



## R SYSTEMS INTERNATIONAL LIMITED

Corporate Identity Number : L74899DL1993PLC053579  
[CMMI Level 5, PCMM Level 5, ISO 9001:2015 & ISO 27001:2013 Company]  
C-40, Sector-59, NOIDA, Distt. Gautam Budh Nagar, U.P. India-201307

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Regd. Off.: GF-1-A, 6, Devika Tower,  
Nehru Place, New Delhi-110019

DECEMBER 06, 2019

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

**NSE SYMBOL: RSYSTEMS**

Dear Sir,

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

**SUB: SCHEME OF AMALGAMATION BETWEEN RIGHTMATCH HOLDINGS LIMITED AND R SYSTEMS INTERNATIONAL LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS**

The Board of Directors of R Systems International Limited at its meeting held on October 25, 2019 has approved the Scheme of Amalgamation between RightMatch Holdings Limited (“RightMatch”) and R Systems International Limited (“R Systems”) and their respective shareholders and creditors (“Scheme of Amalgamation” / “Scheme”) under Section 230-232 and 234 and other applicable provisions of the Companies Act, 2013.

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

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

For R Systems International Limited

  
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**List of documents/details attached:**

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

<b>Sr. No.</b>	<b>List of Documents/ details to be submitted</b>	<b>Reference</b>
<b>1</b>	Draft Scheme of Amalgamation	Annexure A - Page No. 9
<b>2</b>	Certified True Copy of the Valuation Report as per Para I(A)(4) of Annexure I of SEBI Circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017	Annexure B - Page No. 35
<b>3</b>	Certified True Copy of the Report from the Audit Committee recommending the Draft Scheme, taking into consideration, inter alia, the Valuation Report.	R Systems – Annexure C - Page No. 48
<b>4</b>	Certified True Copy of the Fairness opinion by a SEBI Registered merchant banker on valuation of assets / shares done by the valuer for the listed entity i.e. R Systems	Annexure D – Page No. 52
<b>5</b>	Shareholding pattern in accordance with Regulation 31 (1) of the SEBI (LODR) Regulations, 2015 for pre and post scheme of arrangement of all companies involved in the Scheme (Landscape mode & additionally provide a separate document without PAN)	R Systems – Annexure E1 - Page No. 62 RightMatch – Annexure E2 - Page No. 76 (Shareholding Pattern without PAN are enclosed as Annexure E3-page No. 77)

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Sr. No.	List of Documents/ details to be submitted	Reference
6	Audited financials of last 3 years (financials not being more than 6 months old) of all the companies	R Systems – Annexure F1 - Page No. 92 RightMatch – Annexure F2 - Page No. 99
7	Certified True Copy of the Auditor's Certificate as per Para 1(A)(5) of Annexure-I of SEBI Circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017	Annexure G – Page No. 132
8	Detailed Compliance Report as per the format specified in Annexure IV of SEBI Circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017	Annexure H - Page No. 136
9	Document required to submit wherein approval of shareholders to Scheme through postal ballot and e-voting (Para 1(A)(9)(a) of Annexure-I of SEBI Circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017) is not applicable: a) An undertaking certified by the auditor clearly stating the reasons for non-applicability of Para 9 (a). b) Certified copy of Board of Director's resolution approving the aforesaid auditor certificate.	Company would provide the e-voting facility in compliance with Para (I)(A)(9)(a) of Annexure I of SEBI Circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017.
10	a) In case of scheme of amalgamation between listed and unlisted entities, information pertaining to the unlisted entity/ies involved in the scheme as per the format specified for	Certificate from Merchant Banker: RightMatch – Annexure II - Page No. 137

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Sr. No.	List of Documents/ details to be submitted	Reference
	<p>abridged prospectus as provided in Part D of Schedule VII of the ICDR Regulations.</p> <p>b) A Certificate from the Merchant Banker confirming the adequacy and accuracy of the information contained in above document on unlisted company in terms of Para 3(a) of Part I (A) of the SEBI circular dated March 10, 2017.</p>	<p>Information Memorandum: RightMatch – Annexure I2 – Page No. 139</p>
11	<p>Pricing certificate from the Statutory Auditor/ PCA / PCS of the listed company as per Chapter V of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, if the allotment of shares is proposed to be made to a selected group of shareholders or to the shareholders of unlisted companies pursuant to scheme of Arrangement.</p>	<p>Valuation as per ICDR Guidelines is not applicable.</p> <p>Clarification from Valuer Annexure J - Page No. 146</p>
12	<p>Pre &amp; Post Scheme Net worth of the Companies involved in the Scheme.</p> <p>Companies are required to submit Certificate from Statutory Auditors / Practicing Chartered Accountants / Practicing Company Secretary. (Net worth = Equity Share Capital + Free Reserves** - Miscellaneous Expenditure written off, along with the detailed working)</p>	<p>R Systems – Annexure K1 - Page No. 148</p> <p>RightMatch – Annexure K2 - Page No. 150</p>
13	<p>Certified True Copy of the Board resolution of all the Companies involved in the Scheme, approving the Scheme.</p>	<p>R Systems – Annexure L1 - Page No. 152</p> <p>RightMatch – Annexure L2 - Page No. 156</p>

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Sr. No.	List of Documents/ details to be submitted	Reference
14	<p>Confirmation from the companies involved in the scheme regarding the following:</p> <p>a. The Company, its promoters or Directors have never been declared as wilful defaulter as per RBI Circular Ref. No. RBI/2015-16/100 BR.No.CID.BC.22/20.16.003/2015-16 dated July 1, 2015 by the Banks.</p> <p>b. The Company, its promoters or Directors have not been directly or indirectly, debarred from accessing the capital market or have been restrained by any regulatory authority from, directly or indirectly, acquiring the said securities.</p> <p>c. The Company, its promoters or Directors do not have direct or indirect relation with the companies, its promoters and whole-time directors, which are compulsorily delisted by any recognized stock exchange.</p>	<p>R Systems – Annexure M1 - Page No. 158</p> <p>RightMatch – Annexure M2 - Page No. 159</p>
15	Brief details of the transferee and transferor companies	Annexure N - Page No. 160
16	Confirmation by the Managing Director/ Company Secretary.	Annexure O - Page No. 164
17	Rationale behind Scheme of Amalgamation	Annexure P - Page No. 166
17	Documents to be submitted by Resulting / Transferee Company proposed to be listed	Not Applicable


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Sr. No.	List of Documents/ details to be submitted	Reference
	<p>pursuant to the scheme:</p> <p>a. Certified true copy of the certificate from Practising Chartered Accountant/ Practising Company Secretary/ Statutory Auditor of Listed Company about Networth of the company - Pre &amp; Post Scheme of Arrangement. The certificate should expressly specify reserves forming part of networth.</p> <p>b. Confirmation / Details by company secretary as per <b>Annexure G</b></p>	
18	In case of scheme of demerger, additional documents are to be submitted	Not Applicable
19	In case of Capital Reduction/ Reconstruction pursuant to the Scheme, Certified true copy of the resolution passed at the meeting of the shareholders approving the reduction.	Not Applicable
20	Name of the Designated Stock Exchange (DSE) for the purpose of coordinating with SEBI	The Designated Stock Exchange for the purpose of coordinating with SEBI shall be the <b>National Stock Exchange of India Ltd (NSE)</b> which was approved by the Board of Directors of R Systems through resolution passed as on October 25, 2019, enclosed as " <b>Annexure L1</b> on Page No. 152".
21	In case NSE is the DSE, kindly provide the documents/undertaking as per Annexure	Annexure Q - Page No. 168

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Sr. No.	List of Documents/ details to be submitted	Reference
22	Complaints Report as per Para 1(A)(6) of Annexure-I of SEBI Circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017,	To be submitted - We would submit the Complaints Report to the Stock Exchange within 7 days of expiry of 21 days from the date of uploading of Draft Scheme and related documents on Stock Exchange's website
21	Processing Fees ( <b>Non-Refundable</b> ): a) Payable to NSE b) Payable to SEBI	Details of payment made to National Stock Exchange of India Limited and SEBI given in " <b>Annexure R</b> on Page No. 173"
22	Name & Designation of the company Secretary: Telephone Nos. (landline & mobile): Email ID.:	Annexure S - Page No. 174
23	Annual Reports of all the listed transferee companies involved and audited financial of all the unlisted transferor companies for the last financial year	R Systems – Annexure T1 RightMatch – Annexure T2 From Page no 175 and onwards
	Date	December 06, 2019
	Place	Noida
	Authorised Signatory and Stamp of the Company	For R Systems International Limited 
	Name	Authorised Signatory Bhasker Dubey
	Designation	Company Secretary & Compliance Officer

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

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

Thanking you,

Yours truly,

**For R Systems International Limited**

A handwritten signature in black ink, appearing to read 'Bhasker Dubey', with a horizontal line underneath it.

**Bhasker Dubey**

**Company Secretary & Compliance officer**



**SCHEME OF AMALGAMATION**

**BETWEEN**

**RIGHTMATCH HOLDINGS LTD.**

**AND**

**R SYSTEMS INTERNATIONAL LIMITED**

**AND**

**THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS**

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**PREAMBLE**

**(A) BACKGROUND AND DESCRIPTION OF COMPANIES WHO ARE PARTIES TO THE SCHEME**

1. **RightMatch Holdings Ltd. ('RightMatch')** is a company incorporated on 10<sup>th</sup> April, 2000 in Mauritius with identification number C24307 and has its registered office at IFS Court, Bank Street, Twenty Eight, Cyber City, Ebene- 72201, Mauritius. The principle activity of the company is that of investment holding. Currently, RightMatch holds investment in R Systems International Limited ('R Systems'). The entire share capital and management control of RightMatch is with the promoters and promoter group of R Systems.
2. **R Systems International Limited (hereinafter referred to as 'R Systems' or 'the Company')**, is a company incorporated on May 14, 1993 under the Companies Act, 1956 and has its Registered Office at GF-1-A, 6, Devika Tower, Nehru Place, Delhi-110019. The e-mail id of R Systems is rsil@rsystems.com.

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R Systems is engaged in providing IT and BPO services. The equity shares of R Systems are presently listed on the National Stock Exchange of India Limited (hereinafter called 'NSE') and the BSE Limited (hereinafter called 'BSE').

The Corporate Identity Number of R Systems is L74899DL1993PLC053579. Further, the Permanent Account Number of R Systems is AABCR9541B.

**(B) PURPOSE AND RATIONALE OF THE SCHEME OF AMALGAMATION**

This Scheme of Amalgamation (hereinafter called 'the Scheme') is presented under Sections 230 – 232 and 234 and other applicable provisions, if any, of the Indian Act (as defined in clause 1.1 hereinafter) and Sections 261 to 264 and other applicable provisions, if any, of the Mauritius Act (as defined in clause 1.7 hereinafter), for amalgamation of RightMatch into and with R Systems. The Indian Act enables a foreign transferor company to merge into an Indian transferee company.

RightMatch forms part of the promoter and promoter group of R Systems. It presently holds 8,828,489 equity shares constituting about 7.34% of total paid-up equity share capital of R Systems.

Pursuant to the proposed amalgamation, individual shareholders of RightMatch who are part of the promoter and promoter group of R Systems ('Promoters') would directly hold the shares in R Systems which are currently held by RightMatch in the same proportion as they currently hold shares in RightMatch.

This amalgamation would not only lead to simplification of the shareholding structure and reduction of shareholding tiers but also demonstrate the Promoter's direct commitment to and engagement with R Systems. It would also result in overall

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reduction in administrative, managerial and other expenditure and operational rationalization, organizational efficiency and optimum utilization of various resources.

There would be no change in the Promoter and Promoter Group shareholding of R Systems as a result of amalgamation of RightMatch into R Systems. The promoters and Promoter Group of R Systems would continue to hold the same percentage of shares in R Systems, pre and post the amalgamation of RightMatch into R Systems.

All costs, charges, taxes including duties, levies and all other expenses, if any, arising out of or incurred in connection with and implementing this Scheme and matters incidental thereto shall be borne by RightMatch and / or its members. No cost, charges, taxes pertaining to the Scheme shall be borne by R Systems.

Further, the Scheme also provides that Promoters shall indemnify R Systems and keep R Systems indemnified for any contingent liabilities and obligations including all demands, claims, suits, proceedings etc. which may be made or instituted by any third party(ies) including governmental authorities on R Systems and are directly relatable to RightMatch or which may devolve on R Systems on account of this amalgamation.

In consideration of the above mentioned rationale, this Scheme between RightMatch and R Systems is being proposed in accordance with the terms set out hereunder.

(C) **PARTS OF THE SCHEME OF AMALGAMATION:**

This Scheme of Amalgamation is divided into the following parts:

1. **PART I** - Definitions;
2. **PART II** - Details of the Company;
3. **PART III** – Amalgamation of RightMatch Holdings Limited with R Systems International Limited; and
4. **PART IV** – General Terms and Conditions.

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## PART – I

### 1. DEFINITIONS

In this Scheme (as defined hereinafter), unless repugnant to the meaning or context thereof, the following expressions shall have the meaning mentioned therein below:

- 1.1. **“Act” or “The Act” or “Indian Act” or “The Indian Act”** means the Companies Act, 2013 of India, and shall include the rules and regulations made thereunder and any statutory modifications, re-enactments and / or amendments thereof.
- 1.2. **“Applicable Laws”** mean any statute, law, regulation, ordinance, rule, judgment, rule of law, order, decree, ruling, bye-law, approval of any governmental authority, directive, guideline, policy, clearance, requirement or other governmental restriction or any similar form of decision of or determination by, or any interpretation or administration having the force of law of any of the foregoing by any governmental authority having jurisdiction over the matter in question, whether in effect as of the date of this Scheme or at any time thereafter;
- 1.3. **“Appointed Date”** means January 1, 2020 being the date with effect from which RighMatch shall stand amalgamated into and with R Systems in terms of this Scheme, upon sanction of the Scheme by the NCLT and Supreme Court of Mauritius and the Scheme coming into effect.
- 1.4. **“Appropriate Authority”** means any government, statutory, regulatory, departmental or public body or authority of the Relevant Jurisdiction, including Registrar of Companies, and the Hon’ble NCLT and Supreme Court of Mauritius.
- 1.5. **“Board” or “Board of Directors”** in relation to the Amalgamated Company and the Amalgamating Company, as the case may be, means the Board of Directors of such

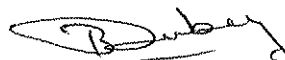
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company and include a duly authorised committee of the Board constituted for the implementation of this Scheme.

- 1.6. **“Effective Date”** means the last of the dates on which the conditions specified in Clause 21 are complied with. Any references in this Scheme to “upon this Scheme becoming effective” or “effectiveness of this Scheme” shall mean and refer to the Effective Date.
- 1.7. **“Mauritius Act”** means The Companies Act 2001 of Mauritius or any statutory modification or re-enactment thereof for the time being in force.
- 1.8. **“NCLT” or “Tribunal”** means Hon’ble National Company Law Tribunal at New Delhi.
- 1.9. **“Registrar of Companies”** means Registrar of Companies, New Delhi and the Registrar of Companies, Mauritius, individually or collectively, as the context may require.
- 1.10. **“RightMatch” or “the Amalgamating Company”** means RightMatch Holdings Limited , a company incorporated under the Mauritius laws and having its registered office at IFS Court, Bank Street, Twenty Eight, Cyber City, Ebene- 72201, Mauritius.
- 1.11. **“R Systems” or “the Amalgamated Company”** means R Systems International Limited, a company incorporated under the Act and having its registered office at GF-1-A, 6, Devika Tower, Nehru Place, Delhi-110019.
- 1.12. **“Relevant Jurisdiction”** means the territories of the Republic of India and Mauritius.
- 1.13. **“Scheme” or “the Scheme” or “this Scheme”** means this Scheme of Amalgamation, in its present form or with any modification(s) made or to be made and approved under Clause 20 of this Scheme.

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- 1.14. **“Supreme Court of Mauritius”** means the Bankruptcy division of the Supreme Court of Mauritius.
- 1.15. **“Transferred Undertaking”** means the whole of the undertaking(s) of RightMatch, on the Appointed Date. For the avoidance of doubt, RightMatch will have no immovable property, debts (except inter-group debts) or other liabilities as on the Appointed Date.
- 1.16. In this Scheme, unless the context otherwise requires:
- a) references to persons shall include individuals, bodies corporate (wherever incorporated), unincorporated associations and partnerships;
  - b) the headings are inserted for ease of reference only and shall not affect the construction or interpretation of this Scheme;
  - c) words in the singular shall include the plural and vice versa;
  - d) any references in the Scheme to “upon the Scheme becoming effective” or “effectiveness of the Scheme” shall mean the Effective Date; and
  - e) all terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act and other applicable laws, rules, regulations, bye laws, as the case may be, including any statutory modification or re-enactment thereof from time to time.

**2. DATE OF TAKING EFFECT AND OPERATIVE DATE**

The Scheme set out herein in its present form or with any modification(s) approved or directed by the NCLT and the Supreme Court of Mauritius or any other appropriate authority in the Relevant Jurisdictions shall have legal effect and force from the Appointed Date but shall be operative from the Effective Date.

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**PART – II**

**DETAILS OF SHARE CAPITAL AND DIRECTORS**

**3. DETAILS OF SHARE CAPITAL AND DIRECTORS OF RIGHTMATCH AND R SYSTEMS**

3.1. The share capital structure of the RightMatch as on September 30, 2019 is as under:

Particulars	USD
<b><u>Issued and fully paid:</u></b>	
5,609,550 ordinary shares of USD 1 each	5,609,550
<b>Total</b>	<b>5,609,550</b>


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

3.2. List of directors of RightMatch as on September 30, 2019 is as follows:-

S. No.	Name	Address	Date of Appointment
1	Satinder Singh Rekhi	2051, Last Chance Court Gold River California 95670 (USA)	10/04/2000
2	Harpreet Rekhi	2051, Last Chance Court Gold River California 95670 (USA)	10/04/2000
3	Sartaj Singh Rekhi	2051, Last Chance Court Gold River California 95670 (USA)	10/04/2000
4	Ramneet Singh Rekhi	2051, Last Chance Court Gold River California 95670 (USA)	27/02/2006
5	Sangeeta Bissessur	Allee Brillant Castle, Mauritius	19/02/2013
6	Zakir Niamut	Shivala Road, Triolet, Mauritius	30/08/2013

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

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3.3. The share capital structure of the R Systems as on September 30, 2019 is as under:

Particulars	Rupees
<b><u>Authorized Capital</u></b>	
206,000,000 equity shares of Re. 1/- each	206,000,000
<b>Total</b>	<b>206,000,000</b>
<b><u>Issued, Subscribed and Paid up Capital</u></b>	
120,337,925 equity shares of Re. /-1 each	120,337,925
<b>Total</b>	<b>120,337,925</b>

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

3.4. List of directors of R Systems as on September 30, 2019 is as follows:-

S. No.	Name	Address	DIN No.	Date of Appointment
1.	Satinder Singh Rekhi	2051, Last Chance Court, Gold River, California 95670 (USA)	00006955	14/05/1993
2.	Baldev Singh	A - 8, Sector - 23, Noida (U.P.) – 201301(India)	00006966	01/09/1997
3.	Avirag Jain	B – 27, Sector-53, NOIDA-201301 (India)	00004801	03/08/2017
4.	Ruchica Gupta	D-55/C Hauz Khas New Delhi 110016 (India)	06912329	07/07/2014
5.	Kapil Dhameja	207 Vaishali, Pitampura, Delhi 110034 (India)	02889310	29/06/2016
6.	Aditya Wadhwa	D 1092 New Friends Colony Delhi 110065 (India)	07556408	29/06/2016

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

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**PART – III**

**AMALGAMATION OF RIGTHMATCH WITH R SYSTEMS**

**4. PROVISIONS UNDER THE MAURITIUS LAWS PERTAINING TO AMALGAMATION**

- 4.1. Amalgamating company is the company incorporated under Mauritius Act.
- 4.2. In terms of Section 4(2)(b) or Part II of the Fourteenth Schedule of the Mauritius Act, the Amalgamated Company, being incorporated under the laws of the jurisdiction other than Mauritius, must submit to the Registrar of Companies, Mauritius the following:
- 4.2.1. An agreement that a service of process may be effected on and against it (as the surviving company (being "Amalgamated Company)) or the consolidated company) in Mauritius in respect of proceedings for the enforcement of any claim, debt, liability or obligation of the constituent company (being the "Amalgamating Company") incorporated under the Mauritius Act or in respect of proceedings for the enforcement of the rights of a dissenting member of a constituent company incorporated under the Mauritius Act;
- 4.2.2. An irrevocable appointment of the Registered Agent as its agent to accept service of process in proceedings referred in sub paragraph 4.2.1 above.
- 4.2.3. An agreement that the Amalgamated Company shall promptly pay to the dissenting members, if any, of the constituent company incorporated under the Mauritius Act, the amount, if any, to which they are entitled under the Mauritius Act, with respect to the rights of dissenting members; and

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- 4.2.4. A certificate of merger or consolidation issued by the appropriate authority of the foreign jurisdiction (being the Order of the NCLT sanctioning the Scheme) where it is incorporated.
- 4.3. In terms of Paragraph 4(3) of Part II of the Fourteenth Schedule to the Mauritius Act, where the surviving company (being the 'Amalgamated Company') is incorporated under the laws or a jurisdiction other than that of Mauritius, the effect of the merger shall be the same as in the case of a merger under Para XVI of the Mauritius Act except in so far as the laws of other jurisdiction, i.e. the laws of India otherwise provide.
- 4.4. In terms of Paragraph 4(4) of Part II of the Fourteenth Schedule to the Mauritius Act, since the surviving company (being the "Amalgamated Company") is incorporated under the laws of a jurisdiction other than that of Mauritius, the merger will be effective as provided by the laws of that jurisdiction i.e. the laws of India.
- 4.5. The Amalgamating Company shall be required to file certain documents including those set out in Paragraph (4)(2)(b) of Part II of the Fourteenth Schedule to the Mauritius Act with the Registrar of Companies, Mauritius along with this Scheme and the corporate resolution of the Amalgamated Company or relevant extract thereof and the Amalgamating Company will be struck off the register maintained by the Registrar of Companies, Mauritius from the effective date of merger under the laws of India without the need for winding up.
- 4.6. Amalgamating Company shall with all reasonable dispatch make application under Section 261 to 264 and other applicable provisions of the Mauritius Act for seeking sanction of the Supreme Court of Mauritius to the Scheme subject to such other terms and conditions as the Supreme Court of Mauritius may deem fit.

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**5. TRANSFER AND VESTING**

- 5.1. With effect from the Appointed Date, the Transferred Undertaking shall, pursuant to the applicable provisions of the Indian Act, and applicable provisions of the Mauritius Act and pursuant to the order of the NCLT and the Supreme Court of Mauritius or other appropriate authority in the Relevant Jurisdictions, if any, sanctioning the Scheme, shall without any further act, deed, matter or thing, stand transferred to and vested in and/ or deemed to be transferred to and vested in the Amalgamated Company, as a going concern, so as to become the properties of the Amalgamated Company within the meaning of Section 2(1B) of the Indian Income Tax Act, 1961.

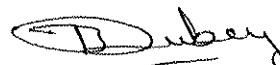
**6. CONSIDERATION**

- 6.1. Upon this Scheme becoming effective and upon amalgamation of Amalgamating Company with Amalgamated Company, in terms of this Scheme Amalgamated Company shall, without any further application, act or deed, issue and allot Equity Shares in dematerialized form to the members of Amalgamating Company whose names appear in the Register of its members on the Effective Date or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title as aforesaid in the following manner (hereinafter referred as **New Equity Shares**):-

**“8,828,489 (Eight million eight hundred twenty-eight thousand four hundred eighty-nine only) fully paid up equity shares of the face value of Re. 1/- (Rupee One) each of R Systems International Limited to be issued and allotted to the Equity Shareholders of RightMatch Holdings Limited in the proportion of their respective equity shareholding in RightMatch Holdings Limited”**

- 6.2. The fractional entitlement, if any, to which shareholders of the Amalgamating Company may become entitled to upon issue of New Equity Shares pursuant to Clause 6.1 above

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would be rounded off by the Amalgamated Company to the nearest integer. However, in no event, the number of New Equity Shares to be allotted by the Amalgamated Company to the shareholders of the Amalgamating Company shall exceed the total number of equity shares held by the Amalgamating Company in the Amalgamated Company.

- 6.3. The new Equity Shares in the Amalgamated Company, to be issued to the members of the Amalgamating Company pursuant to Clause 6.1 above, shall be subject to the Memorandum and Articles of Association of the Amalgamated Company and shall rank *pari passu*, with the existing equity shares of the Amalgamated Company.
- 6.4. Upon New Equity Shares being issued and allotted by the Amalgamated Company to the shareholders of the Amalgamating Company, in accordance with Clause 6.1 above, the investment held by the Amalgamating Company in the share capital of the Amalgamated Company shall, without any further application, act, instrument or deed stand cancelled. The shares of Amalgamated Company held by the Amalgamating Company in dematerialized form shall be extinguished, on and from such issue and allotment of New Equity Shares.
- 6.5. Such reduction of share capital of Amalgamated Company as provided in Clause 6.4 above shall be effected as an integral part of the Scheme and the orders of NCLT sanctioning the Scheme shall be deemed to be an order under Section 66 and any other applicable provisions of the Act confirming the reduction. The Amalgamated Company shall not be required to add the words “and reduced” as a suffix to its name consequent upon such reduction.
- 6.6. Upon New Equity Shares being issued and allotted by the Amalgamated Company to the members of the Amalgamating Company, in accordance with Clause 6.1, the share

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certificates in relation to the shares held by the said members in the Amalgamating Company shall be deemed to have been cancelled and extinguished and be of no effect on and from such issue and allotment.

- 6.7. New Equity Shares to be issued by the Amalgamated Company pursuant to Clause 6.1 above shall be issued in dematerialized form by the Amalgamated Company. In that relation, the members of the Amalgamating Company shall be required to have an account with a depository participant and shall be required to provide details thereof and such other confirmations as may be required.
- 6.8. New Equity Shares of the Amalgamated Company issued in terms of Clause 6.1 of this Scheme will be listed and/ or admitted to trading on the NSE and BSE where the shares of the Amalgamated Company are listed and/or admitted to trading in terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2018.
- 6.9. The Amalgamated Company shall enter into such arrangements and give such confirmations and/or undertakings as may be necessary in accordance with the applicable laws or regulations for complying with the formalities of the said Stock Exchanges. On such formalities being fulfilled the said Stock Exchanges shall list and/or admit such New Equity Shares for the purpose of trading.
- 6.10. The issue and allotment of equity shares by the Amalgamated Company to the members of the Amalgamating Company pursuant to Clause 6.1 above is an integral part of this Scheme.
- 6.11. The approval of this Scheme by the members of the Amalgamated Company shall be deemed to be due compliance of the provisions of section 62 of the Companies Act, 2013 and other relevant and applicable provisions of the Act for the issue and allotment

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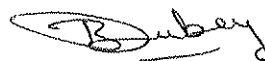
of equity shares by the Amalgamated Company to the members of the Amalgamating Company, as provided in this Scheme.

## 7. ACCOUNTING TREATMENT

Notwithstanding anything to the contrary in this scheme, upon this scheme becoming effective, the amalgamated company shall give effect to the accounting treatment in its books of accounts as per the "Pooling of Interest Method" laid down by Appendix C of the Indian Accounting Standard 103 'Business Combination', notified under the provisions of the Companies Act 2013, such that:

- 7.1 R Systems shall record all the assets and liabilities of RightMatch vested in R Systems pursuant to this Scheme at their respective carrying values appearing in the books of RightMatch as at the appointed date.
- 7.2 R Systems shall preserve the identity of the reserves of the RightMatch vested in R Systems pursuant to Scheme in the same form in which they appear in the books of RightMatch.
- 7.3 The inter-company balances and investments (including the investments of RightMatch in R Systems and vice versa), if any, appearing in the books of accounts of RightMatch and R Systems shall stand cancelled.
- 7.4 The equity shares of R Systems held by RightMatch shall stand cancelled and R Systems shall credit the aggregate face value of equity shares issued by it pursuant to Clause 6.1 of this Scheme to the equity share capital account in its books of accounts.
- 7.5 The difference, if any, between the net assets (i.e. difference between the carrying value of assets and liabilities) transferred to R Systems pursuant Clause 7.1 as reduced by reserves recorded in R Systems pursuant to Clause 7.2 and after giving effect to

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adjustments mentioned in Clause 7.3 and Clause 7.4, shall be adjusted in the capital reserve of R Systems.

- 7.6 In case of any difference in accounting policy between RightMatch and R Systems, the accounting policies followed by R Systems will prevail and the difference will be quantified and adjusted in the capital reserve recorded in accordance with Clause 7.5 above, to ensure that the financial statements of R Systems reflect the financial position on the basis of consistent accounting policy.
- 7.7 The financial information in the financial statements of R Systems in respect to the prior periods should be restated as if the business combination had occurred from the beginning of the earliest period presented in the financial statements, irrespective of the actual date of the combination. However, if business combination had occurred after that date, the prior period information shall be restated only from that date.
- 7.8 All costs, charges, taxes including duties, levies and all other expenses, if any, arising out of or incurred in connection with and implementing this Scheme and matters incidental thereto shall be borne by RightMatch and / or its members. No cost, charges, taxes pertaining to the Scheme shall be borne by R Systems.

## **8. LEGAL PROCEEDINGS**

- 8.1. All legal proceedings of whatsoever nature by or against the Amalgamating Company, pending and / or arising on or after the Appointed Date, shall not abate or be discontinued or be in any way prejudicially affected by reason of the Scheme or by anything contained in the Scheme but shall be continued and enforced by or against the Amalgamated Company as the case may be, in the manner and to the same extent as would or might have been continued and enforced by or against the Amalgamating Company.

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8.2. The Amalgamated Company undertakes to have all legal and / or other proceedings initiated by or against the Amalgamating Company referred to in Clause 8.1 above, transferred in its name and to have the same continued, prosecuted and enforced by or against the Amalgamated Company, to the exclusion of the Amalgamating Company. The Amalgamating Company confirms that there are no suits/proceedings pending against it as of the date of filing of the Scheme.

8.3. After the Effective Date, the Promoters undertake to keep harmless and indemnify and keep indemnified from time to time the Amalgamated Company from and against any contingent liabilities and obligations relating to the Amalgamating Company including all demands, claims, suits, proceedings and the like which have, shall or may be made or instituted by any person, authority, Government of Mauritius, firm, company, body corporate or organisation against the Amalgamated Company, directly relating to the Amalgamating Company and / or against any financial liability/claim that may arise against the Amalgamated Company by virtue of transfer and vesting of the Amalgamating Company into the Amalgamated Company under and pursuant to this Scheme.

## **9. CONTRACTS, DEEDS, APPROVALS, EXEMPTIONS, ETC**

9.1. With effect from the Appointed Date and upon the Scheme becoming effective, all contracts, deeds, bonds, agreements, schemes, arrangements, insurance policies, indemnities, guarantees and other instruments of whatsoever nature in relation to the Amalgamating Company, or to the benefit of which the Amalgamating Company may be eligible, and which are subsisting or having effect on or immediately before the Effective Date, shall be in full force and effect, on or against or in favour of the Amalgamated Company and may be enforced as fully and effectually as if, instead of the Amalgamating

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Company, the Amalgamated Company had been a party or beneficiary or obligee thereto or thereunder.

- 9.2. For the avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that upon coming into effect of this Scheme, all consents, permissions, licenses, certificates, clearances, authorities, power of attorney, if any given by, issued to or executed in favour of the Amalgamating Company shall stand transferred to the Amalgamated Company, as if the same were originally given by, issued to or executed in favour of the Amalgamated Company, and the Amalgamated Company shall be bound by the terms thereof, the obligations and duties thereunder, and the rights and benefits under the same shall be available to the Amalgamated Company. The Amalgamated Company shall make applications and do all such acts or things which may be necessary to obtain relevant approvals from the concerned Governmental Authorities as may be necessary in this behalf.
- 9.3. The Amalgamated Company, at any time after the Scheme becoming effective in accordance with the provisions hereof, if so required under any law or otherwise, will execute deeds of confirmation or other writings or arrangements with any party to any contract or arrangement in relation to the Amalgamating Company to which the Amalgamating Company is a party in order to give formal effect to the above provisions. The Amalgamated Company shall, under the provisions of this Scheme, be deemed to be authorised to execute any such writings on behalf of the Amalgamating Company and to carry out or perform all such formalities or compliances, referred to above, on behalf of the Amalgamating Company.

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**10. STAFF, WORKMEN AND EMPLOYEES**

- 10.1. On the Scheme becoming effective, all staff, workmen and employees of Amalgamating Company, if any, in service on the Effective Date shall become staff, workmen and employees of Amalgamated Company with effect from the Appointed Date without any break, discontinuance or interruption in their service and on the basis of continuity of service, and the terms and conditions of their employment with Amalgamated Company shall not be less favorable than those applicable to them with reference to Amalgamating Company, on the Effective Date.

**11. OTHER ENTITLEMENTS**

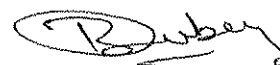
All cheques and other negotiable instruments, payment orders received in the name of the Amalgamating Company after the Effective Date shall be accepted by the bankers of the Amalgamated Company and credited to the account of the Amalgamated Company. Similarly, the bankers of the Amalgamated Company shall honour cheques issued by the Amalgamating Company, which are presented after the Effective Date.

**12. CONDUCT OF AFFAIRS UNTIL THE EFFECTIVE DATE**

With effect from the Appointed Date and upto and including the Effective Date:

- 12.1. All profits or income arising or accruing in favour of the Amalgamating Company or losses arising or incurred by the Amalgamating Company shall, for all purposes, be treated as and deemed to be the profits or income, or losses, as the case may be, of the Amalgamated Company;
- 12.2. Amalgamating Company shall carry on its activities with reasonable diligence and prudence and in the same manner as it had been doing hitherto.

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- 12.3. Amalgamating Company shall be entitled, pending the sanction of the Scheme, to apply to any Governmental Authority and all other agencies, departments and authorities concerned as are necessary under any law or rules, for such consents, approvals and sanctions, which may be required pursuant to this Scheme; and
- 12.4. Amalgamating Company and /or Amalgamated Company may, during the pendency of the Scheme, make any alterations to their respective share capital structure, whether by way of increase (by issue of equity shares on a rights basis, bonus shares or otherwise) decrease, reduction, reclassification, sub-division or consolidation, re-organisation or in any other manner.

### **13. DIVIDENDS**

- 13.1. Notwithstanding the above Clauses of the Scheme, until the Effective Date, the Amalgamated Company and the Amalgamating Company shall be entitled to declare and pay dividends, whether interim or final, to its shareholders in respect of the accounting period prior to the Effective Date out of its income / cash, if any, lying with the Amalgamated Company and the Amalgamating Company.
- 13.2. The holders of the shares of the Amalgamated Company and the Amalgamating Company shall, save as expressly provided otherwise in this Scheme, continue to enjoy their existing rights under their respective Articles of Association including the right to receive dividends.
- 13.3. It is clarified that the aforesaid provisions in respect of declaration of dividends are enabling provisions only and shall not be deemed to confer any right on any shareholder of the Amalgamated Company and / or Amalgamating Company to demand or claim any dividends which, subject to the provisions of the Act, shall be entirely at the discretion of the respective Boards of Directors of the Amalgamated Company and / or Amalgamating

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Company respectively, and subject to the approval, if required, of the shareholders of the Amalgamated Company and / or Amalgamating Company respectively.

**14. UTILIZATION OF AVAILABLE CASH, SURPLUS ASSETS OR INCOME BY THE AMALGAMATING COMPANY**

Notwithstanding the above Clauses of the Scheme, until the Effective Date, Amalgamating Company shall have the right to utilize available cash, bank balances, surplus assets or its income (other than the shares held in the Amalgamated Company) for the purpose of meeting the expenses in the ordinary course of its business or for the purpose(s) specified in this Scheme including the expenses incurred for implementation of this Scheme.

**15. SAVING OF CONCLUDED TRANSACTIONS**

The transfer and vesting of the Transferred Undertaking, pursuant to this Scheme, and the continuance of the legal proceedings by or against the Amalgamating Company, under Clause 8 hereof shall not affect any transactions or proceedings already completed by the Amalgamating Company, on the Effective Date to the end and intent that the Amalgamated Company accepts all acts, deeds and things done and executed by and / or on behalf of the Amalgamating Company, as acts, deeds and things done and executed by and on behalf of the Amalgamated Company.

**16. APPLICABILITY OF THE PROVISIONS OF THE INDIAN INCOME TAX ACT, 1961**

The provisions of this Scheme as they relate to the amalgamation of Amalgamating Company into and with Amalgamated Company have been drawn up to comply with the conditions relating to "amalgamation" as defined under Section 2(1B) of the Income-tax Act, 1961. If any terms or provisions of the Scheme are found or interpreted to be

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inconsistent with the provisions of the said Section of the Income-tax Act, 1961, at a later date including resulting from an amendment of law or for any other reason whatsoever, the provisions of the said Section of the Income-tax Act, 1961, shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with Section 2(1B) of the Income tax Act, 1961. Such modification will, however, not affect the other parts of the Scheme.

**17. DISSOLUTION OF THE AMALGAMATING COMPANY**

On the Scheme becoming effective, the Amalgamating Company shall without any further act or deed stand dissolved without being wound up.

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**PART – IV**

**GENERAL TERMS AND CONDITIONS**

**18. APPLICATION AND PETITION TO THE NCLT AND SUPREME COURT OF MAURITIUS**

18.1. The Amalgamating Company and the Amalgamated Company shall, with all reasonable dispatch, make applications to the respective NCLT and the Supreme Court of Mauritius, under the relevant provisions of applicable law, if any, seeking orders for dispensing with or convening, holding and/or conducting of the meetings of the classes of their respective shareholders and/or creditors and for sanctioning the Scheme with such modifications, as may be approved by the NCLT and the Supreme Court of Mauritius..

