530
ECnet Limited, Singapore			16,082	-
R Systems Solutions, Inc., USA			-	133,993
R Systems Europe B.V., Netherlands [refer note 31 (d)]			-	3,582
Systèmes R. International Ltée, Canada			808	-
R Systems Product & Technologies Limited, India			25,457	-
Computaris International Limited, U.K.			-	-
Sub total (C)			1,658,567	3,334,105
Security deposits				
Unsecured, considered good	17,990,357	16,441,395	4,361,460	1,736,554
Unsecured, considered doubtful	-	-	-	3,000,000
	17,990,357	16,441,395	4,361,460	4,736,554
Provision for doubtful advances	-	-	-	(3,000,000)
Sub total (D)	17,990,357	16,441,395	4,361,460	1,736,554
Other loans and advances				
Unsecured, considered good				
MAT credit entitlement	-	4,486,620		
Balances with customs, excise, etc.	-	-	20,659,153	18,386,078
Advance fringe benefit tax [net of provisions amounting to Rs. 7,082,336 (Previous year Rs. 7,082,336)]	167,664	167,664	-	-
Advance income taxes [net of provisions amounting to Rs. 251,251,711 (Previous year Rs. 248,851,867)]	32,880,316	32,607,921	-	-
Sub total (E)	33,047,980	37,262,205	20,659,153	18,386,078
Total (A+B+C+D+E)	57,764,957	68,608,651	68,577,972	67,864,029

14. Trade receivables and other assets

14.1 Trade receivables

Particulars	Current	
	As at December 31, 2014 (Rs.)	As at December 31, 2013 (Rs.)
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	17,532,393	11,399,437
Unsecured, considered doubtful	17,960,321	67,026,041
	35,492,714	78,425,478
Provision for doubtful receivables	(17,960,321)	(67,026,041)
Sub total (A)	17,532,393	11,399,437
Other receivables		
Unsecured, considered good	608,837,532	568,126,300
Unsecured, considered doubtful	4,627,926	1,598,854
	613,465,458	569,725,154
Provision for doubtful receivables	(4,627,926)	(1,598,854)
Sub total (B)	608,837,532	568,126,300
Total (A+B)	626,369,925	579,525,737

Trade receivables include:

Particulars	As at December 31, 2014 (Rs.)	As at December 31, 2013 (Rs.)
From subsidiary companies		
R Systems, Inc., USA	6,890,986	6,696,223
ECnet Limited, Singapore	22,391,041	12,929,108
Computaris International Limited, U.K.	6,787,628	5,380,822
R Systems Solutions, Inc, USA	508,314	-
R Systems Europe B.V., Netherlands [refer note 31 (d)]	-	667,884

14.2 Other assets

Particulars	Non-current		Current	
	As at December 31, 2014 (Rs.)	As at December 31, 2013 (Rs.)	As at December 31, 2014 (Rs.)	As at December 31, 2013 (Rs.)
Non-current bank balances (refer note 15)	48,692,453	74,140,771		
Interest accrued on deposits	2,146,562	5,569,065	5,271,757	2,094,922
Interest accrued on staff advances	-	-	43,163	22,615
Unbilled revenues	-	-	52,627,485	110,788,363
Total	50,839,015	79,709,836	57,942,405	112,905,900

15. Cash and bank balances

Particulars	Non-current		Current	
	As at December 31, 2014 (Rs.)	As at December 31, 2013 (Rs.)	As at December 31, 2014 (Rs.)	As at December 31, 2013 (Rs.)
Cash and cash equivalents				
Cash on hand			162,955	357,431
Cheques on hand			-	1,100,000
Balances with scheduled banks:				
On current accounts			118,496,073	21,559,285
On EEFC accounts			63,196,116	84,518,551
On deposit accounts with original maturity of less than 3 months			89,200,000	69,400,000
On unclaimed dividend *			2,084,702	1,559,375
On unpaid dividend (refer note below) *			325,019,379	-
Escrow account for buyback [refer note 3(f)] *			15,000,000	-
Balance with other banks:				
On current account with California Bank & Trust			23,529,981	42,488,096
On current account with Sumitomo Mitusi Banking Corporation			-	1,233,428
			636,689,206	222,216,166
Other bank balances				
Deposits with original maturity for more than 12 months	-	-	150,300,000	99,800,000
Deposits with original maturity for more than 3 months but less than 12 months			154,438,828	119,541,851
Margin money deposits (refer details below)	48,692,453	74,140,771		
	48,692,453	74,140,771	304,738,828	219,341,851
Amount disclosed under non-current assets (refer note 14.2)	(48,692,453)	(74,140,771)		
Total	-	-	941,428,034	441,558,017

* Company can utilise these balances for respective dividend / buy back, as the case may be.

Detail of margin money deposits

Particulars	As at December 31, 2014 (Rs.)	As at December 31, 2013 (Rs.)
Margin money deposits against performance guarantees	27,937,103	33,283,359
Margin money deposits against credit / derivative facilities	20,755,350	40,857,412
Total	48,692,453	74,140,771

Note:

The Board of Directors at its meeting held on December 20, 2014, has declared fourth interim (special) dividend for the year 2014 @ Rs. 2.55 per equity share of face value of Re. 1/- each to the shareholders as per record date December 29, 2014. The amount payable has been transferred in a separate bank account.

16. Revenue from operations

Particulars	For the year ended December 31, 2014 (Rs.)	For the year ended December 31, 2013 (Rs.)
Sales of services *	2,909,497,897	2,695,221,595
Sale of third party items	1,314,656	2,812,196
Total	2,910,812,553	2,698,033,791

* includes revenue from Information technology services Rs. 2,537,023,260 (Previous year Rs. 2,353,588,462) and Business process outsourcing services Rs. 372,474,637 (Previous year Rs. 341,633,133).

17. Other income

Particulars	For the year ended December 31, 2014 (Rs.)	For the year ended December 31, 2013 (Rs.)
Interest income on bank deposits	39,962,132	38,504,734
Dividend income from investment in subsidiary [refer note 31(c)]	55,484,250	-
Foreign exchange fluctuation (net)	36,943,981	-
Profit on redemption of mutual fund	1,005,000	-
Excess provisions written back	411,421	878,517
Miscellaneous income	1,034,901	2,303,631
Total	134,841,685	41,686,882

18. Employee benefits expense

Particulars	For the year ended December 31, 2014 (Rs.)	For the year ended December 31, 2013 (Rs.)
Salaries, wages and bonus	1,663,486,222	1,515,260,317
Gratuity (refer note 34)	30,974,730	10,648,701
Contribution to provident fund and other funds	53,619,833	49,375,004
Staff welfare expenses	33,351,530	26,759,684
Total	1,781,432,315	1,602,043,706

19. Operational and other expenses

Particulars	For the year ended December 31, 2014 (Rs.)	For the year ended December 31, 2013 (Rs.)
Power and fuel	47,777,233	47,560,254
Rent - premises	33,737,622	33,308,882
Rent - equipments	1,832,665	2,106,895
Rates and taxes	4,188,255	1,760,361
Insurance	6,374,523	5,798,488
Repair and maintenance		
- Buildings	1,085,373	2,062,882
- Others	58,460,080	56,717,652
Advertising and sales promotion	16,380,000	8,555,609
Commission - others	7,302,989	5,632,997
Traveling and conveyance	236,296,530	217,073,061
Communication costs	55,657,047	50,654,260
Printing and stationery	2,165,223	3,373,701
Legal and professional fees	62,578,254	55,852,276
Cost of third party items	1,103,857	1,620,874
Directors' sitting fee	935,000	435,000
Auditors' remuneration (refer detail below)	5,878,196	5,592,200
Foreign exchange fluctuation (net)	-	6,765,948
Provision for doubtful debts (net)	8,137,292	7,425,323
Provision for doubtful advances (net)	(7,758,696)	7,533,620
Bad debts and advances written off [net of Rs. 56,277,668 (previous year Rs. 12,942,600) utilisation from provision for doubtful debts and advances]	28,914	2,146
Loss on sale / discard of fixed assets (net)	1,092,142	3,018,743
Recruitment and training expenses	10,237,526	4,573,138
Security expenses	9,095,462	7,245,196
Membership and subscription	8,421,955	8,544,163
Loss on liquidation of subsidiary [refer note 31 (g)]	-	211,233
Miscellaneous expenses	3,916,675	2,160,151
Total	574,924,117	545,585,053

Note:

Figures in brackets represent write back.

Detail of auditors remuneration

Particulars	For the year ended December 31, 2014 (Rs.)	For the year ended December 31, 2013 (Rs.)
As auditor:		
- Audit fee		
- Statutory audit fee	1,677,500	1,507,500
- Quarterly audit fee	2,130,000	2,070,000
- Limited Review	570,000	555,000
- Out-of-pocket expenses	245,696	304,700
In other capacity:		
- Certification	880,000	880,000
- Other services	375,000	275,000
Total	5,878,196	5,592,200

20. Depreciation and amortisation expense

Particulars	For the year ended December 31, 2014 (Rs.)	For the year ended December 31, 2013 (Rs.)
Depreciation on tangible assets	39,230,369	34,738,740
Amortisation on intangible assets	28,010,113	13,068,950
Total	67,240,482	47,807,690

21. Finance costs

Particulars	For the year ended December 31, 2014 (Rs.)	For the year ended December 31, 2013 (Rs.)
Interest on loans	783,514	680,810
Bank charges	3,503,235	2,115,944
Total	4,286,749	2,796,754

22. Exceptional items

Particulars	For the year ended December 31, 2014 (Rs.)	For the year ended December 31, 2013 (Rs.)
Profit on buy back of subsidiary share [refer note 31(b)]	77,798,790	-
Profit on sale of subsidiaries [refer note 31(d)]	240,687,515	-
Provision for diminution in the value of investment written back [refer note 31(d)]	74,645,041	-
Total	393,131,346	-

23. Segment information*Business segments:*

The Company considers business segment as the basis for primary segmental reporting. The Company is organised into two business segments – Information technology services and products and Business process outsourcing services. Costs and expenses which cannot be allocated to any business segment are reflected in the column 'corporate and others'. Segments have been identified and reported based on the nature of the services, the risks and returns, the organisation structure and the internal financial reporting system.

Geographical segments:

The Company reports secondary segment information on the basis of the geographical location of the customers / assets. Although the Company's major operating divisions are managed on a worldwide basis, they operate in five principal geographical areas of the world which are: India, United States of America, South East Asian countries, Europe and Other areas.

The following table provides required information for the primary segments for the year ended December 31, 2014 and December 31, 2013:

Particulars	Continuing Operations						Discontinuing operations [refer note 31 (f)]		(Amount in Rs.)			
	Information technology services and products			Business process outsourcing services			Information technology services and products		Corporate and others		Total	
	Year ended December 31,		2013	Year ended December 31,		2013	Year ended December 31,		2013	Year ended December 31,		2013
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	
REVENUE												
External sales	1,708,195,945	1,645,005,284	372,474,637	341,633,133	830,141,971	711,395,374	-	-	-	-	2,910,812,553	2,698,033,791
Total revenue	1,708,195,945	1,645,005,284	372,474,637	341,633,133	830,141,971	711,395,374	-	-	-	-	2,910,812,553	2,698,033,791
RESULT												
Segment result	382,775,964	387,563,762	66,239,874	62,994,112	128,989,839	102,825,364					578,005,677	553,383,238
Unallocated corporate expenses									(55,902,970)	(49,719,692)	(55,902,970)	(49,719,692)
Operating profit											522,102,707	503,663,546
Interest expenses									(783,514)	(680,810)	(783,514)	(680,810)
Interest income									39,962,132	38,504,734	39,962,132	38,504,734
Dividend income [refer note 31 (c)]									55,484,250	-	55,484,250	-
Other unallocable income									1,005,000	-	1,005,000	-
Exceptional items (refer note 22)									393,131,346	-	393,131,346	-
Income taxes expense									(260,612,433)	(175,965,474)	(260,612,433)	(175,965,474)
Net profit											750,289,488	365,521,996

The following table provides required information for the primary segments as at December 31, 2014 and December 31, 2013:

Particulars	Continuing Operations						Discontinuing operations [refer note 31 (f)]		(Amount in Rs.)			
	Information technology services and products			Business process outsourcing services			Information technology services and products		Corporate and others		Total	
	Year ended December 31,		2013	Year ended December 31,		2013	Year ended December 31,		2013	Year ended December 31,		2013
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	
OTHER INFORMATION												
Segment assets	875,969,181	885,706,870	116,581,818	102,979,919	111,980,052	183,961,550	334,498,315	327,279,951			1,215,069,262	1,132,005,190
Unallocated corporate assets											1,650,456,611	1,330,581,263
Income tax assets											71,346,967	88,641,472
Total assets	875,969,181	885,706,870	116,581,818	102,979,919	111,980,052	183,961,550	334,498,315	327,279,951			1,721,803,578	2,936,872,840
Segment liabilities	402,599,372	287,404,684	155,497,861	208,232,463	111,980,052	183,961,550	192,242,733	144,746,235			638,359,914	456,421,832
Unallocated corporate liabilities											448,189,732	121,881,226
Income tax liabilities											99,501,132	92,385,759
Total liabilities	402,599,372	287,404,684	155,497,861	208,232,463	111,980,052	183,961,550	192,242,733	144,746,235			547,690,864	1,186,050,778
Capital expenditures	49,654,952	58,390,698	4,716,696	7,783,088			23,456,289	27,305,858			77,827,937	93,479,644
Depreciation and amortisation	41,815,906	28,952,619	6,892,250	3,622,662			18,532,326	15,232,408			67,240,482	47,807,690
Other non-cash expenses	7,791,277	10,945,847	277,519	288,515			1,189,552	6,956,703			9,258,348	18,191,065

Geographical segments:

The Company reports secondary segment information on the basis of the geographical location of the customers / assets. The management views the domestic and export markets as distinct geographical segments.

The following is the distribution of the Company's revenue by geographical area in which customers are located:

	For the year ended December 31,	
	2014 (Rs.)	2013 (Rs.)
India	405,547,312	281,240,499
USA	1,602,286,970	1,615,899,967
South East Asia	129,619,974	122,413,253
Europe	608,194,498	521,364,731
Others	165,163,799	157,115,341
Total	2,910,812,553	2,698,033,791

The following is the distribution of the revenue by geographical area in which customer are located from discontinuing operations:

	For the year ended December 31,	
	2014 (Rs.)	2013 (Rs.)
India	354,875,591	248,966,562
USA	66,518,677	76,530,324
South East Asia	85,946,560	86,027,586
Europe	231,822,326	169,343,142
Others	90,978,817	130,527,760
Total	830,141,971	711,395,374

Assets and additions to fixed assets by geographical area:

The following table shows the carrying amount of assets and additions to fixed assets (including capital advances) by geographical area in which assets are located:

	Carrying amount of assets as at December 31,		Additions to fixed assets for the year ended December 31,	
	2014 (Rs.)	2013 (Rs.)	2014 (Rs.)	2013 (Rs.)
India	1,657,482,244	1,146,836,625	77,427,068	92,944,119
USA	566,119,976	624,553,654	400,869	535,525
South East Asia	189,836,107	177,050,654	-	-
Europe	476,218,954	553,270,101	-	-
Others	47,215,559	49,516,891	-	-
Total	2,936,872,840	2,551,227,925	77,827,937	93,479,644

The following table shows the carrying amount of assets and additions to fixed assets (including capital advances) by geographical area in which assets are located for discontinuing operation:

	Carrying amount of assets as at December 31,		Additions to fixed assets for the year ended December 31,	
	2014 (Rs.)	2013 (Rs.)	2014 (Rs.)	2013 (Rs.)
India	302,059,838	385,368,734	23,456,289	27,305,858
USA	19,548,959	23,586,840	-	-
South East Asia	30,977,469	27,671,393	-	-
Europe	14,653,558	34,098,664	-	-
Others	28,680,661	41,807,634	-	-
Total	395,920,485	512,533,265	23,456,289	27,305,858

24. Related Party Disclosures:

(i) Names of related parties:

Names of related parties where control exists:

Subsidiaries	R Systems (Singapore) Pte Ltd, Singapore R Systems, Inc., USA Indus Software, Inc., USA R Systems Solutions, Inc., USA R Systems N.V., Belgium (liquidated on June 24, 2013) R Systems Europe B.V., Netherlands (ceased to be subsidiary w.e.f. November 27, 2014) * R Systems S.A.S., France (ceased to be subsidiary w.e.f. November 27, 2014) * ECnet Ltd, Singapore Computaris International Limited, U.K. Systèmes R. International Ltée, Canada R Systems Product & Technologies Limited, India (incorporated on July 11, 2014)
	Following are the subsidiaries of ECnet Ltd, Singapore <ul style="list-style-type: none"> • ECnet (M) Sdn Bhd, Malaysia • ECnet Systems (Thailand) Co. Ltd., Thailand • ECnet (Shanghai) Co. Ltd., People's Republic of China • ECnet (Hong Kong) Ltd., Hong Kong • ECnet, Inc., USA • ECnet Kabushiki Kaisha, Japan
	Following are the subsidiaries of Computaris International Limited, U.K. <ul style="list-style-type: none"> • Computaris Romania Srl, Romania • Computaris Polska sp z o.o., Poland • ICS Computaris International Srl, Moldova • Computaris Malaysia Sdn. Bhd., Malaysia • Computaris USA, Inc., USA • Computaris Limited, U.K. (liquidated on December 24, 2013)
* The Company has completed the sale of Europe BPO Business comprising of its 100% holding in R Systems Europe B.V., Netherlands and R Systems S.A.S., France on November 27, 2014.	
Names of other related parties with whom transactions have taken place during the year:	
Key management personnel	Satinder Singh Rekhi, Managing Director Lt. Gen. Baldev Singh (Retd.), President and Senior Executive Director Raj Swaminathan, Director and Chief Operating Officer Nand Sardana, Chief Financial Officer ^ Vikash Kumar Tiwari, Company Secretary & Compliance Officer (Resigned on December 20, 2014) ^ Ashish Thakur, Company Secretary & Compliance Officer (Appointed on December 20, 2014) ^
^ Pursuant to the Companies Act, 2013.	
Relatives of Key management personnel	Harpreet Rekhi, (related to Satinder Singh Rekhi) Sartaj Singh Rekhi, (related to Satinder Singh Rekhi) Ramneet Singh Rekhi, (related to Satinder Singh Rekhi) Anita Behl, (related to Satinder Singh Rekhi) Kuldeep Baldev Singh, [related to Lt. Gen. Baldev Singh (Retd.)] Mandeep Singh Sodhi, [related to Lt. Gen. Baldev Singh (Retd.)], Vice President – Sales
Enterprises where key management personnel or their relatives exercise significant influence	U Infosoft Private Limited GM Solutions Private Limited GMU Infosoft Private Limited Right Match Holdings Ltd Satinder and Harpreet Rekhi Family Trust Guru Harkrishan Irrevocable Trust Guru Tegh Bahadur Irrevocable Trust

(ii) Details of transactions with related parties for the year ended December 31, 2014 and December 31, 2013 :-

	(Amount in Rs.)	
	Year ended December 31,	
	2014	2013
Information technology and BPO services rendered to		
ECnet Ltd, Singapore	41,351,703	30,848,949
R Systems, Inc., USA	22,228,086	18,367,823
R Systems Europe B.V., Netherlands	11,687,892	3,392,181
R Systems Solutions, Inc., USA	1,996,325	-
Systèmes R. International Ltée, Canada	-	5,701,830
Computaris International Limited, U.K.	34,399,594	9,653,699
Total	111,663,600	67,964,482
Information technology services received from		
R Systems, Inc., USA	7,627,129	-
Total	7,627,129	-
Dividend received from		
R Systems Europe B.V., Netherlands	55,484,250	-
Total	55,484,250	-
Travel and other expenses reimbursed by the Company to		
ECnet Ltd, Singapore	1,198,191	1,493,340
R Systems, Inc., USA	29,678,863	57,101,659
R Systems (Singapore) Pte Ltd, Singapore	9,802,123	7,294,074
R Systems Europe B.V., Netherlands	70,271	-
Total	40,749,448	65,889,073
Travel and other expenses reimbursed to the Company by		
ECnet Ltd, Singapore	1,905,413	2,780,280
ECnet (Shanghai) Co., Ltd	-	91,870
R Systems, Inc., USA	9,623,028	10,985,513
R Systems (Singapore) Pte Ltd, Singapore	92,718	730,089
R Systems Solutions, Inc., USA	667,984	1,215,176
R Systems Europe B.V., Netherlands	1,216,411	148,714
Systèmes R. International Ltée, Canada	466,479	-
R Systems Product & Technologies Limited, India	25,457	-
Computaris International Limited, U.K.	1,222,756	714,104
Total	15,220,246	16,665,746
Reimbursement to the Company for purchase of assets on behalf of		
R Systems, Inc., USA	15,588	-
ECnet Ltd, Singapore	62,349	-
Computaris International Limited, U.K.	2,615,514	-
Total	2,693,451	-
Reimbursement by the Company for purchase of assets to		
R Systems, Inc., USA	-	168,070
Total	-	168,070
Investment in shares of subsidiary		
R Systems Product & Technologies Limited, India [refer note 31 (f)]	500,000	-
ECnet Ltd, Singapore	-	30,807,962
R Systems Solutions, Inc., USA	-	13,413,875
Systèmes R. International Ltée, Canada	-	11,636
Total	500,000	44,233,473

(Amount in Rs.)

	Year ended December 31,	
	2014	2013
Buy back of shares of subsidiary		
Computaris International Limited, U.K. [refer note 31 (b)]	148,979,660	-
Total	148,979,660	-
Amount received on liquidation of subsidiary		
R Systems N.V., Belgium [refer note 31 (g)]	-	223,662
Total	-	223,662
Assets obtained free of cost on returnable basis		
R Systems, Inc., USA	23,420	-
Total	23,420	-
Remuneration		
Satinder Singh Rekhi	30,133,078	25,292,405
Lt. Gen. Baldev Singh (Retd.)	5,893,452	5,921,889
Raj Swaminathan	6,245,664	6,392,954
Mandeep Singh Sodhi	31,031,483	25,212,198
Nand Sardana	4,883,000	3,621,000
Vikash Kumar Tiwari	1,485,671	1,490,856
Ashish Thakur	21,356	-
Total	79,693,704	67,931,302
Rent		
Satinder Singh Rekhi	6,444,376	6,144,684
Total	6,444,376	6,144,684
Dividend paid *		
Satinder Singh Rekhi	4,320,360	2,422,020
Lt. Gen. Baldev Singh (Retd.)	847,013	817,500
Raj Swaminathan	660,000	395,000
Sartaj Singh Rekhi	19,771,422	6,373,879
Ramneet Singh Rekhi	16,718,229	4,662,241
Harpreet Rekhi	2,508	1,406
Nand Sardana	172,260	96,570
Mandeep Sodhi	2,722,159	1,272,060
Kuldeep Baldev Singh	20,064	11,248
Anita Behl	46,275	141,303
GMU Infosoft Private Limited	27,176,899	14,255,810
U Infosoft Private Limited	27,834,178	14,672,171
GM Solutions Private Limited	28,884,354	15,245,616
Right Match Holdings Ltd	30,597,600	17,153,200
Guru Harkrishan Irrevocable Trust	-	4,710,100
Guru Tegh Bahadur Irrevocable Trust	-	4,710,100
Satinder and Harpreet Rekhi Family Trust	57,112,994	34,812,283
Total	216,886,315	121,752,507

* Excluding fourth interim (special) dividend and final proposed dividend declared during the year 2014, which is not paid till December 31, 2014.

(Amount in Rs.)

Balance outstanding	As at December 31,	
	2014	2013
Trade Receivables		
ECnet Ltd, Singapore	22,391,041	12,929,108
R Systems, Inc., USA	6,890,986	6,696,223
R Systems Solutions, Inc., USA	508,314	-
R Systems Europe B.V., Netherlands	-	667,884
Computaris International Limited, UK	6,787,628	5,380,822
Total	36,577,969	25,674,037
Short-term loans and advances		
ECnet Ltd, Singapore	16,082	-
R Systems, Inc., USA	1,616,220	3,196,530
R Systems Solutions, Inc., USA	-	133,993
R Systems Europe B.V., Netherlands	-	3,582
Systèmes R. International Ltée, Canada	808	-
R Systems Product & Technologies Limited, India	25,457	-
Total	1,658,567	3,334,105
Other current liabilities		
ECnet Ltd, Singapore	1,335	263,376
R Systems, Inc., USA	17,341,577	14,663,309
R Systems (Singapore) Pte Ltd, Singapore	613,828	450,294
Total	17,956,740	15,376,979
Assets obtained free of cost on returnable basis		
R Systems, Inc., USA	18,390,687	18,367,267
R Systems (Singapore) Pte Ltd, Singapore	137,241	137,241
Total	18,527,928	18,504,508
Balance payable to key management personnel		
Satinder Singh Rekhi	5,158,363	7,880,500
Lt. Gen. Baldev Singh (Retd.)	1,098,001	1,090,927
Raj Swaminathan	1,833,399	1,833,333
Nand Sardana	231,988	-
Vikash Kumar Tiwari	147,905	-
Ashish Thakur	49,651	-
Total	8,519,307	10,804,760

25. Research & Development Expenditure

The Company carries out its Research and Development activities at its Pune and Noida development centres. The details of expenditure are given below:

(Amount in Rs.)

Particulars	Year ended December 31,	
	2014	2013
(a) Net amount charged to Statement of Profit and Loss	80,254,965	93,039,843
(b) Amount capitalised as		
(i) Intangible assets (including under development)	8,365,170	15,892,023
(ii) Tangible assets	2,032,768	1,989,606

26. Capital and other commitments

	As at December 31, 2014 (Rs.)	As at December 31, 2013 (Rs.)
(i) Capital commitments:		
Estimated amount of unexecuted capital contracts (net of advances)	3,356,027	5,658,248

(ii) Other commitments:

The Company has committed the buy-back of its equity shares for a total consideration not exceeding Rs. 60,000,000, and at a price not exceeding Rs. 100/- per share. Against the aforesaid buy back the Company has deposited Rs. 15,000,000 in the escrow account [refer note 3 (f)].

27. Contingent liabilities:

	As at December 31, 2014 (Rs.)	As at December 31, 2013 (Rs.)
Performance guarantees given to Department of Telecommunication for Domestic and International 'Other Service Provider' licenses	20,000,000	20,000,000
Performance bank guarantee issued to a customer	279,000	6,138,000
Total	20,279,000	26,138,000

28. Operating Lease - Company as lessee

The Company has operating lease for office premises. The future minimum payments required under non-cancelable operating lease at year-end are as follows:

	Year ended December 31, 2014 (Rs.)	Year ended December 31, 2013 (Rs.)
Lease payments for the year	33,737,622	33,308,882
Non-cancellable operating lease obligation:		
Not later than one year	32,813,895	22,534,439
Later than one year but not later than five years	63,962,935	51,264,956
Later than five years	13,826,304	6,688,176

The operating lease arrangements extend for a maximum of 9 years from their respective dates of inception. Some of the operating lease arrangements have price escalation clause at various periodic levels ranging from 0 to 8% includes option of renewal from 1 to 6 years and there are no restrictions imposed on lease arrangements.

29. Supplementary statutory information

29.1 (a) Directors' remuneration

Particulars	Year ended December 31, 2014 (Rs.)	Year ended December 31, 2013 (Rs.)
Salaries, wages and bonus	41,980,834	37,326,808
Contribution to provident fund	291,360	280,440
Total	42,272,194	37,607,248

Note:

As the future liability for gratuity and long term compensated absences is provided on an actuarial basis for the Company as a whole, the amount pertaining to the directors is not ascertainable and, therefore, not included above.

29.1 (b) Computation of net profit under Section 349 of the Companies Act, 1956 for calculation of managerial remuneration under Section 198 of the Companies Act, 1956.

			(Amount in Rs.)		
Sl. No.	Particulars	Year ended December 31, 2014	Year ended December 31, 2013		
	Profit after tax and before appropriation	750,289,488	365,521,996		
	Add:				
(i)	Loss on fixed assets sold / discarded	1,092,142	3,018,743		
(ii)	Provision for doubtful debts / advances (net)	378,596	14,958,943		
(iii)	Tax for the year	260,612,433	175,965,474		
(iv)	Depreciation and amortisation as per books of accounts	67,240,482	47,807,690		
(v)	Loss on liquidation of subsidiary	-	211,233		
	Less:				
(i)	Depreciation and amortisation as envisaged under Section 350 of the Companies Act*	67,240,482	47,807,690		
(ii)	Profit on sale of subsidiaries	240,687,515	-		
(iii)	Profit on buy back of subsidiary share	77,798,790	-		
(iv)	Profit on redemption of mutual fund	1,005,000	-		
(v)	Provision for diminution in the value of investment written back	74,645,041	-		
(vi)	Bad debts written off against provisions	56,277,668	-		
	Net Profit as per Section 349 of the Companies Act, 1956	561,958,645	559,676,389		
	Add:				
	Remuneration paid to the whole time directors	42,272,194	37,607,248		
	Net Profit for the purpose of managerial remuneration as per Section 198 of the Companies Act, 1956	604,230,839	597,283,637		
	Overall maximum remuneration to all managerial personnel at 10% of the net profits as calculated above	60,423,084	59,728,364		
	Overall maximum remuneration to individual managerial personnel at 5% of the net profits as calculated above	30,211,542	29,864,182		

* The Company depreciates fixed assets based on estimated useful lives that are lower than those implicit in Schedule XIV of the Companies Act, 1956. Accordingly, the rates of depreciation used by the Company are higher or equal than the minimum prescribed under Schedule XIV.

29.2 Earnings in foreign currency (on accrual basis)

	Year ended December 31, 2014 (Rs.)	Year ended December 31, 2013 (Rs.)
Sale of product and services	2,505,265,241	2,416,793,292
Dividend received from subsidiary	55,484,250	-
Proceeds from buyback of subsidiary share [refer note 31 (b)]	148,979,660	-
Proceeds from sale of subsidiaries [refer note 31 (d)]	330,841,488	-
Reimbursement of travel, communication and other costs*	46,528,849	38,084,223
Total	3,087,099,488	2,454,877,515

* Out of this Rs. 28,746,337 (previous year Rs. 35,991,300) is reimbursement for expenses which have been netted off from the respective expenses in the Statement of Profit and Loss and balance Rs. 17,782,512 (previous year Rs. 2,092,923) is reimbursement for purchase of fixed assets.

