

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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New Delhi - 110 048

KIND ATTN : MS. SMITA DAVE

REF: SECT/05/2016/31

MAY 19, 2016

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

Dear Sir,

SUB: SUBMISSION OF SIX HARD COPIES AND SOFT COPY OF THE NOTICE AND ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2015

This is with reference to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and Uniform Listing Agreement entered into by R Systems International Limited. Please find enclosed six copies of the Annual Report comprising of Directors' Report, Corporate Governance Report, Management's Discussion and Analysis, Secretarial Audit Report, Risk Management Report, Auditors Report, Financial Statements, Notice for Annual General Meeting and other documents and information as required in the terms of the Listing Regulations and other applicable provisions, for the financial year ended December 31, 2015 along with the following documents as enclosure:

1. FORM A, as required under Regulation 33 of the Listing Regulation.
2. Soft copy (pdf version) of the complete Annual Report 2015 in CD.

The soft copy of the Annual Report for the year ended December 31, 2015 shall also be uploaded on the BSE Listing Centre portal.

It may be noted that pursuant to Regulation 34(1) of the Listing Regulations, Annual Report for the financial Year ended December 31, 2015 shall be sent after the approval and adoption by the shareholders.

Trust you would find the above in order and take the same on your record.

Thanking you.

Yours faithfully,

For R Systems International Limited


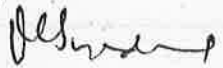

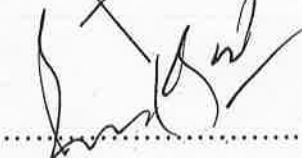

Ashish Thakur

(Company Secretary & Compliance Officer)



FORM A

(FOR AUDIT REPORT WITH UNMODIFIED OPINION ALONG-WITH STANDALONE FINANCIAL RESULTS)

1.	Name of the Company:	R Systems International Limited
2.	Annual financial statements for the year ended	December 31, 2015
3.	Type of Audit observation	Un-modified
4.	Frequency of observation	Not Applicable
5.	<p>To be signed by-</p> <p><input type="checkbox"/> CEO/Managing Director : Satinder Singh Rekhi </p> <p><input type="checkbox"/> CFO Nand Sardana </p> <p><input type="checkbox"/> Auditor of the company Yogender Seth (Partner, M/s. S. R. Batliboi & Associates LLP) (FIRM REGISTRATION No. - 101049W) (MEMBERSHIP No. - 94524) </p> <p><input type="checkbox"/> Audit Committee Chairman Raj Kumar Gogia </p>	