18.2. Upon the Scheme being approved by the requisite majority of the shareholders and creditors of the Amalgamating Company and the Amalgamated Company (wherever required), the said companies shall, with all reasonable dispatch, file petitions before the respective NCLT and Supreme Court of Mauritius for sanction of the Scheme, and for such other order or orders, as the NCLT and Supreme Court of Mauritius may deem fit for carrying the Scheme into effect. Upon the Scheme becoming effective, the shareholders of the Amalgamating Company and the Amalgamated Company, shall be deemed to have also accorded their approval under all relevant provisions of the Indian Act, and the relevant provisions of the applicable Mauritius Act, if any, for giving effect to the provisions contained in the Scheme.

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**19. APPROVAL OF THE SCHEME THROUGH E-VOTING**

The Amalgamated Company shall offer e-Voting facility to its shareholders for seeking their approval to the Scheme (after disclosure of all material facts in the explanatory statement sent to the shareholders in relation to this Scheme). The scheme is conditional upon scheme being approved by the PUBLIC shareholders through e-voting in terms of para 9 (a) of part I of Annexure I of SEBI circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 and the scheme shall be acted upon only if vote cast by the public shareholders in favour of the proposal are more than the number of votes cast by the public shareholders against it.

**20. MODIFICATIONS OR AMENDMENTS TO THE SCHEME**

20.1. The Amalgamating Company and the Amalgamated Company, by their respective board of directors (or committees of their respective Board of Directors) may assent to any modifications/ amendments to the Scheme or to any conditions or limitations that the NCLT and Supreme Court of Mauritius and/ or any other appropriate authority in the Relevant Jurisdiction may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by them (i.e. the board of directors). The Amalgamating Company and the Amalgamated Company, by their respective board of directors, be and are hereby authorized to take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions of law or otherwise, whether by reason of any directive or orders of any other authorities or otherwise howsoever arising out of or under or by virtue of the Scheme and/ or any matter concerned or connected therewith.

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- 20.2. The Amalgamating Company and the Amalgamated Company (acting through their respective boards of directors) shall be at liberty to withdraw the Scheme in entirety, or to decide not to give effect to any one or more of the parts contained herein, whether for the reason of any condition or alteration imposed by the NCLT and the Supreme Court of Mauritius or any other governmental/regulatory authority not being acceptable to them, or any other reason whatsoever.
- 20.3. If any part of the Scheme is held to be invalid or illegal by NCLT or Supreme Court of Mauritius or unenforceable under present or future laws, then the parties may decide that such part shall be severable from the remainder of the Scheme and the Scheme shall not be affected thereby, unless the deletion of such part shall cause the Scheme to become materially adverse to any party, in which case the Amalgamating Company and the Amalgamated Company, shall attempt to bring about a modification in the Scheme, as will best preserve for the Amalgamating Company and the Amalgamated Company, the benefits and obligations of this Scheme, including but not limited to such part.

## **21. CONDITIONALITY OF THE SCHEME**

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

- 21.1. The Scheme being approved by the requisite majorities in number and value of such classes of persons including the respective members and/ or creditors of the Amalgamating Company and the Amalgamated Company as prescribed under the Indian Act and relevant provisions of the Mauritius Act and as may be directed by the NCLT and Supreme Court of Mauritius or any other appropriate authority in the Relevant Jurisdiction as may be applicable.
- 21.2. The sanction of this Scheme by the NCLT and the Supreme Court of Mauritius.

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- 21.3. Certified or authenticated copy of the Order of the NCLT sanctioning the Scheme being filed with the Registrar of Companies by the Amalgamated Company.
- 21.4. Compliance by the Amalgamating Company of all necessary and applicable provisions of its applicable law including without limitation, all necessary filings to be made under applicable law of Mauritius.
- 21.5. The requisite, consent, approval or permission of the Central Government or any other statutory or regulatory authority including the Reserve Bank of India, which by law may be necessary for the implementation of this Scheme.

**22. SEVERABILITY**

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

**23. EFFECT OF NON-RECEIPT OF APPROVALS**

In the event of any of the said sanctions and approvals referred to in Clause 21 not being obtained and / or the Scheme not being sanctioned by NCLT or the Supreme Court of Mauritius or such other Appropriate Authority, if any, this Scheme shall stand revoked, cancelled and be of no effect, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any rights and/or liabilities which might have arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or as may otherwise arise in law and agreed between the respective parties to this Scheme. Promoters of R Systems and /

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or the Amalgamating Company shall bear and pay costs, charges and expenses for and or in connection with the Scheme.

**24. COSTS, CHARGES AND EXPENSES**

All costs, charges, taxes including duties, levies and all other expenses, if any, arising out of or incurred in connection with and implementing this Scheme and matters incidental thereto shall be borne by RightMatch and / or its members. No cost, charges, taxes pertaining to the Scheme shall be borne by R Systems.

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**JAIN GANDHARV & ASSOCIATES**  
CHARTERED ACCOUNTANTS

D-15/15, Ground Floor,  
Ardee City, Sector-52  
Gurgaon- 122011  
E: jalngandharv@gmail.com  
T: +91-9899931962

**SHARE ENTITLEMENT REPORT OF  
R SYSTEMS INTERNATIONAL LIMITED  
AND  
RIGHTMATCH HOLDINGS LIMITED  
AS ON SEPTEMBER 30, 2019**

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October 24, 2019

Prepared by:  
Jain Gandharv & Associates  
Chartered Accountants

CA. Gandharv Jain  
Registered Valuer

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For R Systems International Limited

  
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**JAIN GANDHARV & ASSOCIATES**  
CHARTERED ACCOUNTANTS

October 24, 2019

**The Board of Directors**  
R Systems International Limited,  
C-40, C Block, Sector 59,  
Noida-201307,  
Uttar Pradesh, India

**The Board of Directors**  
RightMatch Holdings Limited  
IFS Court, Bank Street  
TwentyEight, Cybercity  
Ebene 72201, Mauritius

**Re: Valuer's Report on Share Entitlement Ratio for the purpose of proposed Amalgamation of RightMatch Holdings Limited into R Systems International Limited.**

Dear Sirs,

We have been requested by the management of R Systems International Limited (hereinafter referred to as "R Systems") and RightMatch Holdings Limited (hereinafter referred to as "RightMatch") to recommend a share entitlement ratio for the proposed amalgamation of RightMatch into R Systems. R Systems and RightMatch are hereinafter collectively referred to as the "Companies".

**1. SCOPE AND PURPOSE OF THIS REPORT**

- 1.1. We have been given to understand that in order to inter alia simplify the shareholding structure and reduce shareholding tiers for the promoters of R Systems, it is proposed that RightMatch will amalgamate into R Systems (hereinafter referred to as the "Amalgamation") in accordance with the provisions of sections 230 to 232 and other applicable provisions of the Companies Act, 2013 (hereinafter referred to as the "Scheme"). Subject to necessary approvals, RightMatch would be merged with R Systems, with effect from January 01, 2020 (i.e. the "Appointed Date")
- 1.2. In this regard, we have been requested to recommend a share entitlement ratio for the proposed Amalgamation of RightMatch into R Systems.
- 1.3. This report is prepared by Jain Gandharv & Associates in the capacity of Chartered Accountants to comply with the SEBI guidelines and by Gandharv Jain in the individual capacity as Registered Valuer to comply with the applicable provisions of the Companies Act, 2013.
- 1.4. Our analysis and report are in conformity with the "ICAI Valuation Standards" (IVS) issued by the Institute of Chartered Accountants of India. In addition to the general standards/ guidelines of the IVS, our report specifically complies with ICAI Valuation Standard 102 - Valuation Bases, ICAI Valuation Standard 103 - Valuation Approaches and Methods, ICAI Valuation Standard 201 - Scope of Work, Analyses and Evaluation, ICAI Valuation Standard 202 - Reporting and Documentation and ICAI Valuation Standard 301 - Business Valuation.

**2. BRIEF BACKGROUND OF THE COMPANIES**

**2.1. R SYSTEMS INTERNATIONAL LIMITED**

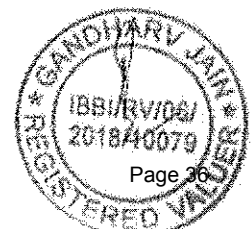
- 2.1.1. R Systems is engaged in providing IT and BPO services. R Systems, was incorporated on 14 May 1993 and is a specialized IT Services & Solutions and IT-enabled services provider catering to a wide range of global customers. Its services and solutions extend across five major verticals which include Telecom & Digital Media, Banking & Finance, HealthCare, Manufacturing & Logistics, and

~~Retail & E-Commerce~~  
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2.1.2. The equity shares of R Systems are presently listed on the National Stock Exchange of India Limited and BSE Limited.

2.1.3. We have been informed that the Promoter and Promoter Group hold approximately 51.28% of equity share capital of R Systems as on the valuation date i.e September 30, 2019.

### 2.2. RIGHTMATCH HOLDINGS LIMITED

2.2.1. RightMatch is a company incorporated on April 10, 2000 in Mauritius. The principle activity of RightMatch is that of investment holding. Currently, RightMatch holds investment in the form of equity shares in R Systems. The entire share capital and management control of RightMatch is with the promoters and promoter group of R Systems.

2.2.2. RightMatch holds 8,828,489 equity shares of INR 1 each fully paid up being approximately 7.34% of the total paid-up equity share capital of R Systems. The shares held by RightMatch in R Systems have been classified as part of Promoter and Promoter Group shareholding. The audited financial statements of RightMatch as on July 31, 2019 have been presented in the Annexure 1 of this report. Further, it has been represented by the management of RightMatch that there has been no material change in the financial position of RightMatch as on September 30, 2019. Therefore, we have considered the audited financial statements of RightMatch as on July 31, 2019 as reasonable proxy for provisional financial statements of RightMatch as on September 30, 2019.

### 3. SOURCES OF INFORMATION

For the purposes of this exercise, we have relied upon the following sources of information:

- Audited financial statements and shareholding of RightMatch for the period ended July 31, 2019.
- Audited financial statements of RightMatch for the period ended December 31, 2016 through December 31, 2018.
- Financial results and shareholding of R Systems for the six-month period ended June 30, 2019 and value of surplus assets as on September 30, 2019.
- Present value of the Contingent Consideration payable by Rsystems.
- Draft Scheme of Amalgamation between RightMatch and R Systems under section 230 to 232 and other applicable provisions of the Companies Act 2013.
- Such other information and explanations as we required and which have been provided by the management of the Companies.

### 4. LIMITATIONS

- Our recommendation is dependent upon the information furnished to us being completed in all material respects.
- This report has been prepared for the Board of Directors of the Companies solely for the purpose of recommending a share entitlement ratio for the proposed Amalgamation of R Systems and RightMatch.
- Our work does not constitute an audit, due diligence or certification of the historical financial statements including the working results of the companies referred to in this report. We have not investigated or otherwise verified the data provided. Accordingly, we do not express any opinion or offer any form of assurance regarding its accuracy and completeness. We assume no responsibility for any errors in the above information furnished by the Companies and their impact on the present exercise.

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## JAIN GANDHARV & ASSOCIATES

CHARTERED ACCOUNTANTS

- 4.4. This report is issued on the understanding that the companies have drawn our attention to all the matters, which they are aware of concerning the financial position of the companies and any other matter, which may have an impact on our opinion on the share exchange ratio for the proposed scheme. We have no responsibility to update this report for events and circumstances occurring after the date of this report.
- 4.5. Our report is not, nor should it be construed as our opining or certifying the compliance of the proposed scheme with the provision of any law including Companies, Taxation and Capital Market related laws or as regards any legal implications or issues arising from such proposed scheme.
- 4.6. The information contained herein and our report is absolutely confidential. It is intended only for the sole use and information of the Companies, and only in connection with the proposed Amalgamation as aforesaid including for the purpose of obtaining requisite approvals. It is to be noted that any reproduction, copying or otherwise quoting of this report or any part thereof, other than in connection with the proposed Amalgamation as aforesaid, can be done only with our prior permission in writing.
- 4.7. Our scope of work involves recommendation of entitlement ratio, however the decision to proceed with the Amalgamation as well as the acceptance of this entitlement depends on the directors of the respective companies.

### 5. BASIS FOR DETERMINATION OF RATIO

- 5.1. As informed earlier, RightMatch holds 8,828,489 equity shares in R Systems. As per the Scheme, upon Amalgamation of RightMatch into R Systems, the shareholders of RightMatch would be entitled to the same number of shares of R Systems which they own on the Effective Date of the proposed Amalgamation indirectly through their holding in RightMatch. Pursuant to the Amalgamation, there would be no change in the paid-up capital of R Systems. Considering that the same number of shares are being issued and there would be no impact on shareholding of other shareholders of R Systems, also their interest remains unaffected, therefore we have thought fit not to undertake the valuation of shares of the Companies following any specific valuation methodology as there will be no impact on the determination of share entitlement ratio pursuant to the proposed Amalgamation.
- 5.2. We have been further informed by the management and captured in the Scheme as well that all costs, charges, taxes including duties, levies and all other expenses, if any, arising out of or incurred in connection with and implementing this Scheme and matters incidental thereto shall be borne by RightMatch and / or its members. No cost, charges, taxes pertaining to the Scheme shall be borne by R Systems.

### 6. RECOMMENDED RATIO

- 6.1. Based on above, we recommend a share entitlement ratio as follows:

***"8,828,489 (Eight million eight hundred twenty-eight thousand four hundred eighty-nine only) fully paid up equity shares of the face value of Re. 1 (Rupee One) each of R Systems International Limited to be issued and allotted to the Equity Shareholders of RightMatch Holdings Limited in the proportion of their respective equity shareholding in RightMatch Holdings Limited"***

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- 6.2. We believe that the above ratio is fair and equitable considering that all the shareholders of RightMatch will remain the beneficial owners in R Systems in the same proportion post Amalgamation, as they were holding in R Systems (directly and/or indirectly through RightMatch) prior to the Amalgamation and that the interest of the other shareholders in R Systems remains unaffected.

Further, relative fair value per share and fair share exchange ratio in terms of SEBI Circular dated March 10, 2017 is presented in the table below:

### Computation of Fair Share Exchange Ratio

Valuation Approach	R Systems International Limited		RightMatch Holdings Limited	
	Value per Share	Weight	Value per Share	Weight
Asset Approach	N.A.*		N.A.*	
Income Approach				
Market Approach				
Relative Value per Share				
Exchange Ratio				

\*In our opinion, the computation of fair share exchange Ratio would not be relevant/ applicable to determine the numbers of shares to be issued by R Systems pursuant to amalgamation of RightMatch into R Systems as the amalgamation is precisely the cancellation of equity shares held by RightMatch and re-issue of same number of equity shares to the shareholders of RightMatch in the proportion of their holding in RightMatch. Therefore, there would be no change in the paid-up capital of R Systems.

However, for compliance purposes SEBI Circular dated March 10, 2017, the valuation of equity shares of R Systems by following the pricing provisions of Chapter VII of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 has been computed as Rs. 56.40 per share as presented in the Annexure 2 of this report.

Thanking you,  
Yours faithfully,

Jain Gandharv & Associates  
Chartered Accountants  
Firm Registration No. D26828N

CA. Gandharv Jain,  
Registered Valuer  
ICAI Membership No: 511604  
IBBI Membership Number: IBBI/RV/06/2018/10079  
UDIN: 19511604AAAAEB5803



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**ANNEXURE 1**

**Historical Financial Statements of RightMatch Holdings Limited**

**RightMatch Holdings Limited**  
*Historical Balance Sheet*

	<i>In USD (\$)</i>
	<b>As at 31 July 2019</b>
<b>ASSETS</b>	
<b>Non-current assets</b>	
Financial assets at fair value through other comprehensive income	5,614,250
	<u>5,614,250</u>
<b>Current assets</b>	
Advance to shareholders	-
Prepayments	1,817
Cash and cash equivalents	120,796
<b>Total current assets</b>	<u>122,613</u>
<b>TOTAL ASSETS</b>	<u><b>5,736,863</b></u>
<b>EQUITY AND LIABILITIES</b>	
<b>Equity</b>	
Stated capital	5,609,550
Retained earnings	113,224
Revaluation reserve	-
<b>Total equity</b>	<u>5,722,774</u>
<b>Current liability</b>	
Accruals	14,089
<b>Total liabilities</b>	<u>14,089</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><b>5,736,863</b></u>

*Note: Financial statements as on July 31, 2019 have been considered as a reasonable proxy for financial statements as on September 30, 2019. Per the management, there has not been any significant change in the financial position of the company in the interim period from August 1, 2019 to September 30, 2019.*



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**ANNEXURE 2**

**Valuation of R Systems as per SEBI Guidelines**

As per the SEBI (ICDR) Regulations, 2018 pricing rules for frequently traded shares states that *"If the equity shares of the issuer have been listed on a recognised stock exchange for a period of twenty six weeks or more as on the relevant date, the price of the equity shares to be allotted pursuant to the preferential issue shall be not less than higher of the following:*

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

Further, SEBI (ICDR) Regulations, 2018 defines frequently traded shares *"means the shares of the issuer, in which the traded turnover on any recognised stock exchange during the twelve calendar months preceding the relevant date, is at least ten per cent of the total number of shares of such class of shares of the issuer"*

On applying the above pricing methodology as per SEBI (ICDR) Regulations, 2018, we observed that the company's traded turnover during the twelve calendar months preceding the relevant date is less than ten per cent of the total number of shares. Therefore, we have applied the methods of valuation provided for infrequently traded shares. In this respect SEBI (ICDR) Regulations, 2018 states that *"Where the shares of an issuer are not frequently traded, the price determined by the issuer shall take into account the valuation parameters including book value, comparable trading multiples, and such other parameters as are customary for valuation of shares of such companies: Provided that the issuer shall submit a certificate stating that the issuer is in compliance of this regulation, obtained from an independent valuer to the stock exchange where the equity shares of the issuer are listed"*

Valuation under different methods as per regulations has been presented below:

**a) Asset Approach - Book Value Method**

The asset-based (net underlying assets) approach is a form of the cost approach. The sum of the individual asset values represents the total asset value of the enterprise. The enterprise's liabilities related to working capital are deducted to arrive at an indication of value for the invested capital of the business. Because the cost approach does not always reflect the full value of intangible assets, it is often not appropriate to value an operating business.

Book value as on June 30, 2019 has been taken as a reasonable proxy for the valuation date September 30, 2019 as the financial results of R Systems as on September 30, 2019 has not been submitted to the stock exchange. Book value has been calculated at INR 26.63 per equity share as presented on the following page.



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**JAIN GANDHARV & ASSOCIATES**  
**CHARTERED ACCOUNTANTS**

**R Systems International Limited**  
**Calculation of Book Value**

	<i>In INR millions</i>
	<b>As at June 30, 2019</b>
<b>ASSETS</b>	
Non-current assets	
(a) Property plant and equipment	392.26
(b) Capital work in progress	0.15
(c) Investment property	22.58
(d) Goodwill	107.56
(e) Other Intangible assets	161.92
(f) Financial assets	
(i) Investment	0.03
(ii) Other financial assets	82.84
(g) Deferred tax assets (net)	56.27
(h) Non-current tax assets (net)	21.29
(i) Other non-current assets	9.85
Total non-current assets (A)	<u>854.75</u>
Current assets	
(a) Financial assets	
(i) Investments	332.72
(ii) Trade receivables	1,270.57
(iii) Cash and cash equivalents	730.57
(iv) Other bank balances	256.52
(v) Other financial assets	824.51
(b) Other current assets	233.31
Total current assets (B)	<u>3,648.20</u>
<b>TOTAL ASSETS (A+B)</b>	<b><u>4,502.95</u></b>
<b>EQUITY AND LIABILITIES</b>	
Shareholders' Funds	
(a) Equity share capital	119.60
(b) Other equity	3,084.97
(c) Non controlling interest	-
Total Equity (A)	<u>3,204.57</u>
Non-current liabilities	
(a) Financial liabilities	
(i) Borrowings	39.32
(ii) Other financial liabilities	79.71
(b) Provisions	119.30
(c) Deferred tax liabilities (net)	-
(d) Other non-current liabilities	0.07
Total Non-current liabilities (B)	<u>238.40</u>
Current liabilities	
(a) Financial liabilities	
(i) Trade payables	245.11
(ii) Other financial liabilities	225.33
(b) Provisions	159.88
(c) Current tax liability (Net)	73.29
(d) Other current liabilities	356.37
Total current liabilities (C)	<u>1,059.98</u>
<b>TOTAL EQUITY AND LIABILITIES (A+B+C)</b>	<b><u>4,502.95</u></b>
<b>Net Book Value (3)</b>	<b>3,204.57</b>
No. of Outstanding Equity Shares (No's)	120,337,925
<b>Book Value Per Equity Share (INR)</b>	<b>26.63</b>

Note: As the financial results for the quarter ended September 30, 2019 have not been publicly released, we have considered the financial results as on June 30, 2019 as a reasonable proxy for the quarter ended September 30, 2019.

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**b) Discounted Cash Flow Method**

The DCF method values the asset by discounting the cash flows expected to be generated by the asset for the explicit forecast period and also the perpetuity value (or terminal value) in case of assets with an indefinite life. The DCF method is one of the most common methods for valuing various assets such as shares, businesses, real estate projects, debt instruments, etc. This method involves discounting of future cash flows expected to be generated by an asset over its life using an appropriate discount rate to arrive at the present value.

R Systems being a listed entity, as per management information related to future financial projections is price sensitive. Therefore, we were not provided with the financial projections of the Company by the Management. Thus, we did not apply the discounted cash flow method to determine fair value of equity shares of R Systems.

**c) Comparable Company Multiple Method ("CCM")**

Under this method, value of equity shares of a company is arrived at by using multiples derived from the valuations of comparable companies, as manifest through stock market valuations of listed companies. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to the valuation. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.

A search for publicly traded comparable companies with similar core business, sales size and other attributes has been analysed by using the various databases (S&P Capital IQ and Moneycontrol.com) and other publicly available data to arrive at the fair value of INR 50.91 per equity share. We have considered Enterprise Value to Revenue multiple and Enterprise value to EBITDA multiple of the comparable listed companies for the purpose of valuation.

An analysis of comparable companies and conclusion of fair value per equity share has been presented in the table below:

**R Systems International Limited**  
**Calculation of Comparable Companies Multiples**

In INR millions

Comparable Companies	Revenue (LTM)	EBITDA (LTM)	EBITDA Margin	Total Enterprise Value (30-Sep-2019)	EV/EBITDA	EV/Revenue
Infosoft Limited	27,327	2,999	10.95%	13,463	4.50	0.49
Hexaware Technologies Limited	50,344	7,871	15.63%	113,084	14.37	2.25
L&T Technology Services Limited	53,012	9,778	18.45%	149,079	15.25	2.81
Mindtree Limited	73,385	9,548	13.01%	111,758	11.70	1.52
NIIT Technologies Limited	38,140	6,255	16.40%	79,894	12.77	2.09
Persistent Systems Limited	33,636	5,319	15.81%	35,225	6.62	1.05
Saksoft Limited	3,667	627	17.10%	2,553	4.07	0.70
Sonata Software Limited	31,472	3,454	10.98%	31,158	9.02	0.99
<b>Mean</b>					<b>9.79</b>	<b>1.49</b>
<b>Median</b>					<b>10.36</b>	<b>1.29</b>

Source: S&P Capital IQ, Moneycontrol

**SCREEN:**

1. Target industry classification: "IT Consulting and Other Services", "Research and consulting services", "System Software"
2. Target Geography : India
3. Removed companies that did not report any of the two multiples, Revenue multiple and EBITDA multiple
4. Companies having revenues from 0.4k to 10k were selected.
5. Removed companies which were not found to be exactly comparable as per business description.



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For R Systems International Limited

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**R Systems International Limited**  
 Comparable Company Multiples

	EV/ Revenue	EV/ EBITDA
Selected Valuation Multiple Observed for Comparable Transactions	1.29x	10.36x
Less: Multiple Adjustment	-40%	-40%
<b>Adjusted Selected Valuation Multiple</b>	<b>0.77x</b>	<b>6.22x</b>

Note:

(1) Based on the selected transactions the median EV / Revenue multiple is 1.29x and the median EV/ EBITDA is 10.36x. Median multiples were selected for valuation purposes as they are less influenced by the presence of outliers in the sample when compared to mean values.

(2) Based on our analysis we have used an EV / Revenue multiple and EV / EBITDA multiple to arrive at the indicated enterprise value of the Company. While applying these multiples we have reduced the revenue multiple and EBITDA multiple by 40% on the basis of comparison of R Systems financial metrics with the selected comparable companies.

**R Systems International Limited**  
 Application of Comparable Company Multiples

In INR millions

	Revenue	EBITDA
Financial Data for Last Twelve Months (1)	7,779.60	730.90
Adjusted Selected Valuation Multiple	0.77x	6.22x
<b>Indicated Enterprise Value</b>	<b>6,999.26</b>	<b>4,544.48</b>
Multiply by: Assigned Valuation Weight (2)	50.0%	50.0%
<b>Weighted Values</b>	<b>2,999.63</b>	<b>2,272.24</b>

**Weighted Average Indicated Enterprise Value of R Systems International Limited as on September 30 2019**

5,271.87

Rounded

**6,272.00**

**Zero Period Adjustments:**

Add: Surplus Cash & Cash Equivalents (3)	924.01
Add: Investment Property (4)	95.80
Add: Investment in Saraswati Co-operative Bank Ltd. (5)	0.03
Less: Debt Outstanding (6)	(39.88)
Less: Present Value of Contingent Consideration (7)	(125.41)
<b>Total Equity Value</b>	<b>6,126.24</b>
No. of Outstanding Shares (No's)	120,337,925
<b>Fair Value Per Equity Share (INR)</b>	<b>60.91</b>

**d) Comparable Transaction Multiple Method ("CTM")**

The comparable transaction multiple method is a market-based approach. The underlying principle of this method is that the value of a company is defined in terms of what it can be sold for in a cash transaction. This same value should apply not just to the company being sold, but also to other similar companies. Therefore, a company's value may be determined based on what similar or comparable companies have recently been sold for in cash transactions. The market approach using real transactions gives the good indication of the fair value or the correct worth of a business in the marketplace.

The transactional data is published by various informational sources. Each source compiles data on the transactions that have occurred and been reported to them by companies within a specific industry. Analysts then analyse these transactions and use the derived multiples as a basis for determining the value of a similar company.

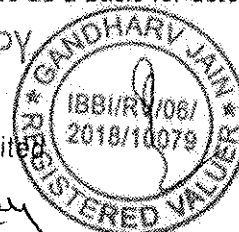


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We have used S&P Capital IQ database for our analysis of the Company, and eliminated the transactions which were not considered to be sufficiently comparable based on description, revenue size, transaction date, etc., resulting in a sample of 11 transactions.

The criterion for screening the database and developing a set of comparable transactions has been presented below.

R Systems International Limited  
Comparable Transaction Method

Target Company	Enterprise Value (INR mm)	Revenue (INR mm)	EBITDA (INR mm)	EBITDA Margin	Enterprise Value/Revenue	Enterprise Value/EBITDA	Sale Date
NIT Technologies Limited	76,852	36,762	6,089	17%	2.09	12.62	7-Apr-18
NIT Technologies Limited	76,852	36,762	6,089	17%	2.09	12.62	7-Apr-18
NIT Technologies Limited	77,987	36,762	6,089	17%	2.12	12.81	7-Apr-18
NIT Technologies Limited	76,976	38,143	6,265	16%	2.07	12.63	6-Apr-19
Mindtree Limited	151,183	66,461	10,178	15%	2.27	14.88	18-Mar-19
Polaris Consulting & Services Limited	32,790	20,270	3,544	13%	1.63	12.07	20-Jul-16
Polaris Consulting & Services Limited	32,468	22,987	3,723	12%	1.41	11.92	26-Oct-17
Polaris Consulting & Services Limited	18,672	18,861	2,345	12%	0.93	7.86	6-Nov-15
Polaris Consulting & Services Limited	19,786	19,881	2,345	12%	0.99	8.44	5-Nov-15
Hewlett-Packard Technologies Limited	34,738	20,541	4,167	20%	1.69	8.34	23-Aug-13
Hewlett-Packard Technologies Limited	35,607	21,678	4,518	21%	1.64	7.65	23-Aug-13
<b>Mean</b>				<b>15.58%</b>	<b>1.72</b>	<b>11.10</b>	
<b>Median</b>				<b>16.48%</b>	<b>1.69</b>	<b>12.07</b>	

**SCREEN:**

1. Target industry classification: "IT Consulting and Other Services"
2. Transactions relating to Mergers and Acquisitions were selected.
3. Transactions falling between the period from January, 2013 to September, 2019
4. Removed companies that did not report any of the two multiples, Revenue multiple and EBITDA multiple.
5. Companies having revenues from 0.2x to 10x were selected.
6. Removed transactions pertaining to the company valued.
7. Removed companies which were not found to be exactly comparable as per business description.

The transaction multiples based on which the fair value has been arrived at INR 61.89 per equity share has been presented in the table below.

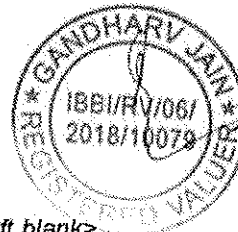
R Systems International Limited  
Comparable Transactions Multiples

	EV/Revenue	EV/EBITDA
Selected Valuation Multiple Observed for Comparable Transactions	1.69x	12.07x
<b>Less: Multiple Adjustment</b>	<b>-40%</b>	<b>-40%</b>
<b>Adjusted, Selected Valuation Multiple</b>	<b>1.01x</b>	<b>7.24x</b>

Note:

(1) Based on the selected transactions, the median EV / Revenue multiple is 1.69x and the median EV / EBITDA is 12.07x. Median multiples were selected for valuation purposes as they are less influenced by the presence of outliers in the sample when compared to mean values.

(2) Based on our analysis, we have used an EV / Revenue multiple and EV / EBITDA multiple to arrive at the indicated enterprise value of the Company. While applying these multiples, we have reduced the revenue multiple and EBITDA multiple by 40% on the basis of comparison of R Systems financial metrics with the selected comparable companies.



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**JAIN GANDHARV & ASSOCIATES**  
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**R Systems International Limited**  
*Application of Comparable transaction Multiples*

*In INR millions*

	Revenue	EBITDA
Financial Data for Last Twelve Months	7,779.60	730.90
Adjusted, Selected Valuation Multiple	1.01x	7.24x
<b>Indicated Enterprise Value</b>	<b>7,894.06</b>	<b>5,294.83</b>
Multiply by: Assigned Valuation Weight (2)	50.0%	50.0%
Weighted Values	3,947.03	2,647.42
<b>Weighted Average, Indicated Enterprise Value of R Systems International Limited as on September 30, 2019</b>		6,594.45
	<b>Rounded</b>	<b>6,594.00</b>
<b>Zero Period Adjustments:</b>		
Add: Surplus Cash & Cash Equivalents (3)		924.01
Add: Investment Property (4)		95.50
Add: Investment in Saraswati Co-operative Bank Ltd. (5)		0.03
Less: Debt Outstanding (6)		(39.88)
Less: Present Value of Contingent Consideration (7)		(125.41)
<b>Total Equity Value</b>		<b>7,448.00</b>
No. of Outstanding Shares (No's)		120,337,925
<b>Fair Value Per Equity Share (INR)</b>		<b>61.89</b>

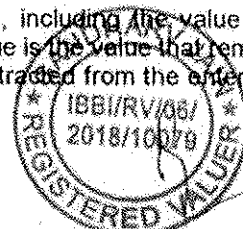
**Notes to CCM and CTM Methods**

- For the purpose of arriving at the Enterprise Value of R Systems, we have used the Total Revenue and EBITDA for the last twelve months as extracted from S&P Capital IQ.
- The range of value indications for R Systems calculated by using the two valuation multiples. Once an indicated enterprise value for R Systems was determined for each valuation multiple, each value indication was multiplied by a corresponding weight. Value indications derived using the EV/ Revenue multiple and the EV / EBITDA multiple were both assigned a 50.0% weighting.
- For the purpose of arriving at the equity value of R Systems operations, we have adjusted excess cash balance as of September 30, 2019. The fair value of cash and bank balances as on September 30, 2019 is equivalent to INR 1924.01 million as provided by the management. As per discussions with management, the operating cash & cash equivalent requirement has been concluded at INR 1,000 Mn. Therefore, the excess cash balance equivalent to INR 924.01 million has been added to the Enterprise Value.
- Investment property consists of land and building situated at Pune, India and is accounted for at cost. The Company has estimated that the fair value of investment property as at December 31, 2018 was Rs. 95.50 million. The fair value has been determined based on current prices in an active market for similar properties. Management indicated that no further valuation has been conducted for investment property and there is no significant change in the valuation during the interim period from December 31, 2018 to September 30, 2019. For our analysis, fair value as on December 31, 2018 has been considered as the reasonable proxy for the valuation as on September 30, 2019.
- R Systems holds 2500 shares of INR 10 each fully paid up as investment in Saraswati Co-operative Bank Ltd., which has been measured at fair value as on December 31, 2018. For our analysis, fair value as on December 31, 2018 has been considered as the proxy for the valuation as on September 30, 2019.
- Enterprise Value is a measure of a company's total value, including the value held by its shareholders and its debt-holders. In comparison, equity value is the value that remains for the shareholders after interest-bearing debts are paid off or subtracted from the enterprise value.

For R Systems International Limited

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Therefore, an adjustment has been made for value of outstanding long-term debt as on September 30, 2019

7. As on September 30, 2019, a contingent consideration is outstanding which is payable over the period from 2019 to 2021. The present value of this cash outflow provided by the management equivalent to INR 125.41 million has been adjusted to arrive at fair value of equity value per share.

### Conclusion of Value

The basis of the valuation of R Systems have been determined after taking into consideration all the factors and methods mentioned previously. Though different values have been arrived under each of the valuation methods, for the purposes of recommending the equity share value it is necessary to arrive at a final value. For this purpose, it is necessary to give appropriate weights to the values arrived at under each approaches/method.

The equity values have been arrived are based on the various approaches/methods explained herein earlier and various qualitative factors relevant to each company and the business dynamics and growth potentials of the business of R Systems, having regard to the information base, key underlying assumptions and limitations.

We have independently applied methods discussed on previous pages of the report, as considered appropriate, and arrived at the assessment of fair value per equity share of R Systems.

Value per equity share by each approach has been presented in the table below.

Valuation Approach	R Systems International Limited	
	Value Per Share (INR)	Weight
(a) Asset Approach		
Book Value Method	26.63	0%
(b) Income Approach		
Discounted Cash Flow Method	NA	
(c) Market Approach		
Comparable Company Method	50.91	50%
Comparable Transaction Method	61.89	50%
<b>Fair Value Per Equity Share</b>	<b>56.40</b>	



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**R SYSTEMS INTERNATIONAL LIMITED**

Corporate Identity Number : L74899DL1993PLC053579  
 [CMMI Level 5, PCMM Level 5, ISO 9001:2015 & ISO 27001:2013 Company]  
 C-40, Sector-59, NOIDA, Distt. Gautam Budh Nagar, U.P. India-201307

Phones : +91-120-4303500  
 Fax : +91-120-4082699

Email : rsil@rsystems.com  
 www.rsystems.com

Regd. Off.: GF-1-A, 6, Devika Tower,  
 Nehru Place, New Delhi-110019

**REPORT OF AUDIT COMMITTEE OF**
**R SYSTEMS INTERNATIONAL LIMITED DATED OCTOBER 25, 2019**
**PRESENT MEMBERS:**

1. Mrs. Ruchica Gupta (Non-Executive Independent Director), Chairperson of the Committee
2. Lt. Gen. Baldev Singh (Retd.) (President & Senior Executive Director), Member of the Committee
3. Mr. Kapil Dhameja (Non-Executive Independent Director), Member of the Committee
4. Mr. Aditya Wadhwa (Non-Executive Independent Director), Member of the Committee

**IN ATTENDANCE:**

Mr. Bhasker Dubey, Company Secretary & Compliance Officer

**INVITEE:**

Mr. Nand Sardana, Chief Financial Officer

**1. Background**

The Company has placed before the Audit Committee a draft Scheme of Amalgamation ('the Scheme') between RightMatch Holdings Limited ('RightMatch' or 'Amalgamating Company') and R Systems International Limited ('R Systems' or 'Amalgamated Company' or 'Company') and their respective shareholders and creditors for recommendation of the Scheme by the Audit Committee to the Board of Directors of the Company in accordance with the



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requirement of the Securities and Exchange Board of India (“SEBI”) circular No. CFD/DIL3/CIR/2012/21 dated March 10, 2017 (“Circular”).

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

- i. Draft Scheme of Amalgamation;
- ii. Share Valuation Report dated October 24, 2019 issued by Jain Gandharv & Associates in the capacity of Chartered Accountants to comply with the SEBI guidelines and by Gandharv Jain in the individual capacity as Registered Valuer to comply with the applicable provisions of the Companies Act, 2013
- iii. Fairness Opinion Report dated October 25, 2019 issued by Corporate Professionals Capital Private Limited.

## 2. Proposed Scheme of Amalgamation

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

- This Scheme of Amalgamation (hereinafter called ‘Scheme’) has been propounded under Sections 230-232 and Section 234 and other applicable provisions, if any of the Companies Act, 2013 and Sections 261 to 264 and other applicable provisions, if any, of the Mauritius Companies Act, 2001, for amalgamation of RightMatch with R Systems.
- RightMatch forms part of the promoter and promoter group of R Systems. It presently holds 8,828,489 equity shares constituting about 7.34% of total paid-up equity share capital of R Systems.
- Pursuant to the proposed amalgamation, individual shareholders of RightMatch who are part of promoter and promoter group of R Systems (‘Promoters’) would



For R Systems International Limited

  
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directly hold the shares in R Systems which are currently held by RightMatch in the proportion as they hold through RightMatch.