29.3 Expenditure in foreign currency (on accrual basis)

	Year ended December 31, 2014 (Rs.)	Year ended December 31, 2013 (Rs.)
Traveling and conveyance	165,040,145	164,496,225
Commission-others	7,145,685	5,964,635
Employee benefits expense	155,783,802	150,165,348
Communication expenses	17,880,567	18,819,935
Income tax	5,755,402	17,936,096
Cost of reimbursable capital assets	14,727,139	-
Cost of third party items	-	246,144
Other miscellaneous expenses	46,343,988	40,767,500
Total	412,676,728	398,395,883

29.4 Value of imports calculated on CIF basis

	Year ended December 31, 2014 (Rs.)	Year ended December 31, 2013 (Rs.)
Capital goods	16,532,523	42,340,963
Equipments received free of cost on returnable basis	3,206,015	7,145,483
Total	19,738,538	49,486,446

29.5 Remittance in foreign currency on account of dividend

Sl. No.	Particulars	Number of non-resident shareholders	Number of equity shares	Amount remitted (Rs.)	Amount remitted (USD)	Amount remitted (Rs.)	Amount remitted (USD)
				2014		2013	
(a)	Final Dividend for year ended December 31, 2012	14	4,179,987*	-	-	31,349,903	566,906
(b)	First Interim dividend for the year ended December 31, 2013	14	4,179,987*	-	-	10,449,968	169,780
(c)	Second Interim dividend for the year ended December 31, 2013	14	3,234,547*	-	-	27,493,650	430,935
(d)	Final Dividend for year ended December 31, 2013	12	41,200,220	39,140,209	667,694	-	-
(e)	First Interim dividend for the year ended December 31, 2014	12	41,200,220	39,140,209	649,846	-	-
(f)	Second Interim dividend for the year ended December 31, 2014	12	39,875,220	19,937,610	328,137	-	-
(g)	Third Interim dividend for the year ended December 31, 2014	12	39,574,220	35,616,798	575,904	-	-

* No. of equity shares were based on face value of Rs. 10/- per share i.e. before subdivision of shares.

- 30.** During the year ended December 31, 2006, Government of India has promulgated an Act namely The Micro, Small and Medium Enterprises Development Act, 2006 which comes into force with effect from October 2, 2006. As per the Act, the Company is required to identify the Micro, Small and Medium suppliers and pay interest to micro and small enterprises on overdue beyond the specified period irrespective of the terms agreed with the suppliers. For the purpose of identification of such suppliers, the Company has sent confirmations to all its suppliers. Based upon the confirmations received so far and the supplier profile available with the Company, the management believes that there are no dues to such suppliers

Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006	As at December 31, 2014 (Rs.)	As at December 31, 2013 (Rs.)
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	Nil	Nil
The amount of interest paid by the buyer in terms of Section 16 of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	Nil	Nil
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	Nil	Nil
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro Small and Medium Enterprise Development Act, 2006	Nil	Nil

- 31. (a)** During earlier years, the Company had acquired shares in ECnet Limited, a company incorporated in Singapore at a total consideration of Rs. 34,938,958. During the year ended December 31, 2005, the Company had based upon an order of High Court of Delhi written down the investment value to Rs. 10,443,237 and adjusted the write off of Rs. 24,495,721 against the Securities Premium Account as this had not been represented by available assets.

During the year ended December 31, 2007, the Company had settled the liabilities towards certain erstwhile shareholders. As a result thereof, the deferred payment compensation of Rs. 14,452,222 was released, as considered appropriate by the management. Out of above, Rs. 10,442,237 had been adjusted against the value of the investment. The reassessed amount payable Rs. 12,850,989 (reinstated as at December 31, 2014) [Previous year Rs. 13,153,262 (reinstated as at December 31, 2013)] is shown under 'Other current liabilities'.

- (b)** During the year ended December 31, 2011, the Company had acquired 100% shares of Computaris International Limited, UK (Computaris) on January 26, 2011 for a maximum consideration of GBP 9 million out of which GBP 4.25 million was the initial payout and balance was based on earn outs as well as fulfillment of certain condition by the erstwhile shareholders of Computaris over the next two years.

During the year ended December 31, 2013, the management basis the settlement entered into with erstwhile shareholders of Computaris, has agreed the final consideration at Rs. 421,812,565 and accordingly adjusted the investments value by Rs. 17,209,661.

The Board of Directors at its meeting held on July 07, 2014 has approved the offer of buy-back from Computaris International Limited (a wholly owned subsidiary) of 13,500 shares held by the Company in the said subsidiary at the rate of GBP 111.38 per share amounting to for a consideration of Rs. 148,979,660. The aforesaid buy-back proceeds have been received by the Company on September 17, 2014. Even after this buy-back, Computaris International Limited continues to remain wholly owned subsidiary of the Company. The profit on the buy-back amounting to Rs. 77,798,790 is included in 'Exceptional items' in the financial statements.

- (c)** During the year ended December 31, 2014, the Company has received Rs. 55,484,250 as dividend from R Systems Europe B.V., its wholly owned subsidiary in Netherlands.

- (d) On November 27, 2014, the Company has transferred Europe BPO Business by way of sale of its 100% holding in R Systems Europe B.V., Netherlands and R Systems S.A.S., France, being wholly owned subsidiaries, to Customer Contact Management Group B.V. ("CCMG") a Europe based company by executing the Share Sale Agreement along with other necessary documents for a sale consideration of Euro 4.70 million (Rs. 357,469,488). Accordingly, the Company has reversed the provision considered in earlier period towards diminution in the value of investment amounting to Rs. 42,052,275 and Rs. 32,592,766 for R Systems Europe B.V., Netherlands and R Systems S.A.S., France respectively. These reversals are included in 'Exceptional items' in the financial statements. Out of the sale consideration, Euro 0.35 million (Rs. 26,628,000) has been placed in an escrow account in the Netherlands pursuant to the provision of the Share Sale Agreement. The profit on sale amounting to Rs. 176,158,238 and Rs. 64,529,277 for R Systems Europe B.V., Netherlands and R Systems S.A.S., France respectively are included in 'Exceptional items' in the financial statements.
- (e) As at December 31, 2014, the net worth of R Systems Singapore Pte. Limited and ECnet Limited is partially eroded. However the Company, based on future business plans of these subsidiaries and the continued financial support by the Company to these subsidiaries, does not consider the diminution in its investment value to be permanent.
- (f) On July 11, 2014, the Company incorporated a wholly owned subsidiary in India, namely, R Systems Products & Technologies Limited ("RSPTL"). The shareholders of the Company by passing special resolution through postal ballot on September 23, 2014 have accorded necessary approval for transfer of Indus IT Product and Service business operated out of Pune and Chennai centres to RSPTL to pursue opportunities for its further sale or disinvestment. The said transfer will be on a going concern basis by way of slump sale, for consideration of Rs. 783,900,000 to be discharged by RSPTL through issuance of equity / debenture / loan and / or any other securities, on the terms and conditions as may be agreed by the Board of Directors of the Company and RSPTL. Accordingly, the aforesaid Indus IT Product and Service business, being part of Information technology services and products segment, is considered as "Discontinuing Operations" for the purpose of the financial statements of the Company. As on date of approval of these financials statements, the date of completion of the discontinuance is not yet finalised.

The carrying amount of assets and liabilities attributable to the said operations included in the financial statements are as follows:

	As at December 31, 2014 (Rs.)	As at December 31, 2013 (Rs.)
Total Assets	395,920,485	512,533,265
Total Liabilities	192,242,733	144,746,235
Net Assets	203,677,752	367,787,030

The revenue and expenses attributable to the discontinuing operations included in the financial statements are as follows:

Particulars	(Amount in Rs.)	
	Year Ended December 31, 2014	Year Ended December 31, 2013
Income		
Revenue from operations	830,141,971	711,395,374
Other income	11,199,504	16,737,797
Total revenue	841,341,475	728,133,171
Expenses		
Employee benefits expense	472,051,323	406,705,802
Operational and other expenses	227,514,476	197,984,683
Depreciation and amortisation expense	18,532,326	15,232,408
Finance costs	737,267	742,763
Total expenses	718,835,392	620,665,656
Profit before tax	122,506,083	107,467,515
Tax expense		
Current tax	34,712,337	37,503,761
Deferred tax charge / (credit)	6,927,481	(1,204,996)
Total tax expense	41,639,818	36,298,765
Profit after tax	80,866,265	71,168,750

The revenue and expenses attributable to the continuing operations included in the financial statements are as follows:

Particulars	(Amount in Rs.)	
	Year Ended December 31, 2014	Year Ended December 31, 2013
Income		
Revenue from operations	2,080,670,582	1,986,638,417
Other income	123,642,181	24,949,085
Total revenue	2,204,312,763	2,011,587,502
Expenses		
Employee benefits expense	1,309,380,992	1,195,337,904
Operational and other expenses	347,409,641	347,600,370
Depreciation and amortisation expense	48,708,156	32,575,282
Finance costs	3,549,482	2,053,991
Total expenses	1,709,048,271	1,577,567,547
Profit before tax and exceptional items	495,264,492	434,019,955
Exceptional items	393,131,346	-
Profit before tax	888,395,838	434,019,955
Tax expense		
Current tax	212,819,816	153,370,823
MAT credit entitlement (related to earlier years)	-	(12,321,134)
Deferred tax charge / (credit)	6,152,799	(1,382,980)
Total tax expense	218,972,615	139,666,709
Profit after tax	669,423,223	294,353,246

Net cash flow attributable to the discontinuing operations included in the financial statements is as follows:

Particulars	(Amount in Rs.)	
	For the year ended December 31, 2014	For the year ended December 31, 2013
A. Cash flows from / (used in) operating activities	211,174,308	(2,861,619)
B. Cash flows from / (used in) investing activities	(18,803,485)	(11,947,672)
C. Cash flows from / (used in) financing activities	-	-

Inter unit transactions between continuing and discontinuing operations have been excluded

- (g) During the year ended December 31, 2010, the Board of Directors of the Company and R Systems NV, Belgium (wholly owned subsidiary of the Company) had approved the liquidation of R Systems NV, Belgium subject to the required statutory and corporate approvals in India and Belgium. The above said liquidation had been completed on June 24, 2013, in compliance with the applicable laws of India and Belgium.

During the year ended December 31, 2013, out of the investments value of Rs. 3,471,640, Rs. 223,662 has been received and balance Rs. 3,247,978 has been written off as loss on liquidation of a subsidiary by utilising Rs. 3,036,745 provision created in earlier years towards long term diminution, thus the net loss on liquidation of Rs. 211,233 is disclosed under 'Operational and other expenses'.

32. (a) R Systems International Limited - Year 2004 Employee Stock Option Plan ('the plan')

The Company had instituted the plan for all eligible employees as specified in the rules in pursuance of the special resolution duly approved by the shareholders. The plan provides for the issuance of 997,500 options for equity shares of face value of Rs. 10 each, to eligible employees as recommended by the Compensation Committee constituted for this purpose.

The plan is administered by a Compensation Committee and exercise price is "1.60 times the Book Value of the Share as per the audited balance sheet as on December 31, 2003 i.e. Rs. 42 per Share or 1.60 times of the book value as per immediate previous accounting year audited balance sheet rounded off to nearest rupee as on the date of Exercise whichever is higher", till the time equity shares of the Company are not listed. Once the equity shares are listed, the exercise price is prevailing price or stock price i.e. the latest available closing price, prior to the date of the meeting of the Board of Directors in which options are granted / shares are issued, on the stock exchange on which the shares of the Company are listed.

During the year ended December 31, 2006, the Company had consolidated each of its five equity shares of Rs. 2 each into one equity share of Rs. 10 each and then issued 1:1 bonus share to each of the then existing shareholder (excluding the option holders) by utilisation of Securities Premium Account in terms of the provisions of Section 78 of the Companies Act, 1956. Considering these changes in the capital structure, the management had adjusted the number of options vesting to its employees and exercise price to preserve the benefits intended to be made available under the plan i.e. instead of five options of Rs. 2 per share, the employees' entitlement had been adjusted to one option of Rs. 10 per share and instead of earlier exercise price of Rs. 42 per share for each Rs. 2 share, the exercise price had been accordingly adjusted to Rs. 105 per equity share. During the year ended December 31, 2008, the Company had obtained a legal opinion confirming that the adjustments undertaken to the number of options vesting to its employees and exercise price, pursuant to the consolidation and subsequent bonus issue during the year ended December 31, 2006, does not tantamount to modification and no additional benefit was offered to the existing option holders. Further, as explained in note 33 (b) regarding sub-division of equity shares of Rs. 10 each into 10 equity shares of Re. 1 each, the exercise price is accordingly adjusted from Rs. 105 per share to Rs. 10.50 per share.

The vesting period is 4 years (25% in each year) commencing from the date of grant under the plan. The eligible employees have an option to exercise it over a period of 10 years from the date of grant under the plan. As per the plan, the Compensation Committee cannot grant any outstanding options after August 31, 2014, therefore there are no grants outstanding for determination by the Compensation Committee. The movement in the options during the year ended December 31, 2014 and year ended December 31, 2013 [after making adjustment for subdivision of equity shares as explained in note 33 (b)] is set out below:

	Year ended December 31, 2014	Year ended December 31, 2013
	(Nos.)	(Nos.)
At the beginning		
- Grants outstanding under the plan (Re. 1 per share)	515,400	560,350
- Grants pending determination by the Compensation Committee (Re. 1 per share)	931,250	886,300
During the year		
- Options granted (Re. 1 per share)	-	-
- Options exercised (Re. 1 per share)	-	-
- Options/grants lapsed or surrendered (Re. 1 per share)	1,344,500	44,950
At the end		
- Grants outstanding under the plan (Re. 1 per share)	102,150	515,400
- Grants pending determination by the Compensation Committee (Re.1 per share)	-	931,250

The weighted average remaining contractual life for the stock options as at December 31, 2014 is 11.54 months (Previous year 9.10 months).

(b) Indus Software Employees Stock Option Plan – Year 2001 ('the plan'):

Indus Software Private Limited ('Indus') had outstanding options aggregating 21,967 equity shares as on March 31, 2002, to be issued to the eligible employees under the Indus Software Employees Stock Option Plan – Year 2001 under various vesting periods as specified in the said Plan, duly approved by the erstwhile shareholders. Indus had established "Indus Software Employees Welfare Trust" ('the Indus Trust') to administer the plan, as approved by the members, for the benefits of the Company's employees and had provided an interest free loan of Rs. 3,382,792. Consequently, Indus had allotted 21,967 equity shares of Rs. 10 each at a premium of Rs. 144 per equity share to the Indus Trust to be further issued to the Indus' eligible employees on the exercise of the underlying options granted to them.

As a result of the merger of Indus with the Company, all employees had surrendered their options in favour of the Indus Trust to enable them to obtain options for shares in R Systems International Limited after the merger. Also, the Company had issued 206,822 equity shares of Rs. 2 each at a premium of Rs. 113.42 per share to the Indus Trust in exchange of 21,967 equity shares of Indus, apropos to the agreed swap ratio. During the earlier years out of the said 206,822 shares 22,079 shares were issued to the employees on exercise of options.

The Company had consolidated each of its five equity shares of Rs. 2 each into one equity share of Rs. 10 each on January 30, 2006 and then issued 1:1 bonus share to each of the then existing shareholder by utilisation of Securities Premium Account in terms of the provisions of Section 78 of the Companies Act, 1956 and further sub-division of each of the equity shares of Rs. 10 each into 10 equity shares of Re. 1 each as per record date of February 28, 2014, consequently the total number of shares issued are now 738,980 equity shares of Re. 1 each. Accordingly an amount of Rs. 738,980 and Rs. 2,282,728 is shown as deduction from Issued, subscribed and paid-up capital and Securities Premium Account respectively as suggested by the "Guidance Note on Accounting for Employee Share-based Payments" issued by The Institute of Chartered Accountants of India.

The movement in the options (in equivalent number of shares of the Company) held by the Trust during the year ended December 31, 2014 and the year ended December 31, 2013 [after making adjustment for sub-division of equity shares as explained in note 33 (b)] is set out below:

	Year ended December 31, 2014	Year ended December 31, 2013
	(Nos.)	(Nos.)
<u>At the beginning</u>		
- Grants outstanding under the plan (Re. 1 per share)		
- Grants pending determination by the Compensation Committee (Re. 1 per share)	738,980	738,980
<u>During the year</u>		
- Options granted (Re. 1 per share)	-	-
- Options exercised (Re. 1 per share)	-	-
- Options/grants lapsed or surrendered (Re. 1 per share)	-	-
<u>At the end</u>		
- Grants outstanding under the plan (Re. 1 per share)		-
- Grants pending determination by the Compensation Committee (Re.1 per share)	738,980	738,980

(c) R Systems International Limited – Year 2004 Employees Stock Option Plan ECnet ('the plan')

The Company had instituted the plan for all eligible employees in pursuance of the special resolution duly approved by the shareholders. The plan provides for the issuance of 1,000,000 options to eligible employees as recommended by the Compensation Committee constituted for this purpose.

The plan is administered by a Compensation Committee and exercise price is "book value of the share as per the audited balance sheet as on December 31, 2003 i.e. Rs. 26 or as on the date of exercise, the book value as per immediate previous accounting year audited balance sheet rounded off to nearest rupee whichever is higher" till the time equity shares of the Company are not listed. Once the equity shares are listed, the exercise price is prevailing price or stock price i.e. the latest available closing price, prior to the date of the meeting of the Board of Directors in which options are granted / shares are issued, on the stock exchange on which the shares of the Company are listed.

During the year ended December 31, 2006, the Company had consolidated each of its five equity shares of Rs. 2 each into one equity share of Rs. 10 each and then issued 1:1 bonus share to each of the then existing shareholder (excluding the option holders) by utilisation of Securities Premium Account in terms of the provisions of Section 78 of the Companies Act, 1956. Considering these changes in the capital structure, the management had adjusted the number of options vesting to its employees and exercise price to preserve the benefits intended to be made available under the plan i.e. instead of five options of Rs. 2 per share, the employees' entitlement had been adjusted to one option of Rs. 10 per share and instead of earlier exercise price of Rs. 26 per share for each Rs. 2 share, the exercise price had been accordingly adjusted to Rs. 65 per equity share. During the year ended December 31, 2008, the Company had obtained a legal opinion confirming that the adjustments undertaken to the number of options vesting to its employees and exercise price, pursuant to the consolidation and subsequent bonus issue during the year ended December 31, 2006, does not tantamount to modification and no additional benefit was offered to the existing option holders. Further, as explained in note 33 (b) regarding sub-division of equity shares of Rs. 10 each into 10 equity shares of Re. 1 each, the exercise price is accordingly adjusted from Rs. 65 per share to Rs. 6.50 per share.

The vesting period is 4 years (40% in 1st year & 20% in 2nd, 3rd & 4th year) commencing from the date of grant under the plan. The eligible employees have an option to exercise it over a period of 10 years from the date of grant under the plan. During the year ended December 31, 2014 the scheme has been lapsed and therefore there are no grants outstanding for determination by the Compensation Committee. The movement in the options during the year ended December 31, 2014 and year ended December 31, 2013 [after making adjustment for subdivision of equity shares as explained in note 33 (b)] is set out below:

	Year ended December 31, 2014	Year ended December 31, 2013
	(Nos.)	(Nos.)
<u>At the beginning</u>		
- Grants outstanding under the plan (Re. 1 per share)	62,000	62,000
- Grants pending determination by the Compensation Committee (Re. 1 per share)	1,238,410	1,238,410
<u>During the year</u>		
- Options granted (Re. 1 per share)	-	-
- Options exercised (Re. 1 per share)	-	-
- Options/grants lapsed or surrendered (Re. 1 per share)	1,300,410	-
<u>At the end</u>		
- Grants outstanding under the plan (Re. 1 per share)	-	62,000
- Grants pending determination by the Compensation Committee (Re.1 per share)	-	1,238,410

The weighted average remaining contractual life for the stock options as at December 31, 2014 is Nil (Previous year 8 months).

(d) R Systems International Limited Employee Stock Option Scheme 2007 ('the plan')

During the year 2007, the Company had instituted the plan for all eligible employees as specified in the rules in pursuance of the special resolution duly approved by the shareholders. The plan provides for the issuance of 650,000 options to eligible employees as recommended by the Compensation Committee constituted for this purpose.

The plan is administered by a Compensation Committee and exercise price is Rs. 120.70 being the latest available closing price, prior to the date of the meeting of the Board of Directors / Compensation Committee held on July 11, 2007 in which options were granted, on the stock exchange on which the shares of the Company are listed. Accordingly, the intrinsic value of Employee Stock Option is taken as Rs. Nil. Further, as explained in note 33 (b) regarding sub-division of equity shares of Rs. 10 each into 10 equity shares of Re. 1 each, the exercise price is accordingly adjusted from Rs. 120.70 per share to Rs. 12.07 per share.

The vesting period is 4 years (25% in each year) commencing from the date of grant under the plan. The eligible employees have an option to exercise it over a period of 10 years from the date of grant under the plan. The movement in the options during the year ended December 31, 2014 and year ended December 31, 2013 [after making adjustment for sub-division of equity shares as explained in note 33 (b)] is set out below:

	Year ended December 31, 2014	Year ended December 31, 2013
	(Nos.)	(Nos.)
<u>At the beginning</u>		
- Grants outstanding under the plan (Re. 1 per share)	1,049,280	2,556,780
- Grants pending determination by the Compensation Committee (Re. 1 per share)	1,965,000	1,905,000
<u>During the year</u>		
- Options granted (Re. 1 per share)	-	-
- Options exercised (Re. 1 per share)	804,000	1,447,500
- Options/grants lapsed or surrendered (Re. 1 per share)	-	60,000
<u>At the end</u>		
- Grants outstanding under the plan (Re. 1 per share)	245,280	1,049,280
- Grants pending determination by the Compensation Committee (Re.1 per share)	1,965,000	1,965,000

For options exercised during the period, the weighted average share price at the exercise date was Rs. 49.72 per share (Previous year Rs. 23.42)

The weighted average remaining contractual life for the stock options as at December 31, 2014 is 31 months (Previous year 43 months).

- (e) For the purpose of valuation of the options granted before year ended December 31, 2004, the management obtained fair value of the options at the date of grant under respective schemes from a firm of Chartered Accountants to determine accounting impact, if any, of options granted over the periods. In the considered opinion of the valuer, the fair value of option determined using 'Black Scholes Valuation Model' under each of above schemes [except R Systems International Limited Employee Stock Option Scheme 2007 refer 32 (d) above] is "Nil" and thus no accounting thereof is required.

The assumptions used for the purpose of determination of fair value are stated below:

Assumptions	Unit	Scheme (a) *	Scheme (b) **	Scheme (c) ***	Comments by the valuer
Strike price	Rs.	42	154	26	
Current share price	Rs.	16	140	16	Taken on the basis of NAV and PECV method of valuation.
Expected option life	No. of Years	5	2.5	5	Being half of the maximum option life.
Volatility	%	1	0.5	1	In case of unlisted shares, the volatility may be taken as zero. Verma committee also recommends this.
Risk free return	%	7	11.3	7	Zero coupon rate estimated from trading government securities for a maturity corresponding to expected life of option - taken from sites of NSE and / or BSE.
Expected dividend Yield	%	-	15	-	Company has no set policy so dividend taken as zero. In case of Indus plan, as the dividend had been paid by the erstwhile company, it has been assumed at 15%.

*: R Systems International Ltd. - Year 2004 Employee Stock Option Plan under which the price was based on Rs. 2 per share.

** : Indus Software Employees Stock Option Plan - Year 2001 under which originally the price was based on Rs. 10 per share for 21,967 shares. As a result of amalgamation of Indus Software Private Limited into R Systems, R Systems had issued 206,822 equity shares of Rs. 2 each pursuant to the swap ratio approved by Hon'ble High Courts of Delhi and Mumbai.

***: R Systems International Ltd. - Year 2004 Employee Stock Option Plan - ECnet under which the price was based on Rs. 2 per share. The details given above for plan (a), (b) and (c) are before making the required adjustments in relation to consolidation of each of the 5 equity shares of Rs. 2 each into 1 equity share of Rs. 10 each as approved by the shareholders in the year ended December 31, 2006 and further sub-division of each of the equity shares of Rs. 10 each into 10 equity shares of Re. 1 each as per record date of February 28, 2014.

Further, for the purpose of valuation of the options granted during the year 2005 under R Systems International Limited- Year 2004 Employee Stock Option Plan, the management obtained fair value of the options at the date of grant from a firm of Chartered Accountants, to determine accounting impact, if any, of options granted. In the considered opinion of the valuer, the fair value of these option determined using 'Black Scholes Valuation Model' is "Nil" and thus no accounting thereof is required.

The assumptions used by the valuer for the purpose of determination of fair value are stated below:

Assumptions	Unit	Scheme	Comments by the valuer
Strike price	Rs.	42	
Current share price	Rs.	13.58	Taken on the basis of NAV and PECV method of valuation.
Expected option life	No. of Years	5	Being half of the maximum option life.
Volatility	%	1	In case of unlisted shares, the volatility may be taken as zero. Verma committee also recommends this.
Risk free return	%	7.42	Zero coupon rate estimated from trading government securities for a maturity corresponding to expected life of option - taken from sites of NSE.
Expected dividend Yield	%	-	Company has no set policy so dividend taken as zero.

The above information is based on Rs. 2 per share prior to consolidation of 5 equity shares of Rs. 2 each into one equity share of Rs. 10 each and subsequent allotment of bonus shares in the ratio of 1 : 1 and further sub-division of each of the equity shares of Rs. 10 each into 10 equity shares of Re. 1 each as per record date of February 28, 2014.

- (f) For the purpose of valuation of the options granted during the year ended December 31, 2007 under R Systems International Limited Employee Stock Option Scheme – 2007, the compensation cost relating to Employee Stock Options, calculated as per the intrinsic value method is Nil.

The management obtained fair value of the options at the date of grant from a firm of Chartered Accountants. In the considered opinion of the valuer, the fair value of these options determined using 'Black Scholes Valuation Model' is "Rs. 50.73" per option.

The assumptions used by the valuer for the purpose of determination of fair value are stated below:

Assumptions	Unit	Scheme	Comments by the valuer
Strike price	Rs.	120.70	
Current share price	Rs.	118.50	Price on the date of grant by Board of Directors i.e. closing price on July 11, 2007
Expected option life	No. of Years	4	Being the vesting period.
Volatility	%	44	On the basis of industry average.
Risk free return	%	7	Zero coupon rate estimated from trading government securities for a maturity corresponding to expected life of option – taken from sites of NSE.
Expected dividend Yield	%	0.86	Company has declared Dividends of 12% in the past. Assuming that it will continue declaring similar dividends in future.

The above information is based on Rs.10 per share before sub-division of each of the equity shares of Rs. 10 each into 10 equity shares of Re. 1 each as per record date of February 28, 2014.

In March 2005 the ICAI has issued a guidance note on "Accounting for Employees Share Based Payments" applicable to 'employee share based plan' the grant date in respect of which falls on or after April 1, 2005. The said guidance note requires the Proforma disclosures of the impact of the fair value method of accounting of employee stock compensation in the financial statements. Since the Company used the intrinsic value method the impact on the reported net profit and earnings per share by applying the fair value based method is as follows:

Particulars	(Amount in Rs.)	
	Year ended December 31, 2014	Year ended December 31, 2013
Profit after tax	750,289,488	365,521,996
Add: Intrinsic Value Compensation Cost	-	-
Less: Fair Value Compensation Cost*	-	-
Adjusted Pro-forma Profit after tax	750,289,488	365,521,996
Earnings Per Share [refer note 33 (b)]		
Basic [Nominal value of shares Re. 1 (Previous year: Re. 1)]		
- As reported	5.90	2.90
- Pro-forma	5.90	2.90
Diluted [Nominal value of shares Re. 1 (Previous year: Re. 1)]		
- As reported	5.90	2.90
- Pro-forma	5.90	2.90

*All granted options have been vested during earlier years.

33. (a) Earnings per share (EPS)

Particulars	(Amount in Rs.)	
	Year ended December 31, 2014	Year ended December 31, 2013
Net profit after tax (Rs.)	750,289,488	365,521,996
Weighted average number of equity shares for calculating Basic and Diluted EPS [refer note 33 (b)]	127,239,931	126,141,050
Basic [Nominal value of shares Re. 1 (Previous year: Re. 1)] (Rs.)	5.90	2.90
Diluted [Nominal value of shares Re. 1 (Previous year: Re. 1)] (Rs.)	5.90	2.90

Continuing Operations

Particulars	Year ended December 31, 2014	Year ended December 31, 2013
Net profit after tax (Rs.)	669,423,223	294,353,246
Weighted average number of equity shares for calculating Basic and Diluted EPS [refer note 33 (b)]	127,239,931	126,141,050
Basic [Nominal value of shares Re. 1 (Previous year: Re. 1)] (Rs.)	5.26	2.33
Diluted [Nominal value of shares Re. 1 (Previous year: Re. 1)] (Rs.)	5.26	2.33

- (b) Pursuant to the approval of the shareholders accorded by passing necessary resolution through Postal Ballot on January 14, 2014, each equity share of face value of Rs. 10/- each of the Company was sub-divided into ten equity shares of face value of Re. 1/- each fully paid up. The sub-division has been given effect as per record date fixed by the Board of Directors i.e. February 28, 2014.

Accordingly, the number of equity shares in Note No. 3 and 32 (a) to (d) (including the previous period comparative numbers) has been stated based on face value of Re. 1/- each. Further, for the purpose of computing Earnings Per Share, the effect of sub-division had been considered in accordance with the requirements of Accounting Standard - 20 "Earnings Per Share" in all comparable periods.

34. Post-employment benefits

The Company has funded defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on separation equal to 15 days salary (last drawn salary) for each completed year of continuous service or part thereof in excess of six months subject to a maximum of Rs. 1,000,000.

The following table summarises the components of net employee benefits expense recognised in the Statement of Profit and Loss.