CERTIFIED TRUE COPY

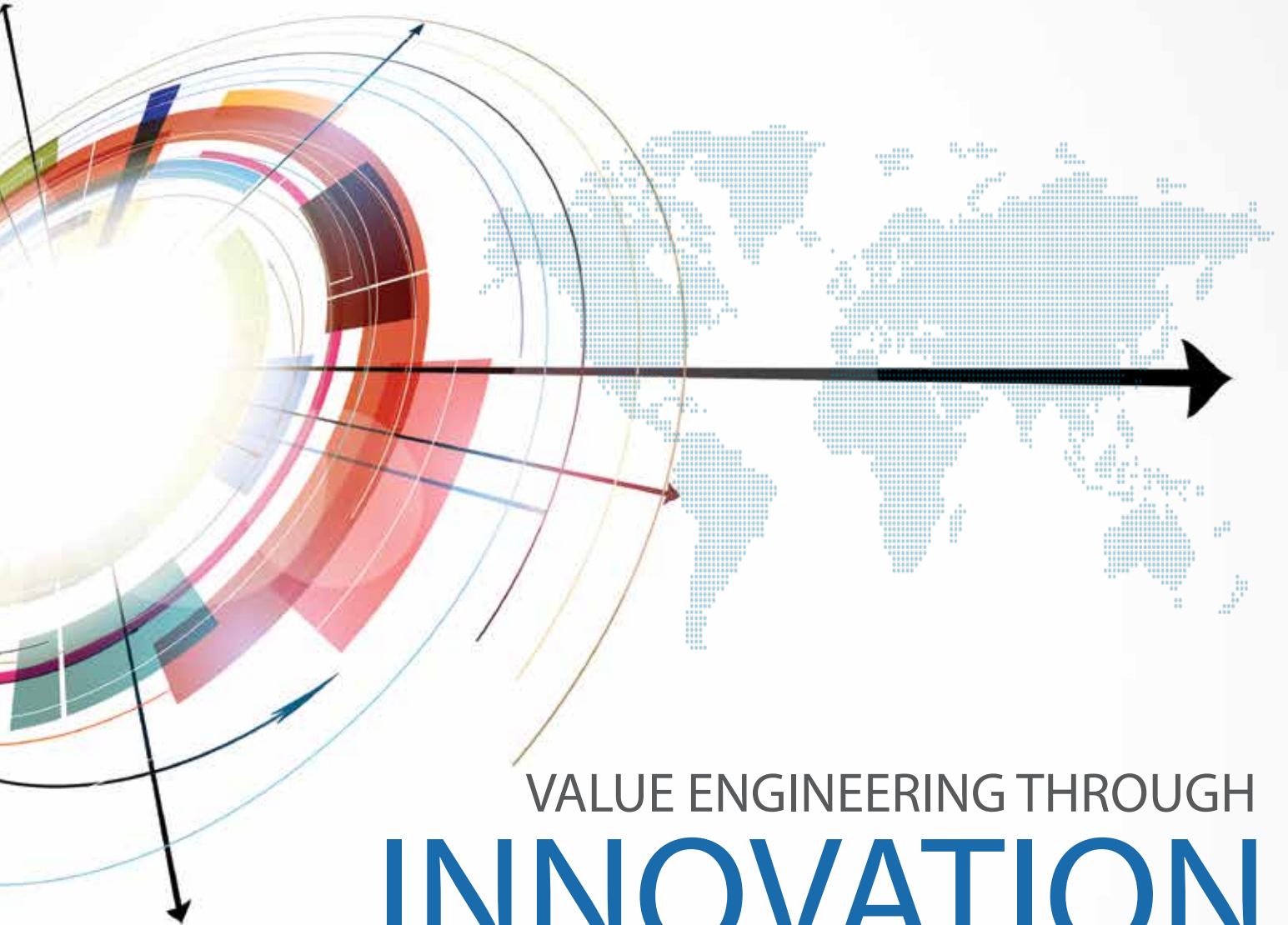
For R SYSTEMS INTERNATIONAL LTD.


Company Secretary



Caring - Innovating - Transforming

ANNUAL REPORT
2015



VALUE ENGINEERING THROUGH
INNOVATION



Contents

VALUE ENGINEERING

- The World of R Systems 02
- Our Guiding Principles 15
- Financial Highlights 18
- From the Desk of the Managing Director 20
- Innovation in People, Process, and Technology 26
 - Our Global Client Portfolio 27
 - Our World-Class Work Culture 28
 - Our CSR Activities 30
- Corporate Information 31

STATUTORY REPORTS

- Directors' Report 32
- Corporate Governance Report 50
- Management Discussion and Analysis 71
- Risk Management Report 106

FINANCIAL STATEMENTS

- Financial Statements (Standalone) 113
- Financial Statements (Consolidated) 161

