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Subsidiary Financial Statements 2014

INDEPENDENT AUDITOR'S REPORT

To,
The Members of R Systems (Singapore) Pte Ltd., Singapore

Report on the Financial Statements

We have audited the accompanying financial statements of R Systems (Singapore) Pte Ltd., Singapore ("the Company"), which comprise the Balance Sheet as at December 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956, (which are deemed to be applicable as per section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014 and read with General Circular 08/2014 dated 4 April 2014, issued by the Ministry of Corporate Affairs, and other accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2014;

- b) in the case of the Statement of Profit and Loss, of the **Profit** for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

As required by section 227(3) of the Act, we report that:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c) the Balance Sheet and 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 Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956, (which are deemed to be applicable as per section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014 and read with General Circular 08/2014 dated 4 April 2014, issued by the Ministry of Corporate Affairs, and other accounting principles generally accepted in India;

For S.K. RELAN & CO.
ICAI Firm Registration No.001720N
Chartered Accountants

Sd/-

PLACE : New Delhi
DATED: February 07, 2015

CA. S. K.RELAN
Membership No.012149

R SYSTEMS (SINGAPORE) PTE. LTD
Balance Sheet as at December 31, 2014

	Notes	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	105,930,226	105,930,226
Reserves and surplus	4	62,295,922	61,637,243
Current liabilities			
Trade payables	6	1,218,831	3,817,531
Other current liabilities	6	19,612,902	14,110,784
Short-term provisions	5	1,604,970	1,293,870
Total		190,662,851	186,789,654
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	7	181,455	121,028
Intangible assets	8	-	-
Non-current investments	9	132,458,059	135,572,238
Other non-current assets	11.2	2,863,380	2,930,700
Current assets			
Trade receivables	11.1	43,416,969	43,634,998
Cash and bank balances	12	9,505,014	2,031,069
Short-term loans and advances	10	2,237,974	2,499,621
Total		190,662,851	186,789,654
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.K. Relan & Co
ICAI Firm Registration No. 001720N
Chartered Accountants

For and on behalf of the Board of Directors of
R systems (singapore) pte. Ltd

Sd/-
CA. S.K. RELAN
Membership No. 12149

Sd/-
Chan Kum Ming
[Director]

Sd/-
Joydeep Sen Chaudhuri
[Director]

Place : New Delhi
Date : February 07, 2015

Place : Singapore
Date : February 07, 2015

Place : Singapore
Date : February 07, 2015

R SYSTEMS (SINGAPORE) PTE. LTD			
Statement of Profit and Loss for the year ended December 31, 2014			
	Notes	For the Year ended December 31, 2014 Rs.	For the Year ended December 31, 2013 Rs.
Income			
Revenue from operations	13	223,488,850	167,401,160
Other income	14	1,821,117	2,549,826
Total revenue		225,309,967	169,950,986
Expenses			
Employee benefits expense	15	198,990,341	150,870,542
Operational and other expense	16	21,367,174	14,519,629
Depreciation and amortisation expense	17	58,103	54,291
Finance costs	18	66,193	239,601
Total expenses		220,481,811	165,684,063
Profit / (loss) before tax		4,828,156	4,266,923
Tax expense			
Current tax		279,168	97,440
Total tax expense		279,168	97,440
Profit / (loss) for the year		4,548,988	4,169,483
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.K. Relan & Co
ICAI Firm Registration No. 001720N
Chartered Accountants

For and on behalf of the Board of Directors of
R systems (singapore) pte. Ltd

Sd/-
CA. S.K. RELAN
Membership No. 12149

Sd/-
Chan Kum Ming
[Director]

Sd/-
Joydeep Sen Chaudhuri
[Director]

Place : New Delhi
Date : February 07, 2015

Place : Singapore
Date : February 07, 2015

Place : Singapore
Date : February 07, 2015

R SYSTEMS (SINGAPORE) PTE. LTD
Cash Flow Statement for the year ended December 31, 2014

	For the year ended December 31, 2014 Rs.	For the year ended December 31, 2013 Rs.
A. Cash flow from operating activities		
Net profit before taxation	4,828,156	4,266,923
Adjustments for:		
Depreciation and amortisation expense	58,103	54,291
Unrealised foreign exchange loss / (gain)	(115,404)	289,006
Interest income	(19,745)	(2,158,977)
Operating profit before working capital changes	4,751,110	2,451,243
Movements in working capital :		
(Increase) / Decrease in trade receivables	(409,875)	(17,747,267)
Decrease / (Increase) in intra-group balances	5,300,389	10,196,236
Increase / (Decrease) in short-term and long-term provision	166,828	224,926
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	(2,130,362)	(350,212)
Cash generated from operations	7,678,091	(5,225,074)
Direct taxes paid, net of refunds	(102,049)	-
Net cash flow from operating activities (A)	7,576,042	(5,225,074)
B. Cash flows used in investing activities		
Purchase of fixed assets	(121,842)	
Interest received	19,745	2,158,977
Net cash used in investing activities (B)	(102,097)	2,158,977
C. Cash flows used in financing activities		
Net cash used in financing activities (C)	-	-
Net increase / (decrease) in cash and cash equivalents during the year (A + B + C)	7,473,945	(3,066,097)
Cash and cash equivalents at the beginning of the year	2,031,069	5,097,166
Cash and cash equivalents at the end of the year	9,505,014	2,031,069

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S.K. Relan & Co
ICAI Firm Registration No. 001720N
Chartered Accountants

For and on behalf of the Board of Directors of
R systems (singapore) pte. Ltd

Sd/-
CA. S.K. RELAN
Membership No. 12149

Sd/-
Chan Kum Ming
[Director]

Sd/-
Joydeep Sen Chaudhuri
[Director]

Place : New Delhi
Date : February 07, 2015

Place : Singapore
Date : February 07, 2015

Place : Singapore
Date : February 07, 2015

1. Company Overview

R Systems (Singapore) Pte Ltd. (The "Company") is a wholly owned subsidiary of R Systems International Limited a company incorporated in India. The company was incorporated under the laws of the Singapore in 1997 and became the subsidiary of R Systems International Limited since September 19, 2000 and having its registered office at 16, Jalan Kilang, #04-01 Hoi Hup Building, Singapore 159416.

The Company provides software development and rendering consultancy services primarily in Singapore.

2. Statement of significant accounting policies

(a) Basis of preparation

The financial statements have been prepared to comply in all material respects with the accounting standards notified under the Companies Act, 1956 read with General Circular 8/2014 dated 04 April 2014, issued by the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013 read with rule 7 of Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies have been consistently applied and are consistent with those used in previous year.

All figures are in Rupees except where expressly stated.

(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, expense, 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

Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

(d) Depreciation on tangible fixed assets

Depreciation is provided on Straight Line Method over the remaining estimated useful lives of the tangible fixed assets which result in depreciation rates being greater than or equal to the corresponding rates prescribed in Schedule XIV of the Companies Act, 1956.

The estimated useful lives of the tangible fixed assets followed by the Company in preparing the financial statements are described as below:

<u>Category of tangible fixed assets</u>	<u>Estimated useful life</u>
Computer Hardware	3 to 5 years
Office & Electric Equipment	5 years

(e) Intangibles assets

Computer software

Computer software's are stated at cost less accumulated amortisation 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.

Costs relating to acquired software are capitalised and amortised on a straight-line basis over their useful lives as estimated by the management at 5 years or below in specific cases.

(f) 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 at the weighted average cost of capital.

After impairment, fixed assets / intangibles assets are depreciated / amortised on the revised carrying amount over its remaining useful life.

(g) Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the Profit and Loss Account on a straight-line basis over the lease term.

(h) 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.

(i) 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.

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 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 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 / deferred revenue separately.

Interest

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

(j) Foreign currency translation

(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 except those arising from investments in non-integral operations.

(iv) **Foreign currency translation**

The functional currency of the Company is Singapore Dollar (SGD) but the financial statement has been prepared in Indian Rupees. In translating the financial statements, the assets and liabilities, both monetary and non-monetary, are translated at the closing rate; income and expense items are translated at yearly average exchange rates; and all resulting exchange differences are accumulated in a foreign currency translation reserve.

For translating income, expense and cash flows items, except cash and cash equivalents, during the year ended December 31, 2014, the rates used were SGD 1= Rs. 48.16. For translating assets and liabilities at the year-end, the rates used were SGD 1= Rs. 47.72.

For translating income, expense and cash flows items, except cash and cash equivalents, during the year ended December 31, 2013, the rates used were SGD 1= Rs. 46.80. For translating assets and liabilities at the year-end, the rates used were SGD 1= Rs. 48.85.

(k) **Retirement benefits**

Retirement benefits in the form of defined contribution schemes are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective funds.

(l) **Income taxes**

Income tax on the profit or loss for the year comprises of current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date in accordance with the tax laws of the country where such operations are domiciled and any adjustment to tax payable in respect of previous year.

Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year 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 recognized 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 realized. If the company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

(m) **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.

(n) **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.

(o) **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 the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the management's current estimates.

(p) **Segment reporting**

The Company operates one business segment, providing software development and rendering consultancy services in Singapore.

(q) 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.

R SYSTEMS (SINGAPORE) PTE. LTD**Notes to Financial Statements for the year ended December 31, 2014****3. Share capital**

Particulars	As at	As at
	December 31, 2014	December 31, 2013
	Rs.	Rs.
Issued, subscribed and paid up capital		
40,70,000 Ordinary Shares of no Par Value	105,930,226	105,930,226
Total	105,930,226	105,930,226

A. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Particulars	As at		As at	
	December 31, 2014		December 31, 2013	
	No.	Rs.	No.	Rs.
Shares outstanding at the beginning of the year	4,070,000	105,930,226	4,070,000	105,930,226
Add: Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	4,070,000	105,930,226	4,070,000	105,930,226

R SYSTEMS (SINGAPORE) PTE. LTD**Notes to Financial Statements for the year ended December 31, 2014****4. Reserves and surplus**

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Statement of Profit and Loss		
Balance as per last financial statement	(11,652,489)	(15,821,973)
Add: Profit / (loss) for the current year	4,548,988	4,169,483
Net deficit in the statement of profit and loss	(7,103,501)	(11,652,490)
Foreign currency translation reserve		
Balance as per last financial statement	73,289,733	60,259,569
Add: Current year translation differences	(3,890,310)	13,030,164
Closing balance	69,399,423	73,289,733
Total	62,295,922	61,637,243

R SYSTEMS (SINGAPORE) PTE. LTD**Notes to Financial Statements for the year ended December 31, 2014****5. Short-term provisions**

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Provision for employee benefits		
Compensated absences	1,330,108	1,192,175
Sub total (A)	1,330,108	1,192,175
Other provision		
Income tax	274,862	101,695
Sub total (B)	274,862	101,695
Total (A+B)	1,604,970	1,293,870

6. Other current liabilities

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Trade payables	1,218,831	3,817,531
Sub total (A)	1,218,831	3,817,531
Other liabilities		
Payables to related parties Ecnet Singapore Ltd.	15,969,077	10,790,657
GST/Sales Tax	3,643,825	3,320,127
Sub total (B)	19,612,902	14,110,784
Total (A+B)	20,831,733	17,928,315

Schedule 7: Tangible Assets

(Amount in Rs.)

PARTICULARS	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	AS ON	ADDITION	DELETION	ADJUSTMENT	TOTAL	UPTO	FOR THE	DELETION	ADJUSTMENT	TOTAL	AS AT	AS AT
	1.1.2014	DURING THE YEAR			31.12.2014	1.1.2014	DURING THE YEAR			31.12.2014	31.12.2014	31.12.2013
Computer hardware	283,338	120,784	-	6,509	397,613	162,310	58,103	-	4,255	216,158	181,455	121,028
Office & electrical equipments	-	-	-	-	-	-	-	-	-	-	-	-
Total	283,338	120,784	-	6,509	397,613	162,310	58,103	-	4,255	216,158	181,455	121,028
Previous year	593,684	-	361,055	(50,709)	283,338	429,981	54,291	361,055	(39,093)	162,310	121,028	163,703

Schedule 8: Intangible Assets

(Amount in Rs.)

PARTICULARS	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	AS ON	ADDITION	DELETION	ADJUSTMENT	TOTAL	UPTO	FOR THE	DELETION	ADJUSTMENT	TOTAL	AS AT	AS AT
	1.1.2014	DURING THE YEAR			31.12.2014	1.1.2014	DURING THE YEAR			31.12.2014	31.12.2014	31.12.2013
Computer Software	43,961	-	-	1,010	42,951	43,961	-	-	1,010	42,951	-	-
Total	43,961	-	-	1,010	42,951	43,961	-	-	1,010	42,951	-	-
Previous year	40,500	-	-	(3,461)	43,961	40,500	-	-	(3,461)	43,961	-	-

R SYSTEMS (SINGAPORE) PTE. LTDNotes to Financial Statements for the year ended December 31, 2014

9. Non Current Investment

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Investment In Associate: Other than Trade, unquoted		
ECnet Limited,Singapore (27,979,435 (Previous year 27,979,435) ordinary equity shares of No Par Value)	132,458,059	135,572,238
Total	132,458,059	135,572,238

R SYSTEMS (SINGAPORE) PTE. LTD**Notes to Financial Statements for the year ended December 31, 2014**

10. Short term loans and advances

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Advances recoverable in cash or in kind or for value to be received		
Unsecured, considered good	1,624,140	2,049,328
Sub Total (A)	1,624,140	2,049,328
Loans & Advances		
Advance Recoverable		
Advance recoverable from R Systems International Limited	613,834	450,293
Sub Total (B)	613,834	450,293
Total (A+B)	2,237,974	2,499,621

R SYSTEMS (SINGAPORE) PTE. LTD**Notes to Financial Statements for the year ended December 31, 2014****11.1 Trade receivables**

Particulars	As at	As at
	December 31, 2014	December 31, 2013
	Rs.	Rs.
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	-	-
Unsecured, considered doubtful	2,762,922	2,827,880
	2,762,922	2,827,880
Provision for doubtful receivables	2,762,922	2,827,880
Sub Total (A)	-	-
Other receivables		
Unsecured, considered good	43,416,969	43,634,998
Unsecured, considered doubtful	1,526,229	1,562,112
	44,943,199	45,197,110
Provision for doubtful receivables	1,526,229	1,562,112
Sub Total (B)	43,416,969	43,634,998
Total (A+B)	43,416,969	43,634,998

11.2 Other current assets

Particulars	Non-current	
	As at	As at
	December 31, 2014	December 31, 2013
	Rs.	Rs.
Non-current bank balances (refer note 12)	2,863,380	2,930,700
Total	2,863,380	2,930,700

R SYSTEMS (SINGAPORE) PTE. LTD

Notes to Financial Statements for the year ended December 31, 2014

12. Cash and bank balances

Particulars	Non-current		Current	
	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Cash and cash equivalents				
Cash on hand			31,299	49,138
Balances with others banks				
On current accounts			9,473,715	1,981,931
	-	-	9,505,014	2,031,069
Other bank balances				
Margin money deposit (refer detail below)	2,863,380	2,930,700		
Amount disclosed under non-current assets (refer note 11.2)	(2,863,380)	(2,930,700)	-	-
Total	-	-	9,505,014	2,031,069

Detail of margin money deposit

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Margin moneys deposit to Government departments	2,863,380	2,930,700
Total	2,863,380	2,930,700

R SYSTEMS (SINGAPORE) PTE. LTD**Notes to Financial Statements for the year ended December 31, 2014****13. Revenue from operations**

Particulars	For the year ended December 31, 2014 Rs.	For the year ended December 31, 2013 Rs.
Sale of services	223,488,850	167,401,160
Total	223,488,850	167,401,160

14. Other income

Particulars	For the year ended December 31, 2014 Rs.	For the year ended December 31, 2013 Rs.
Interest Income	19,779	2,158,953
Foreign exchange fluctuation (net)	14,593	74,742
Miscellaneous Income	1,786,745	316,131
Total	1,821,117	2,549,826

15. Employee benefits expense

Particulars	For the year ended December 31, 2014 Rs.	For the year ended December 31, 2013 Rs.
Salaries, wages and bonus	194,150,682	145,826,568
Contribution to employee's benefits fund	2,699,698	2,753,912
Staff welfare	2,139,961	2,290,062
Total	198,990,341	150,870,542

R SYSTEMS (SINGAPORE) PTE. LTD**Notes to Financial Statements for the year ended December 31, 2014****16. Operational and other expenses**

Particulars	For the year ended December 31, 2014 Rs.	For the year ended December 31, 2013 Rs.
Recruitment and training expenses	982,511	908,911
Travelling and conveyance	707,706	587,295
Insurance	1,921,834	1,559,809
Membership & Subscription Fees	73,118	68,173
Communication costs	380,661	492,824
Printing and stationery	95,861	36,318
Advertising and sales promotion	224,916	165,546
Legal and professional expenses	1,794,035	2,056,140
Management fees	15,141,190	8,480,341
Miscellaneous expenses	45,342	164,272
Total	21,367,174	14,519,629

17. Depreciation and amortisation expense

Particulars	For the year ended December 31, 2014 Rs.	For the year ended December 31, 2013 Rs.
Depreciation on tangible assets	58,103	54,291
Total	58,103	54,291

18. Finance cost

Particulars	For the year ended December 31, 2014 Rs.	For the year ended December 31, 2013 Rs.
Bank charges	66,193	239,601
Total	66,193	239,601

19. Related Party Disclosures

Holding Company	R Systems International Limited
Fellow Subsidiaries	R Systems, Inc., USA Indus Software, Inc., USA R Systems Solutions, Inc., USA R Systems N.V., Belgium (Liquidated as on June 24, 2013) R Systems Europe B.V., Netherlands (ceased to be subsidiary w.e.f. November 27, 2014) R Systems S.A.S., France (ceased to be subsidiary w.e.f. November 27, 2014) ECnet Ltd, Singapore Computaris International Limited, U.K. Systèmes R. International Ltée, Canada R Systems Product & Technologies Limited, India (incorporated on July 11, 2014)

Following are the subsidiaries of ECnet Ltd, Singapore

ECnet (M) Sdn Bhd, Malaysia
ECnet Systems (Thailand) Co. Ltd., Thailand
ECnet (Shanghai) Co. Ltd., People's Republic of China
ECnet (Hong Kong) Ltd., Hong Kong
ECnet, Inc., USA
ECnet Kabushiki Kaisha, Japan

Following are the subsidiaries of Computaris International Limited

Computaris limited, UK (Liquidated as on December 24, 2013)
Computairs Romania S.R.L., Romania
Computaris Polska sp Zoo, Poland
ICS Computairs International S.R.L., Moldova
Computaris Malaysian SDN.BHD., Malaysia
Computaris USA Inc, USA

Key management personnel	Satinder Singh Rekhi, Director Harpreet Rekhi, Director Cai Li Ting, Director (Resigned in 2013) Chum Kum Ming, Director Joydeep Sen Chaudhuri, Director (Appointed on February 1, 2014)
--------------------------	--

Details of transactions with related parties for year ended December 31, 2014 and December 31, 2013:

Particulars	December 31, 2014	December 31, 2013
	Rs.	Rs.
<u>Holding Company- R Systems International Ltd</u>		
-Amount Receivable	613,834	450,293
-Amount payable	-	-
<u>Fellow Subsidiary –EC net Ltd</u>		
- Services rendered	2,281,773	5,099,203
- Sub-contracting expenses	1,902,840	976,877
- Interest received	-	2,092,800
- Management fees paid	15,141,190	8,480,341
- Amount payable	15,969,077	10,790,657
<u>Fellow Subsidiary –Indus Software, Inc.</u>		
-Interest received	-	55,412

R SYSTEM (SINGAPORE) PTE LTD., SINGAPORE
Notes to Financial Statements for the year ended December 31, 2014

Payment to key management personnel for year ended December 31, 2014 and December 31, 2013:

(Amount in Rs)

Name of Key Management Personnel	For the year ended December 31,	
	2014	2013
Joydeep Sen Chaudhuri	7,261,896	-

20. 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.K. RELAN & CO.
ICAI Firm registration number: 001720N
Chartered Accountants

For and on behalf of the Board of Directors of R Systems (Singapore)
Pte Ltd., Singapore

Sd/-
CA. S.K. RELAN
Membership No. 12149

Sd/-
Chan Kum Ming
[Director]

Sd/-
Joydeep Sen Chaudhuri
[Director]

Place : New Delhi
Date : February 07, 2015

Place : Singapore
Date : February 07, 2015

Place : Singapore
Date : February 07, 2015

INDEPENDENT AUDITOR'S REPORT

To,
The Members of R Systems, Inc., USA

Report on the Financial Statements

We have audited the accompanying financial statements of R Systems, Inc., USA ("the Company"), which comprise the Balance Sheet as at December 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956, (which are deemed to be applicable as per section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014 and read with General Circular 08/2014 dated 4 April 2014, issued by the Ministry of Corporate Affairs, and other accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2014;

- b) in the case of the Statement of Profit and Loss, of the **Profit** for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

As required by section 227(3) of the Act, we report that:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c) the Balance Sheet and 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 Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956, (which are deemed to be applicable as per section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014 and read with General Circular 08/2014 dated 4 April 2014, issued by the Ministry of Corporate Affairs, and other accounting principles generally accepted in India;

For S.K. RELAN & CO.
ICAI Firm Registration
No.001720N Chartered Accountants

PLACE : New Delhi
DATED: February 07, 2015

Sd/-
CA. S. K.RELAN
Membership No.012149

R SYSTEMS, INC. USA			
Balance Sheet as at December 31, 2014			
	Notes	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	27,800,158	27,800,158
Reserves and surplus	4	281,117,841	194,508,097
Current liabilities			
Trade payables	6	100,504,098	121,117,331
Other current liabilities	6	11,907,871	25,658,598
Short-term provisions	5	63,569,334	19,236,035
Total		484,899,302	388,320,219
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	8	13,042,515	19,497,806
Intangible assets	9	904,814	2,395,778
Long-term loans and advances	7	939,560	645,183
Current assets			
Trade receivables	10.1	181,130,936	177,749,591
Cash and bank balances	11	192,922,922	90,563,982
Short-term loans and advances	7	77,875,826	83,179,069
Other current assets	10.2	18,082,729	14,288,810
Total		484,899,302	388,320,219
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.K. Relan & Co
ICAI Firm Registration No. 001720N
Chartered Accountants

For and on behalf of the Board of Directors of
R Systems, Inc.

Sd/-
CA. S.K. RELAN
Membership No. 12149
Place : New Delhi
Date: February 07, 2015

Sd/-
Satinder Singh Rekhi
[Director]
Place : Singapore
Date: February 07, 2015

Sd/-
Harpreet Rekhi
[Director]
Place : Singapore
Date: February 07, 2015

R SYSTEMS, INC. USA
Statement of Profit and Loss for the year ended December 31, 2014

	Notes	For the Year ended December 31, 2014 Rs.	For the Year ended December 31, 2013 Rs.
Income			
Revenue from operations	12	1,323,251,947	1,078,716,392
Other income	13	12,095,871	3,518,862
Total revenue		1,335,347,818	1,082,235,254
Expenses			
Employee benefits expense	14	683,071,591	583,737,638
Operational and other expenses	15	516,263,908	441,823,067
Depreciation and amortisation expense	16	8,609,524	11,381,276
Finance costs	17	1,023,970	1,086,010
Total expenses		1,208,968,993	1,038,027,991
Profit before tax		126,378,825	44,207,263
Tax expense			
Current tax / (credit)		46,816,730	(105,595)
Total tax expense / (credit)		46,816,730	(105,595)
Profit for the year		79,562,095	44,312,858
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.K. Relan & Co
ICAI Firm Registration No. 001720N
Chartered Accountants

For and on behalf of the Board of Directors of
R Systems, Inc.

Sd/-
CA. S.K. RELAN
Membership No. 12149
Place : New Delhi
Date: February 07, 2015

Sd/-
Satinder Singh Rekhi
[Director]
Place : Singapore
Date: February 07, 2015

Sd/-
Harpreet Rekhi
[Director]
Place : Singapore
Date: February 07, 2015

R SYSTEMS, INC. USA

Cash Flow Statement for the year ended December 31, 2014

	For the year ended December 31, 2014 Rs.	For the year ended December 31, 2013 Rs.
A. Cash flow from operating activities		
Net profit before taxation	126,378,825	44,207,263
Adjustments for:		
Depreciation and amortisation expense	8,609,525	11,381,276
Loss on sale / discard of fixed assets (net)	-	(79,076)
Provision for doubtful debts and advances (net)	(11,023,585)	10,804,580
Unrealised foreign exchange loss / (gain)	5,011,964	6,699,379
Interest income	(1,072,007)	(1,286,689)
Operating profit/(loss) before working capital changes	127,904,722	71,726,733
Movements in working capital :		
(Increase) / Decrease in trade receivables	10,940,808	(34,861,925)
(Increase) / Decrease in loans and advances and other current assets	263,355	(4,159,210)
Decrease / (Increase) in intra-group balances	(11,563,990)	(1,451,887)
Increase / (Decrease) in short-term and long-term provision	(1,898,138)	4,227,919
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	(21,273,246)	31,171,165
Cash generated from operations	104,373,511	66,652,795
Direct taxes paid, net of refunds	(2,591,477)	(125,483)
Net cash flow from operating activities (A)	101,782,034	66,527,312
B. Cash flows used in investing activities		
Purchase of fixed assets	(495,101)	(7,402,181)
Proceeds from sale of fixed assets	-	79,076
Interest received	1,072,007	1,286,689
Net cash used in investing activities (B)	576,906	(6,036,416)
C. Cash flows used in financing activities		
Net cash used in financing activities (C)	-	-
Net increase / (decrease) in cash and cash equivalents during the year (A + B + C)	102,358,940	60,490,896
Cash and cash equivalents at the beginning of the year	90,563,982	30,073,086
Cash and cash equivalents at the end of the year	192,922,922	90,563,982

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.K. Relan & Co

ICAI Firm Registration No. 001720N

Chartered Accountants

For and on behalf of the Board of Directors of
R Systems, Inc.

Sd/-
CA. S.K. RELAN
Membership No. 12149
Place : New Delhi
Date: February 07, 2015

Sd/-
Satinder Singh Rekhi
[Director]
Place : Singapore
Date: February 07, 2015

Sd/-
Harpreet Rekhi
[Director]
Place : Singapore
Date: February 07, 2015

1. Company Overview

R Systems, Inc. (The "Company") is a wholly owned subsidiary of R Systems International Limited a company incorporated in India. The Company provides information technology services for customers primarily in the United States of America. The Company was incorporated under the laws of the State of California on March 9, 1993 and having its registered office at 5000, Windplay Drive, Suite 5, EL Dorado Hills, CA 95762, U.S.A.

2. Statement of significant accounting policies

(a) Basis of preparation

The financial statements have been prepared to comply in all material respects with the accounting standards notified under the Companies Act, 1956 read with General Circular 8/2014 dated 04 April 2014, issued by the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013 read with rule 7 of Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies have been consistently applied and are consistent with those used in previous year.

All figures are in Rupees except where expressly stated.

(b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year end. These estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

(c) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

(d) Depreciation on tangible fixed assets

Depreciation is provided on Straight Line Method over the remaining estimated useful lives of the tangible fixed assets which result in depreciation rates being greater than or equal to the corresponding rates prescribed in Schedule XIV of the Companies Act, 1956.

The estimated useful lives of the tangible fixed assets followed by the Company in preparing the financial statements are described as below:-

<u>Category of tangible fixed assets</u>	<u>Estimated useful life</u>
Computer Hardware	5 years
Office Furniture	7 years
Office Equipments	5 years
Leasehold Improvements	7 years
Vehicles	7 years

(e) Intangibles assets

Computer software

Computer software's are stated at cost less accumulated amortisation 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.

Costs relating to acquired software are capitalised and amortised on a straight-line basis over their useful lives as estimated by the management at 5 years or below in specific cases.

(f) 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 at the weighted average cost of capital.

After impairment, tangible assets / intangibles assets are depreciated / amortised on the revised carrying amount over its remaining useful life.

(g) Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

(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.

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 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 / deferred revenue separately.

Interest

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

(i) Foreign currency translation

(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 except those arising from investments in non-integral operations.

(iv) Foreign currency translation

The functional currency of the Company is United States Dollar (US \$) but the financial statements has been prepared in Indian Rupees. In translating the financial statements, the assets and liabilities, both monetary and non-monetary, are translated at the closing rate; income and expense items are translated at yearly average exchange rates; and all resulting exchange differences are accumulated in a foreign currency translation reserve.

For translating income, expense and cash flows items, except cash and cash equivalents, during the year ended December 31, 2014, the rates used were US \$ 1= Rs. 61.02. For translating assets and liabilities at the year-end, the rates used were US \$ 1= Rs. 63.04.

For translating income, expense and cash flows items, except cash and cash equivalents, during the year ended December 31, 2013, the rates used were US \$ 1= Rs. 58.58. For translating assets and liabilities at the year-end, the rates used were US \$ 1= Rs. 61.81.

(j) Retirement benefits

Retirement benefits in the form of defined contribution schemes are charged to the statement of Profit and loss of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective funds.

(k) Income taxes

Income tax on the profit or loss for the year comprises of current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date in accordance with the tax laws of the country where such operations are domiciled and any adjustment to tax payable in respect of previous year.

Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year 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 recognized 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 realized. If the company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

(l) 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.

(m) 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 the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the management's current estimates.

(n) Segment reporting

The Company operates one business segment i.e. providing information technology services in the United States of America.

(o) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

3. Share capital

Particulars	As at	
	December 31, 2014 Rs.	December 31, 2013 Rs.
Authorised shares		
5,000 Common Stock, no par value		
Issued, subscribed and paid up capital		
2,000 (Previous year 2,000) Common Stock, no par value	27,800,158	27,800,158
Total	27,800,158	27,800,158

A. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Particulars	As at		As at	
	December 31, 2014		December 31, 2013	
	No.	Rs.	No.	Rs.
Shares outstanding at the beginning of the year	2,000	27,800,158	2,000	27,800,158
Add: Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	2,000	27,800,158	2,000	27,800,158

4. Reserves and surplus

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Statement of Profit and Loss		
Balance as per last financial statement	147,715,159	103,402,301
Add: Profit for the current year	79,562,095	44,312,858
Net surplus in the statement of profit and loss	227,277,254	147,715,159
Foreign currency translation reserve		
Balance as per last financial statement	46,792,938	24,963,541
Add: Current year translation differences	7,047,649	21,829,397
Closing balance	53,840,587	46,792,938
Total	281,117,841	194,508,097

5. Short-term provisions

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Provision for employee benefits		
Compensated absences	16,596,415	17,971,690
Sub Total (A)	16,596,415	17,971,690
Other provision		
Income tax	46,972,919	1,264,345
Sub Total (B)	46,972,919	1,264,345
Total (A+B)	63,569,334	19,236,035

6. Other current liabilities

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Trade payables	100,504,098	121,117,331
Sub total (A)	100,504,098	121,117,331
Other liabilities		
Payable to Related parties		
R Systems Internataional Limited	2,965,166	4,896,979
Indus Software, Inc.	7,563,976	3,154,480
ECnet Limited.	232,949	-
R Systems Solutions, Inc., USA	-	15,888,270
Advance from customers	-	1,385,543
Book overdraft	-	333,326
Other liabilities	1,145,780	-
Sub total (B)	11,907,871	25,658,598
Total (A+B)	112,411,969	146,775,929

R SYSTEMS, INC. USA

Notes to Financial Statements for the year ended December 31, 2014

7. Loans and advances

Particulars	Non-current		Current	
	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Advances recoverable in cash or in kind or for value to be received				
Unsecured, considered good	893,607	600,127	15,232,324	18,933,887
Unsecured, considered doubtful			2,968,444	2,910,521
	893,607	600,127	18,200,768	21,844,408
Provision for doubtful advances			2,968,444	2,910,521
Total (A)	893,607	600,127	15,232,324	18,933,887
Advance recoverable from:				
R Systems International limited			11,799,529	9,667,559
R Systems Solutions, Inc., USA			1,421,243	-
ECnet Limited			-	110,054
Computaris USA, LLC			10,632,867	4,174,256
Systemes R. International Ltee, Canada			9,985,436	896,284
Loan recoverable from				
R Systems Solutions, Inc., USA			-	24,087,263
Indus software, Inc., USA			28,804,427	25,309,766
Total (B)	-	-	62,643,502	64,245,182
Security deposit				
Unsecured, considered good	45,953	45,056	-	-
Total (C)	45,953	45,056	-	-
Total (A+B+C)	939,560	645,183	77,875,826	83,179,069

R SYSTEMS, INC. USA

Notes to Financial Statements for the year ended December 31, 2014

Schedule 8: Tangible Assets

(Amount in Rs.)

PARTICULARS	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	AS ON	ADDITION	DELETION	ADJUSTMENT	TOTAL	UPTO	FOR THE	DELETION	ADJUSTMENT	TOTAL	AS AT	AS AT
	1.1.2014	DURING THE YEAR			31.12.2014	1.1.2014	DURING THE YEAR			31.12.2014	31.12.2014	31.12.2013
Building- leasehold	7,483,590	-	-	(148,934)	7,632,524	6,751,678	165,143	-	(139,812)	7,056,633	575,891	731,912
Computer hardware	61,613,574	495,036	-	(1,226,191)	63,334,801	52,473,411	2,860,961	-	(1,138,618)	56,472,990	6,861,811	9,140,163
Furniture & fixtures	11,161,346	-	-	(222,126)	11,383,472	6,306,135	767,331	-	(150,800)	7,224,266	4,159,206	4,855,211
Office & electrical equipments	6,813,322	-	-	(135,594)	6,948,916	4,842,599	1,561,350	-	(147,854)	6,551,803	397,113	1,970,723
Vehicles	20,506,798	-	-	(408,112)	20,914,909	17,707,001	1,749,342	-	(410,074)	19,866,415	1,048,494	2,799,797
Total	107,578,630	495,036	-	(2,140,957)	110,214,622	88,080,824	7,104,127	-	(1,987,158)	97,172,107	13,042,515	19,497,806
Previous year	90,508,268	7,002,152	1,167,125	(11,235,335)	107,578,630	70,523,380	9,449,031	1,167,125	(9,275,538)	88,080,824	19,497,806	19,984,888

Schedule 9: Intangible Assets

(Amount in Rs.)

PARTICULARS	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	AS ON	ADDITION	DELETION	ADJUSTMENT	TOTAL	UPTO	FOR THE	DELETION	ADJUSTMENT	TOTAL	AS AT	AS AT
	1.1.2014	DURING THE YEAR			31.12.2014	1.1.2014	DURING THE YEAR			31.12.2014	31.12.2014	31.12.2013
Computer Software	16,427,719	16,389	-	(326,933)	16,771,041	14,031,941	1,505,398	-	(328,888)	15,866,227	904,814	2,395,778
Total	16,427,719	16,389	-	(326,933)	16,771,041	14,031,941	1,505,398	-	(328,888)	15,866,227	904,814	2,395,778
Previous year	13,894,653	808,239	-	(1,724,827)	16,427,719	10,668,767	1,932,245	-	(1,430,929)	14,031,941	2,395,778	3,225,886

10. Trade receivables and other assets**10.1 Trade receivables**

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	-	-
Unsecured, considered doubtful	20,782,989	33,553,965
	20,782,989	33,553,965
Provision for doubtful receivables	20,782,989	33,553,965
Sub Total (A)	-	-
Other receivables		
Unsecured, considered good	181,130,936	177,749,591
Unsecured, considered doubtful	4,361,451	2,264,715
	185,492,387	180,014,306
Provision for doubtful receivables	4,361,451	2,264,715
Sub Total (B)	181,130,936	177,749,591
Total (A+B)	181,130,936	177,749,591

Trade receivable include:

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Dues from companies under the same management		
Computaris USA LLC	22,215,626	19,817,661
Systemes R. International Ltee, Canada	-	815,826

10.2 Other current assets

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Unbilled revenue	18,082,729	14,288,810
Total	18,082,729	14,288,810

R SYSTEMS, INC. USA**Notes to Financial Statements for the year ended December 31, 2014**

11. Cash and bank balances

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Cash and cash equivalents		
Balances with other banks:		
On current accounts	192,922,922	90,563,982
Total	192,922,922	90,563,982

R SYSTEMS, INC. USA**Notes to Financial Statements for the year ended December 31, 2014****12. Revenue from operations**

Particulars	For the year ended December 31, 2014 Rs.	For the year ended December 31, 2013 Rs.
Sale of services	1,323,251,947	1,078,716,392
Total	1,323,251,947	1,078,716,392

13. Other income

Particulars	For the year ended December 31, 2014 Rs.	For the year ended December 31, 2013 Rs.
Interest income	1,072,007	1,286,689
Profit on sale of assets (net)	-	79,076
Miscellaneous income	-	2,137,988
Provision for doubtful debts and advances written back (net)	11,023,585	-
Foreign exchange fluctuation (net)	279	15,109
Total	12,095,871	3,518,862

14. Employee benefits expense

Particulars	For the year ended December 31, 2014 Rs.	For the year ended December 31, 2013 Rs.
Salaries, wages and bonus	637,309,223	546,392,739
Contribution to employee's benefits fund	45,762,368	37,344,899
Total	683,071,591	583,737,638

15. Operational and other expenses

Particulars	For the year ended December 31, 2014 Rs.	For the year ended December 31, 2013 Rs.
Recruitment and training expenses	4,114,827	4,133,109
Travelling and conveyance	41,559,145	30,508,121
Insurance	3,228,707	2,326,663
Repair and maintenance	4,847,671	4,754,349
Provision for doubtful debts and advances (net)	-	10,804,580
Membership & Subscription Fees	1,840,730	1,301,549
Rent - premises	7,578,643	5,533,961
Rent - equipment	604,706	510,038
Power and fuel	417,332	277,841
Communication costs	2,099,163	1,924,919
Printing and stationery	136,150	196,949
Advertising and sales promotion	623,312	662,851
Legal and professional expenses	447,742,149	377,632,233
Rates and taxes	1,387,932	1,141,291
Miscellaneous expenses	83,441	114,613
Total	516,263,908	441,823,067

16. Depreciation and amortisation expenses

Particulars	For the year ended December 31, 2014 Rs.	For the year ended December 31, 2013 Rs.
Depreciation on tangible assets	7,104,126	9,449,031
Amortisation on intangible assets	1,505,398	1,932,245
Total	8,609,524	11,381,276

17. Finance cost

Particulars	For the year ended December 31, 2014 Rs.	For the year ended December 31, 2013 Rs.
Bank charges	1,023,970	1,086,010
Total	1,023,970	1,086,010

18. Related Party Disclosures

Holding Company	R Systems International Limited
Fellow Subsidiaries	R Systems (Singapore) Pte Ltd, Singapore Indus Software, Inc., USA R Systems Solutions, Inc., USA R Systems N.V., Belgium (Liquidated as on June 24, 2013) R Systems Europe B.V., Netherlands (ceased to be subsidiary w.e.f. November 27, 2014) R Systems S.A.S., France (ceased to be subsidiary w.e.f. November 27, 2014) ECnet Ltd, Singapore Computaris International Limited, U.K. Systèmes R. International Ltée, Canada R Systems Product & Technologies Limited, India (incorporated on July 11, 2014)

Following are the subsidiaries of ECnet Ltd, Singapore

ECnet (M) Sdn Bhd, Malaysia
ECnet Systems (Thailand) Co. Ltd., Thailand
ECnet (Shanghai) Co. Ltd., People's Republic of China
ECnet (Hong Kong) Ltd., Hong Kong
ECnet, Inc., USA
ECnet Kabushiki Kaisha, Japan

Following are the subsidiaries of Computaris International Limited

Computaris limited, UK (Liquidated as on December 24, 2013)
Computaris Romania S.R.L., Romania
Computaris Polska sp Zoo, Poland
ICS Computaris International S.R.L., Moldova
Computaris Malaysian SDN.BHD., Malaysia
Computaris USA Inc., USA

Key management personnel (directors) and their relatives	Satinder Singh Rekhi, Director Harpreet Rekhi, Director Vinay NS Behl, Director Sartaj Singh Rekhi, Director (related to Satinder Singh Rekhi) Ramneet Singh Rekhi (related to Satinder Singh Rekhi) Assistant Manager Strategy.
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Details of transactions with related parties for year ended December 31, 2014 and December 31, 2013:

Particulars	For the year ended	
	December 31, 2014	December 31, 2013
Holding Company		
Services Received	22,187,963	18,176,994
Services Rendered	7,509,231	-
Amount Payables	2,965,166	4,896,979
Amount Receivables	11,799,529	9,667,559
Indus Software, Inc.		
Services Received	81,812,087	74,977,092
Interest Received	1,072,007	1,037,862
Amount Payable	7,563,976	3,154,480
Loan Outstanding	28,804,427	25,309,766
R Systems Solutions, Inc.		
Interest Received	-	248,827
Amount Payable	-	15,888,270
Amount Receivables	1,421,243	-

Loan Outstanding	-	24,087,263
ECnet Ltd		
Amount Payables	232,949	-
Amount Receivable	-	110,054
Computaris USA LLC,		
Services Rendered	90,423,054	82,830,495
Amount Receivable	32,848,493	23,991,917
Systemes R. International Ltee, Canada		
Services Rendered	-	773,190
Amount Receivables	9,985,436	1,712,110

Remuneration to key management personnel and their relatives		
Sartaj Singh Rekhi	10,848,566	10,251,964
Ramneet Singh Rekhi	3,392,652	3,221,625
Vinay Narjit Singh Behl	2,288,668	1,757,250
Rent		
Satinder Singh Rekhi	3,661,380	3,514,500

Details of Loan given to R Systems Solution, Inc., USA, a fellow subsidiary:

- The outstanding amount due is Rs. Nil (equivalent to \$ Nil) and Rs. 24,087,263 (equivalent to \$ 389,730), as at December 31, 2014 and 2013, respectively.
- The maximum amount due is Rs. Nil (equivalent to \$ Nil) during the year 2014.
- The amount due are non-trade, interest is charged at 5% (2013: 5%) per annum and are due on demand.

Details of Loan given to Indus Software Inc., USA, a fellow subsidiary:

- The outstanding amount due is Rs. 28,804,427 (equivalent to \$ 456,959) and Rs. 25,309,766 (equivalent to \$ 409,510), as at December 31, 2014 and 2013, respectively.
- The maximum amount due is Rs. 28,804,427 (equivalent to \$ 456,959) during the year 2014.
- The amount due are non-trade, interest is charged at 5% per annum and are due on demand.

In the earlier years, R Systems International Limited, being the holding company of R Systems, Inc. had granted options to few employees of R Systems, Inc. under R Systems International Limited Employee Stock Option Scheme 2007. In consequence to the said grant of options to the employees, R Systems International Limited incurred insignificant cost for issuing the options / shares to the employees.

19. Operating Lease- Company as lessee

The Company has operating leases for office premises, etc. The future minimum payments required under non-cancellable operating leases at year-end are as follows:

	Year ended December 31, 2014 Rs.	Year ended December 31, 2013 Rs.
Lease payments for the year	7,578,629	5,681,658
Non-cancellable operating lease obligation		
Not later than one year	5,417,921	7,608,717
Later than one year but not later than five years	9,343,678	11,716,250

None of the operating lease arrangements have price escalation clause.

20. The Company has a policy of recognising deferred tax assets only to the extent that there is virtual certainty or reasonable certainty, supported by convincing evidence as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

During the year ended December 31 2014 and 2013, based on the management estimate of future taxable income no deferred tax has been recognized in the books of accounts.

21. Contingent Liability

The Company is party to various legal proceedings arising in the normal course of business. In the opinion of management, resolution of these matters will not have a material adverse effect on its financial position or results of operations.

22. 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.K. RELAN & CO.
ICAI Firm registration number: 001720N
Chartered Accountants

For and on behalf of the Board of Directors of R Systems, Inc., USA

Sd/-
CA. S.K. RELAN
Membership No. 12149

Sd/-
Satinder Singh Rekhi
[Director]

Sd/-
Harpreet Rekhi
[Director]

Place : New Delhi
Date : February 07, 2015

Place : Singapore
Date : February 07, 2015

Place : Singapore
Date : February 07, 2015

INDEPENDENT AUDITOR'S REPORT

To,
The Members of Indus Software, Inc., USA

Report on the Financial Statements

We have audited the accompanying financial statements of Indus Software, Inc., USA ("the Company"), which comprise the Balance Sheet as at December 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956, (which are deemed to be applicable as per section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014 and read with General Circular 08/2014 dated 4 April 2014, issued by the Ministry of Corporate Affairs, and other accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2014;

- b) in the case of the Statement of Profit and Loss, of the **Profit** for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

As required by section 227(3) of the Act, we report that:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c) the Balance Sheet and 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 Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956, (which are deemed to be applicable as per section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014 and read with General Circular 08/2014 dated 4 April 2014, issued by the Ministry of Corporate Affairs, and other accounting principles generally accepted in India;

For S.K. RELAN & CO.
ICAI Firm Registration No.001720N
Chartered Accountants

PLACE : New Delhi
DATED: February 07, 2015

Sd/-
CA. S. K.RELAN
Membership No.012149

Indus Software, Inc., USA			
Balance Sheet as at December 31, 2014			
	Notes	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	10,785,738	10,785,738
Reserves and surplus	4	(31,484,847)	(32,287,880)
Current liabilities			
Short-term Borrowings	6	28,804,427	25,309,766
Trade payables	7	2,036,848	2,989,184
Other current liabilities	7	-	208,715
Short-term provisions	5	860,648	49,444
Total		11,002,814	7,054,967
ASSETS			
Current assets			
Trade receivables	9	7,563,976	3,154,480
Cash and bank balances	10	3,407,320	3,696,085
Short-term loans and advances	8	31,518	204,402
Total		11,002,814	7,054,967
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.K. Relan & Co
ICAI Firm Registration No. 001720N
Chartered Accountants

For and on behalf of the Board of Directors of
Indus Software Inc.,

Sd/-
CA. S.K. RELAN
Membership No. 12149
Place : New Delhi
Date: February 07, 2015

Sd/-
Satinder Singh Rekhi
[Director]
Place : Singapore
Date: February 07, 2015

Sd/-
Harpreet Rekhi
[Director]
Place : Singapore
Date: February 07, 2015

Indus Software, Inc., USA
Statement of Profit and Loss for the year ended December 31, 2014

	Notes	For the Year ended December 31, 2014 Rs.	For the Year ended December 31, 2013 Rs.
Income			
Revenue from operations	11	81,812,087	74,977,092
Other income	12	206,087	-
Total revenue		82,018,174	74,977,092
Expenses			
Employee benefits expense	13	76,861,519	70,444,473
Operational and other expenses	14	2,035,643	2,283,740
Finance costs	15	1,072,007	1,093,977
Total expenses		79,969,169	73,822,190
Profit before tax		2,049,005	1,154,902
Tax expense			
Current tax		857,342	8,177
Total tax expense		857,342	8,177
Profit for the year		1,191,663	1,146,725
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.K. Relan & Co
ICAI Firm Registration No. 001720N
Chartered Accountants

For and on behalf of the Board of Directors of
Indus Software Inc.,

Sd/-
CA. S.K. RELAN
Membership No. 12149
Place : New Delhi
Date: February 07, 2015

Sd/-
Satinder Singh Rekhi
[Director]
Place : Singapore
Date: February 07, 2015

Sd/-
Harpreet Rekhi
[Director]
Place : Singapore
Date: February 07, 2015

Indus Software, Inc., USA
Cash Flow Statement for the year ended December 31, 2014

	For the year ended December 31, 2014 Rs.	For the year ended December 31, 2013 Rs.
A. Cash flow from operating activities		
Net profit before taxation	2,049,005	1,154,902
Adjustments for:		
Unrealised foreign exchange loss / (gain)	61,992	842,636
Interest on loans	1,072,007	1,093,977
Deffered Taxes		
Operating profit before working capital changes	3,183,004	3,091,515
Movements in working capital :		
(Increase) / Decrease in loans and advances & other current assets	49,100	552,734
Decrease / (Increase) in intra-group balances	(1,312,468)	(8,778,679)
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	(1,063,411)	-
Cash generated from operations	856,225	(5,134,430)
Direct taxes paid (net of refunds)	(72,984)	(8,177)
Net cash flow from operating activities (A)	783,241	(5,142,607)
Net cash used in investing activities (B)	-	-
C. Cash flows used in financing activities		
Interest paid	(1,072,007)	(1,093,977)
Net cash used in financing activities (C)	(1,072,007)	(1,093,977)
Net increase / (decrease) in cash and cash equivalents during the year (A + B + C)	(288,765)	(6,236,584)
Cash and cash equivalents at the beginning of the year	3,696,085	9,932,669
Cash and cash equivalents at the end of the year	3,407,320	3,696,085

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.K. Relan & Co
ICAI Firm Registration No. 001720N
Chartered Accountants

For and on behalf of the Board of Directors of
Indus Software Inc.,

Sd/-
CA. S.K. RELAN
Membership No. 12149

Sd/-
Satinder Singh Rekhi
[Director]

Sd/-
Harpreet Rekhi
Director

Place : New Delhi
Date: February 07, 2015

Place : Singapore
Date: February 07, 2015

Place : Singapore
Date: February 07, 2015

1. Company Overview

Indus Software, Inc., (The "Company") is a wholly owned subsidiary of R Systems International Limited a company incorporated in India. The Company provides information technology services, which includes professional IT staffing and consulting services, primarily to R Systems Inc., an affiliate wholly-owned by R Systems International Limited. The Company was incorporated under the laws of the State of Delaware on November 6, 1996 and having its registered office at 5000, Windplay Drive, Suite 5, EL Dorado Hills, CA 95762, U.S.A.