Particulars	(Amount in Rs.)	
	Year ended December 31, 2014	Year ended December 31, 2013
Current service cost	14,241,689	14,079,885
Interest cost on benefit obligation	7,162,357	7,295,836
Expected return on plan assets	(353,758)	(195,282)
Net actuarial (gain) / loss recognised in the year	9,924,442	(10,531,738)
Net employee benefits expense (refer note 18)	30,974,730	10,648,701
Actual return on plan assets	370,063	210,141

Details of defined benefit gratuity plan

Particulars	(Amount in Rs.)	
	As at December 31, 2014	As at December 31, 2013
Defined benefit obligation	102,262,322	81,424,215
Fair value of plan assets	3,681,619	4,549,747
Plan liability / (asset)	98,580,703	76,874,468

Changes in the present value of the defined benefit gratuity plan are as follows:

Particulars	(Amount in Rs.)	
	Year ended December 31, 2014	Year ended December 31, 2013
Opening defined benefit obligation	81,424,215	78,143,622
Interest cost	7,162,357	7,295,837
Current service cost	14,241,689	14,079,886
Benefits paid	(10,506,685)	(7,578,249)
Actuarial (gains) / losses on obligation	9,940,746	(10,516,880)
Closing defined benefit obligation	102,262,322	81,424,215

Changes in the fair value of plan assets are as follows:

Particulars	(Amount in Rs.)	
	Year ended December 31, 2014	Year ended December 31, 2013
Opening fair value of plan assets	4,549,747	-
Expected return	353,758	195,282
Contributions by the employer	5,005,000	5,000,000
Benefits paid	(6,243,190)	(660,394)
Actuarial gains / (losses) on obligation	16,304	14,859
Closing fair value of plan assets	3,681,619	4,549,747

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	Year ended December 31, 2014	Year ended December 31, 2013
Investments with insurer	100%	100%

The principal assumptions used in determining defined benefit gratuity plan obligations is shown below:

Particulars	Year ended December 31, 2014	Year ended December 31, 2013
Discount rate	7.90% p.a.	9.25% p.a.
Expected rate of return on plan assets	8.75% p.a.	9.00% p.a.
Salary Escalation Rate	10% for 1st year & 7% thereafter	10% for 1st year & 7% thereafter
Attrition rate:	As per table below	As per table below

Attrition rate used for the year ended December 31, 2014 and year ended December 31, 2013 are as per the table below:

Age (Years)	Rates
Below Age 30	15%
Age 30 to 34	10%
Age 35 to 44	5%
Age 45 to 50	3%
Age 51 to 54	2%
Age above 54	1%

The estimates of future salary increases takes into account the inflation, seniority, promotion and other relevant factors.

Amounts for the current and previous four years are as follows:

	(Amount in Rs.)				
	December 31, 2014	December 31, 2013	December 31, 2012	December 31, 2011	December 31, 2010
Defined benefit obligation	102,262,322	81,424,215	78,143,622	62,937,379	57,825,653
Plan assets	3,681,619	4,549,747	-	-	-
Surplus / (deficit)	(98,580,703)	(76,874,468)	(78,143,622)	(62,937,379)	(57,825,653)
Experience (Gains)/ Losses adjustments on plan liabilities	(4,196,352)	(3,130,879)	2,63,983	1,934,614	(2,914,547)
Experience adjustments on plan assets	16,304	14,859	-	-	-

35. Particulars of Derivative Instruments and Unhedged Foreign Currency Exposure as at December 31, 2014 and December 31, 2013:

As of December 31, 2014, the Company has derivative financial instruments to sell USD 14,750,000 (Previous year USD 11,450,000), EURO 1,200,000 (Previous year EURO 750,000) and put options USD 150,000 (Previous year Nil). The Company has not applied hedge accounting as these instruments do not qualify for hedge accounting. The Company has recognised mark-to-market loss of Rs. 549,541 (Previous year loss of Rs. 22,918,617) relating to such derivative financial instruments in the Statement of Profit and Loss for the year ended December 31, 2014.

The particulars of Unhedged Foreign Currency Exposure as at December 31, 2014 and December 31, 2013 are as below:

	Currency	Foreign Currency amount		Closing foreign exchange rate		Amount (in Rs.)	
		December 31,		December 31,		December 31,	
		2014	2013	2014	2013	2014	2013
Liabilities							
Deferred compensation to erstwhile-shareholders of subsidiary	SGD	269,285	269,285	47.72	48.85	12,850,989	13,153,262
Trade payables	USD	799,883	845,758	63.04	61.81	50,420,604	52,272,064
	SGD	12,890	14,611	47.72	48.85	615,163	713,671
Assets							
Trade receivables (Gross)	USD	6,161,323	6,910,926	63.04	61.81	388,379,008	427,129,807
	EURO	1,288,764	1,794,370	76.59	85.10	98,699,984	152,706,271
	GBP	132,663	111,344	98.31	102.14	13,042,409	11,372,676
	SGD	35,438	-	47.72	-	1,691,166	-
	AUD	-	4,000	-	55.09	-	220,350
	CHF	56,950	226,516	63.70	69.38	3,627,715	15,716,374
	CAD	242,308	14,877	54.42	58.05	13,187,003	863,647
Loans and advances	USD	33,115	54,685	63.04	61.81	2,087,407	3,379,797
	SGD	24,815	24,000	47.72	48.85	1,184,244	1,172,280
	CAD	15	-	54.42	-	808	-
	EURO	-	42	-	85.10	-	3,582
Bank balances	USD	1,140,682	1,508,153	63.04	61.81	71,902,872	93,211,416
	EURO	113,684	266,125	76.59	85.10	8,706,494	22,648,033
	GBP	926	-	98.31	-	91,037	-
	JPY	-	2,094,105	-	0.59	-	1,233,428
	CHF	94,595	160,662	63.70	69.38	6,025,694	11,147,199

The below table shows the detail of different currencies:

Sl. No.	Currency Abbreviation	Name of Currency	Country
1	GBP	Great Britain Pound	United Kingdom
2	EURO	Euro	European Union
3	CHF	Swiss Franc	Switzerland
4	USD	US Dollar	United States
5	AUD	Australian dollar	Australia
6	SGD	Singapore Dollar	Singapore
7	JPY	Japanese Yen	Japan
8	CAD	Canadian Dollar	Canada

36. Cash and bank balances:

(Amount in Rs.)

Sl. No.	Particulars	As at December 31, 2014	As at December 31, 2013
	Cash on hand (A)	162,955	357,431
	Cheques on hand (B)	-	1,100,000
	Balance with scheduled banks		
	On current accounts		
1	ICICI Bank Limited	82,121,855	3,180,957
2	HDFC Bank Limited	5,894,989	495,419
3	Oriental Bank of Commerce	78,437	48,979
4	State Bank of India	4,896,668	4,994,389
5	Axis Bank Limited	25,263,893	12,305,527
6	State Bank of Bikaner & Jaipur	66,392	99,653
7	Kotak Mahindra Bank Limited	93,854	116,117
8	The Ratnakar Bank Limited	79,985	318,244
	Total (C)	118,496,073	21,559,285
	On cash credit / overdraft accounts*		
1	Axis Bank Limited	-	-
	Total (D)	-	-
	On EEFC accounts		
1	ICICI Bank Limited-USD	22,567,090	1,443,510
2	State Bank of India -USD	3,606,650	1,061,243
3	Axis Bank Limited-USD	22,199,151	48,218,566
4	Axis Bank Limited-EURO	8,706,494	22,648,033
5	Axis Bank Limited-GBP	91,037	-
6	Axis Bank Limited-CHF	6,025,694	11,147,199
	Total (E)	63,196,116	84,518,551
	On deposit accounts		
1	Oriental Bank of Commerce	76,838,828	15,006,473
2	State Bank of India	7,674,574	12,976,807
3	ICICI Bank Limited	31,862,529	2,201,324
4	State Bank of Bikaner & Jaipur	195,300,000	88,850,000
5	Axis Bank Limited	20,755,350	220,909,163
6	Kotak Mahindra Bank Limited	110,200,000	22,938,855
	Total (F)	442,631,281	362,882,622
	On unclaimed dividend accounts		
1	HDFC Bank Limited	1,968,014	1,404,250
2	Kotak Mahindra Bank Limited	116,688	155,125
	Total (G)	2,084,702	1,559,375
	On unpaid dividend accounts		
1	HDFC Bank Limited	325,019,379	-
	Total (H)	325,019,379	-
	Escrow account for buyback		
1	Kotak Mahindra Bank Limited [refer note 3 (f)]	15,000,000	-
	Total (I)	15,000,000	-

(Amount in Rs.)

Sl. No.	Particulars	As at December 31, 2014	As at December 31, 2013
	Balance with other banks		
	On current accounts		
1	California Bank & Trust, USA	23,529,981	42,488,096
2	Sumitomo Mitsui Banking Corporation, Japan	-	1,233,428
	Total (J)	23,529,981	43,721,524
	Less: Amount disclosed under other non- current assets (refer note 14.2)	48,692,453	(74,140,771)
	Total cash and bank balances (refer note 15)	941,428,034	441,558,017

* Cash credit limit / Bank guarantee / Loan equivalent risk / Letter of credit is secured by first charge by way of hypothecation of entire current assets and collateral over an immovable property situated in Noida.

37. Previous year figures have been regrouped / reclassified where necessary to make them comparable to the current year classification.

As per our report of even date.

For S.R. Batliboi & Associates LLP
ICAI Firm registration number: 101049W
 Chartered Accountants

For and on behalf of the Board of Directors of R Systems International Limited

Sd/- per Yogender Seth Partner Membership No. 94524 Place: NOIDA Date : February 07, 2015	Sd/- Satinder Singh Rekhi [Managing Director] [DIN: 00006955] Place : Singapore Date : February 07, 2015	Sd/- Lt. Gen. Baldev Singh (Retd.) [President & Senior Executive Director] [DIN: 00006966] Place: NOIDA Date : February 07, 2015	Sd/- Raj Swaminathan [Director & Chief Operating Officer] [DIN: 00788158] Place : NOIDA Date : February 07, 2015	Sd/- Nand Sardana [Chief Financial Officer] Place: NOIDA Date : February 07, 2015	Sd/- Ashish Thakur [Company Secretary & Compliance Officer] Place: NOIDA Date : February 07, 2015
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Statement Pursuant to Section 212 of the Companies Act, 1956, relating to Subsidiary Companies

S.No.	Name of the Subsidiary	The financial year of the subsidiary ended on	Date from which it became Subsidiary Company	Shares held by the holding company in the subsidiary (including its nominees in the subsidiary)	Extent of interest of holding company at the end of the financial year of the subsidiary Company	The net aggregate amount of the Subsidiary Company Profit/(Loss) so far as it concerns the members of the Holding Company		
						Not dealt with in the Holding Company's accounts	Dealt with in Holding Company's accounts	
						For the financial year ended December 31, 2014	For the financial year ended December 31, 2014	For the previous financial years of the Subsidiary Company since it became the Holding Company's Subsidiary
1	R Systems (Singapore) Pte Limited, Singapore	December 31, 2014	September 19, 2000	4,070,000 ordinary shares of no par value	100.00%	Profit Rs. 4.55 mn	Loss Rs. 10.36 mn	NIL
2	R Systems, Inc., USA	December 31, 2014	January 2, 2001	2,000 common shares of no par value	100.00%	Profit Rs. 79.56 mn	Loss Rs. 48.21 mn	NIL
3	Indus Software, Inc., USA	December 31, 2014	April 1, 2002	243,750 common shares of no par value	100.00%	Profit Rs. 1.19 mn	Loss Rs. 11.12 mn	NIL
4	R Systems Solutions, Inc., USA	December 31, 2014	August 24, 2006	16,335,833 common shares of no par value and 8,666,884 series A preferred stock of no par value	100.00%	Profit Rs. 31.91 mn	Loss Rs. 11.91 mn	NIL
5	R Systems Europe B.V., Netherlands ⁽⁸⁾	Refer note 4	January 23, 2008	3,170 ordinary shares of Euro 100 each	100.00%	Refer note 4	Refer note 4	Refer note 4
6	R Systems S.A.S., France	Refer note 4	January 23, 2008	10,000 ordinary shares of Euro 15.24 each	100.00%	Refer note 4	Refer note 4	Refer note 4
7	ECnet Limited, Singapore ⁽¹⁾	December 31, 2014	January 8, 2004	99.75% of 92,103,530 ordinary shares of no par value	99.75%	Profit Rs. 9.64 mn	Loss Rs. 243.16 mn	NIL
8	ECnet (M) Sdn. Bhd., Malaysia ⁽²⁾	December 31, 2014	January 8, 2004	99.75% of 500,000 ordinary shares of RM 1 each	99.75%	Loss Rs. 13.23 mn	Profit Rs. 17.7 mn	NIL
9	ECnet Inc., USA ⁽²⁾	December 31, 2014	January 8, 2004	99.75% of 1,000 shares of US\$ 2 each	99.75%	Loss Rs. 0.03 mn	Profit Rs. 0.13 mn	NIL
10	ECnet (Hong Kong) Limited, Hong Kong ⁽²⁾	December 31, 2014	January 8, 2004	99.75% of 2 ordinary shares of HK\$1 each	99.75%	Profit Rs. 1.27 mn	Profit Rs. 14.58 mn	NIL
11	ECnet Systems (Thailand) Co. Limited, Thailand ⁽²⁾	December 31, 2014	January 8, 2004	99.75% of 400,000 ordinary shares of 5 THB each	99.75%	Loss Rs. 4.93 mn	Loss Rs. 1.43 mn	NIL
12	ECnet Kabushiki Kaisha, Japan ⁽²⁾	December 31, 2014	January 8, 2004	99.75% of 200 shares of 50,000 Yen each	99.75%	Loss Rs. 5.61 mn	Profit Rs. 5.98 mn	NIL
13	ECnet (Shanghai) Co. Limited, China ⁽²⁾	December 31, 2014	January 8, 2004	99.75% of shares of no par value	99.75%	Loss Rs. 6.19 mn	Loss Rs. 18.77 mn	NIL
14	Computaris International limited, UK ⁽⁷⁾	December 31, 2014	January 26, 2011	66,500 shares of GBP 0.01 each ⁽⁵⁾	100.00%	Profit Rs. 84.51 mn	Loss Rs. 3.44 mn	NIL
15	Computaris Romania Srl, Romania ⁽⁷⁾	December 31, 2014	January 26, 2011	100 shares of RON 16 each	100.00%	Profit Rs. 11.06 mn	Profit Rs. 41.17 mn	NIL
16	Computaris Polska Sp. z o.o., Poland ^{(8)&(7)}	December 31, 2014	January 26, 2011	100 shares of PLN 500 each	100.00%	Profit Rs. 40.61 mn	Loss Rs. 38.10 mn	NIL
17	ICS Computaris International Srl, Moldova ⁽⁵⁾	December 31, 2014	January 26, 2011	Shares of no par value	100.00%	Profit Rs. 4.11 mn	Profit Rs. 25.71 mn	NIL
18	Computaris Malaysia Sdn. Bhd., Malaysia ⁽⁵⁾	December 31, 2014	January 26, 2011	1,000 ordinary shares of RM 1 each	100.00%	Profit Rs. 0.14 mn	Profit Rs. 0.22 mn	NIL
19	Computaris USA, Inc., USA ⁽³⁾	December 31, 2014	January 26, 2011	100 shares of USD 1 each	100.00%	Profit Rs. 10.61 mn	Loss Rs. 0.37 mn	NIL
20	Systèmes R. International Ltée, Canada	December 31, 2014	October 29, 2012	200 common shares of CAD 1 each	100.00%	Loss Rs. 2.37 mn	Loss Rs. 1.25 mn	NIL
21	R Systems Products & Technologies Limited India	Refer note 6	July 11, 2014	5,00,000 Equity Shares of Rs. 1 each.	100.00%	Loss Rs. 0.25 mn	Not Applicable	Not Applicable

Notes:

- R Systems International Limited holds 69.37% directly in ECnet Limited, Singapore and 30.38% shares through its wholly owned subsidiary i.e. R Systems (Singapore) Pte Limited, Singapore and thus together it holds 99.75% of total capital of ECnet Limited, Singapore.
- Wholly owned subsidiary of ECnet Limited, Singapore which is the subsidiary of R Systems International Limited as explained in note no 1.
- Wholly owned subsidiary of Computaris International Limited, United Kingdom, which is the wholly owned subsidiary of R Systems International Limited.
- On November 27, 2014, R Systems International Limited sold off its 100% shareholding in R Systems Europe B.V., Netherlands and R Systems S.A.S., France.
- On September 17, 2014, Computaris International Limited has completed the buy-back of 13,500 its shares. Even after this buy-back, Computaris International Limited continues to remain the wholly owned subsidiary of R Systems International Limited.
- R Systems International Limited has incorporated subsidiary namely R Systems Products And Technologies Limited, India on July 11, 2014. The above mentioned details are for the period ended December 31, 2014. The first financial year of the subsidiary has not yet ended.
- During the year, Computaris Polska Sp. z o.o., Poland has paid dividend amounting to Rs. 55.95 mn to Computaris International Limited, UK.
- During the year ended December 31, 2014, R Systems International Limited has received Rs. 55.48 mn as dividend from R Systems Europe B.V., Netherlands.

For and on behalf of the Board of Directors of R Systems International Limited

Sd/-	Sd/-	Sd/-	Sd/-
Satinder Singh Rekhi	Lt. Gen. Baldev Singh (Retd.)	Raj Swaminathan	Nand Sardana
[Managing Director] [DIN: 00006955]	[President & Senior Executive Director] [DIN: 00006966]	[Director & Chief Operating Officer] [DIN: 00788158]	[Chief Financial Officer]
Place : Singapore	Place : NOIDA	Place : NOIDA	Place : NOIDA
Date : February 07, 2015	Date : February 07, 2015	Date : February 07, 2015	Date : February 07, 2015
			Ashish Thakur
			[Company Secretary & Compliance Officer]
			Place : NOIDA
			Date : February 07, 2015

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of R Systems International Limited

We have audited the accompanying consolidated financial statements of R Systems International Limited ("the Company") and its subsidiaries, which comprise the consolidated Balance Sheet as at December 31, 2014, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956, (which are deemed to be applicable as per section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014) and read with General Circular 08/2014 dated 4 April 2014, issued by the Ministry of Corporate Affairs, and other accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at December 31, 2014;
- (b) in the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Other Matter

We did not audit total assets of Rs.1,273,739,162 as at December 31, 2014, total revenues of Rs.3,685,809,661 and net cash outflows amounting to Rs.159,425,963 for the year then ended, included in the accompanying consolidated financial statements in respect of certain subsidiaries namely R Systems, Inc., USA, Indus Software, Inc., USA, R Systems Solutions, Inc., USA, ECnet Limited, Singapore and its subsidiaries, R System (Singapore) Pte. Limited, Singapore, R Systems S.A.S., France, R Systems Europe B.V., Netherlands, Computaris International Limited, U.K. and its subsidiaries and Systemes R. International Ltee., Canada, whose financial statements and other financial information have been audited by other auditors and whose reports have been furnished to us.

The financial statements and other financial information of these subsidiaries have been prepared in accordance with accounting policies generally accepted in their respective countries and have been audited by other auditors who have submitted their audit opinions, prepared under generally accepted auditing standards of their respective countries, to the shareholder of the respective companies, copies of which have been provided to us by the Company. The management has converted these financial statements of the Company's subsidiaries to accounting principles generally accepted in India. Our opinion thus, insofar it relates to amounts included in respect of these subsidiaries, is based solely on the reports of the other auditors under the accounting policies generally accepted in respective countries and our audit of the conversion process followed by management. Our opinion, in so far as it relates to the affairs of such subsidiaries is based solely on the report of other auditors. Our opinion is not qualified in respect of this matter.

For S.R. Batliboi & Associates LLP
ICAI Firm Registration Number: 101049W
Chartered Accountants

Sd/-
per Yogender Seth

Place : NOIDA
Date : February 07, 2015

Partner
Membership Number: 94524

CONSOLIDATED BALANCE SHEET as at December 31, 2014

	Notes	As at December 31, 2014 (Rs.)	As at December 31, 2013 (Rs.)
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	126,719,600	125,915,600
Reserves and surplus	4	2,004,331,641	2,191,691,647
		2,131,051,241	2,317,607,247
Minority Interest			
	5	-	-
Non-current liabilities			
Long-term borrowings	6	6,285,234	8,806,690
Deferred tax liabilities (net)	7.1	662,438	-
Other long-term liabilities	8	4,994,715	4,378,566
Long-term provisions	9	95,215,947	73,437,567
		107,158,334	86,622,823
Current liabilities			
Trade payables	10	508,887,723	527,118,337
Other current liabilities	10	590,248,233	177,455,395
Short-term provisions	9	392,731,307	363,150,353
		1,491,867,263	1,067,724,085
TOTAL		3,730,076,838	3,471,954,155
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	11	349,245,943	378,026,457
Intangible assets	12	66,386,272	70,842,330
Capital work in progress		182,700	-
Intangible assets under development		-	14,129,170
Goodwill on consolidation	29 (b)	280,203,651	291,111,050
Non-current investments	13.1	25,000	25,000
Deferred tax assets (net)	7.2	38,298,987	55,349,313
Long-term loans and advances	14	68,841,286	84,380,732
Other non-current assets	15.2	58,571,642	96,232,816
		861,755,481	990,096,868
Current assets			
Current investments	13.2	18,000,000	10,000,000
Trade receivables	15.1	1,250,765,042	1,040,933,738
Cash and bank balances	16	1,363,834,550	1,014,535,543
Short-term loans and advances	14	118,574,903	150,153,308
Other current assets	15.2	117,146,862	266,234,698
		2,868,321,357	2,481,857,287
TOTAL		3,730,076,838	3,471,954,155
Summary of significant accounting policies	1.1		

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date.

For S.R. Batliboi & Associates LLP For and on behalf of the Board of Directors of R Systems International Limited

ICAI Firm registration

number: 101049W

Chartered Accountants

Sd/- per Yogender Seth Partner Membership No. 94524	Sd/- Satinder Singh Rekhi [Managing Director] [DIN: 00006955]	Sd/- Lt. Gen. Baldev Singh (Retd.) [President & Senior Executive Director] [DIN: 00006966]	Sd/- Raj Swaminathan [Director & Chief Operating Officer] [DIN: 00788158]	Sd/- Nand Sardana [Chief Financial Officer]	Sd/- Ashish Thakur [Company Secretary & Compliance Officer]
Place: NOIDA Date : February 07, 2015	Place : Singapore Date : February 07, 2015	Place: NOIDA Date : February 07, 2015	Place : NOIDA Date : February 07, 2015	Place: NOIDA Date : February 07, 2015	Place: NOIDA Date : February 07, 2015

CONSOLIDATED STATEMENT OF PROFIT AND LOSS for the year ended December 31, 2014

	Notes	For the Year ended December 31, 2014 (Rs.)	For the Year ended December 31, 2013 (Rs.)
Income			
Revenue from operations	17	6,484,958,614	5,960,541,885
Other income	18	90,726,159	47,148,578
Total revenue		6,575,684,773	6,007,690,463
Expenses			
Employee benefits expense	19	3,935,220,758	3,573,867,307
Operational and other expenses	20	1,645,005,704	1,606,377,710
Depreciation and amortisation expense	21	112,453,011	101,706,617
Finance costs	22	8,910,172	7,484,005
Total expenses		5,701,589,645	5,289,435,639
Profit before tax and exceptional items		874,095,128	718,254,824
Exceptional items	23	250,109,782	-
Profit before tax		1,124,204,910	718,254,824
Tax expense			
Current tax		325,289,478	204,819,843
MAT credit entitlement (related to earlier years)		-	(12,321,134)
Deferred tax charge / (credit)		17,577,974	(1,230,517)
Total tax expense		342,867,452	191,268,192
Profit for the year		781,337,458	526,986,632
Earnings per equity share:			
Basic [Nominal value of shares Re. 1 (Previous year: Re. 1)]	31	6.14	4.18
Diluted [Nominal value of shares Re. 1 (Previous year: Re. 1)]		6.14	4.18
Summary of significant accounting policies	1.1		

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date.

For S.R. Batliboi & Associates LLP For and on behalf of the Board of Directors of R Systems International Limited

ICAI Firm registration number: 101049W
Chartered Accountants

Sd/- per Yogender Seth Partner Membership No. 94524	Sd/- Satinder Singh Rekhi [Managing Director] [DIN: 00006955]	Sd/- Lt. Gen. Baldev Singh (Retd.) [President & Senior Executive Director] [DIN: 00006966]	Sd/- Raj Swaminathan [Director & Chief Operating Officer] [DIN: 00788158]	Sd/- Nand Sardana [Chief Financial Officer]	Sd/- Ashish Thakur [Company Secretary & Compliance Officer]
Place: NOIDA Date : February 07, 2015	Place : Singapore Date : February 07, 2015	Place: NOIDA Date : February 07, 2015	Place : NOIDA Date : February 07, 2015	Place: NOIDA Date : February 07, 2015	Place: NOIDA Date : February 07, 2015

CONSOLIDATED CASH FLOW STATEMENT for the year ended December 31, 2014

	For the year ended December 31, 2014 (Rs.)	For the year ended December 31, 2013 (Rs.)
A. Cash flows from operating activities		
Net profit before taxation	1,124,204,910	718,254,824
Adjustments for:		
Depreciation and amortisation expense	112,453,011	101,706,617
Debts and advances provided / written off (net)	(3,445,516)	34,104,433
Profit on redemption of mutual fund	(1,005,000)	-
Currency translation reserve released on buy back of subsidiary share [refer note 29 (b)]	(26,084,902)	-
Profit on sale of subsidiaries [refer note 29 (f)]	(224,024,880)	-
Loss on sale / discard of fixed assets (net)	1,609,875	3,006,410
Unrealised foreign exchange loss / (gain)	(18,782,984)	(5,753,089)
Unrealised loss / (gain) on derivative instruments	(22,369,076)	28,732,878
Interest income	(41,016,484)	(40,346,189)
Excess provisions written back	(1,182,856)	(1,037,085)
Interest on loans	1,174,750	1,233,749
Operating profit before working capital changes	901,530,848	839,902,548
Movements in working capital :		
(Increase) / Decrease in trade receivables	(256,762,771)	(35,124,331)
(Increase) / Decrease in other current assets	122,572,397	(88,794,102)
(Increase) / Decrease in loans and advances	10,086,223	(50,013,228)
(Increase) / Decrease in other non-current assets	13,595,078	(46,959,717)
Increase / (Decrease) in short-term and long-term provision	27,096,207	9,922,419
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	170,980,780	(11,709,327)
Cash generated from operations	989,098,762	617,224,262
Direct taxes paid, net of refunds	(264,525,000)	(136,205,692)
Net cash flows from operating activities (A)	724,573,762	481,018,570
B. Cash flows used in investing activities		
Purchase of fixed assets	(98,243,098)	(168,660,534)
Proceeds from sale of fixed assets	636,742	2,815,300
Investment in mutual fund	(18,000,000)	(10,000,000)
Proceeds from redemption of mutual fund	11,005,000	-
Amount received on sale of subsidiaries [refer note 29 (f)]	229,279,031	-
Interest received	41,241,603	45,396,654
Investment in long term fixed deposits with banks	(441,477,934)	(393,860,267)
Proceeds from long term fixed deposits with banks	356,080,957	464,932,016
Net cash used in investing activities (B)	80,522,301	(59,376,831)
C. Cash flows used in financing activities		
Proceeds from long-term borrowings	5,296,143	12,964,297
Repayment of long-term borrowings - current maturities	(5,953,479)	(4,715,265)
Proceeds from other non-current assets	20,102,062	35,850,000
Proceeds from issuance of share capital	9,704,280	17,471,325
Interest paid	(1,157,357)	(1,223,906)

	For the year ended December 31, 2014 (Rs.)	For the year ended December 31, 2013 (Rs.)
Dividends paid	(419,786,367)	(233,154,614)
Tax on dividend paid	(139,854,632)	(39,686,767)
Net cash used in financing activities (C)	(531,649,350)	(212,494,930)
Net increase / (decrease) in cash and cash equivalents during the year (A + B + C)	273,446,713	209,146,809
Add : Cash and cash equivalents at the beginning of the year	795,193,692	524,142,219
Add : Effect of exchange rate changes on cash and cash equivalents	(9,544,683)	61,904,664
Cash and cash equivalents at the end of the year (also refer note 16)	1,059,095,722	795,193,692

Notes:

- (1) Figures in brackets indicate cash out flow.
- (2) Cash and cash equivalents includes unclaimed dividend liabilities of Rs. 2,084,702 (Previous year Rs. 1,559,375), unpaid dividend liabilities (refer note 10) of Rs. 325,019,379 (Previous year Rs. Nil) and Rs. 15,000,000 (Previous year Rs. Nil) kept in the escrow account for buyback of share capital of the Company. The aforesaid amounts are not available for use by the Company.

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date.

For S.R. Batliboi & Associates LLP
ICAI Firm registration number: 101049W
 Chartered Accountants

For and on behalf of the Board of Directors of R Systems International Limited

Sd/- per Yogender Seth Partner Membership No. 94524	Sd/- Satinder Singh Rekhi [Managing Director] [DIN: 00006955]	Sd/- Lt. Gen. Baldev Singh (Retd.) [President & Senior Executive Director] [DIN: 00006966]	Sd/- Raj Swaminathan [Director & Chief Operating Officer] [DIN: 00788158]	Sd/- Nand Sardana [Chief Financial Officer]	Sd/- Ashish Thakur [Company Secretary & Compliance Officer]
Place: NOIDA Date : February 07, 2015	Place : Singapore Date : February 07, 2015	Place: NOIDA Date : February 07, 2015	Place : NOIDA Date : February 07, 2015	Place: NOIDA Date : February 07, 2015	Place: NOIDA Date : February 07, 2015

NOTES to the Consolidated Financial Statements for the year ended December 31, 2014

1 Basis of preparation

The consolidated financial statements of R Systems International Limited (the 'Company') and its subsidiaries (collectively referred to as 'R Systems Group' or the 'Group') have been prepared to comply in all material respects with the accounting standards notified under the Companies Act, 1956 read with General Circular 8/2014 dated 4 April 2014, issued by the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention except for certain financial instruments which are measured at fair value. The accounting policies have been consistently applied by the Company and are consistent with those used in previous year.

All figures are in Rupees except where expressly stated.