AGM NOTICE

- Notice of Twenty-Second Annual General Meeting 208

Caring

Innovating

Transforming

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

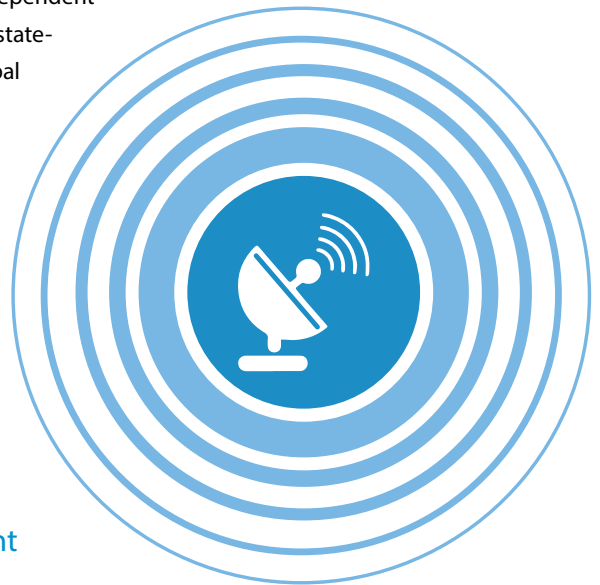


Our Industry Verticals

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

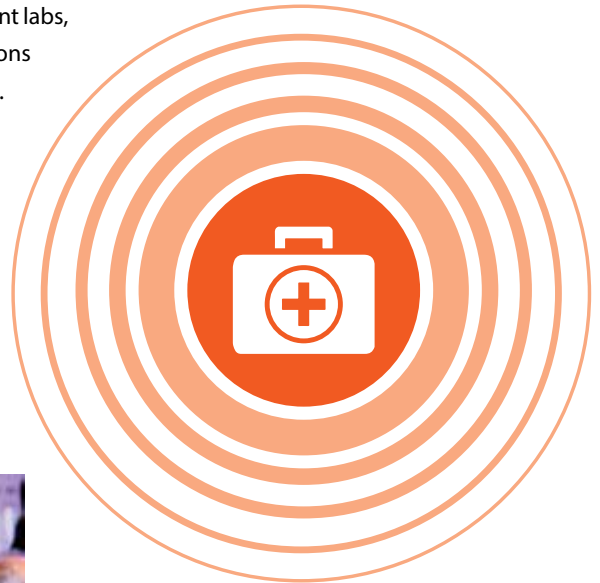
- R Systems has executed software development services, re-vamping existing system and applications using latest Microsoft technologies and engaged in developing a solution to support mobile banking on Android & iOS platforms, for one of the leading providers of multipurpose prepaid cards in USA.
- A 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

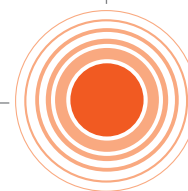
As a nerve center of transformation, the focus of our Analytics team is to build an eco-system established on best practices, resulting in maximum value generation, for businesses and customers. Leveraging on the deep domain knowledge of our existing verticals, Analytics provides a seabed for quick insights. 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.

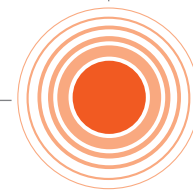
Our Singapore-based subsidiary IBIZ is a Microsoft Gold certified Partner specializing in delivering Microsoft Dynamics business management solutions to help build sustainable businesses.

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;