2. Statement of significant accounting policies

(a) Basis of preparation

The financial statements have been prepared to comply in all material respects with the accounting standards notified under the Companies Act, 1956 read with General Circular 8/2014 dated 04 April 2014, issued by the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013 read with rule 7 of Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies have been consistently applied and are consistent with those used in previous year.

All figures are in Rupees except where expressly stated.

(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) 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 at 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 assets are depreciated / amortised on the revised carrying amount over its remaining useful life.

(d) Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the statement of Profit and Loss on a straight-line basis over the lease term.

(e) 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.

Revenue associated with software development and maintenance services / customisation of products rendered on time and materials basis is recognised when services are rendered. The same is calculated based on man-hours incurred for rendering services.

In terms of contracts excess / shortfall of revenue over the billed as at the year-end is carried in financial statement as unbilled revenue / deferred revenue separately.

Interest

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

(f) Foreign currency translation

(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 except those arising from investments in non-integral operations.

(iv) Foreign currency translation

The Functional currency of the company is United States Dollar (US \$) but the Financial Statements had been prepared in Indian Rupees. In translating the financial statements, the assets and liabilities, both monetary and non-monetary, are translated at the closing rate; income and expense items are translated at yearly average exchange rates; and all resulting exchange differences are accumulated in a foreign currency translation reserve.

For translating income, expense and cash flows items, except cash and cash equivalents, during the year ended December 31, 2014, the rates used were US \$ 1= Rs. 61.02. For translating assets and liabilities at the year-end, the rates used were US \$ 1= Rs. 63.04.

For translating income, expense and cash flows items, except cash and cash equivalents, during the year ended December 31, 2013, the rates used were US \$ 1= Rs. 58.58. For translating assets and liabilities at the year-end, the rates used were US \$ 1= Rs. 61.81.

(g) Retirement benefits

Retirement benefits in the form of defined contribution schemes are charged to the Statement of Profit and Loss of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective funds.

(h) Income taxes

Income tax on the profit or loss for the year comprises of current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date in accordance with the tax laws of the country where such operations are domiciled and any adjustment to tax payable in respect of previous year.

Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year 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 recognized 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 realized. If the company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

(i) 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.

(j) 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 the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the management's current estimates.

(k) Segment reporting

The Company operates one business segment i.e. providing information technology services in the United States of America.

(l) 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, 2014	December 31, 2013
	Rs.	Rs.
Authorised Share Capital		
250,000 of Common Stock of no par value	-	-
Issued, subscribed and paid up capital		
243,750 of Common Stock of no par value	10,785,738	10,785,738
Total	10,785,738	10,785,738

A. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Particulars	As at		As at	
	December 31, 2014		December 31, 2013	
	No.	Rs.	No.	Rs.
Shares outstanding at the beginning of the year	243,750	10,785,738	243,750	10,785,738
Add: Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	243,750	10,785,738	243,750	10,785,738

4. Reserves and surplus

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Statement of Profit and Loss		
Balance as per last financial statement	(27,481,845)	(28,628,570)
Add: Profit for the current year	1,191,663	1,146,725
Net deficit in the statement of profit and loss	(26,290,182)	(27,481,845)
Foreign currency translation reserve		
Balance as per last financial statement	(4,806,035)	(2,361,217)
Add: Current year translation differences	(388,630)	(2,444,818)
Closing balance	(5,194,665)	(4,806,035)
Total	(31,484,847)	(32,287,880)

5. Short-term provisions

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Other provision		
Income tax	860,648	49,444
Total	860,648	49,444

6. Short-term borrowings

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Unsecured Loan		
Loans from related parties repayable on demand (Refer note 15)		
R Systems Inc., USA	28,804,427	25,309,766
Total	28,804,427	25,309,766

7. Other current liabilities

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Trade payables	2,036,848	2,989,184
Sub total (A)	2,036,848	2,989,184
Other liabilities		
Advance from customers	-	208,715
Sub total (B)	-	208,715
Total (A+B)	2,036,848	3,197,899

8. Short term loans and advances

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Advances recoverable in cash or in kind or for value to be received		
Unsecured, considered good	31,518	204,402
Total	31,518	204,402

9. Trade receivables

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	-	-
Unsecured, considered doubtful	540,840	530,287
	540,840	530,287
Provision for doubtful receivables	540,840	530,287
Sub Total (A)	-	-
Other receivables		
Unsecured, considered good	7,563,976	3,154,480
Unsecured, considered doubtful	-	-
	7,563,976	3,154,480
Provision for doubtful receivables	-	-
Sub Total (B)	7,563,976	3,154,480
Total (A+B)	7,563,976	3,154,480

Trade receivable include:

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Dues from companies under the same management R Systems Inc., USA	7,563,976	3,154,480

Indus Software, Inc., USA**Notes to Financial Statements for the year ended December 31, 2014**

10. Cash and bank balances

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Cash and cash equivalents		
Balances with other banks:		
On current accounts	3,407,320	3,696,085
Total	3,407,320	3,696,085

11. Revenue from operations

Particulars	For the year ended December 31, 2014 Rs.	For the year ended December 31, 2013 Rs.
Sale of services	81,812,087	74,977,092
Total	81,812,087	74,977,092

12. Other income

Particulars	For the year ended December 31, 2014 Rs.	For the year ended December 31, 2013 Rs.
Advances written back	206,087	-
Total	206,087	-

13. Employee benefits expense

Particulars	For the year ended December 31, 2014 Rs.	For the year ended December 31, 2013 Rs.
Salaries, wages and bonus	70,588,673	64,754,917
Contribution to employee's benefits fund	6,272,846	5,689,556
Total	76,861,519	70,444,473

14. Operational and other expenses

Particulars	For the year ended December 31, 2014 Rs.	For the year ended December 31, 2013 Rs.
Travelling and conveyance	20,568	-
Legal and professional expenses	2,015,075	2,283,740
Total	2,035,643	2,283,740

15. Finance cost

Particulars	For the year ended December 31, 2014 Rs.	For the year ended December 31, 2013 Rs.
Interest on loans	1,072,007	1,093,977
Total	1,072,007	1,093,977

16. Related Party Disclosures

Holding Company	R Systems International Limited
Fellow Subsidiaries	R Systems (Singapore) Pte Ltd, Singapore
	R Systems, Inc., USA
	R Systems Solutions, Inc., USA
	R Systems N.V., Belgium (Liquidated as on June 24, 2013)
	R Systems Europe B.V., Netherlands (ceased to be subsidiary w.e.f. November 27, 2014)
	R Systems S.A.S., France (ceased to be subsidiary w.e.f. November 27, 2014)
	ECnet Ltd, Singapore
	Computaris International Limited, U.K.
	Systèmes R. International Ltée, Canada,
	R Systems Product & Technologies Limited, India (incorporated on July 11, 2014)

Following are the subsidiaries of ECnet Ltd, Singapore

ECnet (M) Sdn Bhd, Malaysia
ECnet Systems (Thailand) Co. Ltd., Thailand
ECnet (Shanghai) Co. Ltd., People's Republic of China
ECnet (Hong Kong) Ltd., Hong Kong
ECnet, Inc., USA
ECnet Kabushiki Kaisha, Japan

Following are the subsidiaries of Computaris International Limited

Computaris limited, UK (Liquidated as on December 24, 2013)
Computairs Romania S.R.L., Romania
Computaris Polska sp Zoo, Poland
ICS Computairs International S.R.L., Moldova
Computaris Malaysian SDN.BHD., Malaysia
Computaris USA Inc, USA

Key management personnel	Satinder Singh Rekhi, Director
	Harpreet Rekhi, Director
	Sartaj Singh Rekhi, Director

Details of transactions with related parties for year ended December 31, 2014 and December 31, 2013:

(Amount in Rs.)

Particulars	December 31,	
	2014	2013
R Systems, Inc.		
Services Rendered	81,812,087	74,977,092
Interest Paid	1,072,007	1,037,862
Amount Receivable	7,563,976	3,154,480
Loan Payable	28,804,427	25,309,766
R Systems Singapore Pte Ltd		
Interest Paid	-	56,115
Loan Payable	-	-

Details of Loan taken from R Systems Inc., a fellow subsidiary:

- The outstanding amount due is Rs. 28,804,427 (equivalent to \$ 456,959) and Rs. 25,309,766 (equivalent to \$ 409,510), as at December 31, 2014 and 2013, respectively.
- The maximum amount due is Rs. 28,804,427 (equivalent to \$ 456,959) during the year 2014.
- The amount due are non-trade, interest is charged at 5% per annum and are due on demand.

17. The Company has a policy of recognising deferred tax assets only to the extent that there is virtual certainty or reasonable certainty, supported by convincing evidence as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

During the year ended December 31 2014 and 2013, based on the management estimate of future taxable income no deferred tax has been recognized in the books of accounts.

18. The Company recorded a net profit of Rs. 1,191,663 during the financial year ended 31 December, 2014, and as at that date Company's total liabilities exceeded its total assets by Rs. 20,699,109. These factors indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as going concern. The ability of the Company to continue as a going concern depends on the holding company undertaking to provide continuing financial support to enable the Company to continue as a going concern.

If the Company is unable to continue in operational existence for the foreseeable future, the Company may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realized other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheet.

19. Previous year figures have been regrouped / reclassified where necessary to make them comparable to the current year classifications.

As per our report of even date.

For S.K. RELAN & CO.
ICAI Firm registration number: 001720N
Chartered Accountants

For and on behalf of the Board of Directors of Indus
Software, Inc., USA

Sd/-
CA. S.K. RELAN
Membership No. 12149

Sd/-
Satinder Singh Rekhi
[Director]

Sd/-
Harpreet Rekhi
[Director]

Place : New Delhi
Date : February 07, 2015

Place : Singapore
Date : February 07, 2015

Place : Singapore
Date : February 07, 2015

INDEPENDENT AUDITOR'S REPORT

To,
The Members of R Systems Solutions, Inc., USA

Report on the Financial Statements

We have audited the accompanying financial statements of R Systems Solutions, Inc., USA ("the Company"), which comprise the Balance Sheet as at December 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956, (which are deemed to be applicable as per section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014 and read with General Circular 08/2014 dated 4 April 2014, issued by the Ministry of Corporate Affairs, and other accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2014;

- b) in the case of the Statement of Profit and Loss, of the **Profit** for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

As required by section 227(3) of the Act, we report that:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c) the Balance Sheet and 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 Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956, (which are deemed to be applicable as per section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014 and read with General Circular 08/2014 dated 4 April 2014, issued by the Ministry of Corporate Affairs, and other accounting principles generally accepted in India;

For S.K. RELAN & CO.
ICAI Firm Registration No.001720N
Chartered Accountants

PLACE : New Delhi
DATED: February 07, 2015

Sd/-
CA. S. K.RELAN
Membership No.012149

R SYSTEMS SOLUTIONS, INC.
Balance Sheet as at December 31, 2014

	Notes	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	96,141,274	96,141,274
Reserves and surplus	4	(11,700,479)	(45,666,899)
Non-current liabilities			
Other long term liabilities	5	35,542	34,849
Current liabilities			
Short-term Borrowings	7	-	24,087,263
Trade payables	8	27,454,893	26,768,244
Other current liabilities	8	2,681,190	1,312,190
Short-term provisions	6	6,055,992	4,166,943
Total		120,668,412	106,843,864
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	9	7,392,340	11,154,104
Intangible assets	10	453,942	798,581
Long-term loans and advances	11	1,021,882	1,467,760
Current assets			
Trade receivables	12	93,548,528	27,556,351
Cash and bank balances	13	16,593,951	47,497,577
Short-term loans and advances	11	1,657,769	18,369,491
Total		120,668,412	106,843,864
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.K. Relan & Co
ICAI Firm Registration No. 001720N
Chartered Accountants

For and on behalf of the Board of Directors of
R Systems Solutions, Inc.

Sd/-
CA. S.K. RELAN
Membership No. 12149

Sd/-
Satinder Singh Rekhi
[Director]

Sd/-
Harpreet Rekhi
[Director]

Place : New Delhi
Date : February 07, 2015

Place : Singapore
Date : February 07, 2015

Place : Singapore
Date : February 07, 2015

R SYSTEMS SOLUTIONS, INC.**Statement of Profit and Loss for the year ended December 31, 2014**

	Notes	For the Year ended December 31, 2014 Rs.	For the Year ended December 31, 2013 Rs.
Income			
Revenue from operations	14	354,524,123	307,751,157
Other income	15	80,580	-
Total revenue		354,604,703	307,751,157
Expenses			
Employee benefits expense	16	258,244,427	230,353,269
Operational and other expenses	17	57,803,683	53,266,767
Depreciation and amortisation expense	18	6,520,691	5,168,252
Finance costs	19	-	251,053
Total expenses		322,568,801	289,039,341
Profit before tax		32,035,902	18,711,816
Tax expense			
Current tax		126,089	5,675
Total tax expense		126,089	5,675
Profit for the year		31,909,813	18,706,141
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.K. Relan & Co
ICAI Firm Registration No. 001720N
Chartered Accountants

For and on behalf of the Board of Directors of
R Systems Solutions, Inc.

Sd-
CA. S.K. RELAN
Membership No. 12149

Sd/-
Satinder Singh Rekhi
[Director]

Sd/-
Harpreet Rekhi
[Director]

Place : New Delhi
Date : February 07, 2015

Place : Singapore
Date : February 07, 2015

Place : Singapore
Date : February 07, 2015

R SYSTEMS SOLUTIONS, INC.
Cash Flow Statement for the year ended December 31, 2014

	For the year ended December 31, 2014 Rs.	For the year ended December 31, 2013 Rs.
A. Cash flow from operating activities		
Net profit before taxation	32,035,902	18,711,816
Adjustments for:		
Depreciation and amortisation expense	6,520,690	5,168,252
Unrealised foreign exchange loss / (gain)	(71,318)	2,905,510
Interest Expense	-	248,827
Operating profit/(loss) before working capital changes	38,485,275	27,034,405
Movements in working capital :		
(Increase) / Decrease in trade receivables	(63,354,885)	14,267,605
Decrease / (Increase) in loans and advances and other current assets	1,304,902	(303,128)
Decrease / (Increase) in intra-group balances	(6,359,602)	(15,186,226)
Increase / (Decrease) in short-term and long-term provision	(286,621)	1,306,681
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	1,645,466	4,134,602
Cash generated from operations	(28,565,466)	31,253,939
Direct taxes paid, net of refunds	(23,082)	(5,675)
Net cash flow from operating activities (A)	(28,588,548)	31,248,264
B. Cash flows used in investing activities		
Purchase of fixed assets	(2,315,078)	(4,618,288)
Net cash used in investing activities (B)	(2,315,078)	(4,618,288)
C. Cash flows used in financing activities		
Proceeds from line of credit		
Margin money deposit against short term borrowings		
Proceeds from issuance of share capital	-	14,643,750
Interest paid	-	(248,827)
Net cash used in financing activities (C)	-	14,394,923
Net increase / (decrease) in cash and cash equivalents during the year (A + B + C)	(30,903,626)	41,024,899
Cash and cash equivalents at the beginning of the year	47,497,577	6,472,678
Cash and cash equivalents at the end of the year	16,593,951	47,497,577

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.K. Relan & Co
ICAI Firm Registration No. 001720N
Chartered Accountants

For and on behalf of the Board of Directors of
R Systems Solutions, Inc.

Sd/-
CA. S.K. RELAN
Membership No. 12149

Sd/-
Satinder Singh Rekhi
[Director]

Sd/-
Harpreet Rekhi
Director

Place : New Delhi
Date : February 07, 2015

Place : Singapore
Date : February 07, 2015

Place : Singapore
Date : February 07, 2015

1. Company Overview

R Systems Solutions, Inc. is a wholly owned subsidiary of R Systems International Limited a Company incorporated in India. The Company provides outsourced solution for technical support, customer care and remote monitoring, primarily in the United States of America. The Company was incorporated under the laws of the State of California on February 18, 2000 and having its registered office at Metro Annex Building 9, Suite B, 1193 West 2400 South, West Valley City, UT 84119.

2. Statement of significant accounting policies

(a) Basis of preparation

The financial statements have been prepared to comply in all material respects with the accounting standards notified under the Companies Act, 1956 read with General Circular 8/2014 dated 04 April 2014, issued by the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013 read with rule 7 of Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies have been consistently applied and are consistent with those used in previous year.

All figures are in Rupees except where expressly stated.

(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

Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

(d) Depreciation on tangible fixed assets

Depreciation is provided on Straight Line method over the remaining estimated useful lives of the tangible fixed assets which result in depreciation rates being greater than or equal to the corresponding rates prescribed in Schedule XIV of the Companies Act, 1956.

The estimated useful lives of the tangible fixed assets followed by the Company in preparing the financial statements are described as below:-

<u>Category of tangible fixed assets</u>	<u>Estimated useful life</u>
Computer Hardware	3 years
Office Furniture	5 years
Office Equipment	3 years

(e) Intangibles assets

Computer software

Computer software's are stated at cost less accumulated amortisation 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.

Costs relating to acquired software are capitalised and amortised on a straight-line basis over their useful lives as estimated by the management at 5 years or below in specific cases.

(f) Impairment

The carrying amount of assets is 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 at the weighted average cost of capital.

After impairment, fixed assets / intangibles assets are depreciated / amortised on the revised carrying amount over its remaining useful life.

(g) Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the Profit and Loss Account on a straight-line basis over the lease term.

(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.

Revenue from outsourcing solutions services comprises income from time-and-material which is recognised when the related services are performed in accordance with the specific terms of the contract with the customer.

Telecommunication services

Revenue from telecommunication services has been recognised on accrual basis and has been included in the other income.

(i) Foreign currency translation

(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 except those arising from investments in non-integral operations.

(iv) Foreign currency translation

The functional currency of the Company is United States Dollar (US \$) but the financial statements has been prepared in Indian Rupees. In translating the financial statements, the assets and liabilities, both monetary and non-monetary, are translated at the closing rate; income and expense items are translated at yearly average exchange rates; and all resulting exchange differences are accumulated in a foreign currency translation reserve.

For translating income, expense and cash flows items, except cash and cash equivalents, during the year ended December 31, 2014, the rates used were US \$ 1= Rs. 61.02. For translating assets and liabilities at the year-end, the rates used were US \$ 1= Rs. 63.04.

For translating income, expense and cash flows items, except cash and cash equivalents, during the year ended December 31, 2013, the rates used were US \$ 1= Rs. 58.58. For translating assets and liabilities at the year-end, the rates used were US \$ 1= Rs. 61.81.

(j) Retirement benefits

Retirement benefits in the form of defined contribution schemes are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective funds.

(k) Income taxes

Income tax on the profit or loss for the year comprises of current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date in accordance with the tax laws of the country where such

operations are domiciled and any adjustment to tax payable in respect of previous year.

Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year 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 recognized 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 realized. If the company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

(l) 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.

(m) 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 the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the management's current estimates.

(n) Segment reporting

The Company operates one business segment, providing outsourcing solutions services in the United States of America

(o) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

3. Share capital

Particulars	As at December 31, 2014		As at December 31, 2013	
	No.	Rs.	No.	Rs.
Authorised Share Capital 10,000,000 Series A Preferred Stock , No Par Value 50,000,000 Common Stock No Par Value				
Issued, subscribed and paid up capital 8,666,884 Series A Preferred Stock , No Par Value 16,335,883 (Previous year 11,335,883) Common Stock No Par Value		36,286,450 59,854,824		36,286,450 59,854,824
Total		96,141,274		96,141,274

A. Reconciliation of the Series A Preferred stock shares outstanding at the beginning and at the end of the reporting year

Particulars	As at December 31, 2014		As at December 31, 2013	
	No.	Rs.	No.	Rs.
Shares outstanding at the beginning of the year	8,666,884	36,286,450	8,666,884	36,286,450
Add: Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	8,666,884	36,286,450	8,666,884	36,286,450

B. Reconciliation of the Common Stock shares outstanding at the beginning and at the end of the reporting year

Particulars	As at December 31, 2014		As at December 31, 2013	
	No.	Rs.	No.	Rs.
Shares outstanding at the beginning of the year	16,335,833	59,854,824	11,335,833	46,440,950
Add: Shares issued during the year	-	-	5,000,000	13,413,874
Shares outstanding at the end of the year	16,335,833	59,854,824	16,335,833	59,854,824

4. Reserves and surplus

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Statement of Profit and Loss		
Balance as per last account	(49,633,827)	(68,339,968)
Add: Profit for the current year	31,909,813	18,706,141
Net deficit in the statement of profit and loss	(17,724,014)	(49,633,827)
Foreign currency translation reserve		
Balance as per last account	3,966,928	(789,906)
Add: Current year translation differences	2,056,607	4,756,834
Closing balance	6,023,535	3,966,928
Total	(11,700,479)	(45,666,899)

R SYSTEMS SOLUTIONS, INC.

Notes to Financial Statements for the year ended December 31, 2014

5. Other long term liabilities

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Security deposits	35,542	34,849
Total	35,542	34,849

6. Short-term provisions

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Provision for employee benefits		
Compensated absences	5,899,161	4,117,499
Sub Total (A)	5,899,161	4,117,499
Other provision		
Income tax	156,831	49,444
Sub Total (B)	156,831	49,444
Total (A+B)	6,055,992	4,166,943

7. Short-term borrowings

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Unsecured		
Loan from related party repayable on demand R Systems Inc., USA	-	24,087,263
Total	-	24,087,263

8. Other current liabilities

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Trade payables	27,454,893	26,768,244
Sub total (A)	27,454,893	26,768,244
Other liabilities		
Payable to Related parties		
R Systems International Limited	508,270	133,964
R Systems, Inc.	1,421,243	-
Advance from customers	-	143,487
Others	751,677	1,034,739
Sub total (B)	2,681,190	1,312,190
Total (A+B)	30,136,083	28,080,434

Schedule 9: Tangible Assets

(Amount in Rs.)

PARTICULARS	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	AS ON	ADDITION	DELETION	ADJUSTMENT	TOTAL	UPTO	FOR THE	DELETION	ADJUSTMENT	TOTAL	AS AT	AS AT
	1.1.2014	DURING THE YEAR			31.12.2014	1.1.2014	DURING THE YEAR			31.12.2014	31.12.2014	31.12.2013
Building - Lease hold	750,782	307,124	-	(14,941)	1,072,847	41,711	120,054	-	(4,789)	166,554	906,293	709,071
Computer hardware	77,955,537	232,069	-	(1,551,417)	79,739,023	74,490,327	1,890,491	-	(1,544,786)	77,925,604	1,813,419	3,465,210
Furniture & fixtures	7,880,960	-	-	(156,841)	8,037,801	6,887,593	96,033	-	(140,238)	7,123,864	913,937	993,367
Office & electrical equipments	19,182,677	1,852,216	-	(381,760)	21,416,653	13,196,221	4,065,088	-	(396,653)	17,657,962	3,758,691	5,986,456
Total	105,769,956	2,391,409	-	(2,104,959)	110,266,324	94,615,852	6,171,666	-	(2,086,466)	102,873,984	7,392,340	11,154,104
Previous year	90,698,533	3,812,465	-	(11,258,958)	105,769,956	79,643,208	4,820,250	-	(10,152,394)	94,615,852	11,154,104	11,055,325

Schedule 10: Intangible Assets

(Amount in Rs.)

PARTICULARS	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	AS ON	ADDITION	DELETION	ADJUSTMENT	TOTAL	UPTO	FOR THE	DELETION	ADJUSTMENT	TOTAL	AS AT	AS AT
	1.1.2014	DURING THE YEAR			31.12.2014	1.1.2014	DURING THE YEAR			31.12.2014	31.12.2014	31.12.2013
Computer Software	3,772,154	-	-	(75,071)	3,847,225	2,973,573	349,025	-	(70,685)	3,393,283	453,942	798,581
Total	3,772,154	-	-	(75,071)	3,847,225	2,973,573	349,025	-	(70,685)	3,393,283	453,942	798,581
Previous year	2,412,221	1,060,489	-	(299,444)	3,772,154	2,318,562	348,002	-	(307,009)	2,973,573	798,581	93,659

11. Loans and advances

Particulars	Non-current		Current	
	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Advances recoverable in cash or in kind or for value to be received				
Unsecured, considered good	201,024	662,920	1,657,769	2,481,226
Sub Total (A)	201,024	662,920	1,657,769	2,481,226
Loans & advances to related parties				
Advance recoverable from:				
R Systems Inc., USA			-	15,888,265
Sub Total (B)	-	-	-	15,888,265
Security deposit				
Unsecured, considered good	820,858	804,840	-	-
Sub Total (C)	820,858	804,840	-	-
Total (A+B+C)	1,021,882	1,467,760	1,657,769	18,369,491

12. Trade receivables

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	-	-
Unsecured, considered doubtful	8,595,894	8,428,130
	8,595,894	8,428,130
Provision for doubtful receivables	8,595,894	8,428,130
Sub Total (A)	-	-
Other receivables		
Unsecured, considered good	93,548,528	27,556,351
Sub Total (B)	93,548,528	27,556,351
Total (A+B)	93,548,528	27,556,351

R SYSTEMS SOLUTIONS, INC.**Notes to Financial Statements for the year ended December 31, 2014**

13. Cash and bank balances

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Cash and cash equivalents		
Balances with other banks:		
On current accounts	16,593,951	47,497,577
Total	16,593,951	47,497,577

R SYSTEMS SOLUTIONS, INC.**Notes to Financial Statements for the year ended December 31, 2014****14. Revenue from operations**

Particulars	For the year ended December 31, 2014 Rs.	For the year ended December 31, 2013 Rs.
Sale of services	354,524,123	307,751,157
Total	354,524,123	307,751,157

15. Other income

Particulars	For the year ended December 31, 2014 Rs.	For the year ended December 31, 2013 Rs.
Advances written back	80,580	-
Total	80,580	-

16. Employee benefits expense

Particulars	For the year ended December 31, 2014 Rs.	For the year ended December 31, 2013 Rs.
Salaries, wages and bonus	236,441,674	208,215,352
Contribution to employee's benefits fund	21,802,753	22,137,917
Total	258,244,427	230,353,269

17. Operational and other expenses

Particulars	For the year ended December 31, 2014 Rs.	For the year ended December 31, 2013 Rs.
Recruitment and training expenses	8,218,718	12,768,664
Travelling and conveyance	269,555	694,700
Insurance	759,185	704,501
Repair and maintenance	7,877,659	9,451,669
Rent - premises	7,787,481	7,275,015
Power and fuel	1,135,755	1,063,701
Communication costs	2,272,480	3,367,505
Printing and stationery	248,711	808,689
Advertising and sales promotion	1,208,926	1,250,874
Legal and professional expenses	27,788,528	15,534,670
Rates and taxes	225,786	279,831
Miscellaneous expenses	10,899	66,948
Total	57,803,683	53,266,767

18. Depreciation and amortisation expenses

Particulars	For the year ended December 31, 2014 Rs.	For the year ended December 31, 2013 Rs.
Depreciation on tangible assets	6,171,666	4,820,250
Amortisation on intangible assets	349,025	348,002
Total	6,520,691	5,168,252

19. Finance cost

Particulars	For the year ended December 31, 2014 Rs.	For the year ended December 31, 2013 Rs.
Interest on loans	-	248,827
Bank charges	-	2,226
Total	-	251,053

20. Related Party Disclosures

Holding Company	R Systems International Limited
Fellow Subsidiaries	R Systems, Inc., USA Indus Software, Inc., USA R Systems N.V., Belgium (Liquidated as on June 24, 2013) R Systems Europe B.V., Netherlands (ceased to be subsidiary w.e.f. November 27, 2014) R Systems S.A.S., France (ceased to be subsidiary w.e.f. November 27, 2014) ECnet Ltd, Singapore R Systems (Singapore) Pte Ltd, Singapore Computaris International Limited, U.K. Systèmes R. International Ltée, Canada R Systems Product & Technologies Limited, India (incorporated on July 11, 2014)

Following are the subsidiaries of ECnet Ltd, Singapore

ECnet (M) Sdn Bhd, Malaysia
ECnet Systems (Thailand) Co. Ltd., Thailand
ECnet (Shanghai) Co. Ltd., People's Republic of China
ECnet (Hong Kong) Ltd., Hong Kong
ECnet, Inc., USA
ECnet Kabushiki Kaisha, Japan

Following are the subsidiaries of Computaris International Limited

Computaris limited, UK (Liquidated as on December 24, 2013)
Computaris Romania S.R.L., Romania
Computaris Polska sp Zoo, Poland
ICS Computaris International S.R.L., Moldova
Computaris Malaysian SDN.BHD., Malaysia
Computaris USA Inc., USA

Key management personnel	Satinder Singh Rekhi, Director Sartaj Singh Rekhi, Director Harpreet Rekhi, Director
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Details of transactions with related parties for year ended December 31, 2014 and December 31, 2013:

(Amount in Rs.)

Particulars	For the year ended December 31,	
	2014	2013
R Systems International Limited		
Service Received	1,991,791	-
Amount Payables	508,270	133,964
R Systems, Inc.		
Interest Paid	-	248,827
Amount Receivable	-	15,888,265
Loan Payable	-	24,087,263
Amount Payables	1,421,243	-

Details of Loan taken from R Systems Inc., USA a fellow subsidiary:

- The outstanding amount due is Rs Nil (equivalent to \$ Nil) and Rs 24,087,263 (equivalent to \$ 389,730), as at December 31, 2014 and 2013, respectively.
- The maximum amount due is Rs. Nil (equivalent to \$ Nil) during the year 2014.
- The loan is given for the working capital requirement and has a revolving line of credit which is repayable on demand.
- The amount due are non-trade, interest is charged at Nil (2013: 5%) per annum.

21. Operating Lease- Company as lessee

The Company has operating leases for office equipments, etc. The future minimum payments required under non-cancelable operating leases at year-end are as follows:

	Year ended December 31, 2014 Rs.	Year ended December 31, 2013 Rs.
Lease payments for the year	7,787,481	7,275,015
Non-cancellable operating lease obligation		
Not later than one year	8,977,697	7,887,492
Later than one year but not later than five years	692,124	8,802,515
Later than five years	-	-

- 22.** The Company has a policy of recognising deferred tax assets only to the extent that there is virtual certainty or reasonable certainty, supported by convincing evidence as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

During the year ended December 31 2014 and 2013, based on the management estimate of future taxable income no deferred tax has been recognized in the books of accounts.

- 23.** 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.K. RELAN & CO.
ICAI Firm registration number: 001720N
Chartered Accountants

For and on behalf of the Board of Directors of R Systems
Solution, Inc., USA

Sd/-
CA. S.K. RELAN
Membership No. 12149

Sd/-
Satinder Singh Rekhi
[Director]

Sd/-
Harpreet Rekhi
[Director]

Place : New Delhi
Date : February 07, 2015

Place : Singapore
Date : February 07, 2015

Place : Singapore
Date : February 07, 2015

INDEPENDENT AUDITOR'S REPORT

To,
The Members of Systèmes R. International Ltée, Canada

Report on the Financial Statements

We have audited the accompanying financial statements of Systèmes R. International Ltée, Canada ("the Company"), which comprise the Balance Sheet as at December 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956, (which are deemed to be applicable as per section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014 and read with General Circular 08/2014 dated 4 April 2014, issued by the Ministry of Corporate Affairs, and other accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2014;

- b) in the case of the Statement of Profit and Loss, of the **Loss** for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

As required by section 227(3) of the Act, we report that:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c) the Balance Sheet and 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 Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956, (which are deemed to be applicable as per section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014 and read with General Circular 08/2014 dated 4 April 2014, issued by the Ministry of Corporate Affairs, and other accounting principles generally accepted in India;

For S.K. RELAN & CO.
ICAI Firm Registration No.001720N
Chartered Accountants

PLACE : New Delhi
DATED: February 07, 2015

Sd/-
CA. S. K.RELAN
Membership No.012149

SYSTÈMES R. INTERNATIONAL LTÉE, CANADA
Balance Sheet as at December 31, 2014

	Notes	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	11,636	11,636
Reserves and surplus	4	(3,544,858)	(1,288,468)
Current liabilities			
Short-term provision	5	260,271	-
Trade payables	6	1,164,211	840,806
Other current liabilities	7	10,017,781	2,564,143
Total		7,909,041	2,128,117
Current assets			
Trade receivables	8.1	7,378,109	2,075,798
Cash and bank balances	10	64,953	-
Short-term loans and advances	9	285,729	52,319
Other current assets	8.2	180,250	-
Total		7,909,041	2,128,117
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.K. Relan & Co
ICAI Firm Registration No. 001720N
Chartered Accountants

For and on behalf of the Board of Directors of
Systèmes R. International Ltée

Sd/-
CA. S.K. RELAN
Membership No. 12149
Place : New Delhi
Date : February 07, 2015

Satinder Singh Rekhi
[Director]
Place : Singapore
Date : February 07, 2015

Sartaj Singh Rekhi
[Director]
Place : Singapore
Date : February 07, 2015

SYSTEMES R. INTERNATIONAL LTÉE, CANADA
Statement of Profit and Loss for the period ended December 31, 2014

	Notes	For the period ended December 31, 2014 Rs.	For the period ended December 31, 2013 Rs.
Income			
Revenue from operations	11	13,924,833	7,361,031
Total revenue		13,924,833	7,361,031
Expenses			
Employee benefits expense	12	11,560,806	
Operational and other expenses	13	4,599,463	8,237,770
Finance costs	14	136,387	71,494
Total expenses		16,296,656	8,309,264
Loss before tax		(2,371,823)	(948,233)
Loss for the year		(2,371,823)	(948,233)
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.K. Relan & Co
ICAI Firm Registration No. 001720N
Chartered Accountants

For and on behalf of the Board of Directors of
Systèmes R. International Ltée

CA. S.K. RELAN
Membership No. 12149

Sd/-
Satinder Singh Rekhi
[Director]

Sd/-
Sartaj Singh Rekhi
[Director]

Place : New Delhi
Date : February 07, 2015

Place : Singapore
Date : February 07, 2015

Place : Singapore
Date : February 07, 2015

SYSTÈMES R. INTERNATIONAL LTÉE, CANADA
Statement of Profit and Loss for the period ended December 31, 2014

	For the year ended December 31, 2014 Rs.	For the year ended December 31, 2013 Rs.
A. Cash flow from operating activities		
Net profit before taxation	(2,371,823)	(948,233)
Adjustments for:		
Unrealised foreign exchange loss / (gain)	(992)	-
Interest on loans	-	71,494
Operating profit before working capital changes	(2,372,815)	(876,739)
Movements in working capital :		
(Increase) / Decrease in trade receivables	(3,937,787)	(2,032,070)
(Increase) / Decrease in other current assets	(351,906)	(51,204)
Increase / (Decrease) in provisions	-	328,307
Decrease / (Increase) in intra-group balances	5,969,937	2,197,015
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	757,524	494,819
Cash generated from / (used in) operations	64,953	60,128
Direct taxes paid, net of refunds	-	-
Net cash flow from operating activities (A)	64,953	60,128
B. Cash flows used in investing activities		
Net cash used in investing activities (B)	-	-
C. Cash flows used in financing activities		
Proceeds from issuance of share capital	-	11,366
Interest paid	-	(71,494)
Net cash used in financing activities (C)	-	(60,128)
Net increase / (decrease) in cash and cash equivalents during the year (A + B + C)	64,953	-
Cash and cash equivalents at the beginning of the year	-	-
Cash and cash equivalents at the end of the year	64,953	-

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.K. Relan & Co
ICAI Firm Registration No. 001720N
Chartered Accountants

For and on behalf of the Board of Directors of
Systèmes R. International Ltée

Sd/-
CA. S.K. RELAN
Membership No. 12149
Place : New Delhi
Date : February 07, 2015

Sd/-
Satinder Singh Rekhi
[Director]
Place : Singapore
Date : February 07, 2015

Sd/-
Sartaj Singh Rekhi
[Director]
Place : Singapore
Date : February 07, 2015

1. Company Overview

Systèmes R. International Ltée, Canada (the “Company”) is limited Company domiciled and incorporated in Canada on October 29, 2012 as a wholly-owned subsidiary of R Systems International Limited, a company incorporated in India. The address of the registered office is 417, Rue Saint-Pierre, Porte 604 Montréal (Québec) H2Y 2M4, Canada.

The main object of the Company is to provide Information Technology Services to the customers primarily situated in Canada.

2. Statement of significant accounting policies

(a) Basis of preparation

The financial statements have been prepared to comply in all material respects with the accounting standards notified under the Companies Act, 1956 read with General Circular 8/2014 dated 04 April 2014, issued by the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013 read with rule 7 of Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies have been consistently applied and are consistent with those used in previous year.

All figures are in Rupees except where expressly stated.

(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) 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 at 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, intangible fixed assets / intangibles are depreciated / amortised on the revised carrying amount over its remaining useful life.

(d) Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the statement of Profit and Loss on a straight-line basis over the lease term.

(e) 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.

Interest

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

(f) Foreign currency translation

(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 except those arising from investments in non-integral operations.

(iv) Foreign currency translation

The Functional currency of the company is Canadian dollar (CAD) but the Financial Statements had been prepared in Indian Rupees. In translating the financial statements, the assets and liabilities, both monetary and non-monetary, are translated at the closing rate; income and expense items are translated at yearly average exchange rates; and all resulting exchange differences are accumulated in a foreign currency translation reserve.

For translating income, expense and cash flows items, except cash and cash equivalents, during the period ended December 31, 2014, the rates used were CAD 1= Rs. 55.25. For translating assets and liabilities at the year-end, the rates used were CAD 1= Rs. 54.42.

For translating income, expense and cash flows items, except cash and cash equivalents, during the period ended December 31, 2013, the rates used were CAD 1= Rs. 56.83. For translating assets and liabilities at the year-end, the rates used were CAD 1= Rs. 58.05.

(g) Income taxes

Income tax on the profit or loss for the year comprises of current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date in accordance with the tax laws of the country where such operations are domiciled and any adjustment to tax payable in respect of previous year.

Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year 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 recognized 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 realized. If the company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

(h) 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.

(i) 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 the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the management's current estimates.

(j) Segment reporting

The Company operates one business segment i.e. providing information technology services in the Canada.

(k) 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, 2014	December 31, 2013
	Rs.	Rs.
Issued, subscribed and paid up capital		
200 (previous year 200) Common Stock of CAD 1 each	11,636	11,636
Total	11,636	11,636

A. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Particulars	As at		As at	
	December 31, 2014		December 31, 2013	
	No.	Rs.	No.	Rs.
Shares outstanding at the beginning of the year	200	11,636	-	-
Add: Shares issued during the year	-	-	200	11,636
Shares outstanding at the end of the year	200	11,636	200	11,636

4. Reserves and surplus

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Statement of Profit and Loss		
Balance as per last financial statements	(1,251,359)	(303,126)
Add: Loss for the current year	(2,371,823)	(948,233)
Net deficit in the statement of profit and loss	(3,623,182)	(1,251,359)
Foreign currency translation reserve		
Balance as per last financial statements	(37,109)	2,033
Add: Current year translation differences	115,433	(39,142)
Closing balance	78,324	(37,109)
Total	(3,544,858)	(1,288,468)

5. Short-term provisions

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Provision for employee benefits		
Compensated absences	260,271	
Total (A)	260,271	-

6. Trade Payables

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Trade payables	919,869	505,425
Sub total (A)	919,869	505,425
Other liabilities		
Other payables	244,342	335,381
Sub total (B)	244,342	335,381
Total (A+B)	1,164,211	840,806

7. Other current liabilities

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Payable to related parties		
R Systems international Limited	808	855,817
R Systems Inc. USA	10,016,973	1,708,326
Total	10,017,781	2,564,143

8. Trade receivables and other assets

8.1 Trade receivables

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	-	-
Unsecured, considered doubtful	-	-
Provision for doubtful receivables	-	-
Sub Total (A)	-	-
Other receivables		
Unsecured, considered good	7,378,109	2,075,798
Unsecured, considered doubtful	-	-
Provision for doubtful receivables	-	-
Sub Total (B)	7,378,109	2,075,798
Total (A+B)	7,378,109	2,075,798

Trade receivable include:

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Dues from companies under the same management Computaris USA LLC	1,733,735	-

8.2 Other current assets

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Unbilled revenue	180,250	-
Total	180,250	-

SYSTÈMES R. INTERNATIONAL LTÉE, CANADA**Notes to Financial Statements for the year ended December 31, 2014**

9. Short term loans and advances

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Advances recoverable in cash or in kind or for value to be received		
Unsecured, considered good	285,729	52,319
Total	285,729	52,319

SYSTÈMES R. INTERNATIONAL LTÉE, CANADA**Notes to Financial Statements for the year ended December 31, 2014**

10. Cash and bank balances

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Cash and cash equivalents		
Balances with other banks:		
On current accounts	64,953	-
Total	64,953	-

11. Revenue from operations

Particulars	For the period ended December 31, 2014 Rs.	For the year ended December 31, 2013 Rs.
Sale of services	13,924,833	7,361,031
Total	13,924,833	7,361,031

12. Employee benefits expense

Particulars	For the period ended December 31, 2014 Rs.	For the year ended December 31, 2013 Rs.
Salaries, wages and bonus	10,695,703	-
Contribution to employee's benefits fund	865,103	-
Total	11,560,806	-

13. Operational and other expenses

Particulars	For the period ended December 31, 2014 Rs.	For the year ended December 31, 2013 Rs.
Legal and professional expenses	2,939,911	7,454,004
Travelling and conveyance	668,129	-
Insurance	32,843	-
Rent - premises	99,455	-
Communication costs	62,919	-
Repair and maintenance	-	776,264
Foreign exchange fluctuation (net)	795,708	7,502
Printing and stationery	498	-
Total	4,599,463	8,237,770

14. Finance cost

Particulars	For the period ended December 31, 2014 Rs.	For the year ended December 31, 2013 Rs.
Bank charges	136,387	-
Interest expense	-	71,494
Total	136,387	71,494

15. Related Party Disclosures

Holding Company	R Systems International Limited
Fellow Subsidiaries	R Systems (Singapore) Pte Ltd, Singapore R Systems, Inc., USA R Systems Solutions, Inc., USA Indus Software, Inc., USA R Systems S.A.S., France (ceased to be subsidiary w.e.f. November 27, 2014) R Systems Europe B.V, Netherlands (ceased to be subsidiary w.e.f. November 27, 2014) R Systems N.V., Belgium (Liquidated as on June 24, 2013) ECnet Ltd, Singapore Computaris International Limited, U.K.. R Systems Product & Technologies Limited, India (incorporated on July 11, 2014)

Following are the subsidiaries of ECnet Ltd, Singapore

ECnet (M) Sdn Bhd, Malaysia
ECnet Systems (Thailand) Co. Ltd., Thailand
ECnet (Shanghai) Co. Ltd., People's Republic of China
ECnet (Hong Kong) Ltd., Hong Kong
ECnet, Inc., USA
ECnet Kabushiki Kaisha, Japan

Following are the subsidiaries of Computaris International Limited

Computaris limited, UK (Liquidated as on December 24, 2013)
Computairs Romania S.R.L., Romania
Computaris Polska sp Zoo, Poland
ICS Computairs International S.R.L., Moldova
Computaris Malaysian SDN.BHD., Malaysia
Computaris USA, Inc., USA

Key management personnel	Satinder Singh Rekhi, Director Sartaj Singh Rekhi, Director
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Details of transactions with related parties for year ended December 31, 2014 and December 31, 2013:

Particulars	For the year ended	
	December 31, 2014	December 31, 2013
Holding Company		
Services received	-	5,376,914
Amount payables	808	855,817
R Systems, Inc.		
Services received	-	796,870
Amount payables	10,016,973	1,708,326
Computaris USA LLC		
Services rendered	6,504,447	-
Amount receivable	1,733,735	-

16. The Company incurred a net loss of Rs. 2,371,823 during the financial year ended 31 December, 2014, and as at that date Company's total liabilities exceeded its total assets by Rs. 3,533,222. These factors indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as going concern. The ability of the company to continue as a going concern depends on the holding Company support to enable the company to continue as a going concern.

If the Company is unable to continue in operational existence for the foreseeable future, the company may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realized other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheet.

17. 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.K. RELAN & CO.
ICAI Firm registration number: 001720N
Chartered Accountants

For and on behalf of the Board of Directors of Systèmes
R. International Ltée, Canada

Sd/-
CA. S.K. RELAN
Membership No. 12149
Place : New Delhi
Date : February 07, 2015

Sd/-
Satinder Singh Rekhi
[Director]
Place : Singapore
Date : February 07, 2015

Sd/-
Sartaj Singh Rekhi
[Director]
Place : Singapore
Date : February 07, 2015

INDEPENDENT AUDITOR'S REPORT

To,
The Members of R Systems, Europe BV, Netherland.

Report on the Financial Statements

We have audited the accompanying financial statements of R Systems, Europe BV, Netherland ("the Company"), which comprise the Balance Sheet as at November 27, 2014, the Statement of Profit and Loss and Cash Flow Statement for the period then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956, (which are deemed to be applicable as per section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014 and read with General Circular 08/2014 dated 4 April 2014, issued by the Ministry of Corporate Affairs, and other accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at November 27, 2014;

- b) in the case of the Statement of Profit and Loss, of the **Profit** for the period ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flow for the period ended on that date.

As required by section 227(3) of the Act, we report that:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c) the Balance Sheet and 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 Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956, (which are deemed to be applicable as per section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014 and read with General Circular 08/2014 dated 4 April 2014, issued by the Ministry of Corporate Affairs, and other accounting principles generally accepted in India;

For S.K. RELAN & CO.
ICAI Firm Registration No.001720N
Chartered Accountants

PLACE : New Delhi
DATED: February 07, 2015

Sd/-
CA. S. K.RELAN
Membership No.012149

R SYSTEMS EUROPE B.V., THE NETHERLAND**Balance Sheet as at November 27, 2014**

	Notes	As at November 27, 2014 Rs.	As at December 31, 2013 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	18,213,869	18,213,869
Reserves and surplus	4	36,810,020	66,896,193
Non-current liabilities			
Long-term borrowings	5	988,323	4,403,501
Current liabilities			
Trade payables	7	43,018,760	61,584,960
Other current liabilities	7	97,320,240	105,313,846
Short-term provisions	6	11,323,157	6,425,362
TOTAL		207,674,369	262,837,731
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	8	15,622,195	21,223,565
Intangible assets	9	11,098,907	13,608,301
Long-term loans and advances	10	668,171	738,524
Other non-current assets	11.2	5,586,050	6,117,601
Current assets			
Trade receivables	11.1	32,277,291	37,696,397
Cash and bank balances	12	72,234,228	91,945,982
Short-term loans and advances	10	33,543,728	45,390,251
Other current assets	11.2	36,643,799	46,117,110
TOTAL		207,674,369	262,837,731
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.K. Relan & Co
ICAI Firm Registration No. 001720N
Chartered Accountants

For and on behalf of the Board of Directors of
of R Systems Europe B.V., The Netherland

Sd/-
CA. S.K. RELAN
Membership No. 12149
Place : New Delhi
Date : February 07, 2015

Sd/-
Satinder Singh Rekhi
[Director]
Place : Singapore
Date : February 07, 2015

Sd/-
Sidhartha Shankar Dubey
[Director]
Place : NOIDA
Date : February 07, 2015

R SYSTEMS EUROPE B.V., THE NETHERLAND**Statement of Profit and Loss for the period ended November 27, 2014**

	Notes	For the Period ended November 27, 2014 Rs.	For the Year ended December 31, 2013 Rs.
Income			
Revenue from operations	13	486,561,980	493,304,096
Other income	14	4,820,835	1,731,263
Total revenue		491,382,815	495,035,359
Expenses			
Employee benefits expense	15	220,825,222	218,925,325
Operational and other expense	16	214,894,920	220,724,281
Depreciation and amortisation expense	17	8,992,133	8,566,119
Finance costs	18	551,682	566,741
Total expenses		445,263,957	448,782,466
Profit before tax		46,118,858	46,252,893
Tax expense			
Current tax		10,331,570	-
Total tax expense		10,331,570	-
Profit for the year		35,787,288	46,252,893
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.K. Relan & Co
ICAI Firm Registration No. 001720N
Chartered Accountants

For and on behalf of the Board of Directors of
of R Systems Europe B.V., The Netherland

Sd/-
CA. S.K. RELAN
Membership No. 12149
Place : New Delhi
Date : February 07, 2015

Sd/-
Satinder Singh Rekhi
[Director]
Place : Singapore
Date : February 07, 2015

Sd/-
Sidhartha Shankar Dubey
[Director]
Place : NOIDA
Date : February 07, 2015

R SYSTEMS EUROPE B.V., THE NETHERLAND
Cash Flow Statement for the period ended November 27, 2014

	For the period ended November 27, 2014 Rs.	For the year ended December 31, 2013 Rs.
A. Cash flow from operating activities		
Net profit before taxation	46,118,858	46,252,893
Adjustments for:		
Depreciation and amortisation expense	8,992,133	8,566,119
Debts and advances provided / written off (net)	736,607	-
Other excess provisions written back		(988,847)
Unrealised foreign exchange loss / (gain)	(7,559,473)	11,440,087
Interest income	(565,525)	(742,416)
Interest on loans	277,641	325,805
Operating profit before working capital changes	48,000,241	64,853,641
Movements in working capital :		
(Increase) / Decrease in trade receivables	4,682,499	(2,557,361)
(Increase) / Decrease in other current assets	9,473,311	(9,618,231)
(Increase) / Decrease in loans and advances	11,916,876	(7,098,492)
(Increase) / Decrease in other non-current assets	531,551	(75,395)
Decrease / (Increase) in intra-group balances	-	(7,728,209)
Increase / (Decrease) in short-term and long-term provision	1,482,617	(456,486)
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	(26,559,806)	14,600,274
Cash generated from operations	49,527,289	51,919,741
Direct taxes paid, net of refunds	(10,331,570)	-
Net cash flow from operating activities (A)	39,195,719	51,919,741
B. Cash flows used in investing activities		
Purchase of fixed assets	(3,711,106)	(15,958,726)
Interest received	565,525	742,416
Net cash used in investing activities (B)	(3,145,581)	(15,216,310)
C. Cash flows used in financing activities		
Proceeds from long-term borrowings	-	9,343,440
Repayment of long-term borrowings - current maturities	-	(2,241,336)
Dividend paid	(55,484,251)	
Interest paid	(277,641)	(325,805)
Net cash used in financing activities (C)	(55,761,892)	6,776,299
Net increase / (decrease) in cash and cash equivalents during the year (A + B + C)	(19,711,754)	43,479,730
Cash and cash equivalents at the beginning of the year	91,945,982	48,466,252
Cash and cash equivalents at the end of the year	72,234,228	91,945,982

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S.K. Relan & Co
ICAI Firm Registration No. 001720N
Chartered Accountants

For and on behalf of the Board of Directors of
of R Systems Europe B.V., The Netherland

Sd/-
CA. S.K. RELAN
Membership No. 12149
Place : New Delhi
Date : February 07, 2015

Sd/-
Satinder Singh Rekhi
[Director]
Place : Singapore
Date : February 07, 2015

Sd/-
Sidhartha Shankar Dubey
[Director]
Place : NOIDA
Date : February 07, 2015

1. Company Overview

R Systems Europe B.V. (The "Company"), formerly Sento Europe B.V was incorporated on May 31, 1999. The Company was established by Xtrasource Acquisition, Inc. a company incorporated in United States. As on January 23, 2008, R Systems International Limited, a company incorporated in India acquired all shares of Company from Xtrasource Acquisition, Inc. and become the ultimate holding Company & subsequently changed its name. The address of the registered office is Brammelerstraat 8, 7511 JG Enscheda, The Netherlands.