- This amalgamation would not only lead to simplification of the shareholding structure and reduction of shareholding tiers but also demonstrate the Promoters' direct commitment to and engagement with R Systems. It would also result in overall reduction in administrative, managerial and other expenditure and operational rationalization, organizational efficiency and optimum utilization of various resources.
- There would be no change in the Promoter and Promoter Group shareholding of R Systems as a result of amalgamation of RightMatch into R Systems. The Promoter and Promoter Group of R Systems would continue to hold the same percentage of shares in R Systems, pre and post the amalgamation of RightMatch into R Systems.
- All costs, charges, taxes including duties, levies and all other expenses, if any, arising out of or incurred in connection with and implementing this Scheme and matters incidental thereto shall be borne by RightMatch and / or its members. No cost, charges, taxes pertaining to the Scheme shall be borne by R Systems.
- Further, the Scheme also provides that Promoters shall indemnify R Systems and keep R Systems indemnified for any contingent liabilities and obligations including all demands, claims, suits, proceedings etc. which may be made or instituted by any third party(ies) including governmental authorities on R Systems and are directly relatable to RightMatch or which may devolve on R Systems on account of this amalgamation.
- In consideration of the above mentioned rationale, this Scheme between RightMatch and R Systems is being proposed in accordance with the terms set out hereunder.



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For R Systems International Limited

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**3. The salient features of the Scheme are as under:**

- The scheme provides for amalgamation of RightMatch with R Systems through a National Company Law Tribunal approved Scheme of Amalgamation.
- The Appointed Date of the Scheme is fixed as January 01, 2020.
- The equity shares held by RightMatch in R Systems will get cancelled and in exchange same number of equity shares would be issued to the shareholders of RightMatch in the same proportion of their respective shareholding in RightMatch.
- The Scheme will not result in any change in shareholding of Promoter and Promoter Group as well as public shareholders of R Systems.

**4. Recommendation of Audit Committee**

- The Audit Committee recommends Scheme of Amalgamation inter – alia taking into consideration Share Valuation Report dated October 24, 2019 issued by Jain Gandharv & Associates in the capacity of Chartered Accountants to comply with the SEBI guidelines and by Gandharv Jain in the individual capacity as Registered Valuer to comply with the applicable provisions of the Companies Act, 2013
- and Fairness Opinion Report dated October 25, 2019 issued by Corporate Professionals Capital Private Limited for favorable consideration by the Board, Stock Exchanges and SEBI, National Company Law Tribunal.

**For and on behalf of Audit Committee**

R Systems International Limited

  
Ruchica Gupta

**(Non-Executive Independent Director)**

DIN: 06912329

Date: October 25, 2019

Place: NOIDA

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For R Systems International Limited

  
Authorised Signatory

**FAIRNESS OPINION**

**R SYSTEMS INTERNATIONAL LIMITED**

25<sup>th</sup> October, 2019



**Corporate  
Professionals**

**Strictly Private & Confidential**

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For R Systems International Limited

A handwritten signature in black ink, appearing to read 'Dubey'.

Authorised Signatory



Ref. No: CPC/MB/86/2019-20

Dated: 25.10.2019

SEBI Reg. No: INM000011435

To,

The Board of Directors

R SYSTEMS INTERNATIONAL LIMITED

C-40, C Block,

Sector 59, Noida-201307,

Uttar Pradesh, India

**Subject: Fairness opinion on the Valuer's Report undertaken by Jain Gandharv & Associates in the capacity of Chartered Accountants to comply with the SEBI guidelines and by Gandharv Jain in the individual capacity as Registered Valuer for the proposed Amalgamation of RightMatch Holdings Limited into R Systems International Limited.**

Dear Sir,

We refer to our appointment by the management of **R Systems International Limited** (here-in-after referred to as "Company/ R System") for the purpose of arriving at an opinion on the Valuer's Report on Share Entitlement Ratio dated 24.10.2019, issued by Jain Gandharv & Associates in the capacity of Chartered Accountants to comply with the SEBI guidelines and by Gandharv Jain in the individual capacity as Registered Valuer to comply with the applicable provisions of the Companies Act, 2013 for the proposed Amalgamation of RightMatch holdings Limited (hereinafter referred to as 'RightMatch' or 'Transferor Company') into R Systems International Limited (hereinafter referred to as 'R Systems' or 'the Company' or 'Transferee Company').

Under the proposed Amalgamation in accordance with the provisions of Sections 230 – 232 and 234 and other applicable provisions of the Companies Act, 2013. (hereinafter referred to as "Indian Companies Act") and subject to necessary approval, RightMatch holdings Limited would be amalgamated with R Systems International Limited, on the going concern basis ("Proposed Amalgamation")

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In terms of our engagement, we are enclosing our opinion along with this letter. All comments as contained herein must be read in conjunction with the Caveats to this opinion.

For R Systems International Limited

A handwritten signature in black ink, appearing to read 'R. Dubey', written over a circular stamp.

Authorized Signatory

The opinion is confidential and has been made in accordance with SEBI (Listing Obligations and Disclosure Requirements)

Corporate Professionals Capital Private Limited

CIN - U74999DL2000PTC104508

D 28, South Extn. Part- I, New Delhi 110049, India | T: +91 11 40622200 | F: +91 11 40622201 | E: mb@indiapcp.com

www.corporateprofessionals.com



Regulations, 2015 (here-in-after referred to as "Listing Regulations") read with SEBI Circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017 and SEBI Circular no. CFD/DIL3/CIR/2017/26 dated March 23, 2017 and SEBI Circular no. CFD/DIL3/CIR/2018/2 dated January 3, 2018. It should not be used, reproduced or circulated to any other person, in whole or in part, without the prior consent of Corporate Professionals Capital Private Limited, such consent will only be given after full consideration of the circumstance at the time. We are however aware that the conclusion in this report may be used for the purpose of disclosure to be made to the stock exchange, National Company Law Tribunal ("NCLT"), RD, RoC, RBI and other related Statutory Authorities in this regard and notices to be dispatched to the shareholder and creditors for convening the meeting pursuant the direction of NCLT and we provide consent for the same. Please feel free to contact us in case you require any additional information or clarifications.

Yours Faithfully

For Corporate Professionals Capital Private Limited

A handwritten signature in black ink, appearing to read 'Maneesh Srivastava', written over a faint circular stamp.

Maneesh Srivastava

[Authorized Signatory]

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For R Systems International Limited

A handwritten signature in black ink, appearing to read 'Dubey', written over a faint circular stamp.

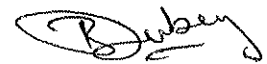
Authorised Signatory

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For R Systems International Limited



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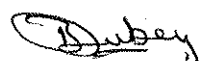
**CONTEXT AND BACKGROUND**

We understand that R Systems, founded in 1993, is IT Services & Solutions and IT-enabled services provider. Its services and solutions extended across five major verticals which include Healthcare & Life Science, Telecom, Technology, Finance & Insurance and Retail & e-commerce.

1. This Scheme of Amalgamation of RightMatch into and with R Systems. The Indian Act enables a foreign transferor company to merge into an Indian transferee company. Two members promoter and promoter group of R Systems, presently holds all the shareholding in RightMatch. RightMatch presently holds 8,828,489 equity shares constituting about 7.34% of total paid-up equity share capital of R Systems. Pursuant to the proposed amalgamation, individual shareholders of RightMatch who are part of promoter and promoter group of R Systems ('Promoters') would directly hold the shares in R Systems which are currently held by RightMatch in the same proportion as they currently hold shares in RightMatch.
2. The opinion is confidential and has been made in accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (here-in-after referred to as "Listing Regulations") read with SEBI Circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017 and SEBI Circular no. CFD/DIL3/CIR/2017/26 dated March 23, 2017 and SEBI Circular no. CFD/DIL3/CIR/2018/2 dated January 3, 2018. It should not be used, reproduced or circulated to any other person, in whole or in part, without the prior consent of Corporate Professionals Capital Private Limited, such consent will only be given after full consideration of the circumstance at the time. We are however aware that the conclusion in this report may be used for the purpose of disclosure to be made to the stock exchange, National Company Law Tribunal ("NCLT"), RD, RoC, RBI and other related Statutory Authorities in this regard and notices to be dispatched to the shareholder and creditors for convening the meeting pursuant the direction of NCLT and we provide consent for the same. Please feel free to contact us in case you require any additional information or clarifications.
3. With reference to the above, we, **Corporate Professionals Capital Private Limited**, a SEBI Registered **Merchant Banker**, have been appointed by the management of R Systems/ Rightmatch to provide the "Fairness Opinion" on the Share Entitlement Report issued by the Valuer.

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For R Systems International Limited



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**Brief about Companies**

**R Systems International Limited**

- R Systems International Limited is a company incorporated on May 14, 1993 under the Companies Act, 1956 and has its Registered Office at GF-1-A, 6, Devika Tower, Nehru Place, Delhi-110019.
- R Systems is engaged in providing IT and BPO services. The equity shares of R Systems are presently listed on the National Stock Exchange of India Limited (hereinafter called 'NSE') and the BSE Limited (hereinafter called 'BSE').
- Further represented by the management that the Promoter and Promoter Group hold approximately 51.28% of equity share capital of R Systems as on the valuation date i.e. September 30, 2019

**RightMatch Holdings Ltd.**

- RightMatch Holdings Limited is a company incorporated on April 10, 2000 in Mauritius and has its registered office at IFS Court, Bank Street, 28, Cyber City, Ebene- 72201, Mauritius. The principle activity of the company is that of investment holding. Currently, RightMatch holds investment in R Systems International Limited ('R Systems'). The entire share capital and management control of RightMatch is with the promoters and promoter group of R Systems.
- RightMatch holds 8,828,489 equity shares of INR 1 each fully paid up being approximately 7.34% of the total paid-up equity share capital of R Systems. The shares held by RightMatch in R Systems have been classified as part of Promoter's shareholding.

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For R Systems International Limited

  
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**KEY FACTS & CERTAIN EXTRACTS OF THE SCHEME**

Following are the extracts of the proposed scheme of Amalgamation of RightMatch holdings Limited into R Systems International Limited, its creditors and its shareholders under the provision of Sections 230 – 232 and 234 of the Companies Act, 2013:

- ❖ This Scheme of Amalgamation (hereinafter called 'the Scheme') is presented under Sections 230 – 232 and 234 and other applicable provisions, if any, of the Indian Companies Act and Sections 261 to 264 and other applicable provisions, if any, of the Mauritius Companies Act, 2001 for amalgamation of RightMatch into and with R Systems. The Indian Companies Act enables a foreign transferor company to merge into an Indian transferee company.
- ❖ RightMatch forms part of promoter and promoter group of R Systems. It presently holds 8,828,489 equity shares constituting about 7.34% of total paid-up equity share capital of R Systems.
- ❖ Pursuant to the proposed amalgamation scheme, individual shareholders of RightMatch who are promoter and promoter group of R Systems ('Promoters') would directly hold the shares in R Systems which are currently held by RightMatch in the same proportion as they currently hold shares in RightMatch.



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For R Systems International Limited

  
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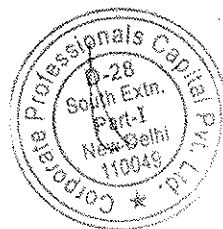
**Valuer Analysis**

With reference to the Valuer's Report on Share Entitlement Ratio issued by Jain Gandharv & Associates in the capacity of Chartered Accountants to comply with the SEBI guidelines and by Gandharv Jain in the individual capacity as Registered Valuer, dated October 24, 2019, the valuer has thought fit not to undertake the valuation of shares of the companies following any specific valuation methodology as there will be no impact on the determination of share entitlement ratio pursuant to the proposed Amalgamation as:

- ❖ RightMatch holds 8,828,489 equity shares constituting about 7.34% of total paid-up equity share capital of R Systems.
- ❖ Upon Proposed Amalgamation, the shareholders of RightMatch would be entitled to the same number of shares of R System which they own on the Effective Date of the Proposed Amalgamation indirectly through their holdings in RightMatch.
- ❖ Pursuant to the Proposed Amalgamation, there would be no change in the paid-up equity share capital of R Systems. Considering that the same number of shares are being issued and there would be no impact on shareholding of other shareholders of R System, also their Interest remains unaffected.

Based on the above reasoning the valuer has recommended the share entitlement ratio as follows

***"8,828,489 (Eight million eight hundred twenty-eight thousand four hundred eighty-nine only) fully paid up equity shares of the face value of Re. 1 (Rupee One) each of R Systems International Limited to be issued and allotted to the Equity Shareholders of RightMatch Holdings Limited in the proportion of their respective equity shareholding in RightMatch Holdings Limited"***

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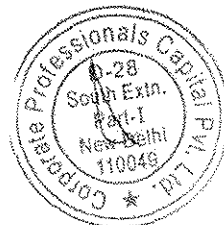
For R Systems International Limited

  
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**CONCLUSION & OPINION**

- This amalgamation would lead to simplification of the shareholding structure and reduction of shareholding tiers but also demonstrate the Promoters' direct commitment to and engagement with R Systems.
- In reference to the valuer's Report on Share Entitlement ratio issued by Jain Gandharv & Associates in the capacity of Chartered Accountants to comply with the SEBI guidelines and by Gandharv Jain in the individual capacity as Registered Valuer, dated October 24, 2019, which suggest that post Amalgamation there would be no change in the Share Capital of transferee Company. Considering that the same number of shares are being issued and there would be no impact on shareholding of other shareholders of R Systems, also their interest remains unaffected.
- Further considering the Share Entitlement Ratio proposed by valuer, it seems fair and equitable considering that all the shareholders of RightMatch will remain the beneficial owners in R Systems in the same proportion post Amalgamation, as they were holding in R Systems (Directly and/or indirectly through the RightMatch) prior to the effective date of Proposed amalgamation and that the interest of the other shareholders in R Systems remains unaffected.

*"Subject to above read with the caveats as detailed later, we as a Merchant Banker hereby certify that pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017 and SEBI Circular no. CFD/DIL3/CIR/2017/26 dated March 23, 2017 we have reviewed the valuer's Report on Share Entitlement ratio issued by the Jain Gandharv & Associates in the capacity of Chartered Accountants to comply with the SEBI guidelines and by Gandharv Jain in the individual capacity as Registered Valuer, and are of the opinion that the share entitlement Report is fair and reasonable from the perspective of Equity Shareholders of R Systems International Ltd."*



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For R Systems International Limited

  
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**CAVEATS**

- We wish to emphasize that, we have relied on explanations and information provided by the respective management and other public available information. Although, we have reviewed such data for consistency and reasonableness, we have not independently investigated or otherwise verified the data provided.
- We have not made an appraisal or independent valuation of any of the assets or liabilities of the companies and have not conducted an audit or due diligence or reviewed / validated the financial data except what is provided to us by the management of Company.
- The scope of our work has been limited both in terms of the areas of the business and operations which we have reviewed and the extent to which we have reviewed them. There may be matters, other than those noted in this Scheme, which might be relevant in the context of the transaction and which a wider scope might uncover.
- We have no present or planned future interest in the Company and the fee payable for this opinion is not contingent upon the opinion reported herein.
- Our Fairness Opinion should not be construed as investment advice; specifically, we do not express any opinion on the suitability or otherwise of entering into the proposed transaction.
- The Opinion contained herein is not intended to represent at any time other than the date that is specifically stated in this Fairness Opinion. This opinion is issued on the understanding that the Management of the Company under the Scheme have drawn our attention to all matters of which they are aware, which may have an impact on our opinion up to the date of signature. We have no responsibility to update this report for events and circumstances occurring after the date of this Fairness Opinion.

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For R Systems International Limited

  
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**Pre Scheme Shareholding Pattern of R Systems International Limited**

Name of the Listed Entity :		<b>R SYSTEMS INTERNATIONAL LIMITED</b>	
Scrip Code/ Name of the Scrip :		NSE	RSYSTEMS
		BSE	532735
Class of Security :		Equity Shares of Re. 1 /- each	
Share Holding Pattern Filed under: Reg. 31(1)(a)/Reg. 31(1)(b)/Reg.31(1)(c)		Reg. 31(1)(b)	
a. If under 31(1)(b) then indicate the report for Quarter ending		<b>September 30, 2019</b>	
b. If under 31(1)(c) then indicate date of allotment/extinguishment		N/A	
<b>DECLARATION</b>			
Sr. No.	Particular	Yes	No
1	Whether the Listed Entity has issued any partly paid up shares?	-	No
2	Whether the Listed Entity has issued any Convertible Securities or Warrants?	Yes*	-
3	Whether the Listed Entity has any shares against which depository receipts are issued?	-	No
4	Whether the Listed Entity has any shares in locked-in?	-	No
5	Whether any shares held by promoters are pledge or otherwise encumbered?	-	No
<p><i>*During the quarter ended September 30, 2019, the Company has not issued any convertible Securities or Warrants. However, 37,500 Employee Stock Options are outstanding under R Systems International Limited Employee Stock Option Scheme 2007 which were issued to the employees of the Company on April 30, 2016.</i></p>			

For R Systems International Limited



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Table I - Summary Statement holding of specified securities

Category	Category of shareholder	Number of shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)	Number of Voting Rights held in each class of securities			No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked		Number of Shares		Number of equity shares held in dematerialised form
								No of Voting Rights					Total as a % of (A+B+C)	No. (a)	As a % of total Shares held(b)	No. (a)	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII) = (IV)+(V)+ (VI)	(VIII) As a % of (A+B+C2)	Class : Equity	Class : None	Total	(X)	(XI) = (VII)+(X) As a % of (A+B+C2)					(XII)
(A)	Promoter & Promoter Group	9	61,712,574	-	-	61,712,574	51.28	61,712,574	-	61,712,574	51.28	-	51.27	-	-	-	61,712,574
(B)	Public*	12,443	58,625,351	-	-	58,625,351	48.72	58,625,351	-	58,625,351	48.72	37,500	48.73	-	-	N.A.	57,655,621
(C)	Non Promoter - Non Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N.A.	-
(C1)	Shares Underlying DRs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N.A.	-
(C2)	Shares Held By Employee Trust	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N.A.	-
	<b>Total</b>	<b>12,452</b>	<b>120,337,925</b>	<b>-</b>	<b>-</b>	<b>120,337,925</b>	<b>100.00</b>	<b>120,337,925</b>	<b>-</b>	<b>120,337,925</b>	<b>100.00</b>	<b>37,500</b>	<b>100.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>119,368,195</b>

For R Systems International Limited



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

Category	Category & Name of shareholders	PAN	Nos. of shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)	Number of Voting Rights held in each class of securities			No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities ( as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form	
									No of Voting Rights					Total as a % of (A+B+C)	No. (a)	As a % of total Shares held (b)	No. (a)		As a % of total Shares held(b)
									Class : Equity	Class: None	Total								
	(I)	(II)	(III)	(IV)	(V)	(VI)	(VII) = (IV)+(V)+ (VI)	(VIII) As a % of (A+B+C2)	(IX)			(X)	(XI)= (VII)+(X) As a % of (A+B+C2)	(XII)		(XIII)	(XIV)		
<b>1</b>	<b>Indian</b>																		
(a)	Individuals / Hindu Undivided Family		2	7,777	-	-	7,777	0.01	7,777	-	7,777	0.01	-	0.01	-	-	-	-	7,777
	Kuldeep Baldev Singh	ACHPS0510J	1	6,080	-	-	6,080	0.01	6,080	-	6,080	0.01	-	0.01	-	-	-	-	6,080
	Anita Behl	AFRPB3068D	1	1,697	-	-	1,697	0.00	1,697	-	1,697	0.00	-	0.00	-	-	-	-	1,697
(b)	Central Government / State Government(s)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(c)	Financial Institutions / Banks		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(d)	Any Other (Specify)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Bodies Corporate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Sub Total (A)(1)		2	7,777	-	-	7,777	0.01	7,777	-	7,777	0.01	-	0.01	-	-	-	-	7,777
<b>2</b>	<b>Foreign</b>																		
(a)	Individuals (Non-Resident Individuals / Foreign Individuals)		5	41,058,247	-	-	41,058,247	34.12	41,058,247	-	41,058,247	34.12	-	34.11	-	-	-	-	41,058,247
	Sartaj Singh Rekhi	AJBPR8836K	1	19,260,269	-	-	19,260,269	16.01	19,260,269	-	19,260,269	16.01	-	16.00	-	-	-	-	19,260,269
	Ramneet Singh Rekhi	AJBPR8791F	1	16,396,505	-	-	16,396,505	13.63	16,396,505	-	16,396,505	13.63	-	13.62	-	-	-	-	16,396,505
	Satinder Singh Rekhi	AEWPR5412H	1	3,062,207	-	-	3,062,207	2.54	3,062,207	-	3,062,207	2.54	-	2.54	-	-	-	-	3,062,207
	Harpreet Rekhi	AEAPR6288R	1	1,467,277	-	-	1,467,277	1.22	1,467,277	-	1,467,277	1.22	-	1.22	-	-	-	-	1,467,277
	Amrita Rekhi	AWQPK4975Q	1	871,989	-	-	871,989	0.72	871,989	-	871,989	0.72	-	0.72	-	-	-	-	871,989
(b)	Government		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(c)	Institutions		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(d)	Foreign Portfolio Investor		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(e)	Any Other (Specify)		2	20,646,550	-	-	20,646,550	17.16	20,646,550	-	20,646,550	17.16	-	17.15	-	-	-	-	20,646,550
	Bodies Corporate		1	8,828,489	-	-	8,828,489	7.34	8,828,489	-	8,828,489	7.34	-	7.33	-	-	-	-	8,828,489
	RightMatch Holdings Ltd	AAECR5596D	1	8,828,489	-	-	8,828,489	7.34	8,828,489	-	8,828,489	7.34	-	7.33	-	-	-	-	8,828,489
	Promoter Trust		1	11,818,061	-	-	11,818,061	9.82	11,818,061	-	11,818,061	9.82	-	9.82	-	-	-	-	11,818,061
	Satinder & Harpreet Rekhi Family Trust (Trustee: Satinder Singh Rekhi & Harpreet Rekhi)	AABTT6608C	1	11,818,061	-	-	11,818,061	9.82	11,818,061	-	11,818,061	9.82	-	9.82	-	-	-	-	11,818,061
	Sub Total (A)(2)		7	61,704,797	-	-	61,704,797	51.28	61,704,797	-	61,704,797	51.28	-	51.26	-	-	-	-	61,704,797
	Total Shareholding Of Promoter And Promoter Group (A) = (A)(1)+(A)(2)		9	61,712,574	-	-	61,712,574	51.28	61,712,574	-	61,712,574	51.28	-	51.27	-	-	-	-	61,712,574

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

For R Systems International Limited

  
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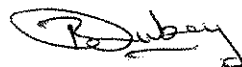
Table III - Statement showing shareholding pattern of the Public shareholder

Category	Category & Name of shareholders	PAN	Nos. of shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)	Number of Voting Rights held in each class of securities			No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form	
									No of Voting Rights					Total as a % of (A+B+C)	No. (a)	As a % of total Shares held(b)	No. (a)		As a % of total Shares held(b)
									Class : Equity	Class : None	Total								
	(I)	(II)	(III)	(IV)	(V)	(VI)	(VII) = (IV)+(V)+(VI)	(VIII) As a % of (A+B+C2)	(IX)			(X)	(XI) = (VII)+(X) As a % of (A+B+C2)	(XII)		(XIII)		(XIV)	
1	Institutions																		
(a)	Mutual Fund		-	-	-	-	-	-	-	-	-	-	-	-	-	-	NA	-	
(b)	Venture Capital Funds		-	-	-	-	-	-	-	-	-	-	-	-	-	-	NA	-	
(c)	Alternate Investment Funds		-	-	-	-	-	-	-	-	-	-	-	-	-	-	NA	-	
(d)	Foreign Venture Capital Investors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	NA	-	
(e)	Foreign Portfolio Investor		-	-	-	-	-	-	-	-	-	-	-	-	-	-	NA	-	
(f)	Financial Institutions / Banks		1	2,000	-	-	2,000	0.00	2,000	-	2,000	0.00	-	0.00	-	-	NA	2,000	
(g)	Insurance Companies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	NA	-	
(h)	Provident Funds/ Pension Funds		-	-	-	-	-	-	-	-	-	-	-	-	-	-	NA	-	
(i)	Any Other (Specify)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	NA	-	
	Sub Total (B)(1)		1	2,000	-	-	2,000	0.00	2,000	-	2,000	0.00	-	0.00	-	-	NA	2,000	
2	Central Government/ State Government(s)/ President of India		-	-	-	-	-	-	-	-	-	-	-	-	-	-	NA	-	
	Sub Total (B)(2)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	NA	-	
3	Non-Institutions																		
(a)	Individuals																		
	i. Individual shareholders holding nominal share capital up to Rs. 2 lakhs.		12,315	10,240,652	-	-	10,240,652	8.51	10,240,652	-	10,240,652	8.51	-	8.51	-	-	NA	10,009,902	
	ii. Individual shareholders holding nominal share capital in excess of Rs. 2 lakhs.		7	46,959,262	-	-	46,959,262	39.02	46,959,262	-	46,959,262	39.02	-	39.01	-	-	NA	46,959,262	
	Bhavook Tripathi	ABBPT7159D	1	44,091,982	-	-	44,091,982	36.64	44,091,982	-	44,091,982	36.64	-	36.63	-	-	NA	44,091,982	
	Others		6	2,867,280	-	-	2,867,280	2.38	2,867,280	-	2,867,280	2.38	-	2.38	-	-	NA	2,867,280	
(b)	NBFCs registered with RBI		-	-	-	-	-	-	-	-	-	-	-	-	-	-	NA	-	
(c)	Employee Trusts		-	-	-	-	-	-	-	-	-	-	-	-	-	-	NA	-	
(d)	Overseas Depositories(holding DRs) (balancing figure)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	NA	-	
(e)	Any Other (Specify)		120	1,423,437	-	-	1,423,437	1.18	1,423,437	-	1,423,437	1.18	37,500	1.21	-	-	NA	684,457	
	Clearing Member		23	16,681	-	-	16,681	0.01	16,681	-	16,681	0.01	-	0.01	-	-	NA	16,681	
	Trusts		1	738,980	-	-	738,980	0.61	738,980	-	738,980	0.61	-	0.61	-	-	NA	-	
	Bodies Corporate		95	658,155	-	-	658,155	0.55	658,155	-	658,155	0.55	-	0.55	-	-	NA	658,155	
	Investor Education Protection Fund Account		1	9,621	-	-	9,621	0.01	9,621	-	9,621	0.01	-	0.01	-	-	NA	9,621	
	ESOPs Held by Employees		-	-	-	-	-	-	-	-	-	37,500	0.03	-	-	-	NA	-	
	Sub Total (B)(3)		12,442	58,623,351	-	-	58,623,351	48.72	58,623,351	-	58,623,351	48.72	37,500	48.73	-	-	NA	57,653,621	
	Total Public Shareholding (B) = (B)(1)+(B)(2)+(B)(3)		12,443	58,625,351	-	-	58,625,351	48.72	58,625,351	-	58,625,351	48.72	37,500	48.73	-	-	NA	57,655,621	

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

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

For R Systems International Limited



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

<b>Sr. No.</b>	<b>Name of Shareholder</b>	<b>Name of Shareholder acting as PAC</b>	<b>No. of Shares of PAC</b>	<b>Percentage</b>
1	Mrs. Kuldeep Baldev Singh (part of promoter group)	Lt. Gen. Baldev Singh (Retd.)	108,322	0.09
2	Mrs. Kuldeep Baldev Singh (part of promoter group)	Mr. Mandeep Singh Sodhi	586,153	0.47
3	Mrs. Anita Behl (part of promoter group)	Mr. Vinay Narjit Singh Behl	36,682	0.03
<b>Total</b>			<b>731,157</b>	<b>0.59</b>


For R Systems International Limited

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

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

For R Systems International Limited



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Table V - Statement showing details of significant beneficial owners (SBOs)

Sr. No.	Details of the SBO (I)			Details of the registered owner (II)			Details of holding/ exercise of right of the SBO in the reporting company, whether direct or indirect*: (III)					Date of Creation/ acquisition of significant beneficial interest <sup>†</sup> (IV)
	Name	PAN/ Passport No. in case of a foreign national	Nationality	Name	PAN/ Passport No. in case of a foreign national	Nationality	Whether by virtue of:					
							Shares	Voting rights	Rights on distributable dividend or any other distribution	Exercise of control	Exercise of significant influence	
1	Mr. Satinder Singh Rekhi and Mrs. Harpreet Rekhi together and collectively	AEWPR5412H & AEAPR6288R	US	RightMatch Holdings Limited	AAECR5596D	Mauritius	7.34	-	-	-	-	September 12, 2000
3	Mr. Satinder Singh Rekhi and Mrs. Harpreet Rekhi together and collectively	AEWPR5412H & AEAPR6288R	US	Satinder & Harpreet Rekhi Family Trust	AABTT6603C	US	9.82	-	-	-	-	January 02, 2001

\* In case the nature of the holding/ exercise of the right of a SBO falls under multiple categories specified under (a) to (e) under Column III, multiple rows for the same SBO shall be inserted accordingly for each of the categories.  
<sup>†</sup>This column shall have the details as specified by the listed entity under Form No. BEN-2 as submitted to the Registrar.

For R Systems International Limited



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**Post Scheme Shareholding Pattern of R Systems International Limited**

Name of the Listed Entity :	<b>R SYSTEMS INTERNATIONAL LIMITED</b>	
Scrip Code/ Name of the Scrip :	NSE	RSYSTEMS
	BSE	532735
Class of Security :	Equity Shares of Re. 1 /- each	
Share Holding Pattern Filed under: Reg. 31(1)(a)/Reg. 31(1)(b)/Reg.31(1)(c)	As required under Regulation 37 read with Regulation 31(1)(b) (As on September 30, 2019)	
a. If under 31(1)(b) then indicate the report for Quarter ending	N/A	
b. If under 31(1)(c) then indicate date of allotment/extinguishment	N/A	

**DECLARATION**

Sr. No.	Particular	Yes	No
1	Whether the Listed Entity has issued any partly paid up shares?	-	No
2	Whether the Listed Entity has issued any Convertible Securities or Warrants?	Yes*	-
3	Whether the Listed Entity has any shares against which depository receipts are issued?	-	No
4	Whether the Listed Entity has any shares in locked-in?	-	No
5	Whether any shares held by promoters are pledge or otherwise encumbered?	-	No

*\*During the quarter ended September 30, 2019, the Company has not issued any convertible Securities or Warrants However, 37,500 Employee Stock Options are outstanding under R Systems International Limited Employee Stock Option Scheme 2007 which were issued to the employees of the Company on April 30, 2016.*

For R Systems International Limited

  
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Table 1 - Summary Statement holding of specified securities

Category	Category of shareholder	Number of shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)	Number of Voting Rights held in each class of securities			No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked		Number of Shares		Number of equity shares held in dematerialised form	
								No of Voting Rights					Total as a % of (A+B+C)	No. (a)	As a % of total Shares held(b)	No. (a)		As a % of total Shares held(b)
								Class : Equity	Class : None	Total								
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii) = (iv)+(v)+ (vi)	(viii) As a % of (A+B+C2)	(ix)			(x)	(xi) = (vii)+(x) As a % of (A+B+C2)	(xii)	(xiii)	(xiv)			
(A)	Promoter & Promoter Group	8	61,712,574	-	-	61,712,574	51.28	61,712,574	-	61,712,574	51.28	-	51.27	-	-	-	61,712,574	
(B)	Public*	12,443	58,625,351	-	-	58,625,351	48.72	58,625,351	-	58,625,351	48.72	37,500	48.73	-	-	N.A.	57,655,621	
(C)	Non Promoter - Non Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N.A.	-	
(C1)	Shares Underlying DRs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N.A.	-	
(C2)	Shares Held By Employee Trust	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N.A.	-	
	Total	12,451	120,337,925	-	-	120,337,925	100.00	120,337,925	-	120,337,925	100.00	37,500	100.00	-	-	-	119,368,195	

For R Systems International Limited



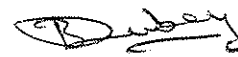
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Table II - Statement showing shareholding pattern of the Promoter and Promoter Group

Category	Category & Name of shareholders	PAN	Nos. of shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)	Number of Voting Rights held in each class of securities			No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form	
									No of Voting Rights					Total as a % of (A+B+C)	No. (a)	As a % of total Shares held (b)	No. (a)		As a % of total Shares held(b)
									Class : Equity	Class: None	Total								
	(I)	(II)	(III)	(IV)	(V)	(VI)	(VII) = (IV)+(V)+ (VI)	(VIII) As a % of (A+B+C2)	(IX)			(X)	(XI)= (VII)+(X) As a % of (A+B+C2)	(XII)		(XIII)		(XIV)	
<b>1</b>	<b>Indian</b>																		
(a)	Individuals / Hindu Undivided Family		2	7,777	-	-	7,777	0.01	7,777	-	7,777	0.01	-	0.01	-	-	-	-	7,777
	Kuldeep Baldev Singh	ACHPS0510J	1	6,080	-	-	6,080	0.01	6,080	-	6,080	0.01	-	0.01	-	-	-	-	6,080
	Anita Behl	AFRPPB3068D	1	1,697	-	-	1,697	0.00	1,697	-	1,697	0.00	-	0.00	-	-	-	-	1,697
(b)	Central Government / State Government(s)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(c)	Financial Institutions / Banks		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(d)	Any Other (Specify)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Bodies Corporate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Sub Total (A)(1)		2	7,777	-	-	7,777	0.01	7,777	-	7,777	0.01	-	0.01	-	-	-	-	7,777
<b>2</b>	<b>Foreign</b>																		
(a)	Individuals (Non-Resident Individuals / Foreign Individuals)		5	49,886,736	-	-	49,886,736	41.46	49,886,736	-	49,886,736	41.46	-	41.44	-	-	-	-	49,886,736
	Sartaj Singh Rekhi	AJBPR8836K	1	19,260,269	-	-	19,260,269	16.01	19,260,269	-	19,260,269	16.01	-	16.00	-	-	-	-	19,260,269
	Ramneet Singh Rekhi	AJBPR8791F	1	16,396,505	-	-	16,396,505	13.63	16,396,505	-	16,396,505	13.63	-	13.62	-	-	-	-	16,396,505
	Satinder Singh Rekhi	AEWPR5412H	1	7,476,452	-	-	7,476,452	6.21	7,476,452	-	7,476,452	6.21	-	6.21	-	-	-	-	7,476,452
	Harpreet Rekhi	AEAPR6288R	1	5,881,521	-	-	5,881,521	4.89	5,881,521	-	5,881,521	4.89	-	4.89	-	-	-	-	5,881,521
	Amrita Rekhi	AWQPK4975Q	1	871,989	-	-	871,989	0.72	871,989	-	871,989	0.72	-	0.72	-	-	-	-	871,989
(b)	Government		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(c)	Institutions		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(d)	Foreign Portfolio Investor		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(e)	Any Other (Specify)		1	11,818,061	-	-	11,818,061	9.82	11,818,061	-	11,818,061	9.82	-	9.82	-	-	-	-	11,818,061
	Promoter Trust		1	11,818,061	-	-	11,818,061	9.82	11,818,061	-	11,818,061	9.82	-	9.82	-	-	-	-	11,818,061
	Satinder & Harpreet Rekhi Family Trust (Trustee: Satinder Singh Rekhi & Harpreet Rekhi)	AABTT6608C	1	11,818,061	-	-	11,818,061	9.82	11,818,061	-	11,818,061	9.82	-	9.82	-	-	-	-	11,818,061
	Sub Total (A)(2)		6	61,704,797	-	-	61,704,797	51.28	61,704,797	-	61,704,797	51.28	-	51.26	-	-	-	-	61,704,797
	Total Shareholding Of Promoter And Promoter Group (A) = (A)(1)+(A)(2)		8	61,712,574	-	-	61,712,574	51.28	61,712,574	-	61,712,574	51.28	-	51.27	-	-	-	-	61,712,574

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

For R Systems International Limited



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Table III - Statement showing shareholding pattern of the Public shareholder

Category	Category & Name of shareholders	PAN	Nos. of shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)	Number of Voting Rights held in each class of securities			No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form	
									No of Voting Rights					Total as a % of (A+B+C)	No. (a)	As a % of total Shares held(b)	No. (a)		As a % of total Shares held(b)
									Class : Equity	Class : None	Total								
	(I)	(II)	(III)	(IV)	(V)	(VI)	(VII) = (IV)+(V)+(VI)	(VIII) As a % of (A+B+C2)	(IX)			(X)	(XI) = (VII)+(X) As a % of (A+B+C2)	(XII)	(XIII)	(XIV)			
1	Institutions																		
(a)	Mutual Fund		-	-	-	-	-	-	-	-	-	-	-	-	-	-	NA	-	
(b)	Venture Capital Funds		-	-	-	-	-	-	-	-	-	-	-	-	-	-	NA	-	
(c)	Alternate Investment Funds		-	-	-	-	-	-	-	-	-	-	-	-	-	-	NA	-	
(d)	Foreign Venture Capital Investors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	NA	-	
(e)	Foreign Portfolio Investor		-	-	-	-	-	-	-	-	-	-	-	-	-	-	NA	-	
(f)	Financial Institutions / Banks		1	2,000	-	-	2,000	0.00	2,000	-	2,000	0.00	-	0.00	-	-	NA	2,000	
(g)	Insurance Companies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	NA	-	
(h)	Provident Funds/ Pension Funds		-	-	-	-	-	-	-	-	-	-	-	-	-	-	NA	-	
(i)	Any Other (Specify)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	NA	-	
	Sub Total (B)(1)		1	2,000	-	-	2,000	0.00	2,000	-	2,000	0.00	-	0.00	-	-	NA	2,000	
2	Central Government/ State Government(s)/ President of India		-	-	-	-	-	-	-	-	-	-	-	-	-	-	NA	-	
	Sub Total (B)(2)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	NA	-	
3	Non-Institutions																		
(a)	Individuals																		
	i. Individual shareholders holding nominal share capital up to Rs. 2 lakhs.		12,315	10,240,652	-	-	10,240,652	8.51	10,240,652	-	10,240,652	8.51	-	8.51	-	-	NA	10,009,902	
	ii. Individual shareholders holding nominal share capital in excess of Rs. 2 lakhs.		7	46,959,262	-	-	46,959,262	39.02	46,959,262	-	46,959,262	39.02	-	39.01	-	-	NA	46,959,262	
	Bhavook Tripathi	ABBPT7159D	1	44,091,982	-	-	44,091,982	36.64	44,091,982	-	44,091,982	36.64	-	36.63	-	-	NA	44,091,982	
	Others		6	2,867,280	-	-	2,867,280	2.38	2,867,280	-	2,867,280	2.38	-	2.38	-	-	NA	2,867,280	
(b)	NBFCs registered with RBI		-	-	-	-	-	-	-	-	-	-	-	-	-	-	NA	-	
(c)	Employee Trusts		-	-	-	-	-	-	-	-	-	-	-	-	-	-	NA	-	
(d)	Oversens Depositories(holding DRs) (balancing figure)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	NA	-	
(e)	Any Other (Specify)		120	1,423,437	-	-	1,423,437	1.18	1,423,437	-	1,423,437	1.18	37,500	1.21	-	-	NA	684,457	
	Clearing Member		23	16,681	-	-	16,681	0.01	16,681	-	16,681	0.01	-	0.01	-	-	NA	16,681	
	Trusts		1	738,980	-	-	738,980	0.61	738,980	-	738,980	0.61	-	0.61	-	-	NA	-	
	Bodies Corporate		95	658,155	-	-	658,155	0.55	658,155	-	658,155	0.55	-	0.55	-	-	NA	658,155	
	Investor Education Protection Fund Account		1	9,621	-	-	9,621	0.01	9,621	-	9,621	0.01	-	0.01	-	-	NA	9,621	
	ESOPs Held by Employees		-	-	-	-	-	-	-	-	-	37,500	0.02	-	-	-	NA	-	
	Sub Total (B)(3)		12,442	58,623,351	-	-	58,623,351	48.72	58,623,351	-	58,623,351	48.72	37,500	48.73	-	-	NA	57,653,621	
	Total Public Shareholding (B) = (B)(1)+(B)(2)+(B)(3)		12,443	58,625,351	-	-	58,625,351	48.72	58,625,351	-	58,625,351	48.72	37,500	48.73	-	-	NA	57,655,621	

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

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

For R Systems International Limited

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

Sr. No.	Name of Shareholder	Name of Shareholder acting as PAC	No. of Shares of PAC	Percentage
1	Mrs. Kuldeep Baldev Singh (part of promoter group)	Lt. Gen. Baldev Singh (Retd.)	108,322	0.09
2	Mrs. Kuldeep Baldev Singh (part of promoter group)	Mr. Mandeep Singh Sodhi	586,153	0.47
3	Mrs. Anita Behl (part of promoter group)	Mr. Vinay Narjit Singh Behl	36,682	0.03
<b>Total</b>			<b>731,157</b>	<b>0.59</b>

For R Systems International Limited

  
 Authorised Signatory

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

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

For R Systems International Limited

  
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Table V - Statement showing details of significant beneficial owners (SBOs)

Sr. No.	Details of the SBO (I)			Details of the registered owner (II)			Details of holding/ exercise of right of the SBO in the reporting company, whether direct or indirect*: (III)					Date of Creation/ acquisition of significant beneficial interest# (IV)
	Name	PAN/ Passport No. in case of a foreign national	Nationality	Name	PAN/ Passport No. in case of a foreign national	Nationality	Whether by virtue of:					
							Shares	Voting rights	Rights on distributable dividend or any other distribution	Exercise of control	Exercise of significant influence	
1	Mr. Satinder Singh Rekhi and Mrs. Harpreet Rekhi together and collectively	AEWPR54J2H & AEAPR6288R	US	Satinder & Harpreet Rekhi Family Trust	AABTT6608C	US	9.82	-	-	-	-	January 02, 2001

\* In case the nature of the holding/ exercise of the right of a SBO falls under multiple categories specified under (a) to (e) under Column III, multiple rows for the same SBO shall be inserted accordingly for each of the categories.