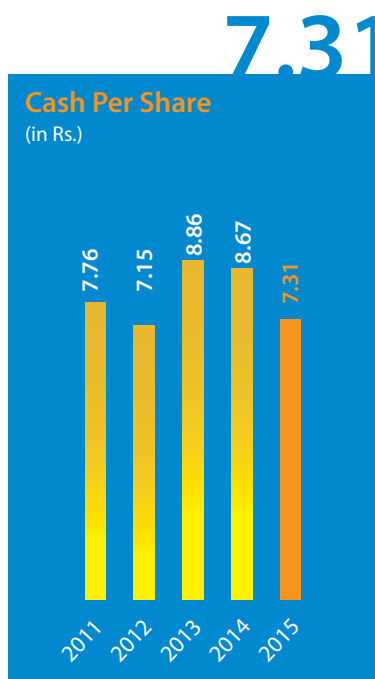
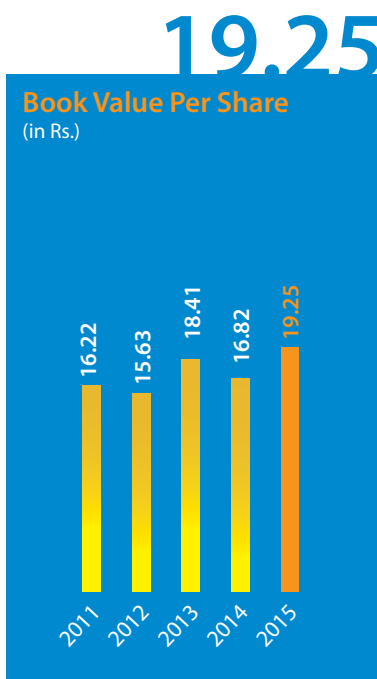
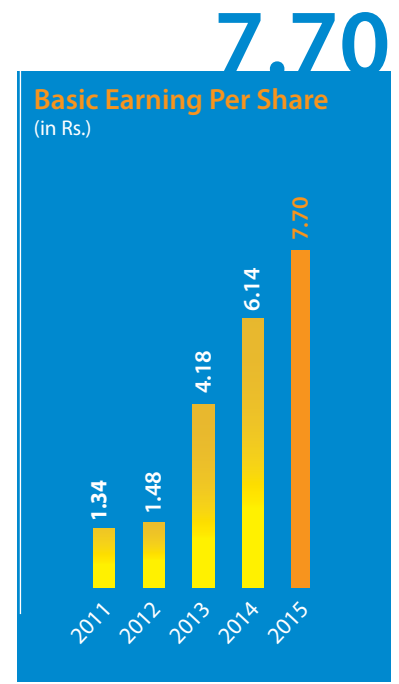
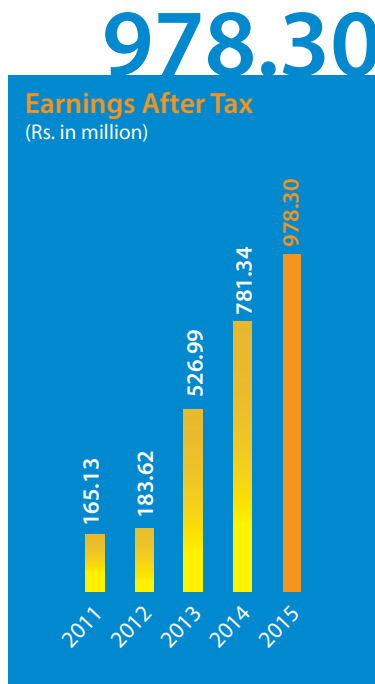
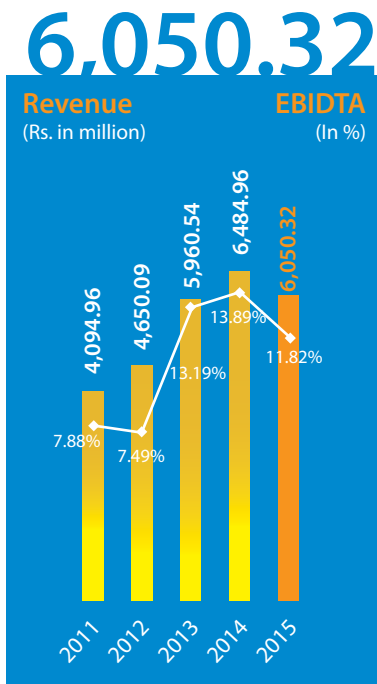
Return on Avg. Equity (%) = EAT / Average Equity;

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.