The Company providing outsourcing solutions services by means of electronic communication such as email, telephone and fax, mainly in Europe.

The R Systems International Limited has transferred its 100% holding in R Systems Europe B.V., The Netherlands, to Customer Contact Management Group B.V. ("CCMG") a Europe based company On November 27, 2014. Accordingly these financials statements have been prepared for January 1, 2014 to November 27, 2014.

2. Statement of significant accounting policies

(a) Basis of preparation

The financial statements have been prepared to comply in all material respects with the accounting standards notified under the Companies Act, 1956 read with General Circular 8/2014 dated 04 April 2014, issued by the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013 read with rule 7 of Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies have been consistently applied and are consistent with those used in previous year.

All figures are in Rupees except where expressly stated.

(b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year end. These estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

(c) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

(d) Depreciation on tangible fixed assets

Depreciation is provided on Straight Line method over the remaining estimated useful lives of the tangible fixed assets which result in depreciation rates being greater than or equal to the corresponding rates prescribed in Schedule XIV of the Companies Act, 1956.

The estimated useful lives of the fixed assets followed by the Company in preparing the financial statements are described as below:-

<u>Category of tangible fixed assets</u>	<u>Estimated useful life</u>
Leasehold improvements	Lower of lease period or useful life
Office and electrical equipment's	5 years
Furniture and fittings	5 years
Computer Hardware	1-5 years

(e) Intangibles assets

Computer software

Computer software's are stated at cost less accumulated amortisation 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.

Costs relating to acquired software are capitalised and amortised on a straight-line basis over their useful lives as estimated by the management at 5 years or below in specific cases.

(f) 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 at 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 fixed assets / intangibles assets are depreciated / amortised on the revised carrying amount over its remaining useful life.

(g) Leases

Where the Company is the lessee

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the lower of the fair value 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 Company 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.

(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.

Revenue from outsourcing solutions services comprises income from time-and-material which is recognised when the related services are performed in accordance with the specific terms of the contract with the customer.

In terms of contracts excess / shortfall of revenue over the billed as at the year-end is carried in financial statement as unbilled revenue / deferred revenue separately.

Interest

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

(i) Foreign currency translation

(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 except those arising from investments in non-integral operations.

(iv) Foreign currency translation

The Functional currency of the Company is Euro (€) but the Financial Statements had been prepared in Indian Rupees. In translating the financial statements, the assets and liabilities, both monetary and non-monetary, are translated at the closing rate; income and expense items are translated at yearly average exchange rates; and all resulting exchange differences are accumulated in a foreign currency translation reserve.

For translating income, expense and cash flows items, except cash and cash equivalents, during the period ended November 27, 2014, the rates used were € 1= Rs. 81.42. For translating assets and liabilities at the period-end, the rates used were € 1= Rs. 77.00.

For translating income, expense and cash flows items, except cash and cash equivalents, during the year ended December 31, 2013, the rates used were € 1= Rs. 77.86. For translating assets and liabilities at the year-end, the rates used were € 1= Rs. 85.10.

(j) Retirement benefits

Retirement benefits in the form of defined contribution schemes are charged to the statement of Profit and Loss of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective funds.

(k) Income taxes

Income tax on the profit or loss for the year comprises of current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date in accordance with the tax laws of the country where such operations are domiciled and any adjustment to tax payable in respect of previous year.

Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year 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 recognized 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 realized. If the Company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

(l) 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.

(m) 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 the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the management's current estimates.

(n) Segment reporting

The Company operates one business segment, providing business process outsourcing services in Europe.

(o) 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
	November 27, 2014	December 31, 2013
	Rs.	Rs.
Authorised shares		
15,850 ordinary shares of Euro 100 each	EUR 1,585,000	EUR 1,585,000
Issued, subscribed and paid up capital		
3,170 ordinary shares of Euro 100 each	18,213,869	18,213,869
Total	18,213,869	18,213,869

A. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Particulars	As at		As at	
	November 27, 2014		December 31, 2013	
	No.	Rs.	No.	Rs.
Shares outstanding at the beginning of the year	3,170	18,213,869	3,170	18,213,869
Add: Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	3,170	18,213,869	3,170	18,213,869

4. Reserves and surplus

Particulars	As at November 27, 2014 Rs.	As at December 31, 2013 Rs.
Securities premium account	44,846,887	44,846,887
Statement of Profit and Loss		
Balance as per last financial statement	13,529,020	(32,723,873)
Add: Profit / (loss) for the current year	35,787,288	46,252,893
Less: Dividend appropriation	55,484,251	
Net surplus / (deficit) in the statement of profit and loss	(6,167,943)	13,529,020
Foreign currency translation reserve		
Balance as per last financial statement	8,520,286	(916,810)
Add: Current year translation differences	(10,389,210)	9,437,096
Closing balance	(1,868,924)	8,520,286
Total	36,810,020	66,896,193

Note:

On November 18, 2014, the Company has paid dividend amounting to Rs. 55,484,251 (i.e. Euro 725,000) to R Systems International Limited from past profit.

5. Long-term borrowings

Particulars	Non - current portion		Current maturities	
	As at November 27, 2014 Rs.	As at December 31, 2013 Rs.	As at November 27, 2014 Rs.	As at December 31, 2013 Rs.
Term loans for equipment				
From bank (refer note below)	988,323	4,403,501	3,039,109	3,359,101
Total	988,323	4,403,501	3,039,109	3,359,101
The above amount includes				
Secured Borrowings	988,323	4,403,501	3,039,109	3,359,101
Unsecured borrowings	-		-	-
Amount disclosed under the head " Other current liabilities". (also refer note 7)			(3,039,109)	(3,359,101)
Total	988,323	4,403,501	-	-

Note:

Term loans for equipment (computer hardware) from bank are secured by hypothecation of underlying assets and carries interest rate of 4.97 % per annum. The said term loan is repayable in 36 months equated monthly installments from the date of loan.

6. Short-term provisions

Particulars	As at November 27, 2014 Rs.	As at December 31, 2013 Rs.
Provision for employee benefits		
Compensated absences	7,042,611	6,425,362
	7,042,611	6,425,362
Other provision		
Income tax	4,280,546	-
Total (B)	4,280,546	-
Total	11,323,157	6,425,362

7. Other current liabilities

Particulars	As at November 27, 2014 Rs.	As at December 31, 2013 Rs.
Trade payables	43,018,760	61,584,960
Sub total (A)	43,018,760	61,584,960
Other liabilities		
Current maturities of long-term borrowing (refer note no 5)	3,039,109	3,359,101
Payable to Related parties		
R systems International Limited	-	671,469
R Systems Europe S.A.S	76,375,412	89,879,851
ECnet Limited	-	697,836
VAT	3,946,865	575,051
Others	13,958,854	10,130,538
Sub total (B)	97,320,240	105,313,846
Total (A+B)	140,339,000	166,898,806

Schedule 8: Tangible assets

(Amount in Rs.)

PARTICULARS	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	AS ON	ADDITION	DELETION	ADJUSTMENT	TOTAL	UPTO	FOR THE	DELETION	ADJUSTMENT	TOTAL	AS AT	AS AT
	1.1.2014	DURING THE YEAR			27.11.2014	1.1.2014	DURING THE YEAR			27.11.2014	27.11.2014	31.12.2013
Leasehold improvements	49,901,229	139,363	-	4,753,643	45,286,949	49,047,111	251,143	-	4,685,919	44,612,335	674,614	854,118
Office & electrical equipments	49,938,673	-	2,700,950	47,237,723	-	48,325,257	1,543,554	45,181,463	4,687,348	-	-	1,613,416
Furniture & fixtures	46,544,311	-	45,181,463	(38,046,655)	39,409,503	46,544,311	-	2,700,950	4,433,858	39,409,503	-	-
Computer hardware *	53,984,653	1,190,208	5,145,884	5,142,634	44,886,343	35,228,622	3,396,405	5,145,884	3,540,381	29,938,762	14,947,581	18,756,031
Total	200,368,866	1,329,571	53,028,297	19,087,345	129,582,795	179,145,301	5,191,102	53,028,297	17,347,506	113,960,600	15,622,195	21,223,565
Previous year	159,306,348	14,334,250	1,080,808	(27,809,076)	200,368,866	148,841,404	4,942,761	1,080,808	(26,441,944)	179,145,301	21,223,565	10,464,944

*Computers amounting to Rs. 10,522,986 are hypothecated against term loan from bank.

Schedule 9: Intangible Assets

(Amount in Rs.)

PARTICULARS	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	AS ON	ADDITION	DELETION	ADJUSTMENT	TOTAL	UPTO	FOR THE	DELETION	ADJUSTMENT	TOTAL	AS AT	AS AT
	1.1.2014	DURING THE YEAR			27.11.2014	1.1.2014	DURING THE YEAR			27.11.2014	27.11.2014	31.12.2013
Computer software	78,330,561	2,381,535	18,305,650	7,461,850	54,944,596	64,722,260	3,801,031	18,305,650	6,371,952	43,845,689	11,098,907	13,608,301
Total	78,330,561	2,381,535	18,305,650	7,461,850	54,944,596	64,722,260	3,801,031	18,305,650	6,371,952	43,845,689	11,098,907	13,608,301
Previous year	64,042,513	3,108,553	-	(11,179,495)	78,330,561	51,731,512	3,623,358	-	(9,367,390)	64,722,260	13,608,301	12,311,001

10. Loans and advances

Particulars	Non-current		Current	
	As at November 27, 2014 Rs.	As at December 31, 2013 Rs.	As at November 27, 2014 Rs.	As at December 31, 2013 Rs.
Advances recoverable in cash or in kind or for value to be received				
Unsecured, considered good	668,171	738,524	9,362,441	20,073,066
Total (A)	668,171	738,524	9,362,441	20,073,066
Loans & advances to related parties				
Advance recoverable from: R Systems Europe S.A.S			24,181,287	25,317,185
Total (B)	-	-	24,181,287	25,317,185
Total (A+B)	668,171	738,524	33,543,728	45,390,251

11. Trade receivables and other assets

11.1 Trade receivables

Particulars	As at	As at
	November 27, 2014	December 31, 2013
	Rs.	Rs.
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	24,844	27,460
Unsecured, considered doubtful	4,318,184	4,772,851
	4,343,028	4,800,311
Provision for doubtful receivables	4,318,184	4,772,851
Sub Total (A)	24,844	27,460
Other receivables		
Unsecured, considered good	32,252,447	37,668,937
Unsecured, considered doubtful	696,583	-
	32,949,030	37,668,937
Provision for doubtful receivables	696,583	-
Sub Total (B)	32,252,447	37,668,937
Total (A+B)	32,277,291	37,696,397

11.2 Other current assets

Particulars	Non-current		Current	
	As at	As at	As at	As at
	November 27, 2014	December 31, 2013	November 27, 2014	December 31, 2013
	Rs.	Rs.	Rs.	Rs.
Non-current bank balances (refer note 12)	5,586,050	6,117,601		
Unbilled revenues	-	-	36,643,799	46,117,110
Total	5,586,050	6,117,601	36,643,799	46,117,110

12. Cash and bank balances

Particulars	Non-current		Current	
	As at November 27, 2014 Rs.	As at December 31, 2013 Rs.	As at November 27, 2014 Rs.	As at December 31, 2013 Rs.
Cash and cash equivalents				
Cash on hand			40,769	81,021
Balance with other banks			72,193,459	91,864,961
On current accounts			72,234,228	91,945,982
Other bank balances				
Margin money deposit (refer detail below)	5,586,050	6,117,601		
Amount disclosed under non-current assets (refer note 11.2)	(5,586,050)	(6,117,601)		
Total	-	-	72,234,228	91,945,982

Detail of margin money deposit

Particulars	As at November 27, 2014 Rs.	As at December 31, 2013 Rs.
Margin money deposits against performance guarantees	5,586,050	6,117,601
Total	5,586,050	6,117,601

13. Revenue from operations

Particulars	For the Period ended November 27, 2014 Rs.	For the year ended December 31, 2013 Rs.
Sale of services	486,561,980	493,304,096
Total	486,561,980	493,304,096

14. Other income

Particulars	For the Period ended November 27, 2014 Rs.	For the year ended December 31, 2013 Rs.
Interest income	565,525	742,416
Excess provision written back	-	988,847
Miscellaneous income	4,255,310	-
Total	4,820,835	1,731,263

15. Employee benefits expense

Particulars	For the Period ended November 27, 2014 Rs.	For the year ended December 31, 2013 Rs.
Salaries, wages and bonus	183,289,133	180,153,638
Contribution to Employee's benefit fund	35,352,090	36,071,813
Staff welfare expenses	2,183,999	2,699,874
Total	220,825,222	218,925,325

16. Operational and other expenses

Particulars	For the Period ended November 27, 2014 Rs.	For the year ended December 31, 2013 Rs.
Recruitment and training expenses	2,118,731	850,434
Travelling and conveyance	9,470,637	8,040,545
Insurance	1,254,493	1,278,085
Repair and maintenance	21,631,387	20,963,252
Provision for doubtful debts and advances	736,607	-
Membership and Subscription Fees	148,529	171,861
Rent - premises	25,414,520	25,393,841
Rent - equipment	467,467	512,609
Power and fuel	1,740,699	1,962,963
Communication costs	4,663,008	4,641,696
Printing and stationery	455,819	504,979
Advertising and sales promotion	873,862	987,333
Legal and professional expenses	145,320,068	154,704,925
Foreign exchange fluctuation (net)	131,775	142,146
Rates and taxes	460,643	536,902
Miscellaneous expenses	6,675	32,710
Total	214,894,920	220,724,281

17. Depreciation and amortisation expenses

Particulars	For the Period ended November 27, 2014 Rs.	For the year ended December 31, 2013 Rs.
Depreciation on tangible assets	5,191,102	4,942,761
Amortisation on intangible assets	3,801,031	3,623,358
Total	8,992,133	8,566,119

18. Finance cost

Particulars	For the Period ended November 27, 2014 Rs.	For the year ended December 31, 2013 Rs.
Interest on loans	277,641	325,805
Bank charges	274,041	240,936
Total	551,682	566,741

19. Related Party Disclosures

Holding Company	R Systems International Limited
Fellow Subsidiaries	R Systems (Singapore) Pte Ltd, Singapore R Systems, Inc., USA R Systems Solutions, Inc., USA Indus Software, Inc., USA R Systems N.V., Belgium (Liquidated as on June 24, 2013) R Systems S.A.S., France (ceased to be subsidiary w.e.f. November 27, 2014) ECnet Ltd, Singapore Computaris International Limited, U.K. Systèmes R. International Ltée, Canada R Systems Product & Technologies Limited, India (incorporated on July 11, 2014)

Following are the subsidiaries of ECnet Ltd, Singapore

ECnet (M) Sdn Bhd, Malaysia
ECnet Systems (Thailand) Co. Ltd., Thailand
ECnet (Shanghai) Co. Ltd., People's Republic of China
ECnet (Hong Kong) Ltd., Hong Kong
ECnet, Inc., USA
ECnet Kabushiki Kaisha, Japan

Following are the subsidiaries of Computaris International Limited

Computaris limited, UK (Liquidated as on December 24, 2013)
Computairs Romania S.R.L., Romania
Computaris Polska sp Zoo, Poland
ICS Computairs International S.R.L., Moldova
Computaris Malaysian SDN.BHD., Malaysia
Computaris USA, Inc., USA

Key management personnel	Satinder Singh Rekhi, Director Ramneet Singh Rekhi, Director Sartaj Singh Rekhi, Director Siddhartha Dubey, Director
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Details of transactions with related parties for period ended November 27, 2014 and December 31, 2013:

Particulars	(Amount in Rs)	
	November 27, 2014	December 31, 2013
R Systems International Ltd		
Sub-contracting expenses	11,817,986	3,236,568
Amount Payable	-	671,469
R Systems Europe S.A.S		
Sub-contracting expenses	78,931,494	88,556,346
Amount Receivable	24,181,287	25,317,185
Amount Payable	76,375,412	89,879,851
ECnet Ltd		
Sub-contracting expenses	1,150,886	6,827,133
Amount Payable	-	697,836

20. Operating Lease- Company as lessee

The Company has operating leases for office equipment, etc. The future minimum payments required under non-cancelable operating leases at year-end are as follows:

	Period ended November 27, 2014	Year ended December 31, 2013
	Rs.	Rs.
Lease payments for the year	25,806,819	24,391,970
Non-cancellable operating lease obligation		
Not later than one year	-	26,523,106
Later than one year but not later than five years	-	26,403,121
Later than five years	-	-

The operating lease arrangements extend for a maximum of 5 years from their respective dates of inception.

21. Previous period figures have been regrouped / reclassified where necessary to make them comparable to the current period classification.

As per our report of even date.

For S.K. RELAN & CO.
ICAI Firm registration number: 001720N
Chartered Accountants

For and on behalf of the Board of Directors of R Systems Europe
B.V., The Netherland

Sd/-
CA. S.K. RELAN
Membership No. 12149
Place : New Delhi
Date : February 07, 2015

Sd/-
Satinder Singh Rekhi
[Director]
Place : Singapore
Date : February 07, 2015

Sd/-
Siddharth Shankar Dubey
[Director]
Place : NOIDA
Date : February 07, 2015

INDEPENDENT AUDITOR'S REPORT

To,
The Members of R Systems, SAS France

Report on the Financial Statements

We have audited the accompanying financial statements of R Systems, SAS France ("the Company"), which comprise the Balance Sheet as at November 27, 2014, the Statement of Profit and Loss and Cash Flow Statement for the period then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956, (which are deemed to be applicable as per section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014 and read with General Circular 08/2014 dated 4 April 2014, issued by the Ministry of Corporate Affairs, and other accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at November 27, 2014;

- b) in the case of the Statement of Profit and Loss, of the **Loss** for the period ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flow for the period ended on that date.

As required by section 227(3) of the Act, we report that:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c) the Balance Sheet and 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 Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956, (which are deemed to be applicable as per section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014 and read with General Circular 08/2014 dated 4 April 2014, issued by the Ministry of Corporate Affairs, and other accounting principles generally accepted in India;

For S.K. RELAN & CO.
ICAI Firm Registration No.001720N
Chartered Accountants

PLACE : New Delhi
DATED: February 07, 2015

Sd/-
CA. S. K.RELAN
Membership No.012149

R SYSTEMS, S.A.S. FRANCE
Balance Sheet as at November 27, 2014

	Notes	As at November 27, 2014 Rs.	As at December 31, 2013 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	8,759,263	8,759,263
Reserves and surplus	4	38,434,518	47,064,136
Non-current liabilities			
Other long term liabilities	5	467,159	516,346
Current liabilities			
Trade payables	7	8,435,676	6,334,402
Other current liabilities	7	30,848,262	33,547,488
Short-term provisions	6	4,923,185	6,020,335
Total		91,868,063	102,241,970
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	8	1,235,821	2,038,286
Long-term loans and advances	10	2,979,038	4,136,958
Current assets			
Trade receivables	11	76,873,375	89,879,850
Cash and bank balances	12	3,561,390	2,453,918
Short-term loans and advances	10	6,706,100	3,119,516
Other current assets	11.2	512,339	613,442
Total		91,868,063	102,241,970
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.K. Relan & Co
ICAI Firm Registration No. 001720N
Chartered Accountants

For and on behalf of the Board of Directors of
R Systems SAS.

Sd/-
CA. S.K. RELAN
Membership No. 12149
Place : New Delhi
Date : February 07, 2015

Sd/-
Sidhartha Shankar Dubey
[Director]
Place : NOIDA
Date : February 07, 2015

R SYSTEMS, S.A.S. FRANCE**Statement of Profit and Loss for the period ended November 27, 2014**

	Notes	For the Period ended November 27, 2014 Rs.	For the Year ended December 31, 2013 Rs.
Income			
Revenue from operations	13	83,843,821	93,566,633
Total revenue		83,843,821	93,566,633
Expenses			
Employee benefits expense	14	68,617,864	75,186,083
Operational and other expenses	15	17,971,096	24,045,354
Depreciation and amortisation expense	16	643,227	673,300
Finance costs	17	113,662	121,980
Total expenses		87,345,849	100,026,717
Profit / (loss) before tax		(3,502,028)	(6,460,084)
Tax expense / (credit)			
Current tax / (credit)		-	(1,500,245)
Total tax expense / (credit)		-	(1,500,245)
Profit/(loss) for the year		(3,502,028)	(4,959,839)
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.K. Relan & Co
ICAI Firm Registration No. 001720N
Chartered Accountants

For and on behalf of the Board of Directors of
R Systems SAS.

Sd/-
CA. S.K. RELAN
Membership No. 12149
Place : New Delhi
Date : February 07, 2015

Sd/-
Sidhartha Shankar Dubey
[Director]
Place : NOIDA
Date : February 07, 2015

	For the period ended November 27, 2014	For the year ended December 31, 2013
	Rs.	Rs.
A. Cash flow from operating activities		
Net profit before taxation	(3,502,028)	(6,460,084)
Adjustments for:		
Depreciation and amortisation expense	643,227	673,300
Unrealised foreign exchange loss / (gain)	(4,968,352)	245,275
Interest on loans	5,211	12,084
Operating profit before working capital changes	(7,821,942)	(5,529,425)
Movements in working capital :		
(Increase) / Decrease in trade receivables	13,006,475	(88,607)
(Increase) / Decrease in other current assets	101,103	-
(Increase) / Decrease in loans and advances	(2,428,664)	179,705
Decrease / (Increase) in intra-group balances		8,524,332
Increase / (Decrease) in short-term and long-term provision	(1,146,337)	550,382
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	(597,952)	(355,389)
Cash generated from operations	1,112,683	3,280,998
Direct taxes paid, net of refunds	-	(851,265)
Net cash flow from operating activities (A)	1,112,683	2,429,733
B. Cash flows used in investing activities		
Investment in Private company	-	-
Purchase of fixed assets		(453,235)
Net cash used in investing activities (B)	-	(453,235)
C. Cash flows used in financing activities		
Interest paid	(5,211)	(12,069)
Net cash used in financing activities (C)	(5,211)	(12,069)
Net increase / (decrease) in cash and cash equivalents during the year (A + B + C)	1,107,472	1,964,429
Cash and cash equivalents at the beginning of the year	2,453,918	489,489
Cash and cash equivalents at the end of the year	3,561,390	2,453,918

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S.K. Relan & Co
ICAI Firm Registration No. 001720N
Chartered Accountants

For and on behalf of the Board of Directors of
R Systems SAS.

Sd/-
CA. S.K. RELAN
Membership No. 12149
Place : New Delhi
Date : February 07, 2015

Sd/-
Sidhartha Shankar Dubey
[Director]
Place : NOIDA
Date : February 07, 2015

1. Company Overview

R Systems, S.A.S, (The "Company"), formerly Sento S.A.S was incorporated on July 13, 2000. The Company was established by Xtrasource Acquisition, Inc. a company incorporated in United States. As on January 23, 2008, R Systems International Limited, a company incorporated in India acquired all shares of company from Xtrasource Acquisition, Inc. and become the ultimate holding company & subsequently changed its name. The address of the registered office is 9, rue Thomas Edison 57070 Metz, France.

The company providing outsourcing solutions services by means of electronic communication such as email, telephone and fax, in Europe.

The R Systems International Limited has transferred its 100% holding in R Systems S.A.S., France, to Customer Contact Management Group B.V. ("CCMG") a Europe based company On November 27, 2014. Accordingly these financials statements have been prepared for January 1, 2014 to November 27, 2014.

2. Statement of significant accounting policies

(a) Basis of preparation

The financial statements have been prepared to comply in all material respects with the accounting standards notified under the Companies Act, 1956 read with General Circular 8/2014 dated 04 April 2014, issued by the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013 read with rule 7 of Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies have been consistently applied and are consistent with those used in previous year.

All figures are in Rupees except where expressly stated.

(b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year end. These estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

(c) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

(d) Depreciation on tangible fixed assets

Depreciation is provided on Straight Line method over the remaining estimated useful lives of the tangible fixed assets which result in depreciation rates being greater than or equal to the corresponding rates prescribed in Schedule XIV of the Companies Act, 1956.

The estimated useful lives of the tangible fixed assets followed by the Company in preparing the financial statements are described as below:-

<u>Category of tangible fixed assets</u>	<u>Estimated useful life</u>
Computer Hardware	1-5 years
Office Furniture & Equipment	5 years

(e) Intangibles assets

Computer software

Computer software's are stated at cost less accumulated amortisation 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.

Costs relating to acquired software are capitalised and amortised on a straight-line basis over their useful lives as estimated by the management at 5 years or below in specific cases.

(f) 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 at 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, intangible fixed assets / intangibles are depreciated / amortised on the revised carrying amount over its remaining useful life.

(g) Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the statement of Profit and Loss on a straight-line basis over the lease term.

(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.

Revenue from outsourcing solutions services comprises income from time-and-material which is recognised when the related services are performed in accordance with the specific terms of the contract with the customer.

In terms of contracts excess / shortfall of revenue over the billed as at the year-end is carried in financial statement as unbilled revenue / deferred revenue separately.

Interest

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

(i) Foreign currency translation

(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 except those arising from investments in non-integral operations.

(iv) Foreign currency translation

The Functional currency of the company is Euro (€) but the Financial Statements had been prepared in Indian Rupees. In translating the financial statements, the assets and liabilities, both monetary and non-monetary, are translated at the closing rate; income and expense items are translated at yearly average exchange rates; and all resulting exchange differences are accumulated in a foreign currency translation reserve.

For translating income, expense and cash flows items, except cash and cash equivalents, during

the period ended November 27, 2014, the rates used were € 1= Rs. 81.42. For translating assets and liabilities at the period-end, the rates used were € 1= Rs. 77.00.

For translating income, expense and cash flows items, except cash and cash equivalents, during the year ended December 31, 2013, the rates used were € 1= Rs. 77.86. For translating assets and liabilities at the year-end, the rates used were € 1= Rs. 85.10.

(j) Retirement benefits

Retirement benefits in the form of defined contribution schemes are charged to the statement of Profit and Loss of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective funds.

(k) Income taxes

Income tax on the profit or loss for the year comprises of current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date in accordance with the tax laws of the country where such operations are domiciled and any adjustment to tax payable in respect of previous year.

Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year 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 recognized 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 realized. If the company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

(l) 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.

(m) 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 the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the management's current estimates.

(n) Segment reporting

The Company operates one business segment, providing business process outsourcing services in Europe.

(o) 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
	November 27, 2014	December 31, 2013
	Rs.	Rs.
Authorised shares		
10,000 ordinary shares of Euro 15.24 each	EUR 152,400	EUR 152,400
Issued, subscribed and paid up capital		
10,000 ordinary shares of Euro 15.24 each	8,759,263	8,759,263
Total	8,759,263	8,759,263

A. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Particulars	As at		As at	
	November 27, 2014		December 31, 2013	
	No.	Rs.	No.	Rs.
Shares outstanding at the beginning of the year	10,000	8,759,263	10,000	8,759,263
Add: Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	10,000	8,759,263	10,000	8,759,263

4. Reserves and surplus

Particulars	As at November 27, 2014 Rs.	As at December 31, 2013 Rs.
Statement of Profit and Loss		
Balance as per financial statement	29,159,620	34,119,459
Add: Profit / (loss) for the current year	(3,502,028)	(4,959,839)
Net Surplus in the statement of profit and loss	25,657,592	29,159,620
Foreign currency translation reserve		
Balance as per financial statement	17,904,516	9,263,619
Add: Current year translation differences	(5,127,590)	8,640,897
Closing balance	12,776,926	17,904,516
Total	38,434,518	47,064,136

5. Other long term liabilities

Particulars	As at November 27, 2014 Rs.	As at December 31, 2013 Rs.
Deffered payable to others	467,159	516,346
Total	467,159	516,346

6. Short-term provisions

Particulars	As at November 27, 2014 Rs.	As at December 31, 2013 Rs.
Provision for employee benefits		
Compensated absences	4,923,185	6,020,335
Total	4,923,185	6,020,335

7. Other current liabilities

Particulars	As at November 27, 2014 Rs.	As at December 31, 2013 Rs.
Trade payables	8,435,676	6,334,402
Sub total (A)	8,435,676	6,334,402
Other liabilities		
Payable to R Systems Europe BV	24,181,287	25,317,185
VAT	221,210	253,862
Others	6,445,765	7,976,441
Sub total (B)	30,848,262	33,547,488
Total (A+B)	39,283,938	39,881,890

Schedule 8: Tangible Assets

(Amount in Rs.)

PARTICULARS	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	AS ON	ADDITION	DELETION	ADJUSTMENT	TOTAL	UPTO	ADDITION	DELETION	ADJUSTMENT	TOTAL	AS AT	AS AT
	1.1.2014	DURING THE YEAR			27.11.2014	1.1.2014	DURING THE YEAR			27.11.2014	27.11.2014	31.12.2013
Furniture & fixtures	12,021,833	-	504,324	1,145,212	10,372,297	10,552,932	530,792	504,324	1,034,108	9,545,292	827,005	1,468,901
Office & electrical equipments	10,773,819	-	-	1,026,326	9,747,493	10,204,434	112,435	-	978,192	9,338,677	408,816	569,385
Total	22,795,652	-	504,324	2,171,538	20,119,790	20,757,366	643,227	504,324	2,012,300	18,883,969	1,235,821	2,038,286
Previous year	18,986,011	495,376	-	(3,314,265)	22,795,652	17,045,864	673,300	-	(3,038,202)	20,757,366	2,038,286	1,940,147

Schedule 9: Intangible Assets

(Amount in Rs.)

PARTICULARS	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	AS ON	ADDITION	DELETION	ADJUSTMENT	TOTAL	UPTO	ADDITION	DELETION	ADJUSTMENT	TOTAL	AS AT	AS AT
	1.1.2014	DURING THE YEAR			27.11.2014	1.1.2014	DURING THE YEAR			27.11.2014	27.11.2014	31.12.2013
Computer Software	8,888,459	-	-	846,724	8,041,735	8,888,459	-	-	846,724	8,041,735	-	-
Total	8,888,459	-	-	846,724	8,041,735	8,888,459	-	-	846,724	8,041,735	-	-
Previous year	7,567,457	-	-	(1,321,002)	8,888,459	7,567,457	-	-	(1,321,002)	8,888,459	-	-

10. Loans and advances

Particulars	Non-current		Current	
	As at November 27, 2014 Rs.	As at December 31, 2013 Rs.	As at November 27, 2014 Rs.	As at December 31, 2013 Rs.
Advances recoverable in cash or in kind or for value to be received				
Unsecured, considered good	-	-	6,706,100	3,119,516
Sub total (A)	-	-	6,706,100	3,119,516
Security deposit				
Unsecured, considered good	1,495,479	1,677,311	-	-
Sub total (B)	1,495,479	1,677,311	-	-
Other loans and advances				
Advance income taxes	1,483,559	2,459,647	-	-
Sub total (C)	1,483,559	2,459,647	-	-
Total (A+B+C)	2,979,038	4,136,958	6,706,100	3,119,516

11. Trade receivables and other assets**11.1 Trade receivables**

Particulars	As at November 27, 2014 Rs.	As at December 31, 2013 Rs.
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	33,281,905	49,809,423
Unsecured, considered doubtful	-	-
	33,281,905	49,809,423
Provision for doubtful receivables	-	-
Sub total (A)	33,281,905	49,809,423
Other receivables		
Unsecured, considered good	43,591,470	40,070,427
Unsecured, considered doubtful	-	-
	43,591,470	40,070,427
Provision for doubtful receivables	-	-
Sub total (B)	43,591,470	40,070,427
Total (A+B)	76,873,375	89,879,850

Trade receivable include:

Particulars	As at November 27, 2014 Rs.	As at December 31, 2013 Rs.
Dues from companies under the same management -R Systems B.V.	76,375,411	89,879,850

11.2 Other current assets

Particulars	As at November 27, 2014 Rs.	As at December 31, 2013 Rs.
Unbilled revenue	512,339	613,442
Total	512,339	613,442

12. Cash and bank balances

Particulars	As at November 27, 2014 Rs.	As at December 31, 2013 Rs.
Cash and cash equivalents		
Cash on hand	19,692	6,791
Balances with others banks:		
On current accounts	3,541,698	2,447,127
Total	3,561,390	2,453,918

13. Revenue from operations

Particulars	For the Period ended November 27, 2014 Rs.	For the year ended December 31, 2013 Rs.
Sale of services	83,843,821	93,566,633
Total	83,843,821	93,566,633

14. Employee benefits expense

Particulars	For the Period ended November 27, 2014 Rs.	For the year ended December 31, 2013 Rs.
Salaries, wages and bonus	48,371,582	55,004,262
Contribution to Employee's benefits fund	19,825,015	19,737,399
Staff welfare expenses	421,267	444,422
Total	68,617,864	75,186,083

15. Operational and other expenses

Particulars	For the Period ended November 27, 2014 Rs.	For the year ended December 31, 2013 Rs.
Travelling and conveyance	324,533	147,530
Insurance	205,365	211,812
Repair and maintenance	1,053,648	1,112,055
Membership & Subscription Fees	3,748	2,822
Rent - premises	6,012,550	7,038,313
Rent - equipment	650,133	1,623,504
Power and fuel	1,109,928	1,463,634
Communication costs	4,371,884	8,019,044
Printing and stationery	72,001	89,949
Advertising and sales promotion	56,790	48,918
Legal and professional expenses	2,996,370	2,974,828
Rates and taxes	1,030,806	1,230,765
Miscellaneous expenses	83,340	82,180
Total	17,971,096	24,045,354

16. Depreciation and amortisation expenses

Particulars	For the Period ended November 27, 2014 Rs.	For the year ended December 31, 2013 Rs.
Depreciation on tangible assets	643,227	673,300
Total	643,227	673,300

17. Finance cost

Particulars	For the Period ended November 27, 2014 Rs.	For the year ended December 31, 2013 Rs.
Interest on loans	5,211	12,084
Bank charges	108,451	109,896
Total	113,662	121,980

18. Related Party Disclosures

Holding Company	R Systems International Limited
Fellow Subsidiaries	R Systems (Singapore) Pte Ltd, Singapore
	R Systems, Inc., USA
	R Systems Solutions, Inc., USA
	Indus Software, Inc., USA
	R Systems N.V., Belgium (Liquidated as on June 24, 2013)
	R Systems Europe B.V, Netherlands (ceased to be subsidiary w.e.f. November 27, 2014)
	ECnet Ltd, Singapore
	Computaris International Limited, U.K.
	Systèmes R. International Ltée, Canada
	R Systems Product & Technologies Limited, India (incorporated on July 11, 2014)

Following are the subsidiaries of ECnet Ltd, Singapore

ECnet (M) Sdn Bhd, Malaysia
 ECnet Systems (Thailand) Co. Ltd., Thailand
 ECnet (Shanghai) Co. Ltd., People's Republic of China
 ECnet (Hong Kong) Ltd., Hong Kong
 ECnet, Inc., USA
 ECnet Kabushiki Kaisha, Japan

Following are the subsidiaries of Computaris International Limited

Computaris limited, UK (Liquidated as on December 24, 2013)
 Computairs Romania S.R.L., Romania
 Computaris Polska sp Zoo, Poland
 ICS Computairs International S.R.L., Moldova
 Computaris Malaysian SDN.BHD., Malaysia
 Computaris USA LLC, USA

Key management personnel Sidhartha Shankar Dubey, Director.

Details of transactions with related parties for year ended November 27, 2014 and December 31, 2013:

(Amount in Rs)

Particulars	November 27,	December 31,
	2014	2013
R Systems Europe B.V.		
Services rendered	78,931,494	88,556,346
Amount receivable	76,375,412	89,879,850
Amount Payable	24,181,287	25,317,185

19. Leases - In case of assets taken on lease

The Company has operating leases for office equipment, etc. The future minimum payments required under non-cancelable operating leases at year-end are as follows:

	Period ended November 27, 2014	Year ended December 31, 2013
	Rs.	Rs.
Lease payments for the year	7,085,076	7,603,429
Minimum Lease Payments:		
Not later than one year	-	4,444,701
Later than one year but not later than five years	-	-
Later than five years	-	-

The operating lease arrangements extend for a maximum of 5 years from their respective dates of inception.

20. 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.K. RELAN & CO.
ICAI Firm registration number: 001720N
Chartered Accountants

For and on behalf of the Board of Directors of R Systems,
S.A.S., France

Sd/-
CA. S.K. RELAN
Membership No. 12149
Place : New Delhi
Date : February 07, 2015

Sd/-
Sidhartha Shankar Dubey
[Director]
Place : NOIDA
Date : February 07, 2015

INDEPENDENT AUDITOR'S REPORT

To,
The Members of ECnet Ltd., Singapore

Report on the Financial Statements

We have audited the accompanying financial statements of ECnet Ltd., Singapore (“the Company”), which comprise the Balance Sheet as at December 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956, (which are deemed to be applicable as per section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014 and read with General Circular 08/2014 dated 4 April 2014, issued by the Ministry of Corporate Affairs, and other accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2014;

- b) in the case of the Statement of Profit and Loss, of the **Profit** for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

As required by section 227(3) of the Act, we report that:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c) the Balance Sheet and 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 Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956, (which are deemed to be applicable as per section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014 and read with General Circular 08/2014 dated 4 April 2014, issued by the Ministry of Corporate Affairs, and other accounting principles generally accepted in India;

For S.K. RELAN & CO.
ICAI Firm Registration No.001720N
Chartered Accountants

PLACE : New Delhi
DATED: February 07, 2015

Sd/-
CA. S. K.RELAN
Membership No.012149

ECNET LIMITED, SINGAPORE
Balance Sheet as at December 31, 2014

	Notes	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	2,438,892,001	2,438,892,001
Reserves and surplus	4	(2,321,733,879)	(2,328,756,380)
Non-current liabilities			
Other long term liabilities	5	235,271	-
Current liabilities			
Trade payables	6	7,489,499	10,060,534
Other current liabilities	6	34,772,136	28,446,223
Short-term provisions			
Total		159,655,028	148,642,378
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	7	2,322,636	2,878,975
Intangible assets	8	19,888,823	28,378,758
Non-current investments	9	14,195,703	14,529,462
Long-term loans and advances	10	2,681,842	4,520,972
Current assets			
Trade receivables	11.1	11,911,423	23,571,194
Cash and bank balances	12	20,007,149	8,894,491
Short-term loans and advances	10	86,132,150	65,627,363
Other current assets	11.2	2,515,302	241,163
Total		159,655,028	148,642,378
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.K. Relan & Co
ICAI Firm Registration No. 001720N
Chartered Accountants

For and on behalf of the Board of Directors of
ECnet Ltd, Singapore

Sd/-
CA. S.K. RELAN
Membership No. 12149
Place : New Delhi
Date : February 07, 2015

Sd/-
Chan Kum Ming
[Director]
Place : Singapore
Date : February 07, 2015

Sd/-
Teo Lye Choon
[Director]
Place : Singapore
Date : February 07, 2015

ECNET LIMITED, SINGAPORE**Statement of Profit and Loss for the year ended December 31, 2014**

	Notes	For the Year ended December 31, 2014 Rs.	For the Year ended December 31, 2013 Rs.
Income			
Revenue from operations	13	178,817,022	176,202,052
Other income	14	83,817,478	71,656,781
Total revenue		262,634,500	247,858,833
Expenses			
Employee benefits expense	15	129,053,323	120,507,998
Operational and other expense	16	113,490,807	105,902,402
Depreciation and amortisation expense	17	10,204,937	16,855,239
Finance costs	18	245,777	2,451,885
Total expenses		252,994,844	245,717,524
Profit before tax		9,639,656	2,141,309
Tax expense			
Current tax		-	-
Total tax expense		-	-
Profit for the year		9,639,656	2,141,309
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.K. Relan & Co
ICAI Firm Registration No. 001720N
Chartered Accountants

For and on behalf of the Board of Directors of
ECnet Ltd, Singapore

Sd/-
CA. S.K. RELAN
Membership No. 12149
Place : New Delhi
Date : February 07, 2015

Sd/-
Chan Kum Ming
[Director]
Place : Singapore
Date : February 07, 2015

Sd/-
Teo Lye Choon
[Director]
Place : Singapore
Date : February 07, 2015

ECNET LIMITED, SINGAPORE

Cash Flow Statement for the year ended December 31, 2014

	For the year ended December 31, 2014 Rs.	For the year ended December 31, 2013 Rs.
A. Cash flow from operating activities		
Net Profit/(loss) before taxation	9,639,656	2,141,309
Adjustments for:		
Depreciation and amortisation expense	10,204,937	16,855,239
Provision for doubtful debts written back (Net)	4,892,767	(295,258)
Unrealised foreign exchange gain / (loss)	(1,662,540)	2,871,648
Loss on sale / discard of fixed assets (net)	526,527	-
Interest income	(2,060)	(802)
Interest on loans	-	2,092,817
Operating loss before working capital changes	23,599,287	23,664,953
Movements in working capital :		
(Increase) / Decrease in trade receivables	6,767,004	521,565
(Increase) / Decrease in other current assets	(2,274,139)	(84,074)
(Increase) / Decrease in loans and advances	(18,665,657)	(12,469,596)
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	3,990,149	(3,151,099)
Cash generated from operations	13,416,644	8,481,749
Direct taxes paid, net of refunds	-	-
Net cash flow from operating activities (A)	13,416,644	8,481,749
B. Cash flows used in investing activities		
Purchase of fixed assets	(2,306,046)	(34,860,322)
Interest received	2,060	802
Net cash used in investing activities (B)	(2,303,986)	(34,859,520)
C. Cash flows used in financing activities		
Interest paid	-	(2,092,817)
Proceeds from issuance of share capital	-	30,715,926
Net cash used in financing activities (C)	-	28,623,109
Net increase / (decrease) in cash and cash equivalents during the year (A + B + C)	11,112,658	2,245,338
Cash and cash equivalents at the beginning of the year	8,894,491	6,649,153
Cash and cash equivalents at the end of the year	20,007,149	8,894,491

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S.K. Relan & Co
ICAI Firm Registration No. 001720N
Chartered Accountants

For and on behalf of the Board of Directors of
ECnet Ltd, Singapore

CA. S.K. RELAN
Membership No. 12149

Chan Kum Ming
[Director]

Teo Lye Choon
[Director]

Place : New Delhi
Date : February 07, 2015

Place : Singapore
Date : February 07, 2015

Place : Singapore
Date : February 07, 2015

1. Company Overview

ECnet Limited (The "Company") is a subsidiary of R Systems International Limited, a company incorporated in India. The company was incorporated under the laws of the Singapore in 1996 and R Systems International Limited acquired the majority share on January 8, 2004. The registered office of the Company is located at 16, Jalan Kilang, #04-01 Hoi Hup Building, Singapore 159416.

The Company provides collaborative Internet-based supply chain solutions and management services, customers technical and administrative support services and information technology consultancy services

2. Statement of significant accounting policies

(a) Basis of preparation

The financial statements have been prepared to comply in all material respects with the accounting standards notified under the Companies Act, 1956 read with General Circular 8/2014 dated 04 April 2014, issued by the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013 read with rule 7 of Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies have been consistently applied and are consistent with those used in previous year.

All figures are in Rupees except where expressly stated.

(b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year end. These estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

(c) Tangible Fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

(d) Depreciation on tangible fixed assets

Depreciation is provided on Straight Line Method over the remaining estimated useful lives of the tangible fixed assets which result in depreciation rates being greater than or equal to the corresponding rates prescribed in Schedule XIV of the Companies Act, 1956.

The estimated useful lives of the tangible fixed assets followed by the Company in preparing the financial statements are described as below:-

<u>Category of tangible fixed assets</u>	<u>Estimated useful life</u>
Leasehold Improvements	5 years
Computer Hardware	3 years
Furniture & Fixtures	5 years
Office & Electrical Equipment	3 years

(e) Intangibles assets

Intangibles assets are stated at cost less accumulated amortisation 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.

The estimated useful lives of the intangible fixed assets followed by the Company in preparing the financial statements are described as below:-

<u>Category of tangible fixed assets</u>	<u>Estimated useful life</u>
Computer Hardware	5 years or below in specific cases
Non-compete fee	Non-compete period of 5 years
Goodwill on business acquisition	5 years

(f) 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 at the weighted average cost of capital.

After impairment, tangible fixed assets / intangibles assets are depreciated / amortised on the revised carrying amount over its remaining useful life.

(g) Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the Profit and Loss Account on a straight-line basis over the lease term.

(h) 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.

(i) 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 rendering of services that are of short duration is recognized when the services are completed.

Subscriptions

Revenue from subscription services includes one-time activation and set-up charges, monthly subscription charges and usages fees. Revenue from one-time activation and set-up charges is recognized when the services are rendered, completed and accepted by the customers. Revenue from monthly subscription charges is recognized over the term of the subscription period which coincides with the financials year end. Usage fees are recognized on an accrual basis.

Other services

Revenue from provision of information technology related services is recognized when the services is performed, completed and accepted by the customers.

In terms of contracts excess / shortfall of revenue over the billed as at the year-end is carried in financial statement as unbilled revenue / deferred revenue separately.

Interest

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

(j) Foreign currency translation

(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 except those arising from investments in non-integral operations.

(iv) Foreign currency translation

The functional currency of the Company is Singapore Dollar (SGD) but the financial statement has been prepared in Indian Rupees. In translating the financial statements, the assets and liabilities, both monetary and non-monetary, are translated at the closing rate; income and expense items are translated at yearly average exchange rates; and all resulting exchange differences are accumulated in a foreign currency translation reserve.

For translating income and expense during the year ended December 31, 2014, the rates used were SGD 1= Rs. 48.16. For translating assets and liabilities at the year-end, the rates used were SGD 1= Rs. 47.72.

For translating income and expense during the year ended December 31, 2013, the rates used were SGD 1= Rs. 46.80. For translating assets and liabilities at the year-end, the rates used were SGD 1= Rs. 48.85

(k) Retirement benefits

Retirement benefits in the form of defined contribution schemes are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective funds.

(l) Income taxes

Income tax on the profit or loss for the year comprises of current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date in accordance with the tax laws of the country where such operations are domiciled and any adjustment to tax payable in respect of previous year.

Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year 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 recognized 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 realized. If the company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

(m) 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.

(n) 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.

(o) 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 the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the management's current estimates.

(p) Segment reporting

The Company operates one business segment, providing Internet-based supply chain solutions, management services and rendering information technology consultancy services in South East Asia.

(q) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

3. Share capital

Particulars	As at	
	December 31, 2014 Rs.	December 31, 2013 Rs.
Authorised shares		
Issued, subscribed and paid up capital 92,103,530 Ordinary Shares (Previous Year 92,103,530) of No Par Value	2,438,892,001	2,438,892,001
Total	2,438,892,001	2,438,892,001

A. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Particulars	As at December 31, 2014		As at December 31, 2013	
	No.	Rs.	No.	Rs.
Shares outstanding at the beginning of the year	92,103,530	2,438,892,001	57,470,869	2,285,815,504
Add: Shares issued during the year	-	-	34,632,661	153,076,497
Shares outstanding at the end of the year	92,103,530	2,438,892,001	92,103,530	2,438,892,001

B. Details of shareholders holding more than 5% shares in the Company

Particulars	As at December 31, 2014		As at December 31, 2013	
	No. of Shares	%	No. of Shares	%
R Systems International Limited (Holding Company)	63,891,260	69.37	63,891,260	69.37
R Systems (Singapore) Pte Limited, (Fellow Subsidiary)	27,979,435	30.38	27,979,435	30.38

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.