1.1 Summary of significant accounting policies

(a) Principles of consolidation

The consolidated financial statements are prepared in accordance with the principles and procedures for the preparation and presentation of consolidated financial statements as laid down under Accounting Standard 21 "Consolidated Financial Statements".

The consolidated financial statements include the financial statements of R Systems International Limited and its subsidiaries (as explained in note 2 below). These accounts do not include enterprises, which are set-up for the benefit of employees like ESOP trusts (explained in note 30 (b) below) as not required to be consolidated as per Accounting Standard 21 "Consolidated Financial Statements".

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Company's standalone financial statements. The Group follows uniform accounting year i.e. January to December.

The financial statements of the Company and its subsidiaries have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances / transactions.

Minority Interest's share in the net income of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company. In case the losses applicable to consolidated minority are in excess of minority interest in the equity of the subsidiary, the excess, and any further losses applicable to the minority are adjusted against majority interest except to the extent

minority has a binding obligation to, and is able to, make good losses. If the subsidiary subsequently reports profit, all such profits are allocated to the majority interest until the minority's share of losses previously absorbed by the majority has been recovered.

(b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year end. These estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

(c) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

(d) Depreciation on tangible fixed assets

Depreciation is provided on Straight Line method over the estimated useful lives of the tangible fixed assets which result in depreciation rates being greater than or equal to the corresponding rates prescribed in Schedule XIV of the Companies Act, 1956.

The useful lives of the tangible fixed assets have been estimated giving due consideration to environment in respective countries by the Group management as below:

Category of tangible fixed assets	Estimated useful life
Land leasehold	Lease period
Building- freehold	61 years
Building- leasehold	Lower of lease period or 61 years
Leasehold improvements	Lower of lease period or useful life
Plant and machinery - office equipments other than (i) UPS systems, (ii) standalone air conditioners and (iii) telephone instruments	3-20 years
UPS systems	3-12 years
Standalone air conditioners and telephone instruments	3- 6 years
Computer hardware and network installations	3- 6 years
Furniture and fittings	5-15 years
Vehicles	7-10 years

Individual assets costing up to Rs. 5,000 in the Company are considered fully depreciated in the year of purchase.

(e) Intangibles assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Intangible assets are amortised on a straight line basis over the estimated useful economic life and are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortisation period and the amortisation method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortisation method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.

Research and development costs

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognised as an intangible asset when the company can demonstrate all the following:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- Its intention to complete the asset
- Its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of adequate resources to complete the development and to use or sell the asset
- The ability to measure reliably the expenditure attributable to the intangible asset during development.

Following the initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised on a straight line basis over the period of expected future benefit from the related project. Amortisation is recognised in the statement of profit and loss. During the period of development, the asset is tested for impairment annually.

A summary of amortisation policies applied to intangible assets are as below:

Category of intangible fixed assets	Estimated useful life
Computer software	Lower of license period or 3 to 5 Years
Internally generated	4 years

(f) Goodwill / capital reserve

Goodwill / capital reserve represents the cost to the parent of its investment in subsidiaries over / under the parent's portion of equity of the subsidiary, at the date on which the investment in the subsidiaries is made.

(g) Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

After impairment, tangible assets / intangibles are depreciated / amortised on the revised carrying amount over its remaining useful life.

The Group evaluates the carrying value of its goodwill whenever events or changes in circumstances indicate that its carrying value may be impaired. Impairment is recognised in the year / period of such determination. Management also ascertains the future revenue and earnings of the acquired entities and analyses sustainability thereof to determine impairment. For ascertaining impairment, consideration is given to fair value of the acquired entities.

(h) Leases

Where the Group is the lessee

Finance leases, which effectively transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the lower of the fair value of lease property and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalised.

If there is no reasonable certainty that the Group will obtain the ownership by the end of the lease term, capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

(i) Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Non-current investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the Non-current investments.

(j) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Rendering of services

Revenue from software development and maintenance services projects comprise income from time-and-material and fixed-price contracts.

Revenue associated with software development and maintenance services / customisation of products and business process outsourcing services rendered on time and materials basis is recognised when services are rendered. The same is calculated based on man-hours incurred for rendering services.

Fixed-price contracts vary in duration depending on the terms of the work being performed. Revenue from fixed price contracts (including maintenance and support contracts) is recognised using the percentage of completion method, when reasonable progress has been made on the milestones achieved as specified in the contracts. The stage of completion of project is determined by the proportion that contract efforts incurred for work performed up to the balance sheet date bear to the estimated total contract effort. Changes in contract performance, estimated profitability and final contract settlements may result in revision to costs and revenue and are recognised in the period in which the revisions are determined. If a loss is projected on any contract in process, the entire projected loss is recognised immediately.

In terms of contracts excess / shortfall of revenue over the billed as at the year-end is carried in financial statement as unbilled revenue / unearned revenue separately.

Management fees from the customers for managing projects are being recognised on time basis over the estimated life of the project.

Sale of products

Revenue from the sale of product (software and hardware) is recognised when the sale has been completed with the transfer of title.

Revenue from subscription services is recognised over the term of subscription period.

Interest

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

(k) Foreign currency translation

Foreign currency transactions

(i) Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

(iii) Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting Group monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expense in the year in which they arise except those arising from investments in non-integral operations.

(iv) Forward exchange contracts not intended for trading or speculation purposes

The premium or discount arising at the inception of forward exchange contracts (except outstanding against firm commitments and highly probable forecast transaction) is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

(v) Translation of non-integral foreign operations

In translating the financial statements of a non-integral foreign operation for incorporation in consolidated financial statements, the assets and liabilities, both monetary and non-monetary, of the non-integral

foreign operation are translated at the closing rate; income and expense items of the non-integral foreign operations are translated at yearly average exchange rates; and all resulting exchange differences are accumulated in a foreign currency translation reserve until the disposal of net investment. On the disposal of a non-integral foreign operation, the cumulative amount of the exchange differences which have been deferred and which relate to that operation are recognised as income or as expenses in the same period in which the gain or loss on disposal is recognised.

For translating income, expense and cash flows items, during the year ended December 31, 2014, the rates used were US \$ 1 = Rs. 61.02, Euro 1 = Rs. 81.04, GBP 1 = Rs. 100.51, Singapore \$ 1 = Rs. 48.16 and Canadian \$ 1 = Rs. 55.25. For translating assets and liabilities at the year-end, the rates used were US \$ 1 = Rs. 63.04, Euro 1 = Rs. 76.59, GBP 1 = Rs. 98.31, Singapore \$ 1 = Rs. 47.72 and Canadian \$ 1 = Rs. 54.42.

For translating income, expense and cash flows items, during the year ended December 31, 2013, the rates used were US \$ 1 = Rs. 58.58, Euro 1 = Rs. 77.86, GBP 1 = Rs. 91.74, Singapore \$ 1 = Rs. 46.80 and Canadian \$ 1 = Rs. 56.83. For translating assets and liabilities at the year-end, the rates used were US \$ 1 = Rs. 61.81, Euro 1 = Rs. 85.10, GBP 1 = Rs. 102.14, Singapore \$ 1 = Rs. 48.85 and Canadian \$ 1 = Rs. 58.05.

(vi) Translation of Integral foreign operation

The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation have been those of the Company itself.

(I) Retirement benefits

- (i) Retirement benefits in the form of defined contribution schemes are charged to the Statement of Profit and Loss of the year when an employee renders related services. There are no other obligations other than the contribution payable to the respective funds.
- (ii) Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation made at the end of each financial year for the employees of the Company on projected unit credit method. The gratuity plan of the Company is funded.
- (iii) Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method. The Group presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.
- (iv) Actuarial gains / losses are immediately taken to Statement of Profit and Loss and are not deferred.

(m) Income taxes

Tax expense comprises of current and deferred tax.

Current income tax expense comprises of taxes on income from operations in India and in foreign jurisdictions. Income tax payable in India is determined in accordance with the provisions of the Income Tax Act, 1961. Tax expense relating to overseas operations is determined in accordance with tax laws applicable in countries where such operations are domiciled.

Deferred income tax reflects the impact of current year timing differences between taxable income and accounting income and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities across various countries of operation are not set off against each other as the Group does not have a legal right to do so. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

If the Group has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

At each balance sheet date the Group re-assesses unrecognised deferred tax assets. It recognises the unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Group writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain, that sufficient future taxable income will be available.

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified year. In the year in which the Minimum Alternative Tax (MAT) credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Statement of Profit and Loss and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and

writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

The companies in the Group are subject to tax legislation as applicable in the respective country of incorporation. Accordingly, the calculations do not represent tax liability / income attributable to Group results, if these were to be analysed under the local legislation of the Company.

(n) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs incurred in connection with the borrowing of funds.

(o) Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement on balance sheet date comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

(p) Government grants and subsidies

Grants and subsidies from the government are recognised when there is reasonable assurance that the grant / subsidy will be received and all attaching conditions will be complied with.

When the grant or subsidy relates to an expense item, it is deducted in reporting the related expenses over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate.

(q) Provision

A provision is recognised when the Group has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on the best estimate required to settle the obligation at each Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the management's current estimates.

(r) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average numbers of equity shares outstanding during the year are adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings per share,

the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

(s) Segment reporting

Identification of segments :

The Group's operating businesses are organised and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which the major customers of the Group operate and / or the area in which the assets are located

Inter segment transfers :

The Group generally accounts for inter segment sales and transfers as if the sales or transfers were to third parties at current market prices.

Allocation of common costs :

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Unallocated items :

The corporate and other segment includes general corporate income and expense items which are not allocated to any business segment.

Segment Policies :

The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Group as a whole.

(t) Employee stock compensation cost

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The Company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortised over the vesting period of the option on a straight line basis.

(u) Accounting for derivatives

The Group uses foreign exchange forward contracts (derivative financial instrument) to hedge its exposure to movements in foreign exchange rates against firm commitment or highly probable forecast transactions. The use of these foreign exchange forward contracts reduces the risk or cost to the Group and the Group does not use the foreign exchange forward contracts or options for trading or speculation purposes.

Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value on a mark-to-market basis at each balance sheet date. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in fair value on derivatives during the year that do not qualify for hedge accounting and the ineffective portion of an effective hedge, are taken directly to the Statement of Profit and Loss.

The mark-to-market is the difference between the forward exchange rate and the contract rate. The forward exchange rate is referenced to current forward exchange rates for contracts with similar maturity profiles.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment (except for foreign currency risk); or
- cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

Fair value hedges

The change in the fair value of a hedging derivative is recognised in the Statement of Profit and Loss. The change in the fair value of the hedged item attributable to the risk hedged is recorded as a part of the carrying value of the hedged item and is also recognised in the Statement of Profit and Loss.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while any

ineffective portion is recognised immediately in the Statement of Profit and Loss. Amounts taken to equity are transferred to the Statement of Profit and Loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs.

If the forecast transaction or firm commitment is no longer expected to occur, amounts previously recognised in equity are transferred to the Statement of Profit and Loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction or firm commitment occurs.

(v) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements.

2. Description of the Group

The Company is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on National Stock Exchange of India Limited and BSE Limited. R Systems Group is a leading global provider of IT solutions and Business Process Outsourcing ("BPO") services. R Systems Group' primary focus is to provide full service IT solutions, software engineering, technical support, customer care and other IT enabled services to the high technology sector, independent software vendors (ISV's), banks, financial services companies, telecom and digital media technology companies and services providers, insurance and the health care sector. R Systems Group' also develops and markets a suite of applications under the brand name "Indus" for the retail lending to banks and non-banking finance companies, insurance and telecom segment. R Systems Group' through its subsidiary ECnet Limited develops and markets its proprietary supply chain solution under the brand name "ECnet", primarily to the high technology sector.

The Company, R Systems International Limited is registered under the Companies Act, 1956 with its Registered Office at New Delhi and during the year ended December 31, 2014 had following subsidiaries:-

Subsidiary	Holding	Country of incorporation and other particulars
R Systems (Singapore) Pte Limited, Singapore	100% (Previous year 100%)	A company registered under the laws of Singapore in 1997 and subsidiary of the Company since September 19, 2000.
R Systems, Inc., USA	100% (Previous year 100%)	A company registered under the laws of California, USA in 1993 and subsidiary of the Company since January 2, 2001.
Indus Software, Inc., USA	100% (Previous year 100%)	A company registered under the laws of Delaware, USA in 1996 and subsidiary of the Company since April 1, 2002.
R Systems Solution, Inc., USA	100% (Previous year 100%)	A company registered under the laws of California, USA in 2000 and subsidiary of the Company since August 24, 2006.
R Systems N.V., Belgium [refer note 29 (d)]	Nil (Previous year 100%)	A company registered under the laws of Belgium in 2007 and subsidiary of the Company since August 28, 2007 (Liquidated on June 24, 2013).
R Systems Europe B.V., Netherlands [refer note 29 (f)]	100% (Previous year 100%)	A company registered under the laws of Netherlands in 1999 and subsidiary of the Company since January 23, 2008 (Ceased to be subsidiary of the Company w.e.f. November 27, 2014).
R Systems S.A.S, France [refer note 29 (f)]	100% (Previous year 100%)	A company registered under the laws of France in 2000 and subsidiary of the Company since January 23, 2008 (Ceased to be subsidiary of the Company w.e.f. November 27, 2014).
ECnet Limited, Singapore	99.75%# (Previous year 99.56%)	A company registered under the laws of Singapore in 1996. The Company has acquired majority share on January 8, 2004. ECnet Limited, Singapore has subsidiaries in Malaysia, Thailand, China, Hong Kong, USA and Japan.
Computaris International Limited [refer note 29 (b)]	100% (Previous year 100%)	A company registered under the laws of England and Wales in 2006 and subsidiary of the Company since January 26, 2011. Computaris International Limited, UK has subsidiaries in Romania, Poland, Moldova, Malaysia and USA.
Systèmes R. International Ltée, Canada	100% (Previous year 100%)	A company registered under the laws of Canada in 2012 and subsidiary of the Company since October 29, 2012.
R Systems Products & Technologies Limited [refer note 29 (g)]	100% (Previous year Nil)	A company incorporated under the provision of Companies Act, 2013 in India on July 11, 2014

#The shareholding by the Company and R Systems (Singapore) Pte Limited is 69.37% and 30.38% respectively.

ECnet Limited, Singapore has following wholly owned subsidiaries:

Name	Holding	Country of incorporation
ECnet (M) Sdn Bhd	100 % (Previous year 100%)	Malaysia
ECnet Systems (Thailand) Co. Ltd.	100 % (Previous year 100%)	Thailand
ECnet (Shanghai) Co. Ltd.	100 % (Previous year 100%)	People's Republic of China
ECnet (Hong Kong) Ltd.	100 % (Previous year 100%)	Hong Kong
ECnet, Inc.	100 % (Previous year 100%)	United States of America
ECnet Kabushiki Kaisha	100 % (Previous year 100%)	Japan

Computaris International Limited, UK has following wholly owned subsidiaries:

Name	Holding	Country of incorporation
Computaris Romania SRL	100 % (Previous year 100%)	Romania
Computaris Polska sp z o.o.	100 % (Previous year 100%)	Poland
Computaris USA, Inc.	100 % (Previous year 100%)	United States of America
ICS Computaris International Srl	100 % (Previous year 100%)	Moldova
Computaris Malaysia Sdn. Bhd.	100 % (Previous year 100%)	Malaysia
Computaris Limited	Nil (Previous year 100%)	United Kingdom (Liquidated on December 24, 2013)

3. Share capital

Particulars	As at December 31, 2014 (Rs.)	As at December 31, 2013 (Rs.)
Authorised shares [refer note 31 (b)]		
200,000,000 (Previous year 200,000,000) equity shares of Re. 1 each	200,000,000	200,000,000
Issued, subscribed and fully paid up- shares [refer note 31 (b)]		
127,458,580 (Previous year 126,654,580) equity shares of Re. 1 each fully paid-up	127,458,580	126,654,580
Less: Advance to Indus Software Employees Welfare Trust [refer note 30 (b)]	738,980	738,980
Total	126,719,600	125,915,600

A. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period [refer note 31 (b)]

Particulars	As at December 31, 2014		As at December 31, 2013	
	No.	(Rs.)	No.	(Rs.)
Shares outstanding at the beginning of the year	126,654,580	126,654,580	125,207,080	125,207,080
Add: Shares issued during the year [#]	804,000	804,000	1,447,500	1,447,500
Shares outstanding at the end of the year	127,458,580	127,458,580	126,654,580	126,654,580

[#] The Company has issued 804,000 equity shares of Re. 1 each at an exercise price of Rs. 12.07 per share pursuant to exercise of employee stock options under the R Systems International Limited Employee Stock Option Scheme 2007. Refer note 30 (d).

B. Terms / rights attached to the equity share [refer note 31 (b)]

The Company has only one class of equity shares having a par value of Re. 1 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupee.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

C. Shares held by holding / ultimate holding company and / or their subsidiaries / associates

The Company does not have any holding / ultimate holding company.

D. Details of shareholders holding more than 5% shares in the Company [refer note 31 (b)]

Particulars	As at December 31, 2014		As at December 31, 2013	
	No.	% holding in the class	No.	% holding in the class
GMU Infosoft Private Limited	8,603,535	6.75	7,862,600	6.21
U Infosoft Private Limited	8,771,660	6.88	8,087,660	6.39
GM Solutions Private Limited	9,100,824	7.14	8,397,630	6.63
Rightmatch Holdings Ltd.	9,272,000	7.27	9,272,000	7.32
Satinder & Harpreet Rekhi Family Trust (Trustee: Satinder Singh Rekhi & Harpreet Rekhi)	16,325,180	12.81	18,347,180	14.49
Bhavook Tripathi	46,596,238	36.56	46,291,100	36.55

As per secretarial records of the Company, including its register of shareholders / members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

E. Shares reserved for issue under options [refer note 31 (b)]

For details of shares reserved for issue under the employee stock option plans (ESOP) of the company, please refer note 30.

F. Buy back Offer

The Board of Directors of the Company at its meeting held on December 20, 2014 has approved the buy-back of the Company's fully paid-up equity shares of face value of Re. 1/- each from its existing shareholders, other than those who are promoters, members of the promoter group and persons acting in concert, from the open market through stock exchange(s) for a total consideration not exceeding Rs. 60,000,000, and at a price not exceeding Rs. 100/- per share, payable in cash. Pursuant to above buy back offer, the Company has deposited an amount aggregating to Rs. 15,000,000, being 25% of the maximum buy-back size as approved in the meeting, in an escrow account with a bank. This offer for buy back opened on January 06, 2015 subsequent to the financial year ended December 31, 2014, and therefore has not been accounted in the financial statements.

4. Reserves and surplus

Particulars	As at December 31, 2014 (Rs.)	As at December 31, 2013 (Rs.)
Capital redemption reserve	12,658,200	12,658,200
Securities premium account	952,932,715	936,908,890
Add: Addition on exercise of vested options as per ESOP plan [refer note 30 (d)]	8,900,280	16,023,825
	961,832,995	952,932,715
Less: Advance to Indus Software Employees Welfare Trust [refer note 30 (b)]	2,282,728	2,282,728
Closing balance	959,550,267	950,649,987
Capital reserve	31,726	31,726
General reserve		
Balance as per last financial statements	157,482,023	120,929,823
Add: Amount transferred from surplus balance in the statement of profit and loss (refer note 1 below)	-	36,552,200
Closing balance	157,482,023	157,482,023
Surplus in the statement of profit and loss		
Balance as per last financial statements	767,736,767	582,140,805
Add: Profit for the current year	781,337,458	526,986,632
Less: Appropriations		
Proposed dividend (refer note 1 and 2 below)	121,762,621	120,697,601
Tax on proposed dividend (refer note 2 below)	24,325,059	21,237,977
Interim dividend (refer note 1 below)	624,332,252	139,239,191
Tax on interim dividend	119,290,882	23,663,701
Transfer to general reserve (refer note 1 below)	-	36,552,200
Total appropriations	889,710,814	341,390,670
Net surplus in the statement of profit and loss	659,363,411	767,736,767
Foreign currency translation reserve		
Balance as per last account	303,132,944	171,142,836
Add : Current year translation differences	(50,929,953)	131,990,108
Less : Currency translation released on buy back of subsidiary share [refer note 29 (b)]	26,084,902	-
Less : Currency translation released on sale of subsidiaries [refer note 29 (f)]	10,872,075	-
Closing balance	215,246,014	303,132,944
Total	2,004,331,641	2,191,691,647

Notes:

- (1) For the year ended December 31, 2014, the Board of Directors at its meeting held on February 07, 2015 has recommended a final dividend of Re. 0.95/- per equity share of face value of Re. 1/- each. This is in addition to four interim dividends aggregating to Rs. 4.90 per equity share of face value of Re. 1/- each declared during the year ended December 31, 2014. The shareholder's assent for final

and interim dividends will be taken in forthcoming Annual General Meeting. Based on Companies Act, 2013 provisions applicable on the aforesaid dividends, the Company has not transferred any amount to the general reserves as the dividends has been declared and paid after April 1, 2014. Further for the year ended December 2013, the Board of Directors of the Company had recommended a final dividend of Re. 0.95 per equity share of face value of Re. 1/- each, in addition to first and second interim dividend of Rs. 2.50 and Rs.8.50 per equity share of face value of 10/- each paid in August 2013 and November 2013, which had been approved and confirmed by the shareholder's at the Annual General Meeting on May 10, 2014.

- (2) The Company has issued 712,600 shares pursuant to exercise of employee stock options under the R Systems International Limited Employee Stock Option Scheme 2007 up to book closure date for distribution of dividend for the year ended December 31, 2013 and accordingly increased the appropriation in the current year by Rs. 676,970 and Rs. 115,051 as dividend and tax on dividend respectively.

5. Minority interest

Particulars	As at December 31, 2014 (Rs.)	As at December 31, 2013 (Rs.)
Minority interest in ECnet Limited at the time of acquisition	149,585	149,585
Less: Minority interest in post acquisition losses to the extent allocable	149,585	149,585
Total	-	-

6. Long-term borrowings

Particulars	Non-current portion		Current maturities	
	As at December 31, 2014 (Rs.)	As at December 31, 2013 (Rs.)	As at December 31, 2014 (Rs.)	As at December 31, 2013 (Rs.)
Term loans				
For motor vehicles				
From non banking financial corporation (refer note 1 below)	6,285,234	4,403,189	3,004,292	2,375,945
For equipment				
From bank (refer note 2 below)	-	4,403,501	-	3,359,101
Total	6,285,234	8,806,690	3,004,292	5,735,046
The above amount includes				
Secured borrowings	6,285,234	8,806,690	3,004,292	5,735,046
Amount shown under other current liabilities (refer note 10)			(3,004,292)	(5,735,046)
Total	6,285,234	8,806,690	-	-

Notes:

- (1) Term loans for motor vehicles from non banking financial corporation are secured by hypothecation of underlying motor vehicles and carries interest rate ranging from 10.10% to 11.94% per annum. The said term loans are repayable in equated monthly installments ranging from 35 to 60 months from the date of loan.
- (2) Term loans for equipment from bank in R Systems Europe B.V., Netherlands, were secured by hypothecation of underlying assets and carries interest rate of 4.97 % per annum. The said term loan was repayable in 36 months equated monthly installments from the date of loan. During the year, the Company has completed the sale of R Systems Europe B.V., Netherlands, therefore the aforesaid loan is transferred on November 27, 2014. [refer note 29 (f)]

7.1 Deferred tax liability (net)

Particulars	As at December 31, 2014 (Rs.)	As at December 31, 2013 (Rs.)
Deferred tax liability		
Differences in depreciation / amortisation and other differences in block of fixed assets as per tax books and financial books	272,402	-
Provision for compensated absences	297,066	-
Other timing differences	92,970	-
Deferred tax liability (net)	662,438	-

7.2 Deferred tax assets (net)

Particulars	As at December 31, 2014 (Rs.)	As at December 31, 2013 (Rs.)
Deferred tax assets		
Provision for gratuity	33,507,581	27,676,089
Provision for compensated absences	27,022,132	24,246,363
Provision for doubtful debts and advances	6,590,262	25,819,791
Other timing differences	8,182,047	15,363,427
Gross deferred tax assets	75,302,022	93,105,670
Deferred tax liability		
Differences in depreciation / amortisation and other differences in block of fixed assets as per tax books and financial books	37,003,035	33,882,414
Other timing differences	-	3,873,943
Gross deferred tax liability	37,003,035	37,756,357
Deferred tax assets (net)	38,298,987	55,349,313

8. Other long-term liabilities

Particulars	As at December 31, 2014 (Rs.)	As at December 31, 2013 (Rs.)
Security deposits	4,759,444	3,862,220
Deferred payable others	235,271	516,346
Total	4,994,715	4,378,566

9. Provisions

Particulars	Long-term		Short-term	
	As at December 31, 2014 (Rs.)	As at December 31, 2013 (Rs.)	As at December 31, 2014 (Rs.)	As at December 31, 2013 (Rs.)
Provision for employee benefits				
Gratuity	95,215,947	73,437,567	3,364,756	3,436,901
Compensated absences			111,040,062	116,334,115
Sub total (A)	95,215,947	73,437,567	114,404,818	119,771,016
Other provisions				
Income tax [net of advance tax amounting to Rs. 360,028,957 (Previous year Rs. 111,873,150)]			132,481,289	79,690,170
Proposed dividend			121,085,651	120,321,851
Tax on proposed dividend			24,210,008	20,448,699
Mark-to-market losses on derivative instruments (refer note 33)			549,541	22,918,617
Sub total (B)	-	-	278,326,489	243,379,337
Total (A+B)	95,215,947	73,437,567	392,731,307	363,150,353

10. Other current liabilities

Particulars	As at December 31, 2014 (Rs.)	As at December 31, 2013 (Rs.)
Trade payables	508,887,723	527,118,337
Sub total (A)	508,887,723	527,118,337
Other liabilities		
Current maturities of long-term borrowing (refer note 6)	3,004,292	5,735,046
Deferred payment compensation to the erstwhile shareholders of subsidiary [refer note 29 (a)]	12,850,989	13,153,262
Unearned revenues	193,476,640	89,691,476
Book overdraft	-	333,326
Investor education and protection fund (not due) - Unclaimed dividend	2,084,702	1,559,375
Unpaid dividend (refer note below)	325,019,379	-
Payable for purchase of fixed assets	9,793,545	12,654,540
Tax deducted at source	13,063,414	10,306,198
Service tax / GST / VAT	11,249,621	9,120,844
Others	19,705,651	34,901,328
Sub total (B)	590,248,233	177,455,395
Total (A+B)	1,099,135,956	704,573,732

Note:

The Board of Directors at its meeting held on December 20, 2014, has declared fourth interim (special) dividend for the year 2014 @ Rs. 2.55 per equity share of face value of Re. 1/- each to the shareholders as per record date December 29, 2014. The amount payable has been transferred in a separate bank account before the year ended December 31, 2014 and the same has been paid on January 07, 2015.

11. Tangible assets

Particulars	(Amount in Rs.)									
	Land - freehold	Land - leasehold	Building - freehold	Building - leasehold ⁽¹⁾	Leasehold improvements	Computers	Office equipments	Furniture and fittings	Vehicles ⁽²⁾	Total
Gross block										
As at January 1, 2013	4,765,674	10,005,968	31,198,298	89,013,201	57,686,627	468,611,718	169,370,953	151,357,214	44,473,847	1,026,483,500
Additions	-	-	-	152,500	1,485,522	77,448,024	12,972,584	5,118,489	8,570,262	105,747,381
Deletions	-	-	-	-	1,080,808	38,246,009	3,961,641	1,782,554	5,807,306	50,878,318
Foreign currency translation	-	-	-	-	8,967,778	30,200,422	12,299,831	10,740,862	2,259,023	64,467,916
At December 31, 2013	4,765,674	10,005,968	31,198,298	89,165,701	67,059,119	538,014,155	190,681,727	165,434,011	49,495,826	1,145,820,479
Additions	-	-	-	-	1,493,421	39,065,698	7,952,393	3,398,375	9,502,201	61,412,088
Deletions	-	-	-	-	3,707,656	32,407,724	48,896,672	3,582,385	1,238,999	89,833,436
Foreign currency translation	-	-	-	-	(4,812,626)	(9,090,797)	(5,623,803)	(5,663,366)	408,113	(24,782,479)
Sale of subsidiaries [refer note 29 (f)]	-	-	-	-	45,286,949	44,886,343	49,781,800	9,747,493	-	149,702,585
At December 31, 2014	4,765,674	10,005,968	31,198,298	89,165,701	14,745,309	490,694,989	94,331,845	149,839,142	58,167,141	942,914,067
Depreciation										
As at January 1, 2013	-	1,410,374	5,735,671	11,607,353	53,440,837	391,023,196	99,150,406	104,965,459	22,644,008	689,977,304
Charge for the year	-	159,142	513,504	1,451,874	1,937,513	34,721,218	13,739,406	6,548,328	4,866,029	63,937,014
Deletions	-	-	-	-	1,080,808	38,074,657	1,953,620	858,157	3,061,729	45,028,971
Foreign currency translation	-	-	-	-	8,588,382	27,522,605	10,592,141	10,256,224	1,949,323	58,908,675
At December 31, 2013	-	1,569,516	6,249,175	13,059,227	62,885,924	415,192,362	121,528,333	120,911,854	26,397,631	767,794,022
Charge for the year	-	149,371	513,976	1,455,012	1,334,728	38,426,610	13,876,755	7,311,951	4,878,475	67,946,878
Deletions	-	-	-	-	3,185,895	32,174,255	47,894,174	3,442,361	886,848	87,583,533
Foreign currency translation	-	-	-	-	(4,718,012)	(6,348,202)	(5,449,316)	(5,539,214)	410,070	(21,644,674)
Sale of subsidiaries [refer note 29 (f)]	-	-	-	-	44,612,335	29,938,762	9,338,677	48,954,795	-	132,844,569
At December 31, 2014	-	1,718,887	6,763,151	14,514,239	11,704,410	385,157,753	72,722,921	70,287,435	30,799,328	593,668,124
Net block										
At December 31, 2013	4,765,674	8,436,452	24,949,123	76,106,474	4,173,195	122,821,793	69,153,394	44,522,157	23,098,195	378,026,457
At December 31, 2014	4,765,674	8,287,081	24,435,147	74,651,462	3,040,899	105,557,236	21,608,924	79,551,707	27,367,813	349,245,943

Notes:

- (1) Includes Rs. 21,155,390 (Previous year Rs. 21,155,390) paid towards land and building under a composite lease taken in earlier year for which no separate values are assignable.
- (2) Vehicles amounting to Rs. 17,842,555 (Previous year Rs. 15,323,824) are hypothecated against terms loans for vehicle finance from non banking financial corporation.