#This column shall have the details as specified by the listed entity under Form No. BEN-2 as submitted to the Registrar.

For R Systems International Limited

  
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## RightMatch Holdings Ltd.

IFS Court, Bank Street, Twenty Eight, Cybercity, Ebene 72201, Mauritius  
Tel: (230) 467 3000 Fax: (230) 467 4000

**Pre Scheme Share Holding Pattern of RightMatch Holdings Limited**  
**As on September 30, 2019**

Sr. No.	Name of Shareholder	PAN	No of shares	Percentage
1	Mr. Satinder Singh Rekhi	AEWPR5412H	2,804,775	50.00
2	Mrs. Harpreet Rekhi	AEAPR6288R	2,804,775	50.00
<b>Total</b>			<b>5,609,550</b>	<b>100.00</b>

Note: As per Scheme of Amalgamation, RightMatch Holdings Limited will be amalgamated into R Systems International Limited. Therefore, post amalgamation shareholding pattern of RightMatch Holdings is not applicable.

For RightMatch Holdings Limited  
For RightMatch Holdings Ltd

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**Pre Scheme Shareholding Pattern of R Systems International Limited**

Name of the Listed Entity :		<b>R SYSTEMS INTERNATIONAL LIMITED</b>	
Scrip Code/ Name of the Scrip :		NSE	RSYSTEMS
		BSE	532735
Class of Security :		Equity Shares of Re. 1/- each	
Share Holding Pattern Filed under: Reg. 31(1)(a)/Reg. 31(1)(b)/Reg.31(1)(c)		Reg. 31(1)(b)	
a. If under 31(1)(b) then indicate the report for Quarter ending		<b>September 30, 2019</b>	
b. If under 31(1)(c) then indicate date of allotment/extinguishment		N/A	
<b>DECLARATION</b>			
Sr. No.	Particular	Yes	No
1	Whether the Listed Entity has issued any partly paid up shares?	-	No
2	Whether the Listed Entity has issued any Convertible Securities or Warrants?	Yes*	-
3	Whether the Listed Entity has any shares against which depository receipts are issued?	-	No
4	Whether the Listed Entity has any shares in locked-in?	-	No
5	Whether any shares held by promoters are pledge or otherwise encumbered?	-	No
<p><i>*During the quarter ended September 30, 2019, the Company has not issued any convertible Securities or Warrants. However, 37,500 Employee Stock Options are outstanding under R Systems International Limited Employee Stock Option Scheme 2007 which were issued to the employees of the Company on April 30, 2016.</i></p>			

For R Systems International Limited



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Table 1 - Summary Statement holding of specified securities

Category	Category of shareholder	Number of shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)	Number of Voting Rights held in each class of securities			No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding as a % assuming full conversion of convertible securities ( as a percentage of diluted share capital)	Number of Locked		Number of Shares		Number of equity shares held in dematerialised form	
								No of Voting Rights					Total as a % of (A+B+C)	No. (a)	As a % of total Shares held(b)	No. (a)		As a % of total Shares held(b)
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII) = (IV)+(V)+ (VI)	(VIII) As a % of (A+B+C2)	Class : Equity	Class : None	Total	(X)	(XI) = (VII)+(X) As a % of (A+B+C2)					(XII)	
(A)	Promoter & Promoter Group	9	61,712,574	-	-	61,712,574	51.28	61,712,574	-	61,712,574	51.28	-	51.27	-	-	-	-	61,712,574
(B)	Public*	12,443	58,625,351	-	-	58,625,351	48.72	58,625,351	-	58,625,351	48.72	37,500	48.73	-	-	N.A.	-	57,655,621
(C)	Non Promoter - Non Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N.A.	-	-
(C1)	Shares Underlying DRs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N.A.	-	-
(C2)	Shares Held By Employee Trust	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N.A.	-	-
	<b>Total</b>	<b>12,452</b>	<b>120,337,925</b>	<b>-</b>	<b>-</b>	<b>120,337,925</b>	<b>100.00</b>	<b>120,337,925</b>	<b>-</b>	<b>120,337,925</b>	<b>100.00</b>	<b>37,500</b>	<b>100.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>119,368,195</b>

For R Systems International Limited

  
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Table 11 - Statement showing shareholding pattern of the Promoter and Promoter Group

Category	Category & Name of shareholders	Nos. of shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)	Number of Voting Rights held in each class of securities				No. of Shares Outstanding convertible securities (including Warrants)	Shareholding as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form
								No of Voting Rights			Total as a % of (A+B+C)			No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held(b)	
								Class : Equity	Class: None	Total								
	(I)	(III)	(IV)	(V)	(VI)	(VII) = (IV)+(V)+ (VI)	(VIII) As a % of (A+B+C2)	(IX)				(X)	(XI) = (VII)+(X) As a % of (A+B+C2)	(XII)		(XIII)		(XIV)
<b>1</b>	<b>Indian</b>																	
(a)	Individuals / Hindu Undivided Family	2	7,777	-	-	7,777	0.01	7,777	-	7,777	0.01	-	0.01	-	-	-	-	7,777
	Kuldeep Baldev Singh	1	6,080	-	-	6,080	0.01	6,080	-	6,080	0.01	-	0.01	-	-	-	-	6,080
	Anita Behl	1	1,697	-	-	1,697	0.00	1,697	-	1,697	0.00	-	0.00	-	-	-	-	1,697
(b)	Central Government / State Government(s)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(c)	Financial Institutions / Banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(d)	Any Other (Specify)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Bodies Corporate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Sub Total (A)(1)	2	7,777	-	-	7,777	0.01	7,777	-	7,777	0.01	-	0.01	-	-	-	-	7,777
<b>2</b>	<b>Foreign</b>																	
(a)	Individuals (Non-Resident Individuals / Foreign Individuals)	5	41,058,247	-	-	41,058,247	34.12	41,058,247	-	41,058,247	34.12	-	34.11	-	-	-	-	41,058,247
	Sartaj Singh Rekhi	1	19,260,269	-	-	19,260,269	16.01	19,260,269	-	19,260,269	16.01	-	16.00	-	-	-	-	19,260,269
	Ramneet Singh Rekhi	1	16,396,505	-	-	16,396,505	13.63	16,396,505	-	16,396,505	13.63	-	13.62	-	-	-	-	16,396,505
	Satinder Singh Rekhi	1	3,062,207	-	-	3,062,207	2.54	3,062,207	-	3,062,207	2.54	-	2.54	-	-	-	-	3,062,207
	Harpreet Rekhi	1	1,467,277	-	-	1,467,277	1.22	1,467,277	-	1,467,277	1.22	-	1.22	-	-	-	-	1,467,277
	Amrita Rekhi	1	871,989	-	-	871,989	0.72	871,989	-	871,989	0.72	-	0.72	-	-	-	-	871,989
(b)	Government	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(c)	Institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(d)	Foreign Portfolio Investor	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(e)	Any Other (Specify)	2	20,646,550	-	-	20,646,550	17.16	20,646,550	-	20,646,550	17.16	-	17.15	-	-	-	-	20,646,550
	Bodies Corporate	1	8,828,489	-	-	8,828,489	7.34	8,828,489	-	8,828,489	7.34	-	7.33	-	-	-	-	8,828,489
	RightMatch Holdings Ltd	1	8,828,489	-	-	8,828,489	7.34	8,828,489	-	8,828,489	7.34	-	7.33	-	-	-	-	8,828,489
	Pramter Trust	1	11,818,061	-	-	11,818,061	9.82	11,818,061	-	11,818,061	9.82	-	9.82	-	-	-	-	11,818,061
	Satinder & Harpreet Rekhi Family Trust (Trustee: Satinder Singh Rekhi & Harpreet Rekhi)	1	11,818,061	-	-	11,818,061	9.82	11,818,061	-	11,818,061	9.82	-	9.82	-	-	-	-	11,818,061
	Sub Total (A)(2)	7	61,704,797	-	-	61,704,797	51.28	61,704,797	-	61,704,797	51.28	-	51.26	-	-	-	-	61,704,797
	Total Shareholding Of Promoter And Promoter Group (A) = (A)(1)+(A)(2)	9	61,712,574	-	-	61,712,574	51.28	61,712,574	-	61,712,574	51.28	-	51.27	-	-	-	-	61,712,574

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

For R Systems International Limited

  
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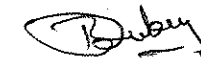
Table III - Statement showing shareholding pattern of the Public shareholder

Category	Category & Name of shareholders	Nos. of shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)	Number of Voting Rights held in each class of securities			No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form	
								No of Voting Rights					Total as a % of (A+B+C)	No. (a)	As a % of total Shares held(b)	No. (a)		As a % of total Shares held(b)
								Class : Equity	Class : None	Total								
	(I)	(II)	(IV)	(V)	(VI)	(VII) = (IV)+(V)+(VI)	(VIII) As a % of (A+B+C2)	(IX)			(X)	(XI) = (VII)+(X)	(XII)		(XIII)	(XIV)		
1	<b>Institutions</b>																	
(a)	Mutual Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	NA	-	
(b)	Venture Capital Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	NA	-	
(c)	Alternate Investment Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	NA	-	
(d)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	NA	-	
(e)	Foreign Portfolio Investor	-	-	-	-	-	-	-	-	-	-	-	-	-	-	NA	-	
(f)	Financial Institutions / Banks	1	2,000	-	-	2,000	0.00	2,000	-	2,000	0.00	-	0.00	-	-	NA	2,000	
(g)	Insurance Companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	NA	-	
(h)	Provident Funds/ Pension Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	NA	-	
(i)	Any Other (Specify)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	NA	-	
	Sub Total (B)(1)	1	2,000	-	-	2,000	0.00	2,000	-	2,000	0.00	-	0.00	-	-	NA	2,000	
2	Central Government/ State Government(s)/ President of India	-	-	-	-	-	-	-	-	-	-	-	-	-	-	NA	-	
	Sub Total (B)(2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	NA	-	
3	<b>Non-Institutions</b>																	
(a)	<b>Individuals</b>																	
	i. Individual shareholders holding nominal share capital up to Rs. 2 lakhs.	12,315	10,240,652	-	-	10,240,652	8.51	10,240,652	-	10,240,652	8.51	-	8.51	-	-	NA	10,009,902	
	ii. Individual shareholders holding nominal share capital in excess of Rs. 2 lakhs.	7	46,959,262	-	-	46,959,262	39.02	46,959,262	-	46,959,262	39.02	-	39.01	-	-	NA	46,959,262	
	Bhavoork Tripathi	1	44,091,982	-	-	44,091,982	36.64	44,091,982	-	44,091,982	36.64	-	36.63	-	-	NA	44,091,982	
	Others	6	2,867,280	-	-	2,867,280	2.38	2,867,280	-	2,867,280	2.38	-	2.38	-	-	NA	2,867,280	
(b)	NBFCs registered with RBI	-	-	-	-	-	-	-	-	-	-	-	-	-	-	NA	-	
(c)	Employee Trusts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	NA	-	
(d)	Overseas Depositories(holding DRs) (balancing figure)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	NA	-	
(e)	Any Other (Specify)	120	1,423,437	-	-	1,423,437	1.18	1,423,437	-	1,423,437	1.18	37,500	1.21	-	-	NA	684,457	
	Clearing Member	23	16,681	-	-	16,681	0.01	16,681	-	16,681	0.01	-	0.01	-	-	NA	16,681	
	Trusts	1	738,980	-	-	738,980	0.61	738,980	-	738,980	0.61	-	0.61	-	-	NA	-	
	Bodies Corporate	95	658,155	-	-	658,155	0.55	658,155	-	658,155	0.55	-	0.55	-	-	NA	658,155	
	Investor Education Protection Fund Account	1	9,621	-	-	9,621	0.01	9,621	-	9,621	0.01	-	0.01	-	-	NA	9,621	
	ESOPs Held by Employees	-	-	-	-	-	-	-	-	-	-	37,500	0.03	-	-	NA	-	
	Sub Total (B)(3)	12,442	58,623,351	-	-	58,623,351	48.72	58,623,351	-	58,623,351	48.72	37,500	48.73	-	-	NA	57,653,621	
	<b>Total Public Shareholding (B) = (B)(1)+(B)(2)+(B)(3)</b>	<b>12,443</b>	<b>58,625,351</b>	<b>-</b>	<b>-</b>	<b>58,625,351</b>	<b>48.72</b>	<b>58,625,351</b>	<b>-</b>	<b>58,625,351</b>	<b>48.72</b>	<b>37,500</b>	<b>48.73</b>	<b>-</b>	<b>-</b>	<b>NA</b>	<b>57,655,621</b>	

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

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

For R Systems International Limited



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

<b>Sr. No.</b>	<b>Name of Shareholder</b>	<b>Name of Shareholder acting as PAC</b>	<b>No. of Shares of PAC</b>	<b>Percentage</b>
1	Mrs. Kuldeep Baldev Singh (part of promoter group)	Lt. Gen. Baldev Singh (Retd.)	108,322	0.09
2	Mrs. Kuldeep Baldev Singh (part of promoter group)	Mr. Mandeep Singh Sodhi	586,153	0.47
3	Mrs. Anita Behl (part of promoter group)	Mr. Vinay Narjit Singh Behl	36,682	0.03
<b>Total</b>			<b>731,157</b>	<b>0.59</b>

For R Systems International Limited

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

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

For R Systems International Limited

  
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Table V - Statement showing details of significant beneficial owners (SBOs)

Sr. No.	Details of the SBO (I)		Details of the registered owner (II)			Details of holding/ exercise of right of the SBO in the reporting company, whether direct or indirect*: (III)					Date of Creation/ acquisition of significant beneficial interest <sup>#</sup> (IV)
	Name	Nationality	Name	PAN/ Passport No. in case of a foreign national	Nationality	Whether by virtue of:					
						Shares	Voting rights	Rights on distributable dividend or any other distribution	Exercise of control	Exercise of significant influence	
1	Mr. Satinder Singh Rekhi and Mrs. Harpreet Rekhi together and collectively	US	RightMatch Holdings Limited	AAECR5596D	Mauritius	7.34	-	-	-	-	September 12, 2000
2	Mr. Satinder Singh Rekhi and Mrs. Harpreet Rekhi together and collectively	US	Satinder & Harpreet Rekhi Family Trust	AABTT6608C	US	9.82	-	-	-	-	January 02, 2001

\* In case the nature of the holding/ exercise of the right of a SBO falls under multiple categories specified under (a) to (e) under Column III, multiple rows for the same SBO shall be inserted accordingly for each of the categories.

#This column shall have the details as specified by the listed entity under Form No. BEN-2 as submitted to the Registrar.

For R Systems International Limited

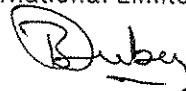


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**Post Scheme Shareholding Pattern of R Systems International Limited**

Name of the Listed Entity :		<b>R SYSTEMS INTERNATIONAL LIMITED</b>	
Scrip Code/ Name of the Scrip :		NSE	RSYSTEMS
		BSE	532735
Class of Security :		Equity Shares of Re. 1 /- each	
Share Holding Pattern Filed under: Reg. 31(1)(a)/Reg. 31(1)(b)/Reg.31(1)(c)		As required under Regulation 37 read with Regulation 31(1)(b) (As on September 30, 2019)	
a. If under 31(1)(b) then indicate the report for Quarter ending		N/A	
b. If under 31(1)(c) then indicate date of allotment/extinguishment		N/A	
<b>DECLARATION</b>			
Sr. No.	Particular	Yes	No
1	Whether the Listed Entity has issued any partly paid up shares?	-	No
2	Whether the Listed Entity has issued any Convertible Securities or Warrants?	Yes*	-
3	Whether the Listed Entity has any shares against which depository receipts are issued?	-	No
4	Whether the Listed Entity has any shares in locked-in?	-	No
5	Whether any shares held by promoters are pledge or otherwise encumbered?	-	No
<p><i>*During the quarter ended September 30, 2019, the Company has not issued any convertible Securities or Warrants. However, 37,500 Employee Stock Options are outstanding under R Systems International Limited Employee Stock Option Scheme 2007 which were issued to the employees of the Company on April 30, 2016.</i></p>			

For R Systems International Limited




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Table I - Summary Statement holding of specified securities

Category	Category of shareholder	Number of shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)	Number of Voting Rights held in each class of securities			Total as a % of (A+B+C)	No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked		Number of Shares		Number of equity shares held in dematerialised form
								Class : Equity	Class : None	Total				No. (a)	As a % of total Shares held(b)	No. (a)	As a % of total Shares held(b)	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII) = (IV)+(V)+ (VI)	(VIII) As a % of (A+B+C2)	(IX)			(X)	(XI)= (VII)+(X) As a % of (A+B+C2)	(XII)		(XIII)		(XIV)	
(A)	Promoter & Promoter Group	8	61,712,574	-	-	61,712,574	51.28	61,712,574	-	61,712,574	51.28	-	51.27	-	-	-	-	61,712,574
(B)	Public*	12,443	58,625,351	-	-	58,625,351	48.72	58,625,351	-	58,625,351	48.72	37,500	48.73	-	-	-	N.A.	57,655,621
(C)	Non Promoter - Non Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N.A.	-
(C1)	Shares Underlying DRs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N.A.	-
(C2)	Shares Held By Employee Trust	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N.A.	-
	<b>Total</b>	<b>12,451</b>	<b>120,337,925</b>	<b>-</b>	<b>-</b>	<b>120,337,925</b>	<b>100.00</b>	<b>120,337,925</b>	<b>-</b>	<b>120,337,925</b>	<b>100.00</b>	<b>37,500</b>	<b>100.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>119,368,195</b>

For R Systems International Limited



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

Category	Category & Name of shareholders	Nos. of shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)	Number of Voting Rights held in each class of securities				No. of Shares Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form
								No of Voting Rights			Total as a % of (A+B+C)			No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held(b)	
								Class : Equity	Class: None	Total								
	(I)	(III)	(IV)	(V)	(VI)	(VII) = (IV)+(V)+ (VI)	(VIII) As a % of (A+B+C2)	(IX)				(X)	(XI)= (VII)+(X) As a % of (A+B+C2)	(XII)		(XIII)		(XIV)
1	<b>Indian</b>																	
(a)	Individuals / Hindu Undivided Family	2	7,777	-	-	7,777	0.01	2,777	-	7,777	0.01	-	0.01	-	-	-	-	7,777
	Kuldeep Baldev Singh	1	6,080	-	-	6,080	0.01	6,080	-	6,080	0.01	-	0.01	-	-	-	-	6,080
	Anita Behl	1	1,697	-	-	1,697	0.00	1,697	-	1,697	0.00	-	0.00	-	-	-	-	1,697
(b)	Central Government / State Government(s)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(c)	Financial Institutions / Banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(d)	Any Other (Specify)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Bodies Corporate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Sub Total (A)(1)	2	7,777	-	-	7,777	0.01	7,777	-	7,777	0.01	-	0.01	-	-	-	-	7,777
2	<b>Foreign</b>																	
(a)	Individuals (Non-Resident Individuals / Foreign Individuals)	5	49,886,736	-	-	49,886,736	41.46	49,886,736	-	49,886,736	41.46	-	41.44	-	-	-	-	49,886,736
	Sartaj Singh Rekhi	1	19,260,269	-	-	19,260,269	16.01	19,260,269	-	19,260,269	16.01	-	16.00	-	-	-	-	19,260,269
	Ramneet Singh Rekhi	1	16,396,505	-	-	16,396,505	13.63	16,396,505	-	16,396,505	13.63	-	13.62	-	-	-	-	16,396,505
	Satinder Singh Rekhi	1	7,476,452	-	-	7,476,452	6.21	7,476,452	-	7,476,452	6.21	-	6.21	-	-	-	-	7,476,452
	Harpreet Rekhi	1	5,881,521	-	-	5,881,521	4.89	5,881,521	-	5,881,521	4.89	-	4.89	-	-	-	-	5,881,521
	Amrita Rekhi	1	871,989	-	-	871,989	0.72	871,989	-	871,989	0.72	-	0.72	-	-	-	-	871,989
(b)	Government	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(c)	Institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(d)	Foreign Portfolio Investor	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(e)	Any Other (Specify)	1	11,818,061	-	-	11,818,061	9.82	11,818,061	-	11,818,061	9.82	-	9.82	-	-	-	-	11,818,061
	Promoter Trust	1	11,818,061	-	-	11,818,061	9.82	11,818,061	-	11,818,061	9.82	-	9.82	-	-	-	-	11,818,061
	Satinder & Harpreet Rekhi Family Trust (Trustee: Satinder Singh Rekhi & Harpreet Rekhi)	1	11,818,061	-	-	11,818,061	9.82	11,818,061	-	11,818,061	9.82	-	9.82	-	-	-	-	11,818,061
	Sub Total (A)(2)	6	61,704,797	-	-	61,704,797	51.28	61,704,797	-	61,704,797	51.28	-	51.26	-	-	-	-	61,704,797
	Total Shareholding Of Promoter And Promoter Group (A) = (A)(1)+(A)(2)	8	61,712,574	-	-	61,712,574	51.28	61,712,574	-	61,712,574	51.28	-	51.27	-	-	-	-	61,712,574

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

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Table III - Statement showing shareholding pattern of the Public shareholder

Category	Category & Name of shareholders	Nos. of shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)	Number of Voting Rights held in each class of securities			No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form
								No of Voting Rights		Total as a % of (A+B+C)			No. (a)	As a % of total Shares held(b)	No. (a)	As a % of total Shares held(b)	
								Class : Equity	Class : None								
	(I)	(III)	(IV)	(V)	(VI)	(VII) = (IV)+(V)+(VI)	(VIII) As a % of (A+B+C2)	(IX)			(X)	(XI) = (VII)+(X) As a % of (A+B+C2)	(XII)		(XIII)	(XIV)	
1	Institutions																
(a)	Mutual Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	NA	-
(b)	Venture Capital Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	NA	-
(c)	Alternate Investment Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	NA	-
(d)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	NA	-
(e)	Foreign Portfolio Investor	-	-	-	-	-	-	-	-	-	-	-	-	-	-	NA	-
(f)	Financial Institutions / Banks	1	2,000	-	-	2,000	0.00	2,000	-	2,000	0.00	-	0.00	-	-	NA	2,000
(g)	Insurance Companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	NA	-
(h)	Provident Funds/ Pension Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	NA	-
(i)	Any Other (Specify)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	NA	-
	Sub Total (B)(1)	1	2,000	-	-	2,000	0.00	2,000	-	2,000	0.00	-	0.00	-	-	NA	2,000
2	Central Government/ State Government(s)/ President of India	-	-	-	-	-	-	-	-	-	-	-	-	-	-	NA	-
	Sub Total (B)(2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	NA	-
3	Non-Institutions																
(a)	Individuals																
	i. Individual shareholders holding nominal share capital up to Rs. 2 lakhs.	12,315	10,240,652	-	-	10,240,652	8.51	10,240,652	-	10,240,652	8.51	-	8.51	-	-	NA	10,009,902
	ii. Individual shareholders holding nominal share capital in excess of Rs. 2 lakhs.	7	46,959,262	-	-	46,959,262	39.02	46,959,262	-	46,959,262	39.02	-	39.01	-	-	NA	46,959,262
	Bhavook Tripathi	1	44,091,982	-	-	44,091,982	36.64	44,091,982	-	44,091,982	36.64	-	36.63	-	-	NA	44,091,982
	Others	6	2,867,280	-	-	2,867,280	2.38	2,867,280	-	2,867,280	2.38	-	2.38	-	-	NA	2,867,280
(b)	NBFCs registered with RBI	-	-	-	-	-	-	-	-	-	-	-	-	-	-	NA	-
(c)	Employee Trusts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	NA	-
(d)	Overseas Depositories(holding DRs) (balancing figure)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	NA	-
(e)	Any Other (Specify)	120	1,423,437	-	-	1,423,437	1.18	1,423,437	-	1,423,437	1.18	37,500	1.21	-	-	NA	684,457
	Clearing Member	23	16,681	-	-	16,681	0.01	16,681	-	16,681	0.01	-	0.01	-	-	NA	16,681
	Trusts	1	738,980	-	-	738,980	0.61	738,980	-	738,980	0.61	-	0.61	-	-	NA	-
	Bodies Corporate	95	658,155	-	-	658,155	0.55	658,155	-	658,155	0.55	-	0.55	-	-	NA	658,155
	Investor Education Protection Fund Account	1	9,621	-	-	9,621	0.01	9,621	-	9,621	0.01	-	0.01	-	-	NA	9,621
	ESOPs Held by Employees	-	-	-	-	-	-	-	-	-	37,500	0.03	-	-	-	NA	-
	Sub Total (B)(3)	12,442	58,623,351	-	-	58,623,351	48.72	58,623,351	-	58,623,351	48.72	37,500	48.73	-	-	NA	57,653,621
	Total Public Shareholding (B) = (B)(1)+(B)(2)+(B)(3)	12,443	58,625,351	-	-	58,625,351	48.72	58,625,351	-	58,625,351	48.72	37,500	48.73	-	-	NA	57,655,621

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

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

For R Systems International Limited



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

<b>Sr. No.</b>	<b>Name of Shareholder</b>	<b>Name of Shareholder acting as PAC</b>	<b>No. of Shares of PAC</b>	<b>Percentage</b>
1	Mrs. Kuldeep Baldev Singh (part of promoter group)	Lt. Gen. Baldev Singh (Retd.)	108,322	0.09
2	Mrs. Kuldeep Baldev Singh (part of promoter group)	Mr. Mandeep Singh Sodhi	586,153	0.47
3	Mrs. Anita Behl (part of promoter group)	Mr. Vinay Narjit Singh Behl	36,682	0.03
<b>Total</b>			<b>731,157</b>	<b>0.59</b>

For R Systems International Limited

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

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

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Table V - Statement showing details of significant beneficial owners (SBOs)

Sr. No.	Details of the SBO (I)			Details of the registered owner (II)			Details of holding/ exercise of right of the SBO in the reporting company, whether direct or indirect*: (III)					Date of Creation/ acquisition of significant beneficial interest# (IV)
	Name	PAN/ Passport No. in case of a foreign national	Nationality	Name	PAN/ Passport No. in case of a foreign national	Nationality	Whether by virtue of:					
							Shares	Voting rights	Rights on distributable dividend or any other distribution	Exercise of control	Exercise of significant influence	
1	Mr. Satinder Singh Rekhi and Mrs. Harpreet Rekhi together and collectively	AEWPR5412H & AEAPR6288R	US	Satinder & Harpreet Rekhi Family Trust	AABTT6608C	US	9.82	-	-	-	-	January 02, 2001

\* In case the nature of the holding/ exercise of the right of a SBO falls under multiple categories specified under (a) to (e) under Column III, multiple rows for the same SBO shall be inserted accordingly for each of the categories.  
#This column shall have the details as specified by the listed entity under Form No. BEN-2 as submitted to the Registrar.

For R Systems International Limited

  
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## RightMatch Holdings Ltd.

IFS Court, Bank Street, Twenty Eight, Cybercity, Ebene 72201, Mauritius

Tel: (230) 467 3000 Fax: (230) 467 4000

### Pre Scheme Share Holding Pattern of RightMatch Holdings Limited

As on September 30, 2019

Sr. No.	Name of Shareholder	No of shares	Percentage
1	Mr. Satinder Singh Rekhi	2,804,775	50.00
2	Mrs. Harpreet Rekhi	2,804,775	50.00
<b>Total</b>		<b>5,609,550</b>	<b>100.00</b>

Note: As per Scheme of Amalgamation, RightMatch Holdings Limited will be amalgamated into R Systems International Limited. Therefore, post amalgamation shareholding pattern of RightMatch Holdings is not applicable.

For RightMatch Holdings Limited  
For RightMatch Holdings Ltd

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**R SYSTEMS INTERNATIONAL LIMITED**

Corporate Identity Number : L74899DL1993PLC053579

[CMMI Level 5, PCMM Level 5, ISO 9001:2015 &amp; ISO 27001:2013 Company]

C-40, Sector-59, NOIDA, Distt. Gautam Budh Nagar, U.P. India-201307

Phones : +91-120-4303500

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www.rsystems.com

Regd. Off.: GF-1-A, 6, Devika Tower,  
Nehru Place, New Delhi-110019

**Financials of R Systems International Limited for Nine Months September 30, 2019 and the previous 3 years as per the Audited Standalone Statements of Accounts**

Particulars	Rs. in Million, except per share data			
	Nine Months Ended September 30, 2019	Financial Year Ended December 31,		
		2018 (Audited)	2017 (Audited)	2016 (Audited)
Equity Paid up Capital	119.60	123.25	123.21	123.13
Reserves and surplus	2,684.38	2,572.28	2,346.31	2,080.32
Carry forward losses	-	-	-	-
Net Worth	2,756.07	2,406.83	2,182.14	1,474.87
Miscellaneous Expenditure	-	-	-	-
Secured Loans	13.49	9.36	9.58	13.44
Unsecured Loans	32.13	10.61	10.78	10.88
Fixed Assets	357.90	265.69	262.89	278.09
Investment property	22.21	23.31	24.78	26.26
Income from Operations	2,908.00	3,172.13	2,637.53	2,631.77
Total Income	3,024.39	3,259.41	2,774.29	2,755.44
Total Expenditure	2,544.70	2,853.97	2,431.80	2,188.03
Exceptional items	-	-	-	46.35
Profit before Tax	479.69	405.44	342.49	613.75
Profit after Tax	356.58	310.14	228.08	412.14
Cash profit	420.65	383.15	301.82	481.44
EPS	2.95 *	2.52	1.85	3.26
Book value per share	23.44	21.87	20.04	17.90

\* Not annualized

Note:

1. Book value per share =(Equity Paid up Capital + Reserves and surplus)/ Outstanding Equity shares.
2. Networth = Equity Share Capital + Free Reserves\*\* - Miscellaneous Expenditure written off, along with the detailed working.).
- \*\* Free Reserves to be considered as per Section 2(43) of the Companies Act, 2013.
3. The Financial figures as mentioned are based on standalone audited financial statements prepared under Ind-AS for the quarter and nine months ended September 30, 2019, for the financial year ended December 31, 2018 and for the financial year ended December 31, 2017 (post Ind-AS adoption) and the standalone audited financial statements for the year ended December 31, 2016 prepared under the previous I- GAAP.

For R Systems International Limited

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**INDEPENDENT AUDITOR'S REPORT ON AUDIT OF INTERIM STANDALONE FINANCIAL RESULTS**

**TO THE BOARD OF DIRECTORS OF  
R SYSTEMS INTERNATIONAL LIMITED**

**Opinion**

We have audited the accompanying Statement of Standalone Financial Results of **R SYSTEMS INTERNATIONAL LIMITED** ("the Company"), for the quarter and nine months ended September 30, 2019 ("the Statement"), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (Listing Regulations).

In our opinion and to the best of our information and according to the explanations given to us, these Standalone Financial Results:

- a. are presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended; and
- b. give a true and fair view in conformity with the recognition and measurement principles laid down in the Indian Accounting Standard 34 and other accounting principles generally accepted in India of the net profit and total comprehensive income and other financial information of the Company for the quarter and nine months ended September 30, 2019.

**Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Companies Act, 2013 (the Act). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Results section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the Standalone Financial Results under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion.

**Management's Responsibilities for the Standalone Financial Results**

This Statement, which is the responsibility of the Company's Management and approved by the Board of Directors, has been compiled from the related audited interim standalone financial statements. The Company's Board of Directors are responsible for the preparation and presentation of the Standalone Financial Results that give a true and fair view of the net profit and other comprehensive income and other financial information in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Results that give a true and fair view and is free from material misstatement, whether due to fraud or error.

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For R Systems International Limited

In preparing the Standalone Financial Results, the Board of Directors are responsible for assessing the Company's ability, to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the financial reporting process of the Company.

**Auditor's Responsibilities for the Audit of the Standalone Financial Results**

Our objectives are to obtain reasonable assurance about whether the Standalone Financial Results as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Financial Results.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Standalone Financial Results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Standalone Financial Results, including the disclosures, and whether the Standalone Financial Results represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial results of the Company and its branches to express an opinion on the Standalone Financial Results. We are responsible for the direction, supervision and performance of the audit of financial information of business activities included in the Standalone Financial Results.

Materiality is the magnitude of misstatements in the Standalone Financial Results that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Standalone Financial Results may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Standalone Financial Results.