ECNET LIMITED, SINGAPORE**Notes to Financial Statements for the year ended December 31, 2014**

4. Reserves and surplus

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Statement of Profit and Loss		
Balance as per last financials statement	(2,281,408,249)	(2,283,549,558)
Add: Profit/(loss) for the current year	9,639,656	2,141,309
Net deficit in the statement of profit and loss	(2,271,768,594)	(2,281,408,249)
Foreign currency translation reserve		
Balance as per last financials statement	(47,348,131)	(57,459,147)
Add: Current year translation differences	(2,617,154)	10,111,016
Closing balance	(49,965,285)	(47,348,131)
Total	(2,321,733,879)	(2,328,756,380)

ECNET LIMITED, SINGAPORE**Notes to Financial Statements for the year ended December 31, 2013**

5. Other long-term liabilities

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Deferred Grant From Government	235,271	-
Total	235,271	-

ECNET LIMITED, SINGAPORE**Notes to Financial Statements for the year ended December 31, 2014****6. Other current liabilities**

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Trade payables	7,489,499	10,060,534
Sub total (A)	7,489,499	10,060,534
Other liabilities		
Payable to related parties		
R Systems International Limited	22,448,847	12,964,574
R Systems Inc.	-	110,356
ECnet (Hong Kong) Ltd.	6,433,664	6,985,215
ECnet Systems (Thailand) Co. Ltd.	-	607,161
ECnet, Inc.	-	726,391
Deferred Grant From Government	939,983	53,199
Unearned Revenue	2,940,907	4,625,150
GST	2,008,735	2,374,177
Sub total (B)	34,772,136	28,446,223
Total (A+B)	42,261,635	38,506,757

ECNET LIMITED, SINGAPORE

Notes to Financial Statements for the year ended December 31, 2014

7 Tangible assets

(Amount in Rs.)

Particulars	Leasehold Improvements	Computer Hardware	Furniture & Fixtures	Office & Electrical Equipments	Total
Gross block					
As at January 1, 2013	2,955,600	23,580,438	292,828	373,317	27,202,183
Additions	-	1,624,699	-	402,554	2,027,253
Deletions		6,657,215		146,535	6,803,750
Foreign currency translation	252,540	2,014,817	25,020	31,898	2,324,275
At December 31, 2013	3,208,140	20,562,739	317,848	661,234	24,749,961
Additions	388,752	466,356	644,003	27,584	1,526,694
Deletions	3,134,447	842,243	-	-	3,976,689
Foreign currency translation	(73,693)	(472,339)	(7,301)	(15,189)	(568,522)
At December 31, 2014	388,752	19,714,513	954,550	673,629	21,731,444
Amortisation					
As at January 1, 2013	1,780,918	22,467,809	233,706	368,383	24,850,816
Charge for the year	482,186	1,004,848	48,430	93,930	1,629,394
Deletions	-	6,657,215	-	146,535	6,803,750
Foreign currency translation	173,229	1,963,636	22,083	35,578	2,194,526
At December 31, 2013	2,436,333	18,779,078	304,219	351,356	21,870,986
Charge for the year	270,263	997,084	104,297	137,156	1,508,800
Deletions	2,612,686	842,243	-	-	3,454,929
Foreign currency translation	(58,411)	(440,394)	(7,932)	(9,312)	(516,049)
At December 31, 2014	35,499	18,493,525	400,584	479,200	19,408,808
Net block					
At December 31, 2013	771,807	1,783,661	13,629	309,878	2,878,975
At December 31, 2014	353,253	1,220,988	553,966	194,429	2,322,636

ECNET LIMITED, SINGAPORE

Notes to Financial Statements for the year ended December 31, 2014

8 Intangible assets

(Amount in Rs.)

Particulars	Softwares	Customer contract*	Non compete fee*	Goodwill on business acquisition*	Total
Gross block					
As at January 1, 2013	17,773,692				17,773,692
Additions	-				
Addition through business acquisition		7,405,408	7,492,381	17,935,280	32,833,069
Deletions	1,378,717	-	-	-	1,378,717
Foreign currency translation	3,748,602	900,000	910,571	2,179,726	7,738,899
At December 31, 2013	20,143,577	8,305,408	8,402,952	20,115,006	56,966,943
Additions	779,352				779,352
Deletions					-
Foreign currency translation	(462,711)	(190,780)	(193,022)	(462,054)	(1,308,567)
At December 31, 2014	20,460,218	8,114,628	8,209,930	19,652,952	56,437,728
Amortisation					
As at January 1, 2013	12,968,032	-	-	-	12,968,032
Charge for the year	2,994,872	7,829,105	1,297,043	3,104,825	15,225,845
Deletions	1,378,717	-	-	-	1,378,717
Foreign currency translation	1,238,846	341,931	56,647	135,601	1,773,025
At December 31, 2013	15,823,033	8,171,036	1,353,690	3,240,426	28,588,185
Charge for the year	2,940,164	132,485	1,656,987	3,966,500	8,696,137
Deletions					-
Foreign currency translation	(390,083)	(188,893)	(46,096)	(110,345)	(735,417)
At December 31, 2014	18,373,114	8,114,628	2,964,581	7,096,582	36,548,905
Net block					
At December 31, 2013	4,320,544	134,372	7,049,262	16,874,580	28,378,758
At December 31, 2014	2,087,104	-	5,245,349	12,556,370	19,888,823

*refer note 22.

ECNET LIMITED, SINGAPORE
Notes Forming Part of the Financial Statements

9. Non current Investment

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
In subsidiary companies (companies under the same management):		
Other than Trade, unquoted		
(i) ECnet (M) Sdn BHD (500,000 (Previous year 500,000) ordinary shares of RM 1 each)	9,900,585	10,133,363
(ii) ECnet Systems (Thailand) Co Ltd (400,000 (Previous year 400,000) ordinary shares of 5 THB each)	4,295,070	4,396,050
(iii) ECnet (Shanghai) Co. Ltd (Shares of no par value)	17,104,639	17,506,781
Less: Provision for diminution in the value of investment	17,104,639 -	17,506,781 -
(iv) ECnet (Hong Kong) (2 (Previous year 2) ordinary shares of HK \$1 each)	48	49
(v) ECnet Inc (1,000 (Previous year 1,000) shares of US\$ 2 each)	163,213	167,050
Less: Provision for diminution in the value of investment	163,213 -	167,050 -
(vi) ECnet Kabushi Kaisha (200 (Previous year 200) shares of 50,000 Yen each)	7,664,314	7,844,507
Less: Provision for diminution in the value of investment	7,664,314 -	7,844,507 -
	14,195,703	14,529,462
Aggregate amount of unquoted investments (net of provision)	14,195,703	14,529,462
Aggregate amount of quoted investments	-	-
Aggregate provision for diminution in the value of investments	24,932,166	25,518,338

ECNET LIMITED, SINGAPORE

Notes to Financial Statements for the year ended December 31, 2014

10. Loans and advances

Particulars	Non-current		Current	
	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Advances recoverable in cash or in kind or for value to be received				
Unsecured, considered good	-	-	3,126,942	2,936,226
Sub Total (A)	-	-	3,126,942	2,936,226
Loans & advances to related parties				
Unsecured, considered good				
Advance receivables from				
R Systems International Limited			-	263,376
R Systems Inc.			233,434	-
R Systems Singapore Ltd			15,969,077	10,790,657
ECnet (M) Sdn Bhd.			41,123,722	35,950,471
ECnet Systems (Thailand) Co. Ltd.			2,910,859	-
ECnet Kabushiki Kaisha.			2,256,807	2,018,270
ECnet, Inc.			981,116	-
ECnet (Shanghai) Co. Ltd.			19,530,193	13,668,363
Sub Total (B)	-	-	83,005,208	62,691,137
Security deposit				
Unsecured, considered good	2,681,842	4,520,972	-	-
Sub Total (C)	2,681,842	4,520,972	-	-
Total (A+B+C)	2,681,842	4,520,972	86,132,150	65,627,363

11. Trade receivables and other assets**11.1 Trade receivables**

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	-	-
Unsecured, considered doubtful	9,939,556	6,117,443
	9,939,556	6,117,443
Provision for doubtful receivables	9,939,556	6,117,443
Sub Total (A)	-	-
Other receivables		
Unsecured, considered good	11,911,423	23,571,194
Unsecured, considered doubtful	14,277,862	13,816,739
	26,189,285	37,387,933
Provision for doubtful receivables	14,277,862	13,816,739
Sub Total (B)	11,911,423	23,571,194
Total (A+B)	11,911,423	23,571,194

Trade receivable include:

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
R Systems Europe B.V., Netherlands	-	688,096

11.2 Other current assets

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Unbilled revenue	2,515,302	241,163
Total	2,515,302	241,163

ECNET LIMITED, SINGAPORE**Notes to Financial Statements for the year ended December 31, 2014**

12. Cash and bank balances

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Cash and cash equivalents		
Cash in hand	20,402	26,879
Balances with other banks		
On current accounts	19,986,747	8,867,612
Total	20,007,149	8,894,491

ECNET LIMITED, SINGAPORE

Notes to Financial Statements for the year ended December 31, 2014

13. Revenue from operations

Particulars	For the year ended December 31, 2014 Rs.	For the year ended December 31, 2013 Rs.
Sale of services	178,817,022	176,202,052
Total	178,817,022	176,202,052

14. Other income

Particulars	For the year ended December 31, 2014 Rs.	For the year ended December 31, 2013 Rs.
Interest income	2,060	802
Miscellaneous income	-	475,094
Foreign exchange fluctuation (net)	-	327,245
Provision for doubtful debts and advances (net)	-	295,258
Management Fees	83,815,418	70,558,382
Total	83,817,478	71,656,781

15. Employee benefit expense

Particulars	For the year ended December 31, 2014 Rs.	For the year ended December 31, 2013 Rs.
Salaries, wages and bonus	118,553,452	109,172,539
Contribution to employee's benefits fund	7,697,157	7,926,171
Staff welfare expenses	2,802,714	3,409,288
Total	129,053,323	120,507,998

16. Operational and other expense

Particulars	For the year ended December 31, 2014 Rs.	For the year ended December 31, 2013 Rs.
Travelling and conveyance	10,136,072	12,840,373
Insurance	119,182	81,481
Repair and maintenance	7,811,467	5,877,200
Provision for doubtful debts and advances (net)	4,892,767	-
Rent - premises	12,885,604	13,012,175
Rent - equipment	658,815	640,238
Power and fuel	776,324	465,888
Communication costs	5,162,458	6,629,220
Printing and stationery	332,829	444,433
Advertising and sales promotion	318,037	418,985
Legal and professional expenses	60,766,366	62,225,481
Foreign exchange fluctuation (net)	901,528	-
Loss on sale/discard of fixed assets	526,527	-
Provision for Doubtful Debts	4,723,280	632,076
Membership and subscription	481,296	518,424
Rates & taxes	2,364,097	1,738,935
Miscellaneous expenses	634,158	377,493
Total	113,490,807	105,902,402

17. Depreciation and amortisation expense

Particulars	For the year ended December 31, 2014 Rs.	For the year ended December 31, 2013 Rs.
Depreciation on tangible assets	1,508,800	1,629,394
Amortisation on intangible assets	8,696,137	15,225,845
Total	10,204,937	16,855,239

18. Finance cost

Particulars	For the year ended December 31, 2014 Rs.	For the year ended December 31, 2013 Rs.
Interest on loans	-	2,092,817
Bank charges	245,777	359,068
Total	245,777	2,451,885

19. Related Party Disclosures

Holding Company	R Systems International Limited
Fellow Subsidiaries	R Systems, Inc., USA Indus Software, Inc., USA R Systems Solutions, Inc., USA R Systems N.V., Belgium (Liquidated as on June 24, 2013) R Systems Europe B.V., Netherlands (ceased to be subsidiary w.e.f. November 27, 2014) R Systems S.A.S., France (ceased to be subsidiary w.e.f. November 27, 2014) R Systems (Singapore) Pte Limited, Singapore Computaris International Limited, U.K. Systèmes R. International Ltée, Canada R Systems Product & Technologies Limited, India (incorporated on July 11, 2014)
	Following are the subsidiaries of Computaris International Limited Computaris limited, UK (Liquidated as on December 24, 2013) Computairs Romania S.R.L., Romania Computaris Polska sp Zoo, Poland ICS Computairs International S.R.L., Moldova Computaris Malaysian SDN.BHD., Malaysia Computaris USA, Inc. USA
Wholly Owned Subsidiaries of ECnet limited	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
Key management personnel	Cai Li Ting, Director (Resigned in 2013) Chan Kum Ming, Director Teo Lye Choon, Director Sartaj Singh Rekhi, Director

(a) Details of transactions with related parties for year ended December 31, 2014 and December 31, 2013:

Transaction	(Amount in Rs.)	
	For the year ended December, 31 2014	2013
<u>R System International Limited</u>		
a). Consultancy fees paid	41,357,373	30,774,372
<u>R Systems (Singapore) Pte Ltd</u>		
a). Management fee received	15,141,190	8,480,341
b). Services rendered	1,902,840	976,854
c). Interest Paid	-	2,092,800
d). Sub – Contracting Expenses	2,281,773	5,099,203
<u>R Systems Europe B.V., Netherlands</u>		
a). Services Rendered	1,172,881	7,538,471
<u>ECnet (M) Sdn Bhd., Malaysia</u>		
a). Services rendered	15,843,827	24,595,911
b). Management fee received	11,520,064	9,892,780
<u>ECnet (Shanghai) Co. Ltd.</u>		
a). Services rendered	7,595,798	6,047,766

ECNET LIMITED, SINGAPORE
Notes to Financial Statements for the year ended December 31, 2014

b). Management fee received	11,661,429	7,901,701
<u>ECnet (Hong Kong) Ltd.</u>		
a). Services rendered	608,060	55,974
b). Management fee received	4,642,949	2,958,680
<u>ECnet Kabushiki Kaisha.</u>		
a). Services rendered	3,995	8,986
b). Management fee received	1,951,276	1,672,212
<u>ECnet Systems (Thailand) Co. Ltd.,</u>		
a). Services rendered	6,172,258	4,550,742
b). Management fee received	5,694,702	4,393,290

(b) Inter-companies balances as at December 31, 2014 and December 31, 2013:

Outstanding balances	(Amount in Rs.)	
	As at December, 31	
	2014	2013
<u>R System International Limited</u>		
Amount Receivable	-	263,377
Amount Payables	22,448,846	12,964,574
<u>R Systems Europe B.V., Netherlands</u>		
Amount Receivable	-	688,096
<u>R Systems, Inc.</u>		
Amount Receivables	233,434	-
Amount Payable	-	110,356
<u>ECnet (M) Sdn Bhd.</u>		
Amount Receivables (Net of Provision Rs. 4,892,767 and Rs. Nil in 2014 and 2013, respectively)	41,123,722	35,950,471
<u>ECnet Systems (Thailand) Co. Ltd.,</u>		
Amount Receivables	2,910,859	-
Amount Payable	-	607,161
<u>ECnet Kabushiki Kaisha</u>		
Amount Receivables (Net of Provision Rs. 26,930,540 and Rs. 27,563,695 in 2014 and 2013, respectively)	2,256,807	2,018,270
<u>ECnet (Shanghai) Co. Ltd.</u>		
Amount Receivables (Net of Provision Rs. 26,546,532 and Rs. 27,170,659 in 2014 and 2013, respectively)	19,530,193	13,668,363
<u>ECnet (Hong Kong) Ltd.</u>		
Amount Payables	6,433,664	6,985,215
<u>ECnet, Inc.</u>		
Amount Payables	-	726,391
Amount Receivables (Net of Provision Rs. 193,039,010 in 2014 and Rs. 197,577,509 in 2013, respectively)	981,116	-
<u>R Systems (Singapore) Pte Ltd</u>		
Non Trade Receivable	15,969,077	10,790,657

Payment to key management personnel for year ended December 31, 2014 and December 31, 2013:
(Amount in Rs)

Name of Key Management Personnel	For the year ended December 31,	
	2014	2013
Chan Kum Ming	9,321,992	8,255,151
Cai Li Ting	-	6,222,549
Teo Lye Choon	6,771,251	-
Total	16,093,243	14,477,700

20. **Operating Lease- Company as lessee**

The Company has operating leases mainly on equipment, networking, and office premise and furniture rental. The future minimum payments required under non-cancelable operating leases at year-end are as follows:

	Year ended December 31, 2014	Year ended December 31, 2013
	Rs.	Rs.
Lease payments for the year	20,312,310	20,660,161
Non-cancellable operating lease obligation		
Not later than one year	10,309,886	17,936,861
Later than one year but not later than five years	16,771,504	24,111,846
Later than five years	-	-

These leases have an average life of between 1 and 3 years with no renewal option or escalation clause included in the contracts

21. The Company has a policy of recognising deferred tax assets only to the extent that there is virtual certainty or reasonable certainty, supported by convincing evidence as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

During the year ended December 31 2014 and 2013, based on the management estimate of future taxable income no deferred tax has been recognised in the books of accounts.

22. During March, 2013, the Company has acquired an ERP business from another company in Singapore. The management has settled the purchase consideration at SGD 753,882 after considering the conditions fulfilled by the seller as specified under Asset Purchase Agreement. The consideration paid has been allocated on the basis of the independent valuation to following assets:-

	Amount in SGD	Amount in Rs.
Customer contracts	170,036	7,405,408
Non-compete fee	172,033	7,492,381
Goodwill on business acquisition	411,813	17,935,280
Total consideration paid	753,882	32,833,069

23. 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.K. RELAN & CO.
ICAI Firm registration number: 001720N
Chartered Accountants

For and on behalf of the Board of Directors of ECnet
Limited., Singapore

Sd/-
CA. S.K. RELAN
Membership No. 12149

Sd/-
Chan Kum Ming
[Director]

Sd/-
Teo Lye Choon
[Director]

Place : New Delhi
Date : February 07, 2015

Place : Singapore
Date : February 07, 2015

Place : Singapore
Date : February 07, 2015

INDEPENDENT AUDITOR'S REPORT

To,
The Members of ECnet (M) SDN. BHD, Malaysia

Report on the Financial Statements

We have audited the accompanying financial statements of ECnet (M) SDN. BHD, Malaysia ("the Company"), which comprise the Balance Sheet as at December 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956, (which are deemed to be applicable as per section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014 and read with General Circular 08/2014 dated 4 April 2014, issued by the Ministry of Corporate Affairs, and other accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2014;

- b) in the case of the Statement of Profit and Loss, of the **Loss** for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

As required by section 227(3) of the Act, we report that:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c) the Balance Sheet and 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 Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956, (which are deemed to be applicable as per section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014 and read with General Circular 08/2014 dated 4 April 2014, issued by the Ministry of Corporate Affairs, and other accounting principles generally accepted in India;

For S.K. RELAN & CO.
ICAI Firm Registration No.001720N
Chartered Accountants

PLACE : New Delhi
DATED: February 07, 2015

Sd/-
CA. S. K.RELAN
Membership No.012149

ECNET (M) SDN. BHD., MALAYSIA
Balance Sheet as at December 31, 2014

	Notes	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	7,353,080	7,353,080
Reserves and surplus	4	(14,906,263)	(1,839,860)
Current liabilities			
Trade payables	6	2,958,739	1,351,463
Other current liabilities	6	47,873,430	36,191,019
Short-term provisions	5	-	566,010
Total		43,278,986	43,621,712
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	7	623,722	1,005,090
Intangible assets	8	61,127	36,790
Long-term loans and advances	9	2,073,632	988,631
Current assets			
Trade receivables	10.1	22,972,458	26,482,136
Cash and bank balances	11	15,180,894	14,677,372
Short-term loans and advances	9	504,677	431,693
Other current assets	10.2	1,862,476	-
Total		43,278,986	43,621,712
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.K. Relan & Co
ICAI Firm Registration No. 001720N
Chartered Accountants

For and behalf of the Board of Directors of
ECnet (M) Sdn. Bhd., Malaysia

Sd/-
CA. S.K. RELAN
Membership No. 12149
Place : New Delhi
Date : February 07, 2015

Sd/-
Chan Kum Ming
[Director]
Place : Singapore
Date : February 07, 2015

Sd/-
Tey Chyng
Siang [Director]
Place : Malaysia
Date : February 07, 2015

ECNET (M) SDN. BHD., MALAYSIA			
Statement of Profit and Loss for the year ended December 31, 2014			
	Notes	For the Year ended December 31, 2014 Rs.	For the Year ended December 31, 2013 Rs.
Income			
Revenue from operations	12	90,303,920	114,269,222
Other income	13	-	1,330,073
Total revenue		90,303,920	115,599,295
Expenses			
Employee benefits expense	14	44,279,538	38,163,435
Operational and other expenses	15	58,909,771	75,539,935
Depreciation and amortisation expense	16	554,004	622,915
Finance costs	17	75,834	64,429
Total expenses		103,819,147	114,390,714
Loss before tax		(13,515,227)	1,208,581
Tax expense			
Current tax		(290,451)	770,473
Total tax expense		(290,451)	770,473
Loss for the year		(13,224,776)	438,108
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.K. Relan & Co
ICAI Firm Registration No. 001720N
Chartered Accountants

For and on behalf of the Board of Directors of
ECnet (M) Sdn. Bhd., Malaysia

Sd/-
CA. S.K. RELAN
Membership No. 12149
Place : New Delhi
Date : February 07, 2015

Sd/-
Chan Kum Ming
[Director]
Place : Singapore
Date : February 07, 2015

Sd/-
Tey Chyng
Siang [Director]
Place : Malaysia
Date : February 07, 2015

ECNET (M) SDN. BHD., MALAYSIA

Cash Flow Statement for the year ended December 31, 2014

	For the year ended December 31, 2014 Rs.	For the year ended December 31, 2013 Rs.
A. Cash flow from operating activities		
Net profit before taxation	(13,515,227)	1,208,581
Adjustments for:		
Depreciation and amortisation expense	554,004	622,915
Provision for doubtful debts/written off (net)	2,732,483	(1,222,412)
Unrealised foreign exchange (loss) / gain	183,927	196,563
Interest income	-	(107,661)
Operating profit before working capital changes	(10,044,813)	697,986
Movements in working capital :		
(Increase) / Decrease in trade receivables	777,195	7,702,235
(Increase) / Decrease in other non-current assets	-	2,235,812
(Increase) / Decrease in other current assets	(1,862,476)	-
(Increase) / Decrease in loans and advances	(1,157,985)	(153,874)
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	13,289,687	(1,940,727)
Cash generated from operations	1,001,607	8,541,432
Direct taxes paid, net of refunds	(275,559)	(1,190,948)
Net cash flow from operating activities (A)	726,048	7,350,484
B. Cash flows used in investing activities		
Purchase of fixed assets	(222,526)	(249,441)
Interest received	-	107,661
Net cash used in investing activities (B)	(222,526)	(141,780)
C. Cash flows from / (used in) financing activities		
Net cash used in financing activities (C)	-	-
Net increase / (decrease) in cash and cash equivalents during the year (A + B + C)	503,522	7,208,704
Cash and cash equivalents at the beginning of the year	14,677,372	7,468,668
Cash and cash equivalents at the end of the year	15,180,894	14,677,372

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S.K. Relan & Co
ICAI Firm Registration No. 001720N
Chartered Accountants

For and on behalf of the Board of Directors of
ECnet (M) Sdn. Bhd., Malaysia

Sd/-
CA. S.K. RELAN
Membership No. 12149
Place : New Delhi
Date : February 07, 2015

Sd/-
Chan Kum Ming
[Director]
Place : Singapore
Date : February 07, 2015

Sd/-
Tey Chyng Siang
[Director]
Place : Malaysia
Date : February 07, 2015

1. Company Overview

ECnet (M) SDN. BHD (The "Company") is a wholly owned subsidiary of ECnet Limited, a company incorporated in the Republic of Singapore, which is again a subsidiary of R Systems International Limited, a company incorporated in India. The registered office of the company is located at Level 12, Suite 12.05 Menara Summit, Persiaran Kewajipan, USJ1, 47600 UEP Subang Jaya, Selangor Darul Ehsan, Malaysia.

The Company provides Internet-based supply chain management solutions and management services

2. Statement of significant accounting policies

(a) Basis of preparation

The financial statements have been prepared to comply in all material respects with the accounting standards notified under the Companies Act, 1956 read with General Circular 8/2014 dated 04 April 2014, issued by the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013 read with rule 7 of Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies have been consistently applied and are consistent with those used in previous year.

All figures are in Rupees except where expressly stated.

(b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year end. These estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

(c) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

(d) Depreciation on tangible fixed assets

Depreciation is provided on Straight Line Method over the remaining estimated useful lives of the tangible fixed assets which result in depreciation rates being greater than or equal to the corresponding rates prescribed in Schedule XIV of the Companies Act, 1956.

The estimated useful lives of the tangible fixed assets followed by the Company in preparing the financial statements are described as below:-

<u>Category of tangible fixed assets</u>	<u>Estimated useful life</u>
Computer Equipment	3 years
Furniture and Fixture	5 years
Office and Electrical Equipment	3 years
Leasehold improvement	5 years

(e) Intangible assets

Computer software

Computer software's are stated at cost less accumulated amortisation 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.

Costs relating to acquired software are capitalised and amortised on a straight-line basis over their useful lives as estimated by the management at 5 years or below in specific cases.

(f) 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 at the weighted average cost of capital.

After impairment, tangible fixed assets / intangibles assets are depreciated / amortised on the revised carrying amount over its remaining useful life.

(g) Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the Profit and Loss Account on a straight-line basis over the lease term.

(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 rendering of services that are of short duration is recognized when the services are completed.

Subscriptions

Revenue from subscription services includes one-time activation and set-up charges, monthly subscription charges and usages fees. Revenue from one-time activation and set-up charges is recognized when the services are rendered, completed and accepted by the customers. Revenue from monthly subscription charges is recognized over the term of the subscription period which coincides with the financials year end. Usage fees are recognized on an accrual basis.

In terms of contracts excess / shortfall of revenue over the billed as at the year-end is carried in financial statement as unbilled revenue / deferred revenue separately.

Other services

Revenue from provision of information technology related services is recognized when the services is performed, completed and accepted by the customers.

Interest

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

(i) Foreign currency translation

(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 except those arising from investments in non-integral operations.

(iv) Foreign currency translation

The functional currency of the Company is Malaysian Ringgit (MYR) but the financial statement has been prepared in Indian Rupees. In translating the financial statements, the assets and liabilities, both monetary and non-monetary, are translated at the closing rate; income and expense items are translated at yearly average exchange rates; and all resulting exchange differences are accumulated in a foreign currency translation reserve.

For translating income and expense during the year ended December 31, 2014, the rates used were MYR 1= Rs. 18.65. For translating assets and liabilities at the year-end, the rates used were MYR 1= Rs. 18.12.

For translating income and expense during the year ended December 31, 2013, the rates used were MYR 1= Rs. 18.57. For translating assets and liabilities at the year-end, the rates used were MYR 1= Rs. 18.87.

(j) **Retirement benefits**

Retirement benefits in the form of defined contribution schemes are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective funds.

(k) **Income taxes**

Income tax on the profit or loss for the year comprises of current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date in accordance with the tax laws of the country where such operations are domiciled and any adjustment to tax payable in respect of previous year.

Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year 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 recognized 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 realized. If the company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

(l) **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.

(m) **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 the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the management's current estimates.

(n) **Segment reporting**

The Company operates one business segment, providing Internet-based supply chain solutions, management services and rendering information technology consultancy services.

(o) **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, 2014	December 31, 2013
	Rs.	Rs.
Authorised Share Capital 500,000 Ordinary Shares of RM 1 Each	RM 500,000	RM 500,000
Issued, subscribed and paid up capital 500,000 (Previous year 500,000) Ordinary Shares of RM 1 Each	7,353,080	7,353,080
Total	7,353,080	7,353,080

A. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Particulars	As at		As at	
	December 31, 2014		December 31, 2013	
	No.	Rs.	No.	Rs.
Shares outstanding at the beginning of the year	500,000	7,353,080	500,000	7,353,080
Add: Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	500,000	7,353,080	500,000	7,353,080

4. Reserves & surplus

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Statement of Profit and Loss		
Balance as per last financial statement	(479,681)	(917,789)
Add: Profit / (loss) for the current year	(13,224,776)	438,108
Net deficit in the statement of profit and loss	(13,704,457)	(479,681)
Foreign currency translation reserve		
Balance as per last financial statement	(1,360,179)	(1,617,208)
Add: Current year translation differences	158,374	257,030
Closing balance	(1,201,805)	(1,360,179)
Total	(14,906,263)	(1,839,860)

5. Short-term provisions

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Other provision		
Income tax	-	566,010
Total	-	566,010

6. Other current liabilities

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Trade payables	2,958,739	1,351,463
Sub total (A)	2,958,739	1,351,463
Other liabilities		
Payable to related parties		
ECnet Limited, Singapore	46,120,239	36,024,386
Advance from customers	235,355	166,633
Other payables	1,517,836	-
Sub total (B)	47,873,430	36,191,019
Total (A+B)	50,832,169	37,542,482

Schedule 7: Tangible Assets

PARTICULARS	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	AS ON	ADDITION	DELETION	ADJUSTMENT	TOTAL	UPTO	FOR THE YEAR	DELETION	ADJUSTMENT	TOTAL	AS AT	AS AT
	1.1.2014	DURING THE YEAR			31.12.2014	1.1.2014	DURING THE YEAR			31.12.2014	31.12.2014	31.12.2013
Leasehold Improvements	943,859	-	-	37,470	906,389	469,030	168,439	-	23,425	614,044	292,345	474,829
Computer Hardware	2,498,317	145,777	-	99,180	2,544,914	2,195,353	247,953	-	94,230	2,349,076	195,838	302,964
Furniture & Fixtures	1,375,216	-	-	54,595	1,320,621	1,171,382	77,700	-	48,719	1,200,363	120,258	203,834
Office & Electrical Equipments	1,122,145	21,234	-	44,548	1,098,831	1,098,685	29,323	-	44,458	1,083,550	15,281	23,460
Total	5,939,537	167,011	-	235,793	5,870,755	4,934,450	523,415	-	210,832	5,247,033	623,722	1,005,087
Previous Year	5,460,972	195,104	-	(283,461)	5,939,537	4,106,615	605,093	-	(222,739)	4,934,447	1,005,090	1,354,357

Schedule 8: Intangible Assets

(Amount in Rs.)

PARTICULARS	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	AS ON	ADDITION	DELETION	ADJUSTMENT	TOTAL	UPTO	FOR THE YEAR	DELETION	ADJUSTMENT	TOTAL	AS AT	AS AT
	1.1.2014	DURING THE YEAR			31.12.2014	1.1.2014	DURING THE YEAR			31.12.2014	31.12.2014	31.12.2013
Computer Software	3,107,328	55,515	-	123,357	3,039,485	3,070,538	30,589	-	122,769	2,978,358	61,127	36,790
Total	3,107,328	55,515	-	123,357	3,039,485	3,070,538	30,589	-	122,769	2,978,358	61,127	36,790
Previous Year	2,902,339	54,337	-	(150,652)	3,107,328	2,901,810	17,822	-	(150,906)	3,070,538	36,790	529

9. Loans and advances

Particulars	Non-current		Current	
	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Advances recoverable in cash or in kind or for value to be received				
Unsecured, considered good	-	-	504,677	389,074
Sub Total (A)	-	-	504,677	389,074
Loans & advances to related parties				
Unsecured, considered good				
Advance from ECnet Thailand			-	42,619
Sub Total (B)	-	-	-	42,619
Security deposit				
Unsecured, considered good	896,116	988,631	-	-
Sub Total (C)	896,116	988,631	-	-
Other loans and advances				
Advance income taxes	1,177,516			
Sub Total (D)	1,177,516	-	-	-
Total (A+B+C+D)	2,073,632	988,631	504,677	431,693

10. Trade receivables and other assets

10.1 Trade receivables

Particulars	Current	
	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	6,616,786	9,466,225
Unsecured, considered doubtful	4,939,897	14,403,237
	11,556,683	23,869,462
Provision for doubtful receivables	4,939,897	14,403,237
Sub Total (A)	6,616,786	9,466,225
Other receivables		
Unsecured, considered good	16,355,672	17,015,911
Unsecured, considered doubtful	176,542	-
	16,532,214	17,015,911
Provision for doubtful receivables	176,542	-
Sub Total (B)	16,355,672	17,015,911
Total (A+B)	22,972,458	26,482,136

10.2 Other current assets

Particulars	Non Current	
	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Unbilled revenue	1,862,476	-
Total	1,862,476	-

11. Cash and bank balances

Particulars	Current	
	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Cash and cash equivalents		
Cash on hand	4,205	51,769
Balances with other banks On current accounts	15,176,689	14,625,603
Total	15,180,894	14,677,372

12. Revenue from operations

Particulars	For the year ended December 31, 2014 Rs.	For the year ended December 31, 2013 Rs.
Sale of services	90,303,920	114,269,222
Total	90,303,920	114,269,222

13. Other income

Particulars	For the year ended December 31, 2014 Rs.	For the year ended December 31, 2013 Rs.
Interest Income	-	107,661
Provision for doubtful debts and advances (net)	-	1,222,412
Total	-	1,330,073

14. Employee benefit expense

Particulars	For the year ended December 31, 2014 Rs.	For the year ended December 31, 2013 Rs.
Salaries, wages and bonus	40,172,045	34,412,041
Contribution to employee's benefit plan	3,724,684	3,437,955
Staff welfare expenses	382,809	313,439
Total	44,279,538	38,163,435

15. Operational and other expenses

Particulars	For the year ended December 31, 2014 Rs.	For the year ended December 31, 2013 Rs.
Recruitment and training expenses	1,210,193	378,564
Travelling and conveyance	7,384,212	11,073,243
Repair and maintenance	172,923	173,154
Provision for doubtful debts and advances (net)	2,732,483	-
Rent - premises	2,166,198	2,416,348
Power and fuel	103,754	135,441
Communication costs	1,321,800	1,766,824
Printing and stationery	548,637	306,816
Legal and professional expenses	29,568,424	44,309,813
Foreign exchange fluctuation (net)	1,086,561	4,328,379
Advertising and sales promotion	330,043	698,622
Rates & taxes	376,691	-
Seminar expenses	255,505	31,574
Management fees	11,511,707	9,908,445
Miscellaneous expenses	140,640	12,712
Total	58,909,771	75,539,935

16. Depreciation and amortisation expense

Particulars	For the year ended December 31, 2014 Rs.	For the year ended December 31, 2013 Rs.
Depreciation on tangible assets	523,415	605,093
Amortisation on intangible assets	30,589	17,822
Total	554,004	622,915

17. Finance cost

Particulars	For the year ended December 31, 2014 Rs.	For the year ended December 31, 2013 Rs.
Bank charges	75,834	64,429
Total	75,834	64,429

18. Related Party Disclosures

Holding Company	ECnet Limited, Singapore
Fellow Subsidiaries	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
Other Related companies	R Systems International Limited, India R Systems, Inc., USA Indus Software, Inc., USA R Systems Solutions, Inc., USA R Systems N.V., Belgium (Liquidated as on June 24, 2013) R Systems Europe B.V., Netherlands (ceased to be subsidiary w.e.f. November 27, 2014) R Systems S.A.S., France (ceased to be subsidiary w.e.f. November 27, 2014) R Systems (Singapore) Pte Limited, Singapore Computaris International Limited, U.K. Systèmes R. International Ltée, Canada R Systems Product & Technologies Limited, India (incorporated on July 11, 2014)
	Following are the subsidiaries of Computaris International Limited Computaris limited, UK (Liquidated as on December 24, 2013) Computairs Romania S.R.L., Romania Computaris Polska sp Zoo, Poland ICS Computairs International S.R.L., Moldova Computaris Malaysian SDN.BHD., Malaysia Computaris USA Inc., USA
Key Management Personnel	Chan kum Ming, Director Vincent Tey Chyng Siang , Director

(a) Details of transactions with related parties for year ended December 31, 2014 and December 31, 2013:
(Amount in Rs.)

TRANSACTIONS		For the year ended December, 31	
		2014	2013
<u>ECnet Limited, Singapore</u>			
a).	Sub-Contracting Expenses	15,709,995	24,366,216
b).	Management Fees Paid	11,549,013	9,908,435

(b). Inter-companies balances as at December 31, 2014 and December 31, 2013:

(Amount in Rs.)

OUTSTANDING BALANCES		As at December, 31	
		2014	2013
<u>ECnet Limited, Singapore</u>			
	Amount Payables	46,120,239	36,024,386
<u>ECnet Systems, Thailand</u>			
	Advance Recoverable	-	42,621

Payment to key management personnel for year ended December 31, 2014 and December 31, 2013:

(Amount in Rs)

Name of Key Management Personnel	For the year ended December 31,	
	2014	2013
Vincent Tey Chyng Siang	3,185,567	2,960,202

19. **Operating Lease- Company as lessee**

The Company has operating leases mainly on equipment, networking, and office premise and furniture rental. The future minimum payments required under non-cancelable operating leases at year-end are as follows:

	Year ended December 31, 2014	Year ended December 31, 2013
	Rs.	Rs.
Lease payments for the year	2,166,198	1,849,871
Non-cancellable operating lease obligation		
Not later than one year	788,133	1,969,715
Later than one year but not later than five years	-	-
Later than five years	-	-

20. The Company has a policy of recognising deferred tax assets only to the extent that there is virtual certainty or reasonable certainty, supported by convincing evidence as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

During the year ended December 31 2014 and 2013, based on the management estimate of future taxable income no deferred tax has been recognised in the books of accounts.

21. The Company incurred a net loss of Rs. 13,224,776 during the financial year ended 31 December, 2014, and as at that date Company's total liabilities exceeded its total assets by Rs.7,553,183. These factors indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as going concern. The ability of the company to continue as a going concern depends on the holding company undertaking to provide continuing financial support to enable the company to continue as a going concern.

If the Company is unable to continue in operational existence for the foreseeable future, the company may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realized other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheet. In addition, the company may have to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements.

22. 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.K. RELAN & CO.
ICAI Firm registration number: 001720N
Chartered Accountants

For and on behalf of the Board of Directors of ECnet (M) Sdn Bhd.,
Malaysia

Sd/-
CA. S.K. RELAN
Membership No. 12149

Sd/-
Chan Kum Ming
[Director]

Sd/-
Vincent Tey Chyng Siang
[Director]

Place : New Delhi
Date : February 07, 2015

Place : Singapore
Date : February 07, 2015

Place : Malaysia
Date : February 07, 2015

INDEPENDENT AUDITOR'S REPORT

To,
The Members of ECnet Inc., USA

Report on the Financial Statements

We have audited the accompanying financial statements of ECnet Inc., USA (“the Company”), which comprise the Balance Sheet as at December 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956, (which are deemed to be applicable as per section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014 and read with General Circular 08/2014 dated 4 April 2014, issued by the Ministry of Corporate Affairs, and other accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2014;

- b) in the case of the Statement of Profit and Loss, of the **Loss** for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

As required by section 227(3) of the Act, we report that:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c) the Balance Sheet and 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 Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956, (which are deemed to be applicable as per section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014 and read with General Circular 08/2014 dated 4 April 2014, issued by the Ministry of Corporate Affairs, and other accounting principles generally accepted in India;

For S.K. RELAN & CO.
ICAI Firm Registration No.001720N
Chartered Accountants

PLACE : New Delhi
DATED: February 07, 2015

Sd/-
CA. S. K.RELAN
Membership No.012149

ECNET, INC., USA			
Balance Sheet as at December 31, 2014			
	Notes	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	91,110	91,110
Reserves and surplus	4	(199,984,885)	(196,057,446)
Current liabilities			
Trade payables	5	307,765	301,761
Other current liabilities	5	201,937,395	197,037,022
Total		2,351,385	1,372,447
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	6	4	3
Current assets			
Trade receivables	8	-	-
Cash and bank balances	9	1,952,612	173,615
Short-term loans and advances	7	398,769	1,198,829
Total		2,351,385	1,372,447
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.K. Relan & Co
ICAI Firm Registration No. 001720N
Chartered Accountants

For and on behalf of the Board of Directors of
ECnet, Inc., USA

Sd/-
CA. S.K. RELAN
Membership No. 12149
Place : New Delhi
Date : February 07, 2015

Sd/-
Chan Kum Ming
[Director]
Place : Singapore
Date : February 07, 2015

ECNET, INC., USA			
Statement of Profit and Loss for the year ended December 31, 2014			
	Notes	For the Year ended December 31, 2014 Rs.	For the Year ended December 31, 2013 Rs.
Income			
Other income	10	43	73
Total revenue		43	73
Expenses			
Finance costs	11	26,621	23,530
Total expenses		26,621	23,530
Loss before tax		(26,578)	(23,457)
Tax expense			
Current tax		-	-
Total tax expense		-	-
Loss after tax for the year		(26,578)	(23,457)
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.K. Relan & Co
ICAI Firm Registration No. 001720N
Chartered Accountants

For and on behalf of the Board of Directors of
ECnet, Inc., USA

Sd/-
CA. S.K. RELAN
Membership No. 12149
Place : New Delhi
Date : February 07, 2015

Sd/-
Chan Kum Ming
[Director]
Place : Singapore
Date : February 07, 2015

ECNET, INC., USA

Cash Flow Statement for the year ended December 31, 2014

	For the year ended December 31, 2014 Rs.	For the year ended December 31, 2013 Rs.
A. Cash flow from operating activities		
Net loss before taxation	(26,578)	(23,457)
Adjustments for:		
Unrealised foreign exchange loss / (gain)	(3,900,862)	(21,638,725)
Interest income	(43)	(73)
Operating profit before working capital changes	(3,927,483)	(21,662,255)
Movements in working capital :		
(Increase) / Decrease in loans and advances	800,060	(684,656)
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	4,906,377	21,791,719
Cash generated from / (used in) operations	1,778,954	(555,192)
Direct taxes paid, net of refunds	-	-
Net cash flow from operating activities (A)	1,778,954	(555,192)
B. Cash flows used in investing activities		
Interest received	43	73
Net cash used in investing activities (B)	43	73
C. Cash flows used in financing activities		
Net cash used in financing activities (C)	-	-
Net increase / (decrease) in cash and cash equivalents during the year (A + B + C)	1,778,997	(555,119)
Cash and cash equivalents at the beginning of the year	173,615	728,734
Cash and cash equivalents at the end of the year	1,952,612	173,615

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S.K. Relan & Co
ICAI Firm Registration No. 001720N
Chartered Accountants

For and on behalf of the Board of Directors of
ECnet, Inc., USA

Sd/-
CA. S.K. RELAN
Membership No. 12149
Place : New Delhi
Date : February 07, 2015

Sd/-
Chan Kum Ming
[Director]
Place : Singapore
Date : February 07, 2015

1. Company Overview

ECnet, Inc. (the 'Company') is a wholly owned subsidiary of ECnet Ltd. a company incorporated in the Republic of Singapore, which is again a subsidiary of R Systems International Limited, a company incorporated in India. The address of the registered office is 5000, Windplay Drive, Suite # 5, El Dorado Hills, CA 95762, U.S.A.

The main object of the Company is to provide services of Supply Chain Management through Internet. There is no revenue during the year ended on December 31, 2014.

2. Statement of significant accounting policies

(a) Basis of preparation

The financial statements have been prepared to comply in all material respects with the accounting standards notified under the Companies Act, 1956 read with General Circular 8/2014 dated 04 April 2014, issued by the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013 read with rule 7 of Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies have been consistently applied and are consistent with those used in previous year.

All figures are in Rupees except where expressly stated.

(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

Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

(d) Depreciation on tangible fixed assets

Depreciation is provided on Straight Line Method over the remaining estimated useful lives of the tangible fixed assets which result in depreciation rates being greater than or equal to the corresponding rates prescribed in Schedule XIV of the Companies Act, 1956.

The estimated useful lives of the tangible fixed assets followed by the Company in preparing the financial statements are described as below:-

<u>Category of tangible fixed assets</u>	<u>Estimated useful life</u>
Office & Electrical Equipment	3 years

(e) 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 at the weighted average cost of capital.

After impairment, tangible fixed assets / intangibles assets are depreciated / amortised on the revised carrying amount over its remaining useful life.

(f) 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 rendering of services that are of short duration is recognized when the services are completed.

Subscriptions

Revenue from subscription services includes one-time activation and set-up charges, monthly subscription charges and usages fees. Revenue from one-time activation and set-up charges is recognized when the services are rendered, completed and accepted by the customers. Revenue from monthly subscription charges is recognized over the term of the subscription period which coincides with the financials year end. Usage fees are recognized on an accrual basis.

Other services

Revenue from provision of information technology related services is recognized when the services is performed, completed and accepted by the customers.

Interest

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

(g) Foreign currency translation

(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 except those arising from investments in non-integral operations.

(iv) Foreign currency translation

The functional currency of the Company is United States Dollar (US \$) but the financial statements has been prepared in Indian Rupees. In translating the financial statements ,the assets and liabilities, both monetary and non-monetary, are translated at the closing rate; income and expense items are translated at yearly average exchange rates; and all resulting exchange differences are accumulated in a foreign currency translation reserve.

For translating income and expense during the year ended December 31, 2014, the rates used were US \$ 1= Rs. 61.02. For translating assets and liabilities at the year-end, the rates used were US \$ 1= Rs. 63.04.

For translating income and expense during the year ended December 31, 2013, the rates used were US \$ 1= Rs. 58.58. For translating assets and liabilities at the year-end, the rates used were US \$ 1= Rs. 61.81.

(h) Income taxes

Income tax on the profit or loss for the year comprises of current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date in accordance with the tax laws of the country where such operations are domiciled and any adjustment to tax payable in respect of previous year.

Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year 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 recognized 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 realized. If the company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

(i) 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.

(j) 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 the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the management's current estimates.

(k) Segment reporting

The Company operates one business segment, providing Internet-based supply chain solutions, management services and rendering information technology consultancy services in United States of America.

(l) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

3. Share capital

Particulars	As at December 31, 2014		As at December 31, 2013	
	No.	Rs.	No.	Rs.
Authorised Share Capital				
10,000 Shares of USD 2 Each		USD 20,000		USD 20,000
Issued, subscribed and paid up capital				
1000 Shares of USD 2 Each		91,110		91,110
Total		91,110		91,110

A. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Particulars	As at December 31, 2014		As at December 31, 2013	
	No.	Rs.	No.	Rs.
Shares outstanding at the beginning of the year	10,000	91,110	10,000	91,110
Add: Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	10,000	91,110	10,000	91,110

4. Reserves and surplus

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Statement of Profit and Loss		
Balance as per last financial statement	(138,746,444)	(138,722,987)
Add: Loss for the current year	(26,578)	(23,457)
Net deficit in the statement of profit and loss	(138,773,022)	(138,746,444)
Foreign currency translation reserve		
Balance as per last financial statement	(57,311,002)	(35,672,279)
Add: Current year translation differences	(3,900,862)	(21,638,723)
Closing balance	(61,211,863)	(57,311,002)
Total	(199,984,885)	(196,057,446)

5. Other current liabilities

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Trade payables	307,765	301,761
Sub total (A)	307,765	301,761
Other liabilities		
Payables to Related Parties ECnet Limited, Singapore	201,937,395	197,037,022
Sub total (B)	201,937,395	197,037,022
Total (A+B)	202,245,160	197,338,783

Schedule 6: Fixed assets

(Amount in Rs.)