DO YOU KNOW

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

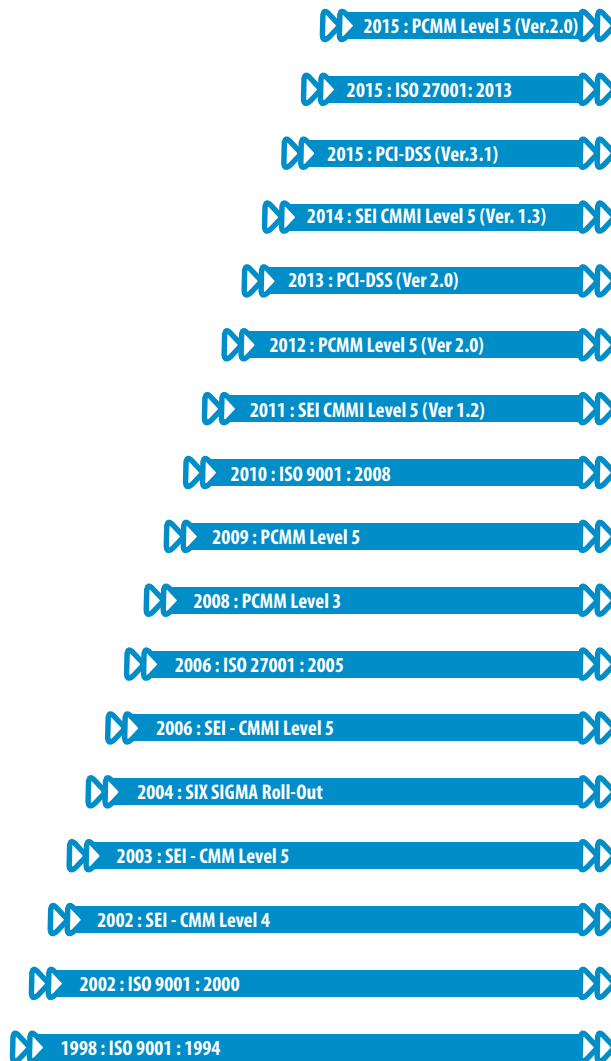
R Systems rapidly growing customer list includes a variety of Fortune 1000, government and mid-sized organizations across a wide range of industry verticals including Banking and Finance, Independent Software Vendors, Telecom and Digital Media, Government, Healthcare, Manufacturing and Logistic Industries. 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

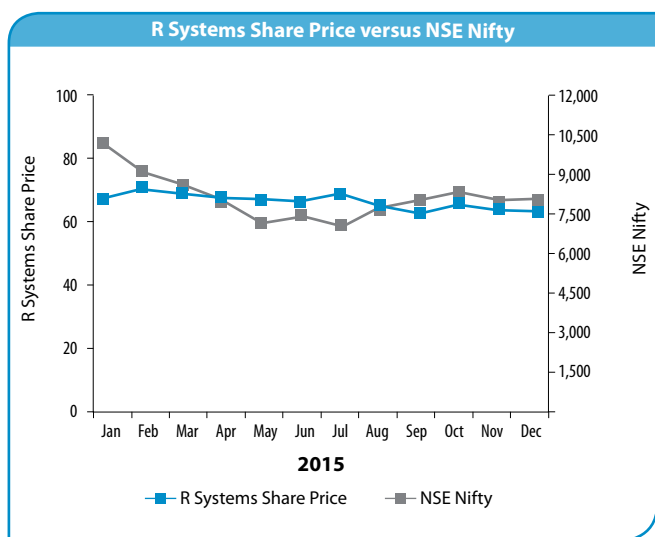
The annual listing fee for the year 2015-16 has been paid within the scheduled time to NSE and BSE. The annual listing fee for the year 2016-17 became due on March 31, 2016 and has also been paid in the scheduled time as prescribed under the provision of Listing Regulations, 2015.

vi) Market Price Data: high, Low during each month in last financial year

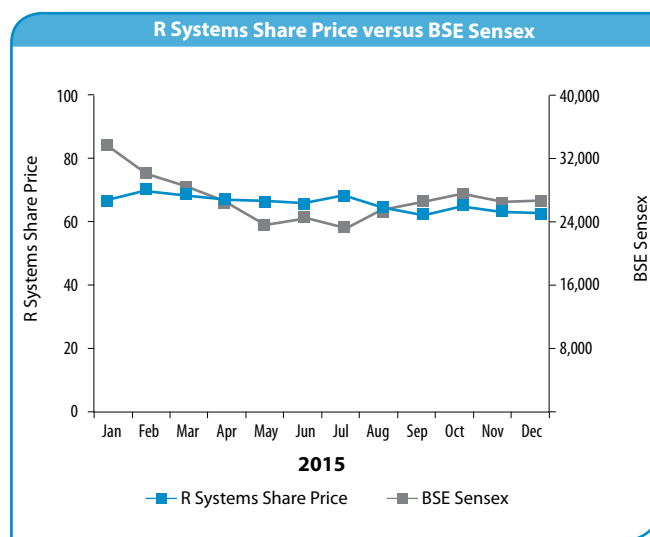
The monthly high and low quotations of R Systems' equity shares traded on NSE and BSE during each month in the previous financial year ended December 31, 2015, in comparison with NSE Nifty and BSE Sensex, are as follows:

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:

- Focused key verticals i.e. Telecom & Digital Media, BFSI, Health Care, Manufacturing & Logistics and Government Services
- 2000+ associates including domain specialists
- Customer centric approach to deliver innovative and cost effective services and solution
- Long term relationship with marquee clients
- Global delivering capabilities through fourteen 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, 2015 to invest in future growth

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.

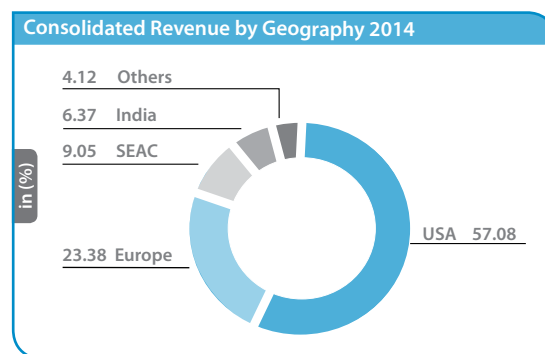
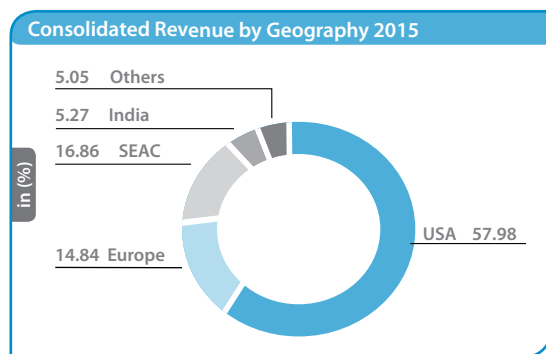
1.1.2 Based on Standalone Financial Statement:

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:

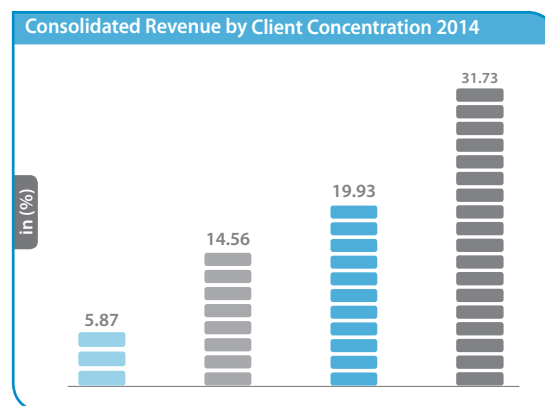
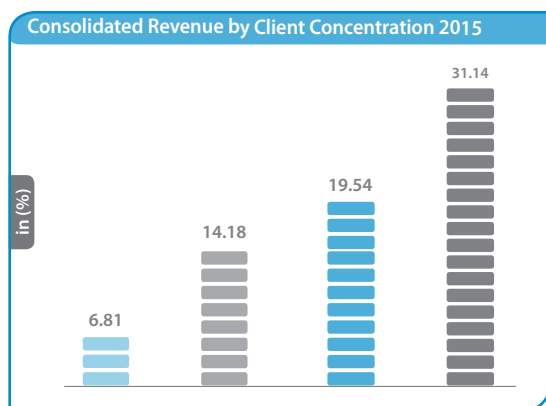
R Systems earns income from five principal geographic territories, namely the United States of America, Europe, South East Asian countries ("SEAC"), India and others. A significant proportion of the revenues were derived from clients located in the United States of America. The geographic break-down 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:

- 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 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)