For R Systems International Limited

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**Deloitte  
Haskins & Sells LLP**

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)



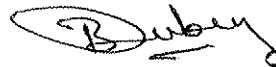
Place: Noida  
Date: October 25, 2019



**JITENDRA AGARWAL**  
Partner  
(Membership No. 87104)  
UDIN: 19087104AAAAFG9S26

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For R Systems International Limited



Authorised Signatory

**R SYSTEMS INTERNATIONAL LIMITED**

CIN : L74899DL1993PLC053579

Registered Office : GF-1-A, 6, Devika Tower, Nehru Place, New Delhi- 110019

Tel : +91 120 4303500; Fax : +91 120 4082699

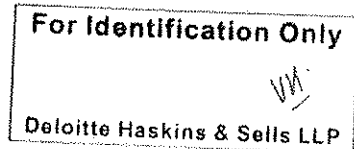
Website : www.rsystems.com; Email : rsil@rsystems.com

**Statement of Standalone Audited Financial Results for the Quarter and Nine months Ended September 30, 2019**

(Rs. in million, except per share data)

S.No.	Particulars (Refer notes)	Three months ended			Nine months ended		Year ended
		30.09.2019 (Audited)	30.06.2019 (Audited)	30.09.2018 (Audited)	30.09.2019 (Audited)	30.09.2018 (Audited)	31.12.2018 (Audited)
<b>1</b>	<b>Income</b>						
(a)	Revenue from operations	979.89	997.00	852.46	2,908.00	2,292.84	3,172.13
(b)	Other Income	27.85	30.51	(12.91)	116.39	5.87	87.28
	<b>Total Income</b>	<b>1,007.74</b>	<b>1,027.51</b>	<b>839.55</b>	<b>3,024.39</b>	<b>2,298.71</b>	<b>3,259.41</b>
<b>2</b>	<b>Expenses</b>						
(a)	Employee benefits expense	665.65	660.32	558.26	1,954.17	1,590.18	2,169.18
(b)	Finance costs	1.20	1.15	0.50	3.05	1.80	2.32
(c)	Depreciation and amortisation expense	22.22	22.19	18.22	64.07	54.40	73.01
(d)	Other expenses	171.68	187.36	151.00	523.41	447.02	609.46
	<b>Total expenses</b>	<b>860.75</b>	<b>871.02</b>	<b>727.98</b>	<b>2,544.70</b>	<b>2,093.40</b>	<b>2,853.97</b>
<b>3</b>	<b>Profit before tax</b>	<b>146.99</b>	<b>156.49</b>	<b>111.57</b>	<b>479.69</b>	<b>205.31</b>	<b>405.44</b>
<b>4</b>	<b>Tax expense</b>						
(a)	Current tax	31.90	38.20	33.57	108.07	68.68	99.35
(b)	Deferred tax charge / (credit)	(9.13)	4.13	(17.82)	15.04	(42.01)	(4.05)
	<b>Total tax expense</b>	<b>22.77</b>	<b>42.33</b>	<b>15.75</b>	<b>123.11</b>	<b>26.67</b>	<b>95.30</b>
<b>5</b>	<b>Net profit for the period / year</b>	<b>124.22</b>	<b>114.16</b>	<b>95.82</b>	<b>356.58</b>	<b>178.64</b>	<b>310.14</b>
<b>6</b>	<b>Other comprehensive income / (loss)</b> <i>Items that will not be reclassified to profit or loss</i>						
(a)	Re-measurements of the defined benefit plans	(2.46)	(5.19)	3.22	(14.06)	7.36	(0.77)
(b)	Deferred tax relating to re-measurements of the defined benefit plans	0.72	1.81	(1.12)	4.77	(2.57)	0.27
	<b>Total Other comprehensive income / (loss)</b>	<b>(1.76)</b>	<b>(3.38)</b>	<b>2.10</b>	<b>(9.29)</b>	<b>4.79</b>	<b>(0.50)</b>
<b>7</b>	<b>Total comprehensive income for the period / year (5+6)</b>	<b>122.46</b>	<b>110.78</b>	<b>97.92</b>	<b>347.29</b>	<b>183.43</b>	<b>309.64</b>
<b>8</b>	<b>Earnings per share</b> (Face value of Re. 1/- each) (not annualised)						
(a)	Basic	1.04	0.95	0.78	2.95	1.45	2.52
(b)	Diluted	1.04	0.95	0.78	2.95	1.45	2.52

See accompanying notes to the financial results



For R Systems International Limited

*(Signature)*  
 Lt. Gen. Brijendra Singh (Retd.)  
 President & Director, Member - Director  
 Deloitte Haskins & Sells LLP (CIN: 09005966)

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For R Systems International Limited

*(Signature)*  
 Authorised Signatory



**Notes:**

- 1 The financial results for the quarter and nine months ended September 30, 2019 were reviewed by the Audit Committee and have been approved by the Board of Directors at their meetings held on October 25, 2019.
- 2 An audit has been completed by the Statutory Auditors for the quarter and nine months ended September 30, 2019 and September 30, 2018, quarter ended June 30, 2019 and year ended December 31, 2018. The statutory auditors have expressed an unmodified audit opinion on the aforesaid results.
- 3 The scheme of amalgamation between R Systems International Limited ("the Company") and GM Solutions Private Limited (the "Transferor Company") (hereinafter called 'the Scheme'), was approved by the National Company Law Tribunal, New Delhi Bench vide order dated December 07, 2018. As a result of the amalgamation all rights and obligations, assets and liabilities, interests and claims of the Transferor Company were transferred to the Company with effect from the appointed date i.e. January 1, 2018.

The aforesaid Scheme was accounted under 'common control' method in accordance Ind AS 103 "Business Combinations" and correspondingly all assets, liabilities and reserves of the Transferor Company were accounted for at their respective book value in the books of the Company effective January 01, 2017. Accordingly, the results for the nine months ended September 30, 2018 have been restated to give effect the Scheme. Consequent to this restatement, the profit after tax for the quarter and nine months ended September 30, 2018 is lower by Rs. 0.32 million and Rs. 3.13 million, respectively.

- 4 The Company has received an approval from Department of Commerce, Ministry of Commerce & Industry, Government of India on September 23, 2019 for setting up a new 'Special Economic Zone' (SEZ - Unit II) unit located at Greater Noida West (NCR) having area of 30,706 sq. ft.
- 5 Effective January 1, 2019, the Company has adopted Ind AS 115 "Revenue from Contracts with Customers" using the cumulative catch-up transition method which is applied to contracts that were not completed as at the date of initial application. Accordingly, the comparatives have not been retrospectively adjusted. The adoption of the standard does not have any significant impact to the financial results of the Company.
- 6 During the nine months ended September 30, 2019, the Company has issued 37,500 equity shares of Re. 1/- each pursuant to exercise of employee stock options under the R Systems International Limited Employee Stock Option Scheme 2007.

During the nine month ended September 30, 2018 and year ended December 31, 2018, the Company had issued 37,500 equity shares of Re. 1/- each pursuant to exercise of employee stock options under the R Systems International Limited Employee Stock Option Scheme 2007.

- 7 Refer Annexure A for standalone segment information.
- 8 Previous period's figures have been regrouped wherever applicable, to the extent possible, to conform to the current period presentation.


For and on behalf of the Board



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

Place : NOIDA  
Date : October 25, 2019

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**For Identification Only**  
  
**Deloitte Haskins & Sells LLP**

For R Systems International Limited

  
Authorised Signatory

**R SYSTEMS INTERNATIONAL LIMITED**  
**Standalone Segment Information**

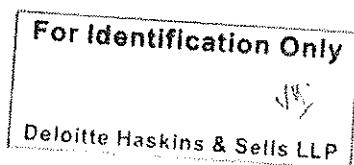
(Rs. in million)

S.No.	Particulars	Three months ended			Nine months ended		Year ended
		30.09.2019	30.06.2019	30.09.2018	30.09.2019	30.09.2018	31.12.2018
		(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
<b>1</b>	<b>Segment revenue</b>						
	- Information technology services	812.25	796.02	637.29	2,351.29	1,758.13	2,436.54
	- Business process outsourcing services	167.64	200.98	215.17	556.71	534.71	735.59
	<b>Revenue from operations</b>	<b>979.89</b>	<b>997.00</b>	<b>852.46</b>	<b>2,908.00</b>	<b>2,292.84</b>	<b>3,172.13</b>
<b>2</b>	<b>Segment results before tax, interest and exceptional items</b>						
	- Information technology services	144.41	137.55	61.36	440.13	135.42	299.28
	- Business process outsourcing services	6.22	20.80	51.50	43.65	71.55	108.83
	<b>Total</b>	<b>150.63</b>	<b>158.35</b>	<b>112.86</b>	<b>483.78</b>	<b>206.97</b>	<b>408.11</b>
	(i) Finance costs	(1.20)	(1.15)	(0.50)	(3.05)	(1.80)	(2.32)
	(ii) Interest income	11.91	11.10	12.53	38.25	43.89	57.81
	(iii) Other unallocable income	6.84	6.32	5.16	18.41	11.59	16.98
	(iv) Other unallocable expenses	(21.19)	(18.13)	(18.48)	(57.70)	(55.34)	(75.14)
	<b>Profit before tax</b>	<b>146.99</b>	<b>156.49</b>	<b>111.57</b>	<b>479.69</b>	<b>205.31</b>	<b>405.44</b>

**Note:** Assets and liabilities of the Company are used interchangeably between segments and the Chief Operating Decision Maker (CODM) does not review assets and liabilities at reportable segment level. Accordingly, segment disclosure relating to assets and liabilities has not been provided as per Ind AS 108.

For R Systems International Limited

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



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For R Systems International Limited

*Dubey*  
 Authorised Signatory

## RightMatch Holdings Ltd.

IFS Court, Bank Street, Twenty Eight, Cybercity, Ebene 72201, Mauritius  
Tel: (230) 467 3000 Fax: (230) 467 4000

### Financial Details of RightMatch Holdings Limited

(Amount in USD, except per share data)

Particulars	Seven Months Ended	Financial Year Ended December 31,		
	July 31, 2019 (Audited)#	2018 (Audited) #	2017 (Audited)	2016 (Audited)
Ordinary Share Paid up Capital	5,609,550.00	5,500.00	5,500.00	5,500.00
Reserves and surplus	113,224.00	6,584,951.00	6,876,387.00	7,809,052.00
Carry forward losses	-	-	-	-
Net Worth	5,722,774.00	213,404.00	(74,756.00)	(55,842.00)
Miscellaneous Expenditure	-	-	-	-
Secured Loans	-	-	-	-
Unsecured Loans	-	-	-	-
Fixed Assets	-	-	-	-
Income from Operations	232,088.00	81,038.00	-	-
Total Income	232,088.00	81,038.00	-	-
Total Expenditure	26,768.00	17,131.00	18,914.00	61,683.00
Profit before Tax	205,320.00	63,907.00	(18,914.00)	(61,683.00)
Profit after Tax	205,320.00	63,907.00	(18,914.00)	(61,683.00)
Cash profit	205,320.00	63,907.00	(18,914.00)	(61,683.00)
EPS	0.04*	11.62	(3.44)	(11.22)
Book value per share	1.02	1,198.26	1,251.25	1,420.83


\* Not annualized

# The Financial statements for period ended July 31, 2019 includes the restatement of prior periods refer Note 16 in the aforesaid financial statements.

Note:

1. EPS = PAT / Ordinary Share paid up capital
2. Book value per share = (Ordinary Share Paid up Capital + Reserves and surplus)/ Ordinary paid up share Capital
3. Networth = Ordinary Share Capital + Free Reserves\*\* - Miscellaneous Expenditure written off, along with the detailed working.) \*\* Free Reserves to be considered as per Section 2(43) of the Companies Act, 2013

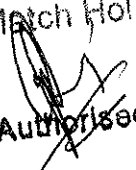
For RightMatch Holdings Ltd

  
Authorised Signatory

**RightMatch Holdings Ltd.**  
**FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM**  
**01 JANUARY 2019 TO 31 JULY 2019**

**CERTIFIED TRUE COPY**

**For RightMatch Holdings Ltd**

  
**Authorised Signatory**

RightMatch Holdings Ltd.


**FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 1 JANUARY 2019 TO 31 JULY 2019**

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For RightMatch Holdings Ltd

  
Authorised Signatory

**CORPORATE INFORMATION**

---

		<b>Date of Appointment</b>
<b>DIRECTORS:</b>	Harpreet Rekhi	10 April 2000
	Satinder S Rekhi	10 April 2000
	Sartaj S Rekhi	10 April 2000
	Ramneet Singh Rekhi	27 February 2006
	Sangeeta Bissessur	19 February 2013
	Zakir Niamut	30 August 2013

**ADMINISTRATOR,  
SECRETARY &  
TAX AGENT:**

**SANNE Mauritius**  
IFS Court, Bank Street  
TwentyEight, Cybercity  
Ebene 72201  
Mauritius

**REGISTERED OFFICE:**

IFS Court, Bank Street  
TwentyEight, Cybercity  
Ebene 72201  
Mauritius

**AUDITORS:**

**Crowe ATA**  
2<sup>nd</sup> Floor, Ebene Esplanade  
24, Bank Street, Cybercity  
Ebene 72201  
Mauritius

**BANKER:**

**AfrAsia Bank Limited**  
3rd Floor, Nexteracom Tower III  
Ebene  
Mauritius

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**For RightMatch Holdings Ltd**

**Authorised Signatory**

RightMatch Holdings Ltd.

**COMMENTARY OF THE DIRECTORS  
FOR THE PERIOD FROM 1 JANUARY 2019 TO 31 JULY 2019**

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The directors present the audited financial statements of RightMatch Holdings Ltd. (the "Company") for the period ended from 1 January 2019 to 31 July 2019.

**PRINCIPAL ACTIVITY**

The principal activity of the Company is that of investment holding.

**RESULTS AND DIVIDEND**

The results for the period are shown in the statement of profit or loss and other comprehensive income and related notes.

The directors have declared a dividend amounting to USD 300,000 for the period under review (2018: USD Nil).

**DIRECTORS**

The present membership of the Board is set out on page 2.

**STATEMENT OF THE DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

The directors have prepared the financial statements which reflect fairly the financial position, financial performance and cash flows of the Company. In preparing those financial statements, the directors have:

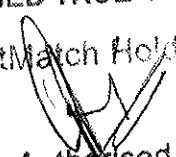
- Selected suitable accounting policies and then apply them consistently;
- Made judgements and estimates that are reasonable and prudent;
- Stated whether International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepared the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

**AUDITORS**

The auditors, Crowe ATA, have indicated their willingness to continue in office until the next annual meeting.

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For RightMatch Holdings Ltd  
  
**Authorised Signatory**

## INDEPENDENT AUDITORS' REPORT

### TO THE SHAREHOLDERS OF RightMatch Holdings Ltd.

#### Report on the audit of the special purpose financial statements

---

#### Opinion

We have audited the special purpose financial statements of **RightMatch Holdings Ltd.** (the "Company") set out on pages 8 to 31, which comprise the statement of financial position as at 31 July 2019, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the period then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying special purpose financial statements present fairly, in all material aspects the financial position of the Company as at 31 July 2019 and its performance and cash flows for the period then ended in accordance with International Financial Reporting Standards (IFRS).

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Mauritius, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.


#### Other information

Directors are responsible for the other information. The other information comprises the commentary of the directors, which we obtained prior to the date of this auditors' report. Other information does not include the financial statements and our auditors' report thereon.

Our opinion on the special financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

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For RightMatch Holdings Ltd

  
Authorized Signatory



## **INDEPENDENT AUDITORS' REPORT (CONTINUED)**

### **TO THE SHAREHOLDERS OF RightMatch Holdings Ltd.**

#### **Report on the audit of the special purpose financial statements (Continued)**

---

##### **Other information (Continued)**

In connection with our audit of the special purpose financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

##### **Responsibilities of the directors**

The directors are responsible for the preparation and fair presentation of the special purpose financial statements in accordance with IFRS and for such internal control as the directors determine is necessary to enable the preparation of the special purpose financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the special purpose financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

##### **Auditors' responsibilities for the audit of the special purpose financial statements**

Our objectives are to obtain reasonable assurance about whether the special purpose financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these special purpose financial statements.

## **INDEPENDENT AUDITORS' REPORT (CONTINUED)**

**TO THE SHAREHOLDERS OF RightMatch Holdings Ltd.**

### **Report on the audit of the special purpose financial statements (Continued)**

#### **Auditors' responsibilities for the audit of the special purpose financial statements (Continued)**

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the special purpose financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the special purpose financial statements, including the disclosures, and whether the special purpose financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiency in internal control that we identify during our audit.

**INDEPENDENT AUDITORS' REPORT (CONTINUED)**

**TO THE SHAREHOLDERS OF RightMatch Holdings Ltd.**

**Report on the audit of the special purpose financial statements (Continued)**

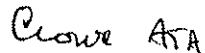
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In forming our opinion, we report as follows:

- We have no relationship with, or any interests in, the Company other than in our capacity as auditors;
- We have obtained all the information and explanations that we required; and
- In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

**Restricted use of this report**

This report is made solely for the Company's shareholders. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in our auditors' report and for no other purpose. We do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, for our audit work, for this report, or for the opinion we have formed on the accompanying special purpose financial statements which have been prepared by management for their purpose of evaluating the possible options for corporate restructuring, execution of such restructuring, and necessary filings thereunder and should not be used for any other purposes.



**Crowe ATA**  
Public Accountants



**K.S. Sewraz, FCCA**  
Signing Partner  
Licensed by FRC

Date: 02 October 2019  
Ebene, Mauritius

RightMatch Holdings Ltd.

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE PERIOD FROM 1 JANUARY 2019 TO 31 JULY 2019**

	Notes	Period from 1 January 2019 to 31 July 2019 USD	Year ended 31 December 2018 Restated USD
<b>Income</b>			
Gain on buy back of shares held in R Systems International Ltd	9	232,088	-
Dividend income		-	81,038
<b>Expenses</b>			
Professional fees		19,285	13,036
Licence fees		1,358	2,300
Audit fee		1,430	1,400
Bank charges		615	395
Foreign exchange loss		4,080	-
<b>Total expenses</b>		<b>26,768</b>	<b>17,131</b>
<b>Profit before taxation</b>		<b>205,320</b>	<b>63,907</b>
Taxation	8	-	-
<b>Profit for the period / year</b>		<b>205,320</b>	<b>63,907</b>
<b>Other comprehensive income:</b>			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
		-	-
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Net change in the fair value of investments	9	(772,997)	(212,964)
<b>Total comprehensive loss for the period / year</b>		<b>(567,677)</b>	<b>(149,057)</b>

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The notes as set out on pages 12 to 31 form an integral part of these special purpose financial statements.

For RightMatch Holdings Ltd

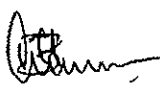
Authorised Signatory

STATEMENT OF FINANCIAL POSITION  
AS AT 31 JULY 2019

	Notes	As at 31 July 2019 USD	As at 31 December 2018 Restated USD
<b>ASSETS</b>			
<b>Non-current assets</b>			
Financial assets at fair value through other comprehensive income	9	<u>5,614,250</u>	<u>6,387,534</u>
		<u>5,614,250</u>	<u>6,387,534</u>
<b>Current assets</b>			
Advance to shareholders	13	-	196,693
Prepayments		1,817	4,425
Cash and cash equivalents		<u>120,796</u>	<u>3,626</u>
<b>Total current assets</b>		<u>122,613</u>	<u>204,744</u>
<b>TOTAL ASSETS</b>		<u>5,736,863</u>	<u>6,592,278</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Stated capital	10	5,609,550	5,500
Retained earnings		113,224	207,904
Revaluation reserve		-	6,377,047
<b>Total equity</b>		<u>5,722,774</u>	<u>6,590,451</u>
<b>Current liability</b>			
Accruals		<u>14,089</u>	<u>1,827</u>
<b>Total liabilities</b>		<u>14,089</u>	<u>1,827</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>5,736,863</u>	<u>6,592,278</u>

Approved and authorised for issue by the board of directors on 2 October 2019 and signed on its behalf by:

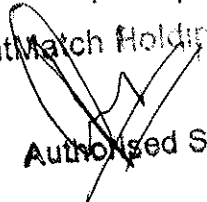
  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

The notes as set out on pages 12 to 31 form an integral part of these special purpose financial statements.

CERTIFIED TRUE COPY

For RightMatch Holdings Ltd

  
\_\_\_\_\_  
Authorised Signatory

**STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD FROM 1 JANUARY 2019 TO 31 JULY 2019**

	Stated capital	(Accumulated Losses) / Retained Earnings	Fair Valuation Reserve	Total equity
	USD	USD	USD	USD
As at 1 Jan 2018 (as previously stated)	5,500	(80,256)	6,956,643	6,881,887
Prior year adjustment (Note 16)	-	224,253	(224,253)	-
Restated as at 1 Jan 2018	5,500	143,997	6,732,390	6,881,887
Total comprehensive profit for the year	-	63,907	(355,343)	(291,436)
As at 31 December 2018 (As restated)	5,500	207,904	6,377,047	6,590,451
Total comprehensive profit for the period	-	205,320	(772,997)	(567,677)
Dividend paid	-	(300,000)	-	(300,000)
Issued of bonus shares	5,604,050	-	(5,604,050)	-
As at 31 July 2019	5,609,550	113,224	-	5,722,774

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The notes as set out on pages 12 to 31 form an integral part of these special purpose financial statements.

**STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD FROM 1 JANUARY 2019 TO 31 JULY 2019**

	For the period from 1 January 2019 to 31 July 2019	For the year ended 31 December 2018
	USD	USD
<b>Cash flows from operating activities</b>		
Profit before taxation	205,320	63,907
<i>Changes in working capital:</i>		
Decrease in prepayments	2,608	-
Increase / (decrease) in accruals	12,262	(1,373)
Realised gain on buy back of shares of investee company	(232,088)	-
Brokerage fees and charges on buy back of shares of investee company	176	-
Foreign exchange loss	4,080	-
<b>Net cash (used in) / from operating activities</b>	<b>(7,642)</b>	<b>62,534</b>
<b>Cash flows from investing activity</b>		
Proceeds from buy back of shares of investee company	228,119	-
<b>Net cash from investing activity</b>	<b>228,119</b>	<b>-</b>
<b>Cash flows from financing activity</b>		
Dividend payout net of earlier advance to shareholders	(103,307)	(60,000)
<b>Net cash used in financing activity</b>	<b>(103,307)</b>	<b>(60,000)</b>
<b>Net increase in cash and cash equivalents</b>	<b>117,170</b>	<b>2,534</b>
Cash and cash equivalents at beginning of the period / year	3,626	1,092
<b>Cash and cash equivalents at end of the period / year</b>	<b>120,796</b>	<b>3,626</b>

The notes as set out on pages 12 to 31 form an integral part of these special purpose financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 1 JANUARY 2019 TO 31 JULY 2019**

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**1. GENERAL INFORMATION**

RightMatch Holdings Ltd., the “Company”, was incorporated in Mauritius on 10 April 2000 as a private company limited by shares and holds a Category 1 Global Business Licence issued by the Financial Services Commission. The Company has its registered office at IFS Court, Bank Street, TwentyEight, Cybercity, Ebene 72201, Mauritius.

The principal activity of the Company is to act as an investment holding company.

**2. STATEMENT OF COMPLIANCE**

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), which comprise of standards and interpretations approved by the International Accounting Standards Board (IASB), and International Accounting Standards and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee (IASC) that remain in effect.

**3. BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The financial statements are prepared in accordance with International Financial Reporting Standard (“IFRS”). A summary of the more important accounting policies which have been applied consistently, is set out below. The preparation of the financial statements in accordance with IFRS requires the directors to make estimates and assumptions that could affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

These financial statements which have been prepared by management for their purpose of evaluating the possible options for corporate restructuring, execution of such restructuring, and necessary filings thereunder and should not be used for any other purposes.

**4. CHANGES IN ACCOUNTING STANDARDS AND DISCLOSURES**

**(i) New and amended standards and interpretations that are mandatorily effective for the current period.**

In the current period, the Company has applied the following new and revised IFRSs issued by the International Accounting Standards Board (“IASB”) and the International Financial Reporting Interpretations Committee (“IFRIC”) of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 January 2019.

**IFRS 9 Financial Instruments and associated amendments to various other standards**

IFRS 9 replaces the multiple classification and measurement models in IAS 39 Financial instruments: Recognition and measurement with a single model that has initially only two classification categories: amortised cost and fair value.

Classification of debt assets will be driven by the entity’s business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. A debt instrument is measured at amortised cost if: a) the objective of the business model is to hold the financial asset for the collection of the contractual cash flows, and b) the contractual cash flows under the instrument solely represent payments of principal and interest.



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 1 JANUARY 2019 TO 31 JULY 2019

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4. CHANGES IN ACCOUNTING STANDARDS AND DISCLOSURES (CONTINUED)

(i) New and amended standards and interpretations that are mandatorily effective for the current period (Continued)

**IFRS 9 Financial Instruments and associated amendments to various other standards (Continued)**

All other debt and equity instruments, including investments in complex debt instruments and equity investments, must be recognised at fair value.

All fair value movements on financial assets are taken through the statement of profit or loss, except for equity investments that are not held for trading, which may be recorded in the statement of profit or loss or in reserves (without subsequent recycling to profit or loss).

For financial liabilities that are measured under the fair value option entities will need to recognise the part of the fair value change that is due to changes in their own credit risk in other comprehensive income rather than profit or loss.

The new hedge accounting rules (released in December 2013) align hedge accounting more closely with common risk management practices. As a general rule, it will be easier to apply hedge accounting going forward. The new standard also introduces expanded disclosure requirements and changes in presentation.

In July 2014, the IASB made further changes to the classification and measurement rules and also introduced a new impairment model. With these amendments, IFRS 9 is now complete. The changes introduce:

- a third measurement category (FVTOCI) for certain financial assets that are debt instruments
- a new expected credit loss (ECL) model which involves a three stage approach whereby financial assets move through the three stages as their credit quality changes. The stage dictates how an entity measures impairment losses and applies the effective interest rate method. A simplified approach is permitted for financial assets that do not have a significant financing component (eg trade receivables). On initial recognition, entities will record a day-1 loss equal to the 12 month ECL (or lifetime ECL for trade receivables), unless the assets are considered credit impaired.

For financial years commencing before 1 February 2015, entities could elect to apply IFRS 9 early for any of the following:

- the own credit risk requirements for financial liabilities
- classification and measurement (C&M) requirements for financial assets
- C&M requirements for financial assets and financial liabilities, or
- C&M requirements for financial assets and liabilities and hedge accounting.

After 1 February 2015, the new rules must be adopted in their entirety.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 1 JANUARY 2019 TO 31 JULY 2019

4. CHANGES IN ACCOUNTING STANDARDS AND DISCLOSURES (CONTINUED)

- (i) New and amended standards and interpretations that are mandatorily effective for the current period (Continued)

IFRS 9 Financial Instruments and associated amendments to various other standards (Continued)

The following table explains the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets and financial liabilities as at 1 January 2018.

		Original measurement category under IAS 39	New measurement category under IFRS 9	Original carrying amount under IAS 39	Additional loss allowance recognised under IFRS 9	New carrying amount under IFRS 9
				USD	USD	USD
1	Cash and cash equivalents	Loan and receivables	Financial assets at amortised cost	3,626	Nil	3,626
2	Payables	Financial liabilities at amortised cost	Financial liabilities at amortised cost	1,827	Nil	1,827

IFRS 15 Revenue from contracts with customers and associated amendments to various other standards

The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.

A new five-step process must be applied before revenue can be recognised:

- identify contracts with customers
- identify the separate performance obligation
- determine the transaction price of the contract
- allocate the transaction price to each of the separate performance obligations, and
- recognise the revenue as each performance obligation is satisfied.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 1 JANUARY 2019 TO 31 JULY 2019**

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**4. CHANGES IN ACCOUNTING STANDARDS AND DISCLOSURES (CONTINUED)**

**(i) New and amended standards and interpretations that are mandatorily effective for the current period (Continued)**

**IFRS 15 Revenue from contracts with customers and associated amendments to various other standards (Continued)**

Key changes to current practice are:

- Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements.
- Revenue may be recognised earlier than under previous standards if the consideration varies for any reasons (such as for incentives, rebates, performance fees, royalties, success of an outcome etc) – minimum amounts must be recognised if they are not at significant risk of reversal.
- The point at which revenue is able to be recognised may shift: some revenue which is currently recognised at a point in time at the end of a contract may have to be recognised over the contract term and vice versa.
- There are new specific rules on licences, warranties, nonrefundable upfront fees and, consignment arrangements, to name a few.
- As with any new standard, there are also increased disclosures.

These accounting changes may have flow-on effects on the entity's business practices regarding systems, processes and controls, compensation and bonus plans, contracts, tax planning and investor communications. Entities will have a choice of full retrospective application, or prospective application with additional disclosures.

**IFRIC 22 Foreign Currency Transactions and Advance Consideration**

The interpretation clarifies how to determine the date of transaction for the exchange rate to be used on initial recognition of a related asset, expense or income where an entity pays or receives consideration in advance for foreign currency-denominated contracts.

For a single payment or receipt, the date of the transaction should be the date on which the entity initially recognises the non-monetary asset or liability arising from the advance consideration (the prepayment or deferred income/contract liability).

If there are multiple payments or receipts for one item, a date of transaction should be determined as above for each payment or receipt.

Entities can choose to apply the interpretation:

- retrospectively for each period presented
- prospectively to items in scope that are initially recognised on or after the beginning of the reporting period in which the interpretation is first applied, or
- prospectively from the beginning of a prior reporting period presented as comparative information.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 1 JANUARY 2019 TO 31 JULY 2019

4. CHANGES IN ACCOUNTING STANDARDS AND DISCLOSURES (CONTINUED)

(ii) New and revised IFRSs and interpretations in issue but not yet effective

The following standards and interpretations had been issued but were not mandatory for annual reporting periods ending 31 July 2019.

**IFRS 16 Leases**

IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases.

The statement of profit or loss will also be affected because the total expense is typically higher in the earlier years of a lease and lower in later years. Additionally, operating expense will be replaced with interest and depreciation, so key metrics like EBITDA will change.

Operating cash flows will be higher as cash payments for the principal portion of the lease liability are classified within financing activities. Only the part of the payments that reflects interest can continue to be presented as operating cash flows.

The accounting by lessors will not significantly change. Some differences may arise as a result of the new guidance on the definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**Interpretation 23 Uncertainty over Income Tax Treatments**

The interpretation explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses:

- how to determine the appropriate unit of account, and that each uncertain tax treatment should be considered separately or together as a group, depending on which approach better predicts the resolution of the uncertainty;
- that the entity should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, ie that detection risk should be ignored;
- that the entity should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment;

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 1 JANUARY 2019 TO 31 JULY 2019

4. CHANGES IN ACCOUNTING STANDARDS AND DISCLOSURES (CONTINUED)

(ii) New and revised IFRSs and interpretations in issue but not yet effective (Continued)

**Interpretation 23 Uncertainty over Income Tax Treatments (Continued)**

- that the impact of the uncertainty should be measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty, and
- that the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements. While there are no new disclosure requirements, entities are reminded of the general requirement to provide information about judgements and estimates made in preparing the financial statements.

5. SUMMARY OF ACCOUNTING POLICIES

The principal accounting policies set out below have been consistently applied in dealing with items which are considered material in relation to the Company's financial statements.

(a) *Revenue recognition*

Dividend income is recognised when the shareholders' right to receive payment is established.

Interest income is recognised as it accrues unless collectability is in doubt.

(b) *Expense recognition*

All expenses are accounted for in the profit or loss on an accrual basis.

(c) *Foreign currency translation*

(i) *Functional and presentation currency*

Items included in the financial statements of each of the Company entities are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The Company's financial statements are presented in USD which is the Company's functional and presentation currency.

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 1 JANUARY 2019 TO 31 JULY 2019

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5. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

(c) *Foreign currency translation (Continued)*

(ii) *Transactions and balances (Continued)*

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit or loss within 'finance income or cost'. All other foreign exchange gains and losses are presented in the profit or loss within 'other (losses)/gains – net'.

Translation differences arising on non-monetary assets and liabilities are included in the translation reserve in equity.

(d) *Financial instruments*

Financial instruments carried on the statement of financial position include available-for-sale investments, advance to shareholders, cash and cash equivalents, amount due to shareholders, amount due to related party and accruals. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Disclosures about financial instruments to which the Company is a party are provided in Note 12.

*Classification and initial measurement of financial assets*

The classification of financial instruments at initial recognition depends on the purpose and management's intention for which the financial instruments were acquired and their characteristics.

Financial assets within the scope of IFRS 9 are classified as financial assets at fair value through profit and loss (FVTPL), amortised cost, or fair value through other comprehensive income (FVTOCI) (in terms of the Company's business model and contractual cash flows or designated as such), as appropriate. In the periods presented, the Company does not have any financial assets categorised as FVTPL. Financial assets carried on the statement of financial position include financial assets at FVTOCI, dividend receivable and cash and cash equivalents.

Financial liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through profit and loss or amortised cost, as appropriate. All financial liabilities are recognized initially at fair value. Financial liabilities carried on the statement of financial position include accruals.

(i) *Equity investments*

-Classification and measurement prior to 1 January 2018 (as per IAS 39)

The Company had classified its investments as available-for-sale financial assets.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 1 JANUARY 2019 TO 31 JULY 2019

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5. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

(d) *Financial instruments (Continued)*

(i) *Equity investments (Continued)*

Investments that the Company intended to hold for an indefinite period of time were classified as available-for-sale. These were included in non-current assets unless management has expressed its intention of holding the investment for less than twelve months from the reporting date, in which case they would have been included in current assets.

Classification and measurement prior to 1 January 2018 (as per IAS 39)

All purchases and sales of investments were recognised on the trade date, which is the date that the Company commits to purchase or sell the assets. Cost of purchase included transaction costs. Available-for-sale investments were subsequently re-measured at fair value based on quoted bid prices. From time to time, the directors might adjust the basis of the valuation of these investments if they considered such adjustments are required to reflect more fairly the value of the investments. Gains and losses arising from changes in the fair valuation of available-for-sale investments were recognised in other comprehensive income and dealt under 'revaluation reserve'.

Classification and measurement as from 1 January 2018 (as per IFRS 9)

As from 1 January 2018, the Company classifies its equity investments as financial assets at fair value through other comprehensive income (FVTOCI)

Financial assets at fair value through other comprehensive income (FVTOCI)

The Company elected to present in other comprehensive income changes in the fair value of its equity investment previously classified as available-for-sale, which are subsequently measured at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following derecognition of the investment. Dividend from such investments continue to be recognized in profit or loss.

The Company's equity assets are listed investments on the Indian Stock Exchange market and they are fair valued at the reporting date based on the last traded price at close of business of the Indian stock exchange market.

(ii) *Cash and cash equivalents*

Cash and cash equivalents consist of balance with bank.

(iii) *Accruals*

Accruals are stated at their nominal value.

(iv) *Loan from shareholders and related party*

The amount payable to shareholders and related parties are stated at amount disbursed

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 1 JANUARY 2019 TO 31 JULY 2019

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5. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

(e) *Equity*

Stated capital is determined using the nominal values of shares that have been issued.

Retained earnings include all current and prior period results as disclosed in the statement of profit or loss and other comprehensive income.

(f) *Taxation*

Income tax on the profit or loss for the period comprises of current and deferred tax. Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of prior years.

Deferred tax is recognised using the liability method, providing on all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit and differences relating to investments in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(g) *Provisions*

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

(h) *Related parties*

Related parties are individuals and companies where the individuals or companies have the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions.

6. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with IFRS requires the directors to make use of certain critical accounting estimates. It also requires directors to exercise its judgement in the process of applying the Company's accounting policies.

The following are the management's judgements made in applying the accounting policies of the Company that have the most significant effect on the financial statements. Critical estimation uncertainties are described in Note 7.



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 1 JANUARY 2019 TO 31 JULY 2019

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**6. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)**

*(a) Determination of functional currency*

The determination of functional currency of the Company is critical since recording of transactions and exchange differences arising there are dependent on the functional currency selected. As described in note 5(c), the directors have considered those factors therein and have determined that the functional currency of the Company is the USD.

*(b) Impairment of financial assets*

IFRS 9 effectively incorporates an impairment review for financial assets that are measured at fair value, as any fall in fair value is taken to profit or loss or other comprehensive income for the period, depending upon the classification of the financial asset.

For financial assets designated to be measured at amortised cost, an entity must make an assessment at each reporting date whether there is evidence of possible impairment; if there is, then an impairment review should be performed. If impairment is identified, it is charged to profit or loss immediately. Quantification of the recoverable amount would normally be based upon the present value of the expected future cash flows estimated at the date of the impairment review and discounted to their present value based on the original effective rate of return at the date the financial asset was issued.

The Company's policy is to maintain cash balances and short-term deposits with a reputable banking institution and to monitor the placement of cash balances on an ongoing basis.

There are no such indications of events having impact on future cash flows of the Company. Therefore, no impairment provision is required to be made by the Company.

**7. ESTIMATION UNCERTAINTY**

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses.

The actual result may differ from the judgements, estimates and assumptions made by management and will seldom equal the estimated results.

**8. TAXATION**

*Income tax*

The Company holds a Category 1 Global Business License for the purpose of the Financial Services Act 2007 of Mauritius. Pursuant to the enactment of the Finance Act 2018, with effect as from 1 January 2019, the deemed tax credit has been phased out, through the implementation of a new tax regime. Companies which had obtained their Category 1 Global Business Licence on or before 16 October 2017, including the Company, have been grandfathered and would benefit from the deemed tax credit regime up to 30 June 2021.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 1 JANUARY 2019 TO 31 JULY 2019

8. TAXATION (CONTINUED)

Accordingly, the Company is entitled to a foreign tax credit equivalent to the higher of the actual foreign tax suffered or 80% of the Mauritian tax ("Deemed tax credit") on its foreign source income resulting in an effective tax rate on net income of up to 3%, up to 30 June 2021. Further, the Company is exempted from income tax in Mauritius on profits or gains arising from sale of securities. In addition, there is no withholding tax payable in Mauritius in respect of payments of dividends to shareholders or in respect of redemptions or exchanges of shares.

Post 30 June 2021 and under the new tax regime and subject to meeting the necessary substance requirements as required under the Financial Services Act 2007 (as amended by the Finance Act 2018) and such guidelines issued by the Financial Services Commission, the Company is entitled to either (a) a foreign tax credit equivalent to the actual foreign tax suffered on its foreign income against the Company's tax liability computed at 15% on such income, or (b) a partial exemption of 80% of some of the income derived, including but not limited to foreign source dividends or interest income.

The foregoing is based on the taxation laws and practices currently in force in Mauritius and may be subject to change.

For the period under review, the Company did not have any tax liability and therefore, no provision has been made.

Tax reconciliation	Period from 1 January 2019 to 31 July 2019 USD	Year ended 31 December 2018 USD
Profit before taxation	205,320	63,907
Dividend grossed up	-	16,687
Exempt income	(232,088)	-
Unauthorised deduction	26,768	-
Tax losses brought forward from previous years	-	(40,682)
	-	39,912
Income tax at 15 %	-	5,987
Actual foreign tax suffered (maximum claimed)	-	5,987
Tax liability	-	-

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 1 JANUARY 2019 TO 31 JULY 2019

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OCI

Financial assets at fair value through other comprehensive income (FVTOCI)

	For the period from 1 January 2019 to 31 July 2019	Restated Year ended 31 December 2018
		USD
At beginning of the year	6,387,534	-
Transferred from AFS	-	6,742,877
Fair value adjustment for the year	(772,997)	(355,343)
Disposal	(287)	-
At end of the period / year	<u>5,614,250</u>	<u>6,387,534</u>

Financial assets at FVTOCI comprise equity securities which are not held for trading, and for which the Company had made an irrevocable election last year at initial recognition to recognise changes in other comprehensive income rather than profit or loss as these are strategic investments and the management considered this to be more relevant.