PARTICULARS	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	AS ON	ADDITION	DELETION	ADJUSTMENT	TOTAL	UPTO	FOR THE	DELETION	ADJUSTMENT	TOTAL	AS AT	AS AT
	1.1.2014	DURING THE YEAR			31.12.2014	1.1.2014	DURING THE YEAR			31.12.2014	31.12.2014	31.12.2013
Office & Electrical Equipments	47,590	-	-	944	48,534	47,587	-	-	943	48,530	4	3
Total	47,590	-	-	944	48,534	47,587	-	-	943	48,530	4	3
Previous Year	42,335	-	-	5,255	47,590	42,332	-	-	5,255	47,587	3	3

7. Short term loans and advances

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Advances recoverable in cash or in kind or for value to be received		
Unsecured, considered good	75,427	157,392
Sub Total (A)	75,427	157,392
Loans & advances to related parties		
Unsecured, considered good		
Advance recoverable from:		
ECnet (Hong Kong) Limited	323,342	317,033
ECnet Limited, Singapore	-	724,404
Sub Total (B)	323,342	1,041,437
Total (A+B)	398,769	1,198,829

8 Trade receivables

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	-	-
Unsecured, considered doubtful	1,087,669	1,066,445
	1,087,669	1,066,445
Provision for doubtful receivables	1,087,669	1,066,445
Sub Total (A)	-	-
Other receivables		
Unsecured, considered good	-	-
Unsecured, considered doubtful	-	-
	-	-
Provision for doubtful receivables	-	-
Sub Total (B)	-	-
Total (A+B)	-	-

9. Cash and bank balances

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Cash and cash equivalents		
Balances with other banks:		
On current accounts	1,952,612	173,615
Total	1,952,612	173,615

10. Other income

Particulars	For the year ended December 31, 2014 Rs.	For the year ended December 31, 2013 Rs.
Interest income	43	73
Total	43	73

11. Finance cost

Particulars	For the year ended December 31, 2014 Rs.	For the year ended December 31, 2013 Rs.
Bank charges	26,621	23,530
Total	26,621	23,530

12. Related Party Disclosures

Holding Company	ECnet Limited, Singapore
Fellow Subsidiaries	ECnet Systems (Thailand) Co. Ltd., Thailand ECnet (Shanghai) Co. Ltd., People's Republic of China ECnet (Hong Kong) Ltd., Hong Kong ECnet (M) Sdn Bhd, Malaysia ECnet Kabushiki Kaisha, Japan
Other Related companies	R Systems International Limited, India R Systems, Inc., USA Indus Software, Inc., USA R Systems Solutions, Inc., USA R Systems N.V., Belgium (Liquidated as on June 24, 2013) R Systems Europe B.V., Netherlands (ceased to be subsidiary w.e.f. November 27, 2014) R Systems S.A.S., France (ceased to be subsidiary w.e.f. November 27, 2014) R Systems (Singapore) Pte Limited, Singapore Computaris International Limited, U.K. Systèmes R. International Ltée, Canada R Systems Product & Technologies Limited, India (incorporated on July 11, 2014)

Following are the subsidiaries of Computaris International Limited

Computaris limited, UK (Liquidated as on December 24, 2013)
Computaris Romania S.R.L., Romania
Computaris Polska sp Zoo, Poland
ICS Computaris International S.R.L., Moldova
Computaris Malaysian SDN.BHD., Malaysia
Computaris USA Inc., USA

Key Management Personnel	Satinder Singh Rekhi, Director (Resigned in 2014) Chan Kum Ming, Director
--------------------------	--

Inter-companies balances as at December 31, 2014 and December 31, 2013:

(Amount in Rs.)

OUTSTANDING BALANCES	As at December, 31	
	2014	2013
<u>ECnet Limited, Singapore</u>		
Amount Receivables	-	724,404
Amount Payables	201,937,392	197,037,020
<u>ECnet Hong Kong</u>		
Amount Receivables	323,342	317,033

13. The Company has a policy of recognising deferred tax assets only to the extent that there is virtual certainty or reasonable certainty, supported by convincing evidence as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised. During the year ended December 31 2014 and 2013, based on the management estimate of future taxable income no deferred tax has been recognised in the books of accounts.

14. No Staff Cost was incurred during the year. None of the directors have received any fees or emoluments in respect of their services rendered to the company during the year.

15. The Company incurred a net loss of Rs. 26,578 during the financial year ended 31 December, 2014, and as at that date Company's total liabilities exceeded its total assets by Rs. 199,893,775. These factors indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as going concern. The ability of the company to continue as a going concern depends on the holding Company support to enable the company to continue as a going concern.

If the Company is unable to continue in operational existence for the foreseeable future, the company may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realized other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheet.

16. 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.K. RELAN & CO.
ICAI Firm registration number: 001720N
Chartered Accountants

For and on behalf of the Board of Directors of
ECnet, Inc., USA

Sd/-
CA. S.K. RELAN
Membership No. 12149
Place : New Delhi
Date : February 07, 2015

Sd/-
Chan Kum Ming
[Director]
Place : Singapore
Date : February 07, 2015

INDEPENDENT AUDITOR'S REPORT

To,
The Members of ECnet (Hong Kong) Ltd., Hong Kong

Report on the Financial Statements

We have audited the accompanying financial statements of ECnet (Hong Kong) Ltd., Hong Kong ("the Company"), which comprise the Balance Sheet as at December 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956, (which are deemed to be applicable as per section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014 and read with General Circular 08/2014 dated 4 April 2014, issued by the Ministry of Corporate Affairs, and other accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2014;

- b) in the case of the Statement of Profit and Loss, of the **Profit** for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

As required by section 227(3) of the Act, we report that:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c) the Balance Sheet and 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 Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956, (which are deemed to be applicable as per section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014 and read with General Circular 08/2014 dated 4 April 2014, issued by the Ministry of Corporate Affairs, and other accounting principles generally accepted in India;

For S.K. RELAN & CO.
ICAI Firm Registration No.001720N
Chartered Accountants

PLACE : New Delhi
DATED: February 07, 2015

Sd/-
CA. S. K.RELAN
Membership No.012149

ECNET (HONG KONG) LIMITED, HONG KONG**Balance Sheet as at December 31, 2014**

	Notes	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	12	12
Reserves and surplus	4	8,190,301	6,717,863
Current liabilities			
Trade payables	6	433,325	263,560
Other current liabilities	6	401,645	456,181
Short-term provisions	5	-	200,391
Total		9,025,283	7,638,007
ASSETS			
Current assets			
Trade receivables	8	310,410	247,201
Cash and bank balances	9	2,059,279	358,300
Short-term loans and advances	7	6,655,594	7,032,505
Total		9,025,283	7,638,006
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial Statements.

As per our report of even date.

For S.K. Relan & Co
ICAI Firm Registration No. 001720N
Chartered Accountants

For and behalf of the Board of Directors of
ECnet (Hong Kong) Limited, Hong Kong

Sd/-
CA. S.K. RELAN
Membership No. 12149
Place : New Delhi
Date : February 07, 2015

Sd/-
Chan Kum Ming
[Director]
Place : Singapore
Date : February 07, 2015

Sd/-
Teo Lye Choon
[Director]
Place : Singapore
Date : February 07, 2015

ECNET (HONG KONG) LIMITED, HONG KONG**Statement of Profit and Loss for the year ended December 31, 2014**

	Notes	For the Year ended December 31, 2014 Rs.	For the Year ended December 31, 2013 Rs.
Income			
Revenue from operations	10	7,658,169	5,872,742
Total revenue		7,658,169	5,872,742
Expenses			
Operational and other expenses	11	6,220,025	3,764,277
Finance costs	12	15,734	10,170
Total expenses		6,235,759	3,774,447
Profit before tax		1,422,410	2,098,295
Tax expense			
Current tax		155,937	270,699
Total tax expense		155,937	270,699
Profit for the year		1,266,473	1,827,596
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial Statements.

As per our report of even date.

For S.K. Relan & Co
ICAI Firm Registration No. 001720N
Chartered Accountants

For and on behalf of the Board of Directors of
ECnet (Hong Kong) Limited, Hong Kong

Sd/-
CA. S.K. RELAN
Membership No. 12149
Place : New Delhi
Date : February 07, 2015

Sd/-
Chan Kum Ming
[Director]
Place : Singapore
Date : February 07, 2015

Sd/-
Teo Lye Choon
[Director]
Place : Singapore
Date : February 07, 2015

ECNET (HONG KONG) LIMITED, HONG KONG
Cash Flow Statement for the year ended December 31, 2014

	For the year ended December 31, 2014 Rs.	For the year ended December 31, 2013 Rs.
A. Cash flow from operating activities		
Net profit before taxation	1,422,410	2,098,295
Adjustments for:		
Unrealised foreign exchange loss / (gain)	205,965	641,792
Operating profit before working capital changes	1,628,375	2,740,087
Movements in working capital :		
(Increase) / Decrease in trade receivables	(63,209)	(182,611)
(Increase) / Decrease in loans and advances	376,912	(2,472,050)
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	115,229	123,229
Cash generated from operations	2,057,307	208,655
Direct taxes paid, net of refunds	(356,328)	(84,370)
Net cash flow from operating activities (A)	1,700,979	124,285
B. Cash flows used in investing activities		
Net cash used in investing activities (B)	-	
C. Cash flows used in financing activities		
Net cash used in financing activities (C)	-	-
Net increase / (decrease) in cash and cash equivalents during the year (A + B + C)	1,700,979	124,285
Cash and cash equivalents at the beginning of the year	358,300	234,015
Cash and cash equivalents at the end of the year	2,059,279	358,300

The accompanying notes are an integral part of the financial Statements.

As per our report of even date

For S.K. Relan & Co
ICAI Firm Registration No. 001720N
Chartered Accountants

Sd/-
CA. S.K. RELAN
Membership No. 12149
Place : New Delhi
Date : February 07, 2015

For and on behalf of the Board of Directors of
ECnet (Hong Kong) Limited, Hong Kong

Sd/-
Chan Kum Ming
[Director]
Place : Singapore
Date : February 07, 2015

Sd/-
Teo Lye Choon
[Director]
Place : Singapore
Date : February 07, 2015

1. Company Overview

ECnet (Hong Kong) Limited, (The "Company") is a wholly owned subsidiary of ECnet Limited, a company incorporated in the Republic of Singapore, which is again a subsidiary of R Systems International Limited, a company incorporated in India. The Company provides Internet-based supply chain management services. The registered office of the company is located at Room No.1903, 19/F, World-wide House, 19 Des Voeux Road, Central, Hong Kong.

2. Statement of significant accounting policies

(a) Basis of preparation

The financial statements have been prepared to comply in all material respects with the accounting standards notified under the Companies Act, 1956 read with General Circular 8/2014 dated 04 April 2014, issued by the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013 read with rule 7 of Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies have been consistently applied and are consistent with those used in previous year.

All figures are in Rupees except where expressly stated.

(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) 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 at the weighted average cost of capital.

After impairment, tangible fixed assets / intangibles assets are depreciated / amortised on the revised carrying amount over its remaining useful life.

(d) Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the Profit and Loss Account on a straight-line basis over the lease term.

(e) 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 rendering of services that are of short duration is recognized when the services are completed.

Subscriptions

Revenue from subscription services includes one-time activation and set-up charges, monthly subscription charges and usages fees. Revenue from one-time activation and set-up charges is recognized when the services are rendered, completed and accepted by the customers. Revenue from monthly subscription charges is recognized over the term of the subscription period which coincides with the financials year end. Usage fees are recognized on an accrual basis.

Other services

Revenue from provision of information technology related services is recognized when the services is

performed, completed and accepted by the customers.

Interest

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

(f) Foreign currency translation

(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 except those arising from investments in non-integral operations.

(iv) Foreign currency translation

The functional currency of the Company is Hong Kong Dollar (HKD) but the financial statement has been prepared in Indian Rupees. In translating the financial statements, the assets and liabilities, both monetary and non-monetary, are translated at the closing rate; income and expense items are translated at yearly average exchange rates; and all resulting exchange differences are accumulated in a foreign currency translation reserve.

For translating income and expense during the year ended December 31, 2014, the rates used were HKD 1= Rs. 7.87. For translating assets and liabilities at the year-end, the rates used were HKD 1= Rs. 8.17.

For translating income and expense during the year ended December 31, 2013, the rates used were HKD 1= Rs. 7.55. For translating assets and liabilities at the year-end, the rates used were HKD 1= Rs. 7.98

(g) Income taxes

Income tax on the profit or loss for the year comprises of current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date in accordance with the tax laws of the country where such operations are domiciled and any adjustment to tax payable in respect of previous year.

Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year 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 recognized 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 realized. If the company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

(h) 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.

(i) 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 the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the management's current estimates.

(j) Segment reporting

The Company operates one business segment, providing Internet-based supply chain solutions, management services and rendering information technology consultancy services in South East Asia.

(k) 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, 2014	December 31, 2013
	Rs.	Rs.
Authorised Capital		
10,000 Ordinary Shares of HKD 1 Each	HKD 10,000	HKD 10,000
Issued, subscribed and paid up capital		
2 Ordinary Shares of HKD 1 Each	12	12
Total	12	12

A. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Particulars	As at		As at	
	December 31, 2014		December 31, 2013	
	No.	Rs.	No.	Rs.
Shares outstanding at the beginning of the year	2	12	2	12
Add: Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	2	12	2	12

4. Reserves and surplus

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Statement of Profit and Loss		
Balance as per last financial statement	5,587,866	3,760,270
Add: Profit for the current year	1,266,473	1,827,596
Net surplus in the statement of profit and loss	6,854,339	5,587,866
Foreign currency translation reserve		
Balance as per last financial statement	1,129,997	488,205
Add: Current year translation differences	205,965	641,792
Closing balance	1,335,962	1,129,997
Total	8,190,301	6,717,863

5. Short-term provisions

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Other provision		
Income tax	-	200,391
Total	-	200,391

6. Other current liabilities

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Trade payables	433,325	263,560
Sub total (A)	433,325	263,560
Other liabilities		
Payables to Related Parties		
ECnet, Inc. USA	326,690	319,168
Unearned Revenue	74,955	137,013
Sub total (B)	401,645	456,181
Total (A+B)	834,970	719,741

7. Short term loans and advances

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Advances recoverable in cash or in kind or for value to be received		
Unsecured, considered good	72,549	59,562
Sub Total (A)	72,549	59,562
Loans & advances to related parties		
Advance recoverable from:		
Ecnet Singapore Limited	6,452,198	6,972,943
Sub Total (B)	6,452,198	6,972,943
Other loans and advances		
Advance income taxes	130,847	
Sub Total (C)	130,847	-
Total (A+B+C)	6,655,594	7,032,505

8. Trade receivables

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	92,347	30,712
Unsecured, considered doubtful	63,211	28,717
	155,558	59,429
Provision for doubtful receivables	63,211	28,717
Sub Total (A)	92,347	30,712
Other receivables		
Unsecured, considered good	218,063	216,489
Unsecured, considered doubtful	-	-
	218,063	216,489
Provision for doubtful receivables	-	-
Sub Total (B)	218,063	216,489
Total (A+B)	310,410	247,201

ECNET (HONG KONG) LIMITED, HONG KONG**Notes to Financial Statements for the year ended December 31, 2014**

9. Cash and bank balances

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Cash and cash equivalents		
Balances with other banks		
On current accounts	2,059,279	358,300
Total	2,059,279	358,300

10. Revenue from operations

Particulars	For the year ended December 31, 2014 Rs.	For the year ended December 31, 2013 Rs.
Sale of services	7,658,169	5,872,742
Total	7,658,169	5,872,742

11. Operational and other expenses

Particulars	For the year ended December 31, 2014 Rs.	For the year ended December 31, 2013 Rs.
Travelling and conveyance	14,482	-
Provision for doubtful debts and advances	32,591	-
Communication costs	41,882	22,429
Printing and stationery	7,282	-
Legal and professional expenses	1,199,758	610,485
Foreign exchange fluctuation (net)	267,373	191,502
Management fees	4,641,706	2,939,861
Miscellaneous expenses	14,951	-
Total	6,220,025	3,764,277

12. Finance cost

Particulars	For the year ended December 31, 2014 Rs.	For the year ended December 31, 2013 Rs.
Bank charges	15,734	10,170
Total	15,734	10,170

13. Related Party Disclosures

Holding Company	ECnet Limited, Singapore
Fellow Subsidiaries	ECnet Systems (Thailand) Co. Ltd., Thailand ECnet (Shanghai) Co. Ltd., People's Republic of China ECnet (M) SDN. BHD, Malaysia ECnet, Inc., USA ECnet Kabushiki Kaisha, Japan
Other Related companies	R Systems International Limited, India R Systems, Inc., USA Indus Software, Inc., USA R Systems Solutions, Inc., USA R Systems N.V., Belgium (Liquidated as on June 24, 2013) R Systems Europe B.V., Netherlands (ceased to be subsidiary w.e.f. November 27, 2014) R Systems S.A.S., France (ceased to be subsidiary w.e.f. November 27, 2014) R Systems (Singapore) Pte Limited, Singapore Computaris International Limited, U.K. Systèmes R. International Ltée, Canada R Systems Product & Technologies Limited, India (incorporated on July 11, 2014)

Following are the subsidiaries of Computaris International Limited

Computaris limited, UK (Liquidated as on December 24, 2013)
Computairs Romania S.R.L., Romania
Computaris Polska sp Zoo, Poland
ICS Computairs International S.R.L., Moldova
Computaris Malaysian SDN.BHD., Malaysia
Computaris USA, Inc, USA

Key Management Personnel	Chan Kum Ming, Director Teo Lye Choon, Director
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(a) Details of transactions with related parties for year ended December 31, 2014 and December 31, 2013:
(Amount in Rs.)

TRANSACTIONS		For the year ended December, 31	
		2014	2013
<u>ECnet Limited, Singapore</u>			
a).	Sub-Contracting Expenses	607,898	55,704
b).	Management Fees Paid	4,641,706	2,939,858

(b). Inter-companies balances as at December 31, 2014 and December 31, 2013:

(Amount in Rs.)

OUTSTANDING BALANCES		As at December, 31	
		2014	2013
<u>ECnet Limited, Singapore</u>			
-	Amount Receivables	6,452,198	6,972,935

(Amount in Rs.)

OUTSTANDING BALANCES		As at December, 31	
		2014	2013
<u>ECnet Inc.</u>			
-	Amount Payable	326,690	319,168

14. 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.K. RELAN & CO.
ICAI Firm registration number: 001720N
Chartered Accountants

For and on behalf of the Board of Directors of ECnet (Hong Kong) Ltd., Hong Kong

Sd/-
CA. S.K. RELAN
Membership No. 12149

Sd/-
Chan Kum Ming
[Director]

Sd/-
Teo Lye Choon
[Director]

Place : New Delhi
Date : February 07, 2015

Place: Singapore
Date : February 07, 2015

Place: Singapore
Date : February 07, 2015

INDEPENDENT AUDITOR'S REPORT

To,
The Members of ECnet Systems (Thailand) Co. Ltd., Thailand

Report on the Financial Statements

We have audited the accompanying financial statements of ECnet Systems (Thailand) Co. Ltd., Thailand ("the Company"), which comprise the Balance Sheet as at December 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956, (which are deemed to be applicable as per section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014 and read with General Circular 08/2014 dated 4 April 2014, issued by the Ministry of Corporate Affairs, and other accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2014;

- b) in the case of the Statement of Profit and Loss, of the **Loss** for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

As required by section 227(3) of the Act, we report that:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c) the Balance Sheet and 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 Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956, (which are deemed to be applicable as per section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014 and read with General Circular 08/2014 dated 4 April 2014, issued by the Ministry of Corporate Affairs, and other accounting principles generally accepted in India;

For S.K. RELAN & CO.
ICAI Firm Registration No.001720N
Chartered Accountants

PLACE : New Delhi
DATED: February 07, 2015

Sd/-
CA. S. K.RELAN
Membership No.012149

ECNET SYSTEMS (THAILAND) COMPANY LIMITED, THAILAND**Balance Sheet as at December 31, 2014**

	Notes	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	2,339,600	2,339,600
Reserves and surplus	4	(509,525)	4,400,964
Current liabilities			
Trade payables	5	617,761	570,139
Other current liabilities	5	17,141,613	13,478,337
Total		19,589,450	20,789,040
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	6	125,801	95,760
Long-term loans and advances	7	341,731	1,088,901
Current assets			
Trade receivables	8.1	1,676,802	2,442,081
Cash and bank balances	9	1,205,349	1,839,600
Short-term loans and advances	7	16,125,230	15,111,746
Other current assets	8.2	114,537	210,952
Total		19,589,450	20,789,040
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.K. Relan & Co
ICAI Firm Registration No. 001720N
Chartered Accountants

For and on behalf of the Board of Directors of
ECnet Systems (Thailand) Company Limited, Thailand

Sd/-
CA. S.K. RELAN
Membership No. 12149
Place : New Delhi
Date : February 07, 2015

Sd/-
Chan Kum Ming
[Director]
Place : Singapore
Date : February 07, 2015

Sd/-
Satinder Singh Rekhi
[Director]
Place : Singapore
Date : February 07, 2015

ECNET SYSTEMS (THAILAND) COMPANY LIMITED, THAILAND			
Statement of Profit and Loss for the year ended December 31, 2014			
	Notes	For the Year ended December 31, 2014 Rs.	For the Year ended December 31, 2013 Rs.
Income			
Revenue from operations	10	20,733,431	19,451,655
Other income	11	468,414	-
Total revenue		21,201,845	19,451,655
Expenses			
Employee benefits expense	12	9,089,758	7,820,012
Operational and other expenses	13	16,893,292	16,405,003
Depreciation and amortisation expense	14	111,034	161,541
Finance costs	15	36,457	26,785
Total expenses		26,130,541	24,413,341
Loss before tax		(4,928,696)	(4,961,686)
Tax expense			
Current tax		-	-
Total tax expense		-	-
Loss for the year		(4,928,696)	(4,961,686)
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.K. Relan & Co
ICAI Firm Registration No. 001720N
Chartered Accountants

For and on behalf of the Board of Directors of
ECnet Systems (Thailand) Company Limited, Thailand

Sd/-
CA. S.K. RELAN
Membership No. 12149
Place : New Delhi
Date : February 07, 2015

Sd/-
Chan Kum Ming
[Director]
Place : Singapore
Date : February 07, 2015

Sd/-
Satinder Singh Rekhi
[Director]
Place : Singapore
Date : February 07, 2015

ECNET SYSTEMS (THAILAND) COMPANY LIMITED, THAILAND
Cash Flow Statement for the year ended December 31, 2014

	For the year ended December 31, 2014 Rs.	For the year ended December 31, 2013 Rs.
A. Cash flow from operating activities		
Net profit / (loss) before taxation	(4,928,696)	(4,961,686)
Adjustments for:		
Depreciation and amortisation expense	111,034	161,541
Profit on sale / discard of fixed assets (net)	8,778	
Unrealised foreign exchange loss / (gain)	18,695	587,939
Operating profit / (loss) before working capital changes	(4,790,189)	(4,212,206)
Movements in working capital :		
(Increase) / Decrease in trade receivables	765,279	4,107,011
(Increase) / Decrease in other current and non-current assets	96,415	101,646
(Increase) / Decrease in short and long term loans and advances	(266,314)	(206,536)
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	3,710,898	(939,254)
Cash generated from operations	(483,911)	(1,149,339)
Direct taxes paid, net of refunds	-	-
Net cash flow from operating activities (A)	(483,911)	(1,149,339)
B. Cash flows used in investing activities		
Proceeds from sale of fixed assets	(8,778)	-
Purchase of fixed assets	(141,562)	(4,910)
Net cash used in investing activities (B)	(150,340)	(4,910)
C. Cash flows used in financing activities		
Net cash used in financing activities (C)	-	-
Net increase / (decrease) in cash and cash equivalents during the year (A + B + C)	(634,251)	(1,154,249)
Cash and cash equivalents at the beginning of the year	1,839,600	2,993,849
Cash and cash equivalents at the end of the year	1,205,349	1,839,600

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S.K. Relan & Co
ICAI Firm Registration No. 001720N
Chartered Accountants

Sd/-
CA. S.K. RELAN
Membership No. 12149
Place : New Delhi
Date : February 07, 2015

For and on behalf of the Board of Directors of
ECnet Systems (Thailand) Company Limited, Thailand

Sd/-
Chan Kum Ming
[Director]
Place : Singapore
Date : February 07, 2015

Sd/-
Satinder Singh Rekhi
[Director]
Place : Singapore
Date : February 07, 2015

1. Company Overview

ECnet Systems (Thailand) Company Limited (The "Company") is a wholly owned subsidiary of ECnet Limited, a company incorporated in the Republic of Singapore, which is again a subsidiary of R Systems International Limited, a company incorporated in India. The Company provides services of Supply Chain Management through Internet. The registered office of the Company is located at 2/3 Moo 14, Bangan Tower - A, 2nd Floor, Room no. 205, Bangna-Trad Rd. K.M. 6.5, Bangkaew, Bangplee, Samutprakarn, Thailand - 10540.

2. Statement of significant accounting policies

(a) Basis of preparation

The financial statements have been prepared to comply in all material respects with the accounting standards notified under the Companies Act, 1956 read with General Circular 8/2014 dated 04 April 2014, issued by the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013 read with rule 7 of Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies have been consistently applied and are consistent with those used in previous year.

All figures are in Rupees except where expressly stated.

(b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make judgment, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year end. These estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

(c) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

(d) Depreciation on tangible fixed assets

Depreciation is provided on Straight Line Method over the remaining estimated useful lives of the tangible fixed assets which result in depreciation rates being greater than or equal to the corresponding rates prescribed in Schedule XIV of the Companies Act, 1956.

The estimated useful lives of the tangible fixed assets followed by the Company in preparing the financial statements are described as below:-

<u>Category of tangible fixed assets</u>	<u>Estimated useful life</u>
Computer Equipment	3 years
Furniture & Fitting	5 years
Office Equipment	3 years
Leasehold Improvements	5 years

(e) 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 at the weighted average cost of capital.

After impairment, tangible fixed assets / intangibles assets are depreciated / amortised on the revised carrying amount over its remaining useful life.

(f) Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the Profit and Loss Account on a straight-line basis over the lease term.

(g) 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 rendering of services that are of short duration is recognized when the services are completed.

Subscriptions

Revenue from subscription services includes one-time activation and set-up charges, monthly subscription charges and usages fees. Revenue from one-time activation and set-up charges is recognized when the services are rendered, completed and accepted by the customers. Revenue from monthly subscription charges is recognized over the term of the subscription period which coincides with the financial year end. Usage fees are recognized on an accrual basis.

In terms of contracts excess / shortfall of revenue over the billed as at the year-end is carried in financial statement as unbilled revenue / deferred revenue separately.

Other services

Revenue from provision of information technology related services is recognized when the services is performed, completed and accepted by the customers.

Interest

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

(h) Foreign currency translation

(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 except those arising from investments in non-integral operations.

(iv) Foreign currency translation

The functional currency of the Company is Thailand Bhat (THB) but the financial statement has been prepared in Indian Rupees. In translating the financial statements, the assets and liabilities, both monetary and non-monetary, are translated at the closing rate; income and expense items are translated at yearly average exchange rates; and all resulting exchange differences are accumulated in a foreign currency translation reserve.

For translating income and expense during the year ended December 31, 2014, the rates used were THB 1= Rs. 1.88. For translating assets and liabilities at the year-end, the rates used were THB 1= Rs. 1.91.

For translating income and expense during the year ended December 31, 2013, the rates used were THB 1= Rs. 1.91. For translating assets and liabilities at the year-end, the rates used were THB 1= Rs. 1.88.

(i) **Retirement benefits**

Retirement benefits in the form of defined contribution schemes are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective funds.

(j) **Income taxes**

Income tax on the profit or loss for the year comprises of current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date in accordance with the tax laws of the country where such operations are domiciled and any adjustment to tax payable in respect of previous year.

Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year 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 recognized 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 realized. If the company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

(k) **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.

(l) **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 the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the management's current estimates.

(m) **Segment reporting**

The Company operates one business segment, providing Internet-based supply chain solutions, management services and rendering information technology consultancy services in South East Asia.

(n) **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.

ECNET SYSTEMS (THAILAND) COMPANY LIMITED, THAILAND
Notes to Financial Statements for the year ended December 31, 2014

3. Share capital

Particulars	As at	As at
	December 31, 2014	December 31, 2013
	Rs.	Rs.
Authorised Share Capital		
4,00,000 Ordinary Shares of 5 THB Each	THB 2,000,000	THB 2,000,000
Issued, subscribed and paid up capital		
4,00,000 Ordinary Shares of 5 THB Each	2,339,600	2,339,600
Total	2,339,600	2,339,600

A. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Particulars	As at		As at	
	December 31, 2014		December 31, 2013	
	No.	Rs.	No.	Rs.
Shares outstanding at the beginning of the year	400,000	2,339,600	400,000	2,339,600
Add: Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	400,000	2,339,600	400,000	2,339,600

ECNET SYSTEMS (THAILAND) COMPANY LIMITED, THAILAND
Notes to Financial Statements for the year ended December 31, 2014

4. Reserves and surplus

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Statement of Profit and Loss		
Balance as per last financial statement	(1,221,538)	3,740,148
Add: Loss for the current year	(4,928,696)	(4,961,686)
Net surplus/(deficit) in the statement of profit and loss	(6,150,234)	(1,221,538)
Foreign currency translation reserve		
Balance as per last financial statement	5,622,502	5,020,987
Add: Current year translation differences	18,207	601,515
Closing balance	5,640,709	5,622,502
Total	(509,525)	4,400,964

ECNET SYSTEMS (THAILAND) COMPANY LIMITED, THAILAND
Notes to Financial Statements for the year ended December 31, 2014

5. Other current liabilities

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Trade payables	617,761	570,139
Sub total (A)	617,761	570,139
Other liabilities		
Payables to related parties		
ECnet, Limited, Singapore	17,041,169	13,250,054
ECnet (Malaysia) Sdn. Bhd., Malaysia	-	43,020
Other liabilities	57,401	-
Unearned Revenue	43,043	185,263
Sub total (B)	17,141,613	13,478,337
Total (A+B)	17,759,374	14,048,476

ECNET SYSTEMS (THAILAND) COMPANY LIMITED, THAILAND

Notes to Financial Statements for the year ended December 31, 2014

Schedule 6: Fixed assets

(Amount in Rs.)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AS ON	ADDITION	SALE/ADJUST MENT	TOTAL	AS ON	ADDITION	SALE/ADJUST MENT	TOTAL	AS AT	AS AT
	1.1.2014	DURING THE YEAR		31.12.2014	1.1.2014	DURING THE YEAR		31.12.2014	31.12.2014	31.12.2013
Leasehold Improvements	84,264	-	1,343	85,607	84,260	-	1,343	85,603	4	4
Computer Hardware	1,676,509	-	(754,774)	921,735	1,591,513	71,853	(754,828)	908,538	13,197	84,996
Furniture & Fixtures	603,478	-	(109,845)	493,633	593,727	3,439	(109,937)	487,229	6,404	9,751
Office & Electrical Equipments	769,559	141,562	(97,409)	813,712	768,550	35,742	(96,776)	707,516	106,196	1,009
Total	3,133,810	141,562	(960,685)	2,314,687	3,038,050	111,034	(960,198)	2,188,886	125,801	95,760
Previous year	2,982,673	4,910	146,227	3,133,810	2,743,858	161,541	132,651	3,038,050	95,760	238,815

ECNET SYSTEMS (THAILAND) COMPANY LIMITED, THAILAND
Notes to Financial Statements for the year ended December 31, 2014

7. Loans and advances

Particulars	Non-current		Current	
	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Advances recoverable in cash or in kind or for value to be received				
Unsecured, considered good	-	-	2,181,559	1,386,743
Sub Total (A)	-	-	2,181,559	1,386,743
Loans & advances to related parties				
Unsecured, considered good Recoverable from ECnet Limited Singapore			13,943,671	13,725,003
Sub Total (B)	-	-	13,943,671	13,725,003
Security deposit				
Unsecured, considered good	341,731	337,879	-	-
Sub Total (C)	341,731	337,879	-	-
Other loans and advances				
Income tax receivable	-	751,022	-	-
Sub Total (D)	-	751,022	-	-
Total (A+B+C+D)	341,731	1,088,901	16,125,230	15,111,746

ECNET SYSTEMS (THAILAND) COMPANY LIMITED, THAILAND
Notes to Financial Statements for the year ended December 31, 2014

8. Trade receivables and other assets

8.1 Trade receivables

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	-	-
Unsecured, considered doubtful	-	-
Provision for doubtful receivables	-	-
Sub Total (A)	-	-
Other receivables		
Unsecured, considered good	1,676,802	2,442,081
Unsecured, considered doubtful	-	-
	1,676,802	2,442,081
Provision for doubtful receivables	-	-
Sub Total (B)	1,676,802	2,442,081
Total (A+B)	1,676,802	2,442,081

8.2 Other current assets

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Unbilled revenue	114,537	210,952
Total	114,537	210,952

ECNET SYSTEMS (THAILAND) COMPANY LIMITED, THAILAND
Notes to Financial Statements for the year ended December 31, 2014

9. Cash and bank balances

Particulars	Current	
	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Cash and cash equivalents		
Cash on hand	28,695	28,245
Balances with other banks On current accounts	1,176,654	1,811,355
Total	1,205,349	1,839,600

ECNET SYSTEMS (THAILAND) COMPANY LIMITED, THAILAND
Notes to Financial Statements for the year ended December 31, 2014

10. Revenue from operations

Particulars	For the year ended December 31, 2014 Rs.	For the year ended December 31, 2013 Rs.
Sale of services	20,733,431	19,451,655
Total	20,733,431	19,451,655

11. Other income

Particulars	For the year ended December 31, 2014 Rs.	For the year ended December 31, 2013 Rs.
Foreign exchange fluctuation (net)	459,636	-
Profit on sale/discard of fixed assets	8,778	-
Total	468,414	-

12. Employee benefit expenses

Particulars	For the year ended December 31, 2014 Rs.	For the year ended December 31, 2013 Rs.
Salaries, wages and bonus	8,983,869	7,747,657
Contribution to employee's benefit funds	105,889	72,355
Total	9,089,758	7,820,012

ECNET SYSTEMS (THAILAND) COMPANY LIMITED, THAILAND
Notes to Financial Statements for the year ended December 31, 2014

13. Operational and other expenses

Particulars	For the year ended December 31, 2014 Rs.	For the year ended December 31, 2013 Rs.
Recruitment and training expenses	17,851	432,054
Travelling and conveyance	1,645,577	1,871,208
Rent - premises	603,109	603,083
Rent - equipment	15,501	18,574
Communication costs	381,822	429,804
Printing and stationery	44,008	75,806
Advertising and sales promotion	215,268	234,120
Legal and professional expenses	7,781,653	6,513,752
Foreign exchange fluctuation (net)	-	859,199
Rates & taxes	482,155	937,161
Management fees	5,684,007	4,407,191
Miscellaneous expenses	22,341	23,051
Total	16,893,292	16,405,003

14. Depreciation and amortisation expenses

Particulars	For the year ended December 31, 2014 Rs.	For the year ended December 31, 2013 Rs.
Depreciation on tangible assets	111,034	161,541
Total	111,034	161,541

15. Finance cost

Particulars	For the year ended December 31, 2014 Rs.	For the year ended December 31, 2013 Rs.
Interest on loans	12,384	-
Bank charges	24,073	26,785
Total	36,457	26,785

16. Related Party Disclosures

Holding Company	ECnet Limited, Singapore
Fellow Subsidiaries	ECnet (M) Sdn Bhd, Malaysia ECnet (Shanghai) Co. Ltd., People's Republic of China ECnet (Hong Kong) Ltd., Hong Kong ECnet, Inc., USA ECnet Kabushiki Kaisha, Japan
Other Related Companies	R Systems International Limited, India R Systems, Inc., USA Indus Software, Inc., USA R Systems Solutions, Inc., USA R Systems N.V., Belgium (Liquidated as on June 24, 2013) R Systems Europe B.V., Netherlands (ceased to be subsidiary w.e.f. November 27, 2014) R Systems S.A.S., France (ceased to be subsidiary w.e.f. November 27, 2014) R Systems (Singapore) Pte Limited, Singapore Computaris International Limited, U.K. Systèmes R. International Ltée, Canada R Systems Product & Technologies Limited, India (incorporated on July 11, 2014)
	Following are the subsidiaries of Computaris International Limited Computaris limited, UK (Liquidated as on December 24, 2013) Computairs Romania S.R.L., Romania Computaris Polska sp Zoo, Poland ICS Computairs International S.R.L., Moldova Computaris Malaysian SDN.BHD., Malaysia Computaris USA Inc., USA
Key Management Personnel	Satinder Singh Rekhi, Director Cai Li ting, Director (Resigned in 2013) Chan Kum Ming, Director

(a) Details of transactions with related parties for year ended December 31, 2014 and December 31, 2013:

(Amount in Rs.)

Particulars	For the year ended December, 31		
	2014	2013	
<u>ECnet Limited, Singapore</u>			
a).	Sub-Contracting Expenses	6,451,638	4,690,693
b).	Administrative Expenses	5,861,090	4,277,651
<u>ECnet (M) Sdn Bhd, Malaysia</u>			
a).	Administrative Expenses	-	129,539

(b). Inter-companies balances as at December 31, 2014 and December 31, 2013:

(Amount in Rs.)

OUTSTANDING BALANCES		As at December, 31	
		2014	2013
<u>ECnet (M) Sdn Bhd, Malaysia</u>			
-	Amount Payable	-	43,021
<u>ECnet Limited, Singapore</u>			
-	Amount Receivables	13,943,671	13,725,004
	Amount Payables	17,041,169	13,250,054

17. Operating Lease- Company as lessee

The Company has operating leases mainly on equipment, networking, and office premise and furniture rental. The future minimum payments required under non-cancelable operating leases at year-end are as follows:

	Year ended December	
	31, 2014	31, 2013
	Rs.	Rs.
Lease payments for the year	602,732	603,082
Non-cancellable operating lease obligation		
Not later than one year	613,639	615,314
Later than one year but not later than five years	178,978	780,187
Later than five years	-	-

18. The Company has a policy of recognising deferred tax assets only to the extent that there is virtual certainty or reasonable certainty supported by convincing evidence as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

During the year ended December 31 2014 and 2013, based on the management estimate of future taxable income no deferred tax has been recognised in the books of accounts.

19. 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.K. RELAN & CO.
ICAI Firm registration number: 001720N
Chartered Accountants

For and on behalf of the Board of Directors of ECnet Systems
(Thailand) Company Limited, Thailand

Sd/-
CA. S.K. RELAN
Membership No. 12149

Sd/-
Chan Kum Ming
[Director]

Sd/-
Satinder Singh Rekhi
[Director]

Place : New Delhi
Date : February 07, 2015

Place : Singapore
Date : February 07, 2015

Place : Singapore
Date : February 07, 2015

INDEPENDENT AUDITOR'S REPORT

To,
The Members of ECnet Kabushiki Kaisha, Japan

Report on the Financial Statements

We have audited the accompanying financial statements of ECnet Kabushiki Kaisha, Japan ("the Company"), which comprise the Balance Sheet as at December 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956, (which are deemed to be applicable as per section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014 and read with General Circular 08/2014 dated 4 April 2014, issued by the Ministry of Corporate Affairs, and other accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2014;

- b) in the case of the Statement of Profit and Loss, of the **Loss** for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

As required by section 227(3) of the Act, we report that:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c) the Balance Sheet and 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 Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956, (which are deemed to be applicable as per section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014 and read with General Circular 08/2014 dated 4 April 2014, issued by the Ministry of Corporate Affairs, and other accounting principles generally accepted in India;

For S.K. RELAN & CO.
ICAI Firm Registration No.001720N
Chartered Accountants

PLACE : New Delhi
DATED: February 07, 2015

Sd/-
CA. S. K.RELAN
Membership No.012149

ECNET KABUSHIKI KAISHA, JAPAN			
Balance Sheet as at December 31, 2014			
	Notes	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	4,288,000	4,288,000
Reserves and surplus	4	(38,158,943)	(36,350,482)
Current liabilities			
Trade payables	5	20,269	22,610
Other current liabilities	5	34,397,010	32,291,970
Total		546,336	252,098
ASSETS			
Current assets			
Trade receivables	6	-	20,038
Cash and bank balances	7	546,336	232,060
Total		546,336	252,098
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.K. Relan & Co
ICAI Firm Registration No. 001720N
Chartered Accountants

For and on behalf of the Board of Directors of
ECnet Kabushiki Kaisha, Japan

Sd/-
CA. S.K. RELAN
Membership No. 12149
Place : New Delhi
Date : February 07, 2015

Sd/-
Chan Kum Ming
[Director]
Place : Singapore
Date : February 07, 2015

ECNET KABUSHIKI KAISHA, JAPAN**Statement of Profit and Loss for the year ended December 31, 2014**

	Notes	For the Year ended December 31, 2014 Rs.	For the Year ended December 31, 2013 Rs.
Income			
Revenue from operations	8	2,261,155	2,662,043
Other income	9	155	128
Total revenue		2,261,310	2,662,171
Expenses			
Operational and other expenses	10	7,796,265	10,371,053
Finance costs	11	70,057	90,585
Total expenses		7,866,322	10,461,638
Loss before tax		(5,605,012)	(7,799,467)
Tax expense			
Current tax		-	-
Total tax expense		-	-
Loss for the year		(5,605,012)	(7,799,467)
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.K. Relan & Co
ICAI Firm Registration No. 001720N
Chartered Accountants

For and on behalf of the Board of Directors of
ECnet Kabushiki Kaisha, Japan

Sd/-
CA. S.K. RELAN
Membership No. 12149
Place : New Delhi
Date : February 07, 2015

Sd/-
Chan Kum Ming
[Director]
Place : Singapore
Date : February 07, 2015

ECNET KABUSHIKI KAISHA, JAPAN
Cash Flow Statement for the year ended December 31, 2014

	For the year ended December 31, 2014 Rs.	For the year ended December 31, 2013 Rs.
A. Cash flow from operating activities		
Net profit before taxation	(5,605,012)	(7,799,467)
Adjustments for:		
Unrealised foreign exchange loss / (gain)	3,796,550	2,173,371
Interest income	(155)	(128)
Operating profit/(loss) before working capital changes	(1,808,617)	(5,626,224)
Movements in working capital :		
(Increase) / Decrease in trade receivables	20,038	53,492
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	2,102,700	4,932,763
Cash generated from operations	314,121	(639,969)
Direct taxes paid, net of refunds	-	-
Net cash flow from operating activities (A)	314,121	(639,969)
B. Cash flows used in investing activities		
Interest received	155	128
Net cash used in investing activities (B)	155	128
C. Cash flows used in financing activities		
Net cash used in financing activities (C)	-	-
Net increase / (decrease) in cash and cash equivalents during the year (A + B + C)	314,276	(639,841)
Cash and cash equivalents at the beginning of the year	232,060	871,901
Cash and cash equivalents at the end of the year	546,336	232,060

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S.K. Relan & Co
ICAI Firm Registration No. 001720N
Chartered Accountants

For and on behalf of the Board of Directors of
ECnet Kabushiki Kaisha, Japan

Sd/-
CA. S.K. RELAN
Membership No. 12149
Place : New Delhi
Date : February 07, 2015

Sd/-
Chan Kum Ming
[Director]
Place : Singapore
Date : February 07, 2015

1. Company Overview

ECnet Kabushiki Kaisha (the "Company") is a wholly owned subsidiary of ECnet Ltd. a company incorporated in the Republic of Singapore, which is again a subsidiary of R Systems International Limited, a company incorporated in India. The address of the registered office is 1-6-17 Godo Build. 6 F, Kaji-cho, Chiyoda-ku Tokyo, Japan 101-0044.

The main object of the Company is to provide services of Supply Chain Management through Internet.

2. Statement of significant accounting policies

(a) Basis of preparation

The financial statements have been prepared to comply in all material respects with the accounting standards notified under the Companies Act, 1956 read with General Circular 8/2014 dated 04 April 2014, issued by the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013 read with rule 7 of Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies have been consistently applied and are consistent with those used in previous year.

All figures are in Rupees except where expressly stated.

(b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. These estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

(c) 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 at the weighted average cost of capital.

After impairment, tangible fixed assets / intangible assets are depreciated / amortised on the revised carrying amount over its remaining useful life.

(d) 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 rendering of services that are of short duration is recognized when the services are completed.

Subscriptions

Revenue from subscription services includes one-time activation and set-up charges, monthly subscription charges and usages fees. Revenue from one-time activation and set-up charges is recognized when the services are rendered, completed and accepted by the customers. Revenue from monthly subscription charges is recognized over the term of the subscription period which coincides with the financials year end. Usage fees are recognized on an accrual basis.

Other services

Revenue from provision of information technology related services is recognized when the services is performed, completed and accepted by the customers.

Interest

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

(e) Foreign currency translation

(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 except those arising from investments in non-integral operations.

(iv) Foreign currency translation

The functional currency of the Company is Japanese yen (JPY) but the financial statement has been prepared in Indian Rupees. In translating the financial statements, the assets and liabilities, both monetary and non-monetary, are translated at the closing rate; income and expense items are translated at yearly average exchange rates; and all resulting exchange differences are accumulated in a foreign currency translation reserve.

For translating income and expense during the year ended December 31, 2014, the rates used were JPY 1 = Rs. 0.58. For translating assets and liabilities at the year-end, the rates used were JPY 1 = Rs. 0.53.

For translating income and expense during the year ended December 31, 2013, the rates used were JPY 1 = Rs. 0.60. For translating assets and liabilities at the year-end, the rates used were JPY 1 = Rs. 0.59.

(f) Income taxes

Income tax on the profit or loss for the year comprises of current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date in accordance with the tax laws of the country where such operations are domiciled and any adjustment to tax payable in respect of previous year.

Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year 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 recognized 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 realized. If the company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

(g) 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.

(h) 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 the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the management's current estimates.

(i) Segment reporting

The Company operates one business segment, providing Internet-based supply chain solutions, management services and rendering information technology consultancy services in South East Asia.

(j) 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, 2014	December 31, 2013
	Rs.	Rs.
Authorised shares		
800 Shares of Yen 50,000 each	YEN 40,000,000	YEN 40,000,000
Issued, subscribed and paid up capital		
200 Shares of Yen 50,000 each	4,288,000	4,288,000
Total	4,288,000	4,288,000

A. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Particulars	As at		As at	
	December 31, 2014		December 31, 2013	
	No.	Rs.	No.	Rs.
Shares outstanding at the beginning of the year	200	4,288,000	200	4,288,000
Add: Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	200	4,288,000	200	4,288,000

ECNET KABUSHIKI KAISHA, JAPAN

Notes to Financial Statements for the year ended December 31, 2014

4. Reserves and surplus

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Statement of Profit and Loss		
Balance as per last financial statement	(29,333,414)	(21,533,947)
Add: Profit / (loss) for the current year	(5,605,012)	(7,799,467)
Net deficit in the statement of profit and loss	(34,938,426)	(29,333,414)
Foreign currency translation reserve		
Balance as per last financial statement	(7,017,068)	(9,190,439)
Add: Current year translation differences	3,796,552	2,173,371
Closing balance	(3,220,517)	(7,017,068)
Total	(38,158,943)	(36,350,482)

ECNET KABUSHIKI KAISHA, JAPAN**Notes to Financial Statements for the year ended December 31, 2014**

5. Other current liabilities

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Trade payables	20,269	22,610
Sub total (A)	20,269	22,610
Other liabilities		
Payables to related parties ECnet Limited, Singapore	33,947,845	32,257,620
Advance from customers	430,689	-
Other payables	18,476	34,350
Sub total (B)	34,397,010	32,291,970
Total (A+B)	34,417,279	32,314,580

6. Trade receivables

6.1 Trade receivables

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	-	-
Unsecured, considered doubtful	-	-
Provision for doubtful receivables	-	-
Sub Total (A)	-	-
Other receivables		
Unsecured, considered good	-	20,038
Unsecured, considered doubtful	-	-
Provision for doubtful receivables	-	20,038
Sub Total (B)	-	20,038
Total (A+B)	-	20,038

ECNET KABUSHIKI KAISHA, JAPAN**Notes to Financial Statements for the year ended December 31, 2014**

7. Cash and bank balances

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Cash and cash equivalents		
Cash on hand	2,569	2,865
Balances with other banks		
On current accounts	543,767	229,195
Total	546,336	232,060

ECNET KABUSHIKI KAISHA, JAPAN**Notes to Financial Statements for the year ended December 31, 2014**

8. Revenue from operations

Particulars	For the year ended December 31, 2014 Rs.	For the year ended December 31, 2013 Rs.
Sale of services	2,261,155	2,662,043
Total	2,261,155	2,662,043

9. Other income

Particulars	For the year ended December 31, 2014 Rs.	For the year ended December 31, 2013 Rs.
Interest Income	155	128
Total	155	128

ECNET KABUSHIKI KAISHA, JAPAN**Notes to Financial Statements for the year ended December 31, 2014****10. Operational and other expense**

Particulars	For the year ended December 31, 2014 Rs.	For the year ended December 31, 2013 Rs.
Communication costs	168,411	171,730
Legal and professional expense	339,477	301,241
Foreign exchange fluctuation (net)	5,299,808	8,181,910
Rates & taxes	40,359	41,975
Management fees	1,948,210	1,674,197
Total	7,796,265	10,371,053

11. Finance cost

Particulars	For the year ended December 31, 2014 Rs.	For the year ended December 31, 2013 Rs.
Bank charges	70,057	90,585
Total	70,057	90,585

12. Related Party Disclosures

Holding Company	ECnet Limited, Singapore
Fellow Subsidiaries	ECnet Systems (Thailand) Co. Ltd., Thailand ECnet (Shanghai) Co. Ltd., People's Republic of China ECnet (Hong Kong) Ltd., Hong Kong ECnet (M) Sdn Bhd, Malaysia ECnet INC.,USA
Other Related companies	R Systems International Limited, India R Systems, Inc., USA Indus Software, Inc., USA R Systems Solutions, Inc., USA R Systems N.V., Belgium (Liquidated as on June 24, 2013) R Systems Europe B.V., Netherlands (ceased to be subsidiary w.e.f. November 27, 2014) R Systems S.A.S., France (ceased to be subsidiary w.e.f. November 27, 2014) R Systems (Singapore) Pte Limited, Singapore Computaris International Limited, U.K.. Systèmes R. International Ltée,Canada. R Systems Product & Technologies Limited,India (incorporated on July 11, 2014)

Following are the subsidiaries of Computaris International Limited

Computaris limited,UK (Liquidated as on December 24, 2013)
Computaris Romania S.R.L.,Romania
Computaris Polska sp Zoo, Poland
ICS Computaris International S.R.L., Moldova
Computaris Malaysian SDN.BHD., Malaysia
Computaris USA Inc., USA

Key Management Personnel Vijay Ganpati Kale, Director
Chan Kum Ming, Director

(a) Details of transactions with related parties for year ended December 31, 2014 and December 31, 2013:

TRANSACTIONS	(Amount in Rs.)	
	For the year ended December, 31	
	2014	2013
<u>ECnet Limited, Singapore</u>		
a). Sub-Contracting Expenses	3,989	8,921
b). Management Fees Paid	1,948,210	1,674,197

(b) Inter-companies balances as at December 31, 2014 and December 31, 2013:

OUTSTANDING BALANCES	(Amount in Rs.)	
	As at December, 31	
	2014	2013
<u>ECnet Limited, Singapore</u>		
- Amount Payables	33,947,845	32,257,620

13. The Company has a policy of recognizing deferred tax assets only to the extent that there is virtual certainty or reasonable certainty, supported by convincing evidence as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.
During the year ended December 31 2014 and 2013, based on the management estimate of future taxable income no deferred tax has been recognised in the books of accounts.