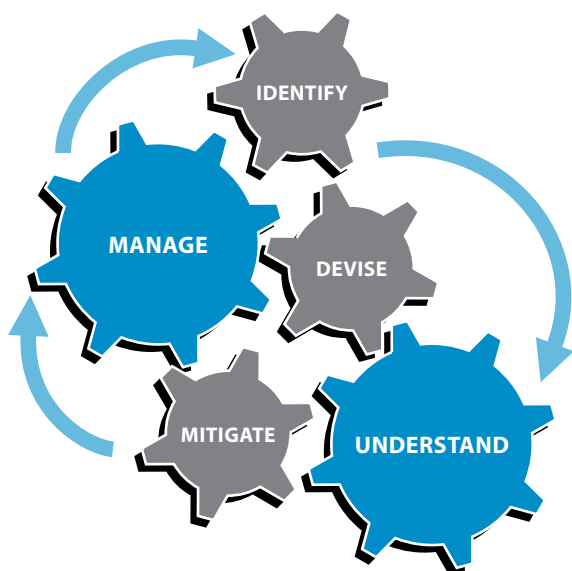
Place : Noida
Date : April 30, 2016

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



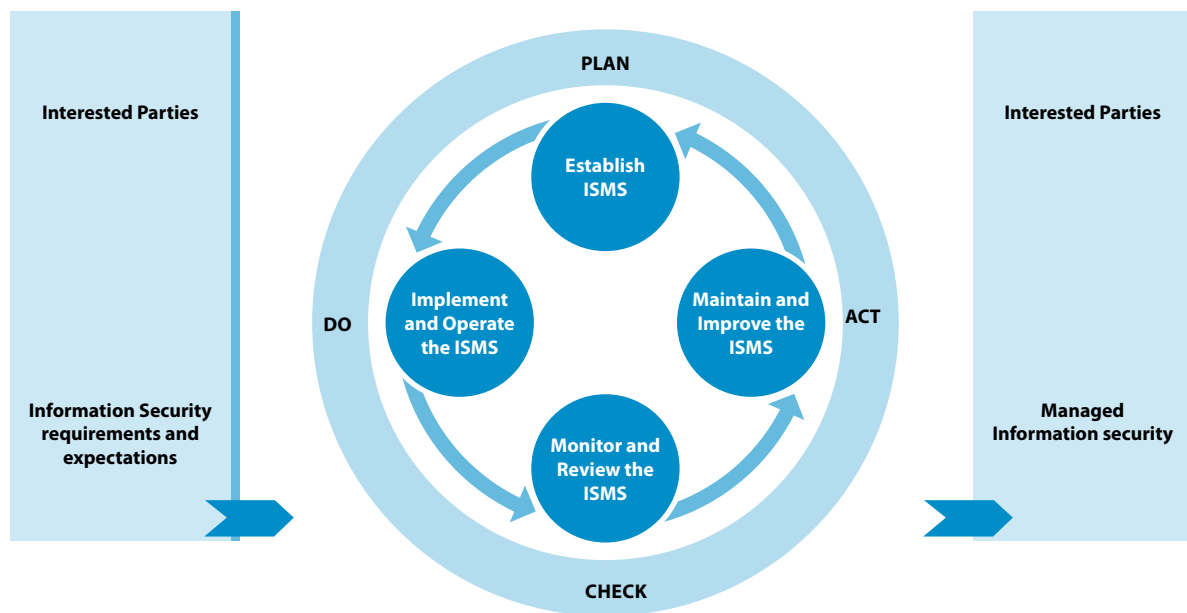
IPLM

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

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

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]

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 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	(1,281,150)	(16,989,083)
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	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	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				192,242,733			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					14,769,972	23,456,289			83,132,522	77,827,937	
Depreciation and amortisation	74,896,056	41,815,906	8,616,429	6,892,250					12,299,568	18,532,326			95,812,053	67,240,482	
Other non-cash expenses / (written back)	(1,652,943)	7,791,277	(233,076)	277,519					6,433,019	1,189,552			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	<p>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)</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
	<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 China
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 # Vikash Kumar Tiwari, Company Secretary & Compliance Officer (resigned on December 20, 2014) # Ashish Thakur, Company Secretary & Compliance Officer (appointed on December 20, 2014)</p>
# Pursuant to the Companies Act, 2013.	
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, 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.)
<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	1,344,500
<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 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
 Date : February 06, 2016