The details of the investment as at 31 July 2019 are as follows:

Name of company	Number of shares	% holding	Fair Value USD	Cost USD
R Systems International Limited	8,828,489 equity shares	7.34%	5,614,250	10,201

The Company has invested to the extent of 7.34% (2018:7.32%) representing 8,828,489 equity shares of face value of INR1 each (2018: 9,076,218 equity shares of face value of INR1 each), in R Systems International Limited, a company quoted on the BSE Limited (BSE) and National Stock Exchange of India (NSE). The investments have been valued based on quoted market prices available on the BSE which was INR43.75 per share as at 31 July 2019 (2018: INR49.10). The market value of the investment has been converted into USD at the exchange rate of USD1: INR68.7975 (2018: USD1: INR69.7675).

During the period under review, R Systems International Limited, bought back 247,729 equity shares held by the Company for consideration amounting to USD228,119 resulting in a gain on the share buyback amounting to USD232,088.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 1 JANUARY 2019 TO 31 JULY 2019

10. STATED CAPITAL

	As at 31 July 2019 USD	As at 31 December 2018 USD
<i>Issued and fully paid:</i>		
5,500 ordinary shares of USD1 each	<u>5,609,550</u>	<u>5,500</u>

The issued share capital of the Company comprises of 5,609,550 ordinary shares (2018: 5,500 ordinary share) with a par value of USD1 per share. These shares are entitled to voting rights and to dividends. Shareholders have various rights under the Company's constitution, including the rights to income distributions subject to solvency test and other legal requirements. They are also required to attend and vote at meeting of shareholders.

During the period under review, the Company issued 5,604,050 ordinary shares equally to Mr Satinder Singh Rekhi and Mrs Harpreet Singh Rekhi, the shareholders of the Company, out of reserves.

11. FAIR VALUE ESTIMATION

(a) *Values of financial instruments*

The Company's financial assets at fair value through other comprehensive income are valued as described in Note 9.

The Company's other financial assets and liabilities include advance to shareholders, cash and cash equivalents, amount due to shareholders, amount due to related party and accruals.

- Fair valuation hierarchy

Fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

Level 1: inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2: inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly.

Level 3: inputs are unobservable inputs for the assets or liability.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 1 JANUARY 2019 TO 31 JULY 2019

11. FAIR VALUE ESTIMATION (CONTINUED)

(a) Values of financial instruments (Continued)

The following tables set out the fair values of financial instruments that are analysed by the level in the fair value hierarchy into which each fair value measurement is categorised:

Assets At 31 July 2019	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Financial assets at FVTOCI	5,614,250	-	-	5,614,250
Cash and cash equivalents	-	-	120,796	120,796
	<u>5,614,250</u>	<u>-</u>	<u>120,796</u>	<u>5,735,046</u>
Liabilities At 31 July 2019	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Payables	-	-	14,089	14,089
	<u>-</u>	<u>-</u>	<u>14,089</u>	<u>14,089</u>
Assets At 31 December 2018	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Financial assets at FVTOCI	6,387,534	-	-	6,387,534
Advance to shareholders	-	-	196,693	196,693
Cash and cash equivalents	-	-	3,626	3,626
	<u>6,387,534</u>	<u>-</u>	<u>200,319</u>	<u>6,587,853</u>
Liabilities At 31 December 2018	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Amount due to related party	-	-	-	-
Payables	-	-	1,827	1,827
	<u>-</u>	<u>-</u>	<u>1,827</u>	<u>1,827</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 1 JANUARY 2019 TO 31 JULY 2019

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11. FAIR VALUE ESTIMATION (CONTINUED)

*(a) Values of financial instruments (Continued)*

• Fair valuation hierarchy (Continued)

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price.

The financial instruments not measured at fair value through profit or loss are short-term financial assets and financial liabilities whose carrying amounts approximate fair value.

The fair values of cash and cash equivalents and accruals approximate their carrying values to their short term nature.

12. FINANCIAL RISK MANAGEMENT

*Financial risks*

The Company's investment activities expose it to the various types of risks, which are associated with the financial instruments and markets in which it invests. The following is a summary of the main risks:

*(i) Currency risk*

The Company invests in shares denominated in currencies other than its reporting currency, the United States dollar. Consequently, the Company is exposed to the risks that the exchange rate of the United States dollar relative to those currencies may change in a manner which has an adverse effect on the reported value of that portion of the Company's assets which are denominated in those currencies.

*(ii) Concentration risk*

At 31 July 2019, a significant portion of the Company's net assets consisted of investment in an Indian company which involves certain considerations and risks not typically associated with investments in other more developed countries. Further economic and political developments in India could adversely affect the liquidity or value, or both, of securities in which the Company has invested.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 1 JANUARY 2019 TO 31 JULY 2019

12. FINANCIAL RISK MANAGEMENT (CONTINUED)

*(iii) Credit risk*

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the loan to related party and shareholders.

The Company's investment and operational transactions are carefully allocated to counterparties reflecting the credit worthiness of financial institutions.

At 31 July 2019, the Company is not exposed to such risk.

*(iv) Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The table below summarizes the maturity profile of the Company financial liabilities on contractual undiscounted payments.

<i>Financial liabilities</i>	<b>Due &lt; 1 year</b>	<b>Due &gt; 1 year</b>	<b>Total</b>
<b>31 July 2019</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>
Accruals	<u>14,089</u>	-	<u>14,089</u>
	<u>14,089</u>	-	<u>14,089</u>
<b>31 December 2018</b>			
Amount due to related party	-	-	-
Accruals	<u>1,827</u>	-	<u>1,827</u>
	<u>1,827</u>	-	<u>1,827</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 1 JANUARY 2019 TO 31 JULY 2019

12. FINANCIAL RISK MANAGEMENT (CONTINUED)

(v) *Sensitivity analysis*

A 10% strengthening of United States dollar against the Indian rupee at the reporting date would decrease equity and profit or loss by the amounts shown below. The analysis assumes that all other variables remain constant.

	Effect on Equity	Effect on Equity
	31 July 2019 USD	31 December 2018 USD
Indian rupee (INR)	<u>510,386</u>	<u>580,685</u>

A 10% weakening of United States dollar against the Indian rupee at the reporting date would increase equity and profit or loss by the amounts shown below. The analysis assumes that all other variables remain constant.

	Effect on Equity	Effect on Equity
	31 July 2019 USD	31 December 2018 USD
Indian rupee (INR)	<u>(623,806)</u>	<u>(709,726)</u>

(vi) *Capital risk management*

The Company's objectives when managing capital are to raise sufficient funds for the initial investment and to safeguard the Company's ability to pay its debts as they fall due in order to continue as a going concern and provide returns for the shareholder. Capital comprises equity.

In order to maintain or adjust the capital structure, the Company may issue new shares or have recourse to its parent for funding or sell its investment and vary the amount of dividends or return capital to the shareholder.



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 1 JANUARY 2019 TO 31 JULY 2019

12. FINANCIAL RISK MANAGEMENT (CONTINUED)

(vii) Price risk

Price risk is the risk that the value of the financial instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to the instrument or all factors affecting all similar instruments.

The Company has investment in R Systems International Limited, an Indian Company whose shares are listed on Indian stock exchanges. The market price of the shares constantly changes due to market forces or other specific trading factors. Hence, the Company is exposed to the risk that the reported value of its investment may be adversely affected due to fluctuations in the market price of the shares.

(viii) Market risk

The Company takes on exposure to market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates and foreign exchange rates.

(b) Currency profile

The currency profile of the Company's financial assets and liabilities is summarised as follows:

	Financial assets 31 July 2019 USD	Financial liabilities 31 July 2019 USD	Financial assets 31 December 2018 USD	Financial liabilities 31 December 2018 USD
Indian rupee	5,614,250	-	6,387,534	-
United States dollar	120,796	14,089	200,319	1,827
	<u>5,735,046</u>	<u>14,089</u>	<u>6,587,853</u>	<u>1,827</u>

Prepayments amounting to USD1,817 (2018: USD4,425) have not been included in the financial assets.

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For RightMatch Holdings Ltd

Authorised Signatory

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 1 JANUARY 2019 TO 31 JULY 2019

### 13. RELATED PARTY TRANSACTIONS

During the period under review, the Company had transactions with the related parties. Details of the nature, volume of transactions and balances for related party transactions are as follows:

Related parties	Relationship	Nature of transaction	Movement during the period	Debit / (credit) Balances 31 July 2019 USD	Debit / (credit) Balances 31 December 2018 USD
Mr. & Mrs. Rekhi	Shareholders	Advance	(196,693)	-	196,693
Mr. & Mrs. Rekhi	Shareholders	Dividend paid	(300,000)	(300,000)	-
R Systems International Limited	Investee Company	Proceeds from buy back of shares	228,119	228,119	-
SANNE Mauritius	Administrator Secretary and Tax Agent	Services	(5,594)	(6,271)	(677)

### 14. CAPITAL MANAGEMENT

#### *Internally imposed capital requirements*

The Company's objectives when managing capital are:

- to provide an adequate return to shareholders by pricing services commensurate with the level of risk;
- to comply with the capital requirements set out by the regulators;
- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders;
- to maintain a strong asset base to support the development of business; and
- to maintain an optimal capital structure to reduce the cost of capital.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 1 JANUARY 2019 TO 31 JULY 2019**

---

**14. CAPITAL MANAGEMENT (CONTINUED)**

*Internally imposed capital requirements (continued)*

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt and therefore, consistently with others in the industry, the Company does not have any external debts and therefore, consistently with others in the industry, the Company is not required to monitor its capital on the basis of the gearing ratio. There have not been any changes in the way the Company manages its capital.

*Externally imposed capital requirements*

The Company is not exposed to any externally imposed capital requirements.

**15. COMPARATIVES**

The financial statements have been prepared for a period of 7 months from 1 January 2019 to 31 July 2019. The comparative figures represent for the 12 months period from 1 January 2018 to 31 December 2018. Therefore, they are not comparable.

**16. PRIOR YEAR RESTATEMENT**

A realized loss of USD39,915 on buyback of shares held by the Company in R Systems International Ltd was recorded in the financial statement of the Company for the year ended 31 December 2016. It was noted that it should have been a realized gain of USD184,338 on the said buyback of shares and on that basis the realized gain amount has been adjusted with prior period figures restated.

**17. EVENTS AFTER THE REPORTING PERIOD**

Other than the Company's directors looking for possible options for corporate restructuring, there are no other events after the reporting date which would require amendments or additional disclosures to the special purpose financial statements.

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For RightMatch Holdings Ltd

Authorized Signatory

The Board of Directors  
R Systems International Limited  
C-40, Sector-59,  
Noida - 201307, Uttar Pradesh

## **Independent Auditor's Certificate certifying the accounting treatment contained in the Draft Scheme of amalgamation of RightMatch Holdings Limited (Transferor Company) with R Systems International Limited (Transferee Company)**

1. This certificate is issued in accordance with the terms of our engagement letter reference no. 265 dated October 15, 2019.
2. We, Deloitte Haskins & Sells LLP, Chartered Accountants (Firm registration No. 117366W/W-100018), the Statutory Auditors of R Systems International Limited ("the Company" or "Transferee Company"), have examined the proposed accounting treatment specified in Clause 7 of Part III in the Draft Scheme of Amalgamation (hereinafter referred as 'the Draft Scheme') between the Company and RightMatch Holdings Limited and their respective shareholders and creditors under Section 230 to 232 and Section 234 of the Companies Act, 2013 read with Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 with reference to its compliance with the applicable Indian Accounting Standards notified under Section 133 of the Companies Act, 2013, read with the rules made there under and other generally accepted accounting principles in India.

### **Management's responsibility**

3. The responsibility for the preparation of the Draft Scheme and its compliance with the relevant laws and regulations, including the applicable Indian Accounting Standards read with the rules made thereunder and other generally accepted accounting principles in India as aforesaid, is that of the Board of Directors of the Companies involved. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Draft Scheme and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

### **Auditor's responsibility**

4. Our responsibility is only to examine and report whether the accounting treatment referred to in Clause 7 of Part III of the Draft Scheme referred to above comply with the applicable Indian Accounting Standards, and Other Generally Accepted Accounting Principles in India. Nothing contained in this Certificate, nor anything said or done in the course of, or in connection with the services that are subject to this Certificate, will extend any duty of care that we may have in our capacity as the statutory auditors of any financial statements of the Company.
5. We carried out our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes, issued by the Institute of Chartered Accountants of India (ICAI) and Standards on Auditing specified under Section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate. This Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by ICAI.

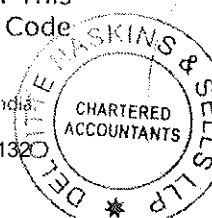
For R Systems International Limited

Regd. Office: Indiabulls Finance Centre, Tower 3, 27<sup>th</sup> - 32<sup>nd</sup> Floor, Senapati Bapat Marg, Elphinstone Road (West), Mumbai - 400 013, Maharashtra, India.  
(LLP Identification No. AAB-8737)

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6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements. Further our examination did not extend to any other parts and aspects of a legal or proprietary nature in the aforesaid Draft Scheme.

**Opinion**

7. Based on our examination and according to the information and explanations given to us, we are of the opinion that the accounting treatment contained in Clause 7 of Part III of the Draft Scheme, is in compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and circulars issued thereunder, and the applicable Indian Accounting Standards notified under Section 133 of the Companies Act, 2013, read with the rules made there under, and other generally accepted accounting principles in India, as applicable.
8. For ease of references, Clause 7 of Part III of the Draft Scheme, duly authenticated on behalf of the Company, is reproduced in Annexure 1 to this Certificate and is initialed by us only for the purposes of identification.

**Restriction on use**

9. This certificate is issued at the request of the Company, pursuant to the requirement of circulars issued under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, for onward submission by the Company to the BSE Limited, National Stock Exchange of India Limited (NSE), the National Company Law Tribunal, Regional Director and other regulatory authorities in relation to this scheme. This Certificate should not be used for any other purpose without our prior written consent. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For **Deloitte Haskins & Sells LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)



**JITENDRA AGARWAL**  
Partner  
(Membership No. 087104)  
UDIN:19087104AAAAFK6955

Place: Gurugram  
Date: 25 October, 2019



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For R Systems International Limited



Authorised Signatory



## R SYSTEMS INTERNATIONAL LIMITED

Corporate Identity Number : L74899DL1993PLC053579  
[CMMI Level 5, PCMM Level 5, ISO 9001:2015 & ISO 27001:2013 Company]  
C-40, Sector-59, NOIDA, Distt. Gautam Budh Nagar, U.P. India-201307

Phones : +91-120-4303500 | Email : rsil@rsystems.com  
Fax : +91-120-4082699 | www.rsystems.com

Regd. Off.: GF-1-A, 6, Devika Tower,  
Nehru Place, New Delhi-110019

**Relevant extract of the Draft Scheme of amalgamation of RightMatch Holdings Limited (Transferor Company) with R Systems International Limited (Transferee Company) in terms of the provisions of Sections 230 to 232 of the Companies Act, 2013.**

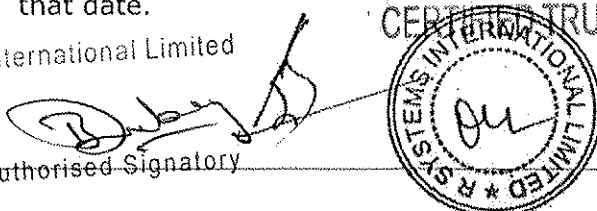
### 7. Accounting Treatment

Notwithstanding anything to the contrary in this scheme, upon this scheme becoming effective, the amalgamated company shall give effect to the accounting treatment in its books of accounts as per the "Pooling of Interest Method" laid down by Appendix C of the Indian Accounting Standard 103 'Business Combination', notified under the provisions of the Companies Act 2013, such that:

- 7.1 R Systems shall record all the assets and liabilities of RightMatch vested in R Systems pursuant to this Scheme at their respective carrying values appearing in the books of RightMatch as at the appointed date.
- 7.2 R Systems shall preserve the identity of the reserves of the RightMatch vested in R Systems pursuant to Scheme in the same form in which they appear in the books of RightMatch.
- 7.3 The inter-company balances and investments (including the investments of RightMatch in R Systems and vice versa), if any, appearing in the books of accounts of RightMatch and R Systems shall stand cancelled.
- 7.4 The equity shares of R Systems held by RightMatch shall stand cancelled and R Systems shall credit the aggregate face value of equity shares issued by it pursuant to Clause 6.1 of this Scheme to the equity share capital account in its books of accounts.
- 7.5 The difference, if any, between the net assets (i.e. difference between the carrying value of assets and liabilities) transferred to R Systems pursuant Clause 7.1 as reduced by reserves recorded in R Systems pursuant to Clause 7.2 and after giving effect to adjustments mentioned in Clause 7.3 and Clause 7.4, shall be adjusted in the capital reserve of R Systems.
- 7.6 In case of any difference in accounting policy between RightMatch and R Systems, the accounting policies followed by R Systems will prevail and the difference will be quantified and adjusted in the capital reserve recorded in accordance with Clause 7.5 above, to ensure that the financial statements of R Systems reflect the financial position on the basis of consistent accounting policy.
- 7.7 The financial information in the financial statements of R Systems in respect to the prior periods should be restated as if the business combination had occurred from the beginning of the earliest period presented in the financial statements, irrespective of the actual date of the combination. However, if business combination had occurred after that date, the prior period information shall be restated only from that date.

For R Systems International Limited

Authorised Signatory

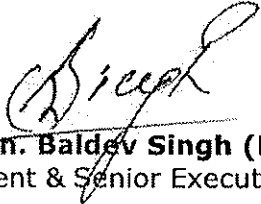


For Identification Only

Deloitte Haskins & Sells Page 134

7.8 All costs, charges, taxes including duties, levies and all other expenses, if any, arising out of or incurred in connection with and implementing this Scheme and matters incidental thereto shall be borne by RightMatch and / or its members. No cost, charges, taxes pertaining to the Scheme shall be borne by R Systems.

For **R Systems International Limited**



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



**Nand Sardana**  
(Chief Financial Officer)

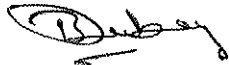


Date: October 25, 2019



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For R Systems International Limited



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**R SYSTEMS INTERNATIONAL LIMITED**

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[CMMI Level 5, PCMM Level 5, ISO 9001:2015 & ISO 27001:2013 Company]  
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Nehru Place, New Delhi-110019

**FORMAT OF THE COMPLIANCE REPORT TO BE SUBMITTED ALONG WITH THE DRAFT SCHEME**

It is hereby certified that the draft scheme of arrangement involving R Systems International Limited and RightMatch Holdings Limited do not, in any way violate, override or limit the provisions of securities laws or requirements of the Stock Exchange(s) and the same are in compliance with the applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the circular, CFD/DIL3/CIR/2017/21 dated March 10, 2017 including the following:

SN	Reference	Particulars	Compliance
1	Regulations 17 to 27 of LODR Regulations	Corporate governance requirements	Yes, Complied
2	Regulation 11 of LODR Regulations	Compliance with securities laws	Yes, Complied
<b>Requirements of this circular</b>			
(a)	Para (I)(A)(2)	Submission of documents to Stock Exchanges	Yes, Complied
(b)	Para (I)(A)(3)	Conditions for schemes of arrangement involving unlisted	Yes, Complied
(c)	Para (I)(A)(4) (a)	Submission of Valuation Report	Yes, Complied
(d)	Para (I)(A)(5)	Auditors certificate regarding compliance with Accounting Standards	Yes, Complied
(e)	Para (I)(A)(9)	Provision of approval of public shareholders through e-voting	Yes, Complied

Bhasker Dubey  
(Company Secretary & Compliance Officer)  
Date: NOVEMBER 29, 2019

Satinder Rekhi  
(Managing Director)  
Date: NOVEMBER 29, 2019



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

Nand Sardana  
(Chief Financial Officer)  
Date: NOVEMBER 29, 2019

**CERTIFIED TRUE COPY**

Satinder Rekhi  
(Managing Director)  
Date: NOVEMBER 29, 2019



For R Systems International Limited

Authorised Signatory




**R SYSTEMS INTERNATIONAL LIMITED**

Corporate Identity Number : [L74899DL1993PLC053579  
[CMMI Level 5, PCMM Level 5, ISO 9001:2015 & ISO 27001:2013 Company]  
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(a)	Para (I)(A)(2)	Submission of documents to Stock Exchanges	Yes, Complied
(b)	Para (I)(A)(3)	Conditions for schemes of arrangement involving unlisted	Yes, Complied
(c)	Para (I)(A)(4) (a)	Submission of Valuation Report	Yes, Complied
(d)	Para (I)(A)(5)	Auditors certificate regarding compliance with Accounting Standards	Yes, Complied
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Bhasker Dubey  
(Company Secretary & Compliance Officer)  
Date: NOVEMBER 29, 2019

Satinder Rekhi  
(Managing Director)  
Date: NOVEMBER 29, 2019



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

Nand Sardana  
(Chief Financial Officer)  
Date: NOVEMBER 29, 2019

**CERTIFIED TRUE COPY**

Satinder Rekhi  
(Managing Director)  
Date: NOVEMBER 29, 2019



For R Systems International Limited

Authorised Signatory



Date: 3<sup>rd</sup> December, 2019

Ref. No.: CPC/MB/111/2019-20

The Board of Directors  
RightMatch Holdings Limited  
IFS Court, Bank Street,  
Twenty Eight, Cybercity,  
Ebene 72201, Mauritius

Dear Sir/Madam,

Subject: Scheme of Arrangement for amalgamation between RightMatch Holdings Limited (hereinafter referred as "Amalgamating Company") with R Systems International Limited (hereinafter referred as "Amalgamated Company") and their respective shareholders and creditors.

Re: Due Diligence Certificate in adherence to para 3 of Annexure I of the SEBI Circular CFD/DIL3/CIR/2017/21 dated March 10, 2017.

**PURPOSE:**

This has reference to our engagement for providing Due Diligence Certificate ("Certificate") on the accuracy and adequacy of the disclosure made in the Information Memorandum by RightMatch Holdings Limited ("the Company") as per the format provided in Part E of Schedule VI of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended from time to time, read with SEBI Circular CFD/DIL3/CIR/2017/21 dated March 10, 2017 and pursuant to the Scheme of Amalgamation between RightMatch Holdings Limited and R Systems International Limited and their respective shareholders and Creditors ("Scheme") approved by the Board of Directors of the Company on October 24, 2019 with effect from January 01, 2020 ("Appointed Date") under the provisions of Section 230 to Section 232 and other applicable provisions of the Companies Act, 2013 (including any statutory modification(s) thereof).

The information contained herein and our Certificate is intended only for the sole use of captioned purpose of obtaining requisite approvals of Stock Exchanges as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and compliance of SEBI Circular CFD/DIL3/CIR/2017/21 dated March 10, 2017 and other Statutory Authorities in India and Mauritius.

**SCOPE AND LIMITATIONS:**

- This Certificate is for a specific purpose and is issued in terms of and in compliance with SEBI Circular dated March 10, 2017 and hence should not be used for any other purpose or transaction.

**CERTIFIED TRUE COPY**



For RightMatch Holdings Ltd

Authorised Signatory

Corporate Professionals Capital Private Limited

CIN - U74899DL2000PTC104508

- Our due diligence and result are specific to the date of this Certificate and based on information as at December 03, 2019. Further, we have no responsibility to update this Certificate on the circumstances or events after the date hereof.
- We have relied upon the financials and the information and representations furnished to us by the management of the Company and the information available in public domain and have not carried out any audit of such information. Our work does not constitute audit of financials including working results of the Company and accordingly, we are unable to and do not express an opinion on the fairness of any financial information referred to in the Information Memorandum.
- This Certificate is issued on the undertaking that the Company have drawn our attention to all the matters, which they are aware of concerning inter-alia the financial position of the Company, its business, and any other matter, which may have an impact on our Certificate, including any material risk concerning the Company or are likely to take place in the financial position of the Company or its business.
- We shall not be liable for any losses whether financial or otherwise or expenses arising directly or indirectly out of the use of reliance on the information set out here in this Certificate.
- Our opinion is not, nor should it be construed as our opining or certifying the compliance with the provisions of any law including companies, taxation and capital market related laws or as regards any legal implications or issues arising thereon, except for the purpose expressly mentioned herein.

**CONCLUSION:**

In the circumstances, having regard to all relevant factors, on the basis of information and explanations given to us and on the basis of due diligence of the Company conducted by us, we certify as on the date hereof, that the disclosures made in the Information Memorandum dated November 29, 2019 is in conformity with the relevant documents, materials and other papers related to the Company and are fair, accurate and adequate.

Yours Faithfully,

For Corporate Professionals Capital Private Limited

  
 (Manoj Kumar)  
 Partner and Head – M&A and Transactions

**CERTIFIED TRUE COPY**

For RightMatch Holdings Ltd

  
**Authorized Signatory**

**APPLICABLE INFORMATION IN THE FORMAT SPECIFIED  
FOR  
ABRIDGED PROSPECTUS  
(AS PROVIDED IN PART E OF SCHEDULE VI OF SEBI (ICDR) REGULATIONS, 2018)**

The information mentioned hereinafter are in terms of the provisions of SEBI circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017 for the Scheme of Arrangement for Amalgamation between RightMatch Holdings Limited (hereinafter referred to as 'RightMatch'/'the Company'/'Amalgamating Company') and R Systems International Limited (hereinafter referred to as 'R Systems'/'Amalgamated Company').

**THIS ABRIDGED PROSPECTUS CONTAINS 08 PAGES. PLEASE ENSURE THAT YOU  
HAVE RECEIVED ALL THE PAGES**

**RightMatch Holdings Limited**

**CIN:** The Company was incorporated under the laws of Mauritius having Company Identification No. 24307/5774;

**Registered Office:** IFS Court, Bank Street, Twenty Eight, Cybercity, Ebene 72201, Mauritius;

**Corporate Office:** IFS Court, Bank Street, Twenty Eight, Cybercity, Ebene 72201, Mauritius

**Contact Person:** Mr. Zakir Hussein Niamut;

**Tel. No.:** +(230) 467 3000; **Fax No.:** +(230) 467 4000;

**E-mail:** [Zakir.Niamut@sannegroup.mu](mailto:Zakir.Niamut@sannegroup.mu)

**Website:** Not Available

**STATUTORY AUDITORS OF THE COMPANY**

**Crowe ATA**

**Address:** 2<sup>nd</sup> Floor, Ebene Esplande,

24, Bank Street, Cybercity

Ebene – 72201, Mauritius;

**Tel No.:** +230 467 8684, +230 466 2992;

**Fax No.:** +230 467 7478;

**Website:** [www.crowe.com/mu](http://www.crowe.com/mu)

**PROMOTERS OF RIGHTMATCH**

1. MR. SATINDER SINGH REKHI
2. MRS. HARPREET REKHI

**PROCEDURE**

Pursuant to the Scheme, the Amalgamated Company shall issue and allot equity shares to the shareholders of Amalgamating Company in accordance with provisions of applicable laws and on the basis of share exchange ratio as set out in the Scheme, post receipt of approval from Hon'ble National Company Law Tribunal ("NCLT").

**DETAILS OF PROMOTERS OF RIGHTMATCH**

Particulars	Details
<b>MR. SATINDER SINGH REKHI</b>	
PAN	AEWPR5412H
Educational Qualification	<ul style="list-style-type: none"> <li>- Bachelors of Technology from IIT, Kharagpur</li> <li>- MBA from California State University, Sacramento</li> <li>- Senior Management Programs from University of Berkeley and Harvard Business School</li> </ul>

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For RightMatch Holdings Ltd

Authorised Signatory

For RightMatch

Director

Experience in business or employment	42 Years of experience in the field of IT Sector
List of Companies promoted	- R Systems International Limited, India - RightMatch Holdings Limited, Mauritius
List of Companies in which person is Director	- R Systems, Inc., USA - R Systems Technologies Ltd., USA - R Systems (Singapore) Pte. Ltd., Singapore - ECnet Systems (Thailand) Company Limited, Thailand - Computaris International Limited, UK - R SYS Technologies Limited, Canada - IBIZ Consulting Pte. Limited, Singapore - IBIZ Consulting Services Pte Ltd, Singapore - IBIZ Consulting Services Limited, Hong Kong - R Systems International Limited, India - IBIZ Consulting (Thailand) Co Ltd., Thailand - RightMatch Holdings Limited, Mauritius
No. & % of shares held in the Company	2,804,775 ordinary shares constituting 50% of the share capital of RightMatch
<b>MRS. HARPREET REKHI</b>	
PAN	AEAPR6288R
Educational Qualification	Graduation in Psychology from Jesus and Mary College, Delhi University
Experience in business or employment	26 Years of experience in the field of IT Sector
List of Companies promoted	- R Systems International Limited., India - RightMatch Holdings Limited , Mauritius
List of Companies in which person is Director	- R Systems, Inc., USA - R Systems Technologies Ltd., USA - R Systems (Singapore) Pte. Ltd, Singapore - IBIZ Consulting Pte. Limited, Singapore - IBIZ Consulting Services Pte Ltd, Singapore - RightMatch Holdings Ltd., Mauritius
No. & % of shares held in the Company	2,804,775 Ordinary Shares constituting 50% of the share capital of RightMatch.

### CHANGES IN THE SHAREHOLDING STRUCTURE OF PROMOTERS

Date	Name of the Promoter	No. of Shares	of Shares (%)	Cumulative Shares (%)	Particular of Change	
10.04.2000	International Securities Limited	1	50.00	1	50.00	Subscriber to the Memorandum
27.04.2000	Limited	(1)	(50.00)	0	0.00	Transfer of Shares
<b>Present</b>		<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	
10.04.2000	International Trustees Limited	1	50.00	1	50.00	Subscriber to the Memorandum
27.04.2000	Limited	(1)	(50.00)	0	0.00	Transfer of Shares
<b>Present</b>		<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	
27.04.2000	Mrs. Harpreet Rekhi	1	0.02	1	0.02	Transfer of Shares
27.04.2000		2,749	49.98	2,750	50.00	Allotment
31.07.2019		2,802,025	50.00	2,804,775	50.00	Allotment (Bonus issue)

For RightMatch Holdings Ltd

For RightMatch Holdings Ltd

Authorised Signatory

Director

<b>Present</b>		<b>2,804,775</b>	<b>50.00</b>			
27.04.2000	Mr. Satinder Singh Rekhi	1	0.02	1	0.00	Transfer of Shares
27.04.2000		2,749	49.98	2,750	0.05	Allotment
31.07.2019		2,802,025	50.00	2,804,775	50.00	Allotment (Bonus issue)
<b>Present</b>		<b>2,804,775</b>	<b>50.00</b>			

### BUSINESS MODEL/BUSINESS OVERVIEW AND STRATEGY

RightMatch, a Mauritius entity, was incorporated under the laws of Mauritius on April 10, 2000 with the main object to carry on the business of an investment and holding company, especially in the IT and knowledge based sectors. It is one of the promoter of R Systems International Limited and holds 7.34% of the total capital of R Systems International Limited.

### BOARD OF DIRECTORS

Sr. No.	Name	Designation	Experience including current/past position held in other firms
1.	Mr. Satinder Singh Rekhi DIN: 00006955 PAN: AEWPR5412H	Director	He is 68 years old and has completed his Bachelors of Technology from IIT, Kharagpur, MBA from California State University, Sacramento and Senior Management Programs from University of Berkeley and Harvard Business School. He possess 42 Years of experience in the field of IT Sector. He was appointed on the Board of RightMatch w.e.f. April 10, 2000. Currently, he holds directorship in the following companies other than RightMatch: <ul style="list-style-type: none"> <li>- R Systems, Inc., USA</li> <li>- R Systems Technologies Ltd., USA</li> <li>- R Systems (Singapore) Pte. Ltd., Singapore</li> <li>- ECnet Systems (Thailand) Company Limited, Thailand</li> <li>- Computaris International Limited, UK</li> <li>- RSYS Technologies Limited, Canada</li> <li>- IBIZ Consulting Pte. Limited, Singapore</li> <li>- IBIZ Consulting Services Pte Ltd, Singapore</li> <li>- IBIZ Consulting Services Limited, Hong Kong</li> <li>- R Systems International Limited, India</li> <li>- IBIZ Consulting (Thailand) Co Ltd., Thailand</li> </ul>
2.	Mrs. Harpreet Rekhi PAN: AEAPR6288R	Director	She is 66 years old and has completed her Graduation in Psychology from Jesus and Mary College, Delhi University. She has 26 Years of experience in the field of IT Sector. She was appointed on the Board of RightMatch w.e.f. April 10, 2000. Currently, she holds directorship in the following companies other than RightMatch: <ul style="list-style-type: none"> <li>- R Systems, Inc., USA</li> <li>- R Systems Technologies Ltd., USA</li> <li>- R Systems (Singapore) Pte. Ltd, Singapore</li> <li>- IBIZ Consulting Pte. Limited, Singapore</li> <li>- IBIZ Consulting Services Pte Ltd, Singapore</li> </ul>
3.	Mr. Sartaj Singh Rekhi DIN: 00732606	Director	He is 38 years old and has completed Associate of Arts from the American River College and a Graduate in Business from San Jose State University, with

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For RightMatch Holdings Ltd

For RightMatch Holdings Ltd.

Authorised Signatory

Director

	PAN: AJPBR8836K		specialization in Marketing and Operations Management. He has also completed a program in Professional Wireless Communications conducted by IEEE and attended intensive workshops in Leadership Excellence and Strategic Marketing from UC Berkeley, California. He possess 13 years of experience in the field of IT Sector. He was appointed on the Board of RightMatch w.e.f. April 10, 2000. Currently, he holds directorship in the following companies other than RightMatch: <ul style="list-style-type: none"> <li>- R Systems, Inc., USA</li> <li>- R Systems Technologies Ltd., USA</li> <li>- ECnet Lintied, Singapore</li> <li>- RSYS Technologies Limited, Canada</li> <li>- IBIZ Consulting Services Pte Ltd., Singapore</li> <li>- IBIZ Consulting ( Thailand) Co Ltd. Thailand</li> </ul>
4.	Mr. Ramneet Singh Rekhi DIN: 00732301 PAN: AJPBR8791F	Director	He is 36 years old and has completed his MBA in Finance & Strategy from Carnegie Mellon University, Tepper School of Business, Pittsburgh and Master of Arts in Economics from New York University. He possess 07 years of experience in the field of IT Sector. He was appointed on the Board of RightMatch w.e.f. February 27, 2006. Currently, he does not any directorship other than RightMatch.
5.	Ms. Sangeeta Bissessur	Director	She is 43 years old and is a Fellow of the Association of Chartered Certified Accountants, UK. She graduated with a BSc (Hons) in Economics at the University of Mauritius. She is currently a Senior Manager at SANNE and has been with the Firm for more than 15 years. She posses more than 15 years of experience in the field of financial services sector. She was appointed on the Board of RightMatch w.e.f. February 19, 2013. Currently, she acts as director on several Global Business Companies in Mauritius.
6.	Mr. Zakir Niamut	Director	He is 52 years old and is a Fellow of the Association of Chartered Certified Accountants, UK. He is also a Chartered Secretary from the UK Institute of Chartered Secretaries and Administrators He has more than 25 years of experience in the field of accounting and finance. He was appointed on the Board of RightMatch w.e.f. August 30, 2013. He has been exposed to the main areas in the Industry including legal, tax, administration and corporate secretarial fields. Currently, he acts as director on several Global Business Companies in Mauritius.

There were no changes in the Directorship in last three years.

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**SHAREHOLDING PATTERN (AS ON DATE)**

S. No.	Particulars	Number of Shares	Percentage holding of pre-scheme
1.	Promoter & Promoter Group	5,609,550	100.00
2.	Public	Nil	NA

For RightMatch Holdings Ltd.

Authorised Signatory

For RightMatch Holdings Ltd.

Director

Total	5,609,550	100.00
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### CHANGES OF CAPITAL STRUCTURE OF THE COMPANY

Date of allotment	Shares issued		Cumulative paid up capital		Mode of allotment	Identity of allottees
	No.	% <sup>a</sup>	No.	% <sup>a</sup>		
10.04.2000	2	0.00	2	0.00	Subscribers to MOA	Promoters
27.04.2000	5,498	0.10	5,500	0.10	Allotment	Promoters
31.07.2019	5,604,050	99.90	5,609,550	100.00	Bonus issue	Promoters

<sup>a</sup> Calculated on the share capital as of July 31, 2019

### RESTATED AUDITED FINANCIALS

(Amount in US \$)

Particulars	For the period as at 31.07.2019	Audited as on 31.12.2018*	Audited as on 31.12.2017	Audited as on 31.12.2016
Total Income from operations	232,088.00	81,038.00	-	-
Net Profit / (Loss) before tax and extraordinary items	205,320.00	63,907.00	(18,914.00)	(61,683)
Net Profit / (Loss) after tax and extraordinary items	205,320.00	63,907.00	(18,914.00)	(61,683)
Equity Share Capital	5,609,550	5,500	5,500	5,500
Reserves and Surplus	113,224.00	6,584,951.00	6,876,387.00	7,809,052.00
Net Worth	5,722,774.00	213,404.00	(74,756)	(55,842)
Basic earnings per share	0.04*	11.62	(3.44)	(11.22)
Diluted Earnings per share	0.04*	11.62	(3.44)	(11.22)
Return on net worth (%)	3.59	29.95	25.30	110.46
Net asset value per share	1.02	1,198.26	1,251.25	1,420.83

\* Not annualized

# The financial statements for period ended July 31, 2019 includes the restatement of prior periods refer Note 16 in the aforesaid financial statements as of July 31, 2019.

**Note 1:** Networth = Equity Share Capital + Free Reserves - Miscellaneous Expenditure written off, along with the detailed working

**Note 2:** Return on Net Worth = Net Profit or (Loss) after tax and extraordinary items/ Net Worth \* 100

**Note 3:** EPS = PAT / Equity paid up capital

**Note 4:** Net Asset Value per Share = (Assets – Liabilities)/ Share outstanding

### RISK FACTORS

The Principle activity of the Company is to hold investments in other companies, therefore, the Company is prone to the following risk associated with holding investments business.