14. No Staff Cost was incurred during the year. None of the directors have received any fees or emoluments in respect of their services rendered to the Company during the year.
15. The Company recorded a net loss of Rs 5,605,012 during the financial year ended 31 December, 2014, and as at that date Company's total liabilities exceeded its current and total assets by Rs.33,870,943. These factors indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as going concern. The ability of the company to continue as a going concern depends on the holding company undertaking to provide continuing financial support to enable the company to continue as a going concern.

If the Company is unable to continue in operational existence for the foreseeable future, the company may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realized other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheet. In addition, the company may have to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements.

16. 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.K. RELAN & CO.
ICAI Firm registration number: 001720N
Chartered Accountants

For and on behalf of the Board of Directors of ECnet
Kabushiki Kaisha, Japan

Sd/-
CA. S.K. RELAN
Membership No. 12149
Place : New Delhi
Date : February 07, 2015

Sd/-
Chan Kum Ming
[Director]
Place : Singapore
Date : February 07, 2015

INDEPENDENT AUDITOR'S REPORT

To,
The Members of ECnet (Shanghai) Co. Ltd., Shanghai

Report on the Financial Statements

We have audited the accompanying financial statements of ECnet (Shanghai) Co. Ltd., Shanghai ("the Company"), which comprise the Balance Sheet as at December 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956, (which are deemed to be applicable as per section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014 and read with General Circular 08/2014 dated 4 April 2014, issued by the Ministry of Corporate Affairs, and other accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2014;

- b) in the case of the Statement of Profit and Loss, of the **Loss** for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

As required by section 227(3) of the Act, we report that:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c) the Balance Sheet and 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 Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956, (which are deemed to be applicable as per section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014 and read with General Circular 08/2014 dated 4 April 2014, issued by the Ministry of Corporate Affairs, and other accounting principles generally accepted in India;

For S.K. RELAN & CO.
ICAI Firm Registration No.001720N
Chartered Accountants

PLACE : New Delhi
DATED: February 07, 2015

Sd/-
CA. S. K.RELAN
Membership No.012149

ECNET (SHANGHAI) CO. LTD., SHANGHAI
Balance Sheet as at December 31, 2014

	Notes	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	9,122,099	9,122,099
Reserves and surplus	4	(37,142,448)	(30,764,659)
Current liabilities			
Trade payables	5	195,844	186,800
Other current liabilities	5	47,454,485	41,952,591
Total		19,629,980	20,496,831
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	6	129,394	117,623
Long-term loans and advances	7	306,420	342,303
Current assets			
Trade receivables	8	1,875,793	918,117
Cash and bank balances	9	17,318,373	18,914,158
Short-term loans and advances	7	-	204,630
Total		19,629,980	20,496,831
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.K. Relan & Co
ICAI Firm Registration No. 001720N
Chartered Accountants

For and behalf of the Board of Directors of
ECnet (Shanghai) Co. Ltd., Shanghai

Sd/-
CA. S.K. RELAN
Membership No. 12149
Place : New Delhi
Date : February 07, 2015

Sd/-
Chan Kum Ming
[Director]
Place : Singapore
Date : February 07, 2015

ECNET (SHANGHAI) CO. LTD., SHANGHAI
Statement of Profit and Loss for the year ended December 31, 2014

	Notes	For the Year ended December 31, 2014 Rs.	For the Year ended December 31, 2013 Rs.
Income			
Revenue from operations	10	32,867,940	30,133,382
Other income	11	814,193	1,672,969
Total revenue		33,682,133	31,806,351
Expenses			
Employee benefits expense	12	16,717,469	15,067,586
Operational and other expense	13	23,021,656	19,111,553
Depreciation and amortisation expense	14	92,823	122,167
Finance costs	15	44,495	48,035
Total expenses		39,876,443	34,349,341
Loss before tax		(6,194,310)	(2,542,990)
Tax expense			
Current tax		-	-
Total tax expense		-	-
Loss for the year		(6,194,310)	(2,542,990)
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.K. Relan & Co
ICAI Firm Registration No. 001720N
Chartered Accountants

For and on behalf of the Board of Directors of
ECnet (Shanghai) Co. Ltd., Shanghai

Sd/-
CA. S.K. RELAN
Membership No. 12149
Place : New Delhi
Date : February 07, 2015

Sd/-
Chan Kum Ming
[Director]
Place : Singapore
Date : February 07, 2015

ECNET (SHANGHAI) CO. LTD., SHANGHAI
Cash Flow Statement for the year ended December 31, 2014

	For the year ended December 31, 2014 Rs.	For the year ended December 31, 2013 Rs.
A. Cash flow from operating activities		
Net profit before taxation	(6,194,310)	(2,542,990)
Adjustments for:		
Depreciation and amortisation expense	92,823	122,167
Bad debts	214	20,110
Unrealised foreign exchange loss / (gain)	(180,555)	(2,818,539)
Interest income	(98,172)	(139,845)
Operating profit before working capital changes	(6,380,000)	(5,359,097)
Movements in working capital :		
(Increase) / Decrease in trade receivables	(957,890)	(107,479)
(Increase) / Decrease in loans and advances	240,513	(66,290)
Increase / (Decrease) in short-term and long-term provision	-	22,411
(Increase) / Decrease in other current assets	-	1,194,693
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	5,510,938	9,260,330
Cash generated from operations	(1,586,439)	4,944,568
Direct taxes paid, net of refunds	-	-
Net cash flow from operating activities (A)	(1,586,439)	4,944,568
B. Cash flows used in investing activities		
Purchase of fixed assets	(107,518)	(48,033)
Interest received	98,172	139,845
Net cash used in investing activities (B)	(9,346)	91,812
C. Cash flows used in financing activities		
Net cash used in financing activities (C)	-	-
Net increase / (decrease) in cash and cash equivalents during the year (A + B + C)	(1,595,785)	5,036,380
Cash and cash equivalents at the beginning of the year	18,914,158	13,877,778
Cash and cash equivalents at the end of the year	17,318,373	18,914,158

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S.K. Relan & Co
ICAI Firm Registration No. 001720N
Chartered Accountants

For and on behalf of the Board of Directors of
ECnet (Shanghai) Co. Ltd., Shanghai

Sd/-
CA. S.K. RELAN
Membership No. 12149
Place : New Delhi
Date : February 07, 2015

Sd/-
Chan Kum Ming
[Director]
Place : Singapore
Date : February 07, 2015

1. Company Overview

ECnet (Shanghai) Co. Ltd. (the "Company") is a wholly owned subsidiary of ECnet Ltd. a company incorporated in the Republic of Singapore, which is again a subsidiary of R Systems International Limited, a company incorporated in India. The address of the registered office is Rm H, 20th Floor, Foresight Mansion, No. 768, Xie Tu Rd, Shanghai 200 023, People's Republic of China.

The main object of the Company is to provide services of Supply Chain Management through Internet

2. Statement of significant accounting policies

(a) Basis of preparation

The financial statements have been prepared to comply in all material respects with the accounting standards notified under the Companies Act, 1956 read with General Circular 8/2014 dated 04 April 2014, issued by the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013 read with rule 7 of Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies have been consistently applied and are consistent with those used in previous year.

All figures are in Rupees except where expressly stated.

(b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. These estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

(c) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

(d) Depreciation on tangible fixed assets

Depreciation is provided on Straight Line Method over the remaining estimated useful lives of the tangible fixed assets which result in depreciation rates being greater than or equal to the corresponding rates prescribed in Schedule XIV of the Companies Act, 1956.

The estimated useful lives of the tangible fixed assets followed by the Company in preparing the financial statements are described as below:-

<u>Category of tangible fixed assets</u>	<u>Estimated useful life</u>
Computer Hardware	3 years
Furniture & fixture	5 years
Office & electrical Equipment	3 years
Leasehold Improvements	5 years

(e) 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 at the weighted average cost of capital.

After impairment, tangible fixed assets / intangibles assets are depreciated / amortised on the revised carrying amount over its remaining useful life.

(f) Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the Profit and Loss Account on a straight-line basis over the lease term.

(g) 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 rendering of services that are of short duration is recognized when the services are completed.

Subscriptions

Revenue from subscription services includes one-time activation and set-up charges, monthly subscription charges and usages fees. Revenue from one-time activation and set-up charges is recognized when the services are rendered, completed and accepted by the customers. Revenue from monthly subscription charges is recognized over the term of the subscription period which coincides with the financials year end. Usage fees are recognized on an accrual basis.

In terms of contracts excess / shortfall of revenue over the billed as at the year-end is carried in financial statement as unbilled revenue / deferred revenue separately.

Other services

Revenue from provision of information technology related services is recognized when the services is performed, completed and accepted by the customers.

Interest

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

(h) Foreign currency translation

(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 except those arising from investments in non-integral operations.

(iv) Foreign currency translation

The functional currency of the Company is Chinese Yuan Renminbi (CNY) but the financial statement has been prepared in Indian Rupees. In translating the financial statements, the assets and liabilities, both monetary and non-monetary, are translated at the closing rate; income and expense items are translated at yearly average exchange rates; and all resulting exchange differences are accumulated in a foreign currency translation reserve.

For translating income and expense during the year ended December 31, 2014, the rates used were CNY 1= Rs. 9.91. For translating assets and liabilities at the year-end, the rates used were CNY 1= Rs. 10.21.

For translating income and expense during the year ended December 31, 2013, the rates used were CNY 1= Rs. 9.53. For translating assets and liabilities at the year-end, the rates used were CNY 1= Rs. 10.22.

(i) Retirement benefits

Retirement benefits in the form of defined contribution schemes are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective funds.

(j) Income taxes

Income tax on the profit or loss for the year comprises of current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date in accordance with the tax laws of the country where such operations are domiciled and any adjustment to tax payable in respect of previous year.

Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year 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 recognized 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 realized. If the company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

(k) 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.

(l) 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 the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the management's current estimates.

(m) Segment reporting

The Company operates one business segment, providing Internet-based supply chain solutions, management services and rendering information technology consultancy services in South East Asia.

(n) 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, 2014	December 31, 2013
	Rs.	Rs.
Authorised shares		
Issued, subscribed and paid up capital		
Shares of No Par Value	9,122,099	9,122,099
Total	9,122,099	9,122,099

A. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Particulars	As at		As at	
	December 31, 2014		December 31, 2013	
	No.	Rs.	No.	Rs.
Shares outstanding at the beginning of the year	97,220	9,122,099	97,220	9,122,099
Add: Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	97,220	9,122,099	97,220	9,122,099

4. Reserves and surplus

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Statement of Profit and Loss		
Balance as per last financial statement	(20,707,488)	(18,164,498)
Add: loss for the current year	(6,194,310)	(2,542,990)
Net deficit in the statement of profit and loss	(26,901,798)	(20,707,488)
Foreign currency translation reserve		
Balance as per last financial statement	(10,057,171)	(7,257,538)
Add: Current year translation differences	(183,478)	(2,799,633)
Closing balance	(10,240,650)	(10,057,171)
Total	(37,142,448)	(30,764,659)

ECNET (SHANGHAI) CO. LTD., SHANGHAI**Notes to Financial Statements for the year ended December 31, 2014**

5. Other current liabilities

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Trade payables	195,844	186,800
Sub total (A)	195,844	186,800
Other liabilities		
Payables to related parties ECnet, Limited, Singapore	47,329,743	41,853,890
Advance from customers	1,843	1,843
Other payables	122,899	96,858
Sub total (B)	47,454,485	41,952,591
Total (A+B)	47,650,329	42,139,391

Schedule 6: Tangible Assets

(Amount in Rs.)

PARTICULARS	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	AS ON	ADDITION	DELETION	ADJUSTMENT	TOTAL	UPTO	FOR THE YEAR	DELETION	ADJUSTMENT	TOTAL	AS AT	AS AT
	1.1.2014	DURING THE YEAR			31.12.2014	1.1.2014	DURING THE YEAR			31.12.2014	31.12.2014	31.12.2013
Leasehold Improvements	-	-	-	-	-	-	-	-	-	-	-	-
Computer Hardware	1,187,050	107,518	-	(393,033)	901,535	1,101,450	77,299	-	(390,604)	788,145	113,390	85,600
Furniture & Fixtures	685,607	-	-	(269)	685,338	685,607	-	-	(269)	685,338	-	-
Office & Electrical Equipments	802,289	-	-	(524,906)	277,383	770,266	15,524	-	(524,411)	261,379	16,004	32,023
Total	2,674,946	107,518	-	(918,208)	1,864,256	2,557,323	92,823	-	(915,284)	1,734,862	129,394	117,623
Previous Year	2,263,649	48,033	-	363,264	2,674,946	2,090,798	122,167	-	344,358	2,557,323	117,623	172,851

7. Loans and advances

Particulars	Non-current		Current	
	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Advances recoverable in cash or in kind or for value to be received				
Unsecured, considered good	-	-	-	204,630
Sub Total (A)	-	-	-	204,630
Security deposit				
Unsecured, considered good	306,420	342,303	-	-
Sub Total (B)	306,420	342,303	-	-
Total (A+B)	306,420	342,303	-	204,630

8. Trade receivables

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	-	-
Unsecured, considered doubtful	-	-
Provision for doubtful receivables	-	-
Sub Total (A)	-	-
Other receivables		
Unsecured, considered good	1,875,793	918,117
Unsecured, considered doubtful	-	-
Provision for doubtful receivables	-	-
Sub Total (B)	1,875,793	918,117
Total (A+B)	1,875,793	918,117

ECNET (SHANGHAI) CO. LTD., SHANGHAI**Notes to Financial Statements for the year ended December 31, 2014**

9. Cash and bank balances

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Cash and cash equivalents		
Cash on hand	202,636	193,239
Balances with other banks		
On current accounts	17,115,737	18,720,919
Total	17,318,373	18,914,158

ECNET (SHANGHAI) CO. LTD., SHANGHAI**Notes to Financial Statements for the year ended December 31, 2014****10. Revenue from operations**

Particulars	For the year ended December 31, 2014 Rs.	For the year ended December 31, 2013 Rs.
Sale of services	32,867,940	30,133,382
Total	32,867,940	30,133,382

11. Other income

Particulars	For the year ended December 31, 2014 Rs.	For the year ended December 31, 2013 Rs.
Interest Income	98,172	139,845
Foreign exchange fluctuation (net)	716,021	1,533,124
Total	814,193	1,672,969

12. Employee benefit expenses

Particulars	For the year ended December 31, 2014 Rs.	For the year ended December 31, 2013 Rs.
Salaries, wages and bonus	11,552,516	10,701,476
Contribution to employee's benefit funds	5,164,953	4,366,110
Total	16,717,469	15,067,586

13. Operational and other expenses

Particulars	For the year ended December 31, 2014 Rs.	For the year ended December 31, 2013 Rs.
Recruitment and training expenses	19,729	27,253
Travelling and conveyance	1,130,561	1,662,851
Repair and maintenance	53,498	51,457
Rent - premises	1,229,570	1,580,165
Power and fuel	52,544	55,622
Communication costs	383,697	418,173
Printing and stationery	285,884	239,191
Legal and professional expenses	7,959,877	6,315,025
Bad debts	214	20,110
Advertising and sales promotion	-	142,624
Relocation Expenses	12,880	444,403
Rates & taxes	266,002	242,162
Management fees	11,627,200	7,912,517
Total	23,021,656	19,111,553

14. Depreciation and amortisation expenses

Particulars	For the year ended December 31, 2014 Rs.	For the year ended December 31, 2013 Rs.
Depreciation on tangible assets	92,823	122,167
Total	92,823	122,167

15. Finance cost

Particulars	For the year ended December 31, 2014 Rs.	For the year ended December 31, 2013 Rs.
Bank charges	44,495	48,035
Total	44,495	48,035

16. Related Party Disclosures

Holding Company	ECnet Limited, Singapore
Fellow Subsidiaries	ECnet Systems (Thailand) Co. Ltd., Thailand ECnet (M) Sdn Bhd, Malaysia ECnet (Hong Kong) Ltd., Hong Kong ECnet, Inc., USA ECnet Kabushiki Kaisha, Japan
Other Related companies	R Systems International Limited, India R Systems, Inc., USA Indus Software, Inc., USA R Systems Solutions, Inc., USA R Systems N.V., Belgium (Liquidated as on June 24, 2013) R Systems Europe B.V., Netherlands(ceased to be subsidiary w.e.f. November 27, 2014) R Systems S.A.S., France (ceased to be subsidiary w.e.f. November 27, 2014) R Systems (Singapore) Pte Limited, Singapore Computaris International Limited, U.K. Systèmes R. International Ltée, Canada R Systems Product & Technologies Limited,India (incorporated on July 11, 2014

Following are the subsidiaries of Computaris International Limited

Computaris limited,UK (Liquidated as on December 24, 2013)
Computairs Romania S.R.L.,Romania
Computaris Polska sp Zoo, Poland
ICS Computairs International S.R.L., Moldova
Computaris Malaysian SDN.BHD., Malaysia
Computaris USA Inc., USA

Key Management Personnel	Chan Kum Ming, Director Teo Lye Choon, Director (Resigned in 2014)
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- (a) Details of transactions with related parties for year ended December 31, 2014 and December 31, 2013:

(Amount in Rs.)

TRANSACTIONS		For the year ended December, 31	
		2014	2013
<u>ECnet Limited, Singapore</u>			
a).	Sub-Contracting Expenses	7,573,503	6,003,427
b).	Management Fees Paid	11,627,200	7,912,517

- (b) Inter-companies balances as at December 31, 2014 and December 31, 2013:

(Amount in Rs.)

OUTSTANDING BALANCES		As at December, 31	
		2014	2013
<u>ECnet Limited, Singapore</u>			
-	Amount Payables	47,329,743	41,853,890

17. Operating Lease- Company as lessee

The Company has operating leases for office premises, etc. The future minimum payments required under non-cancelable operating leases at year-end are as follows:

	Year ended December 31, 2014	Year ended December 31, 2013
	Rs.	Rs.
Lease payments for the year	1,227,180	1,549,130
Non-cancellable operating lease obligation		
Not later than one year	1,225,680	397,174
Later than one year but not later than five years	357,490	-
Later than five years	-	-

18. The Company has a policy of recognising deferred tax assets only to the extent that there is virtual certainty or reasonable certainty, supported by convincing evidence as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

During the year ended December 31 2014 and 2013, based on the management estimate of future taxable income no deferred tax has been recognised in the books of accounts.

19. The Company incurred a net loss of Rs. 6,194,310 during the financial year ended 31 December, 2014, and as at that date Company's total liabilities exceeded its total assets by Rs.28,020,349. These factors indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as going concern. The ability of the company to continue as a going concern depends on the holding company undertaking to provide continuing financial support to enable the company to continue as a going concern.

If the Company is unable to continue in operational existence for the foreseeable future, the company may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realized other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheet. In addition, the company may have to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements.

20. 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.K. RELAN & CO.
ICAI Firm registration number: 001720N
Chartered Accountants

For and behalf of the Board of Directors of ECnet (Shanghai) Co.
Ltd., Shanghai

Sd/-
CA. S.K. RELAN
Membership No. 12149
Place : New Delhi
Date : February 07, 2015

Sd/-
Chan Kum Ming
[Director]
Place : Singapore
Date : February 07, 2015

INDEPENDENT AUDITOR'S REPORT

To,
The Members of Computaris International Limited, UK

Report on the Financial Statements

We have audited the accompanying financial statements of Computaris International Limited, UK ("the Company"), which comprise the Balance Sheet as at December 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956, (which are deemed to be applicable as per section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014 and read with General Circular 08/2014 dated 4 April 2014, issued by the Ministry of Corporate Affairs, and other accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2014;

- b) in the case of the Statement of Profit and Loss, of the **Profit** for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

As required by section 227(3) of the Act, we report that:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c) the Balance Sheet and 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 Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956, (which are deemed to be applicable as per section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014 and read with General Circular 08/2014 dated 4 April 2014, issued by the Ministry of Corporate Affairs, and other accounting principles generally accepted in India;

For S.K. RELAN & CO.
ICAI Firm Registration No.001720N
Chartered Accountants

PLACE : New Delhi
DATED: February 07, 2015

Sd/-
CA. S. K.RELAN
Membership No.012149

Computaris International Limited, U.K.
Balance Sheet as at December 31, 2014

	Notes	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	48,296	58,100
Reserves and surplus	4	165,834,541	239,980,819
Current liabilities			
Trade payables	6	23,777,391	8,353,319
Other current liabilities	6	188,663,532	60,300,596
Short-term provisions	5	2,453,794	2,705,076
Total		380,777,555	311,397,910
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	7	-	-
Investments	8	1,103,170	1,146,113
Other non current assets	9	-	3,083,937
Current assets			
Trade receivables	10.1	263,154,604	139,237,647
Cash and bank balances	11	91,165,547	117,627,795
Short-term loans and advances	9	8,823,395	4,369,243
Other current assets	10.2	16,530,839	45,933,175
Total		380,777,555	311,397,910
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.K. Relan & Co
ICAI Firm Registration No. 001720N
Chartered Accountants

For and on behalf of the Board of Directors of
Computaris International Limited, U.K.

Sd/-
CA. S.K. RELAN
Membership No. 12149
Place : New Delhi
Date : February 07, 2015

Sd/-
Raluca Marina Rusu
[Director]
Place : Romania
Date : February 07, 2015

Computaris International Limited, U.K.			
Statement of Profit and Loss for the year ended December 31, 2014			
	Notes	For the Year ended December 31, 2014 Rs.	For the period ended December 31, 2013 Rs.
Income			
Revenue from operations	12	834,884,885	883,771,512
Other income	13	57,429,562	1,524,035
Total revenue		892,314,447	885,295,547
Expenses			
Employee benefits expense	14	1,440,438	1,913,209
Operational and other expenses	15	818,157,824	876,015,190
Depreciation and amortisation expense	16	-	163,670
Finance costs	17	606,146	629,816
Total expenses		820,204,408	878,721,885
Profit / (loss) before tax		72,110,039	6,573,662
Tax expense/(credit)			
Current tax / (credit)		(12,397,192)	3,072,469
Total tax expense / (credit)		(12,397,192)	3,072,469
Profit / (loss) for the year		84,507,231	3,501,193
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.K. Relan & Co
ICAI Firm Registration No. 001720N
Chartered Accountants

For and on behalf of the Board of Directors of
Computaris International Limited, U.K.

Sd/-
CA. S.K. RELAN
Membership No. 12149
Place : New Delhi
Date : February 07, 2015

Sd/-
Raluca Marina Rusu
[Director]
Place : Romania
Date : February 07, 2015

Computaris International Limited, U.K.
Cash Flow Statement for the period ended December 31, 2014

	For the Period ended December 31, 2014 Rs.	For the Period ended December 31, 2013 Rs.
A. Cash flow from operating activities		
Net profit/(loss) before taxation	72,110,039	6,573,662
Adjustments for:		
Depreciation and amortisation expense	-	163,670
Provision for doubtful debts and advances (net)	-	7,250,266
Loss on sale / discard of fixed assets (net)	-	73,394
Unrealised foreign exchange (loss) / gain	(9,640,709)	30,970,120
Operating profit/(loss) before working capital changes	62,469,330	45,031,112
Movements in working capital :		
(Increase) / Decrease in trade receivables	(123,916,956)	(3,403,212)
(Increase) / Decrease in other non-current assets	3,083,937	(3,083,937)
(Increase) / Decrease in other current assets	29,402,336	11,166,333
Decrease / (Increase) in loans and advances	(4,454,152)	(47,139)
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	143,787,008	(16,126,379)
Cash generated from operations	110,371,502	33,536,778
Direct taxes paid, net of refunds	(12,145,910)	(8,862,734)
Net cash flow from operating activities (A)	122,517,412	42,399,512
B. Cash flows used in investing activities		
Buy Back of Shares	(148,979,660)	
Proceeds from sale of fixed assets	-	103,717
Net cash used in investing activities (B)	(148,979,660)	103,717
C. Cash flows used in financing activities		
Net cash used in financing activities (C)	-	-
Net increase / (decrease) in cash and cash equivalents during the year (A + B + C)	(26,462,248)	42,503,229
Cash and cash equivalents at the beginning of the year	117,627,795	75,124,566
Cash and cash equivalents at the end of the year	91,165,547	117,627,795

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S.K. Relan & Co
ICAI Firm Registration No. 001720N
Chartered Accountants

For and on behalf of the Board of Directors
of Computaris International Limited, U.K.

Sd/-
CA. S.K. RELAN
Membership No. 12149
Place : New Delhi
Date : February 07, 2015

Sd/-
Raluca Marina Rusu
[Director]
Place: Romania
Date : February 07, 2015

1. Company Overview

Computaris International Limited, Inc., (The "Company") is a wholly owned subsidiary of R Systems International Limited a company incorporated in India. The Company provides real time communication software solutions and associated services. The company is heavily committed to research and development activities in the field of real time communication software solutions. Computaris is having subsidiaries in U.K., Romania, Poland, Moldova, Malaysia and USA. Computaris international Limited is a limited company incorporated and domiciled in England and wales on November 16, 2006 having its registered office at 11 Queens Road, Brentwood Essex, CM14 4HE, United Kingdom.

As at January 26, 2011, R Systems International Limited has acquired all the share capital of Computaris International Limited. Since then it became the wholly owned subsidiary of R Systems International Limited.

2. Statement of significant accounting policies

(a) Basis of preparation

The financial statements have been prepared to comply in all material respects with the accounting standards notified under the Companies Act, 1956 read with General Circular 8/2014 dated 04 April 2014, issued by the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013 read with rule 7 of Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies have been consistently applied and are consistent with those used in previous year.

All figures are in Rupees except where expressly stated.

(b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year end. These estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

(c) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

(d) Depreciation on tangible fixed assets

Depreciation is provided on Straight Line method over the estimated useful lives of the tangible fixed assets which result in depreciation rates being greater than or equal to the corresponding rates prescribed in Schedule XIV of the Companies Act, 1956.

The estimated useful lives of the fixed assets followed by the Company in preparing the financial statements are described as below:

<u>Category of tangible fixed assets</u>	<u>Estimated useful life</u>
Computer hardware	4 years

(e) Intangibles assets

Computer software

Computer software's are stated at cost less accumulated amortisation 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.

Costs relating to acquired software are capitalised and amortised on a straight-line basis over their useful lives as estimated by the management at 3 to 5 years or below in specific cases.

(f) 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 fixed assets / intangibles assets 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.

(g) 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 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 Profit and Loss Account on a straight-line basis over the lease term.

(h) 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.

(i) 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.

Revenue associated with software development and maintenance services / customisation of products rendered on time and materials basis is recognised when services are rendered. The same is calculated based on man-hours incurred for rendering services.

In terms of contracts excess / shortfall of revenue over the billed as at the year-end is carried in financial statement as unbilled revenue / deferred revenue separately.

Interest

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

(j) Foreign currency translation

(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 except those arising from investments in non-integral operations.

(iv) Foreign currency translation

The Functional currency of the company is Great Britain Pound (GBP) but the Financial Statements had been prepared in Indian Rupees. In translating the financial statements, the assets and liabilities, both monetary and non-monetary, are translated at the closing rate; income and expense items are translated at yearly average exchange rates; and all resulting exchange differences are accumulated in a foreign currency translation reserve.

For translating income, expense and cash flows items, except cash and cash equivalents, during the year ended December 31, 2014, the rates used were GBP 1= Rs. 100.51. For translating assets and liabilities at the year-end, the rates used were GBP 1= Rs. 98.31

For translating income, expense and cash flows items, except cash and cash equivalents, during the year ended December 31, 2013, the rates used were GBP 1= Rs. 91.74. For translating assets and liabilities at the year-end, the rates used were GBP 1= Rs. 102.14

(k) Retirement benefits

Retirement benefits in the form of defined contribution schemes are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective funds.

(l) Income taxes

Income tax on the profit or loss for the year comprises of current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date in accordance with the tax laws of the country where such operations are domiciled and any adjustment to tax payable in respect of previous year.

Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year 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 recognized 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 realized. If the company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

(m) 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.

(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 the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the management's current estimates.

(o) Segment reporting

The Company primarily operates one business segment, providing information technology services and rendering consultancy services.

(p) 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, 2014	December 31, 2013
	Rs.	Rs.
Authorised shares		
106,500 Shares (previous year 120,000 shares) of .01 GBP each	GBP 1,065	GBP 1,200
Issued, subscribed and paid up capital		
66,500 Shares (previous year 80,000 shares) Stock of .01 GBP each	48,296	58,100
Total	48,296	58,100

A. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Particulars	As at		As at	
	December 31, 2014		December 31, 2013	
	No.	Rs.	No.	Rs.
Shares outstanding at the beginning of the year	80,000	58,100	80,000	58,100
Add: Shares issued during the year	-	-	-	-
Less : Shares bought back during the period / year	13,500	9,804		
Shares outstanding at the end of the year	66,500	48,296	80,000	58,100

B. Buy Back Offer

Under the Buy-back offer, The Company has bought back 13,500 shares for an aggregate amount of Rs. 148,979,660 out of which Rs. 117,744,364 is being utilised from General Reserve and Rs. 31,235,296 from Foreign currency translation reserve. The Capital Redemption Reserve has been created out of General Reserve for Rs. 9,804 being the nominal value of shares bought back.

4. Reserves and surplus

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Statement of Profit and Loss		
Balance as per last financial statement	166,278,549	162,777,356
Add: Profit / (loss) for the current year	84,507,231	3,501,193
Less: buy back of Share	117,744,364	
Net surplus in the statement of profit and loss	133,041,416	166,278,549
Foreign currency translation reserve		
Balance as per last financial statement	73,702,270	42,626,119
Add: Current year translation differences	(9,683,653)	31,076,151
Less: Currency translations adjustment on buy back of Share Capital	31,235,296	
Closing balance	32,783,321	73,702,270
Capital Reserve	9,804	
Total	165,834,541	239,980,819

5. Short-term provisions

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Other provision		
Provision for Income tax	2,453,794	2,705,076
Total	2,453,794	2,705,076

6. Other current liabilities

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Trade payables	23,777,391	8,353,319
Sub total (A)	23,777,391	8,353,319
Other liabilities		
Payable to Related Parties		
R Systems International Limited, India	6,765,016	5,363,780
Computaris Romania srl, Romania	60,967,726	3,133,451
Computaris Malaysia Sdn. Bhd. Malaysia	-	31,970
Computaris USA, Inc. USA	15,746,892	4,794,349
Computaris Polska sp zoo, Poland	43,682,039	28,471,321
ICS Computaris International SRL, Moldova	21,276,998	11,664,694
Unearned revenue	40,084,963	6,841,031
Other	139,899	-
Sub total (B)	188,663,532	60,300,596
Total (A+B)	212,440,923	68,653,915

(Amount in Rs.)												
Schedule 7: Fixed assets												
PARTICULARS	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	AS ON	ADDITION	DELETION	ADJUSTMENT	TOTAL	UPTO	ADDITION	DELETION	ADJUSTMENT	TOTAL	AS AT	AS AT
	01.1.2014	DURING THE YEAR			31.12.2014	01.1.2014	DURING THE YEAR			31.12.2014	31.12.2014	31.12.2013
Computer hardware	790,870	-	-	29,632	761,238	790,870	-	-	29,632	761,238	-	-
Total	790,870	-	-	29,632	761,238	790,870	-	-	29,632	761,238	-	-
Previous year	842,221	-	177,111	(125,760)	790,870	529,665	163,670	-	(97,535)	790,870	-	312,556

Computaris International Limited, U.K.**Notes to Financial Statements for the year ended December 31, 2014****8. Non-current investments**

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
In subsidiary companies (companies under the same management):		
Other than Trade, unquoted		
Computaris Limited (80,000 (Previous year 80,000) shares of GBP 0.01 each)	-	-
Computaris Polska sp zoo, Poland (100 (Previous year 100) shares of PLN 500 each)	1,009,656	1,048,958
ICS Computaris International SRL, Moldova (Shares of no par value)	23,595	24,514
Computaris Romania srl, Romania (100 (Previous year 100) shares of RON 16 each)	43,572	45,267
Computaris Malaysia Sdn. Bhd. (1,000 (Previous year 1,000) ordinary shares of RM 1 each)	20,252	21,041
Computaris USA, LLC (100 (Previous year 100) shares of USD 1 each)	6,095	6,333
Total	1,103,170	1,146,113

9. Loans and advances

Particulars	Current	
	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Advances recoverable in cash or in kind or for value to be received		
Unsecured, considered good	4,860,791	2,272,002
Sub total (A)	4,860,791	2,272,002
Other loans & advances		
Other recoverable	3,962,604	2,097,241
Sub total (B)	3,962,604	2,097,241
Total (A+B)	8,823,395	4,369,243

10. Trade receivables and other assets

10.1 Trade receivables

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	1,181,205	3,181,356
Unsecured, considered doubtful	4,740,171	712,588
	5,921,376	3,893,943
Provision for doubtful receivables	4,740,171	712,588
Sub total (A)	1,181,205	3,181,356
Other receivables		
Unsecured, considered good	261,973,399	136,056,292
Unsecured, considered doubtful	1,711,450	5,238,472
	263,684,849	141,294,763
Provision for doubtful receivables	1,711,450	5,238,472
Sub total (B)	261,973,399	136,056,292
Total (A+B)	263,154,604	139,237,647

10.2 Other current assets

Particulars	Non-current		Current	
	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Non-current bank balances (refer note 11)	-	3,083,937	-	-
Unbilled revenue			16,530,839	45,933,175
Total	-	3,083,937	16,530,839	45,933,175

11. Cash & bank balances

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Cash and cash equivalents				
Balance with other banks:				
On current accounts	-	-	91,165,547	117,627,795
	-	-	91,165,547	117,627,795
Other bank balances				
Margin money deposit (refer detail below)	-	3,083,937	-	-
	-	3,083,937	-	-
Amount disclosed under non-current assets (refer note 11.2)	-	(3,083,937)	-	-
Total	-	-	91,165,547	117,627,795
Detail of margin money deposit				
Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.		
Margin moneys deposit against performance guarantees	-	3,083,937		
Total	-	3,083,937		

12. Revenue from operations

Particulars	For the year ended December 31, 2014 Rs.	For the period ended December 31, 2013 Rs.
Sale of services	834,884,885	883,771,512
Total	834,884,885	883,771,512

13. Other income

Particulars	For the year ended December 31, 2014 Rs.	For the period ended December 31, 2013 Rs.
Interest income	-	-
Provision for doubtful debts and advances (net)	1,056,609	-
Foreign exchange fluctuation (net)	-	1,524,035
Dividend income from subsidiary *	56,372,953	-
Total	57,429,562	1,524,035

* Dividend received from the Computaris Polska, sp zo.o., Poland

14. Employee benefits expense

Particulars	For the year ended December 31, 2014 Rs.	For the period ended December 31, 2013 Rs.
Salaries, wages and bonus including contribution to employee's benefits fund	1,440,438	1,913,209
Total	1,440,438	1,913,209

15. Operational and other expenses

Particulars	For the year ended December 31, 2014 Rs.	For the period ended December 31, 2013 Rs.
Travelling and conveyance	8,034,470	34,675,777
Insurance	1,116,811	2,841,923
Repair and maintenance	65,027	296,330
Provision for doubtful debts and advances (net)		7,250,266
Rent - premises	603,432	1,132,567
Communication costs	4,056,783	1,295,502
Printing and stationery	7,839	11,376
Advertising and sales promotion	4,695,895	2,379,171
Legal and professional expenses	786,327,994	825,903,838
Loss on sale of assets	-	73,394
Foreign exchange fluctuation (net)	12,413,975	-
Rates and taxes	524,435	-
Miscellaneous expenses	311,163	155,046
Total	818,157,824	876,015,190

16. Depreciation expense

Particulars	For the year ended December 31, 2014 Rs.	For the period ended December 31, 2013 Rs.
Depreciation on tangible assets	-	163,670
Total	-	163,670

17. Finance cost

Particulars	For the year ended December 31, 2014 Rs.	For the period ended December 31, 2013 Rs.
Bank charges	606,146	629,816
Total	606,146	629,816

18. Related Party Disclosures

(i) Names of related parties where control exists irrespective of whether transactions have occurred or not:

Holding Company	R Systems International Limited
Fellow Subsidiaries	R Systems (Singapore) Pte Ltd, Singapore
	R Systems, Inc., USA
	R Systems Solutions, Inc.,USA
	R Systems N.V., Belgium (Liquidated as on June 24, 2013)
	R Systems Europe B.V., Netherlands (ceased to be subsidiary w.e.f. November 27, 2014)
	R Systems S.A.S., France (ceased to be subsidiary w.e.f. November 27, 2014)
	ECnet Ltd, Singapore
	Systèmes R. International Ltée, Canada
	R Systems Product & Technologies Limited,India (incorporated on July 11, 2014)

Following are the subsidiaries of ECnet Ltd, Singapore

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

Subsidiaries of Computaris International Limited

Computaris limited,UK (Liquidated as on December 24, 2013)
 Computairs Romania S.R.L.,Romania
 Computaris Polska sp Zoo, Poland
 ICS Computairs International S.R.L., Moldova
 Computaris Malaysian SDN.BHD., Malaysia
 Computaris USA LLC, USA

Key management personnel	Satinder Singh Rekhi, Director Ian Adrian Tidder, Director (Resigned in 2013) Bogdan Mihai Danila, Director Raluca Marina Rusu, Director Michal Misiaszek, Director
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Enterprises owned or significantly influenced by key management personnel or their relatives

Sl. No.	Name of Enterprises	Related to	Relationship
1	Euro IT Limited	Ian Adrian Tidder	Sole shareholder of Euro IT Limited

Computaris International Limited, U.K.
Notes to Financial Statements for the year ended December 31, 2014

(ii) Details of transactions with related parties for period ended December 31, 2014 and December 31, 2013 are as follows:

(Amount in Rs.)

Particulars	December 31,	
	2014	2013
R Systems International Limited		
Services received	34,771,243	9,371,873
Amount payable	6,765,016	5,363,780
Computaris Romania S.R.L.		
Computer consultancy services received	398,845,148	410,705,062
Amount Payable	60,967,726	3,133,451
Computaris USA LLC		
Computer consultancy services received	96,025,291	85,534,292
Amount payable	15,746,892	4,794,349
Computaris Polska sp Zoo, Poland		
Computer consultancy services received	135,214,301	127,693,320
Amount payable	43,682,039	28,471,321
ICS Computairs International S.R.L., Moldova		
Computer consultancy services received	57,807,059	69,080,736
Amount payable	21,276,998	11,664,694
Computaris Malaysian Sdn. Bhd., Malaysia		
Computer consultancy services received	12,570,562	23,068,869
Amount payable	-	31,970

Particulars	December 31,	
	2014	2013
Support services received from relative parties		
Euro IT Limited	-	15,405,301

Payment to key management personnel for year ended December 31, 2014 and December 31, 2013:

Particulars	December 31,	
	2014	2013
Name of key management personnel		
Raluca Marina Rusu	7,989,088	7,221,624
Bogdan Mihai Danila	6,617,326	6,430,844
Total	14,606,414	13,652,468

19. Operating Lease- Company as lessee

The Company has operating leases for office premises, etc. The future minimum payments required under non-cancelable operating leases at year-end are as follows:

	Year ended December 31, 2014 Rs.	Year ended December 31, 2013 Rs.
Lease payments for the year	603,432	1,132,567
Non-cancellable operating lease obligation		
Not later than one year	117,976	-
Later than one year but not later than five years	-	-
Later than five years	-	-

20. The Company has no material deferred tax component as at December 31, 2014. Hence no deferred tax has been recorded in the books.

21. 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.K. RELAN & CO.
ICAI Firm registration number: 001720N
Chartered Accountants

For and on behalf of the Board of Directors of Computaris
International Limited, UK

Sd/-
CA. S.K. RELAN
Membership No. 12149

Sd/-
Raluca Marina Rusu
[Director]

Place : New Delhi
Date : February 07, 2015

Place : Romania
Date : February 07, 2015

INDEPENDENT AUDITOR'S REPORT

To,
The Members of Computaris Romania SRL, Romania

Report on the Financial Statements

We have audited the accompanying financial statements of Computaris Romania SRL, Romania ("the Company"), which comprise the Balance Sheet as at December 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956, (which are deemed to be applicable as per section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014 and read with General Circular 08/2014 dated 4 April 2014, issued by the Ministry of Corporate Affairs, and other accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2014;

- b) in the case of the Statement of Profit and Loss, of the **Profit** for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

As required by section 227(3) of the Act, we report that:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c) the Balance Sheet and 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 Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956, (which are deemed to be applicable as per section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014 and read with General Circular 08/2014 dated 4 April 2014, issued by the Ministry of Corporate Affairs, and other accounting principles generally accepted in India;

For S.K. RELAN & CO.
ICAI Firm Registration No.001720N
Chartered Accountants

PLACE : New Delhi
DATED: February 07, 2015

Sd/-
CA. S. K.RELAN
Membership No.012149

Computaris Romania Srl, Romania
Balance Sheet as at December 31, 2014

	Notes	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	23,429	23,429
Reserves and surplus	4	79,315,561	76,911,733
Deferred tax liability	5	297,049	1,365,669
Current liabilities			
Trade payables	7	5,079,504	2,113,199
Other current liabilities	7	6,943,105	6,557,986
Short-term provisions	6	2,174,143	2,604,714
Total		93,832,791	89,576,730
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	8	8,255,046	3,256,326
Intangible assets	9	1,026,534	1,996,118
Other non-current assets	11.2	2,771,937	3,636,662
Current assets			
Trade receivables	11.1	60,921,388	5,499,516
Cash and bank balances	12	15,186,205	66,100,074
Short-term loans and advances	10	5,671,681	8,307,760
Other current assets	11.2	-	780,274
Total		93,832,791	89,576,730
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.K. Relan & Co
ICAI Firm Registration No. 001720N
Chartered Accountants

For and on behalf of the Board of Directors of
Computaris Romania Srl, Romania

Sd/-
CA. S.K. RELAN
Membership No. 12149
Place : New Delhi
Date : February 07, 2015

Sd/-
Iavorschi Cristiana
[Director]
Place : Romania
Date : February 07, 2015

Computaris Romania Srl, Romania			
Statement of Profit & Loss for the year ended December 31, 2014			
	Notes	For the Year ended December 31, 2014 Rs.	For the Period ended December 31, 2013 Rs.
Income			
Revenue from operations	13	399,433,676	413,383,363
Other income	14	293,786	656,180
Total revenue		399,727,462	414,039,543
Expenses			
Employee benefits expense	15	328,197,377	336,275,851
Operating and other expense	16	51,129,925	49,173,470
Depreciation and amortisation expense	17	5,614,832	6,080,245
Finance costs	18	765,354	754,219
Total expense		385,707,488	392,283,785
Profit before tax		14,019,974	21,755,758
Tax expense			
Current tax		3,951,545	4,701,167
Deferred tax charge / (credit)		(994,391)	(95,114)
Total tax expense		2,957,154	4,606,053
Profit for the year		11,062,820	17,149,705
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.K. Relan & Co
ICAI Firm Registration No. 001720N
Chartered Accountants

For and on behalf of the Board of Directors of
Computaris Romania Srl, Romania

Sd/-
CA. S.K. RELAN
Membership No. 12149
Place : New Delhi
Date : February 07, 2015

Sd/-
Iavorschi Cristiana
[Director]
Place : Romania
Date : February 07, 2015

Computaris Romania Srl, Romania
Cash Flow Statement for the period ended December 31, 2014

	For the period ended December 31, 2014 Rs.	For the period ended December 31, 2013 Rs.
A. Cash flow from operating activities		
Net profit/(loss) before taxation	14,019,974	21,755,758
Adjustments for:		
Depreciation and amortisation expense	5,614,832	6,080,245
Unrealised foreign exchange (loss) / gain	1,079,361	8,998,216
Interest income	(278,433)	(615,432)
Operating profit/(loss) before working capital changes	20,435,734	36,218,787
Movements in working capital :		
(Increase) / Decrease in trade receivables	(55,421,872)	31,879,908
(Increase) / Decrease in other current assets	780,274	(780,274)
(Increase) / Decrease in loans and advances	2,636,079	892,990
Increase / (Decrease) in short-term and long-term provision	(430,571)	938,898
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	3,351,424	(4,235,248)
Cash generated from operations	(28,648,932)	64,915,061
Direct taxes paid, net of refunds	(4,025,774)	(3,689,706)
Net cash flow from operating activities (A)	(32,674,706)	61,225,355
B. Cash flows used in investing activities		
Investment in Private company		-
Purchase of fixed assets	(9,809,960)	(4,830,577)
Proceeds from sale of fixed assets	(9,572,361)	349,886
Interest received	278,433	615,432
Net cash used in investing activities (B)	(19,103,888)	(3,865,259)
C. Cash flows used in financing activities		
(Increase) / Decrease in other non-current assets	864,725	(526,999)
Net cash used in financing activities (C)	864,725	(526,999)
Net increase / (decrease) in cash and cash equivalents during the year (A + B + C)	(50,913,869)	56,833,097
Cash and cash equivalents at the beginning of the year	66,100,074	9,266,977
Cash and cash equivalents at the end of the year	15,186,205	66,100,074

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S.K. Relan & Co
ICAI Firm Registration No. 001720N
Chartered Accountants

For and on behalf of the Board of Directors of
Computairs Romania Srl.,Romania

Sd/-
CA. S.K. RELAN
Membership No. 12149
Place : New Delhi
Date : February 07, 2015

Sd/-
Iavorschi Cristiana
[Director]
Place : Romania
Date : February 07, 2015

1. Company Overview

Computaris Romania SRL, Romania, is a wholly owned subsidiary of Computaris International Limited, UK which is again a subsidiary of R Systems International Limited w.e.f January 26, 2011, a company incorporated in India. Computaris Romania SRL is a limited company incorporated and domiciled in Romania on November 06, 2001 having its registered office is Str. Gheorghe Manu, Nr. 5, Parter, Camera 2, Sector 1, Bucuresti, Cod. 010442, Romania.

The main object of Company is to provide services and solutions to telecom industry and specialises in real-time rating and convergent billing solutions.

2. Statement of significant accounting policies

(a) Basis of preparation

The financial statements have been prepared to comply in all material respects with the accounting standards notified under the Companies Act, 1956 read with General Circular 8/2014 dated 04 April 2014, issued by the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013 read with rule 7 of Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies have been consistently applied and are consistent with those used in previous year.

All figures are in Rupees except where expressly stated.

(b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year end. These estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

(c) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

(d) Depreciation on tangible fixed assets

Depreciation is provided on Straight Line method over the estimated useful lives of the tangible fixed assets which result in depreciation rates being greater than or equal to the corresponding rates prescribed in Schedule XIV of the Companies Act, 1956.

The estimated useful lives of the tangible fixed assets followed by the Company in preparing the financial statements are described as below:

<u>Category of tangible fixed assets</u>	<u>Estimated useful life</u>
Leasehold Improvement	1-6 years
Office and electrical equipment's	2-5 years
Computer hardware and network installations	2-5 years
Furniture and fittings	2-15 years

(e) Intangibles assets

Computer software

Computer software's are stated at cost less accumulated amortisation 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.

Costs relating to acquired software are capitalised and amortised on a straight-line basis over their useful lives as estimated by the management at 5 years or below in specific cases.

(f) 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 fixed assets / intangibles asset are depreciated / amortised on the revised carrying amount over its remaining useful life.

The Company 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.

(g) Leases

Where the Company is the lessee

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the lower of the fair value 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 Company 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 Profit and Loss Account on a straight-line basis over the lease term.

(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.

Revenue associated with software development and maintenance services / customisation of products rendered on time and materials basis is recognised when services are rendered. The same is calculated based on man-hours incurred for rendering services.

In terms of contracts excess / shortfall of revenue over the billed as at the year-end is carried in financial statement as unbilled revenue / deferred revenue separately.

Interest

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

(i) Foreign currency translation

(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 except those

arising from investments in non-integral operations.

(iv) Foreign currency translation

The Functional currency of the Company is Romanian New Lei (RON) but the Financial Statements had been prepared in Indian Rupees. In translating the financial statements, the assets and liabilities, both monetary and non-monetary, are translated at the closing rate; income and expense items are translated at yearly average exchange rates; and all resulting exchange differences are accumulated in a foreign currency translation reserve.

For translating income, expense and cash flows items, except cash and cash equivalents, during the year ended December 31, 2014, the rates used were RON 1= Rs. 18.23. For translating assets and liabilities at the year-end, the rates used were RON 1= Rs. 17.02.