12. Intangible assets

(Amount in Rs.)

Particulars	Softwares	Product development costs (Internally generated software)	Customer contract*	Non compete fee*	Goodwill on business acquisition*	Total
Gross block						
As at January 1, 2013	258,897,746	34,580,899	-	-	-	293,478,645
Additions	19,341,847	12,103,851				31,445,698
Addition through business acquisition	-	-	7,405,408	7,492,381	17,935,280	32,833,069
Deletions	7,662,439	-	-	-	-	7,662,439
Foreign currency translation	18,341,343	-	900,001	910,571	2,179,726	22,331,641
At December 31, 2013	288,918,497	46,684,750	8,305,409	8,402,952	20,115,006	372,426,614
Additions	30,973,630	21,987,834	-	-	-	52,961,464
Deletions	36,383,751	-	-	-	-	36,383,751
Foreign currency translation	(10,561,413)	-	(190,780)	(193,021)	(462,054)	(11,407,268)
Sale of subsidiaries [refer note 29 (f)]	62,986,331	-	-	-	-	62,986,331
At December 31, 2014	209,960,632	68,672,584	8,114,629	8,209,931	19,652,952	314,610,728
Amortisation						
As at January 1, 2013	225,343,705	29,889,343	-	-	-	255,233,048
Charge for the year	19,515,921	6,022,709	7,829,105	1,297,043	3,104,825	37,769,603
Deletions	7,657,628	-	-	-	-	7,657,628
Foreign currency translation	15,705,082	-	341,931	56,647	135,601	16,239,261
At December 31, 2013	252,907,080	35,912,052	8,171,036	1,353,690	3,240,426	301,584,284
Charge for the year	30,663,532	8,086,629	132,485	1,656,987	3,966,500	44,506,133
Deletions	36,383,718	-	-	-	-	36,383,718
Foreign currency translation	(9,249,485)	-	(188,892)	(46,097)	(110,345)	(9,594,819)
Sale of subsidiaries [refer note 29 (f)]	51,887,424	-	-	-	-	51,887,424
At December 31, 2014	186,049,985	43,998,681	8,114,629	2,964,580	7,096,581	248,224,456
Net block						
At December 31, 2013	36,011,417	10,772,698	134,373	7,049,262	16,874,580	70,842,330
At December 31, 2014	23,910,647	24,673,903	-	5,245,351	12,556,371	66,386,272

*refer note 29 (e).

13.1 Non-current investments

Particulars	As at December 31, 2014 (Rs.)	As at December 31, 2013 (Rs.)
Non-trade, unquoted (valued at cost unless stated otherwise)		
2,500 (Previous year 2,500) equity shares of Rs. 10 each fully paid up in The Saraswat Co-operative Bank Limited	25,000	25,000
Total	25,000	25,000
Aggregate amount of unquoted investments	25,000	25,000

13.2 Current investments

Particulars	As at December 31, 2014 (Rs.)	As at December 31, 2013 (Rs.)
Non-trade, quoted mutual funds (valued at cost or fair value, which ever is lower)		
Investment in SBI Debt Fund [1,800,000 units (Previous year 1,000,000) of Rs.10 each]	18,000,000	10,000,000
Total	18,000,000	10,000,000

Aggregate amount of quoted investments [Market value of Rs. 19,310,580 (Previous year Rs. 10,711,500)]

14. Loans and advances

Particulars	Non-current		Current	
	As at December 31, 2014 (Rs.)	As at December 31, 2013 (Rs.)	As at December 31, 2014 (Rs.)	As at December 31, 2013 (Rs.)
Capital advances				
Unsecured, considered good	450,000	218,400		
Sub total (A)	450,000	218,400		
Advances recoverable in cash or in kind or for value to be received				
Unsecured, considered good	7,371,251	16,688,222	93,554,290	130,030,676
Unsecured, considered doubtful	-	-	3,073,684	3,027,895
	7,371,251	16,688,222	96,627,974	133,058,571
Provision for doubtful advances	-	-	(3,073,684)	(3,027,895)
Sub total (B)	7,371,251	16,688,222	93,554,290	130,030,676
Security deposit				
Unsecured, considered good	26,612,483	26,579,231	4,361,460	1,736,554
Unsecured, considered doubtful	-	-	-	3,000,000
	26,612,483	26,579,231	4,361,460	4,736,554
Provision for doubtful advances	-	-	-	(3,000,000)
Sub total (C)	26,612,483	26,579,231	4,361,460	1,736,554
Other loans and advances				
Unsecured, considered good				
MAT credit entitlement	-	4,486,620		
Balances with customs, excise, etc.	-	-	20,659,153	18,386,078
Advance fringe benefit tax [net of provisions amounting to Rs. 7,082,336 (Previous year Rs. 7,082,336)]	167,664	167,664	-	-
Advance income taxes [net of provisions amounting to Rs. 251,640,403 (Previous year Rs. 250,380,114)]	34,239,888	36,240,595	-	-
Sub total (D)	34,407,552	40,894,879	20,659,153	18,386,078
Total (A+B+C+D)	68,841,286	84,380,732	118,574,903	150,153,308

15. Trade receivables and other assets
15.1 Trade receivables

Particulars	Current	
	As at December 31, 2014 (Rs.)	As at December 31, 2013 (Rs.)
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	18,713,598	14,608,253
Unsecured, considered doubtful	77,445,165	148,889,673
	96,158,763	163,497,926
Provision for doubtful receivables	(77,445,165)	(148,889,673)
Sub total (A)	18,713,598	14,608,253
Other receivables		
Unsecured, considered good	1,232,051,444	1,026,325,485
Unsecured, considered doubtful	20,634,953	15,033,325
	1,252,686,397	1,041,358,810
Provision for doubtful receivables	(20,634,953)	(15,033,325)
Sub total (B)	1,232,051,444	1,026,325,485
Total (A+B)	1,250,765,042	1,040,933,738

15.2 Other assets

Particulars	Non-current		Current	
	As at December 31, 2014 (Rs.)	As at December 31, 2013 (Rs.)	As at December 31, 2014 (Rs.)	As at December 31, 2013 (Rs.)
Non-current bank balances (refer note 16)	56,425,080	90,663,751		
Interest accrued on deposits	2,146,562	5,569,065	5,271,757	2,094,922
Interest accrued on staff advances	-	-	43,163	22,615
Unbilled revenues	-	-	111,831,942	264,117,161
Total	58,571,642	96,232,816	117,146,862	266,234,698

16. Cash and bank balances

Particulars	Non-current		Current	
	As at December 31, 2014 (Rs.)	As at December 31, 2013 (Rs.)	As at December 31, 2014 (Rs.)	As at December 31, 2013 (Rs.)
Cash and cash equivalents				
Cash on hand			750,646	961,744
Cheques on hand			-	1,100,000
Balances with scheduled banks:				
On current accounts			118,888,448	21,559,285
On EEFC accounts			63,196,116	84,518,551
On deposit accounts with original maturity of less than 3 months			89,200,000	69,400,000
On unclaimed dividend *			2,084,702	1,559,375
On unpaid dividend (refer note below) *			325,019,379	-
Escrow account for buyback [refer note 3 (f)] *			15,000,000	-
Balance with other banks:				
On current accounts			433,183,530	516,246,994
On deposit accounts			11,772,901	99,847,743
			1,059,095,722	795,193,692
Other bank balances				
Deposits with original maturity for more than 12 months			150,300,000	99,800,000
Deposits with original maturity for more than 3 months but less than 12 months			154,438,828	119,541,851
Margin money deposits (refer detail below)	56,425,080	90,663,751		
	56,425,080	90,663,751	304,738,828	219,341,851
Amount disclosed under non-current assets (refer note 15.2)	(56,425,080)	(90,663,751)		
Total	-	-	1,363,834,550	1,014,535,543

* Company can utilise these balances for respective dividend / buy back, as the case may be.

Detail of margin money deposits

Particulars	As at December 31, 2014 (Rs.)	As at December 31, 2013 (Rs.)
Margin money deposits against performance guarantees	35,669,730	49,806,339
Margin money deposits against credit / derivative facilities	20,755,350	40,857,412
Total	56,425,080	90,663,751

Note:

The Board of Directors at its meeting held on December 20, 2014, has declared fourth interim (special) dividend for the year 2014 @ Rs. 2.55 per equity share of face value of Re. 1/- each to the shareholders as per record date December 29, 2014. The amount payable has been transferred in a separate bank account.

17. Revenue from operations

Particulars	For the Year ended December 31, 2014 (Rs.)	For the Year ended December 31, 2013 (Rs.)
Sale of services*	6,483,643,958	5,957,729,689
Sale of third party items	1,314,656	2,812,196
Total	6,484,958,614	5,960,541,885

*include revenue from Information technology services Rs. 5,296,102,913 (Previous year Rs. 4,830,041,783) and Business process outsourcing services Rs. 1,187,541,045 (Previous year Rs. 1,127,687,906).

18. Other income

Particulars	For the Year ended December 31, 2014 (Rs.)	For the Year ended December 31, 2013 (Rs.)
Interest income on bank deposits	41,016,484	40,346,189
Foreign exchange fluctuation (net)	17,476,967	-
Profit on redemption of mutual fund	1,005,000	-
Provision for doubtful debts and advances written back (net)	3,474,430	-
Excess provisions written back	1,182,856	1,037,085
Miscellaneous income	26,570,422	5,765,304
Total	90,726,159	47,148,578

19. Employee benefits expense

Particulars	For the Year ended December 31, 2014 (Rs.)	For the Year ended December 31, 2013 (Rs.)
Salaries, wages and bonus	3,583,781,252	3,253,466,800
Gratuity (refer note 32)	30,974,730	10,648,701
Contribution to provident fund and other funds	283,019,766	275,146,849
Staff welfare expenses	37,445,010	34,604,957
Total	3,935,220,758	3,573,867,307

20. Operational and other expenses

Particulars	For the Year ended December 31, 2014 (Rs.)	For the Year ended December 31, 2013 (Rs.)
Contract cost	32,997,381	106,582,006
Power and fuel	55,290,997	55,100,894
Rent - premises	129,054,956	128,164,523
Rent - equipments	4,230,477	5,414,162
Rates and taxes	11,335,882	7,879,598
Insurance	24,211,355	21,602,844
Repair and maintenance	109,717,897	109,168,731
Advertising and sales promotion	31,886,643	21,215,704
Commission - others	7,314,837	5,633,350
Traveling and conveyance	347,763,699	345,943,945
Communication costs	87,467,648	83,566,328
Printing and stationery	6,876,010	7,951,959
Legal and professional fees	722,717,286	598,296,976
Cost of third party items	1,103,857	1,620,874
Directors' sitting fee	935,000	435,000
Auditors' remuneration (refer detail below)	5,878,196	5,592,200
Foreign exchange fluctuation (net)	-	11,839,689
Provision for doubtful debts and advances (net)	-	33,450,241
Bad debts and advances written off [net of Rs. 67,989,552 (previous year Rs. 43,821,551) utilisation from provision for doubt debts and advances]	28,914	654,192
Loss on sale / discard of fixed assets (net)	1,609,875	3,006,410
Recruitment and training expenses	34,136,471	28,298,771
Security expenses	9,466,764	7,520,134
Membership and subscription	11,227,381	11,074,625
Miscellaneous expenses	9,754,178	6,364,554
Total	1,645,005,704	1,606,377,710

Detail of auditors remuneration

Particulars	For the Year ended December 31, 2014 (Rs.)	For the Year ended December 31, 2013 (Rs.)
As auditor:		
- Audit fee		
- Statutory audit fee	1,677,500	1,507,500
- Quarterly audit fee	2,130,000	2,070,000
- Limited Review	570,000	555,000
- Out-of-pocket expenses	245,696	304,700
In other capacity:		
- Certification	880,000	880,000
- Other services	375,000	275,000
Total	5,878,196	5,592,200

21. Depreciation and amortisation expense

Particulars	For the Year ended December 31, 2014 (Rs.)	For the Year ended December 31, 2013 (Rs.)
Depreciation on tangible assets	67,946,878	63,937,014
Amortisation on intangible assets	44,506,133	37,769,603
Total	112,453,011	101,706,617

22. Finance costs

Particulars	For the Year ended December 31, 2014 (Rs.)	For the Year ended December 31, 2013 (Rs.)
Interest on loans	1,174,750	1,233,749
Bank charges	7,735,422	6,250,256
Total	8,910,172	7,484,005

23. Exceptional items

Particulars	For the Year ended December 31, 2014 (Rs.)	For the Year ended December 31, 2013 (Rs.)
Currency translation reserve released on buy back of subsidiary share [refer note 29 (b)]	26,084,902	-
Profit on sale of subsidiaries [refer note 29 (f)]	224,024,880	-
Total	250,109,782	-

24. Segment information

Business segments :

R Systems Group is a leading global provider of IT solutions and Business Process Outsourcing (BPO) services. The Group considers business segment as the basis for primary segmental reporting. The Group is organised into two business segments – Information technology services and products and Business process outsourcing services. Costs and expenses which cannot be allocated to any business segment are reflected in the column 'corporate and others'. Segments have been identified and reported based on the nature of the services, the risks and returns, the organisation structure and the internal financial reporting system.

Geographical segments :

The Group reports secondary segment information on the basis of the geographical location of the customers / assets. Although the Group's major operating divisions are managed on a worldwide basis, they operate in five principal geographical areas of the world which are: India, United States of America, South East Asian countries, Europe and Other areas.

The following table provides required information for the primary segments for the year ended December 31, 2014 and December 31, 2013:

Particulars	(Amount in Rs.)									
	Information technology services and products		Business process outsourcing services		Eliminations		Corporate and others		Total	
	Year ended December 31		Year ended December 31		Year ended December 31		Year ended December 31		Year ended December 31	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
REVENUE										
External sales	5,297,417,569	4,832,853,979	1,187,541,045	1,127,687,906					6,484,958,614	5,960,541,885
Inter-segment sales	1,172,881	6,813,758	17,247,805	16,618,587	18,420,686	23,432,345			-	-
Total revenue	5,298,590,450	4,839,667,737	1,204,788,850	1,144,306,493	18,420,686	23,432,345			6,484,958,614	5,960,541,885
RESULT										
Segment result	762,069,874	621,886,018	143,508,421	123,924,986					905,578,295	745,811,004
Unallocated corporate expenses							(72,329,901)	(66,668,620)	(72,329,901)	(66,668,620)
Operating profit									833,248,394	679,142,384
Interest expenses							(1,174,750)	(1,233,749)	(1,174,750)	(1,233,749)
Interest income							41,016,484	40,346,189	41,016,484	40,346,189
Other Unallocable income							1,005,000	-	1,005,000	-
Exceptional items (refer note 23)							250,109,782	-	250,109,782	-
Income taxes expense							(342,867,452)	(191,268,192)	(342,867,452)	(191,268,192)
Net profit									781,337,458	526,986,632

The following table provides required information for the primary segments as at December 31, 2014 and December 31, 2013:

Particulars	(Amount in Rs.)									
	Information technology services and products		Business process outsourcing services		Eliminations		Corporate and others		Total	
	December 31		December 31		December 31		December 31		December 31	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
OTHER INFORMATION										
Segment assets	2,192,391,639	2,173,184,350	270,732,940	429,631,243	39,198,293	198,065,623			2,423,926,286	2,404,749,970
Unallocated corporate assets							1,233,444,013	970,959,993	1,233,444,013	970,959,993
Income tax assets							72,706,539	96,244,192	72,706,539	96,244,192
Total assets	2,192,391,639	2,173,184,350	270,732,940	429,631,243	39,198,293	198,065,623	1,306,150,552	1,067,204,185	3,730,076,838	3,471,954,155
Segment liabilities	953,635,631	775,951,104	79,044,792	354,441,332	39,198,293	198,065,623			993,482,130	932,326,813
Unallocated corporate liabilities							448,852,170	121,881,226	448,852,170	121,881,226
Income tax liabilities							156,691,297	100,138,869	156,691,297	100,138,869
Total liabilities	953,635,631	775,951,104	79,044,792	354,441,332	39,198,293	198,065,623	605,543,467	222,020,095	1,599,025,597	1,154,346,908
Capital expenditures	89,839,472	139,946,226	10,819,210	30,594,221					100,658,682	170,540,447
Depreciation and amortisation	89,404,710	83,676,286	23,048,301	18,030,331					112,453,011	101,706,617
Other non-cash expenses	1,613,918	36,822,328	24,871	288,515					1,638,789	37,110,843

Geographical segments:

The Group reports secondary segment information on the basis of the geographical location of the customers / assets. The management views the domestic and export markets as distinct geographical segments.

The following is the distribution of the Group's revenue by geographical area in which customers are located:

	For the year ended December 31,	
	2014 (Rs.)	2013 (Rs.)
India	413,281,662	284,027,611
USA	3,701,587,121	3,317,857,603
South East Asia	586,813,434	606,375,061
Europe	1,516,302,927	1,517,640,314
Others	266,973,470	234,641,296
Total	6,484,958,614	5,960,541,885

Assets and additions to fixed assets by geographical area:

The following table shows the carrying amount of assets and additions to fixed assets (including capital advances) by geographical area in which assets are located:

	Carrying amount of assets as at December 31,		Additions to fixed assets for the year ended December 31,	
	2014 (Rs.)	2013 (Rs.)	2014 (Rs.)	2013 (Rs.)
India	1,658,379,333	1,146,836,625	77,427,068	92,944,119
USA	923,383,328	883,032,008	3,877,951	5,731,933
South East Asia	201,907,530	201,901,447	2,899,145	45,216,667
Europe	860,912,773	1,159,069,634	16,454,518	26,647,728
Others	85,493,874	81,114,441	-	-
Total	3,730,076,838	3,471,954,155	100,658,682	170,540,447

25. Related party disclosure

Names of related parties (refer note 2 for 'R Systems Group')

(i) Key management personnel

Sl. No.	Name of person	Designation	Company
1	Satinder Singh Rekhi	Managing Director	R Systems International Limited, India
		Director	R Systems, Inc., USA
		Director	R Systems (Singapore) Pte Ltd, Singapore
		Director	Indus Software, Inc., USA
		Director	R Systems Solution, Inc, USA
		Director (till June 24, 2013)	R Systems, NV, Belgium (Liquidated on June 24, 2013)
		Director (till November 27, 2014)	R Systems Europe B.V., Netherlands (ceased to be subsidiary w.e.f. November 27, 2014)
		Director	Computaris International Limited, UK
		Director	Systèmes R. International Ltée, Canada
2	Lt. Gen. Baldev Singh (Retd.)	President and Senior Executive Director	R Systems International Limited
		Director (appointed on July 11, 2014)	R Systems Products & Technologies Limited, India
3	Raj Swaminathan	Director and Chief Operating Officer	R Systems International Limited, India
		Director (appointed on July 11, 2014)	R Systems Products & Technologies Limited, India
4	Sartaj Singh Rekhi	Director	R Systems Solution, Inc., USA
		Director (till November 27, 2014)	R Systems Europe B.V., Netherlands (ceased to be subsidiary w.e.f. November 27, 2014)
		Director (appointed on February 1, 2014)	ECnet Ltd, Singapore
		Director (till June 24, 2013)	R Systems, NV, Belgium (Liquidated on June 24, 2013)
		Director	Indus Software, Inc., USA
		Director	R Systems, Inc., USA
		Director	Systèmes R. International Ltée, Canada
5	Sidhartha Shankar Dubey	Director (till November 27, 2014)	R Systems Europe B.V., Netherlands (ceased to be subsidiary w.e.f. November 27, 2014)
		Director (till November 27, 2014)	R Systems S.A.S ,France (ceased to be subsidiary w.e.f. November 27, 2014)
		Vice President – BPO	R Systems International Limited, India
6	Vinay Narjit Singh Behl	Director	R Systems, Inc., USA
7	Chan Kum Ming	Director	ECnet Limited, Singapore
		Director	R Systems (Singapore) Pte Ltd, Singapore
8	Bogdan Mihai Danila	Director	Computaris International Limited, UK
9	Raluca Marina Rusu	Director	Computaris International Limited, UK
10	Michal Misiaszek	Director	Computaris International Limited, UK
11	Ramneet Singh Rekhi	Director (till November 27, 2014)	R Systems Europe B.V., Netherlands (ceased to be subsidiary w.e.f. November 27, 2014)

Sl. No.	Name of person	Designation	Company
12	Avirag Jain	Director (appointed on July 11, 2014)	R Systems Products & Technologies Limited, India
		EVP & Chief Technology Officer	R Systems International Limited, India
13	Joydeep Sen Chaudhuri	Director (appointed on February 1, 2014)	R Systems (Singapore) Pte Ltd, Singapore
14	Teo Lye Choon	Director (appointed on February 1, 2014)	ECnet Limited, Singapore
15	Cai Li Ting	Director (resigned on February 1, 2014)	ECnet Limited, Singapore
		Director (resigned on February 1, 2014)	R Systems (Singapore) Pte Ltd, Singapore
16	Nand Sardana ^	Chief Financial Officer	R Systems International Limited, India
17	Vikash Kumar Tiwari ^	Company Secretary & Compliance Officer (resigned on December 20, 2014)	R Systems International Limited, India
18	Ashish Thakur ^	Company Secretary & Compliance Officer (appointed on December 20, 2014)	R Systems International Limited, India
19	Harpreet Rekhi	Director	R Systems, Inc., USA
		Director	Indus Software, Inc., USA
		Director	R Systems Solution, Inc, USA
		Director	R Systems (Singapore) Pte Ltd, Singapore
20	Ian Adrian Tidder	Director (resigned on December 2, 2013)	Computaris International Limited, UK

^ Pursuant to the Companies Act, 2013.

(ii) Relatives of Key management personnel

Anita Behl, (related to Satinder Singh Rekhi)

Kuldeep Baldev Singh, [related to Lt. Gen. Baldev Singh (Retd.)]

Mandeep Singh Sodhi [related to Lt. Gen. Baldev Singh (Retd.)], Vice President – Sales

(iii) Enterprises where key management personnel or their relatives exercise significant influence

U Infosoft Private Limited

GM Solutions Private Limited

GMU Infosoft Private Limited

Right Match Holdings Ltd

Satinder and Harpreet Rekhi Family Trust

Guru Harkrishan Irrevocable Trust

Guru Tegh Bahadur Irrevocable Trust

Euro IT Limited

Details of transactions with related parties for the year ended December 31, 2014 and December 31, 2013:

(Amount in Rs.)

	For the year ended December 31, 2014	For the year ended December 31, 2013
Remuneration		
Satinder Singh Rekhi	30,133,078	25,292,405
Lt. Gen. Baldev Singh (Retd.)	5,893,452	5,921,889
Raj Swaminathan	6,245,664	6,392,954
Cai Li Ting (Resigned in 2014)	-	6,222,549
Sartaj Singh Rekhi	10,848,566	10,251,964
Vinay Narjit Singh Behl	2,288,668	1,757,250
Mandeep Singh Sodhi	31,031,483	25,212,198
Chan Kum Ming	9,321,992	8,255,151
Bogdan Mihai Danila	6,617,326	6,430,844
Raluca Marina Rusu	7,989,088	7,221,624
Michal Misiaszek	8,010,194	8,106,505
Sidhartha Shankar Dubey	4,123,780	4,295,502
Ramneet Singh Rekhi	3,392,652	3,221,625
Teo Lye Choon	6,771,251	-
Joydeep Sen Chaudhuri	7,261,896	-
Avirag Jain	2,633,003	-
Nand Sardana	4,883,000	3,621,000
Vikash Kumar Tiwari	1,485,671	1,490,856
Ashish Thakur	21,356	-
Total	148,952,120	123,694,316
Services received		
Euro IT Limited	-	15,405,301
Total	-	15,405,301
Rent		
Satinder Singh Rekhi	10,105,756	9,659,184
Total	10,105,756	9,659,184
Dividend paid *		
Satinder Singh Rekhi	4,320,360	2,422,020
Lt. Gen. Baldev Singh (Retd.)	847,013	817,500
Raj Swaminathan	660,000	395,000
Sartaj Singh Rekhi	19,771,422	6,373,879
Ramneet Singh Rekhi	16,718,229	4,662,241
Vinay Narjit Singh Behl	405,525	39,313
Chan Kum Ming	7,200	-
Sidhartha Shankar Dubey	2,749	-
Avirag Jain	330	185
Harpreet Rekhi	2,508	1,406
Nand Sardana	172,260	96,570
Mandeep Sodhi	2,722,159	1,272,060

(Amount in Rs.)

	For the year ended December 31, 2014	For the year ended December 31, 2013
Kuldeep Baldev Singh	20,064	11,248
Anita Behl	46,275	141,303
GMU Infosoft Private Limited	27,176,899	14,255,810
U Infosoft Private Limited	27,834,178	14,672,171
GM Solutions Private Limited	28,884,354	15,245,616
Right Match Holdings Ltd	30,597,600	17,153,200
Guru Harkrishan Irrevocable Trust	-	4,710,100
Guru Tegh Bahadur Irrevocable Trust	-	4,710,100
Satinder and Harpreet Rekhi Family Trust	57,112,994	34,812,283
Total	217,302,119	121,792,005

* Excluding fourth interim (special) dividend and final proposed dividend declared during the year 2014, which is not paid till December 31, 2014

(Amount in Rs.)

Balance payable to key management personnel	As at December 31,	
	2014	2013
Satinder Singh Rekhi	5,158,363	7,880,500
Lt. Gen. Baldev Singh (Retd.)	1,098,001	1,090,927
Raj Swaminathan	1,833,399	1,833,333
Raluca Marina Rusu	621,452	1,126,917
Bogdan Mihai Danila	238,027	433,430
Avirag Jain	1,207,740	-
Nand Sardana	231,988	-
Vikash Kumar Tiwari	147,905	-
Ashish Thakur	49,651	-
Total	10,588,540	12,367,120

26. Capital and other commitments

(i) Capital commitments:

	As at December 31, 2014 (Rs.)	As at December 31, 2013 (Rs.)
Estimated amount of unexecuted capital contracts (net of advances)	3,356,027	5,658,248

(ii) Other commitments:

The Company has committed the buy-back of its equity shares for a total consideration not exceeding Rs. 60,000,000, and at a price not exceeding Rs. 100/- per share. Against the aforesaid buy back the Company has deposited Rs. 15,000,000 in the escrow account [refer note 3 (f)].

27. Contingent liabilities:

	As at December 31, 2014 (Rs.)	As at December 31, 2013 (Rs.)
Performance guarantees given to Department of Telecommunication for Domestic and International 'Other Service Provider' licenses	20,000,000	20,000,000
Performance bank guarantee issued to a customer	279,000	6,138,000
Total	20,279,000	26,138,000

28. Operating Lease- Company as lessee

The Group has operating lease for office premises, office equipment, vehicle etc. The future minimum payments required under non-cancelable operating lease at year-end are as follows

	Year ended December 31, 2014 (Rs.)	Year ended December 31, 2013 (Rs.)
Lease payments for the year	137,569,131	134,332,942
Non-cancellable operating lease obligation :		
Not later than one year	79,374,877	95,321,827
Later than one year but not later than five years	111,571,819	135,739,494
Later than five years	13,826,304	6,688,176

The operating lease arrangements extend for a maximum of 9 years from their respective dates of inception. Some of the operating lease arrangements have price escalation clause at various periodic levels ranging from 0 to 8% includes option of renewal from 1 to 6 years and there are no restrictions imposed on lease arrangements.

- 29. (a)** During earlier years, the Company had acquired shares in ECnet Limited, a company incorporated in Singapore at a total consideration of Rs. 34,938,958. During the year ended December 31, 2005, the Company had based upon an order of High Court of Delhi written down the goodwill value to Rs. Nil and adjusted the write off of Rs. 24,495,721 against the Securities Premium Account as this had not been represented by available assets.

During the year ended December 31, 2007, the Company had settled the liabilities towards certain erstwhile shareholders. As a result thereof, the deferred payment compensation of Rs. 14,452,222 was released, as considered appropriate by the management. Out of above, Rs.10,442,237 had been adjusted against the value of the investment. The reassessed amount payable Rs. 12,850,989 (reinstated as at December 31, 2014) [Previous year Rs. 13,153,262 (reinstated as at December 31, 2013)] is shown under 'Other current liabilities'.

- (b)** During the year ended December 31, 2011, the Company had acquired 100% shares of Computaris International Limited, UK (Computaris) on January 26, 2011 for a maximum consideration of GBP 9 million out of which GBP 4.25 million was the initial payout and balance was based on earn outs as well as fulfillment of certain condition by the erstwhile shareholders of Computaris over the next two years.

During the year ended December 31, 2013, the management basis the settlement entered with erstwhile shareholders of Computaris, has agreed the final consideration at Rs. 421,812,565 and accordingly adjusted the investment value and goodwill on acquisition by Rs. 17,209,661. The restated Goodwill as at December 31, 2014 amounts to Rs. 280,203,651 [Previous year Rs. 291,111,050 (reinstated as at December 31, 2013)].

The Board of Directors at its meeting held on July 07, 2014 has approved the offer of buy-back from Computaris International Limited (a wholly owned subsidiary) of 13,500 shares held by the Company in the said subsidiary at the rate of GBP 111.38 per share amounting to for a consideration of Rs. 148,979,660. The aforesaid buy-back proceeds have been received by the Company on September 17, 2014. Even after this buy-back, Computaris International Limited continues to remain wholly owned subsidiary of the Company.

On account of this buy-back, the Company has released proportionate currency translation reserve amounting to Rs. 26,084,902 to the foreign exchange fluctuation which is disclosed as 'Exceptional Items' in the consolidated financial statement.