#### 1. Business risk

The value of investment in equity shares depends upon the performance of the company we invest in. If the investees company's business suffers and the investee company does not perform well, the value of our investment can go down sharply. The investment made by the Company after due consideration of the business models and future growth of the investee companies.

For RightMatch Holdings Ltd

Authorised Signatory

For RightMatch Holdings Ltd,



## 2. Market risk and Price Risk

The Company takes on exposure to market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates and foreign exchange rates.

Price risk is the risk that the value of the financial instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to the instrument or all factors affecting all similar instruments.

The Company has made investment for a longer period of time whereby the impacts of bullish and bearish market trends has been absorbed.

## 3. Liquidity Risk

This risk of being unable to sell your investment at a fair price and get our money out when we want to. To sell the investment quickly, the Company may have to accept a lower price. The company wherein RightMatch has invested in the Company which is listed on Stock Exchanges wherein shares can be traded freely, therefore, this risk is mitigated to a large extent.

## 4. Compliance Risk

RightMatch holds investments in Entity in India and it has to ensure compliance of various applicable rules and regulations in India. RightMatch uses Professional Assistance to advise the Company on compliances with respect to the laws of Mauritius and India to ensure that the Company is not in violation of the laws applicable.

## 5. Political Risk

Political risk occurs when domestic or international regions make significant changes to the business environment. Political risks include increased government regulation, heavy taxation rates, military coups or terrorist attacks and war. While the regulatory environment in which RightMatch operates is in favor of free trade, we cannot be immune to changes in policies that may discourage holding of investments in India and other countries.

## **SUMMARY OF OUTSTANDING LITIGATIONS, CLAIMS AND REGULATORY ACTION**

- A. Total number of outstanding litigations against the Company and amount involved: **NIL**
- B. Brief details of top 5 material outstanding litigations against the Company and amount involved: **No litigations against the Company are pending.**
- C. Regulatory Action, if any – disciplinary action taken by SEBI or stock exchanges against the promoters in last 5 financial years including outstanding action, if any: **No, Regulatory Action or disciplinary action taken by SEBI or stock exchanges or the relevant regulatory authority under the laws of Mauritius.**

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- D. Brief details of outstanding criminal proceedings against Promoters: **NIL**

For RightMatch Holdings Ltd

For RightMatch Holdings Ltd

Authorised Signatory

Director

## RATIONALE OF THE SCHEME OF AMALGAMATION

This Scheme of Amalgamation (hereinafter called 'the Scheme') is presented under Section 230 – 232 and 234 and other applicable provisions, if any, of the Companies Act, 2013 and under the applicable provisions, if any, of the Mauritius Act, for amalgamation of RightMatch into and with R Systems.

RightMatch forms part of promoter and promoter group of R Systems. It presently holds 8,828,489 equity shares constituting about 7.34% of total paid-up equity share capital of R Systems.

Pursuant to the proposed amalgamation, individual shareholders of RightMatch who are part of the promoter and promoter group of R Systems ('Promoters') would directly hold the shares in R Systems which are currently held by RightMatch in the same proportion as they currently hold shares in RightMatch.

This amalgamation would not only lead to simplification of the shareholding structure and reduction of shareholding tiers but also demonstrate the Promoter's direct commitment to and engagement with R Systems. It would also result in overall reduction in administrative, managerial and other expenditure and operational rationalization, organizational efficiency and optimum utilization of various resources.

There would be no change in the promoter and promoter group shareholding of R Systems as a result of amalgamation of RightMatch into R Systems. The promoter and promoter group of R Systems would continue to hold the same percentage of shares in R Systems, pre and post the amalgamation of RightMatch into R Systems.

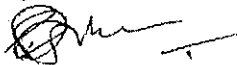
## ANY OTHER IMPORTANT INFORMATION

This Abridged Prospectus does not contain the complete information of the Amalgamating Company, including its business, operations, assets and liabilities. Nothing in this Abridged Prospectus constitutes any offer or an invitation by or on behalf of the Amalgamated Company to subscribe for or purchase any of the securities of the Amalgamated Company.

## DECLARATION

We hereby declare that all the relevant provisions of the Companies Act, 1956, the Companies Act, 2013 and the guidelines/regulations issued by the Government of India or the guidelines regulations issued by the Securities and Exchange Board of India, established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Abridged Prospectus is contrary to the provisions of the Companies Act, 1956, the Companies Act, 2013, the Securities and Exchange Board of India Act, 1992 or rules made or guidelines or regulations issued there under, as the case may be. We further certify that all statements in this Abridged Prospectus are true and correct.

For RightMatch Holdings Limited  
For RightMatch Holdings Ltd.



Satinder Singh Rekhi **Director**  
Director

Place: California, USA  
Date: November 29, 2019

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For RightMatch Holdings Ltd



Authorised Signatory

**JAIN GANDHARV & ASSOCIATES**  
**CHARTERED ACCOUNTANTS**

●-15/15, Ground Floor,  
 Ardee City, Sector-52  
 Gurgaon- 122011  
 E: jaingandharv@gmail.com  
 T: +91-9899031062

November 27, 2019

The Board of Directors  
 R Systems International Limited,  
 C-40, C Block, Sector 59,  
 Noida-201307,  
 Uttar Pradesh, India

The Board of Directors  
 RightMatch Holdings Limited  
 IFS Court, Bank Street  
 TwentyEight, Cybercity  
 Ebene 72201, Mauritius

**Re: Clarification certificate on compliance with the pricing provisions as per the SEBI circular, dated March 10, 2019 read with Chapter V of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 in relation to proposed amalgamation of RightMatch Holdings Limited into R Systems International Limited.**

Dear Sirs,

This certificate forms an integral part of our Share Entitlement Report issued on October 24, 2019.

With reference to SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 on compliance of pricing provisions of ICDR regulations our clarification/response is explained below:

1. As per the draft Scheme of Amalgamation ("Scheme") for the proposed amalgamation of RightMatch Holdings Limited (hereinafter referred to as "RightMatch") into R Systems International Limited (hereinafter referred to as "R Systems" or the "Company"), the existing equity shares i.e. **8,828,489 equity shares of face value Re. 1 each** held by RightMatch shall stand cancelled and R Systems shall issue same number of equity shares to the shareholders of RightMatch as held by RightMatch in R Systems. Thus, no additional shares are being issued to shareholders of RightMatch and there would be no impact on the shareholding of other shareholders of R Systems. As a result, the capital of R Systems will not undergo any change pursuant the proposed Scheme.
2. The amalgamation is precisely cancellation of equity shares held by RightMatch and re-issue of same number of equity shares to the shareholders of RightMatch without increasing promoter and promoter group shareholding of R Systems or affecting the interest of other shareholders.
3. In consideration of all relevant factors and circumstances discussed above, in our view, the valuation methods as per ICDR regulations would not be relevant / applicable to determine the number of shares to be issued by R Systems pursuant to amalgamation of RightMatch.
4. All the shareholders of RightMatch will remain the beneficial owners in R Systems in the same proportion post Amalgamation, as they were holding in R Systems (directly and/or indirectly through RightMatch) prior to the Amalgamation and that the interest of the other shareholders in R Systems remains unaffected.

Further, relative fair value per share and fair share exchange ratio in terms of SEBI Circular dated March 10, 2017 is presented in the table on the following page:

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For R Systems International Limited



Authorised Signatory



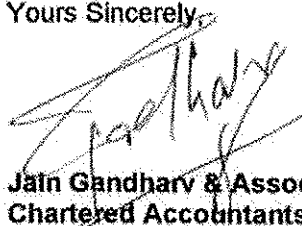
**Computation of Fair Share Exchange Ratio**

Valuation Approach	R Systems International Limited		RightMatch Holdings Limited	
	Value per Share	Weight	Value per Share	Weight
Asset Approach	N.A.*		N.A.*	
Income Approach				
Market Approach				
Relative Value per Share				
Exchange Ratio				

Hope the above clarifies. Should you need further assistance, please feel free to contact us.

Thanking you,

Yours Sincerely,




**Jain Gandharv & Associates**  
**Chartered Accountants**

CA Gandharv Jain  
 Membership No: 51604  
 Firm Registration No: 026028N  
 UDIN:19511604AAAAER4539

**CERTIFIED TRUE COPY**

For R Systems International Limited

  
 Authorised Signatory

**S. K. Relan & Co.**

CHARTERED ACCOUNTANTS  
6/79, W.E.A., PADAM SINGH ROAD,  
KAROL BAGH NEW DELHI-110005  
Phone: 8882134636

Email: [caskrelan@gmail.com](mailto:caskrelan@gmail.com)



Ref. No.: SKR/Ct./089/2019-20

## NET WORTH CERTIFICATE

We, S. K. Relan & Co., Chartered Accountants, 6/79, W.E.A., Padam Singh Road, Karol Bagh, New Delhi-110005, are informed by the management of R Systems International Limited (CIN: L74899DL1993PLC053579) having its registered office at GF-1-A, 6, Devika Tower, Nehru Place, New Delhi -110019 ('R Systems' or 'the Company') that the Board of Directors of the Company in its meeting held on October 25, 2019 have approved the Scheme of Amalgamation of RightMatch Holdings Limited – Mauritius (a company, registered under the Mauritius Companies Act, 2001) into R Systems ("the Scheme") under Sections 230-232, 234 and other applicable provisions of the Companies Act, 2013 and have provided certified copy of Board Resolution approving such scheme of amalgamation.

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

Based on the audited standalone financial statements as on September 30, 2019 and to the best of our knowledge and belief, we certify that the Net Worth of the Company as per the working detailed in Annexure I and II is as follows:

1. Net worth of the Company, pre implementation of the Scheme is Rs. 2,756.07 million (Refer **Annexure I** for detailed working)
2. Provisional net worth of the Company, post implementation of the Scheme would be Rs. 2,763.28 million (Refer **Annexure II** for detailed working).

This certificate is issued at the behest of R Systems. Further our work was not designed to verify the accuracy or reliability of the information provided to us and nothing in this report should be taken to imply that we have conducted procedures, audit or investigations in an attempt to verify or confirm any of the information supplied to us.

The aforesaid computation has been made solely as per the requirements of stock exchanges for filing in connection with obtaining its "no objection certificate" to the proposed Scheme and is not to be considered for any other purpose except filing to the Stock Exchanges, National Company Law Tribunal and other related Statutory Authorities in this regard.

For S.K. RELAN & CO.  
Chartered Accountants

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PLACE : NEW DELHI

DATED 28<sup>TH</sup> NOV 2019

R Systems International Limited

Authorised Signatory

(CA SATISH KUMAR RELAN)

Membership No.012149

Registration No.001720N

UDIN- 19012149AAA AIS6278

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**Annexure I**

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

(Rs. in Million)		
Sr. No.	Particulars	Amount
1	<b>Equity Capital</b>	
	Issued, Subscribed and Paid Up Share Capital	119.60
2	<b>Add: Free Reserves (excluding Revaluation Reserve)</b>	
	General Reserve	155.04
	Surplus in the statement of Profit & loss	2,481.43
	<b>NET WORTH*</b>	<b>2,756.07</b>

(Networth = Equity Share Capital + Free Reserves\*\* - Miscellaneous Expenditure written off, along with the detailed working.)

\*\* Free Reserves is considered as per Section 2(43) of the Companies Act, 2013.

**ANNEXURE II**

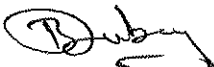
**PROVISIONAL NET WORTH OF R SYSTEMS INTERNATIONAL LIMITED - POST IMPLEMENTATION OF THE SCHEME**

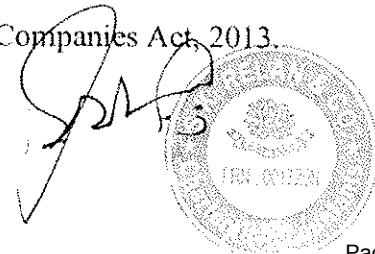
(Rs. in Million)		
Sr. No.	Particulars	Amount
1	<b>Equity Capital</b>	
	Issued, Subscribed and Paid Up Share Capital	119.60
2	<b>Add: Free Reserves (excluding Revaluation Reserve)</b>	
	General Reserve	155.04
	Surplus in the statement of Profit & loss	2,488.64
	<b>NET WORTH*</b>	<b>2,763.28</b>

(Networth = Equity Share Capital + Free Reserves\*\* - Miscellaneous Expenditure written off, along with the detailed working.)

\*\* Free Reserves is considered as per Section 2(43) of the Companies Act, 2013.

**CERTIFIED TRUE COPY**  
For R Systems International Limited

  
Authorised Signatory



**S. K. Relan & Co.**

CHARTERED ACCOUNTANTS  
6/79, W.E.A., PADAM SINGH ROAD,  
KAROL BAGH NEW DELHI-110005  
Phone: 8882134636

Email: [caskrelan@gmail.com](mailto:caskrelan@gmail.com)



Ref. No.: SKR/Ct./090/2019-20

## NET WORTH CERTIFICATE

We, S. K. Relan & Co., Chartered Accountants, 6/79, W.E.A., Padam Singh Road, Karol Bagh, New Delhi-110005, are informed by the management of RightMatch Holdings Limited – Mauritius (a company, registered under the Mauritius Companies Act, 2001), having its registered office at IFS Court, Bank Street, Twenty Eight, Cybercity, Ebene 72201 (Mauritius)

(‘RightMatch’ or ‘the Company’) that the Board of Directors of the Company in its meeting held on October 24, 2019 have approved the Scheme of Amalgamation of RightMatch Holdings Limited into R Systems International Limited (CIN: L74899DL1993PLC053579) (“the Scheme”) under Sections 230-232, 234 and other applicable provisions of the Companies Act, 2013 and Mauritius Laws and have provided certified copy of Board Resolution approving such scheme of amalgamation.

We have been requested by the management of RightMatch to provide a certificate of Net worth pre implementation of Scheme.

Based on the unaudited management accounts as on September 30, 2019 as provided and to the best of our knowledge and belief, we certify that the Net Worth of the Company, based on the working detailed in Annexure I as follows:

1. Net worth of the Company pre implementation of the Scheme is USD. 5,711,340 (Refer **Annexure I** for detailed working)
2. Provisional net worth of the Company post implementation of the Scheme would not be applicable as Post implementation of Scheme RightMatch will be amalgamated into R Systems International Limited.

This certificate is issued at the behest of RightMatch. Further our work was not designed to verify the accuracy or reliability of the information provided to us and nothing in this report should be taken to imply that we have conducted procedures, audit or investigations in an attempt to verify or confirm any of the information supplied to us.

The aforesaid computation has been made solely as per the requirements of stock exchange for filing in connection with obtaining its “no objection certificate” to the proposed Scheme and is not to be considered for any other purpose except filing to the Stock Exchanges, National Company Law Tribunal and other related Statutory Authorities in this regard.

For S.K. RELAN & CO.  
Chartered Accountants

PLACE : NEW DELHI  
DATED: 28<sup>TH</sup> NOV., 2019  
For R Systems International Limited

  
Authorised Signatory

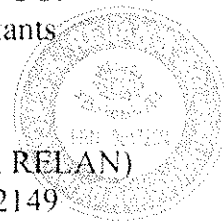
**CERTIFIED TRUE COPY**

(CA SATISH KUMAR RELAN)

Membership No.012149

Registration No.001720N

UDIN- 19012149AAAAIT7141 Page 150





**ANNEXURE I**

**NET WORTH OF RIGHTMATCH HOLDINGS LIMITED - PRE IMPLEMENTATION OF THE SCHEME**

<b>Sr. No.</b>	<b>Particulars</b>	<b>Amount (in USD)</b>
1	<b>Equity Capital</b>	
	Issued, Subscribed and Paid Up Share Capital	5,609,550
2	<b>Add: Free Reserves (excluding Revaluation Reserve)</b>	
	Retained Earnings	101,790
	<b>NET WORTH*</b>	<b>5,711,340</b>

(Networth = Equity Share Capital + Free Reserves\*\* - Miscellaneous Expenditure written off, along with the detailed working.)

\*\* Free Reserves is considered as per Section 2(43) of the Companies Act, 2013.

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For R Systems International Limited

Authorised Signatory




**R SYSTEMS INTERNATIONAL LIMITED**

Corporate Identity Number : L74899DL1993PLC053579

[CMMI Level 5, PCMM Level 5, ISO 9001:2015 &amp; ISO 27001:2013 Company]

C-40, Sector-59, NOIDA, Distt. Gautam Budh Nagar, U.P. India-201307

Phones : +91-120-4303500

Email : rsil@rsystems.com

Fax : +91-120-4082699

www.rsystems.com

Regd. Off.: GF-1-A, 6, Devika Tower,  
Nehru Place, New Delhi-110019

**CERTIFIED TRUE COPY OF THE RESOLUTION PASSED AT THE SIXTH MEETING OF 2019 OF BOARD OF DIRECTORS (THE "BOARD") OF R SYSTEMS INTERNATIONAL LIMITED (THE "COMPANY") HELD AT C - 40, SECTOR - 59, NOIDA - 201 307 (U.P.) INDIA ON FRIDAY, OCTOBER 25, 2019 AT 11:30 A.M.**

**APPROVAL OF THE SCHEME OF AMALGAMATION BETWEEN RIGHTMATCH HOLDINGS LIMITED AND R SYSTEMS INTERNATIONAL LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITOR**

"**RESOLVED THAT** pursuant to the provisions of Sections 230-232, 234 and other applicable provisions, if any, of the Companies Act, 2013, including rules provided therein, or including any statutory modification or re-enactments thereof for the time being in force, and subject to the relevant provisions of the Memorandum & Articles of Association of the Company and subject to the requisite approvals and permissions of the shareholders and the creditors, the concerned stock exchanges (i.e. BSE Limited and National Stock Exchange of India Limited) or any other appropriate authority as may be required and subject to the sanction by National Company Law Tribunal, New Delhi ("**NCLT**" or "**Tribunal**"), as the case may be and in accordance with the regulations/ guidelines, if any, prescribed by the Securities and Exchange Board of India ("**SEBI**"), Reserve Bank of India ("**RBI**") or any other relevant authority, in India or in Mauritius, from time to time to the extent applicable and subject to such approvals, consents, permissions and sanctions of the appropriate authorities as may be necessary/required and subject to such conditions as may be prescribed, directed or made by any of them while granting such approvals, consents and permissions, and on the recommendation of the Audit Committee, the consent of the Board be and is hereby accorded for Scheme of Amalgamation of RightMatch Holdings Limited with R Systems International Limited ("**Scheme**") through a NCLT approved Scheme.

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

**RESOLVED FURTHER THAT** the report of the Audit Committee recommending the draft, as placed before the Board be and is hereby accepted and approved.

**RESOLVED FURTHER THAT** the Valuation Report dated October 24, 2019, received from CA. Gandharv Jain of M/s. Jain Gandharv & Associates, Chartered Accountants and Fairness Opinion, dated October 25, 2019 received from Corporate Professionals Capital Private Limited, Category-I Merchant Banker, be adopted, approved and taken on record by the Board and may be submitted to Statutory Authorities as and when required.

**RESOLVED FURTHER THAT** National Stock Exchange of India Limited (NSE) be and is hereby appointed as the designated stock exchange for all correspondence as required under the relevant SEBI Circular.

**RESOLVED FURTHER THAT** for the purpose of this transaction, a Committee in the name and title of Restructuring Committee for Amalgamation ('Committee') be and is hereby

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For R Systems International Ltd.

Company Secretary

constituted, comprising of Mr. Satinder Singh Rekhi, Managing Director, Lt. Gen. Baldev Singh (Retd.) President & Senior Executive Director, Mr. Avirag Jain, Director & Chief Technology Officer, Mrs. Ruchica Gupta, Non-Executive Independent Director, Mr. Nand Sardana, Chief Financial Officer and Mr. Bhasker Dubey, Company Secretary & Compliance Officer to take all necessary steps as may be considered necessary in connection with the Scheme and are hereby severally authorized:

- a) To finalize the Scheme including making such alterations or changes or modifications in the Scheme as may be expedient or necessary for satisfying the requirement or condition(s) imposed by the Tribunal or other regulatory authority/(ies);
- b) To take all necessary steps in connection with:
  - i. To sign and file applications/affidavits/documents with such statutory authorities, in India or in Mauritius, as may be required for approval or delegate such authority to another person by a valid Power of Attorney or other appropriate authorization;
  - ii. Filing of the Scheme with the relevant regulatory authorities, in India or in Mauritius, including the Stock Exchange where the Company's equity shares are listed and thereafter with the Tribunal for sanction of the Scheme;
  - iii. Filing of the application(s) with the Tribunal seeking directions for holding / dispensation of the meetings of the shareholders and Creditors for obtaining their approval to the Scheme;
  - iv. Finalise and settle the draft of the notices for convening the 'shareholders'/ 'creditors' meetings and the draft of the explanatory statement with any modifications as they may deem fit;
  - v. approval of postal ballot/e-voting notices and the conduct of process for seeking approval of shareholders to the Scheme;
  - vi. conducting the meeting of the shareholders and/or the creditors, signing and sending the notice and carry all such other activities in relation to the meeting, if NCLT and/ or the Government Authority, as the case may be and as applicable, does not dispense with the meetings;
  - vii. Filing of petition(s) for confirmation of the said Scheme with the Tribunal in accordance with the provisions of Companies Act, 2013 and other applicable laws in India;
  - viii. Swear affidavits and to give undertakings, to engage counsels, advocates, chartered accountants, merchant bankers and other expert advisors for implementation of the Scheme of Amalgamation;

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For R Systems International Ltd.

  
Company Secretary

- ix. Obtaining approval/ consent from such other authorities and parties including the shareholders, term loan lenders, financial institutions and other creditors as may be considered necessary, to the said Scheme;
- x. To settle any question/ issue or difficulty that may arise with regard to the implementation of the above Scheme, and to give effect to the above resolution;
- xi. To sign all applications, petitions, vakalatnamas, no objection certificates in relation to the Scheme, as may be required, and other documents, to be filed before the Tribunal or such other competent authority in relation to any matter pertaining to the aforesaid Scheme;
- xii. Filing of affidavits, pleadings, certificates, declarations, undertakings, proceedings, reports, issuing advertisements and notices or any other documents incidental or deemed necessary or useful in connection with the above proceedings and to do all such acts as are necessary or incidental to the said proceedings for obtaining confirmation of the Scheme by the Tribunal and other regulatory authorities;
- xiii. To make requisite statutory filings with the concerned Registrar of Companies in connection with the Scheme;
- xiv. To represent the Company before any regulatory authorities including Central or State Government, Regional Director, Registrar of Companies, Official Liquidator and Tribunal, for the purpose of the proposed Scheme, signing and filing of all documents, deeds, applications, notices, petitions and letters, to finalize and execute all necessary applications/ documents/ papers for and behalf of the Company;
- xv. To access all books, records, facilities and personnel of the Company as deemed necessary or appropriate by any member of the Committee to discharge the responsibilities;
- xvi. To affix the common seal of the Company on any documents in connection with the purpose of the above resolution as may be required in accordance with the Articles of Association of the Company;
- xvii. To withdraw, terminate or abandon the Scheme at any stage in case any changes and/or modifications suggested/ required to be made in the Scheme or any condition imposed, whether by any shareholder, creditor, NCLT and /or any other regulatory authority, are in their view not in the interest of the Company, and / or if the Scheme cannot be implemented otherwise, and to do all such deeds, acts and things as any of them may deem necessary and desirable in connection therewith and incidental thereto; and
- xviii. To do all such other acts, matters, deeds and things necessary or desirable in connection with or incidental to giving effect to the purpose of the above resolution or to otherwise give effect to the Scheme of Amalgamation and to decide and settle all matters and issues that may arise in this regard and/or to get the same done by delegating to one or more of these activities to official(s) of the Company as it may deem fit.

CERTIFIED TRUE COPY

For R Systems International Ltd.

  
Company Secretary

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

**RESOLVED FURTHER THAT** the Scheme of Amalgamation be filed with relevant regulatory authorities, Tribunal or any other appropriate authority for their approval and sanction of the Scheme of Amalgamation.

**RESOLVED FURTHER THAT** any member of aforesaid Committee be and are hereby jointly/severally authorized to take necessary steps for obtaining requisite approvals of the Shareholders and other persons (including creditors, if necessary and regulatory authorities) whose consent is required under law for the Scheme of Amalgamation and for that purpose to initiate all necessary actions including seeking appropriate directions from the Tribunal for either dispensing or convening meetings of the equity shareholders and creditors, if required and other consequential steps in that behalf, including preparation and circulation of the notices and explanatory statements, and filing of all other documents required to be filed in this connection.

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

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

CERTIFIED TRUE COPY

For R Systems International Ltd.

  
Company Secretary

**RightMatch Holdings Ltd.**

Annexure L2

**EXTRACT OF MINUTES OF THE PROCEEDINGS OF THE BOARD MEETING OF THE COMPANY HELD AT IFS COURT, BANK STREET, TWENTYEIGHT, CYBERCITY, EBENE 72201, MAURITIUS ON 24 OCTOBER 2019.**

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**3. SCHEME OF AMALGAMATION AND CHANGE OF LICENCE OF THE COMPANY**

After due deliberation, it was RESOLVED that:

- (i) pursuant to the provisions of Sections 261 to 264, and Paragraph 4 of Part II of the Fourteenth Schedule and other applicable provisions, if any, of the Mauritius Companies Act, 2001 and as per the provisions of the Constitution of the Company and subject to the requisite approval of the shareholders and creditors of the Company and sanction of the Hon'ble National Company Law Tribunal, New Delhi Bench in India and the Hon'ble Supreme Court of Mauritius or such other competent authority as may be applicable, the consent of the Board be and is hereby accorded for Scheme of Amalgamation of Company with R Systems International Limited and their respective shareholders and creditors ("Scheme"), placed before the Board and initialled by the Chairperson of the meeting for the purposes of identification;
- (ii) the Scheme be submitted to the shareholders of the Company for approval;
- (iii) subject to the approval of the Scheme by the shareholders of the Company, an application be made by the Company at such appropriate time to the Financial Services Commission for a change in the legal status of the Company from a Global Business Category 1 Licence to an Authorised Company and that the prescribed application form (supported by the covering letter, the fees, legal certificate and other enclosures) pertaining to the aforesaid change be submitted to the Financial Services Commission by SANNE Mauritius, the Company Secretary. SANNE Mauritius will further be authorised to take all necessary action(s) in this regard and take all necessary steps as are required in all respects to sign and authorise documents, deeds and papers which are required for the conversion of the company status from Global Business Category 1 Licence to an Authorised Company;
- (iv) any director of the Company or Mr Piyush Jain, Authorised Signatory, be and are hereby jointly and severally authorised to take all the necessary steps for:
  - a. filing of the Scheme with the regulatory or statutory authority(ies), wherever required (in Mauritius and/or India) in terms of the applicable laws and regulations for obtaining approval to the Scheme;
  - b. filing amalgamation proposal with the Bankruptcy Division of the Supreme Court of Mauritius or such other competent authority seeking directions as to convening / dispensing with the meeting of the shareholders / creditors of the Company and where necessary to take steps to convene and hold such meetings as per the directions of the Bankruptcy Division of the Supreme Court of Mauritius;

**CERTIFIED TRUE COPY**

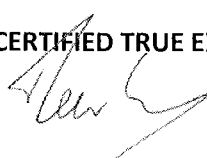
**For RightMatch Holdings Ltd**

**Authorised Signatory**

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- c. filing affidavits, petitions, pleadings, applications or any other proceedings incidental or deemed necessary or useful in connection with the above proceedings, whether in Mauritius or India, and to engage Counsels, Advocates, Solicitors, Chartered Accountants and other professionals to advise on the necessary steps to be taken by the Company for the purposes of the merger and to file an application and appear and represent on its behalf before the Bankruptcy Division of the Supreme Court of Mauritius so that the Scheme may be sanctioned by the said Court and to undertake all such actions which are necessary to make the merger effective in Mauritius;
  - d. to sign and execute legal mandate wherever necessary, and sign and issue consent letters, public advertisements and notices;
  - e. obtaining approval / consent from such other authorities and parties including the shareholders, creditors, lenders as may be considered necessary, to the said Scheme;
  - f. to apply for and obtain requisite approval of the Registrar of Companies, the Financial Services Commission and any other authority or agency, whose consent is required including those of any lenders / creditors;
  - g. making any alterations / changes to the Scheme as may be expedient or necessary which does not materially change the substance of the Scheme; particularly for satisfying the requirements or conditions imposed by the Registrar of Companies, the Financial Services Commission or the Bankruptcy Division of the Supreme Court of Mauritius or the Hon'ble National Company Law Tribunal, New Delhi Bench in India;
  - h. to sign all applications, petitions, documents, relating to the Scheme or delegate such authority to another person by a valid power of attorney; and
  - i. to settle any question or difficulty that may arise with regard to the implementation of the above Scheme, and to give effect to the above resolution; and
  - j. to do all acts, deeds, matters and things as may be considered necessary and expedient in relation thereto, whether in Mauritius or India.
- (v) any one director of the Company or the Company Secretary be and is hereby authorised to sign any copy of this resolution as a certified true copy thereof and furnish the same to whomsoever concerned.

**CERTIFIED TRUE EXTRACT**

  
**Khalil Peerbocus**  
 For SANNE Mauritius  
 Secretary  
 Dated: 25 October 2019

**CERTIFIED TRUE COPY**

For RightMatch Holdings Ltd

**Authorised Signatory**



## R SYSTEMS INTERNATIONAL LIMITED

Corporate Identity Number : L74899DL1993PLC053579  
[CMMI Level 5, PCMM Level 5, ISO 9001:2015 & ISO 27001:2013 Company]  
C-40, Sector-59, NOIDA, Distt. Gautam Budh Nagar, U.P. India-201307

Annexure M1

Phones : +91-120-4303500  
Fax : +91-120-4082699

Email : rsil@rsystems.com  
www.rsystems.com

Regd. Off.: GF-1-A, 6, Devika Tower,  
Nehru Place, New Delhi-110019

DECEMBER 06, 2019

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

Dear Sir,

**SYMBOL: RSYSTEMS**

**SUB: APPLICATION UNDER REGULATION 37 OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS), REGULATIONS, 2015 FOR THE PROPOSED SCHEME OF AMALGAMATION OF RIGHT MATCH HOLDINGS LIMITED (“RIGHTMATCH”) INTO R SYSTEMS INTERNATIONAL LIMITED (“R SYSTEMS”/“COMPANY”)**

This is to confirm that:

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

Thanking you,

Yours truly,  
For R Systems International Limited

**Bhasker Dubey**  
(Company Secretary & Compliance Officer)



**RightMatch Holdings Ltd.**

IFS Court, Bank Street, Twenty Eight, Cybercity, Ebene 72201, Mauritius  
Tel: (230) 467 3000 Fax: (230) 467 4000

DECEMBER 06, 2019

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

Dear Sir,

**SUB: APPLICATION UNDER REGULATION 37 OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS), REGULATIONS, 2015 FOR THE PROPOSED SCHEME OF AMALGAMATION OF RIGHT MATCH HOLDINGS LIMITED (“RIGHTMATCH/COMPANY”) INTO R SYSTEMS INTERNATIONAL LIMITED (“R SYSTEMS”)**

This is to confirm that:

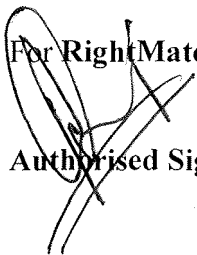
- The Company, its directors and promoters have never been categorized as willful defaulters in terms of RBI Circular Ref. No. RBI/2015-16/100 DBR. No. CID BC. 22/20.16.003/2015-16 dated July 1, 2015.
- The Company, its promoters or directors have not been directly or indirectly, debarred from accessing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

Thanking you,

Yours truly,

**For RightMatch Holdings Limited**

**Authorised Signatory**





## Brief particulars of the transferee and transferor companies:

S. N.	Particulars	Amalgamated Company i.e. R Systems International	Amalgamating Company i.e. RightMatch Holdings Limited
1	Name of the Company	R Systems International Limited (R Systems)	RightMatch Holdings Limited ("RightMatch")
2	Exchange(s) Listed on	1. National Stock Exchange of India of India Limited ("NSE") 2. BSE Limited ("BSE")	Unlisted. Hence, not applicable
3	Designated Stock Exchange	National Stock Exchange of India Limited	
4	Scheme provides for	<ul style="list-style-type: none"> <li>• This Scheme of Amalgamation is presented under Sections 230 – 232 and 234 and other applicable provisions, if any, of the Companies Act, 2013 and Sections 261 to 264 and other applicable provisions, if any, of the Mauritius Act, for amalgamation of RightMatch into and with R Systems.</li> <li>• RightMatch forms part of the promoter and promoter group of R Systems. It presently holds 8,828,489 equity shares constituting about 7.34% of total paid-up equity share capital of R Systems.</li> <li>• Pursuant to the proposed amalgamation, individual shareholders of RightMatch who are part of the promoter and promoter group of R Systems ('Promoters') would directly hold the shares in R Systems which are currently held by RightMatch in the same proportion as they currently hold shares in RightMatch.</li> <li>• This amalgamation would not only lead to simplification of the shareholding structure and reduction of shareholding tiers but also demonstrate the Promoter's direct commitment to and engagement with R Systems. It would also result in overall reduction in administrative, managerial and other expenditure and operational rationalization, organizational efficiency and optimum utilization of various resources.</li> <li>• There would be no change in the Promoter and Promoter Group shareholding of R Systems as a result of amalgamation of RightMatch into R Systems. The promoters and Promoter Group of R Systems would continue to hold the same percentage of shares in R Systems, pre and post the amalgamation of RightMatch into R Systems.</li> <li>• All costs, charges, taxes including duties, levies and all other expenses, if any, arising out of or incurred in connection with and implementing this Scheme and matters incidental thereto shall be borne by RightMatch and / or its members. No cost, charges, taxes pertaining to the Scheme shall be borne by R Systems.</li> </ul>	

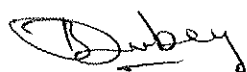
For R Systems International Limited



Authorised Signatory


		<ul style="list-style-type: none"> <li>Further, the Scheme also provides that Promoters shall indemnify R Systems and keep R Systems indemnified for any contingent liabilities and obligations including all demands, claims, suits, proceedings etc. which may be made or instituted by any third party (ies) including governmental authorities on R Systems and are directly relatable to RightMatch or which may devolve on R Systems on account of this amalgamation.</li> </ul>
5	Consideration	<p>Upon this Scheme becoming effective and upon amalgamation of Amalgamating Company with Amalgamated Company, in terms of this Scheme Amalgamated Company shall, without any further application, act or deed, issue and allot Equity Shares in dematerialized form to the members of Amalgamating Company whose names appear in the Register of its members on the Effective Date or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title as aforesaid in the following manner:-</p> <p>8,828,489 (Eight million eight hundred twenty-eight thousand four hundred eighty-nine only) fully paid up equity shares of the face value of Re. 1/- (Rupee One) each of R Systems International Limited to be issued and allotted to the Equity Shareholders of RightMatch Holdings Limited in the proportion of their respective equity shareholding in RightMatch Holdings Limited</p>
6	Will any of the unlisted companies seek listing pursuant to Rule 19(2)(b) of SEBI (SCRR), 1957	No, RightMatch, being unlisted Company, will be amalgamated into R Systems which is already listed on NSE & BSE.
7	Report of Audit Committee	Audit Committee report dated October 25, 2019 has recommended the draft scheme for favorable consideration.
8	Valuation Report from Independent Chartered Accountant	<p>Valuation Report is issued by Jain Gandharv &amp; Associates, Chartered Accountant (Firm Registration No.026828N).</p> <p>In the opinion of the valuer, the computation of fair share exchange Ratio would not be relevant/ applicable to determine the numbers of shares to be issued by R Systems pursuant to amalgamation of RightMatch into R Systems as amalgamation is precisely the cancellation of equity shares held by RightMatch and re-issue of same number of equity shares to the shareholders of RightMatch in the proportion of their holding in RightMatch. Therefore, there would be no change in the paid-up capital of R Systems.</p>

For R Systems International Limited

  
Authorized Signatory

		However, for the compliance of SEBI Circular dated March 10, 2017, the valuation of equity shares of R Systems by following the pricing provisions of Chapter VII of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 has been computed as Rs. 56.40 per share.				
9	Fairness opinion by Merchant Banker	Corporate Professional Capital Private Limited, Merchant Banker, in its Fairness Opinion dated October 25, 2019 has opined that the share entitlement ratio as recommended by the valuer is fair.				
10	Pre and post scheme Shareholding Pattern of the listed Company (R Systems)	Pre		Post		
		No. of Shares	% of holding	No. of Shares	% of holding	
		Promoter & Promoter Group	61,712,574	51.28	61,712,574	51.28
		Public	58,625,351	48.72	58,625,351	48.72
		Custodian	0	0	0	0
		<b>TOTAL</b>	<b>120,337,925</b>	<b>100</b>	<b>120,337,925</b>	<b>100</b>
11	Pre and post scheme Shareholding pattern of Unlisted Company (RightMatch)	Pre		Post		
		No. of Shares	% of holding	No. of Shares	% of holding	
		Promoter & Promoter Group	5,609,550	100	NA	
		Public	0	0		
		Custodian	0	0		
		<b>TOTAL</b>	<b>5,609,550</b>	<b>100</b>		
12	Minimum public shareholding  in all the companies pre and post amalgamation is in compliance with Regulation 38 of SEBI (LODR) Regulations, 2015 ('Listing Regulations')	Yes, Minimum public shareholdings in R Systems pre and post amalgamation is in compliance with Regulation 38 of SEBI (LODR), 2015.				
14	Approval of shareholders through postal ballot and e- voting	The Amalgamated Company shall offer e-Voting facility to its shareholders for seeking their approval to the Scheme (after disclosure of all material facts in the explanatory statement sent to the shareholders in relation to this Scheme). The scheme is conditional upon scheme being approved by the PUBLIC shareholders through e-voting in terms of para 9 (a) of part I of Annexure I of SEBI circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 and the scheme shall be acted upon only if vote cast by the public shareholders in favour of the proposal are more than the number of votes cast by the public shareholders against it.				