For translating income, expense and cash flows items, except cash and cash equivalents, during the year ended December 31, 2013, the rates used were RON 1= Rs. 17.62. For translating assets and liabilities at the year-end, the rates used were RON 1= Rs. 18.97.

(j) Retirement benefits

Retirement benefits in the form of defined contribution schemes are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective funds.

(k) Income taxes

Income tax on the profit or loss for the year comprises of current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date in accordance with the tax laws of the country where such operations are domiciled and any adjustment to tax payable in respect of previous year.

Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year 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 recognized 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 realized. If the Company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

(l) 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.

(m) 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 the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the management's current estimates.

(n) Segment reporting

The Company primarily operates one business segment, providing information technology services and rendering consultancy services.

(o) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

3. Share capital

Particulars	As at	
	December 31, 2014 Rs.	December 31, 2013 Rs.
Authorised Share Capital 100 Shares of RON 16 each	1,600 RON	1,600 RON
Issued, subscribed and paid up capital 100 Shares of RON 16 each	23,429	23,429
Total	23,429	23,429

A. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Particulars	As at December 31, 2014		As at December 31, 2013	
	No.	Rs.	No.	Rs.
Shares outstanding at the beginning of the year	100	23,429	100	23,429
Add: Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	100	23,429	100	23,429

4. Reserves and surplus

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Statement of Profit and Loss		
Balance as per last financial statement	60,040,922	42,891,217
Add: Profit for the current year	11,062,820	17,149,705
Net surplus in the statement of profit and loss	71,103,742	60,040,922
Foreign currency translation reserve		
Balance as per last financial statement	13,486,008	3,696,075
Add: Current year translation differences	(8,658,992)	9,789,933
Closing balance	4,827,016	13,486,008
Capital Reserve	3,384,803	3,384,803
Total	79,315,561	76,911,733

Computaris Romania Srl, Romania
Notes to Financial Statements for the year ended December 31, 2014

5. Deferred tax liability (net)

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Deferred tax liability		
Timing differences for deferred tax liability component	297,049	1,365,669
Gross deferred tax liability	297,049	1,365,669
Deferred tax assets		
Timing differences for deferred tax assets component	-	-
Gross deferred tax assets	-	-
Deferred tax liability	297,049	1,365,669

6. Short-term provisions

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Provision for employee benefits		
Compensated absences	2,174,143	2,604,714
Total	2,174,143	2,604,714

7. Other current liabilities

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Trade payables	5,079,504	2,113,199
Sub total (A)	5,079,504	2,113,199
Other liabilities		
Unearned revenue	202,655	110,861
Other payables	6,740,450	6,447,125
Sub total (B)	6,943,105	6,557,986
Total (A+B)	12,022,609	8,671,185

Schedule 8: Tangible Assets

(Amount in Rs.)

PARTICULARS	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	AS ON	ADDITION	DELETION	ADJUSTMENT	TOTAL	UPTO	FOR THE	DELETIONS	ADJUSTMENT	AS AT	AS AT	AS AT
	1-Jan-14	DURING THE YEAR			31-Dec-14	1-Jan-14	DURING THE YEAR			31-Dec-14	31-Dec-14	31-Dec-13
Leasehold Improvement	2,102,236	-	-	216,429	1,885,807	1,797,579	-	-	(88,228)	1,885,807	-	304,657
Computer hardware	34,511,817	8,537,157	-	3,553,062	39,495,912	27,072,249	3,434,848	-	(1,046,830)	31,553,927	7,941,985	7,439,568
Furniture & fixtures	1,508,741	88,488	-	155,328	1,441,901	958,904	76,911	-	(93,025)	1,128,840	313,061	549,837
Office & electrical equipments	1,202,622	-	-	123,812	1,078,810	1,011,736	15,335	-	(51,739)	1,078,810	-	190,886
SUB TOTAL	39,325,416	8,625,645	-	4,048,631	43,902,430	30,840,468	3,527,094	-	(1,279,822)	35,647,384	8,255,046	8,484,948
Others-WIP	-	-	-	-	-	-	-	-	-	-	-	-
Total	39,325,416	8,625,645	-	4,048,631	43,902,430	30,840,468	3,527,094	-	(1,279,822)	35,647,384	8,255,046	8,484,948
Previous year	33,706,476	3,311,156	3,365,600	(5,673,384)	39,325,416	30,840,468	3,053,768	3,015,714	(5,190,568)	36,069,090	3,256,326	2,866,008

Schedule 9: Intangible Assets

PARTICULARS	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	AS ON	ADDITION	DELETION	ADJUSTMENT	TOTAL	UPTO	FOR THE	DELETIONS	ADJUSTMENT	AS AT	AS AT	AS AT
	1-Jan-14	DURING THE YEAR			31-Dec-14	1-Jan-14	DURING THE YEAR			31-Dec-14	31-Dec-14	31-Dec-13
Computer Software	15,201,211	1,184,315	-	1,564,995	14,820,531	8,861,354	2,087,738	-	(2,844,905)	13,793,997	1,026,534	6,339,857
Total	15,201,211	1,184,315	-	1,564,995	14,820,531	8,861,354	2,087,738	-	(2,844,905)	13,793,997	1,026,534	6,339,857
Previous year	12,055,626	1,519,421	-	(1,626,164)	15,201,211	8,861,354	3,026,477	-	(1,317,262)	13,205,093	1,996,118	3,194,272

10. Short term loans and advances

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Advances recoverable in cash or in kind or for value to be received		
Unsecured, considered good	1,562,739	1,635,632
Unsecured, considered doubtful	105,233	117,367
	1,667,972	1,752,999
Provision for doubtful advances	105,233	117,367
Sub total (A)	1,562,739	1,635,632
Other loans and advances		
VAT receivable	4,108,942	6,672,128
Sub total (B)	4,108,942	6,672,128
Total (A+B)	5,671,681	8,307,760

11. Trade receivables

11.1 Trade receivables

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	-	-
Unsecured, considered doubtful	-	-
Provision for doubtful receivables	-	-
Total (A)	-	-
Other receivables		
Unsecured, considered good	60,921,388	5,499,516
Unsecured, considered doubtful	-	-
Provision for doubtful receivables	-	-
Total (B)	60,921,388	5,499,516
Total (A+B)	60,921,388	5,499,516

Trade receivable include:

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Dues from companies under the same management		
Computaris International Limited	60,921,388	3,204,412

11.2 Other current assets

Particulars	Non-current		Current	
	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Non-current bank balances (refer note 12)	2,771,937	3,636,662	-	-
Unbilled revenue	-	-	-	780,274
Total	2,771,937	3,636,662	-	780,274

12. Cash and bank balances

Particulars	Non-current		Current	
	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Cash and cash equivalents				
Cash on hand			253,740	143,641
Balance with other banks				
On current accounts			3,138,395	9,651,898
On deposit accounts with original maturity of less than 3 months			11,794,070	56,304,535
			15,186,205	66,100,074
Other bank balances				
Margin money deposit (refer detail below)	2,771,937	3,636,662	-	-
	2,771,937	3,636,662	-	-
Amount disclosed under non-current assets (refer note 11.2)	(2,771,937)	(3,636,662)	-	-
Total	-	-	15,186,205	66,100,074

Detail of margin money deposit

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Margin moneys deposit against performance guarantees	2,771,937	3,636,662
Total	2,771,937	3,636,662

13. Revenue from operations

Particulars	For the year ended December 31, 2014 Rs.	For the period ended December 31, 2013 Rs.
Sale of services	399,433,676	413,383,363
Total	399,433,676	413,383,363

14. Other income

Particulars	For the year ended December 31, 2014 Rs.	For the period ended December 31, 2013 Rs.
Interest income	278,433	615,432
Creditors written back	-	15,327
Miscellaneous income	15,353	25,421
Total	293,786	656,180

15. Employee benefits expense

Particulars	For the year ended December 31, 2014 Rs.	For the period ended December 31, 2013 Rs.
Salaries, wages and bonus including contribution to employee's benefits plan	325,408,669	333,519,724
Staff welfare expenses	2,788,708	2,756,127
Total	328,197,377	336,275,851

16. Operational and other expenses

Particulars	For the year ended December 31, 2014 Rs.	For the period ended December 31, 2013 Rs.
Recruitment and training expenses	3,472,009	964,725
Travelling and conveyance	8,873,211	11,090,447
Insurance	235,109	222,238
Repair and maintenance	2,792,373	2,850,783
Membership & Subscription Fees	64,330	20,788
Rent - premises	17,581,970	18,274,784
Power and fuel	962,536	1,062,781
Communication costs	3,426,479	3,566,826
Printing and stationery	1,424,805	1,053,039
Advertising and sales promotion	5,336,782	3,743,384
Legal and professional expenses	4,515,414	4,482,875
Foreign exchange fluctuation (net)	399,690	908,245
Security expenses	70,839	65,341
Miscellaneous expenses	1,974,378	867,214
Total	51,129,925	49,173,470

17. Depreciation and amortisation expense

Particulars	For the year ended December 31, 2014 Rs.	For the period ended December 31, 2013 Rs.
Depreciation on tangible assets	3,527,094	3,053,768
Amortisation on intangible assets	2,087,738	3,026,477
Total	5,614,832	6,080,245

18. Finance cost

Particulars	For the year ended December 31, 2014 Rs.	For the period ended December 31, 2013 Rs.
Bank charges	765,354	754,219
Total	765,354	754,219

19. Related Party Disclosures

(i) Names of related parties where control exists irrespective of whether transactions have occurred or not:

Holding Company	Computaris International limited,UK (wholly owned subsidiary of R Systems International Limited, India)
Other Subsidiaries in Group	R Systems (Singapore) Pte Ltd, Singapore R Systems, Inc., USA R Systems Solutions, Inc.,USA R Systems N.V., Belgium (Liquidated as on June 24, 2013) R Systems Europe B.V., Netherlands (ceased to be subsidiary w.e.f. November 27, 2014) R Systems S.A.S., France (ceased to be subsidiary w.e.f. November 27, 2014) ECnet Ltd, Singapore Systèmes R. International Ltée, Canada R Systems Product & Technologies Limited,India (incorporated on July 11, 2014)

Following are the subsidiaries of ECnet Ltd, Singapore

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

Subsidiaries of Computaris International Limited

Computaris USA, LLC
Computaris Polska sp Zoo, Poland
ICS Computairs International S.R.L., Moldova
Computaris Malaysian SDN.BHD., Malaysia
Computaris Limited, UK (Liquidated as on December 24, 2013)

Key Management Personnel Iavorschi Cristiana

(ii) Details of transactions with related parties for period ended December 31, 2014 and December 31, 2013

(Amount in Rs.)

Particulars	December 31,	
	2014	2013
Computaris International Limited		
Services rendered	396,976,170	409,343,133
Account Receivables	60,921,388	3,204,412

20. Operating Lease- Company as lessee

The Company has operating leases for office premises, vehicles etc. The future minimum payments required under non-cancelable operating leases at year-end are as follows:

	Period ended December 31, 2014 Rs.	Period ended December 31, 2013 Rs.
Lease payments for the year	17,575,410	18,286,993
Non-cancellable operating lease obligation Not later than one year	14,904,349	6,110,628

Computaris Romania Srl, Romania
Notes to Financial Statement for the year ended December 31, 2014

Later than one year but not later than five years	20,282,562	4,700,176
Later than five years		

The operating lease arrangements extend for a maximum of 5 years from their respective dates of inception. Most of the operating lease arrangements do not have price escalation clause.

21. 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.K. RELAN & CO.
ICAI Firm registration number: 001720N
Chartered Accountants

For and on behalf of the Board of Directors of Computaris
Romania Srl, Romania

Sd/-
CA. S.K. RELAN
Membership No. 12149

Sd/-
Iavorschi Cristiana
[Director]

Place : New Delhi
Date : February 07, 2015

Place : Romania
Date : February 07, 2015

INDEPENDENT AUDITOR'S REPORT

To,
The Members of Computaris Polska sp z.o.o., Poland

Report on the Financial Statements

We have audited the accompanying financial statements of Computaris Polska sp z.o.o., Poland ("the Company"), which comprise the Balance Sheet as at December 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956, (which are deemed to be applicable as per section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014 and read with General Circular 08/2014 dated 4 April 2014, issued by the Ministry of Corporate Affairs, and other accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2014;

- b) in the case of the Statement of Profit and Loss, of the **Profit** for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

As required by section 227(3) of the Act, we report that:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c) the Balance Sheet and 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 Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956, (which are deemed to be applicable as per section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014 and read with General Circular 08/2014 dated 4 April 2014, issued by the Ministry of Corporate Affairs, and other accounting principles generally accepted in India;

For S.K. RELAN & CO.
ICAI Firm Registration No.001720N
Chartered Accountants

PLACE : New Delhi
DATED: February 07, 2015

Sd/-
CA. S. K.RELAN
Membership No.012149

Computaris Polska sp z o.o., Poland
Balance Sheet as at December 31, 2014

	Notes	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	804,450	804,450
Reserves and surplus	4	20,562,105	39,873,100
Non-current liabilities			
Deferred tax liabilities (net)	10.1	62,552	-
Current liabilities			
Trade payables	5	71,163,334	114,858,656
Other current liabilities	6	19,244,145	30,078,570
Short-term provisions	5	5,336,585	5,836,501
Total		117,173,171	191,451,277
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	7	3,560,543	5,077,524
Intangible assets	8	-	-
Capital Work in progress		174,993	
Deferred tax assets (net)	10.2	-	3,506,364
Long-term loans and advances	9	3,273,751	687,198
Current assets			
Trade receivables	11.1	70,746,111	52,880,637
Cash and bank balances	12	16,097,475	71,765,571
Short-term loans and advances	9	6,201,612	9,089,571
Other current assets	11.2	17,118,686	48,444,412
Total		117,173,171	191,451,277
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.K. Relan & Co
ICAI Firm Registration No. 001720N
Chartered Accountants

For and on behalf of the Board of Directors of
Computaris polska, sp z.o.o., poland

Sd/-
CA. S.K. RELAN
Membership No. 12149
Place : New Delhi
Date : February 07, 2015

Sd/-
Dariusz Górczyński
[Director]
Place : Poland
Date : February 07, 2015

Sd/-
Monika Borkowska
[Director]
Place : Poland
Date : February 07, 2015

Computaris Polska sp z o.o., Poland
Statement of Profit and Loss for the period ended December 31, 2014

	Notes	For the Year ended December 31, 2014 Rs.	For the Period ended December 31, 2013 Rs.
Income			
Revenue from operations	13	275,965,792	257,427,195
Other income	14	2,472,794	917,229
Total revenue		278,438,586	258,344,424
Expenses			
Employee benefits expense	15	157,135,414	122,889,928
Operational and other expenses	16	67,687,221	97,680,321
Depreciation and amortisation expense	17	2,487,647	1,804,902
Finance costs	18	389,546	223,670
Total expenses		227,699,828	222,598,821
Profit / (loss) before tax		50,738,758	35,745,603
Tax expense			
Current tax		6,739,272	5,188,031
Deferred tax charge		3,392,729	3,357,634
Total tax expense		10,132,001	8,545,665
Profit / (loss) for the year		40,606,757	27,199,938
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.K. Relan & Co
ICAI Firm Registration No. 001720N
Chartered Accountants

For and on behalf of the Board of Directors of
Computaris polska, sp z.o.o., poland

Sd/-
CA. S.K. RELAN
Membership No. 12149
Place : New Delhi
Date : February 07, 2015

Sd/-
Dariusz Górczyński
[Director]
Place : Poland
Date : February 07, 2015

Sd/-
Monika Borkowska
[Director]
Place : Poland
Date : February 07, 2015

Computaris Polska sp z o.o., Poland
Cash Flow Statement for the period ended December 31, 2014

	For the period ended December 31, 2014 Rs.	For the period ended December 31, 2013 Rs.
A. Cash flow from operating activities		
Net profit/(loss) before taxation	50,738,758	35,745,603
Adjustments for:		
Depreciation and amortisation expense	2,487,647	1,804,902
Unrealised foreign exchange (loss) / gain	(3,521,730)	3,179,365
Interest income	(90,067)	(223,134)
Operating profit/(loss) before working capital changes	49,614,608	40,513,353
Movements in working capital :		
(Increase) / Decrease in trade receivables	(17,865,474)	91,967,104
(Increase) / Decrease in other current assets and non-current assets	31,325,726	(41,220,247)
(Increase) / Decrease in loans and advances	301,406	1,297,794
Increase / (Decrease) in short-term and long-term provision	648,749	(46,255,928)
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	(54,529,747)	3,019,718
Cash generated from operations	9,495,268	49,321,794
Direct taxes paid, net of refunds	(7,711,750)	(6,140,225)
Net cash flow from operating activities (A)	1,783,518	43,181,569
B. Cash flows used in investing activities		
Investment in Private company		
Purchase of fixed assets	(1,595,421)	(2,218,837)
Proceeds from sale of fixed assets	-	15,481
Interest received	90,067	223,134
Net cash used in investing activities (B)	(1,505,354)	(1,980,222)
C. Cash flows used in financing activities		
Dividend paid	(55,946,260)	
Net cash used in financing activities (C)	(55,946,260)	-
Net increase / (decrease) in cash and cash equivalents during the year (A + B + C)	(55,668,096)	41,201,347
Cash and cash equivalents at the beginning of the year	71,765,571	30,564,224
Cash and cash equivalents at the end of the year	16,097,475	71,765,571

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S.K. Relan & Co
ICAI Firm Registration No. 001720N
Chartered Accountants

For and on behalf of the Board of Directors
of Computaris polska, sp z.o.o., poland

Sd/-
CA. S.K. RELAN
Membership No. 12149
Place : New Delhi
Date : February 07, 2015

Sd/-
Dariusz Górczyński
[Director]
Place : Poland
Date : February 07, 2015

Sd/-
Monika Borkowska
[Director]
Place : Poland
Date : February 07, 2015

1. Company Overview

Computaris Polska, sp zo.o., Poland, is a wholly owned subsidiary of Computaris International Limited, UK which is again a subsidiary of R Systems International Limited w.e.f January 26, 2011, a company incorporated in India. Computaris Polska, sp zo.o., Poland is a company incorporated and domiciled in Poland on September 20, 2001 having its registered office is Okopowa 47, 01-059 Warszawa, Poland.

The main object of Company is to provide services and solutions to telecom industry and specialises in real-time rating and convergent billing solutions.

2. Statement of significant accounting policies

(a) Basis of preparation

The financial statements have been prepared to comply in all material respects with the accounting standards notified under the Companies Act, 1956 read with General Circular 8/2014 dated 04 April 2014, issued by the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013 read with rule 7 of Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies have been consistently applied and are consistent with those used in previous year.

All figures are in Rupees except where expressly stated.

(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. Although 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

Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

(d) Depreciation on tangible fixed assets

Depreciation is provided on Straight Line method over the estimated useful lives of the fixed assets which result in depreciation rates being greater than or equal to the corresponding rates prescribed in Schedule XIV of the Companies Act, 1956.

The estimated useful lives of the fixed assets followed by the Company in preparing the financial statements are described as below:

<u>Category of Fixed Assets</u>	<u>Estimated Useful Life</u>
Office and electrical equipment	3-20 years
Computer hardware and network installations	3-6 years
Furniture and fittings	5-15 years

(e) Intangibles

Computer software

Costs relating to acquired software are capitalized and amortized on a straight-line basis over their useful lives as estimated by the management at 5 years or below in specific cases.

(f) 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 fixed assets / intangibles assets are depreciated / amortised on the revised

carrying amount over its remaining useful life.

The Company 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.

(g) Leases

Where the Company is the lessee

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the lower of the fair value 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 Company 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 Profit and Loss Account on a straight-line basis over the lease term.

(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.

Revenue associated with software development and maintenance services / customisation of products rendered on time and materials basis is recognised when services are rendered. The same is calculated based on man-hours incurred for rendering services.

In terms of contracts excess / shortfall of revenue over the billed as at the year-end is carried in financial statement as unbilled revenue / deferred revenue separately.

Interest

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

(i) Foreign currency translation

(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 except those arising from investments in non-integral operations.

(iv) Foreign currency translation

The Functional currency of the Company is Polish zloty (PLN) but the Financial Statements had been prepared in Indian Rupees. In translating the financial statements, the assets and liabilities, both monetary and non-monetary, are translated at the closing rate; income and expense items are translated at yearly average exchange rates; and all resulting exchange differences are accumulated in a foreign currency translation reserve.

For translating income, expense and cash flows items, except cash and cash equivalents, during the year

ended December 31, 2014, the rates used were Polish zolty 1= Rs. 19.37. For translating assets and liabilities at the year-end, the rates used were Polish zolty 1= Rs. 17.81.

For translating income, expense and cash flows items, except cash and cash equivalents, during the year ended December 31, 2013, the rates used were Polish zolty 1= Rs. 18.47. For translating assets and liabilities at the year-end, the rates used were Polish zolty 1= Rs. 20.42.

(j) Retirement benefits

Retirement benefits in the form of defined contribution schemes are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective funds.

(k) Income taxes

Income tax on the profit or loss for the year comprises of current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date in accordance with the tax laws of the country where such operations are domiciled and any adjustment to tax payable in respect of previous year.

Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year 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 recognized 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 realized. If the Company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

(l) 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.

(m) 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 the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the management's current estimates.

(n) Segment reporting

The Company primarily operates one business segment, providing information technology services and rendering consultancy services.

(o) 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 Profit and Loss Account.

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 Profit and Loss Account. 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 Profit and Loss Account.

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 Profit and Loss Account. Amounts taken to equity are transferred to the Profit and Loss Account 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 Profit and Loss Account. 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.

(p) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

3. Share capital

Particulars	As at	
	December 31, 2014 Rs.	December 31, 2013 Rs.
Authorised Share Capital 100 Shares of 500 PLN each	50,000 PLN	50,000 PLN
Issued, subscribed and paid up capital 100 Shares of 500 PLN each	804,450	804,450
Total	804,450	804,450

A. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Particulars	As at December 31, 2014		As at December 31, 2013	
	No.	Rs.	No.	Rs.
Shares outstanding at the beginning of the year	100	804,450	100	804,450
Add: Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	100	804,450	100	804,450

Computaris Polska sp z o.o., Poland
Notes to Financial Statements for the year ended December 31, 2014

4. Reserves and surplus

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Statement of Profit and Loss		
Balance as per last financial statement	17,131,645	(10,068,293)
Add: Profit / (loss) for the current year	40,606,757	27,199,938
Less: Dividend appropriation	55,946,260	-
Net Surplus/ (deficit) in the statement of profit and loss	1,792,142	17,131,645
Foreign currency translation reserve		
Balance as per last financial statement	6,472,081	2,170,621
Add: Current year translation differences	(3,971,492)	4,301,460
Closing balance	2,500,589	6,472,081
Capital Reserve	16,269,374	16,269,374
Total	20,562,105	39,873,100

Note:

During the year ended 2014, The Company has declared & paid dividend of Rs. 55,946,260 (i.e.PLN 2,889,040) to Computaris International Limited, U.K. from past reserves.

5. Short-term provisions

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Provision for employee benefits		
Compensated absences	3,935,643	3,286,894
Sub total (A)	3,935,643	3,286,894
Other provision		
Provision for Income tax	1,400,942	2,549,607
Sub total (B)	1,400,942	2,549,607
Total (A+B)	5,336,585	5,836,501

6. Other current liabilities

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Trade payables	71,163,334	114,858,656
Sub total (A)	71,163,334	114,858,656
Other liabilities		
Unearned revenue	6,256,737	19,511,807
VAT	2,344,836	-
Withholding tax payable	1,028,265	967,540
Others payables	9,614,307	9,599,223
Sub total (B)	19,244,145	30,078,570
Total (A+B)	90,407,479	144,937,226

Schedule 7: Tangible Assets

(Amount in Rs.)

PARTICULARS	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	AS ON	ADDITION	DELETION	ADJUSTMENT	TOTAL	UPTO	FOR THE	DELETION	ADJUSTMENT	TOTAL	AS AT	AS AT
	1.1.2014	DURING THE YEAR			31.12.2014	1.1.2014	DURING THE YEAR			31.12.2014	31.12.2014	31.12.2013
Building- leasehold	237,172	-	-	30,333	206,839	103,463	56,236	-	17,745	141,954	64,885	133,709
Computer hardware	11,005,914	912,458	-	1,407,602	10,510,770	6,363,480	1,825,480	-	960,348	7,228,612	3,282,158	4,642,434
Furniture & fixtures	260,863	443,886	-	33,363	671,386	260,863	482,615	-	72,092	671,386	-	-
Office & electrical equipments	1,349,180	64,084	-	172,550	1,240,714	1,047,799	123,316	-	143,901	1,027,214	213,500	301,381
Vehicles	-	-	-	-	-	-	-	-	-	-	-	-
Total	12,853,129	1,420,428	-	1,643,848	12,629,709	7,775,605	2,487,647	-	1,194,086	9,069,166	3,560,543	5,077,524
Previous year	9,886,795	2,218,837	793,495	(1,540,992)	12,853,129	5,668,110	1,804,902	771,397	(1,073,990)	7,775,605	5,077,524	4,218,685

Schedule 8: Intangible Assets

PARTICULARS	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	AS ON	ADDITION	DELETION	ADJUSTMENT	TOTAL	UPTO	FOR THE	DELETION	ADJUSTMENT	TOTAL	AS AT	AS AT
	1.1.2014	DURING THE YEAR			31.12.2014	1.1.2014	DURING THE YEAR			31.12.2014	31.12.2014	31.12.2013
Computer Software	1,089,669	-	-	139,363	950,306	1,089,669	-	-	139,363	950,306	-	-
Total	1,089,669	-	-	139,363	950,306	1,089,669	-	-	139,363	950,306	-	-
Previous year	942,729	-	-	(146,940)	1,089,669	942,729	-	-	(146,940)	1,089,669	-	-

9. Loans and advances

Particulars	Non-Current		Current	
	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Advances recoverable in cash or in kind or for value to be received				
Unsecured, considered good	-	-	6,201,612	8,037,991
Sub total (A)	-	-	6,201,612	8,037,991
Security deposit				
Unsecured, considered good	3,273,751	687,198	-	-
Sub total (B)	3,273,751	687,198	-	-
Other loans & advances				
VAT receivable			-	1,051,580
Sub total (C)	-	-	-	1,051,580
Total (A+B+C)	3,273,751	687,198	6,201,612	9,089,571

10.1 Deferred tax liability (net)

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Deferred tax liability		
Timing differences for deferred tax liability component	2,804,306	-
Gross deferred tax liability	2,804,306	-
Deferred tax assets		
Timing differences for deferred tax assets component	2,741,754	-
Gross deferred tax assets	2,741,754	-
Deferred tax liability (net)	62,552	-

10.2 Deferred tax assets (net)

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Deferred tax assets		
Timing differences for deferred tax assets component	-	6,014,451
Gross deferred tax assets	-	6,014,451
Deferred tax liability		
Timing differences for deferred tax liability component	-	2,508,087
Gross deferred tax liability	-	2,508,087
Deferred tax assets (net)	-	3,506,364

11. Trade receivables and other assets

11.1 Trade receivables

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	-	-
Unsecured, considered doubtful	-	-
Provision for doubtful receivables	-	-
Sub total (A)	-	-
Other receivables		
Unsecured, considered good	70,746,111	52,880,637
Unsecured, considered doubtful	-	-
	70,746,111	52,880,637
Provision for doubtful receivables	-	-
Sub total (B)	70,746,111	52,880,637
Total (A+B)	70,746,111	52,880,637

Trade receivable include:

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Dues from companies under the same management Computaris International Limited	43,445,036	28,425,774

11.2 Other current assets

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Unbilled revenue	17,118,686	48,444,412
Total	17,118,686	48,444,412

12. Cash and bank balances

Particulars	Current	
	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Cash and cash equivalents		
Cash on hand	36,940	22,201
Balances with others banks:		
On current accounts	16,060,535	28,205,137
On deposit accounts with original maturity of less than 3 months	-	43,538,233
Total	16,097,475	71,765,571

13. Revenue from operation

Particulars	For the year ended December 31, 2014 Rs.	For the period ended December 31, 2013 Rs.
Sale of services	275,965,792	257,427,195
Total	275,965,792	257,427,195

14. Other income

Particulars	For the year ended December 31, 2014 Rs.	For the period ended December 31, 2013 Rs.
Interest on:		
Interest income	90,067	223,134
Profit on sale of assets	-	6,617
Miscellaneous income	2,382,727	687,478
Total	2,472,794	917,229

15. Employee benefits expense

Particulars	For the year ended December 31, 2014 Rs.	For the period ended December 31, 2013 Rs.
Salaries, wages and bonus including contribution to employee's benefits plan	155,889,141	122,147,878
Staff welfare expenses	1,246,273	742,050
Total	157,135,414	122,889,928

16. Operational and other expenses

Particulars	For the year ended December 31, 2014 Rs.	For the period ended December 31, 2013 Rs.
Contract Cost	36,253,011	36,253,011
Recruitment and training expenses	3,227,042	3,223,509
Travelling and conveyance	7,062,280	7,890,266
Insurance	401,456	440,699
Repair and maintenance	3,477,412	4,039,145
Membership & subscription fees	-	149,109
Rent - premises	6,247,962	4,931,324
Rent - equipment	1,162	2,217
Power and fuel	1,215,948	1,046,268
Communication costs	1,799,629	1,425,284
Printing and stationery	841,216	769,123
Advertising and sales promotion	1,464,904	1,603,225
Legal and professional expenses	1,228,353	28,193,022
Foreign exchange fluctuation (net)	2,997,237	6,969,195
Rates and taxes	386,467	344,499
Security expenses	300,719	208,483
Miscellaneous expenses	782,423	191,942
Total	67,687,221	97,680,321

17. Depreciation and amortisation expenses

Particulars	For the year ended December 31, 2014 Rs.	For the period ended December 31, 2013 Rs.
Depreciation on tangible assets	2,487,647	1,804,902
Total	2,487,647	1,804,902

18. Finance cost

Particulars	For the year ended December 31, 2014 Rs.	For the period ended December 31, 2013 Rs.
Bank charges	389,546	223,670
Total	389,546	223,670

19. Related Party Disclosures

(i) Names of related parties where control exists irrespective of whether transactions have occurred or not:

Holding Company	Computaris International limited,UK (wholly owned subsidiary of R Systems International Limited, India)
Other Subsidiaries in Group	R Systems (Singapore) Pte Ltd, Singapore R Systems, Inc., USA R Systems Solutions, Inc.,USA R Systems N.V., Belgium (Liquidated as on June 24, 2013) R Systems Europe B.V., Netherlands (ceased to be subsidiary w.e.f. November 27, 2014) R Systems S.A.S., France (ceased to be subsidiary w.e.f. November 27, 2014) ECnet Ltd, Singapore Systemes R. International Ltee, Canada R Systems Product & Technologies Limited,India (incorporated on July 11, 2014)

Following are the subsidiaries of ECnet Ltd, Singapore

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

Subsidiaries of Computaris International Limited

Computaris Romania S.R.L.,Romania
Computaris USA, LLC
ICS Computaris International S.R.L., Moldova
Computaris Malaysian SDN.BHD., Malaysia
Computaris Limited, UK (Liquidated as on December 24, 2013)

Key management personnel	Dariusz Górczyński, Director Monika Borkowska , Director
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(ii) Details of transactions with related parties for the period ended December 31, 2014 and December 31, 2013:

(Amount in Rs.)

Particulars	December 31,	
	2014	2013
Computaris International Limited		
Services rendered	142,600,258	126,887,357
Amount receivable	43,445,036	28,425,774

Remuneration to key management personnel	2014	2013
Gorczyński Dariusz	7,047,600	6,019,673
Borkowska Monika	2,867,895	2,902,255
Total	9,915,495	8,921,928
Other Payments		
Borkowska Monika	49,551	6,780
Total	49,551	6,780

The Company has operating leases for office premises, etc. The future minimum payments required under non-cancelable operating leases at year-end are as follows:

Computaris Polska sp z o.o., Poland
Notes to Financial Statement for the year ended December 31, 2014

	Year ended December 31, 2014 Rs.	Year ended December 31, 2013 Rs.
Lease payments for the year	5,707,980	4,491,040
Minimum Lease Payments:	-	-
Not later than one year	2,428,528	2,106,638
Later than one year but not later than five years	-	-
Later than five years	-	-

The operating lease arrangements extend for a maximum of 1 year from their respective dates of inception. Most of the operating lease arrangements do not have price escalation clause.

21. 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.K. RELAN & CO.
ICAI Firm registration number: 001720N
Chartered Accountants

For and on behalf of the Board of Directors of Computaris Polska,
Sp zo.o., Poland

Sd/-
CA. S.K. RELAN
Membership No. 12149

Sd/-
Dariusz Górczyński
[Director]

Sd/-
Monika Borkowska
[Director]

Place : New Delhi
Date : February 07, 2015

Place : Poland
Date : February 07, 2015

Place : Poland
Date : February 07, 2015

INDEPENDENT AUDITOR'S REPORT

To,
The Members of ICS Computaris International S.R.L, Moldova, Moldova

Report on the Financial Statements

We have audited the accompanying financial statements of ICS Computaris International S.R.L, Moldova, Moldova ("the Company"), which comprise the Balance Sheet as at December 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956, (which are deemed to be applicable as per section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014 and read with General Circular 08/2014 dated 4 April 2014, issued by the Ministry of Corporate Affairs, and other accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2014;

- b) in the case of the Statement of Profit and Loss, of the **Profit** for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

As required by section 227(3) of the Act, we report that:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c) the Balance Sheet and 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 Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956, (which are deemed to be applicable as per section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014 and read with General Circular 08/2014 dated 4 April 2014, issued by the Ministry of Corporate Affairs, and other accounting principles generally accepted in India;

For S.K. RELAN & CO.
ICAI Firm Registration No.001720N
Chartered Accountants

PLACE : New Delhi
DATED: February 07, 2015

Sd/-
CA. S. K.RELAN
Membership No.012149

ICS Computaris International Srl, Moldova
Balance Sheet as at December 31, 2014

	Notes	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	20,693	20,693
Reserves and surplus	4	38,074,771	40,202,968
Current liabilities			
Trade payables	6	192,010	213,026
Short-term provisions	5	1,251,373	3,060,658
Total		39,538,847	43,497,345
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	7	1,798,045	2,312,980
Intangible assets	8	163,721	181,467
Other non-current assets	10.2	642,837	753,978
Current assets			
Trade receivables	10.1	21,408,906	11,716,695
Cash and bank balances	11	4,836,815	17,027,455
Short-term loans and advances	9	10,688,523	11,463,590
Total		39,538,847	43,497,345
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial Statements.

As per our report of even date.

For S.K. Relan & Co
ICAI Firm Registration No. 001720N
Chartered Accountants

For and on behalf of the Board of Directors of
ICS Computaris International Srl, Moldova

Sd/-
CA. S.K. RELAN
Membership No. 12149
Place : New Delhi
Date : February 07, 2015

Sd/-
Gurghis Calin
[Director]
Place : Moldova
Date : February 07, 2015

ICS Computaris International Srl, Moldova			
Profit and Loss Account for the year ended December 31, 2014			
	Notes	For the Year ended December 31, 2014 Rs.	For the period ended December 31, 2013 Rs.
Income			
Revenue from operations	12	58,222,524	68,922,800
Other income	13	1,265,178	2,821,280
Total revenue		59,487,702	71,744,080
Expenses			
Employee benefits expense	14	34,800,231	36,646,352
Operational and other expense	15	17,550,021	21,151,618
Depreciation and amortisation expense	16	977,436	2,060,998
Finance costs	17	455,151	201,178
Total expenses		53,782,839	60,060,146
Profit before tax		5,704,863	11,683,934
Tax expense			
Current tax		1,593,604	1,368,342
Total tax expense		1,593,604	1,368,342
Profit for the year		4,111,259	10,315,592
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial Statements.

As per our report of even date.

For S.K. Relan & Co
Firm Registration No. 001720N
Chartered Accountants

For and on behalf of the Board of Directors of
ICS Computaris International Srl, Moldova

Sd/-
CA. S.K. RELAN
Membership No. 12149
Place : New Delhi
Date : February 07, 2015

Sd/-
Gurghis Calin
[Director]
Place : Moldova
Date : February 07, 2015

ICS Computaris International Srl, Moldova
Cash Flow Statement for the period ended December 31, 2014

	For the period ended December 31, 2014 Rs.	For the period ended December 31, 2013 Rs.
A. Cash flow from operating activities		
Net profit/(loss) before taxation	5,704,863	11,683,934
Adjustments for:		
Depreciation and amortisation expense	977,436	2,060,998
Unrealised foreign exchange (loss) / gain	(5,945,527)	1,466,536
Operating profit/(loss) before working capital changes	736,772	15,211,468
Movements in working capital :		
(Increase) / Decrease in Trade Receivables	(9,692,211)	(1,407,028)
(Increase) / Decrease in loans and advances	775,067	(4,268,667)
Increase / (Decrease) in short-term and long-term provision	(1,809,285)	(360,086)
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	(21,016)	(39,815)
Cash generated from operations	(10,010,673)	9,135,872
Direct taxes paid, net of refunds	(1,552,424)	(1,510,125)
Net cash flow from operating activities (A)	(11,563,097)	7,625,747
B. Cash flows used in investing activities		
Purchase of fixed assets	(738,684)	(1,714,470)
Proceeds from sale of fixed assets	(1)	377,853
Net cash used in investing activities (B)	(738,685)	(1,336,617)
C. Cash flows used in financing activities		
(Increase) / Decrease in other non-current assets	111,141	(35,934)
Net cash used in financing activities (C)	111,141	(35,934)
Net increase / (decrease) in cash and cash equivalents during the year (A + B + C)	(12,190,641)	6,253,196
Cash and cash equivalents at the beginning of the year	17,027,455	10,774,259
Cash and cash equivalents at the end of the year	4,836,814	17,027,455

The accompanying notes are an integral part of the financial Statements.

As per our report of even date

For S.K. Relan & Co
ICAI Firm Registration No. 001720N
Chartered Accountants

For and on behalf of the Board of Directors
of ICS Computaris International Srl, Moldova

Sd/-
CA. S.K. RELAN
Membership No. 12149
Place : New Delhi
Date : February 07, 2015

Sd/-
Gurghis Calin
[Director]
Place : Moldova
Date : February 07, 2015

1. Company Overview

ICS Computaris International S.R.L, Moldova, is a wholly owned subsidiary of Computaris International Limited, UK which is again a subsidiary of R Systems International Limited w.e.f January 26, 2011, a company incorporated in India. ICS Computaris International S.R.L, Moldova is a limited company incorporated and domiciled in Republic of Moldova on February 28, 2008 having its registered office is Vlaicu Pircalab Street, No 63, Et.8, oficiu B, MD-2012, Sky Tower Business Center Chisinau, Republica Moldova.

The main object of Company is to provide services and solutions to telecom industry and specialises in real-time rating and convergent billing solutions.

2. Statement of significant accounting policies

(a) Basis of preparation

The financial statements have been prepared to comply in all material respects with the accounting standards notified under the Companies Act, 1956 read with General Circular 8/2014 dated 04 April 2014, issued by the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013 read with rule 7 of Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies have been consistently applied and are consistent with those used in previous year.

All figures are in Rupees except where expressly stated.

(b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. These estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

(c) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

(d) Depreciation on tangible fixed assets

Depreciation is provided on Straight Line method over the estimated useful lives of the tangible fixed assets which result in depreciation rates being greater than or equal to the corresponding rates prescribed in Schedule XIV of the Companies Act, 1956.

The estimated useful lives of the fixed assets followed by the Company in preparing the financial statements are described as below:

<u>Category of tangible fixed assets</u>	<u>Estimated Useful Life</u>
Office and electrical equipment's	2-15 years
Computer hardware and network installations	3 years
Furniture and fittings	5-10 years

(e) Intangibles assets

Computer software

Computer software's are stated at cost less accumulated amortisation 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.

Costs relating to acquired software are capitalised and amortised on a straight-line basis over their useful lives as estimated by the management at 5 years or below in specific cases.

(f) 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 fixed assets / intangibles assets 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.

(g) 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 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 Profit and Loss Account on a straight-line basis over the lease term.

(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.

Revenue associated with software development and maintenance services / customisation of products rendered on time and materials basis is recognised when services are rendered. The same is calculated based on man-hours incurred for rendering services.

In terms of contracts excess / shortfall of revenue over the billed as at the year-end is carried in financial statement as unbilled revenue / deferred revenue separately.

Interest

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

(i) Foreign currency translation

(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 except those arising from investments in non-integral operations.

(iv) Foreign currency translation

The Functional currency of the company is Moldovan Leu (MDL) but the Financial Statements had been prepared in Indian Rupees. In translating the financial statements, the assets and liabilities, both monetary and non-monetary, are translated at the closing rate; income and expense items are translated at yearly average exchange rates; and all resulting exchange differences are accumulated in a foreign currency translation reserve.

For translating income, expense and cash flows items, except cash and cash equivalents, during the year ended December 31, 2014, the rates used were MDL 1= Rs. 4.37. For translating assets and liabilities at the year-end, the rates used were MDL 1= Rs. 4.04.

For translating income, expense and cash flows items, except cash and cash equivalents, during the year ended December 31, 2013, the rates used were MDL 1= Rs. 4.67. For translating assets and liabilities at the year-end, the rates used were MDL 1= Rs. 4.74.

(j) **Retirement benefits**

Retirement benefits in the form of defined contribution schemes are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective funds.

(k) **Income taxes**

Income tax on the profit or loss for the year comprises of current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date in accordance with the tax laws of the country where such operations are domiciled and any adjustment to tax payable in respect of previous year.

Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year 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 recognized 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 realized. If the company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

(l) **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.

(m) **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 the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the management's current estimates.

(n) **Segment reporting**

The Company primarily operates one business segment, providing information technology services and rendering consultancy services.

(o) **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, 2014	December 31, 2013
	Rs.	Rs.
Authorised shares		
Shares of no par value	-	-
Issued, subscribed and paid up capital		
Shares of no par value	20,693	20,693
Total	20,693	20,693

A. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Particulars	As at		As at	
	December 31, 2014		December 31, 2013	
	No.	Rs.	No.	Rs.
Shares outstanding at the beginning of the year	1	20,693	1	20,693
Add: Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	1	20,693	1	20,693

4. Reserves and surplus

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Statement of Profit and Loss		
Balance as per last financial statement	32,438,606	22,123,014
Add: Profit for the current year	4,111,259	10,315,592
Net surplus in the statement of profit and loss	36,549,865	32,438,606
Foreign currency translation reserve		
Balance as per last financial statement	4,492,309	2,904,763
Add: Current year translation differences	(6,239,456)	1,587,546
Closing balance	(1,747,147)	4,492,309
Capital Reserve	3,272,053	3,272,053
Total	38,074,771	40,202,968

5. Short-term provisions

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Provision for employee benefits		
Compensated absences	1,251,373	3,060,658
Total	1,251,373	3,060,658

6. Other current liabilities

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Trade payables	192,010	213,026
Total	192,010	213,026

Schedule 7: Tangible Assets

(Amount in Rs.)

PARTICULARS	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	AS ON	ADDITION	DELETION	ADJUSTMENT	TOTAL	UPTO	FOR THE	DELETION	ADJUSTMENT	TOTAL	AS AT	AS AT
	1.1.2014	DURING THE YEAR			31.12.2014	1.1.2014	DURING THE YEAR			31.12.2014	31.12.2014	31.12.2013
Building- leasehold	-	-	-	-	-	-	-	-	-	-	-	-
Plant and Machinery	-	-	-	-	-	-	-	-	-	-	-	-
Computer hardware	4,049,880	725,949	308,315	(596,976)	3,870,538	2,480,559	667,556	308,315	(416,030)	2,423,770	1,446,768	1,569,321
Furniture & fixtures	1,354,742	-	-	(199,697)	1,155,045	731,302	250,066	-	(126,670)	854,698	300,347	623,440
Office & electrical equipments	328,919	-	-	(48,484)	280,435	208,700	55,778	-	(34,973)	229,505	50,930	120,219
Total	5,733,541	725,949	308,315	(845,157)	5,306,018	3,420,561	973,400	308,315	(577,673)	3,507,973	1,798,045	2,312,980
CWIP	273,860	-	-	(40,369)	233,491	273,860	-	-	(40,369)	233,491	-	0
Total	6,007,401	725,949	308,315	(885,526)	5,539,509	3,694,421	973,400	308,315	(618,042)	3,741,464	1,798,045	2,312,980
Previous year	6,676,698	1,518,787	2,522,213	334,129	6,007,401	4,059,026	1,551,025	2,144,361	228,731	3,694,421	2,312,980	2,617,672

Schedule 8: Intangible Assets

PARTICULARS	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	AS ON	ADDITION	DELETION	ADJUSTMENT	TOTAL	UPTO	FOR THE	DELETION	ADJUSTMENT	TOTAL	AS AT	AS AT
	1.1.2014	DURING THE YEAR			31.12.2014	1.1.2014	DURING THE YEAR			31.12.2014	31.12.2014	31.12.2013
Computer Software	2,033,924	12,735	-	(299,813)	1,746,847	1,852,458	4,036	-	(273,368)	1,583,126	163,721	181,467
Total	2,033,924	12,735	-	(299,813)	1,746,847	1,852,458	4,036	-	(273,368)	1,583,126	163,721	181,467
Previous year	1,489,824	195,683	-	348,418	2,033,924	1,009,678	509,973	-	332,806	1,852,458	181,467	480,146

ICS Computaris International Srl, Moldova
Notes to Financial Statements for the year ended December 31, 2014

9. Loans and advances

Particulars	Non-Current		Current	
	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Advances recoverable in cash or in kind or for value to be received				
Unsecured, considered good	-	-	3,180,943	3,303,732
Sub total (A)	-	-	3,180,943	3,303,732
Other loans and advances				
VAT receivable	-	-	5,658,336	4,460,719
Other recoverables	-	-	1,849,244	3,699,139
Advance income taxes	-	41,180	-	-
Sub total (B)	-	41,180	7,507,580	8,159,858
Total (A+B)	-	41,180	10,688,523	11,463,590

10. Trade receivables and other current assets

10.1 Trade receivables

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	-	-
Unsecured, considered doubtful	-	-
Provision for doubtful receivables	-	-
Sub Total (A)	-	-
Other receivables		
Unsecured, considered good	21,408,906	11,716,695
Unsecured, considered doubtful	-	-
	21,408,906	11,716,695
Provision for doubtful receivables	-	-
Sub Total (B)	21,408,906	11,716,695
Total (A+B)	21,408,906	11,716,695

Trade receivable include:

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Dues from companies under the same management Computaris International Limited	21,408,906	11,716,695

10.2 Other non-current assets

Particulars	Non-Current	
	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Non-current bank balances (refer note 11)	642,837	753,978
Total	642,837	753,978

11. Cash and bank balances

Particulars	Non-current		Current	
	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Cash and cash equivalent				
Balance with other banks:				
On current accounts			4,836,815	17,027,455
			4,836,815	17,027,455
Margin money deposit (refer detail below)	642,837	753,978		
	642,837	753,978	-	-
Amount disclosed under non-current assets (refer note 10)	(642,837)	(753,978)	-	-
Total	-	-	4,836,815	17,027,455

Detail of margin money deposit

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Margin moneys deposit against performance guarantee	642,837	753,978
Total	642,837	753,978

12. Revenue from operations

Particulars	For the year ended December 31, 2014 Rs.	For the period ended December 31, 2013 Rs.
Sale of services	58,222,524	68,922,800
Total	58,222,524	68,922,800

13. Other income

Particulars	For the year ended December 31, 2014 Rs.	For the period ended December 31, 2013 Rs.
Foreign exchange fluctuation (net)	1,265,178	2,821,280
Total	1,265,178	2,821,280

14. Employee benefits expense

Particulars	For the year ended December 31, 2014 Rs.	For the period ended December 31, 2013 Rs.
Salaries, wages and bonus	30,367,325	32,117,248
Contribution to employee's benefits fund	4,432,906	4,529,104
Total	34,800,231	36,646,352

15. Operational and other expenses

Particulars	For the year ended December 31, 2014 Rs.	For the period ended December 31, 2013 Rs.
Travelling and conveyance	8,050,877	10,919,986
Rent - premises	6,785,899	6,908,235
Communication costs	744,490	999,546
Legal and professional expenses	406,020	404,148
Rates and taxes	41,666	29,641
Miscellaneous expenses	1,521,069	1,890,062
Total	17,550,021	21,151,618

16. Depreciation and amortisation expense

Particulars	For the year ended December 31, 2014 Rs.	For the period ended December 31, 2013 Rs.
Depreciation on tangible assets	973,400	1,551,025
Amortisation on intangible assets	4,036	509,973
Total	977,436	2,060,998

17. Finance cost

Particulars	For the year ended December 31, 2014 Rs.	For the period ended December 31, 2013 Rs.
Bank charges	455,151	201,178
Total	455,151	201,178

18. Related Party Disclosures

(i) Names of related parties where control exists irrespective of whether transactions have occurred or not:

Holding Company	Computaris International limited,UK (wholly owned subsidiary of R Systems International Limited, India)
Fellow Subsidiaries	R Systems (Singapore) Pte Ltd, Singapore R Systems, Inc., USA R Systems Solutions, Inc.,USA R Systems N.V., Belgium (Liquidated as on June 24, 2013) R Systems Europe B.V., Netherlands (ceased to be subsidiary w.e.f. November 27, 2014) R Systems S.A.S., France (ceased to be subsidiary w.e.f. November 27, 2014) ECnet Ltd, Singapore Systèmes R. International Ltée, Canada R Systems Product & Technologies Limited,India (incorporated on July 11, 2014)

Following are the subsidiaries of ECnet Ltd, Singapore

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

Subsidiaries of Computaris International Limited

Computaris Romania S.R.L.,Romania
Computaris Polska sp Zoo, Poland
Computaris USA, LLC
Computaris Malaysian SDN.BHD., Malaysia
Computaris Limited, UK (Liquidated as on December 24, 2013)

Key Management Personnel Gurghis Calin, Director

(ii) Details of transactions with related parties for year ended December 31, 2014 and December 31, 2013:

(Amount in Rs.)