Place : NOIDA
 Date : February 06, 2016

Place : NOIDA
 Date : February 06, 2016

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]
[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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Date : February 06, 2016

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]
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Sd/-
Nand Sardana
[Chief Financial Officer]

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Ashish Thakur
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Place: NOIDA
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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	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	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	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 December 31, 2015 (Nos.)	Year ended December 31, 2014 (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@rsystems.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/-

Place : NOIDA
Date : April 30, 2016

Ashish Thakur
(Company Secretary & Compliance Officer)

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@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

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. 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/-

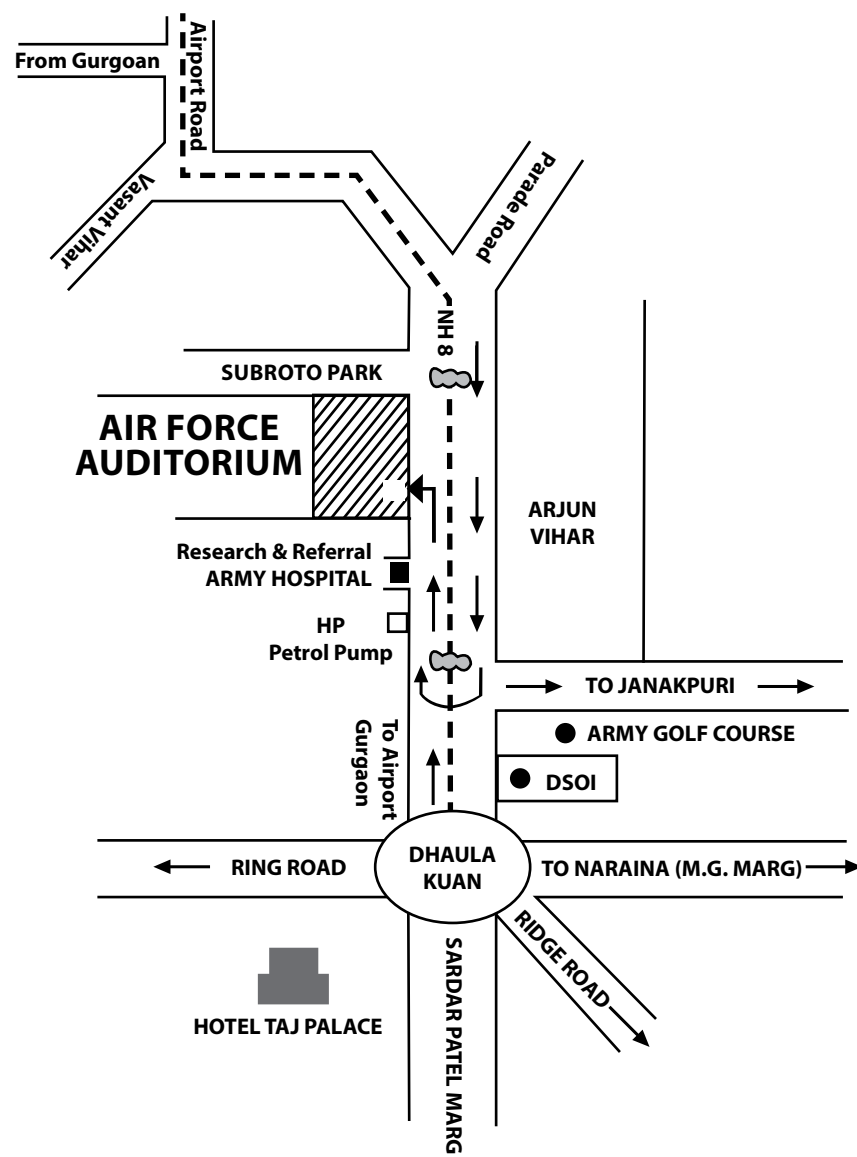
Ashish Thakur

(Company Secretary & Compliance Officer)

Place : Noida

Date : April 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.



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