- (c) One of the step down subsidiaries i.e. Computaris Limited (a wholly owned dormant subsidiary of Computaris International Limited) had been liquidated as per applicable laws in United Kingdom and India on December 24, 2013.
- (d) During the year ended December 31, 2010, the Board of Directors of the Company and R Systems NV, Belgium (wholly owned subsidiary of the Company) had approved the liquidation of R Systems NV, Belgium subject to the required statutory and corporate approvals in India and Belgium. The above said liquidation had been completed on June 24, 2013, in compliance with the applicable laws of India and Belgium.
- (e) During March, 2013, ECnet Limited (a Singapore based subsidiary of the Company) has acquired an ERP business from another company in Singapore. The management has settled the purchase consideration at SGD 753,882 after considering the conditions fulfilled by the seller as specified under Asset Purchase Agreement. The consideration paid has been allocated on the basis of the independent valuation to following assets :-

	Amount in SGD	Amount in Rs.
Customer contracts	170,036	7,405,408
Non-compete fee	172,033	7,492,381
Goodwill on business acquisition	411,813	17,935,280
Total consideration paid	753,882	32,833,069

The assets acquired through business acquisition are amortised on following basis :-

Intangible assets	Amortisation period
Customer contracts	Over the period of contract
Non-compete fee	Non-compete period of 5 years
Goodwill on business acquisition	5 years

- (f) On November 27, 2014, the Company has transferred Europe BPO Business by way of sale of its 100% holding in R Systems Europe B.V., Netherlands and R Systems S.A.S., France, being wholly owned subsidiaries, to Customer Contact Management Group B.V. ("CCMG") a Europe based company by executing the Share Sale Agreement along with other necessary documents for a sale consideration of Euros 4.70 million (Rs. 357,469,488). Out of the sale consideration, Euro 0.35 million (Rs. 26,628,000) has been placed in an escrow account in the Netherlands pursuant to the provision of the Share Sale Agreement. The profit on aforesaid transfer of subsidiaries amounting to Rs. 224,024,880 is disclosed as 'Exceptional Items' in the consolidated financial statements.
- (g) On July 11, 2014, the Company incorporated a wholly owned subsidiary in India, namely, R Systems Products & Technologies Limited ("RSPTL"). The shareholders of the Company by passing special resolution through postal ballot on September 23, 2014 have accorded necessary approval for transfer of Indus IT Product and Service business operated out of Pune and Chennai centres to RSPTL to pursue opportunities for its further sale or disinvestment. The said transfer will be on a going concern basis by way of slump sale, for consideration of Rs 783,900,000 to be discharged by RSPTL through issuance of equity / debenture / loan and / or any other securities, on the terms and conditions as may be agreed by the Board of Directors of the Company and RSPTL. Further, the aforesaid transfer to the subsidiary will not affect the consolidated financial statements of the Company.

30. (a) R Systems International Limited - Year 2004 Employee Stock Option Plan ('the plan')

The Company had instituted the plan for all eligible employees as specified in the rules in pursuance of the special resolution duly approved by the shareholders. The plan provides for the issuance of 997,500 options for equity shares of face value of Rs. 10 each, to eligible employees as recommended by the Compensation Committee constituted for this purpose.

The plan is administered by a Compensation Committee and exercise price is "1.60 times the Book Value of the Share as per the audited balance sheet as on December 31, 2003 i.e. Rs. 42 per Share or 1.60 times of the book value as per immediate previous accounting year audited balance sheet rounded off to nearest rupee as on the date of Exercise whichever is higher", till the time equity shares of the Company are not listed. Once the equity shares are listed, the exercise price is prevailing price or stock price i.e. the latest available closing price, prior to the date of the meeting of the Board of Directors in which options are granted / shares are issued, on the stock exchange on which the shares of the Company are listed.

During the year ended December 31, 2006, the Company had consolidated each of its five equity shares of Rs. 2 each into one equity share of Rs. 10 each and then issued 1:1 bonus share to each of the then existing shareholder (excluding the option holders) by utilisation of Securities Premium Account in terms of the provisions of Section 78 of the Companies Act, 1956. Considering these changes in the capital structure, the management had adjusted the number of options vesting to its employees and exercise price to preserve the benefits intended to be made available under the plan i.e. instead of five options of Rs. 2 per share, the employees' entitlement had been adjusted to one option of Rs. 10 per share and instead of earlier exercise price of Rs. 42 per share for each Rs. 2 share, the exercise price had been accordingly adjusted to Rs. 105 per equity share. During the year ended December 31, 2008, the Company had obtained a legal opinion confirming that the adjustments undertaken to the number of options vesting to its employees and exercise price, pursuant to the consolidation and subsequent bonus issue during the year ended December 31, 2006, does not tantamount to modification and no additional benefit was offered to the existing option holders. Further, as explained in note 31 (b) regarding sub-division of equity shares of Rs. 10 each into 10 equity shares of Re. 1 each, the exercise price is accordingly adjusted from Rs. 105 per share to Rs. 10.50 per share.

The vesting period is 4 years (25% in each year) commencing from the date of grant under the plan. The eligible employees have an option to exercise it over a period of 10 years from the date of grant under the plan. As per the plan, the Compensation Committee cannot grant any outstanding options after August 31, 2014, therefore there are no grants outstanding for determination by the Compensation Committee. The movement in the options during the year ended December 31, 2014 and year ended December 31, 2013 [after making adjustment for subdivision of equity shares as explained in note 31 (b)] is set out below:

	Year ended December 31, 2014 (Nos.)	Year ended December 31, 2013 (Nos.)
<u>At the beginning</u>		
- Grants outstanding under the plan (Re. 1 per share)	515,400	560,350
- Grants pending determination by the Compensation Committee (Re. 1 per share)	931,250	886,300
<u>During the year</u>		
- Options granted (Re. 1 per share)	-	-
- Options exercised (Re. 1 per share)	-	-
- Options/grants lapsed or surrendered (Re. 1 per share)	1,344,500	44,950
<u>At the end</u>		
- Grants outstanding under the plan (Re. 1 per share)	102,150	515,400
- Grants pending determination by the Compensation Committee (Re.1 per share)	-	931,250

The weighted average remaining contractual life for the stock options as at December 31, 2014 is 11.54 months (Previous year 9.10 months).

(b) Indus Software Employees Stock Option Plan – Year 2001 ('the plan');

Indus Software Private Limited ('Indus') had outstanding options aggregating 21,967 equity shares as on March 31, 2002, to be issued to the eligible employees under the Indus Software Employees Stock Option Plan – Year 2001 under various vesting periods as specified in the said Plan, duly approved by the erstwhile shareholders. Indus had established "Indus Software Employees Welfare Trust" ('the Indus Trust') to administer the plan, as approved by the members, for the benefits of the Company's employees and had provided an interest free loan of Rs. 3,382,792. Consequently, Indus had allotted 21,967 equity shares of Rs. 10 each at a premium of Rs. 144 per equity share to the Indus Trust to be further issued to the Indus' eligible employees on the exercise of the underlying options granted to them.

As a result of the merger of Indus with the Company, all employees had surrendered their options in favour of the Indus Trust to enable them to obtain options for shares in R Systems International Limited after the merger. Also, the Company had issued 206,822 equity shares of Rs. 2 each at a premium of Rs. 113.42 per share to the Indus Trust in exchange of 21,967 equity shares of Indus, apropos to the agreed swap ratio. During the earlier years out of the said 206,822 shares 22,079 shares were issued to the employees on exercise of options.

The Company had consolidated each of its five equity shares of Rs. 2 each into one equity share of Rs. 10 each on January 30, 2006 and then issued 1:1 bonus share to each of the then existing shareholder by utilisation of Securities Premium Account in terms of the provisions of Section 78 of the Companies Act, 1956 and further sub-division of each of the equity shares of Rs. 10 each into 10 equity shares of Re. 1 each as per record date of February 28, 2014, consequently the total number of shares issued are now 738,980 equity shares of Re. 1 each. Accordingly an amount of Rs. 738,980 and Rs. 2,282,728 is shown as deduction from Issued, subscribed and paid-up capital and Securities Premium Account respectively as suggested by the "Guidance Note on Accounting for Employee Share-based Payments" issued by The Institute of Chartered Accountants of India.

The movement in the options (in equivalent number of shares of the Company) held by the Trust during the year ended December 31, 2014 and the year ended December 31, 2013 [after making adjustment for sub-division of equity shares as explained in note 31 (b)] is set out below:

	Year ended December 31, 2014 (Nos.)	Year ended December 31, 2013 (Nos.)
<u>At the beginning</u>		
- Grants outstanding under the plan (Re. 1 per share)		
- Grants pending determination by the Compensation Committee (Re. 1 per share)	738,980	738,980
<u>During the year</u>		
- Options granted (Re. 1 per share)	-	-
- Options exercised (Re. 1 per share)	-	-
- Options/grants lapsed or surrendered (Re. 1 per share)	-	-
<u>At the end</u>		
- Grants outstanding under the plan (Re. 1 per share)	-	-
- Grants pending determination by the Compensation Committee (Re.1 per share)	738,980	738,980

(c) R Systems International Limited – Year 2004 Employees Stock Option Plan ECnet ('the plan')

The Company had instituted the plan for all eligible employees in pursuance of the special resolution duly approved by the shareholders. The plan provides for the issuance of 1,000,000 options to eligible employees as recommended by the Compensation Committee constituted for this purpose.

The plan is administered by a Compensation Committee and exercise price is "book value of the share as per the audited balance sheet as on December 31, 2003 i.e. Rs. 26 or as on the date of exercise, the book value as per immediate previous accounting year audited balance sheet rounded off to nearest rupee whichever is higher" till the time equity shares of the Company are not listed. Once the equity shares are listed, the exercise price is prevailing price or stock price i.e. the latest available closing price, prior to the date of the meeting of the Board of Directors in which options are granted / shares are issued, on the stock exchange on which the shares of the Company are listed.

During the year ended December 31, 2006, the Company had consolidated each of its five equity shares of Rs. 2 each into one equity share of Rs. 10 each and then issued 1:1 bonus share to each of the then existing shareholder (excluding the option holders) by utilisation of Securities Premium Account in terms of the provisions of Section 78 of the Companies Act, 1956. Considering these changes in the capital structure, the management had adjusted the number of options vesting to its employees and exercise price to preserve the benefits intended to be made available under the plan i.e. instead of five options of Rs. 2 per share, the employees' entitlement had been adjusted to one option of Rs. 10 per share and instead of earlier exercise price of Rs. 26 per share for each Rs. 2 share, the exercise price had been accordingly adjusted to Rs. 65 per equity share. During the year ended December 31, 2008, the Company had obtained a legal opinion confirming that the adjustments undertaken to the number of options vesting to its employees and exercise price, pursuant to the consolidation and subsequent bonus issue during the year ended December 31, 2006, does not tantamount to modification and no additional benefit was offered to the existing option holders. Further, as explained in note 31 (b) regarding sub-division of equity shares of Rs. 10 each into 10 equity shares of Re. 1 each, the exercise price is accordingly adjusted from Rs. 65 per share to Rs. 6.50 per share.

The vesting period is 4 years (40% in 1st year & 20% in 2nd, 3rd & 4th year) commencing from the date of grant under the plan. The eligible employees have an option to exercise it over a period of 10 years from the date of grant under the plan. During the year ended December 31, 2014 the scheme has been lapsed and therefore there are no grants outstanding for determination by the Compensation Committee. The movement in the options during the year ended December 31, 2014 and year ended December 31, 2013 [after making adjustment for subdivision of equity shares as explained in note 31 (b)] is set out below:

	Year ended December 31, 2014 (Nos.)	Year ended December 31, 2013 (Nos.)
At the beginning		
- Grants outstanding under the plan (Re. 1 per share)	62,000	62,000
- Grants pending determination by the Compensation Committee (Re. 1 per share)	1,238,410	1,238,410
During the year		
- Options granted (Re. 1 per share)	-	-
- Options exercised (Re. 1 per share)	-	-
- Options/grants lapsed or surrendered (Re. 1 per share)	1,300,410	-
At the end		
- Grants outstanding under the plan (Re. 1 per share)	-	62,000
- Grants pending determination by the Compensation Committee (Re.1 per share)	-	1,238,410

The weighted average remaining contractual life for the stock options as at December 31, 2014 is Nil (Previous year 8 months).

(d) R Systems International Limited Employee Stock Option Scheme 2007 ('the plan')

During the year 2007, the Company had instituted the plan for all eligible employees as specified in the rules in pursuance of the special resolution duly approved by the shareholders. The plan provides for the issuance of 650,000 options to eligible employees as recommended by the Compensation Committee constituted for this purpose.

The plan is administered by a Compensation Committee and exercise price is Rs. 120.70 being the latest available closing price, prior to the date of the meeting of the Board of Directors / Compensation Committee held on July 11, 2007 in which options were granted on the stock exchange on which the shares of the Company are listed. Accordingly, the intrinsic value of Employee Stock Option is, taken as Rs. Nil. Further, as explained in note 31(b) regarding sub-division of equity shares of Rs. 10 each into 10 equity shares of Re. 1 each, the exercise price is accordingly adjusted from Rs. 120.70 per share to Rs. 12.07 per share.

The vesting period is 4 years (25% in each year) commencing from the date of grant under the plan. The eligible employees have an option to exercise it over a period of 10 years from the date of grant under the plan. The movement in the options during the year ended December 31, 2014 and year ended December 31, 2013 [after making adjustment for sub-division of equity shares as explained in note 31(b)] is set out below:

	Year ended December 31, 2014 (Nos.)	Year ended December 31, 2013 (Nos.)
At the beginning	1,049,280	2,556,780
- Grants outstanding under the plan (Re. 1 per share)	1,965,000	1,905,000
- Grants pending determination by the Compensation Committee (Re. 1 per share)		
During the year		
- Options granted (Re. 1 per share)	-	-
- Options exercised (Re. 1 per share)	804,000	1,447,500
- Options/grants lapsed or surrendered (Re. 1 per share)	-	60,000
At the end		
- Grants outstanding under the plan (Re. 1 per share)	245,280	1,049,280
- Grants pending determination by the Compensation Committee (Re.1 per share)	1,965,000	1,965,000

For options exercised during the period, the weighted average share price at the exercise date was Rs. 49.72 per share (Previous year Rs. 23.42)

The weighted average remaining contractual life for the stock options as at December 31, 2014 is 31 months (Previous year 43 months).

- (e) For the purpose of valuation of the options granted before year ended December 31, 2004, the management obtained fair value of the options at the date of grant under respective schemes from a firm of Chartered Accountants to determine accounting impact, if any, of options granted over the periods. In the considered opinion of the valuer, the fair value of option determined using 'Black Scholes Valuation Model' under each of above schemes [except R Systems International Limited Employee Stock Option Scheme 2007 refer 30 (d) above] is "Nil" and thus no accounting thereof is required.

The assumptions used for the purpose of determination of fair value are stated below:

Assumptions	Unit	Scheme (a) *	Scheme (b) **	Scheme (c)***	Comments by the valuer
Strike price	Rs.	42	154	26	
Current share price	Rs.	16	140	16	Taken on the basis of NAV and PECV method of valuation.
Expected option life	No. of Years	5	2.5	5	Being half of the maximum option life.
Volatility	%	1	0.5	1	In case of unlisted shares, the volatility may be taken as zero. Verma committee also recommends this.
Risk free return	%	7	11.3	7	Zero coupon rate estimated from trading government securities for a maturity corresponding to expected life of option - taken from sites of NSE and / or BSE.
Expected dividend Yield	%	-	15	-	Company has no set policy so dividend taken as zero. In case of Indus plan, as the dividend had been paid by the erstwhile company, it has been assumed at 15%.

*: R Systems International Ltd. - Year 2004 Employee Stock Option Plan under which the price was based on Rs. 2 per share.

** : Indus Software Employees Stock Option Plan - Year 2001 under which originally the price was based on Rs. 10 per share for 21,967 shares. As a result of amalgamation of Indus Software Private Limited into R Systems, R Systems had issued 206,822 equity shares of Rs. 2 each pursuant to the swap ratio approved by Hon'ble High Courts of Delhi and Mumbai.

***: R Systems International Ltd. - Year 2004 Employee Stock Option Plan - ECnet under which the price was based on Rs. 2 per share.

The details given above for plan (a), (b) and (c) are before making the required adjustments in relation to consolidation of each of the 5 equity shares of Rs. 2 each into 1 equity share of Rs. 10 each as approved by the shareholders in the year ended December 31, 2006 and further sub-division of each of the equity shares of Rs. 10 each into 10 equity shares of Re. 1 each as per record date of February 28, 2014.

Further, for the purpose of valuation of the options granted during the year 2005 under R Systems International Limited- Year 2004 Employee Stock Option Plan, the management obtained fair value of the options at the date of grant from a firm of Chartered Accountants, to determine accounting impact, if any, of options granted. In the considered opinion of the valuer, the fair value of these option determined using 'Black Scholes Valuation Model' is "Nil" and thus no accounting thereof is required.

The assumptions used by the valuer for the purpose of determination of fair value are stated below:

Assumptions	Unit	Scheme	Comments by the valuer
Strike price	Rs.	42	
Current share price	Rs.	13.58	Taken on the basis of NAV and PECV method of valuation.
Expected option life	No. of Years	5	Being half of the maximum option life.
Volatility	%	1	In case of unlisted shares, the volatility may be taken as zero. Verma committee also recommends this.
Risk free return	%	7.42	Zero coupon rate estimated from trading government securities for a maturity corresponding to expected life of option - taken from sites of NSE.
Expected dividend Yield	%	-	Company has no set policy so dividend taken as zero.

The above information is based on Rs. 2 per share prior to consolidation of 5 equity shares of Rs. 2 each into one equity share of Rs. 10 each and subsequent allotment of bonus shares in the ratio of 1:1 and further sub-division of each of the equity shares of Rs. 10 each into 10 equity shares of Re. 1 each as per record date of February 28, 2014.

- (f) For the purpose of valuation of the options granted during the year ended December 31, 2007 under R Systems International Limited Employee Stock Option Scheme – 2007, the compensation cost relating to Employee Stock Options, calculated as per the intrinsic value method is Nil.

The management obtained fair value of the options at the date of grant from a firm of Chartered Accountants. In the considered opinion of the valuer, the fair value of these options determined using 'Black Scholes Valuation Model' is "Rs. 50.73" per option.

The assumptions used by the valuer for the purpose of determination of fair value are stated below:

Assumptions	Unit	Scheme	Comments by the valuer
Strike price	Rs.	120.70	
Current share price	Rs.	118.50	Price on the date of grant by Board of Directors i.e. closing price on July 11, 2007
Expected option life	No. of Years	4	Being the vesting period.
Volatility	%	44	On the basis of industry average.
Risk free return	%	7	Zero coupon rate estimated from trading government securities for a maturity corresponding to expected life of option – taken from sites of NSE.
Expected dividend Yield	%	0.86	Company has declared Dividends of 12% in the past. Assuming that it will continue declaring similar dividends in future.

The above information is based on Rs.10 per share before sub-division of each of the equity shares of Rs. 10 each into 10 equity shares of Re. 1 each as per record date of February 28, 2014.

In March 2005 the ICAI has issued a guidance note on "Accounting for Employees Share Based Payments" applicable to 'employee share based plan' the grant date in respect of which falls on or after April 1, 2005. The said guidance note requires the Proforma disclosures of the impact of the fair value method of accounting of employee stock compensation in the financial statements. Since the Company used the intrinsic value method the impact on the reported net profit and earnings per share by applying the fair value based method is as follows:

Particulars	(Amount in Rs.)	
	Year ended December 31, 2014	Year ended December 31, 2013
Profit after tax	781,337,458	526,986,632
Add: Intrinsic Value Compensation Cost	-	-
Less: Fair Value Compensation Cost *	-	-
Adjusted Pro-forma Profit after tax	781,337,458	526,986,632
Earnings Per Share [refer note 31 (b)]		
Basic [Nominal value of shares Re. 1 (Previous year: Re. 1)]		
- As reported	6.14	4.18
- Pro-forma	6.14	4.18
Diluted [Nominal value of shares Re. 1 (Previous year: Re. 1)]		
- As reported	6.14	4.18
- Pro-forma	6.14	4.18

*All granted options have been vested during earlier years.

31. (a) Earnings per share (EPS)

Particulars	Year ended	
	December 31, 2014	December 31, 2013
Net profit after tax (Rs.)	781,337,458	526,986,632
Weighted average number of equity shares for calculating Basic and Diluted EPS [refer note 31(b)]	127,239,931	126,141,050
Basic [Nominal value of shares Re. 1 (Previous year: Re. 1)] (Rs.)	6.14	4.18
Diluted [Nominal value of shares Re. 1 (Previous year: Re. 1)] (Rs.)	6.14	4.18

- (b) Pursuant to the approval of the shareholders accorded by passing necessary resolution through Postal Ballot on January 14, 2014, each equity share of face value of Rs. 10/- each of the Company was sub-divided into ten equity shares of face value of Re. 1/- each fully paid up. The sub-division has been given effect as per record date fixed by the Board of Directors i.e. February 28, 2014.

Accordingly, the number of equity shares in Note No. 3 and 30 (a) to (d) (including the previous period comparative numbers) has been stated based on face value of Re. 1/- each. Further, for the purpose of computing Earnings Per Share, the effect of sub-division had been considered in accordance with the requirements of Accounting Standard - 20 "Earnings Per Share" in all comparable periods.

32. Post-employment benefits

The Company has funded defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on separation equal to 15 days salary (last drawn salary) for each completed year of continuous service or part thereof in excess of six months subject to a maximum of Rs. 1,000,000.

The following table summarises the components of net employee benefits expense recognised in the Statement of Profit and Loss.

Particulars	(Amount in Rs.)	
	Year ended December 31, 2014	Year ended December 31, 2013
Current service cost	14,241,689	14,079,885
Interest cost on benefit obligation	7,162,357	7,295,836
Expected return on plan assets	(353,758)	(195,282)
Net actuarial (gain) / loss recognised in the year	9,924,442	(10,531,738)
Net employee benefits expense (refer note 19)	30,974,730	10,648,701
Actual return on plan assets	370,063	210,141

Details of defined benefit gratuity plan

Particulars	(Amount in Rs.)	
	As at December 31, 2014	As at December 31, 2013
Defined benefit obligation	102,262,322	81,424,215
Fair value of plan assets	3,681,619	4,549,747
Plan liability / (asset)	98,580,703	76,874,468

Changes in the present value of the defined benefit gratuity plan are as follows:

Particulars	(Amount in Rs.)	
	Year ended December 31, 2014	Year ended December 31, 2013
Opening defined benefit obligation	81,424,215	78,143,622
Interest cost	7,162,357	7,295,837
Current service cost	14,241,689	14,079,886
Benefits paid	(10,506,685)	(7,578,249)
Actuarial (gains) / losses on obligation	9,940,746	(10,516,880)
Closing defined benefit obligation	102,262,322	81,424,215

Changes in the fair value of plan assets are as follows:

Particulars	(Amount in Rs.)	
	Year ended December 31, 2014	Year ended December 31, 2013
Opening fair value of plan assets	4,549,747	-
Expected return	353,758	195,282
Contributions by the employer	5,005,000	5,000,000
Benefits paid	(6,243,190)	(660,394)
Actuarial gains / (losses) on obligation	16,304	14,859
Closing fair value of plan assets	3,681,619	4,549,747

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	Year ended December 31, 2014	Year ended December 31, 2013
Investments with insurer	100%	100%

The principal assumptions used in determining defined benefit gratuity plan obligations is shown below:

Particulars	Year ended December 31, 2014	Year ended December 31, 2013
Discount rate	7.90% p.a.	9.25% p.a.
Expected rate of return on plan assets	8.75% p.a.	9.00% p.a.
Salary Escalation Rate	10% for 1st year & 7% thereafter	10% for 1st year & 7% thereafter
Attrition rate:	As per table below	As per table below

Attrition rate used for the year ended December 31, 2014 and year ended December 31, 2013 are as per the table below:

Age (Years)	Rates
Below Age 30	15%
Age 30 to 34	10%
Age 35 to 44	5%
Age 45 to 50	3%
Age 51 to 54	2%
Age above 54	1%

The estimates of future salary increases takes into account the inflation, seniority, promotion and other relevant factors.

Amounts for the current and previous four years are as follows:

(Amount in Rs.)

	Gratuity				
	December 31, 2014	December 31, 2013	December 31, 2012	December 31, 2011	December 31, 2010
Defined benefit obligation	102,262,322	81,424,215	78,143,622	62,937,379	57,825,653
Plan assets	3,681,619	4,549,747	-	-	-
Surplus / (deficit)	(98,580,703)	(76,874,468)	(78,143,622)	(62,937,379)	(57,825,653)
Experience (Gains)/ Losses adjustments on plan liabilities	(4,196,352)	(3,130,879)	2,63,983	1,934,614	(2,914,547)
Experience adjustments on plan assets	16,304	14,859	-	-	-

33. Particulars of Derivative Instruments and Unhedged Foreign Currency Exposure as at December 31, 2014 and December 31, 2013:

As of December 31, 2014, the Company has derivative financial instruments to sell USD 14,750,000 (Previous year USD 11,450,000), EURO 1,200,000 (Previous year EURO 750,000) and put options USD 150,000 (Previous year Nil). The Company has not applied hedge accounting as these instruments do not qualify for hedge accounting. The Group has recognised mark-to-market loss of Rs. 549,541 (Previous year loss of Rs. 22,918,617) relating to such derivative financial instruments in the Profit and Loss Account for the year ended December 31, 2014.

The particulars of Unhedged Foreign Currency Exposure as at December 31, 2014 and December 31, 2013 are as below:

	Currency	Foreign Currency amount		Closing foreign exchange rate		Amount (in Rs.)	
		December 31,		December 31,		December 31,	
		2014	2013	2014	2013	2014	2013
Liabilities							
Deferred compensation to erstwhile shareholders of subsidiary	SGD	269,285	269,285	47.72	48.85	12,850,989	13,153,262
Trade payables	USD	529,056	612,448	63.04	61.81	33,349,067	37,852,328
	EURO	1,105,194	1,234,649	76.59	85.10	84,641,282	105,072,334
	CHF	1,286	-	63.70	-	81,918	-
Assets							
Trade receivables (Gross)	USD	6,067,109	6,690,675	63.04	61.81	382,440,210	413,517,175
	EURO	4,518,411	3,364,011	76.59	85.10	346,042,529	286,287,419
	GBP	132,663	111,344	98.31	102.14	13,042,409	11,372,676
	AUD	-	4,000	-	55.09	-	220,350
	CHF	56,950	226,516	63.70	69.38	3,627,715	15,716,374
	MYR	1,250	-	18.12	-	22,648	-
	CAD	242,308	-	54.42	-	13,187,003	-
Loans and advances	USD	7,475	797	63.04	61.81	471,188	49,274
	SGD	24,815	24,000	47.72	48.85	1,184,244	1,172,280
Cash and bank balances	USD	1,441,288	1,764,469	63.04	61.81	90,851,607	109,053,032
	EURO	1,282,755	2,702,993	76.59	85.10	98,239,797	230,032,844
	GBP	926	-	98.31	102.14	91,037	-
	JPY	-	2,094,105	-	0.59	-	1,233,428
	CHF	103,204	162,111	63.70	69.38	6,574,087	11,247,770
	HKD	-	14	-	7.98	-	112
	BGN	113	113	39.52	43.20	4,465	4,882
	PLN	124	124	17.81	20.42	2,209	2,523
	UAH	719	719	3.95	7.51	2,841	5,400
	MYR	-	537	-	18.87	-	10,125
	SEK	210	120	8.14	9.62	1,710	1,152
	MDL	827	797	4.04	4.74	3,344	3,779
	SGD	14	14	47.72	48.85	668	684
	RUB	2,350	700	1.12	1.88	2,630	1,313
	MOP	-	14	-	7.75	-	105
	PHP	-	660	-	1.39	-	919
	HRK	-	48	-	11.17	-	533
	INR	670	670	1.00	1.00	670	670
	TRY	17	17	27.37	28.79	465	489

Above is on the basis of unhedged foreign currency exposures outstanding as at reporting date in the Company and its subsidiaries

The below table shows the detail of different currencies:

Sl. No.	Currency Abbreviation	Name of Currency	Country
1	GBP	Great Britain Pound	United Kingdom
2	EURO	Euro	European Union
3	CHF	Swiss Franc	Switzerland
4	USD	US Dollar	United States
5	AUD	Australian dollar	Australia
6	SGD	Singapore Dollar	Singapore
7	BGN	Bulgarian Lev	Bulgaria
8	TRY	Turkish Lira	Turkey
9	PLN	Polish Zloty	Poland
10	MYR	Malaysian Ringgit	Malaysia
11	HRK	Croatian Kuna	Croatia
12	SEK	Swedish Krona	Sweden
13	HKD	Hong Kong Dollar	Hong Kong
14	MOP	Macau Pataca	Macau
15	UAH	Ukrainian Hryvna	Ukraine
16	MDL	Moldovan Leu	Moldova
17	RUB	Russian Ruble	Russia
18	PHP	Philippine Peso	Philippines
19	INR	Indian Rupee	India
20	JPY	Japanese Yen	Japan

34. Cash and bank balances

Sl. No.	Particulars	(Amount in Rs.)	
		As at December 31, 2014	As at December 31, 2013
	Cash on hand (A)	750,646	961,744
	Cheques on hand (B)	-	1,100,000
	Balance with scheduled banks		
	On current accounts		
1	ICICI Bank Limited	82,121,855	3,180,957
2	HDFC Bank Limited	5,894,989	495,419
3	Oriental Bank of Commerce	78,437	48,979
4	State Bank of India	4,896,668	4,994,389
5	Axis Bank Limited	25,656,268	12,305,527
6	State Bank of Bikaner & Jaipur	66,392	99,653
7	Kotak Mahindra Bank Limited	93,854	116,117
8	The Ratnakar Bank Limited	79,985	318,244
	Total (C)	118,888,448	21,559,285
	On cash credit / overdraft accounts*		
1	Axis Bank Limited	-	-
	Total (D)	-	-

(Amount in Rs.)