Particulars	December 31,	
	2014	2013
Computaris International Limited		
Services rendered	58,222,524	68,922,800
Amount Receivables	21,408,906	11,716,695

19. Operating Lease- Company as lessee

The Company has operating leases for office premises, etc. The future minimum payments required under non-cancelable operating leases at year-end are as follows:

	December 31,	
	2014	2013
Lease payments for the year	6,776,148	6,916,554
Non-cancellable operating lease obligation	-	-
Not later than one year	1,717,331	6,992,504
Later than one year but not later than five years	-	1,748,126
Later than five years	-	-

ICS Computaris International Srl, Moldova
Notes to Financial Statement for the year ended December 31, 2014

20. The Company has no material deferred tax component as at December 31, 2014. Hence no deferred tax has been recorded in the books.

21. 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.K. RELAN & CO.
ICAI Firm registration number: 001720N
Chartered Accountants

For and on behalf of the Board of Directors of ICS Computaris
International S.R.L, Moldova

Sd/-
CA. S.K. RELAN
Membership No. 12149

Sd/-
Gurghis Calin
[Director]

Place : New Delhi
Date : February 07, 2015

Place : Moldova
Date : February 07, 2015

INDEPENDENT AUDITOR'S REPORT

To,
The Members of Computaris Malaysia Sdn. Bhd., Malaysia

Report on the Financial Statements

We have audited the accompanying financial statements of Computaris Malaysia Sdn. Bhd., Malaysia ("the Company"), which comprise the Balance Sheet as at December 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956, (which are deemed to be applicable as per section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014 and read with General Circular 08/2014 dated 4 April 2014, issued by the Ministry of Corporate Affairs, and other accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2014;

- b) in the case of the Statement of Profit and Loss, of the **Profit** for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

As required by section 227(3) of the Act, we report that:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c) the Balance Sheet and 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 Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956, (which are deemed to be applicable as per section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014 and read with General Circular 08/2014 dated 4 April 2014, issued by the Ministry of Corporate Affairs, and other accounting principles generally accepted in India;

For S.K. RELAN & CO.
ICAI Firm Registration No.001720N
Chartered Accountants

PLACE : New Delhi
DATED: February 07, 2015

Sd/-
CA. S. K.RELAN
Membership No.012149

Computaris Malaysia Sdn. Bhd., Malaysia
Balance Sheet as at December 31, 2014

	Notes	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	14,930	14,930
Reserves and surplus	4	844,950	740,127
Current liabilities			
Trade payables	6	240,970	184,897
Short-term provisions	5	93,054	322,079
Total		1,193,904	1,262,033
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	7	40,657	62,920
Intangible assets	8	10,345	33,867
Long-term loans and advances	9	233,541	412,999
Current assets			
Trade receivables	10	-	30,848
Cash and bank balances	11	909,361	721,399
Total		1,193,904	1,262,033
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial Statements.

As per our report of even date.

For S.K. Relan & Co
ICAI Firm Registration No. 001720N
Chartered Accountants

For and on behalf of the Board of Directors of
Computaris Malaysia Sdn. Bhd., Malaysia

Sd/-
CA. S.K. RELAN
Membership No. 12149
Place : New Delhi
Date : February 07, 2015

Sd/-
Tham Kok Kee
[Director]
Place : Malaysia
Date : February 07, 2015

Sd/-
Yeo Chun Lan
[Director]
Place : Malaysia
Date : February 07, 2015

Computaris Malaysia Sdn. Bhd., Malaysia			
Profit and Loss Account for the period ended December 31, 2014			
	Notes	For the Year ended December 31, 2014 Rs.	For the period ended December 31, 2013 Rs.
Income			
Revenue from operations	12	14,566,377	23,102,416
Other income	13	-	20,393
Total revenue		14,566,377	23,122,809
Expenses			
Employee benefits expense	14	9,860,945	18,169,131
Operational and other expense	15	4,340,359	5,085,680
Depreciation and amortisation expense	16	43,175	41,047
Finance costs	17	1,119	1,672
Total expenses		14,245,598	23,297,530
Profit/(Loss) before tax		320,779	(174,721)
Tax expense	Sd/- CA. S.K. RELAN Membership No. 12149		
Current tax		182,024	95,112
Total tax expense		182,024	95,112
Profit/(Loss) for the year	Place : New Delhi Date : February 07, 2015	138,755	(269,833)
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial Statements.

As per our report of even date.

For S.K. Relan & Co
ICAI Firm Registration No. 001720N
Chartered Accountants

For and on behalf of the Board of Directors of
Computaris Malaysia Sdn. Bhd., Malaysia

Sd/-
CA. S.K. RELAN
Membership No. 12149
Place : New Delhi
Date : February 07, 2015

Sd/-
Tham Kok Kee
[Director]
Place : Malaysia
Date : February 07, 2015

Sd/-
Yeo Chun Lan
[Director]
Place : Malaysia
Date : February 07, 2015

Computaris Malaysia Sdn. Bhd., Malaysia
Cash Flow Statement for the period ended December 31, 2014

	For the period ended December 31, 2014 Rs.	For the period ended December 31, 2013 Rs.
A. Cash flow from operating activities		
Net profit/(loss) before taxation	320,779	(174,721)
Adjustments for:		
Depreciation and amortisation expense	43,175	41,047
Unrealised foreign exchange (loss) / gain	(31,322)	40,984
Operating profit/(loss) before working capital changes	332,632	(92,690)
Movements in working capital :		
(Increase) / Decrease in trade receivables	30,848	675,615
(Increase) / Decrease in loans and advances	8,157	(11,933)
Increase / (Decrease) in short-term and long-term provision	(229,025)	127,097
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	56,073	(278,390)
Cash generated from operations	198,685	419,699
Direct taxes paid, net of refunds	(10,723)	(404,884)
Net cash flow from operating activities (A)	187,962	14,815
B. Cash flows used in investing activities		
Purchase of fixed assets	-	(13,188)
Net cash used in investing activities (B)	-	(13,188)
C. Cash flows used in financing activities		
Net cash used in financing activities (C)	-	-
Net increase / (decrease) in cash and cash equivalents during the year (A + B + C)	187,962	1,627
Cash and cash equivalents at the beginning of the year	721,399	719,772
Cash and cash equivalents at the end of the year	909,361	721,399

The accompanying notes are an integral part of the financial Statements.

As per our report of even date

For S.K. Relan & Co
ICAI Firm Registration No. 001720N
Chartered Accountants

For and on behalf of the Board of Directors a
of Computaris Malaysia Sdn. Bhd., Malaysia

Sd/-
CA. S.K. RELAN
Membership No. 12149
Place : New Delhi
Date : February 07, 2015

Sd/-
Tham Kok Kee
[Director]
Place : Malaysia
Date : February 07, 2015

Sd/-
Yeo Chun Lan
[Director]
Place : Malaysia
Date : February 07, 2015

1. Company Overview

Computaris Malaysia Sdn. Bhd., Malaysia, is a wholly owned subsidiary of Computaris International Limited, UK which is again a subsidiary of R Systems International Limited w.e.f January 26, 2011, a company incorporated in India. Computaris Malaysia Sdn. Bhd., Malaysia is a limited company incorporated and domiciled in Malaysia on November 19, 2009 having its registered office is No. 52, 1st Floor, Jalan SS21/58 Damansara Utama, 47400 Petaling Jaya, Selangor, Malaysia.

The main object of Company is to provide services and solutions to telecom industry and specialises in real-time rating and convergent billing solutions.

2. Statement of significant accounting policies

(a) Basis of preparation

The financial statements have been prepared to comply in all material respects with the accounting standards notified under the Companies Act, 1956 read with General Circular 8/2014 dated 04 April 2014, issued by the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013 read with rule 7 of Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies have been consistently applied and are consistent with those used in previous year.

All figures are in Rupees except where expressly stated.

(b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year end. These estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

(c) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

(d) Depreciation on Tangible fixed assets

Depreciation is provided on Straight Line method over the estimated useful lives of the tangible fixed assets which result in depreciation rates being greater than or equal to the corresponding rates prescribed in Schedule XIV of the Companies Act, 1956.

The estimated useful lives of the fixed assets followed by the Company in preparing the financial statements are described as below:

<u>Category of tangible fixed assets</u>	<u>Estimated useful life</u>
Office and electrical equipment's	3-20 years
Computer hardware and network installations	3-6 years

(e) Intangibles

Computer software

Computer software's are stated at cost less accumulated amortisation 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.

Costs relating to acquired software are capitalised and amortised on a straight-line basis over their useful lives as estimated by the management at 3 to 5 years or below in specific cases.

(f) 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 fixed assets / intangibles assets 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.

(g) 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 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 Profit and Loss Account on a straight-line basis over the lease term.

(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.

Revenue associated with software development and maintenance services / customisation of products rendered on time and materials basis is recognised when services are rendered. The same is calculated based on man-hours incurred for rendering services.

In terms of contracts excess / shortfall of revenue over the billed as at the year-end is carried in financial statement as unbilled revenue / deferred revenue separately.

Interest

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

(i) Foreign currency translation

(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 except those arising from investments in non-integral operations.

(iv) Foreign currency translation

The Functional currency of the company is Malaysian Ringgit (MYR) but the Financial Statements had been prepared in Indian Rupees. In translating the financial statements, the assets and liabilities, both monetary and non-monetary, are translated at the closing rate; income and expense items are translated at yearly average exchange rates; and all resulting exchange differences are accumulated in a foreign currency translation reserve.

For translating income, expense and cash flows items, except cash and cash equivalents, during the year ended December 31, 2014, the rates used were MYR 1= Rs.18.12. For translating assets and liabilities at the year-end, the rates used were MYR 1= Rs. 18.65.

For translating income, expense and cash flows items, except cash and cash equivalents, during the year ended December 31, 2013, the rates used were MYR 1= Rs.18.57. For translating assets and liabilities at the year-end, the rates used were MYR 1= Rs. 18.87.

(j) Retirement benefits

Retirement benefits in the form of defined contribution schemes are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective funds.

(k) Income taxes

Income tax on the profit or loss for the year comprises of current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date in accordance with the tax laws of the country where such operations are domiciled and any adjustment to tax payable in respect of previous year.

Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year 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 recognized 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 realized. If the company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

(l) 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.

(m) 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 the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the management's current estimates.

(n) Segment reporting

The Company primarily operates one business segment, providing information technology services and rendering consultancy services.

(o) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

3. Share capital

Particulars	As at	
	December 31, 2014	December 31, 2013
	Rs.	Rs.
Authorised Share Capital		
100,000 ordinary shares of RM 1 each	MYR 100,000	MYR 100,000
Issued, subscribed and paid up capital		
1,000 ordinary shares of RM 1 each	14,930	14,930
Total	14,930	14,930

A. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Particulars	As at		As at	
	December 31, 2014		December 31, 2013	
	No.	Rs.	No.	Rs.
Shares outstanding at the beginning of the year	1,000	14,930	1,000	14,930
Add: Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	1,000	14,930	1,000	14,930

4. Reserves and surplus

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Statement of Profit and Loss		
Balance as per last financial statement	582,640	852,473
Add: Profit for the current year	138,755	(269,833)
Net surplus in the statement of profit and loss	721,395	582,640
Foreign currency translation reserve		
Balance as per last financial statement	157,487	110,970
Add: Current year translation differences	(33,932)	46,517
Closing balance	123,555	157,487
Total	844,950	740,127

5. Short-term provisions

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Provision for employee benefits		
Compensated absences	93,054	322,079
Total	93,054	322,079

6. Other current liabilities

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Trade payables	240,970	184,897
Total	240,970	184,897

Schedule 7:Tangible Assets

(Amount in Rs.)

PARTICULARS	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	AS ON	ADDITION	DELETION	ADJUSTMENT	TOTAL	UPTO	FOR THE	DELETION	ADJUSTMENT	TOTAL	AS AT	AS AT
	1.1.2014	DURING THE YEAR			31.12.2014	1.1.2014	DURING THE YEAR			31.12.2014	31.12.2014	31.12.2013
Computer hardware	55,846	(1,359)	-	2,217	52,270	44,716	1,511	-	1,820	44,407	7,863	11,130
Office & electrical equipments	90,675	1,359	-	3,600	88,434	38,885	18,837	-	2,082	55,640	32,794	51,790
Total	146,521	-	-	5,817	140,704	83,601	20,347	-	3,902	100,047	40,657	62,920
Previous year	126,754	13,188	-	(6,579)	146,521	53,413	26,987	-	(3,201)	83,601	62,920	73,341

Schedule 8: Intangible Assets

PARTICULARS	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	AS ON	ADDITION	DELETION	ADJUSTMENT	TOTAL	UPTO	FOR THE	DELETION	ADJUSTMENT	TOTAL	AS AT	AS AT
	1.1.2014	DURING THE YEAR			31.12.2014	1.1.2014	DURING THE YEAR			31.12.2014	31.12.2014	31.12.2013
Computer Software	71,846	-	-	2,853	68,993	37,979	22,828	-	2,159	58,648	10,345	33,867
Total	71,846	-	-	2,853	68,993	37,979	22,828	-	2,159	58,648	10,345	33,867
Previous Year	68,300	-	-	(3,546)	71,846	22,528	14,060	-	(1,391)	37,979	33,867	45,772

9. Loans and advances

Particulars	Non-Current	
	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Security deposit		
Unsecured, considered good	197,305	205,462
Total (A)	197,305	205,462
Other loans and advances		
Advance income taxes	36,236	207,537
Sub total (B)	36,236	207,537
Total (A+B)	233,541	412,999

10. Trade receivables

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	-	-
Unsecured, considered doubtful	-	-
Provision for doubtful receivables	-	-
Total (A)	-	-
Other receivables		
Unsecured, considered good	-	30,848
Unsecured, considered doubtful	-	-
Provision for doubtful receivables	-	30,848
Total (B)	-	30,848
Total (A+B)	-	30,848

Trade receivable include:

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Dues from companies under the same management		
Computaris International Limited	-	30,848

11. Cash and bank balances

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Cash and cash equivalents		
Balance with other banks	-	-
On current accounts	909,361	721,399
Total	909,361	721,399

12. Revenue from operations

Particulars	For the year ended December 31, 2014 Rs.	For the period ended December 31, 2013 Rs.
Sale of services	14,566,377	23,102,416
Total	14,566,377	23,102,416

13. Other income

Particulars	For the year ended December 31, 2014 Rs.	For the period ended December 31, 2013 Rs.
Foreign exchange fluctuation (net)	-	20,393
Total	-	20,393

14. Employee benefits expense

Particulars	For the year ended December 31, 2014 Rs.	For the period ended December 31, 2013 Rs.
Salaries, wages and bonus	8,731,464	16,107,806
Contribution to employee's benefits fund	1,069,745	1,955,477
Staff welfare expenses	59,736	105,848
Total	9,860,945	18,169,131

15. Operational and other expenses

Particulars	For the year ended December 31, 2014 Rs.	For the period ended December 31, 2013 Rs.
Recruitment and training expenses	-	2,953
Travelling and conveyance	1,826,450	2,488,578
Insurance	312,481	360,706
Repair and maintenance	48,900	2,656
Membership & Subscription Fees	14,920	-
Rent - premises	595,868	1,002,942
Communication costs	311,008	345,848
Printing and stationery	29,411	38,595
Advertising and sales promotion	160,390	125,368
Legal and professional expenses	874,237	636,386
Foreign exchange fluctuation (net)	101,083	-
Miscellaneous expenses	65,611	81,648
Total	4,340,359	5,085,680

16. Depreciation and amortisation expense

Particulars	For the year ended December 31, 2014 Rs.	For the period ended December 31, 2013 Rs.
Depreciation on tangible assets	20,347	26,987
Amortisation on intangible assets	22,828	14,060
Total	43,175	41,047

17. Finance cost

Particulars	For the year ended December 31, 2014 Rs.	For the period ended December 31, 2013 Rs.
Bank charges	1,119	1,672
Total	1,119	1,672

18. Related Party Disclosures

(i) Names of related parties where control exists irrespective of whether transactions have occurred or not:

Holding Company	Computaris International limited,UK (wholly owned subsidiary of R Systems International Limited, India)
Other Subsidiaries in Group	R Systems (Singapore) Pte Ltd, Singapore R Systems, Inc., USA R Systems Solutions, Inc.,USA R Systems N.V., Belgium (Liquidated as on June 24, 2013) R Systems Europe B.V., Netherlands (ceased to be subsidiary w.e.f. November 27, 2014) R Systems S.A.S., France (ceased to be subsidiary w.e.f. November 27, 2014) ECnet Ltd, Singapore Systèmes R. International Ltée, Canada R Systems Product & Technologies Limited,India (incorporated on July 11, 2014)

Following are the subsidiaries of ECnet Ltd, Singapore

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

Subsidiaries of Computaris International Limited

Computairs Romania S.R.L.,Romania
Computaris Polska sp Zoo, Poland
ICS Computairs International S.R.L., Moldova
Computaris USA, LLC
Computaris Limited, UK (Liquidated as on December 24, 2013)

Key management Personnel	Bogdan Mihai Danila, Director Tham Kok Kee, Director Yeo Chun Lan, Director
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(ii) Details of transactions with related parties for year ended December 31, 2014 and December 31, 2013:

Particulars	(Amount in Rs.)	
	December 31,	
	2014	2013
Computaris International Limited		
Services rendered	14,566,377	23,102,416
Accounts receivable	-	30,848

Remuneration to key management personnel	2014	2013
Tham Kok Kee	3,381,991	1,709,712
Yeo Chun Lan	1,502,071	754,246
Total	4,884,062	2,463,958

19. Operating Lease- Company as lessee

The Company has operating leases for office premises, vehicles etc. The future minimum payments required under non-cancelable operating leases at year-end are as follows:

	Year ended December 31, 2014 Rs.	Year ended December 31, 2013 Rs.
Lease payments for the year	595,794	1,004,461
Non-cancellable operating lease obligation		
Not later than one year	102,835	169,246
Later than one year but not later than five years	-	-
Later than five years	-	-

The operating lease arrangements extend for a maximum of 1 year from their respective dates of inception.

20. The Company has no material deferred tax component as at December 31, 2014. Hence no deferred tax has been recorded in the books.

21. 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.K. RELAN & CO.
ICAI Firm registration number: 001720N
Chartered Accountants

For and on behalf of the Board of Directors of Computaris
Malaysia Sdn. Bhd., Malaysia

Sd/-
CA. S.K. RELAN
Membership No. 12149

Sd/-
Tham Kok Kee
[Director]

Sd/-
Yeo Chun Lan
[Director]

Place : New Delhi
Date : February 07, 2015

Place : Malaysia
Date : February 07, 2015

Place : Malaysia
Date : February 07, 2015

INDEPENDENT AUDITOR'S REPORT

To,
The Members of Computaris USA, Inc., USA

Report on the Financial Statements

We have audited the accompanying financial statements of Computaris USA, Inc., USA ("the Company"), which comprise the Balance Sheet as at December 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956, (which are deemed to be applicable as per section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014 and read with General Circular 08/2014 dated 4 April 2014, issued by the Ministry of Corporate Affairs, and other accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2014;

- b) in the case of the Statement of Profit and Loss, of the **Profit** for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

As required by section 227(3) of the Act, we report that:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c) the Balance Sheet and 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 Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956, (which are deemed to be applicable as per section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014 and read with General Circular 08/2014 dated 4 April 2014, issued by the Ministry of Corporate Affairs, and other accounting principles generally accepted in India;

For S.K. RELAN & CO.
ICAI Firm Registration No.001720N
Chartered Accountants

PLACE : New Delhi
DATED: February 07, 2015

Sd/-
CA. S. K.RELAN
Membership No.012149

Computaris USA, Inc., USA
Balance Sheet as at December 31, 2014

	Notes	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	4,558	4,558
Reserves and surplus	4	9,547,388	(1,380,461)
Non-current liabilities			
Deferred tax liabilities (net)		302,694	-
Current liabilities			
Trade payables	6	14,573,566	1,338,078
Other current liabilities	6	34,576,778	23,991,836
Short-term provisions	5	5,048,725	-
Total		64,053,709	23,954,011
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	7	932,288	662,055
Deferred tax assets (net)			1,833,013
Current assets			
Trade receivables	8.1	45,896,225	4,804,226
Cash and bank balances	9	14,420,517	16,654,717
Other current assets	8.2	2,804,679	-
Total		64,053,709	23,954,011
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.K. Relan & Co
ICAI Firm Registration No. 001720N
Chartered Accountants

For and on behalf of the Board of Directors of
Computaris USA, Inc., USA

Sd/-
CA. S.K. RELAN
Membership No. 12149
Place : New Delhi
Date : February 07, 2015

Sd/-
Satinder Singh Rekhi
[Director]
Place : Singapore
Date : February 07, 2015

Sd/-
Harpreet Rekhi
[Director]
Place : Singapore
Date : February 07, 2015

Computaris USA, Inc., USA
Statement of Profit and Loss for the period ended December 31, 2014

	Notes	For the Year ended December 31, 2014 Rs.	For the period ended December 31, 2013 Rs.
Income			
Revenue from operations	10	181,704,342	85,103,910
Total revenue		181,704,342	85,103,910
Expenses			
Operational and other expenses	11	163,871,532	89,964,813
Depreciation and amortisation expense	12	307,617	123,359
Finance costs	13	-	16,987
Total expenses		164,179,149	90,105,159
Profit / (loss) before tax		17,525,193	(5,001,249)
Tax expense			
Current tax		4,816,851	(62,558)
Deferred tax charge		2,102,853	(1,920,674)
Total tax expense		6,919,704	(1,983,232)
Profit / (loss) for the year		10,605,489	(3,018,017)
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.K. Relan & Co
ICAI Firm Registration No. 001720N
Chartered Accountants

For and on behalf of the Board of Directors of
Computaris USA, Inc., USA

Sd/-
CA. S.K. RELAN
Membership No. 12149
Place : New Delhi
Date : February 07, 2015

Sd/-
Satinder Singh Rekhi
[Director]
Place : Singapore
Date : February 07, 2015

Sd/-
Harpreet Rekhi
[Director]
Place : Singapore
Date : February 07, 2015

Computaris USA, Inc., USA

Cash Flow Statement for the period ended December 31, 2014

	For the period ended December 31, 2014 Rs.	For the period ended December 31, 2013 Rs.
A. Cash flow from operating activities		
Net profit/(loss) before taxation	17,525,193	(5,001,249)
Adjustments for:		
Depreciation and amortisation expense	307,617	123,359
Unrealised foreign exchange (loss) / gain	81,445	(95,848)
Operating profit/(loss) before working capital changes	17,914,255	(4,973,738)
Movements in working capital :		
(Increase) / Decrease in trade receivables	(41,091,999)	1,824,328
(Increase) / Decrease in Other current assets	(2,804,679)	-
(Increase) / Decrease in loans and advances	-	307,338
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	24,123,124	16,430,521
Cash generated from operations	3,189,426	13,588,449
Direct taxes paid, net of refunds	(4,816,851)	62,558
Net cash flow from operating activities (A)	(1,627,425)	13,651,007
B. Cash flows used in investing activities		
Purchase of fixed assets	(606,775)	(306,306)
Net cash used in investing activities (B)	(606,775)	(306,306)
C. Cash flows used in financing activities		
Net cash used in financing activities (C)	-	-
Net increase / (decrease) in cash and cash equivalents during the year (A + B + C)	(2,234,200)	13,344,701
Cash and cash equivalents at the beginning of the year	16,654,717	3,310,016
Cash and cash equivalents at the end of the year	14,420,517	16,654,717

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S.K. Relan & Co
ICAI Firm Registration No. 001720N
Chartered Accountants

For and on behalf of the Board of Directors of
Computaris USA, Inc., USA

Sd/-
CA. S.K. RELAN
Membership No. 12149
Place : New Delhi
Date : February 07, 2015

Sd/-
Satinder Singh Rekhi
[Director]
Place : Singapore
Date : February 07, 2015

Sd/-
Harpreet Rekhi
[Director]
Place : Singapore
Date : February 07, 2015

1. Company Overview

Computaris USA, LLC, USA, is a wholly owned subsidiary of Computaris International Limited, UK which is again a subsidiary of R Systems International Limited w.e.f January 26, 2011, a company incorporated in India. Computaris USA, LLC, USA is a limited company incorporated and domiciled in United States of America on April 02, 2010 having its registered office is 5000, Windplay Drive, Suite 5, EI Dorado Hills, CA 95762, U.S.A.

The main object of Company is to provide services and solutions to telecom industry and specialises in real-time rating and convergent billing solutions.

2. Statement of significant accounting policies

(a) Basis of preparation

The financial statements have been prepared to comply in all material respects with the accounting standards notified under the Companies Act, 1956 read with General Circular 8/2014 dated 04 April 2014, issued by the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013 read with rule 7 of Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies have been consistently applied and are consistent with those used in previous year.

All figures are in Rupees except where expressly stated.

(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, expense, assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period 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

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 assets

Depreciation is provided on Straight Line method over the estimated useful lives of the tangible fixed assets which result in depreciation rates being greater than or equal to the corresponding rates prescribed in Schedule XIV of the Companies Act, 1956.

The estimated useful lives of the fixed assets followed by the Company in preparing the financial statements are described as below:

Category of tangible fixed assets	Estimated useful life
Computer hardware and network installations	3-6 years

(e) Intangibles assets

Computer software

Computer software's are stated at cost less accumulated amortisation 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.

Costs relating to acquired software are capitalised and amortised on a straight-line basis over their useful lives as estimated by the management at 3 to 5 years or below in specific cases.

(f) 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 fixed assets / intangibles are depreciated / amortised on the revised carrying amount over its remaining useful life.

The Company 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.

(g) Leases

Where the Company is the lessee

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the lower of the fair value 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 Company 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 Profit and Loss Account on a straight-line basis over the lease term.

(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.

Revenue associated with software development and maintenance services / customisation of products rendered on time and materials basis is recognised when services are rendered. The same is calculated based on man-hours incurred for rendering services.

In terms of contracts excess / shortfall of revenue over the billed as at the year-end is carried in financial statement as unbilled revenue / deferred revenue separately.

Interest

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

(i) Foreign currency translation

(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 except those arising from investments in non-integral operations.

(iv) Foreign currency translation

The Functional currency of the Company is United States Dollar (US \$) but the Financial Statements had been prepared in Indian Rupees. In translating the financial statements, the assets and liabilities, both monetary and non-monetary, are translated at the closing rate; income and expense items are translated at yearly average exchange rates; and all resulting exchange differences are accumulated in a foreign currency

translation reserve.

For translating income, expense and cash flows items, except cash and cash equivalents, during the year ended December 31, 2014, the rates used were USD \$ 1= Rs. 61.02. For translating assets and liabilities at the year-end, the rates used were USD \$ 1= Rs. 63.04.

For translating income, expense and cash flows items, except cash and cash equivalents, during the year ended December 31, 2013, the rates used were USD \$ 1= Rs. 58.58. For translating assets and liabilities at the year-end, the rates used were USD \$ 1= Rs. 61.81.

(j) Income taxes

Income tax on the profit or loss for the year comprises of current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date in accordance with the tax laws of the country where such operations are domiciled and any adjustment to tax payable in respect of previous year.

Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year 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 recognized 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 realized. If the Company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

(k) 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.

(l) 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 the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the management's current estimates.

(m) Segment reporting

The Company primarily operates one business segment, providing information technology services and rendering consultancy services.

(n) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

3. Share capital

Particulars	As at	
	December 31, 2014 Rs.	December 31, 2013 Rs.
Authorised shares 100 shares of USD 1 each	USD 100	USD 100
Issued, subscribed and paid up capital 100 shares of USD 1 each	4,558	4,558
Total	4,558	4,558

A. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Particulars	As at December 31, 2014		As at December 31, 2013	
	No.	Rs.	No.	Rs.
Shares outstanding at the beginning of the year	100	4,558	100	4,558
Add: Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	100	4,558	100	4,558

Computaris USA, Inc., USA**Notes to Financial Statements for the year ended December 31, 2014****4. Reserves and surplus**

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Statement of Profit and Loss		
Balance as per last financial statement	(1,091,268)	1,926,749
Add: Profit / (loss) for the current year	10,605,489	(3,018,017)
Net surplus/ (deficit) in the statement of profit and loss	9,514,221	(1,091,268)
Foreign currency translation reserve		
Balance as per last financial statement	(289,193)	(324,737)
Add: Current year translation differences	322,360	35,544
Closing balance	33,167	(289,193)
Total	9,547,388	(1,380,461)

Computaris USA, Inc., USA

Notes to Financial Statements for the year ended December 31, 2014

5. Short-term provisions

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Other provision		
Income tax	5,048,725	
Total	5,048,725	-

6. Other current liabilities

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Trade payables	14,573,566	1,338,078
Sub total (A)	14,573,566	1,338,078
Other liabilities		
Payable to Related Parties		
R System Inc. USA	32,848,484	23,991,836
Systemes R. International Ltee, Canada	1,728,294	-
Sub total (B)	34,576,778	23,991,836
Total (A+B)	49,150,344	25,329,914

Schedule 7: Tangible Assets

(Amount in Rs.)

PARTICULARS	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	AS ON	ADDITION	DELETION	ADJUSTMENT	TOTAL	UPTO	FOR THE	DELETION	ADJUSTMENT	TOTAL	AS AT	AS AT
	1.1.2014	DURING THE YEAR			31.12.2014	1.1.2014	DURING THE YEAR			31.12.2014	31.12.2014	31.12.2013
Plant and Machinery	-	606,775		31,959	574,816	-	123,633		(4,076.31)	127,708.91	447,107	-
Computer hardware	848,768	-	-	(16,892)	865,660	205,378	167,508		(9,610)	382,496	483,164	643,390
Office & electrical equipments	49,691	-	-	(989)	50,680	31,026	16,476		(1,161)	48,663	2,017	18,665
Total	898,459	606,775	-	14,078	1,491,156	236,404	307,617		(14,847)	558,868	932,288	662,055
Previous year	526,763	306,306	-	(65,390)	898,459	94,511	123,359		(18,534)	236,404	662,055	432,252

8 Trade receivables & other assets

8.1 Trade receivables

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	-	-
Unsecured, considered doubtful	-	-
Provision for doubtful receivables	-	-
Total (A)	-	-
Other receivables		
Unsecured, considered good	45,896,225	4,804,226
Unsecured, considered doubtful	-	-
Provision for doubtful receivables	-	-
Total (B)	45,896,225	4,804,226
Total (A+B)	45,896,225	4,804,226

Trade receivable include:

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Dues from companies under the same management Computaris International Limited	15,740,281	4,804,226

8.2 Other assets

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Unbilled revenues	2,804,679	-
Total	2,804,679	-

Computaris USA, Inc., USA**Notes to Financial Statements for the year ended December 31, 2014**

9. Cash and bank balances

Particulars	As at December 31, 2014 Rs.	As at December 31, 2013 Rs.
Cash and cash equivalents		
Balance with other banks:		
On current accounts	14,420,517	16,654,717
Total	14,420,517	16,654,717

10. Revenue from operations

Particulars	For the year ended December 31, 2014 Rs.	For the period ended December 31, 2013 Rs.
Sale of services	181,704,342	85,103,910
Total	181,704,342	85,103,910

11. Operational and other expense

Particulars	For the year ended December 31, 2014 Rs.	For the period ended December 31, 2013 Rs.
Travelling and conveyance	3,722,891	3,660,644
Insurance	15,256	-
Repair and maintenance	3,905	7,439
Membership & Subscription Fees	169,034	288,658
Rent - premises	-	491,151
Communication costs	162,810	473,988
Advertising and sales promotion	-	198,394
Legal and professional expenses	159,386,035	84,607,369
Miscellaneous expenses	411,601	237,170
Total	163,871,532	89,964,813

12. Depreciation and amortisation expense

Particulars	For the year ended December 31, 2014 Rs.	For the period ended December 31, 2013 Rs.
Depreciation on tangible assets	307,617	123,359
Total	307,617	123,359

13. Finance cost

Particulars	For the year ended December 31, 2014 Rs.	For the period ended December 31, 2013 Rs.
Bank charges	-	16,987
Total	-	16,987

14. Related Party Disclosures

(i) Names of related parties where control exists irrespective of whether transactions have occurred or not:

Holding Company	Computaris International limited,UK (wholly owned subsidiary of R Systems International Limited, India)
Other Subsidiaries in Group	R Systems (Singapore) Pte Ltd, Singapore R Systems, Inc., USA R Systems Solutions, Inc.,USA R Systems N.V., Belgium (Liquidated as on June 24, 2013) R Systems Europe B.V., Netherlands (ceased to be subsidiary w.e.f. November 27, 2014) R Systems S.A.S., France (ceased to be subsidiary w.e.f. November 27, 2014) ECnet Ltd, Singapore Systèmes R. International Ltée, Canada R Systems Product & Technologies Limited,India (incorporated on July 11, 2014)

Following are the subsidiaries of ECnet Ltd, Singapore

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

Subsidiaries of Computaris International Limited

Computairs Romania S.R.L.,Romania
Computaris Polska sp Zoo, Poland
ICS Computairs International S.R.L., Moldova
Computaris Malaysian SDN.BHD., Malaysia
Computaris Limited, UK (Liquidated as on December 24, 2013)

Key Management Personnel Michal Misiaszek, Director

(ii) Details of transactions with related parties for period ended December 31, 2014 and December 31, 2013:

Particulars	December 31,2014	December 31,2013
Computaris International Limited		
Services rendered	96,166,451	85,103,910
Account Receivable	15,740,281	4,804,226
R System Inc.		
Amount Payable	32,848,484	23,991,836
Services received	90,423,054	82,830,497
Systèmes R. International Ltée.		
Amount Payable	1,728,294	-
Services received	6,487,062	-

Payment to key management personnel for year ended December 31, 2014 and December 31, 2013:

Particulars	December 31,2014	December 31,2013
Name of key management personnel		
Michal Misiaszek	8,010,194	8,106,505
Total	8,010,194	8,106,505

Computaris USA, Inc., USA
Notes to Financial Statement for the year ended December 31, 2014

15. 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.K. RELAN & CO.
ICAI Firm registration number: 001720N
Chartered Accountants

For and on behalf of the Board of Directors of Computaris Inc.
USA, LLC, USA

Sd/-
CA. S.K. RELAN
Membership No. 12149

Sd/-
Satinder Singh Rekhi
[Director]

Sd/-
Harpreet Rekhi
[Director]

Place : New Delhi
Date : February 07, 2015

Place : Singapore
Date : February 07, 2015

Place : Singapore
Date : February 07, 2015

INDEPENDENT AUDITOR'S REPORT

To,
The Members of R Systems Products and Technologies Limited, India

Report on the Special Purpose Financial Statements

We have audited the accompanying Financial Statements of R Systems Products and Technologies Limited, India ("the Company"), pursuant to Sec 129 of Companies Act, 2013, which comprise the Balance Sheet as at December 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the period then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956, (which are deemed to be applicable as per section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014 and read with General Circular 08/2014 dated 4 April 2014, issued by the Ministry of Corporate Affairs, and other accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2014;

- b) in the case of the Statement of Profit and Loss, of the **Loss** for the period ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

As required by section 227(3) of the Act, we report that:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c) the Balance Sheet and 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 Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956, (which are deemed to be applicable as per section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014 and read with General Circular 08/2014 dated 4 April 2014, issued by the Ministry of Corporate Affairs, and other accounting principles generally accepted in India;

For S.K. RELAN & CO.
ICAI Firm Registration No.001720N
Chartered Accountants

Sd/-

PLACE : New Delhi
DATED: February 07, 2015

CA. S. K.RELAN
Membership No.012149

R SYSTEMS PRODUCT & TECHNOLOGIES LIMITED,INDIA**Balance Sheet as at December 31, 2014**

	Notes	As at December 31, 2014 Rs.
EQUITY AND LIABILITIES		
Shareholders' funds		
Share capital	3	500,000
Reserves and surplus	4	(246,144)
Current liabilities		
Trade payables	5	118,651
Other current liabilities	6	25,457
Total		397,964
Current assets		
Cash and bank balances	7	397,964
Total		397,964
Summary of significant accounting policies	2	

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.K. Relan & Co
ICAI Firm Registration No. 001720N
Chartered Accountants

For and on behalf of the Board of Directors of
R Systems Product & Technologies Limited

Sd/-
CA. S.K. RELAN
Membership No. 12149

Sd/-
Lt. General Baldev Singh (Retd.)
[Director]

Sd/-
Avirag Jain
[Director]

Place : New Delhi
Date : February 07, 2015

Place : NOIDA
Date : February 07, 2015

Place : NOIDA
Date : February 07, 2015

R SYSTEMS PRODUCT & TECHNOLOGIES LIMITED,INDIA
Statement of Profit and Loss from July 11, 2014 to December 31, 2014

	Notes	From July 11, 2014 to December 31, 2014 Rs.
Income		
Revenue from operations		-
Total revenue		-
Expenses		
Operational and other expenses	8	246,048
Finance costs	9	96
Total expenses		246,144
Loss before tax		(246,144)
Loss for the year		(246,144)
Summary of significant accounting policies	2	

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.K. Relan & Co
ICAI Firm Registration No. 001720N
Chartered Accountants

For and on behalf of the Board of Directors of
R Systems Product & Technologies Limited

Sd/-
CA. S.K. RELAN
Membership No. 12149

Sd/-
Lt. General Baldev Singh (Retd.)
[Director]

Sd/-
Avirag Jain
[Director]

Place : New Delhi
Date : February 07, 2015

Place : NOIDA
Date : February 07, 2015

Place : NOIDA
Date : February 07, 2015

R SYSTEMS PRODUCT & TECHNOLOGIES LIMITED,INDIA
Statement of Profit and Loss from July 11, 2014 to December 31, 2014

	For the period ended December 31, 2014 Rs.
A. Cash flow from operating activities	
Net loss before taxation	(246,144)
Operating profit before working capital changes	(246,144)
Movements in working capital :	
Increase / (Decrease) in trade payables and other current liabilities	144,108
Cash generated from / (used in) operations	(102,036)
Net cash flow from operating activities (A)	(102,036)
B. Cash flows used in investing activities	
Net cash used in investing activities (B)	-
C. Cash flows used in financing activities	
Proceeds from issuance of share capital	500,000
Net cash used in financing activities (C)	500,000
Net increase / (decrease) in cash and cash equivalents during the year (A + B + C)	397,964
Cash and cash equivalents at the beginning of the year	-
Cash and cash equivalents at the end of the year	397,964

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.K. Relan & Co
ICAI Firm Registration No. 001720N
Chartered Accountants

For and on behalf of the Board of Directors of
R Systems Product & Technologies Limited

Sd/-
CA. S.K. RELAN
Membership No. 12149

Sd/-
Lt. General Baldev Singh (Retd.) Avirag Jain
[Director] [Director]

Place : New Delhi
Date : February 07, 2015

Place : NOIDA
Date : February 07, 2015

Place : NOIDA
Date : February 07, 2015

R SYSTEMS PRODUCTS & TECHNOLOGIES LIMITED

Notes to the Financial Statements for the period from July 11, 2014 to December 31, 2014

1. Corporate information

R Systems Products & Technologies Limited (the 'Company or RSPTL') is a public company domiciled in India and incorporated under the provisions of the Companies Act, 2013. The Company was incorporated on July 11, 2014. The Company is a wholly owned subsidiary of R Systems International Limited ("R Systems"). As at December 31, 2014, there were no operations in the Company.

The shareholders of R Systems by passing special resolution through postal ballot on September 23, 2014 have accorded necessary approval for transfer of Indus IT Product and Service business operated out of Pune and Chennai centres to the Company to pursue opportunities for its further sale or disinvestment.

The said transfer will be on a going concern basis by way of slump sale, for consideration of Rs. 783,900,000 to be discharged by the Company through issuance of equity / debenture / loan and / or any other securities, on the terms and conditions as may be agreed by the Board of Directors of the R Systems and the Company. As on date of approval of these financials statements, the date of completion of the discontinuance is not yet finalised.

The Special Purposes Financial Statements are prepared by the management to present the financial statement for period ended December 31, 2014 i.e. the financial year end of R Systems.

2. Basis of preparation

The Special Purposes Financial Statements comprising of balance sheet, statement of profit & loss, cash flow statement and notes to accounts has been prepared to comply in all material respects with the accounting standards notified under the Companies Act, 2013. The financial statements have been prepared on an accrual basis and under the historical cost convention basis. These financials have been prepared for the period beginning the date of incorporation of the Company till December 31, 2014.

All figures are in Rupees except where expressly stated.

2.1. Summary of significant accounting policies

(a) Use of estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year end. These estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

(b) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

(c) Depreciation on tangible fixed assets

Depreciation is provided on Straight Line method over the estimated useful lives of the tangible fixed assets as per the rates which are equal to or higher than the rates prescribed in Schedule II of the Companies Act, 2013.

The estimated useful lives of the tangible fixed assets followed by the Company in preparing the financial statements are described as below:

<u>Category of tangible fixed assets</u>	<u>Estimated useful life</u>
Buildings – freehold	30 years
Leasehold improvements	Lower of lease period or useful life
Plant and machinery - other than UPS systems	15 years
UPS systems	12 years
Air conditioners	5 years
Office Equipment (other than end user devices)	5 years

R SYSTEMS PRODUCTS & TECHNOLOGIES LIMITED

Notes to the Financial Statements for the period from July 11, 2014 to December 31, 2014

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

Individual assets costing up to Rs. 5,000 are fully depreciated in the year of purchase.

(d) Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

After impairment, tangible assets / intangibles are depreciated / amortised on the revised carrying amount over its remaining useful life.

(e) Intangibles assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Intangible assets are amortised on a straight line basis over the estimated useful economic life and are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortisation period and the amortisation method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortisation method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.

Research and development costs

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognised as an intangible asset when the company can demonstrate all the following:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- Its intention to complete the asset
- Its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of adequate resources to complete the development and to use or sell the asset
- The ability to measure reliably the expenditure attributable to the intangible asset during development.

Following the initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised on a straight line basis over the period of expected future benefit from the related project. Amortisation is recognised in the statement of profit and loss. During the period of development, the asset is tested for impairment annually.

R SYSTEMS PRODUCTS & TECHNOLOGIES LIMITED

Notes to the Financial Statements for the period from July 11, 2014 to December 31, 2014

A summary of amortisation policies applied to the company's intangible assets are as below:

<u>Category of intangible fixed assets</u>	<u>Estimated useful life</u>
Computer software	Lower of license period or 3 years
Internally generated	4 years

(f) Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

(g) Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Non-current investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the Non-current investments.

(h) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Rendering of services

Revenue from software development and maintenance services projects comprise income from time-and-material and fixed-price contracts.

Revenue associated with software development and maintenance services / customisation of products and business process outsourcing services rendered on time and materials basis is recognised when services are rendered. The same is calculated based on man-hours incurred for rendering services.

Fixed-price contracts vary in duration depending on the terms of the work being performed. Revenue from fixed price contracts (including maintenance and support contracts) is recognised using the percentage of completion method, when reasonable progress has been made on the milestones achieved as specified in the contracts. The stage of completion of project is determined by the proportion that contract efforts incurred for work performed up to the balance sheet date bear to the estimated total contract effort. Changes in contract performance, estimated profitability and final contract settlements may result in revision to costs and revenue and are recognised in the period in which the revisions are determined. If a loss is projected on any contract in process, the entire projected loss is recognised immediately.

In terms of contracts, excess / shortfall of revenue over the billed as at the year-end is carried in financial statement as unbilled revenue / unearned revenue separately.

Management fees from the customers for managing projects are being recognised on time basis over the estimated life of the project.

Sale of products

Revenue from the sale of product (software and hardware) is recognised when the sale has been completed with the transfer of title.

Interest

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

R SYSTEMS PRODUCTS & TECHNOLOGIES LIMITED

Notes to the Financial Statements for the period from July 11, 2014 to December 31, 2014

(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.

(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.

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Notes to the Financial Statements for the period from July 11, 2014 to December 31, 2014

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) 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.

R SYSTEMS PRODUCTS & TECHNOLOGIES LIMITED

Notes to the Financial Statements for the period from July 11, 2014 to December 31, 2014

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.

(o) 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.

(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

R SYSTEMS PRODUCTS & TECHNOLOGIES LIMITED

Notes to the Financial Statements for the period from July 11, 2014 to December 31, 2014

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) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

3. Share capital

Particulars	As at December 31, 2014 Rs.
Issued, subscribed and paid up capital	
5,00,000 Equity Shares of Rs. 1/- each.	500,000
Total	500,000

A. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Particulars	As at December 31, 2014	
	No.	Rs.
Shares outstanding at the beginning of the year	-	-
Add: Shares issued during the year	500,000	500,000
Shares outstanding at the end of the year	500,000	500,000

B.Term / right attached to the equity share

The Company has only one class of equity shares having a par value of Re. 1 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupee.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

C. Shares held by holding / ultimate holding company and / or their subsidiaries / associates*

The Company is a wholly owned subsidiary of R Systems International Limited, India.

* The total no. of shares of the company is 500,000 equity shares, out of which 499,994 shares were held by R Systems International Limited and remaining 6 shares were held by nominees of R Systems International Limited.

D. Details of shareholders holding more than 5% shares in the Company

Particulars	As at December 31, 2014	
	No. of Shares	%
R Systems International Limited	499,994	99.99

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.

R SYSTEMS PRODUCT & TECHNOLOGIES LIMITED,INDIA**Notes to Financial Statements for the period July 11, 2014 to December 31, 2014**

4. Reserves and surplus

Particulars	As at December 31, 2014 Rs.
Surplus / (Deficit) in the statement of profit and loss	
Loss for the period July 11, 2014 to December 31, 2014	(246,144)
Net deficit in the statement of profit and loss	(246,144)

5. Trade Payables

Particulars	As at December 31, 2014 Rs.
Trade payables	118,651
Total	118,651

6. Other current liabilities

Particulars	As at December 31, 2014 Rs.
Payable to related parties	
R Systems international Limited	25,457
Total	25,457

R SYSTEMS PRODUCT & TECHNOLOGIES LIMITED,INDIA**Notes to Financial Statements for the period July 11, 2014 to December 31, 2014**

8. Cash and bank balances

Particulars	As at December 31, 2014 Rs.
Cash and cash equivalents	
Cash on hand	5,589
Balances with other banks:	
On current accounts	392,375
Total	397,964

R SYSTEMS PRODUCT & TECHNOLOGIES LIMITED,INDIANotes to Financial Statements for the period July 11, 2014 to December 31, 2014

8. Operational and other expenses

Particulars	From July 11, 2014 to December 31, 2014 Rs.
Legal and professional expenses	216,540
Rates and Taxes	29,508
Total	246,048

9. Finance cost

Particulars	From July 11, 2014 to December 31, 2014 Rs.
Bank charges	96
Total	96

10. Related Party Disclosures

Holding Company	R Systems International Limited
Fellow Subsidiaries	R Systems (Singapore) Pte Ltd, Singapore R Systems, Inc., USA R Systems Solutions, Inc., USA Indus Software, Inc., USA R Systems S.A.S., France (ceased to be subsidiary w.e.f. November 27, 2014) R Systems Europe B.V, Netherlands (ceased to be subsidiary w.e.f. November 27, 2014) ECnet Ltd, Singapore Computaris International Limited, U.K.. Systèmes R. International Ltée, Canada Following are the subsidiaries of ECnet Ltd, Singapore ECnet (M) Sdn Bhd, Malaysia ECnet Systems (Thailand) Co. Ltd., Thailand ECnet (Shanghai) Co. Ltd., People's Republic of China ECnet (Hong Kong) Ltd., Hong Kong ECnet, Inc., USA ECnet Kabushiki Kaisha, Japan Following are the subsidiaries of Computaris International Limited Computaris Romania S.R.L., Romania Computaris Polska sp Zoo, Poland ICS Computaris International S.R.L., Moldova Computaris Malaysian SDN.BHD., Malaysia Computaris USA, Inc., USA
Key management personnel	Avirag Jain, Director Lt. General Baldev Singh (Retd.), Director Raj Swaminathan, Director

Details of transactions with related parties for period ended December 31, 2014

Particulars	For the period ended December 31, 2014
Holding Company	
Amount payables	25,457

As per our report of even date.

For S.K. RELAN & CO.
ICAI Firm registration number: 001720N
Chartered Accountants

For and on behalf of the Board of Directors of R Systems Product & Technologies Limited, India

Sd/-
CA. S.K. RELAN
Membership No. 12149

Sd/-
Lt. General Baldev Singh (Retd.)
[Director]

Sd/-
Avirag Jain
[Director]

Place : New Delhi
Date : February 07, 2015

Place : NOIDA
Date : February 07, 2015

Place : NOIDA
Date : February 07, 2015