Sl. No.	Particulars	As at December 31, 2014	As at December 31, 2013
On EEFC accounts			
1	ICICI Bank Limited-USD	22,567,090	1,443,510
2	State Bank of India-USD	3,606,650	1,061,243
3	Axis Bank Limited-USD	22,199,151	48,218,566
4	Axis Bank Limited-EURO	8,706,494	22,648,033
5	Axis Bank Limited-GBP	91,037	-
6	Axis Bank Limited-CHF	6,025,694	11,147,199
Total (E)		63,196,116	84,518,551
On deposit accounts			
1	Oriental Bank of Commerce	76,838,828	15,006,473
2	State Bank of India	7,674,574	12,976,807
3	ICICI Bank Limited	31,862,529	2,201,324
4	State Bank of Bikaner & Jaipur	195,300,000	88,850,000
5	Axis Bank Limited	20,755,350	220,909,163
6	Kotak Mahindra Bank Limited	110,200,000	22,938,855
Total (F)		442,631,281	362,882,622
On unclaimed dividend accounts			
1	Kotak Mahindra Bank Limited	1,968,014	1,404,250
2	HDFC Bank Limited	116,688	155,125
Total (G)		2,084,702	1,559,375
On unpaid dividend			
1	Kotak Mahindra Bank Limited	325,019,379	-
Total (H)		325,019,379	-
Escrow account for buyback			
1	Kotak Mahindra Bank Limited [refer note 3 (f)]	15,000,000	-
Total (I)		15,000,000	-
Balance with other banks			
On current accounts			
1	California Bank & Trust, USA	250,880,772	200,866,459
2	Citibank Singapore Ltd, Singapore	25,637,094	8,583,033
3	DBS Bank Ltd, Singapore	2,390,970	2,266,475
4	Malayan Banking Berhad, Malaysia	15,126,751	14,596,725
5	Hang Seng Bank Limited, Hong Kong	2,053,363	358,931
6	Citibank NA, Thailand	3,138,745	1,991,060
7	Bank of China, China	17,241,578	18,578,418
8	Sumitomo Mitsui Banking Corporation, Japan	137,588	1,271,498
9	Mizuho Bank Ltd, Japan	186,461	83,183
10	The Bank of Tokyo-Mitsubishi UFJ, Ltd., Japan	218,546	107,970
11	ABN Amro Bank, Netherlands	-	91,865,029
12	ABN Amro Bank, France	-	2,447,127
13	Natwest Bank	91,165,330	117,627,797
14	Bank Zachodni WBK SA	16,059,926	28,206,401
15	Mobiasbanca - Groupe Societe Generale SA	4,836,981	17,025,428
16	BRD Groupe Societe Generale SA	2,453,574	9,652,356
17	CIMB Bank BHD	905,739	719,104
18	Royal Bank of Canada	64,953	-
19	ING Bank N.V. Amsterdam - Bucharest	684,960	-
Total (J)		433,183,530	516,246,994

(Amount in Rs.)

Sl. No.	Particulars	As at December 31, 2014	As at December 31, 2013
On deposit accounts			
1	Mobiasbanca - Groupe Societe Generale SA	642,859	753,888
2	ABN Amro Bank, Netherland	-	6,117,629
3	Bank Zachodni WBK SA	-	43,540,184
4	BRD Groupe Societe Generale SA	14,566,865	59,944,385
5	Natwest Bank	-	3,083,937
6	Citibank Singapore Ltd, Singapore	4,295,804	2,930,700
Total (K)		19,505,528	116,370,723
Less: Amount disclosed under other non - current assets (refer note 15.2)		(56,425,080)	(90,663,751)
Total cash and bank balance (refer note 16)		1,363,834,550	1,014,535,543

* Cash credit limit / Bank guarantee / Loan equivalent risk / Letter of credit is secured by first charge by way of hypothecation of entire current assets and collateral over an immovable property situated in Noida.

35. Previous year figures have been regrouped / reclassified where necessary to make them comparable to the current year classification. Further, as indicated in note 2 above, certain changes had taken place in the group structure. Accordingly, the current year figures are not strictly comparable with previous year figures.

As per our report of even date.

For S.R. Batliboi & Associates LLP
ICAI Firm registration number: 101049W
 Chartered Accountants

For and on behalf of the Board of Directors of R Systems International Limited

Sd/- per Yogender Seth Partner Membership No. 94524	Sd/- Satinder Singh Rekhi [Managing Director] [DIN: 00006955]	Sd/- Lt. Gen. Baldev Singh (Retd.) [President & Senior Executive Director] [DIN: 00006966]	Sd/- Raj Swaminathan [Director & Chief Operating Officer] [DIN: 00788158]	Sd/- Nand Sardana [Chief Financial Officer]	Sd/- Ashish Thakur [Company Secretary & Compliance Officer]
Place: NOIDA Date : February 07, 2015	Place : Singapore Date : February 07, 2015	Place: NOIDA Date : February 07, 2015	Place : NOIDA Date : February 07, 2015	Place: NOIDA Date : February 07, 2015	Place: NOIDA Date : February 07, 2015

Information of Subsidiary Companies disclosed as per terms of exemption under Section 212 (8) of the Companies Act, 1956

S. No.	Name of the Subsidiary	The financial year of the subsidiary ended on	Holding company's Interest	Shares held by the holding company in the subsidiary (including its nominees in the subsidiary)	Capital	Reserves	Total assets	Total liabilities	Details of investments (except in case of investment in subsidiaries)	Turnover	Profit/ (loss) before taxation	Provisions for taxation	Profit/ (loss) after taxation	Proposed dividend
1	R Systems (Singapore) Pte Limited, Singapore	December 31, 2014	100.00%	4,07,00,000 ordinary shares of no par value	105.93	62.30	190.66	22.43	-	223.49	4.83	0.28	4.55	Nil
2	R Systems, Inc., USA	December 31, 2014	100.00%	2,000 common shares of no par value	27.80	281.12	484.90	175.98	-	1,323.25	126.38	46.82	79.56	Nil
3	Indus Software, Inc., USA	December 31, 2014	100.00%	243,750 common shares of no par value	10.79	(31.48)	11.00	31.69	-	81.81	2.05	0.86	1.19	Nil
4	R Systems Solutions, Inc., USA	December 31, 2014	100.00%	16,335,883 common shares of no par value and 8,666,884 Series A preferred stock of no par value	96.14	(11.70)	120.67	36.23	-	354.52	32.04	0.13	31.91	Nil
5	R Systems Europe B.V., Netherlands ⁽⁸⁾	Refer note 6	100.00%	3,170 ordinary shares of Euro 100 each	-	-	-	-	-	486.56	46.12	10.33	35.79	Nil
6	R Systems S.A.S., France	Refer note 6	100.00%	10,000 ordinary shares of Euro 15.24 each	-	-	-	-	-	83.84	(3.50)	-	(3.50)	Nil
7	ECnet Limited, Singapore ⁽¹⁾	December 31, 2014	99.75%	99.75% of 92,103,530 ordinary shares of no par value	2,438.89	(2,321.73)	159.66	42.50	-	178.82	9.64	-	9.64	Nil
8	ECnet (M) Sdn. Bhd., Malaysia ⁽²⁾	December 31, 2014	99.75%	99.75% of 500,000 ordinary shares of RM 1 each	7.35	(14.90)	43.28	50.83	-	90.30	(13.52)	(0.29)	(13.23)	Nil
9	ECnet, Inc., USA ⁽²⁾	December 31, 2014	99.75%	99.75% of 1,000 shares of US\$ 2 each	0.09	(199.98)	2.35	202.24	-	-	(0.03)	-	(0.03)	Nil
10	ECnet (Hong Kong) Limited, Hong Kong ^(3,4)	December 31, 2014	99.75%	99.75% of 2 ordinary shares of HK\$1 each	0.00	8.19	9.03	0.84	-	7.66	1.42	0.15	1.27	Nil
11	ECnet Systems (Thailand) Co. Limited, Thailand ⁽²⁾	December 31, 2014	99.75%	99.75% of 400,000 ordinary shares of 5 THB each	2.34	(0.51)	19.59	17.76	-	20.73	(4.93)	-	(4.93)	Nil
12	ECnet (Kabushiki Kaisha, Japan) ⁽²⁾	December 31, 2014	99.75%	99.75% of 200 shares of 50,000 Yen each	4.29	(38.16)	0.55	34.42	-	2.26	(5.61)	-	(5.61)	Nil
13	ECnet (Shanghai) Co. Limited, China ⁽²⁾	December 31, 2014	99.75%	99.75% of shares of no par value	9.12	(37.14)	19.63	47.65	-	32.87	(6.19)	-	(6.19)	Nil
14	Computaris International limited, UK ⁽¹⁰⁾	December 31, 2014	100.00%	66,500 shares of GBP 0.01 each ⁽³⁾	0.05	165.83	380.78	214.90	-	834.88	72.11	(12.40)	84.51	Nil
15	Computaris Romania Srl, Romania ⁽⁸⁾	December 31, 2014	100.00%	100 shares of RON 16 each	0.02	79.32	93.83	14.49	-	399.43	14.02	2.96	11.06	Nil
16	Computaris Polska Sp. z o.o., Poland ^(3,8,10)	December 31, 2014	100.00%	100 shares of PLN 500 each	0.80	20.56	117.11	95.75	-	275.97	50.74	10.13	40.61	Nil
17	ICS Computaris International Srl, Moldova ⁽³⁾	December 31, 2014	100.00%	Shares of no par value	0.02	38.07	39.54	1.45	-	58.22	5.70	1.59	4.11	Nil
18	Computaris Malaysia Sdn. Bhd., Malaysia ⁽⁸⁾	December 31, 2014	100.00%	1,000 ordinary shares of RM 1 each	0.01	0.85	1.19	0.33	-	14.57	0.32	0.18	0.14	Nil
19	Computaris USA, Inc., USA ^(3,8,10)	December 31, 2014	100.00%	100 shares of USD 1 each	0.00	9.55	63.75	54.20	-	181.70	17.53	6.92	10.61	Nil
20	Systèmes R. International Ltée, Canada	December 31, 2014	100.00%	200 common shares of CAD 1 each	0.01	(3.54)	7.91	11.44	-	13.92	(2.37)	-	(2.37)	Nil
21	R Systems Products & Technologies Limited, India	Refer note 8	100.00%	5,00,000 Equity Shares of Rs. 1 each.	0.50	(0.25)	0.44	0.19	-	-	(0.25)	-	(0.25)	Nil

Notes:

- R Systems International Limited holds 69.37% directly in ECnet Limited, Singapore and 30.38% shares through its wholly owned subsidiary i.e. R Systems (Singapore) Pte Limited, Singapore and thus together it holds 99.75% of total capital of ECnet Limited, Singapore.
- Wholly owned subsidiary of ECnet Limited, Singapore which is the subsidiary of R Systems International Limited as explained in note no 1.
- Wholly owned subsidiary of Computaris International Limited, United Kingdom, which is the wholly owned subsidiary of R Systems International Limited.
- The absolute amount of share capital in ECnet (Hong Kong) Limited, Hong Kong is Rs. 12 /- (2 ordinary shares of HKD 1 each).
- The absolute amount of share capital in Computaris USA, Inc., USA is Rs. 4,558 /- (100 ordinary shares of USD 1 each).
- On November 27, 2014, R Systems International Limited sold of its 100% shareholding in R Systems Europe B.V., Netherlands and R Systems S.A.S., France. Hence Balance sheet items are reported as nil as at December 31, 2014 and profit and loss items are reported up to the date of sale i.e. November 27, 2014.
- On September 17, 2014, Computaris International Limited has completed the buy-back of 13,500 its shares. Even after this buy-back, Computaris International Limited continues to remain the wholly owned subsidiary of R Systems International Limited.
- R Systems International Limited has incorporated subsidiary namely R Systems Products & Technologies Limited, India on July 11, 2014. The above mentioned details are for the period ended December 31, 2014. The first financial year of the subsidiary has not yet ended.
- During the year ended December 31, 2014, R Systems International Limited has received Rs. 55.48 mn as dividend from R Systems Europe B.V., Netherlands.
- During the year Computaris Polska Sp. z o.o., Poland has paid dividend amounting to rs.5595 mn to Computaris International limited, UK.

For and on behalf of the Board of Directors of R Systems International Limited

Sd/-	Sd/-	Sd/-
Satinder Singh Rekhi	Raj Swaminathan	Ashish Thakur
[Managing Director] [DIN: 00006955]	[Director & Chief Operating Officer] [DIN: 00788158]	[Company Secretary & Compliance Officer]
Place : Singapore	Place : NOIDA	Place : NOIDA
Date : February 07, 2015	Date : February 07, 2015	Date : February 07, 2015

STATEMENT PURSUANT TO SECTION 215(2) OF THE COMPANIES ACT, 1956

As per Section 215 of the Companies Act, 1956 every balance sheet and every profit and loss account of a company shall be signed on behalf of the Board of Directors - by its manager or secretary, if any, and by not less than two directors of the company one of whom shall be the managing director where there is one. Since Mr. Satinder Singh Rekhi, Managing Director, was travelling overseas for business reasons he could not sign the financial statements as required under Section 215 of the Companies Act, 1956 in India and has signed the financial statements in Singapore. This statement of explanation is therefore attached along with the Balance Sheet and the Statement of Profit and Loss of R Systems International Limited for the year ended December 31, 2014.

It may please be noted that the annual report of R Systems International Limited contains amongst others the following financial statements:

- » Balance Sheet as at December 31, 2014 (standalone);
- » Statement of Profit and Loss for the year ended December 31, 2014 (standalone);
- » Cash flow statement for the year ended December 31, 2014 (standalone);
- » Statements pursuant to Section 212 of the Companies Act, 1956 relating to the subsidiary companies;
- » Balance Sheet as at December 31, 2014 (consolidated);
- » Statement of Profit and Loss for the year ended December 31, 2014 (consolidated) and;
- » Cash flow statement for the year ended December 31, 2014 (consolidated).

These were placed before the Board of Directors at its meeting held on February 07, 2015 for its approval. The Board of Directors has approved the aforementioned financial statements and authorised Mr. Satinder Singh Rekhi, Managing Director, Lt. Gen. Baldev Singh (Retd), President and Senior Executive Director, Mr. Raj Swaminathan, Director and Chief Operating Officer, Mr. Nand Sardana, Chief Financial Officer and Mr. Ashish Thakur, Company Secretary and Compliance Officer of the Company to sign the same on behalf of the Board. The Board also took note of the fact that Mr. Satinder Singh Rekhi, Managing Director of the Company, could not physically attend the said Board meeting as explained above. He has however attended the meeting via teleconference. The Board therefore authorised Mr. Satinder Singh Rekhi to simultaneously sign the financial statements in Singapore and forward the same to India.

For and on behalf of the Board of Directors of R Systems International Limited

Sd/-

Lt. Gen. Baldev Singh (Retd.)

[President and Senior Executive Director]

(DIN: 00006966)

Place : NOIDA

Date : February 07, 2015

Sd/-

Raj Swaminathan

[Director and Chief Operating Officer]

(DIN: 00788158)

Place : NOIDA

Date : February 07, 2015

NOTICE

R SYSTEMS INTERNATIONAL LIMITED

NOTICE OF THE TWENTY FIRST ANNUAL GENERAL MEETING

[Corporate Identification Number – L74899DL1993PLC053579]

Registered Office: B-104 A, Greater Kailash – I, New Delhi – 110 048

Corporate Office C-40, Sector -59, NOIDA, Distt. Gautam Budh Nagar, U.P. – 201 307, India

Tel.: +91 – 120- 4303500 ; Fax: +91 – 120 – 2587123

Website: www.rsystems.com ; Email: investors@rsystems.com

NOTICE is hereby given that Twenty First Annual General Meeting of the shareholders of R SYSTEMS INTERNATIONAL LIMITED (the “Company”/ “R Systems”) will be held on Tuesday, June 09, 2015 at 9:00 A.M. at Air Force Auditorium, Subroto Park, New Delhi - 110 010 for transacting the following business:

As Ordinary Business

1. To receive, consider and adopt the audited balance sheet as at December 31, 2014 and the Statement of Profit and Loss for the year ended on that date together with the reports of Auditors and Directors thereon and also the consolidated audited Balance Sheet as at December 31, 2014 and the consolidated Statement of Profit and Loss for the year ended on that date together with the reports of Auditors.
2. To declare final dividend for the year ended December 31, 2014 and confirm the four interim dividends of Re. 0.95, Re. 0.50, Re. 0.90 and Rs. 2.55 per equity share of Re. 1/- declared and paid during the year ended December 31, 2014.
3. To appoint a director in place of Mr. Raj Swaminathan (DIN: 00788158), who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint Auditors of the Company to hold office from the conclusion of twenty first Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration. M/s. S. R. Batliboi & Associates LLP, Chartered Accountants (ICAI FRN:101049W), the retiring Auditors are eligible for reappointment.

As Special Business

Appointment of Independent Directors

5. To consider the appointment of Mr. Raj Kumar Gogia (DIN:00007364), as an Independent Director and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment

and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Raj Kumar Gogia (DIN: 00007364) whose period of office was liable to retirement by rotation as per the Companies Act, 1956 and who has submitted a declaration that he meets the criteria for Independence as provided in section 149(6) of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation for a term commencing from March 29, 2015 till the conclusion of the twenty second Annual General Meeting of the Company.”

6. To consider appointment of Mr. Suresh Paruthi (DIN:00777887) as an Independent Director and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Suresh Paruthi (DIN:00777887) whose period of office was liable to retirement by rotation as per the Companies Act, 1956 and who has submitted a declaration that he meets the criteria for Independence as provided in section 149(6) of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director be and is hereby appointed as an Independent Director of the Company, not liable to retirement by rotation for a term commencing from March 29, 2015 till the conclusion of the twenty second Annual General Meeting of the Company.”

7. To consider appointment of Mr. Gurbax Singh Bhasin (DIN:00012628) as an Independent Director and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Gurbax Singh Bhasin (DIN: 00012628) whose period of office was liable to retirement by rotation as per the Companies Act, 1956 and who has submitted a declaration that he meets the criteria for Independence as provided in section 149(6) of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director be and is hereby appointed as an Independent Director of the Company, not liable to retirement by rotation for a term commencing from March 29, 2015 till the conclusion of the twenty second Annual General Meeting of the Company.”

8. To consider appointment of Mr. Amardeep Singh Ranghar (DIN:06916409) as an Independent Director and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Amardeep Singh Ranghar (DIN: 06916409) who was appointed as an additional director in the meeting of the Board of Directors held on July 07, 2014 upto the ensuing Annual General Meeting and who has submitted a declaration that he meets the criteria of independence under Section 149(6) of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director be and is hereby appointed as an Independent Director of the Company, not liable to retirement by rotation for a term commencing from March 29, 2015 till the conclusion of the twenty second Annual General Meeting of the Company.”

9. Regularisation of the appointment of Mrs. Ruchica Gupta (DIN: 06912329) as a Director of the Company

To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT pursuant to the provisions of Section 149, 150, 152 & 160 and other applicable provisions (including any

modification or re-enactment thereof), if any, of the Companies Act, 2013 and Companies (Appointment and Qualification of Directors) Rules, 2014, Mrs. Ruchica Gupta (DIN: 06912329) who was appointed as an additional director in the meeting of the Board of Directors held on July 07, 2014 upto the ensuing Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing her candidature for the office of the Director be and is hereby appointed as a Director of the Company whose period of office will be liable to retire by rotation.”

10. Reappointment and payment of remuneration to Lt. Gen. Baldev Singh (Retd.) (DIN: 00006966) as President and Senior Executive Director of the Company.

To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution:**

“RESOLVED THAT subject to the approval of the Central Government and other authorities, if applicable and pursuant to the provisions of Sections 196, 197, 198, Schedule V and other applicable provisions, if any, of the Companies Act, 2013, other applicable provisions, if any, of the Companies Act, 1956, consent of the shareholders be and is hereby granted for the reappointment of Lt. Gen. Baldev Singh (Retd.) (DIN: 00006966) as President and Senior Executive Director of the Company liable to retire by rotation for a period of three years i.e. w.e.f April 01, 2015 to April 01, 2018 on the following terms and conditions:

1. Consolidated annual salary of Rs. 3,965,775/- (Rupees Thirty Nine Lakhs Sixty Five Thousand Seven Hundred Seventy Five Only).
2. Periodic bonus as per the incentive scheme of the Company subject to a maximum of Rs. 18 lakhs (Rupees Eighteen Lakhs Only) per annum.
3. A chauffeur driven car for official purpose only and reimbursement of fuel and maintenance expenses subject to a maximum of Rs. 150,000 (Rupees One Lakh Fifty Thousand Only) per annum.
4. Reimbursement of telephone bills and internet bills for his residence subject to a maximum of Rs. 50,000 (Rupees Fifty Thousand Only) per annum.
5. He will also be eligible for the reimbursement of Medical Expenses incurred, for himself and his family only on actual incurred basis.
6. Leave travel assistance amounting to one ticket to U. S.A. once in a year. This may be in the form of one US ticket for any person to either accompany him on a business trip or just independent of his business trip.

7. He will be entitled to participate in Company's stock options plan approved by the Board from time to time.
8. He will be entitled for payment of gratuity as per the policy of the Company.
9. He will be entitled for a bonus up to Rs. 600,000 (Rupees Six Lakhs Only) at the end of the every year subject to overall customer satisfaction, employee motivation & morale, growth in revenue & profitability with approval of Managing Director.
10. He will be entitled to a maximum annual increment of 15% per annum on his consolidated annual salary of the immediate preceding year at the discretion of the Board w.e.f. January 01, 2016, January 01, 2017 and January 01, 2018.
11. The revised compensation plan replaces all existing compensation plans, benefits and perquisites.

RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any financial year during the tenure of Lt. Gen. Baldev Singh (Retd.) as the President and Senior Executive Director of the Company, the Company shall pay him the remuneration as specified above as minimum remuneration.

RESOLVED FURTHER THAT Lt. Gen. Baldev Singh (Retd.) shall work under the superintendence and control of the Board of Directors and shall be responsible for the management of all the Noida operations, further he is also empowered to do all such acts, deeds, matters and things as deemed necessary or expedient for carrying on the business of the Company, including power to appoint, suspend and dismiss any officer, staff or workman of the Company, to incur capital or revenue expenditure on behalf of the Company, to sell any old or used assets of the Company in compliance with the applicable internal checks and control systems, entering into contracts, taking suitable legal actions, operating of bank accounts, making investments and such other subjects as may be assigned to him by the Board.

RESOLVED FURTHER THAT Mr. Satinder Singh Rekhi, Managing Director and / or Mr. Raj Swamintahan, Director and Chief Operating Officer and / or Mr. Nand Sardana, Chief Financial Officer and / or Mr. Ashish Thakur, Company Secretary and Compliance Officer and / or Mr. Prem Goswami, Vice President – H.R. of the Company be and are hereby authorized, jointly and severally, to make an application before the Central Government for obtaining the approval for the said reappointment and remuneration, if applicable and required, and to do all such acts, deeds, matters and things as may be necessary, proper or expedient, to give effect to this resolution including filing and verifying the documents, affidavits, affixing the Common

Seal of the Company wherever required in accordance with the provisions of the Article of Association of the Company and to appear before the Government or any other authority including Registrar of Companies."

NOTES

- (i) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY SO APPOINTED NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES IN ORDER TO BE EFFECTIVE SHOULD BE DULY COMPLETED, STAMPED AND SIGNED AND MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE AFORESAID MEETING.
- (ii) Pursuant to Section 105 of Companies Act, 2013 and rules made thereunder, a person shall not act as a proxy for more than 50 members and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. However, a member holding more than ten percent of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person.
- (iii) Corporate members intending to send their authorised representatives are requested to send a duly certified copy of the board or governing body resolution authorising the representatives to attend and vote at the Annual General Meeting.
- (iv) Members / proxies attending the meeting are requested to:
 - bring their copies of annual report sent to the members, as copies of the annual report shall not be distributed at the Annual General Meeting;
 - note that no gift coupons shall be distributed at the Annual General Meeting; and
 - quote their Folio / Client ID and DP ID number in all correspondences.
- (v) The register of members and share transfer books of the Company shall remain closed from June 05, 2015 to June 09, 2015 (both days inclusive).
- (vi) The final dividend of 95% for the year ended December 31, 2014 as recommended by the Board, if declared at the Annual General Meeting, will be payable to those members whose names appear:
 - as beneficial owners as per list to be furnished by the depositories in respect of the shares held in demat form; and
 - as members on the register of members of the Company in

respect of the shares held in physical form at opening business hours on June 05, 2015 after giving effect to all valid share transfers which would be received by the Company's registrar and share transfer agent M/s Link Intime India Private Limited up to the end of business hours on June 04, 2015.

- (vii) Payment of dividend through NECS / ECS
- Members holding shares in physical form are advised to submit particulars of their bank account, viz. name and address of the branch of the bank, 9 digit MICR code of the branch, type of account and account number to the Company's registrar and share transfer agent M/s Link Intime India Private Limited, 44, Community Centre, 2nd Floor, Naraina Industrial Area, Phase- I, Near PVR Naraina, New Delhi 110 028.
 - Members holding shares in demat form are advised to inform the particulars of their bank account to their respective depository participants.
- (viii) Shareholders holding shares in electronic form may kindly note that their bank account details as furnished by their depositories to the Company will be printed on their dividend warrants as per applicable regulations of the depositories and the Company will not entertain any direct request from such shareholders for deletion of / change in such bank details. Further instructions, if any, already given by them in respect of shares held in physical form will not be automatically applicable to shares held in electronic mode. Members holding shares in electronic form are advised to notify the changes, if any, in their address / bank details / mandate to their respective depository participants.
- (ix) Any query proposed to be raised at the Annual General Meeting may be sent to the Company at its registered office at least seven days prior to the date of the meeting to enable the management to compile the relevant information to respond to the query in the meeting. The envelope may please be superscribed "Attention: Mr. Ashish Thakur, Company Secretary & Compliance Officer".
- (x) Members holding shares in physical form, may write to the Company or to the registrar and share transfer agent M/s Link Intime India Private Limited for any change in their addresses and bank mandate. Members holding shares in electronic form may write to their depository participants for immediate updation so as to enable the Company to dispatch the dividend warrants to the correct addresses.
- (xi) The statutory register maintained under Section 307 of the Companies Act, 1956 and Section 189 of the Companies Act, 2013 and the certificate of the auditors of the Company certifying the implementation of the Company's stock option plans / schemes in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 as amended and the resolutions passed by the members in the general meeting, will be available at the venue of the Annual General Meeting for inspection by members.
- (xii) All documents referred to in the Notice and accompanying explanatory statements as well as the annual accounts of the subsidiaries etc., are open for inspection at the registered office of the Company on all working days between 11:00 A.M. and 02:00 P.M. up to the date of the Annual General Meeting.
- (xiii) Members / proxies are requested to bring the attendance slips duly filled in and signed for attending the Meeting.
- (xiv) Pursuant to the provisions of Section 72 of the Companies Act, 2013 (erstwhile Section 109A of the Companies Act, 1956), shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in Form SH-13 (which will be made available on request) to the registrar and share transfer agent M/s Link Intime India Private Limited or can be downloaded from the following URL http://www.rsystems.com/investors/download_index.aspx
- (xv) Pursuant to provisions of Section 205A (5) of the Companies Act, 1956, dividend which remains unpaid or unclaimed for a period of seven years from the date of its transfer to unpaid dividend account, is required to be transferred by the Company to Investor Education and Protection Fund ('IEPF'), established by the Central Government under the provisions of Section 205C of the Companies Act, 1956. Shareholders are advised to claim the unclaimed dividend lying in the unpaid dividend account from the Company's registrar and share transfer agent M/s Link Intime India Private Limited or directly from the Company. It may be noted that once the unclaimed dividend is transferred to IEPF of the Central Government as above, no claim shall lie in respect thereof against the Company.
- (xvi) As a part of its green initiative in Corporate Governance, the Ministry of Corporate Affairs, Government of India through its Circular Nos. 17/2011 and 18/2011 dated 21st April, 2011 and 29th April, 2011, respectively had allowed companies to send various notices/documents to their Members through electronic mail. In terms of the provisions of the Companies Act, 2013, a company can serve Annual Report through electronic mode to the shareholders who have registered their e-mail address either with the Company or with the Depository Participant. Accordingly, the Annual Report of the Company comprising of Notice, Balance Sheet, Statement of Profit & Loss, Directors' Report, Auditors' Reports, etc. are being sent on the email

addresses of the members made available to the Company by the Depositories (NSDL/CDSL) or registered by the Members with the Company or RTA of the Company.

(xvii) The Annual Report for the year ended December 31, 2014 and Notice for convening the Twenty First Annual General Meeting of the Company being circulated to the members of the Company is available on the Company's website, viz. www.rsystems.com.

(xviii) Members who have not registered their e-mail addresses so far are requested to register their e-mail addresses for receiving all communications including Annual Report, Notices etc. from the Company in electronic mode.

(xix) Additional information, pursuant to Clause 49 of the Listing Agreement entered into with stock exchanges, in respect of directors recommended for approval of appointment / reappointment at the Annual General Meeting and Explanatory Statement as required under Section 102 of the Companies Act, 2013, in respect of special business under item numbers 5 to 10 of the Notice is appended hereto and forms part of this Notice.

(xx) In compliance with the provisions of Clause 35B of the Listing Agreement and Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as substituted by Rule 20 of the Companies (Management and Administration) Amendment Rules, 2015, the Company is pleased to provide electronic voting facility to its members for transacting all the businesses as stated in the Notice for the Twenty First Annual General Meeting of the Company through e-voting services being provided by Central Depository Services (India) Limited (CDSL).

(xxi) The instructions for shareholders for e-voting are as under:

1. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.
2. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
3. The remote e-voting period begins on Friday, June 05, 2015 at 10.00 A.M. and ends on Monday, June 08, 2015 at 5.00 P.M. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Tuesday, June 02, 2015, may cast their vote through remote e-voting. The remote e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast

by the member, the member shall not be allowed to change it subsequently

4. The Shareholders should log on to the e-voting website www.evotingindia.com
5. Click on "Shareholders".
6. Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
7. Next enter the Image Verification as displayed and Click on Login.
8. If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
9. If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric PAN* issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) *Members who have not updated their PAN with the Company/Depository Participant are requested to use the Sequence Number printed on the attendance slip in the PAN field.
D.O.B.#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format. There are two fields provided viz. D.O.B. and dividend bank details. Any one details may be entered.
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. #Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company, please enter the member ID / Folio number in 'the Dividend Bank details' field as mentioned in instruction (6). Dividend Bank Details means Bank account number which is recorded in the demat account.

10. After entering these details appropriately, click on "SUBMIT" tab.
11. Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be

also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for remote e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

12. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
13. Click on the EVSN for the relevant <Company Name > (R Systems International Limited) on which you choose to vote.
14. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
15. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
16. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
17. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
18. You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
19. If you as a Demat account holder have forgotten the existing password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
20. Note for Non – Individual Shareholders and Custodians
 - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.

- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

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

21. In the event, the draft resolution is assented to by the requisite majority of Members by means of electronic voting, the date of declaration of result shall be deemed to be the date of passing of the said resolution at the Annual General Meeting.
22. The voting rights of Shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date i.e. June 02, 2015
23. Members are requested to notify the change in the address, if any, in case of shares held in electronic form to the concerned Depository Participant quoting their Client ID and in case of Physical shares to the Registrar and Transfer Agent.
24. Mr. Sanjay Grover, Company Secretary in whole time practice (C.P No. 3850), has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
25. The Scrutinizer shall after the conclusion of voting at the AGM, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
26. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company www.rsystems.com and on the website of CDSL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the Stock Exchanges i.e. NSE and BSE Limited.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

ITEM NOS. 05 to 08

Appointment of Independent Directors

Pursuant to the provisions of Section 149 and other applicable provisions of the Companies Act, 2013 with respect to appointment and tenure of the Independent Directors which came into effect from April 01, 2014, the Independent Directors shall be appointed for not more than two terms upto maximum of five years each and shall not be liable to retire by rotation. The Board of Directors of the Company has adopted the provisions with respect to appointment and tenure of Independent Directors which is consistent with the Companies Act, 2013 and the Listing Agreement.

Mr. Raj Kumar Gogia, Mr. Suresh Paruthi, Mr. Gurbax Singh Bhasin who are proposed to be appointed under the above said provisions are existing Non-Executive Independent Directors of the Company and the period of office of these Directors was liable to determination by retirement by rotation, under the erstwhile applicable provisions of the Companies Act, 1956. Mr. Amardeep Singh Ranghar was appointed as additional director in the capacity of Non-Executive Independent Director at the meeting of Board of Directors of the Company held on July 07, 2014 and shall hold the office up to the date of ensuing Annual General Meeting. The Nomination and Remuneration Committee has recommended the appointment of Mr. Raj Kumar Gogia, Mr. Suresh Paruthi, Mr. Gurbax Singh Bhasin and Mr. Amardeep Singh Ranghar as Independent Directors, not liable to retire by rotation under Section 149 and other applicable provisions of the Companies Act, 2013.

Mr. Raj Kumar Gogia, Mr. Suresh Paruthi, Mr. Gurbax Singh Bhasin and Mr. Amardeep Singh Ranghar, Non-Executive Independent Directors of the Company, have given a declaration to the Board that they meet the criteria of independence as provided under Section 149(6) of the Companies Act, 2013. In the opinion of the Board, all of these directors fulfil the conditions specified in the Companies Act, 2013 and rules made thereunder for their appointment as Independent Directors of the Company and they are independent of the management. These Directors are not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013 and they have given their consent to act as Director. Notices have been received from member(s) signifying their intention to propose appointment of these Directors along with a deposit of Rs. 100,000/- (Rupees One Lac) each.

A brief profile of Independent Directors to be appointed, including nature of their expertise and other disclosure as required under Clause 49 of the Listing Agreement, is provided in Annexure-A of this Notice.

Except these Directors being appointees, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolutions set out at Item Nos. 05 to 08.

The Board recommends the resolution in relation to the appointment of these Directors as Independent Directors, for the approval by the shareholders of the Company.

ITEM NO. 09

Regularisation of the appointment of Mrs. Ruchica Gupta as Director of the Company

Pursuant to the provisions of Section 161 (1) of the Companies Act, 2013 Mrs. Ruchica Gupta was appointed as additional director (designated as Non-Executive Director) of the Company with effect from July 07, 2014 and shall hold the office up to the date of the ensuing Annual General Meeting and is eligible for appointment as Director.

The Company has received notice, in writing, from member under Section 160 of the Companies Act, 2013, proposing the candidature of Mrs. Ruchica Gupta for the office of Director of the Company.

Your Board of Directors considers that her association as Director will be beneficial to and in the interest of the Company.

Your Board of Directors recommends the resolution set out at Item No. 09 of the notice, for appointment of Mrs. Ruchica Gupta as Non-Executive Director of the Company, with office term liable to retire by rotation.

Except being appointee, none of the directors and key managerial personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 09.

The brief resume of Mrs. Ruchica Gupta, the nature of her expertise in specific functional areas, names of Companies in which she has held directorships, committee memberships/ chairmanships, her shareholding etc., are separately annexed hereto as Annexure-A.

ITEM NO. 10

Reappointment and Payment of remuneration to Lt. Gen. Baldev Singh (Retd.) as President and Senior Executive Director of the Company

Lt. Gen. Baldev Singh (Retd.) aged about 74 years has more than 48 years of experience, including handling top managerial, diplomatic and human resource development related assignments. Mr. Singh has a Masters in Military Sciences from the prestigious Madras University in India and attended two short courses at University of California at Berkeley, in Strategic Account Management and Marketing. Lt. Gen. Baldev Singh (Retd.) joined the Board of R Systems on September 01, 1997. Since then he is continuously providing his guidance and support on the Board.

Presently, Mr. Singh is heading the entire Noida IT and BPO Operations and his presence is crucial for the effective and efficient operations of the business. Lt. Gen. Baldev Singh (Retd.) was reappointed as President and Senior Executive Director of the Company for a term of three years i.e. from April 01, 2012 to April 01, 2015. The present term of his appointment has completed and considering continued need of his services for the success of the Company, the Board on the recommendation of the Nomination & Remuneration Committee and subject to the approval of the Shareholders, Central Government and other authorities, if applicable has reappointed him for a further period of three years i.e. w.e.f. April 01, 2015 to April 01, 2018.

As on the date of this notice, Lt. Gen. Baldev Singh (Retd.) holds 142,330 equity shares of Re. 1/- each being 0.11% of the total paid up share capital of the Company. Apart from the employment benefits as President and Senior Executive Director of R Systems, he does not have any pecuniary or other relationship with the Company.

Further, he does not hold any office of director / member in other company's board / committee except the directorship in R Systems Products & Technologies Limited, wholly owned subsidiary of the Company. The board of directors recommends that the shareholders approve the said reappointment and remuneration by way of a special resolution.

None of the directors except Lt. Gen. Baldev Singh (Retd.), being appointee and Mr. Satinder Singh Rekhi being the relative of Lt. Gen. Baldev Singh (Retd.) is concerned or interested in the proposed resolution.

Statement as required under Section II, Part II of the Schedule V of the Companies Act, 2013 with reference to the Resolution at Item No. 10 of the notice for the Twenty First Annual General Meeting of R Systems International Limited

I. GENERAL INFORMATION

(1) Nature of Industry:

The Company is engaged in the business of providing software engineering, information technology related services, business process outsourcing services, developing and selling software products for the retail-lending sector and in supply chain execution.

(2) Date or expected date of commencement of commercial production:

The Company is already in existence and is in operation since May 14, 1993.

(3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:

Not Applicable.

(4) Financial performance based on given indicators:

Financial performance of the Company for last 3 years is as follows:

(Rs. in lakhs)

Particulars	Financial Year ended		
	31.12.2014	31.12.2013	31.12.2012
Total Income	30,456.54	27,397.20	23,314.88
Profit before depreciation, exceptional items and tax	6,850.12	5,892.95	3,696.62
Less : Depreciation & amortization	672.41	478.08	624.01
Add: Exceptional item	3,931.31	-	-

(Rs. in lakhs)

Particulars	Financial Year ended		
	31.12.2014	31.12.2013	31.12.2012
Profit before tax	10,109.02	5,414.87	3,072.61
Less : Current tax (net of MAT credit)	2,475.33	1,785.53	954.02
Less : Deferred tax	130.80	(25.88)	65.82
Profit after tax	7,502.89	3,655.22	2,052.77
Balance as per last financial statements	6,338.33	6,097.02	8,050.09
Add: Profit for the current year	7,502.89	3,655.22	2,052.77
Surplus in the statement of profit and loss			
Proposed dividend	1,217.63	1,206.98	942.55
Tax on proposed dividend	243.25	212.38	152.91
Interim dividend	6,243.32	1,392.39	1,991.95
Tax on interim dividend	1,192.90	236.64	323.14
Transfer to General Reserve	-	365.52	595.29
Total appropriations	8,897.10	3,413.91	4,005.85
Net surplus in the statement of profit and loss	4,944.12	6,338.33	6,097.02

(5) Foreign investments or collaborators, if any:

R Systems has investments from non-residents and foreign bodies corporate and R Systems has made investments outside India. As on date, R Systems has seven subsidiaries which are incorporated and based outside India and one wholly owned subsidiary incorporated and based in India. Out of the said seven overseas subsidiaries, ECnet Limited, based in Singapore has six subsidiaries and Computaris International Limited, based in United Kingdom also has five subsidiaries. Therefore in terms of the provisions of the Companies Act, 2013 R Systems has an aggregate of eighteen subsidiaries incorporated outside India and one wholly owned subsidiary incorporated and based in India.

(6) Export performance and net foreign exchange collaborations:

R Systems has investments from non-residents and foreign bodies corporate. Foreign exchange earnings and outgo of the Company for last 3 years is as follows:

(Rs. in lakhs)

Particulars	Financial Year ended		
	31.12.2014	31.12.2013	31.12.2012
(a) Earnings (Accrual Basis)	3,0870.99	24,548.78	20,822.06
(b) Expenditure (Accrual Basis)	4,126.77	3,983.96	3,776.85
(c) CIF value of imports	197.39	494.86	91.16

II. INFORMATION ABOUT THE APPOINTEE

(1) Background details:

Lt. Gen. Baldev Singh (Retd.) aged about 74 years has more than 48 years of experience, including handling top managerial, diplomatic and human resource development related assignments. Mr. Singh has a Masters in Military Sciences from the prestigious Madras University in India and attended two short courses at University of California at Berkeley, in Strategic Account Management and Marketing.

Lt. Gen. Baldev Singh (Retd.) joined the Board of R Systems on September 01, 1997. Since then he is continuously providing his guidance and support on the Board.

Presently, Lt. Gen. Baldev Singh (Retd.) is heading the entire Noida IT and BPO Operations and his presence is crucial for the effective and efficient operations of the business. Lt. Gen. Baldev Singh (Retd.) is related to Mr. Satinder Singh Rekhi.

(2) Past remuneration:

Remuneration paid during the last three financial year

(Amount in Rs.)

Financial Year	Total Cost to the Company	Per Month
For the year ended December 31, 2014	5,893,452	491,121
For the year ended December 31, 2013	5,921,889	493,491
For the year ended December 31, 2012	5,149,446	429,121

(3) Recognition or awards:

Lt. Gen. Baldev Singh (Retd.) has a Masters in Military Sciences from the prestigious Madras University in India and attended two short courses at University of California at Berkeley, in Strategic Account Management and Marketing.

(4) Job profile and his suitability:

Lt. Gen. Baldev Singh (Retd.), being the President and Senior Executive Director of R Systems is heading the entire Noida IT and BPO Operations. Lt. Gen. Baldev Singh (Retd.) aged about 74 years has more than 48 years of experience, including handling top managerial, diplomatic and human resource development related assignments. Mr. Singh has a Masters in Military Sciences from the prestigious Madras University in India and attended two short courses at University of California at Berkeley, in Strategic Account Management and Marketing.

He had joined the Board of R Systems on September 01, 1997. Since then he is continuously providing his guidance and support on the Board and his presence is crucial for the effective and efficient operations of the business. R Systems will benefit from his capabilities and therefore the Board wishes to reappoint him as the President and Senior Executive Director of the Company.

(5) Remuneration proposed:

Lt. Gen. Baldev Singh (Retd.) is proposed to be reappointed on the following remuneration:

1. Consolidated annual salary of Rs. 3,965,775/- (Rupees Thirty Nine Lakhs Sixty Five Thousand Seven Hundred Seventy Five Only).
2. Periodic bonus as per the incentive scheme of the Company subject to a maximum of Rs. 18 lakhs (Rupees Eighteen Lakhs Only) per annum.
3. A chauffeur driven car for official purpose only and reimbursement of fuel and maintenance expenses subject to a maximum of Rs. 150,000 (Rupees One Lakh Fifty Thousand Only) per annum.
4. Reimbursement of telephone bills and internet bills for his residence subject to a maximum of Rs. 50,000 (Rupees Fifty Thousand Only) per annum.
5. He will also be eligible for the reimbursement of Medical Expenses incurred, for himself and his family only on actual incurred basis.
6. Leave travel assistance amounting to one ticket to U.S.A. once in a year. This may be in the form of one US ticket for any person to either accompany him on a business trip or just independent of his business trip.
7. He will be entitled to participate in Company's stock options plan approved by the Board from time to time.
8. He will be entitled for payment of gratuity as per the policy of the Company.
9. He will be entitled for a bonus up to Rs. 600,000 (Rupees Six Lakhs Only) at the end of the every year subject to overall customer satisfaction, employee motivation & morale, growth in revenue & profitability with approval of Managing Director.
10. He will be entitled to a maximum annual increment of 15% per annum on his consolidated annual salary of the immediate preceding year at the discretion of the Board w.e.f. January 01, 2016, January 01, 2017 and January 01, 2018.
11. The revised compensation plan replaces all existing compensation plans, benefits and perquisites.

(6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin):

The proposed remuneration is reasonably justified in comparison with the general market trends and remuneration package of top-level managerial persons having comparable qualification and experience.

- (7) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any:

As on the date of this notice, Lt. Gen. Baldev Singh (Retd.) holds 142,330 equity shares of Re. 1/- each being 0.11 % of the total paid up share capital in R Systems. Apart from the employment benefits as President and Senior Executive Director of R Systems, he does not have any pecuniary or other relationship with the Company. As on the date of this report, he had no Options in force as options equivalent to 27,700 equity shares of Re. 1/- each lapsed on August 31, 2014 pursuant to completion of time limit for exercising of vested option.

Lt. Gen. Baldev Singh (Retd.) is related to Mr. Satinder Singh Rekhi, Managing Director of the Company.

III. OTHER INFORMATION

- (1) Profitability of R Systems:

Reasons for inadequate profits: The Company has made a reasonable profit during the last financial year ended on December 31, 2014. R Systems total income increased to Rs. 30,456.54 lakhs as against Rs. 27,397.20 lakhs during the same period in the previous year, a growth of 11.17%. Profit after tax for

the year ended on December 31, 2014 was Rs. 7,502.89 lakhs as against Rs. 3,655.22 lakhs during the same period in the previous year, a growth of 105.27%.

- (2) Strategy for performance enhancement:

Steps taken or proposed to be taken for improvement: R Systems management process involves taking continuous steps to improve performance through growth in revenues, managing costs and improving productivity. The financial strategy involves maintaining a secure financial position, managing risks and ensuring accurate and timely reporting of performance.

- (3) Expected increase in productivity and profits in measurable terms: Barring unforeseen circumstances, R Systems expects to close the current financial year with improved sales and profitability.

IV. DISCLOSURES

- (1) Remuneration package of the managerial person: Same is fully described in the respective Resolution and/or Explanatory Statement;
- (2) The details of remuneration etc. of other directors are included in the Directors' report under the heading Corporate Governance.

By Order of the Board
For R Systems International Limited
Sd/-

Place : NOIDA

Date : April 23, 2015

(Company Secretary & Compliance Officer)

Ashish Thakur

Annexure A
Details of Directors as on December 31, 2014 seeking appointment/ re-appointment at the Annual General Meeting to be held on June 09, 2015
(Pursuant to Clause 49(VIII)(E)(i) of the Listing Agreement

Name of Director	Lt. Gen. Baldev Singh (Retd.)	Mr. Raj Swaminathan	Mr. Raj Kumar Gogia	Mr. Suresh Paruthi	Mr. Gurbax Singh Bhasin	Mr. Amardeep Singh Ranghar	Mrs. Ruchica Gupta
Date of Birth	September 21, 1940	May 23, 1959	November 09, 1939	November 01, 1950	September 01, 1956	November 13, 1966	April 21, 1970
Date of Appointment	September 01, 1997	September 29, 2006	July 09, 2002	September 29, 2006	December 27, 2005	July 07, 2014	July 07, 2014
Qualifications	Masters in Military Sciences- Madras University	Bachelor of Engineering from Bangalore University and MBA from Xavier Labour Relations Institute.	B.Tech Honors (First Class First) in Electrical Engineering from IIT, Kharagpur	Bachelor of Technology (Hons.) from IIT, Kharagpur, India	Bachelor of Engineering	MBA-University of Chicago, PGDM/Marketing Management- Iyola College, (India), Export Marketing Certification-Indian Institute of Foreign Trade, (India), B.E.(Electronics & Communications)-Manipal Institute of Technology, (India)	M.Phil- University of Delhi
Expertise in specific functional area	Lt. Gen. Baldev Singh (Retd.) has more than 48 years of experience, including handling top managerial, diplomatic and human resource development related assignments. Mr. Singh has a Masters in Military Sciences from the prestigious Madras University in India and attended two short courses at University of California at Berkeley, in Strategic Account Management and Marketing.	Mr. Raj Swaminathan has over 30 years of experience in IT and Financial Services Industry. Prior to joining R Systems, Raj has had a distinguished 11 years career at GE where he was Vice President and CIO at GE-Countrywide, India and part of the senior Global Consumer Finance corporate IT team. Earlier in his career, Raj also headed the IT function at Standard Chartered Bank for the consumer, corporate banking and treasury businesses	Mr. Raj Kumar Gogia, aged about 75 years, has a rich and vast experience of 52 years serving various Indian, multinational and foreign concerns. He joined the Board of R Systems on July 09, 2002. Since then, he is continuously providing his guidance and advice to the Board of R Systems International Limited.	Mr. Paruthi had completed his Bachelor of Technology (Hons.) from IIT, Kharagpur in 1972. He has also completed a certificate course in export marketing from the Indian Institute of Foreign Trade, New Delhi. He is having a wide experience of efficiently serving various multinationals; some of them are Siemens Limited, Bhartia Cutler Hammer Ltd. & Omron Asia Pacific Pte. Ltd.	Mr. Gurbax Singh Bhasin holds a degree in Bachelor of Engineering. He has been involved in the textile / fashion apparel industry and import / export for over 33 years and understands well the intricacies of international business. Mr. Bhasin's wide diversification and experience helps R Systems to attain even higher levels in customer satisfaction by constantly striving to be the best in all it does through a combination of product excellence, creativity and technological innovation.	Mr. Amardeep Singh Ranghar has vast corporate experience, having served in American Express at senior positions for more than 20 years. Currently, he practices as an independent business consultant and is engaged in projects covering strategy, revenue and profitability.	Mrs. Ruchica Gupta had been associated as a lecturer in University of Delhi for more than 15 years. She is a leading corporate trainer in the areas of Organization Development, Change Management, Leadership, and Motivation.
Directorship held in other Companies as on date	R Systems Products & Technologies Limited	R Systems Products & Technologies Limited	Nil	Paruthi Consultants and Engineers	Prego, Inc(U.S.A.), Agro Foods, Inc.(U.S.A.), Quinby Willshire, LLC Shivam Investments, LLC(U.S.A.), Suraj Victorville, LLC(U.S.A.), Corporativo Alberdy S.A. DEC.V. (Mexico), Comercializadora Y Distribuidora Dauces S.A.(Mexico), Riverbrook, LLC G & B Riverside, L.P B&G Mohler, LLC(U.S.A.), Bhasin Victorville, LLC(U.S.A.)	Nil	Nil
Membership/ Chairmanship in Committees of other companies as on date	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Number of shares held in Company as on December 31, 2014	142,330 equity shares	200,000 equity shares	Nil	Nil	Nil	Nil	Nil



R SYSTEMS INTERNATIONAL LIMITED

[Corporate Identification Number – L74899DL1993PLC053579]
 Registered Office: B-104 A, Greater Kailash – I, New Delhi – 110 048
 Corporate Office C-40, Sector -59, NOIDA, Distt. Gautam Budh Nagar, U.P. – 201 307, India
 Tel.: +91 – 120- 4303500; Fax: +91 – 120 – 2587123
 Website: www.rsystems.com; Email: investors@rsystems.com
 Twenty First Annual General Meeting to be held on Tuesday, June 09, 2015 at 9:00 A.M. at
 Air Force Auditorium, Subroto Park, New Delhi - 110 010

PROXY FORM (Form no. MGT-11)

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies
 (Management and Administration) Rules, 2014]

Name of the member (s).....
 Registered address
 E-mail Id..... Folio No. DP ID..... Client Id.....

I/We, being the member (s) ofshares of the R Systems International Limited, hereby appoint

1. Name :.....
 Address :.....
 E-mail Id :.....
 Signature :.....or failing him
2. Name :.....
 Address :.....
 E-mail Id :.....
 Signature :.....or failing him
3. Name :.....
 Address :.....
 E-mail Id :.....
 Signature :.....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the as my/our proxy to attend and vote (on a poll) for me/
 us and on my/our behalf at the Twenty First Annual General Meeting of the Company, to be held on the Tuesday, June 09, 2015 at 09:00 a.m. at
 Air Force Auditorium, Subroto Park, New Delhi - 110 010 and at any adjournment thereof in respect of such resolutions as are indicated below:

Ordinary business:

1. Adoption of Accounts
2. Declaration of Dividend
3. Re-appointment of Mr. Raj Swaminathan (DIN: 00788158) who retires by rotation.
4. Appointment of Auditors

Special Business:

5. Appointment of Mr. Raj Kumar Gogia (DIN: 00007364), as an Independent Director
6. Appointment of Mr. Suresh Paruthi (DIN: 00777887) as an Independent Director
7. Appointment of Mr. Gurbax Singh Bhasin (DIN: 00012628) as an Independent Director
8. Appointment of Mr. Amardeep Singh Ranghar (DIN: 06916409) as an Independent Director
9. Appointment of Mrs. Ruchica Gupta (DIN: 06912329) as Non-Executive Director.
10. Re-appointment and payment of remuneration to Lt. Gen. Baldev Singh (Retd.) (DIN: 00006966) as President and Senior Executive Director of the Company.

Signed this.....day of..... 2015.

Signature of Shareholder

Signature of Proxy Holder(s)

Affix
 Revenue
 Stamp

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.



R SYSTEMS INTERNATIONAL LIMITED

[Corporate Identification Number – L74899DL1993PLC053579]
Registered Office: B-104 A, Greater Kailash – I, New Delhi – 110 048
Corporate Office C-40, Sector -59, NOIDA, Distt. Gautam Budh Nagar, U.P. – 201 307, India
Tel.: +91 – 120- 4303500; Fax: +91 – 120 – 2587123
Website: www.rsystems.com; Email: investors@rsystems.com
Twenty First Annual General Meeting to be held on Tuesday, June 09, 2015 at 9:00 A.M. at
Air Force Auditorium, Subroto Park, New Delhi - 110 010

ATTENDANCE SLIP

Registered Folio No..... (or)

Demat Account No..... D.P. ID. No

Name of shareholder(s).....

I / We certify that I am / we are Member(s) / Proxy of the Member(s) of the Company holding..... shares.

I hereby record my presence at the Twenty First Annual General Meeting of the Company to be held on Tuesday, June 09, 2015 At 09:00 a.m. at Air Force Auditorium, Subroto Park, New Delhi - 110 010 .

.....
Signature of Member / Proxy

Notes:

1. A member or his duly appointed Proxy wishing to attend the meeting must complete this Attendance Slip and hand it over at the entrance.
2. Name of the Proxy in Block letters.....(in case the Proxy attends the meeting.)
3. Those who hold shares in Demat form to quote their Demat Account No. and Depository Participant (D.P.) ID. No.
4. Shareholders/proxy holders desiring to attend the meeting may bring his/her copy of Annual Report for reference at meeting.



Electronic voting particulars

Electronic Voting Sequence No. (EVSN)	User ID	Sequence Number

Note: Please read the instructions printed under the Note No. xxi to the Notice dated April 23, 2015 of the Twenty First Annual General Meeting. The voting period starts from 10:00 a.m. (IST) on Friday, June 05, 2015 and ends at 05:00 p.m. (IST) on Monday, June 08, 2015. The voting module shall be disabled by CDSL for voting thereafter.



R SYSTEMS INTERNATIONAL LIMITED

[Corporate Identification Number – L74899DL1993PLC053579]

Registered Office: B-104 A, Greater Kailash – I, New Delhi – 110 048

Corporate Office C-40, Sector -59, NOIDA, Distt. Gautam Budh Nagar, U.P. – 201 307, India

Tel.: +91 – 120- 4303500; Fax: +91 – 120 – 2587123

Website: www.rsystems.com; Email: investors@rsystems.com

Twenty First Annual General Meeting to be held on Tuesday, June 09, 2015 at 9:00 A.M. at

Air Force Auditorium, Subroto Park, New Delhi - 110 010

Dear Shareholder,

The Ministry of Corporate Affairs, Government of India (MCA) has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by companies and has issued circulars on 21.04.2011 & 29.04.2011 stating that the service by a company can be made through electronic mode, provided the Company has obtained e-mail address of its members for sending the notice/documents through e-mail by giving an advance opportunity to every shareholder to register their e-mail address and changes therein from time to time with the Company.

In furtherance to these, the Company invites its valued shareholders to participate in the Green Initiative to affirm their commitment towards maintaining environment clean and progressive for future generations.

Keeping in view the above, we are proposing to send henceforth all communications/documents like AGM notice, financial statements, directors' report, auditors' report etc. on the email address registered by you with your Depository Participant (DP). Please join us in our support for this noble cause by registering or updating your email address as under:

- With your Depository Participant (DP) if you hold Company's shares in electronic mode.
- With the Registrar & Transfer Agent i.e. M/s. Link Intime India Private Limited if you hold shares in physical mode by sending an e-mail to delhi@linkintime.co.in with cc to investors@rsystems.com quoting your folio no.

It may be noted that as a member of the Company, you will be entitled to receive on request, a copy of the said documents free of cost any time in accordance with the provisions of the Companies Act, 2013 & the Companies Act, 1956. Further, the said documents and other information will be uploaded from time to time on the official website of the Company i.e. www.rsystems.com under "Investor" section.

In case you desire to continue receiving the above documents in physical mode, you are requested to please inform us by sending your request to investors@rsystems.com quoting your DP/Client ID or Folio No.

We look forward for your encouraging support in welcoming this initiative in reducing the impact on the environment and receive all communications electronically.

Thanking you,

Yours faithfully,

For R Systems International Limited

Sd/-

Ashish Thakur

(Company Secretary & Compliance Officer)

Place : Noida

Date : April 23, 2015



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PROXY FORM (Form no. MGT-11)

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies
 (Management and Administration) Rules, 2014]

Name of the member (s).....
 Registered address
 E-mail Id..... Folio No. DP ID..... Client Id.....

I/We, being the member (s) ofshares of the R Systems International Limited, hereby appoint

1. Name :.....
 Address :.....
 E-mail Id :.....
 Signature :.....or failing him
2. Name :.....
 Address :.....
 E-mail Id :.....
 Signature :.....or failing him
3. Name :.....
 Address :.....
 E-mail Id :.....
 Signature :.....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the as my/our proxy to attend and vote (on a poll) for me/
 us and on my/our behalf at the Twenty First Annual General Meeting of the Company, to be held on the Tuesday, June 09, 2015 at 09:00 a.m. at
 Air Force Auditorium, Subroto Park, New Delhi - 110 010 and at any adjournment thereof in respect of such resolutions as are indicated below:

Ordinary business:

1. Adoption of Accounts
2. Declaration of Dividend
3. Re-appointment of Mr. Raj Swaminathan (DIN: 00788158) who retires by rotation.
4. Appointment of Auditors

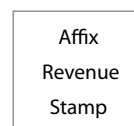
Special Business:

5. Appointment of Mr. Raj Kumar Gogia (DIN: 00007364), as an Independent Director
6. Appointment of Mr. Suresh Paruthi (DIN: 00777887) as an Independent Director
7. Appointment of Mr. Gurbax Singh Bhasin (DIN: 00012628) as an Independent Director
8. Appointment of Mr. Amardeep Singh Ranghar (DIN: 06916409) as an Independent Director
9. Appointment of Mrs. Ruchica Gupta (DIN: 06912329) as Non-Executive Director
10. Re-appointment and payment of remuneration to Lt. Gen. Baldev Singh (Retd.) (DIN: 00006966) as President and Senior Executive Director of the Company

Signed this.....day of..... 2015.

Signature of Shareholder

Signature of Proxy Holder(s)



Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.



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ATTENDANCE SLIP

Registered Folio No..... (or)

Demat Account No..... D.P. ID. No

Name of shareholder(s).....

I / We certify that I am / we are Member(s) / Proxy of the Member(s) of the Company holding..... shares.

I hereby record my presence at the Twenty First Annual General Meeting of the Company to be held on Tuesday, June 09, 2015 At 09:00 a.m. at Air Force Auditorium, Subroto Park, New Delhi - 110 010 .

.....
Signature of Member / Proxy

Notes:

1. A member or his duly appointed Proxy wishing to attend the meeting must complete this Attendance Slip and hand it over at the entrance.
2. Name of the Proxy in Block letters.....(in case the Proxy attends the meeting.)
3. Those who hold shares in Demat form to quote their Demat Account No. and Depository Participant (D.P.) ID. No.
4. Shareholders/proxy holders desiring to attend the meeting may bring his/her copy of Annual Report for reference at meeting.



Electronic voting particulars

Electronic Voting Sequence No. (EVSN)	User ID	Sequence Number

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Thanking you,

Yours faithfully,

For R Systems International Limited

Sd/-

Ashish Thakur

(Company Secretary & Compliance Officer)

Place : Noida

Date : April 23, 2015



R Systems' journey of the last 21 years is similar to the journey of an oyster through the oceans of opportunities. An oyster travels across the oceans of opportunities and endures the challenges of the ocean currents in order to deliver value in the form of a pearl.

Similarly, we at R Systems, have grown in depth and expanded globally the scale of our operations by overcoming various odds and challenges in the last 21 years. In doing so, we have been delivering exceptional value to each of our stakeholders through our unstinted dedication, diligence and hard work.



R SYSTEMS INTERNATIONAL LIMITED

Registered Office: B - 104A, Greater Kailash - I, New Delhi - 110 048 (INDIA)

Corporate Office: C - 40, Sector - 59, Noida (U.P.) - 201 307 (INDIA)

www.rsystems.com