For R Systems International Limited



Authorised Signatory

15	Compliance with Regulation 11 of the Listing Regulations	The R Systems hereby confirmed that the proposed scheme of amalgamation to be presented to any court or Tribunal does not in any way violate or override or circumscribe the provisions of SEBI Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996, the Companies Act, 1956/2013, the rules, Regulations and guidelines under the Acts, the provisions as explained in Regulation 11 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 or the requirements of SEBI Circulars and stock exchanges.	
16	Statutory Auditor's certificate confirming the compliance of the accounting treatment as specified in Para (I)(A)(5) of the SEBI Circular	Deloitte Haskins & Sells LLP, Chartered Accountants, Statutory Auditors of R Systems has provided the certificate dated October 25, 2019, confirming the accounting treatment as per SEBI circular.	
17	Compliance Report as per SEBI circular	Compliance Report as per the SEBI Circular is enclosed as Annexure H of the Application	
18	Net Worth (Rs. In crores)	<b>R Systems (Rs. in Million)</b>	<b>RightMatch (Amount in USD)</b>
	Pre	2,756.07	5,711,340
	Post	2,763.28	Not Applicable
19	Capital before the scheme (No. of equity shares as well as capital in rupees)	INR 120,337,925 (i.e. 120,337,925 equity shares of Re. 1/ each).	USD 5,609,550 (i.e.5,609,550 ordinary shares of USD 1/ each)
20	No. of shares to be issued	8,828,489 (Eight million eight hundred twenty-eight thousand four hundred eighty-nine only) fully paid up equity shares of the face value of Re. 1/- (Rupee One) each of R Systems International Limited to be issued and allotted to the Equity Shareholders of RightMatch Holdings Limited in the proportion of their respective equity shareholding in RightMatch Holdings Limited.	Not Applicable, RightMatch will be amalgamated into R Systems.
21	Cancellation of shares on account of cross holding, if any	There are no shares which are being cancelled on account of cross holding.	
22	Capital after the scheme (No. of equity shares as well as capital in rupees)	INR 120,337,925 (i.e. 120,337,925 equity shares of Re. 1/ each).	
23	Remarks, if any	Nil	

For R Systems International Limited



Authorised Signatory



## R SYSTEMS INTERNATIONAL LIMITED

Annexure O

Corporate Identity Number : L74899DL1993PLC053579  
[CMMI Level 5, PCMM Level 5, ISO 9001:2015 & ISO 27001:2013 Company]  
C-40, Sector-59, NOIDA, Distt. Gautam Budh Nagar, U.P. India-201307

Phones : +91-120-4303500 | Email : [rsil@rsystems.com](mailto:rsil@rsystems.com)  
Fax : +91-120-4082699 | [www.rsystems.com](http://www.rsystems.com)

Regd. Off.: GF-1-A, 6, Devika Tower,  
Nehru Place, New Delhi-110019

DECEMBER 06, 2019

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

Dear Sir,

**SYMBOL: RSYSTEMS**

**SUB: APPLICATION UNDER REGULATION 37 OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS), REGULATIONS, 2015 FOR THE PROPOSED SCHEME OF AMALGAMATION BETWEEN RIGHTMATCH HOLDINGS LIMITED AND R SYSTEMS INTERNATIONAL LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS (SCHEME OF AMALGAMATION")**

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

1. The proposed scheme of amalgamation to be presented to National Company Law Tribunal, New Delhi ("Tribunal") does not in any way violate or override or circumscribe the provisions of the SEBI Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996, the Companies Act, 1956 / Companies Act, 2013, the rules, Regulations and guidelines made under these Acts, the provisions as explained in Regulation 11 of the SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015 and the requirements of SEBI circulars and Stock Exchanges.
2. The draft scheme of amalgamation together with all documents mentioned in SEBI circular has been disseminated on website of R Systems International Limited ("Company") as per the link given hereunder: [www.rsystems.com](http://www.rsystems.com)
3. The Company shall disclose the observation letter of the stock exchange on its website within 24 hours of receiving the same.
4. The Company shall obtain shareholders' approval by way of special resolution passed through postal ballot/ e-voting as mentioned in clause 19, Page no. 25 of the draft scheme.

Further, the Company shall proceed with the draft scheme only if the vote cast by the public shareholders in favor of the proposal is more than the number of votes cast by public shareholders against it.



5. In case of Unlisted Company (i.e. RightMatch Holdings Limited) being involved in the Scheme of Arrangement:
  - a. The Company shall include the applicable information pertaining to the unlisted entity/ies involved in the scheme in the format specified for abridged prospectus, certified by a SEBI Registered Merchant Banker, as provided in Part E of Schedule VI of SEBI (ICDR) Regulations, 2018 in the explanatory statement or notice or proposal accompanying resolution to be passed sent to the shareholders while seeking approval of the scheme and the same shall be submitted to Stock Exchanges.
  - b. The percentage of shareholding of pre-scheme public shareholders of the Company and the Qualified Institutional Buyers (QIBs) of the unlisted entity, in the post scheme shareholding pattern of the “merged” company on a fully diluted basis shall not be less than 25%.
6. The documents filed by the Company with the Exchange are same/ similar/ identical in all respect, which have been filled by the Company with Registrar of Companies/SEBI/Reserve Bank of India, wherever applicable.
7. There will be no alteration in the Share Capital of the unlisted RightMatch Holdings Limited from the one given in the draft scheme of amalgamation/ arrangement.
8. The draft scheme is in compliance with all applicable SEBI circulars as amended from time to time and SEBI (LODR) Regulations, 2015.

Thanking you,

Yours truly,  
For R Systems International Limited



**Bhasker Dubey**  
(Company Secretary & Compliance Officer)



R Systems is engaged in providing IT and BPO services. The equity shares of R Systems are presently listed on the National Stock Exchange of India Limited (hereinafter called 'NSE') and the BSE Limited (hereinafter called 'BSE').

The Corporate Identity Number of R Systems is L74899DL1993PLC053579. Further, the Permanent Account Number of R Systems is AABCR9541B.

(B) **PURPOSE AND RATIONALE OF THE SCHEME OF AMALGAMATION**

This Scheme of Amalgamation (hereinafter called 'the Scheme') is presented under Sections 230 – 232 and 234 and other applicable provisions, if any, of the Indian Act (as defined in clause 1.1 hereinafter) and Sections 261 to 264 and other applicable provisions, if any, of the Mauritius Act (as defined in clause 1.7 hereinafter), for amalgamation of RightMatch into and with R Systems. The Indian Act enables a foreign transferor company to merge into an Indian transferee company.

RightMatch forms part of the promoter and promoter group of R Systems. It presently holds 8,828,489 equity shares constituting about 7.34% of total paid-up equity share capital of R Systems.

Pursuant to the proposed amalgamation, individual shareholders of RightMatch who are part of the promoter and promoter group of R Systems ('Promoters') would directly hold the shares in R Systems which are currently held by RightMatch in the same proportion as they currently hold shares in RightMatch.

This amalgamation would not only lead to simplification of the shareholding structure and reduction of shareholding tiers but also demonstrate the Promoter's direct commitment to and engagement with R Systems. It would also result in overall

For R Systems International Limited

  
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reduction in administrative, managerial and other expenditure and operational rationalization, organizational efficiency and optimum utilization of various resources.

There would be no change in the Promoter and Promoter Group shareholding of R Systems as a result of amalgamation of RightMatch into R Systems. The promoters and Promoter Group of R Systems would continue to hold the same percentage of shares in R Systems, pre and post the amalgamation of RightMatch into R Systems.

All costs, charges, taxes including duties, levies and all other expenses, if any, arising out of or incurred in connection with and implementing this Scheme and matters incidental thereto shall be borne by RightMatch and / or its members. No cost, charges, taxes pertaining to the Scheme shall be borne by R Systems.

Further, the Scheme also provides that Promoters shall indemnify R Systems and keep R Systems indemnified for any contingent liabilities and obligations including all demands, claims, suits, proceedings etc. which may be made or instituted by any third party(ies) including governmental authorities on R Systems and are directly relatable to RightMatch or which may devolve on R Systems on account of this amalgamation.

In consideration of the above mentioned rationale, this Scheme between RightMatch and R Systems is being proposed in accordance with the terms set out hereunder.

(C) **PARTS OF THE SCHEME OF AMALGAMATION:**

This Scheme of Amalgamation is divided into the following parts:

1. **PART I** - Definitions;
2. **PART II** - Details of the Company;
3. **PART III** – Amalgamation of RightMatch Holdings Limited with R Systems International Limited; and
4. **PART IV** – General Terms and Conditions.

For R Systems International Limited



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**Annexure Q**

1. Details of Directors and Promoters of all the companies involved in the scheme.

A. List of **Promoters** of R Systems International Limited

Sl. No	Name	Promoter Category	PAN
1	Satinder Singh Rekhi	Promoter	AEWPR5412H
2	Harpreet Rekhi	Promoter	AEAPR6288R
3	Satinder & Harpreet Rekhi Family Trust	Promoter	AABTT6608C
4	RightMatch Holdings Limited	Promoter	AAECR5596D
5	Sartaj Singh Rekhi	Promoter Group	AJBPR8836K
6	Ramneet Singh Rekhi	Promoter Group	AJBPR8791F
7	Amrita Rekhi	Promoter Group	AWQPK4975Q
8	Anita Behl	Promoter Group	AFRPB3068D
9	Kuldeep Baldev Singh	Promoter Group	ACHPS0510J

B. List of **Board of Directors** of R Systems International Limited

Sl. No	Name	DIN	PAN
1	Satinder Singh Rekhi	00006955	AEWPR5412H
2	Lt. Gen. Baldev Singh (Retd.)	00006966	ASCPS4431P
3	Mr. Avirag Jain	00004801	ABPPJ1623G
4	Ruchica Gupta	06912329	AGTPG8710E
5	Kapil Dhameja	02889310	AGNPD4930F
6	Aditya Wadhwa	07556408	ACAPW9160B

C. List of **Promoters** of RightMatch Holdings Limited

Sl. No	Name	Promoter Category	PAN
1	Satinder Singh Rekhi	Promoter	AEWPR5412H
2	Harpreet Rekhi	Promoter	AEAPR6288R

D. List of **Board of Directors** of RightMatch Holdings Limited

Sl. No	Name	DIN	PAN
1	Satinder Singh Rekhi	00006955	AEWPR5412H
2	Harpreet Rekhi	NA	AEAPR6288R

For R Systems International Limited

  
 Authorised Signatory

Sl. No	Name	DIN	PAN
3	Sartaj Singh Rekhi	00732606	AJBPR8836K
4	Ramneet Singh Rekhi	00732301	AJBPR8791F
5	Sangeeta Bissessur	NA	NA
6	Zakir Niamut	NA	NA

2. Undertaking that the transferee entity will not issue/reissue shares not covered under the draft scheme. It is hereby confirmed that during the pendency of the Scheme of Amalgamation of RightMatch Holdings Limited and R Systems International Limited and their respective shareholders and Creditors ("Scheme"), R Systems International Limited will not issue/reissue shares not covered under the draft Scheme except for the existing obligations of R Systems International Limited under R Systems International Limited Employee Stock Option Scheme 2007.
  
3. Undertaking that as on date of application there are no outstanding warrants/instruments/agreements which give right to any person to take the equity shares in the transferee entity at any future date. Except for 37,500 Employee Stock Options outstanding under R Systems International Limited Employee Stock Option Scheme 2007, there are no other outstanding warrants/instruments/agreements which give right to any person to take the equity shares in the transferee entity at any future date.

For R Systems International Limited

  
 Authorised Signatory

4. Pre and post Scheme shareholding pattern in below Format for all companies involved in the scheme (kindly add columns if more than two). Pre and post Scheme of Capital of Amalgamation of RightMatch Holdings Limited and of R Systems International Limited and their respective Shareholder and Creditors

Sr	Description	Name of Shareholder	RighMatch Holdings Limited (Transferor Company)		R Systems International Limited (Transferee Company)			
			Pre-arrangement		Pre-arrangement		Post-arrangement	
			No. of shares	%	No. of shares	%	No. of shares	%
<b>(A)</b>	<b>Shareholding of Promoter and Promoter Group</b>							
<b>1</b>	<b>Indian</b>							
(a)	Individuals/ Hindu Undivided Family	Kuldeep Baldev Singh	-	-	6,080	0.01	6,080	0.01
		Anita Behl	-	-	1,697	0.00	1,697	0.00
(b)	Central Government/ State Government(s)		-	-	-	-	-	-
(c)	Bodies Corporate		-	-	-	-	-	-
(d)	Financial Institutions/ Banks		-	-	-	-	-	-
(e)	Any Others		-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
	<b>Sub Total(A)(1)</b>		-	-	<b>7,777</b>	<b>0.01</b>	<b>7,777</b>	<b>0.01</b>
<b>2</b>	<b>Foreign</b>							
(a)	Individuals (Non-Residents Individuals/ Foreign Individual	Sartaj Singh Rekhi	-	-	19,260,269	16.01	19,260,269	16.01
		Ramneet Singh Rekhi	-	-	16,396,505	13.63	16,396,505	13.63
		Satinder Singh Rekhi	2,804,775	50.00	3,062,207	2.54	7,476,452	6.21
		Harpreet Rekhi	2,804,775	50.00	1,467,277	1.22	5,881,521	4.89
		Amrita Rekhi	-	-	871,989	0.72	871,989	0.72
(b)	Bodies Corporate	RightMatch Holdings Ltd	NA	NA	8,828,489	7.34	-	-
(c)	Institutions		-	-	-	-	-	-
(d)	Any Others		-	-	-	-	-	-
	Promoter Trust	Satinder & Harpreet Rekhi Family Trust (Trustee: Satinder Singh Rekhi & Harpreet Rekhi)	-	-	11,818,061	9.82	11,818,061	9.82
	<b>Sub Total(A)(2)</b>		<b>5,609,550</b>	<b>100.00</b>	<b>61,704,797</b>	<b>51.28</b>	<b>61,704,797</b>	<b>51.28</b>

For R Systems International Limited



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Sr	Description	Name of Shareholder	RighMatch Holdings Limited (Transferor Company)		R Systems International Limited (Transferee Company)			
			Pre-arrangement		Pre-arrangement		Post-arrangement	
			No. of shares	%	No. of shares	%	No. of shares	%
	<b>Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)</b>		5,609,550	100.00	61,712,574	51.28	61,712,574	51.28
<b>(B)</b>	<b>Public shareholding</b>							
<b>1</b>	<b>Institutions</b>							
(a)	Mutual Funds/ UTI	-	-	-	-	-	-	-
(b)	Financial Institutions / Banks	-	-	-	2,000	0.00	2,000	0.00
(c)	Central Government/ State Government(s)	-	-	-	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-	-	-	-
(e)	Insurance Companies	-	-	-	-	-	-	-
(f)	Foreign Institutional Investors	-	-	-	-	-	-	-
(g)	Foreign Venture Capital Investors	-	-	-	-	-	-	-
(h)	Any Other	-	-	-	-	-	-	-
	<b>Sub-Total (B)(1)</b>		-	-	<b>2,000</b>	<b>0.00</b>	<b>2,000</b>	<b>0.00</b>
<b>2</b>	<b>Non-institutions</b>							
(a)	Bodies Corporate	-	-	-	658,155	0.55	658,155	0.55
(b)	Individuals							
I	Individuals -i. Individual shareholders holding nominal share capital up to Rs 1 lakh	-	-	-	9,038,745	7.51	9,038,745	7.51
II	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	-	-	-	48,161,169	40.02	48,161,169	40.02
(c)	Any Other	-	-	-	-	-	-	-
	Clearing Members	-	-	-	16,681	0.01	16,681	0.01
	IEPF	-	-	-	9,621	0.01	9,621	0.01
	NBFC	-	-	-	-	-	-	-
	Trusts	-	-	-	738,980	0.61	738,980	0.61
	<b>Sub-Total (B)(2)</b>		-	-	<b>58,623,351</b>	<b>48.72</b>	<b>58,623,351</b>	<b>48.72</b>
<b>(B)</b>	<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>		-	-	<b>58,625,351</b>	<b>48.72</b>	<b>58,625,351</b>	<b>48.72</b>

For R Systems International Limited



Authorised Signatory

Sr	Description	Name of Shareholder	RighMatch Holdings Limited (Transferor Company)		R Systems International Limited (Transferee Company)			
			Pre-arrangement		Pre-arrangement		Post-arrangement	
			No. of shares	%	No. of shares	%	No. of shares	%
	<b>TOTAL (A)+(B)</b>	-	5,609,550	100.00	120,337,925	100.00	120,337,925	100.00
(C)	Shares held by Custodians and against which DRs have been issued	-			-	-	-	-
	<b>GRAND TOTAL (A)+(B)+(C)</b>	-	5,609,550	100.00	120,337,925	100.00	120,337,925	100.00

Note: As per Scheme of Amalgamation, RightMatch Holdings Limited will be amalgamated into R Systems International Limited. Therefore, post amalgamation shareholding pattern of RightMatch Holdings Limited is not applicable.

For R Systems International Limited

  
Authorized Signatory



## R SYSTEMS INTERNATIONAL LIMITED

Annexure R

Corporate Identity Number : L74899DL1993PLC053579  
[CMMI Level 5, PCMM Level 5, ISO 9001:2015 & ISO 27001:2013 Company]  
C-40, Sector-59, NOIDA, Distt. Gautam Budh Nagar, U.P. India-201307

Phones : +91-120-4303500 | Email : rsil@rsystems.com  
Fax : +91-120-4082699 | www.rsystems.com

Regd. Off.: GF-1-A, 6, Devika Tower,  
Nehru Place, New Delhi-110019

### Details of payment made to National Stock Exchange of India Limited and SEBI

Payment to National Stock Exchange of India Limited and SEBI was done through RTGS/ NEFT as per the following details:

Sr. No.	Name	Amount (in Rs.)	Date	UTR Number
1	National Stock Exchange of India Limited	216,000	29.11.2019	UTIBR52019112900352131
2	SEBI	120,338	29.11.2019	AXSK193330005628

For R Systems International Limited

  
Authorised Signatory



## R SYSTEMS INTERNATIONAL LIMITED

Corporate Identity Number : L74899DL1993PLC053579  
 [CMMI Level 5, PCMM Level 5, ISO 9001:2015 & ISO 27001:2013 Company]  
 C-40, Sector-59, NOIDA, Distt. Gautam Budh Nagar, U.P. India-201307

Phones : +91-120-4303500  
 Fax : +91-120-4082699

Email : rsil@rsystems.com  
 www.rsystems.com

Regd. Off.: GF-1-A, 6, Devika Tower,  
 Nehru Place, New Delhi-110019

### DETAILS OF CONTACT PERSON FOR R SYSTEMS INTERNATIONAL LIMITED

	<b>First Contact Person</b>	<b>Second Contact Person</b>
Name	Bhasker Dubey	Nand Sardana
Designation	Company Secretary & Compliance Officer	Chief Financial Officer
Communication Address	C-40, Sector-59, NOIDA-201307	C-40, Sector-59, NOIDA-201307
Contact Numbers		
- Landline	+91-120-4303566	+91-120-4303500
- Mobile	+91-9560130166	+91-9810301842
E-mail id	Bhasker.dubey@rsystems.com	Nand.Sardana@rsystems.com

For R Systems International Limited

Authorised Signatory

**Annual Report of R Systems International Limited (Annexure T1)**

For the Financial year ended December 31, 2018, December 31, 2017 and December 31, 2016.

**Financial Statements of RightMatch Holdings Limited (Annexure T2)**

For the Financial year ended December 31, 2018, December 31, 2017 and December 31, 2016.

For R Systems International Limited



Authorised Signatory





# DELIVERING DIGITAL SUCCESS STORIES...

**Cautionary Statement Regarding Forward-Looking Statement**

This document contains statements about expected future events and financial and operating results of R Systems International Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in R Systems International Limited Annual Report 2018.

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# DELIVERING **DIGITAL SUCCESS STORIES...**



# THIS YEAR'S ANNUAL REPORT IS DEDICATED TO MANY SUCH SUCCESS STORIES, WHEREIN OUR ETHOS WAS ACTIVATED, THE PROBLEMS AND DIFFICULTIES WERE SOLVED AND THE WINNER WAS THE CUSTOMER.

Technology has been bringing paradigm changes in the business world. However, as the technology helps in resolving many age-old problems, at the same time, it brings in new challenges, most of which are unheard of, earlier by the businesses. R Systems has been a pioneer in digital solutions, helping the customers with some of the most acute issues and providing agile solutions, using cutting edge technology.

We have partnered with customers since past 26 years, to offer the state-of-the-art solutions to resolve the most difficult issues during the most pressing times and are proud to achieve excellent results. Success is the by-product, we receive when our customers overcome their business challenges using our digital solutions. We have practised, what we preach – Going all in where required, putting in that extra mile, just to strengthen our customer's operations, are some of the ethos we live with. And we have been rewarded with more than just revenues and profits – Great Relationships and Contagious Happiness!

Imagine, being stuck in a very testing situation. If there is

inaction / delay, you may face a big consequence. Life seems to be stuck in that particular scenario. However, some old mate appears from nowhere and provides his expertise to resolve the issue. You are sceptical at the outset. However, your mate is confident. You both team-up and work towards resolving the problem. Ultimately, the issue is resolved – to such an extent that bystanders feel whether such issue existed. Have you ever experienced such a miracle? Our customers have often witnessed similar situations. These were the moments, where we stepped in, partnered with the customers and resolved the issues. This year's Annual Report is dedicated to many such success stories, wherein our ethos was activated, the problems and difficulties were solved and the winner was the customer. R Systems invites our valued stakeholders in witnessing these success stories...

# FROM THE DESK OF THE MANAGING DIRECTOR

## Dear Fellow Shareholders,

It gives me immense pleasure to present the 2018 Annual Report of your company. In the year 2018, we witnessed R Systems' revenues grow by over 18.10% to Rs. 6,999 million (US \$102 million), against Rs. 5,926 million (US \$91 million) in 2017. Your company has once again crossed the USD 100 million revenue landmark during the year 2018 after a successful transformation into a digital enterprise from a product engineering company. We reported improved margin as EBITDA grew by 71% to 8.25% of revenue from 5.68% of revenue in the year 2017. The shareholder's funds and cash balance has also grown to Rs 3,229 million and Rs 1,998 million, respectively. We have a strong balance sheet to continue our digital investment for future growth.

Over the last two years, we have witnessed an interesting era whereby technology has touched every corner of our daily life. We utilize technology to learn, to communicate, to conduct business and to make life easier. This has mandated businesses to build strategies for their digital transformation to be relevant and meaningful. R Systems, has also transformed itself from a product engineering company to a niche player in the digital arena; navigating customers in their digital transformation journey. During 2018, R Systems generated

approx. 39% of its revenue from digital offerings.

We have been committed to our digital transformation endeavours by creating an ecosystem to support our customers in realizing the full benefits of digital transformation. This includes realigning various internal functions such as, sales, marketing, people practice, IT infrastructure and delivery by adapting breakthrough digital technologies like, Cloud, RPA, ML, AI, Analytics, etc. We have further strengthened and specialized our digital offering in key industry verticals, i.e. Telecom, Technology, Healthcare & Life Science, Finance & Insurance, Retail & e-commerce.

At R Systems, our most precious assets are our employees who have gone through a phenomenal transformation over the last few years by not only adapting digital technologies but have also created unmatched digital success stories. These success stories now represent our capability of satisfying our customer needs by delivering futuristic digital solutions and are a great collateral to nurture digital growth. Kudos to our great team for their willingness and commitment to spearhead digital transformation, our customers hold us to a high bar and we strive to raise that bar every day.

In 2018, we added 18 plus key customers out of which 4 have the potential to be USD \$ million plus accounts. We served 21 USD million plus accounts during 2018. We added 400 plus associates globally during 2018. We have also started a new USA facility in Milpitas, CA. And, a new entity in Switzerland to be closer to our customers in order to understand their fast changing business needs.

We have started the year 2019 on a further positive note by expanding our SEZ facility by adding 28,000 square feet to cater to a strong sales pipe line. We have also concluded an acquisition of Chicago-based, Innovizant LLC, which strengthens our digital competencies in data analytics and enhanced our marquee client base in the financial services sector. We continue to be guided by our mission to "Become an end-to-end digital transformation partner for our clients". I am confident that our proven digital competencies driven by new technologies and AI/Analytics will fuel our growth in the coming years.

As an organization, we continue to take responsibility for social wellness through our focused CSR efforts. We have continued to work closely in promoting education, welfare and sports, especially for girls, to spread happiness in the society. Our CSR philosophy remains, that happy

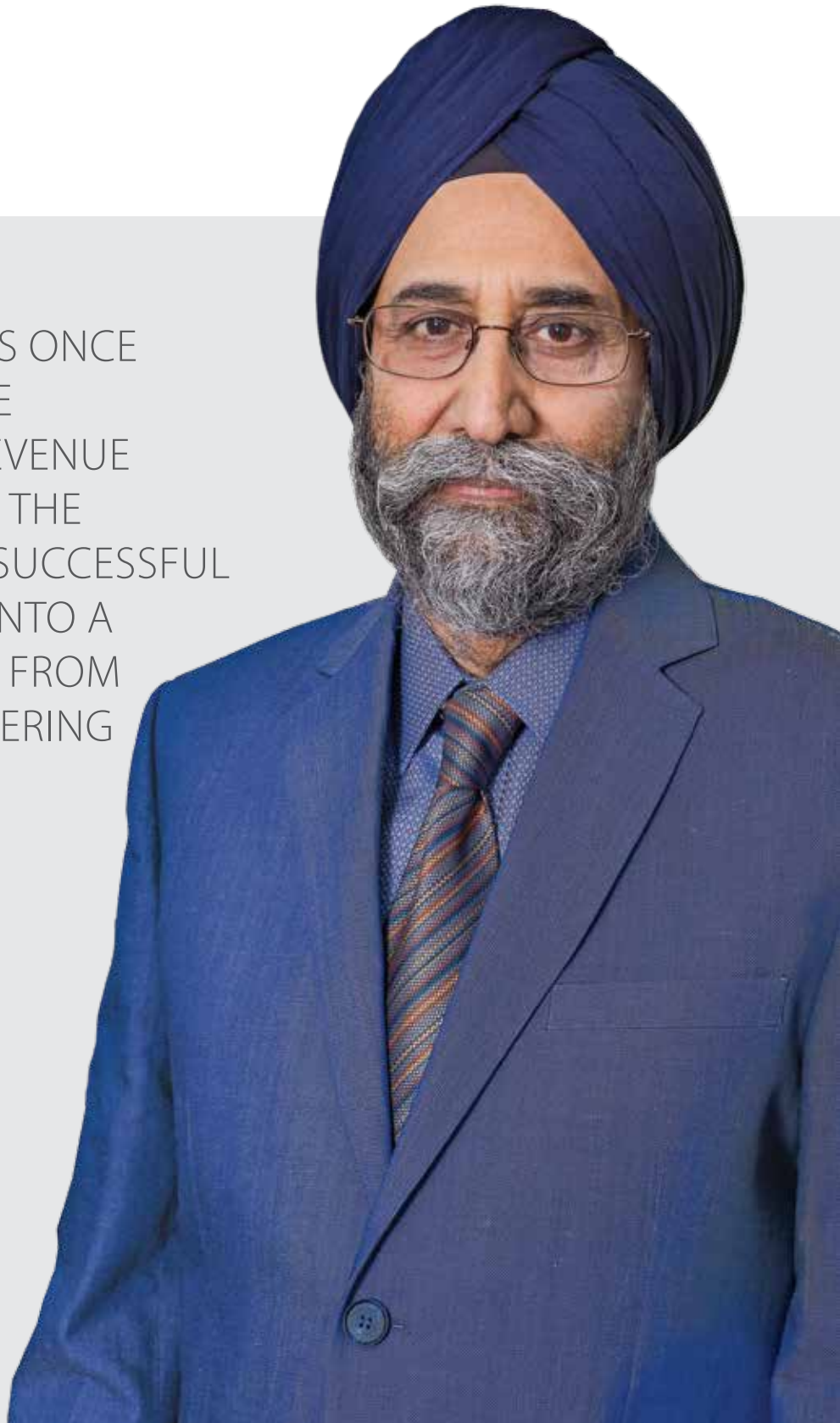
YOUR COMPANY HAS ONCE AGAIN  
CROSSED THE USD 100 MILLION REVENUE  
LANDMARK DURING THE YEAR 2018 AFTER A  
SUCCESSFUL TRANSFORMATION INTO A  
DIGITAL ENTERPRISE FROM A PRODUCT  
ENGINEERING COMPANY.

people are successful people, they become  
better citizens to productively serve their  
community.

As I conclude this message, once again, I  
thank you - Our Shareholders, Our Customers  
and Our Associates at R Systems across the  
globe for your continuing support, affection  
and for inspiring us to do our best. Let us all  
continue to keep up the good work to make  
R Systems a truly remarkable organization.

With Warm Regards,

**Satinder Singh Rekhi**



# FROM THE DESK OF **SARTAJ REKHI**

## Dear Shareholders,

First, I would like to congratulate the R Systems Team for another great year! Not only have we performed in numbers, but, we have also created a visible and long lasting impact through our digital transformation success stories. These success stories include:

- Enabling a leading USA gift card provider to digitally transform its in-house legacy enterprise applications to a cloud environment that provided a highly secured infrastructure along with reduced operation cost.
- In another interesting project, R Systems' interaction analytics platform Anagram helped a UK based manufacturer of household appliances to analyse trends, predicting future events, and monitoring results which enhanced their ROI with improved customer engagement.

It gives us enormous satisfaction when we see our customers realizing their digital transformation objectives and build into a referable customer pool.

During the year 2018, we have grown profitably and added 400 associates to R Systems' talent pool. All business units have enhanced their performance by yielding the benefits of digital investment over last few years. We are also committed to continue our investment in building digital competences across key industry verticals, i.e. Telecom, Technology, Healthcare & Life Science, Finance & Insurance, Retail & e-commerce. We have also partnered with leading technology companies, i.e. Microsoft, Infor, Salesforce, AWS, Automation Anywhere, JDA, QlikView, etc. to stay ahead of technology shifts. These technology partnerships help to deal with technology changes and increase agility.

To enhance our sales team productivity, we have strengthened our onsite sales team in the USA, Canada, and Europe so that they can work closely with customers to understand their digital transformation challenges. We also invested in equipping them with technology to enhance their reach and cultivate a top performing sales team.

Our recent acquisition of Innovizant LLC has further strengthened our digital practice with niche data analytics competencies. Also, the Innovizant facility in Chicago will be used as R System's Centre of Excellence (CoE) to strengthen our on-shore/near shore delivery capabilities to serve our US Central and East Coast clients.

We are on the right path in delivering successful digital stories, cultivating a motivated talent pool and to deliver more value to our Stakeholders in order to help R Systems become a stronger organization every day.

Best Regards,

**Sartaj Rekhi**



WE ARE ON THE RIGHT PATH IN DELIVERING SUCCESSFUL DIGITAL STORIES, CULTIVATING A MOTIVATED TALENT POOL AND TO DELIVER MORE VALUE TO OUR SHAREHOLDERS IN ORDER TO HELP R SYSTEMS BECOME A STRONGER ORGANIZATION EVERY DAY.





## INDUSTRY-LEADING CERTIFICATIONS

CMMI  
LEVEL 5

PCMM  
Level 5

ISO  
27001:2013

ISO  
9001:2015

PCI  
DSS

HIPAA  
Compliant

# KNOW YOUR COMPANY

R Systems is a global technology, AI/ Analytics services and knowledge services leader. We deliver AI-driven solutions to clients across industries, thus delivering on the promise of digital transformation. We have continued to empower enterprises with cutting edge technologies for 25+ years, with 16 delivery centres, 2700 plus tech-maestro and 25+ offices worldwide

### Narrative

Generate business value for our clients through technology, data/analytics and design.

### Mission Statement

Deliver the promise of digital transformation through services driven by new technologies and AI/Analytics.

### Vision

Become an end-to-end digital transformation partner for our clients.

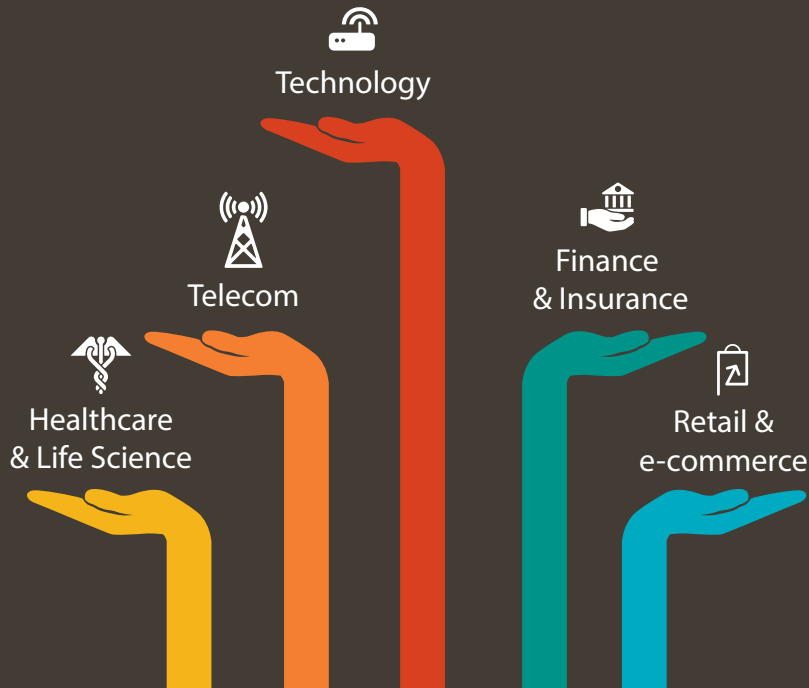
### Values

Put client success first, and focus on staying ahead of the curve with continuous R&D.



## OUR GLOBAL PRESENCE





**INDUSTRY VERTICALS SERVED**

**R SYSTEMS' DIFFERENTIATOR TO DELIVER SUCCESS STORIES**

**OUR COMPREHENSIVE PORTFOLIO OF SERVICES INCLUDES:**

Technology

- Product Engineering
- Cloud Enablement
- QA Testing
- Digital Platforms and Solutions

AI, Data & Analytics

- Advanced Analytics
- Machine Learning/AI
- Business Analytics
- Modern Data Management
- Data Monetization and Modernization
- Business Automation

Design

- UX Engineering
- Visual Design
- Experience Re-Engineering
- Mobile User Experience

Knowledge Services

- Revenue cycle management
- Back Office Service
- Technical support
- Customer care

# TECHNOLOGY



## SUCCESS STORIES



**Partnered with a leading provider of Association Management product for member-centric organizations for its digital transformation**

### **Solution:**

- Transformed digital value chain using predictive insights
- Digitally transforming a classic product, to a dynamic product, which provides digital agility to the organization
- Digitized channels and update business models to stay ahead of the competition by developing four generations of product versions

### **Benefits:**

- Cut down the cost of product upgrade cycle substantially by 80%
- 90% reduction in defects
- Improved insight, maximize engagement and Increased revenue
- 30K staff, daily use CRM application to manage constituent data and interactions

**A leading solution provider transforming unstructured organizational content into actionable intelligence engaged R Systems for its digital initiatives**

### **Solution:**

- Delivered Professional services in Enterprise Content Management (ECM) System
- Flexible platform with configurable workflows
- Content standardization to improve fulfilment of public service request
- Provided advance management capabilities

### **Benefits:**

- Large volume of digital preservation of content, from erstwhile unstructured data
- Improved performance to enable smooth file processing
- Reduced business processing costs by automating conversion workflows

# TELECOM



## SUCCESS STORIES



### A US-based Tier-1 telecom operator was looking for cloud migration

#### Solution:

- Delivered automated testing of operator applications in migration to cloud and 5G technology
- Provided fast, efficient and reliable validation of product changes in context of 5G and migration to cloud

#### Benefits:

- 40% deployment cost reduction with automated testing as compared to manual approach
- Short time to market – fast, efficient and reliable validation of product changes in the context of 5G and migration to cloud
- Provided coverage of telecom protocols and allowed simulation for most of telco application

### A leading IPTV operator optimized its Ad revenue using R Systems IPTV expertise with business analytics

#### Solution:

- Dynamic advertisement insertion for live streaming
- High quality seamless replacement of the TV advertisements dynamically achieved based on the subscribers demographic with the regional advertisement at proper splicing points
- Reporting of Ad Metrics such as advertisement viewership information to the operator which plays key role in business analytics

#### Benefits:

- Enables operator to broadcast local advertisements in different regions to maximize the advertisement impact on local population
- Significant business growth for the operator by generating additional revenues
- Highly scalable & quality product

# HEALTHCARE & LIFE SCIENCE



## SUCCESS STORIES



A UK based chain of hospitals offering complete range of healthcare services engaged R Systems to digitalize its practice management system for enhanced patient experience

### Solution:

- Seamlessly integrated diverse processes
- Delivered End-to-End CRM solution where all the facilities are maintained
- Re-engineered current architecture that includes an improved & intuitive end-user UI

### Benefits:

- Enhanced patient experience & operational efficiencies
- Improved accuracy, efficiency & quality of data recorded in EHR system
- Efficiency raised nearly up to 60%
- Cost reduction associated with maintenance of legacy system

A leading healthcare technology company, helping healthcare organizations reduce costs and improve health outcomes.

### Solution:

- Transitioned from paper-based practices to efficient and secure electronic practices
- Reengineered the application to make it more effective and optimized
- Standardized the claims process and automated tasks through electronic transactions
- Deployed extensible and scalable digital application

### Benefits:

- Increased accuracy of Medicaid claims payment and enabled efficient auditing
- Achieved 90 - 95% posting rate results where manual posting was reduced hence cost effective for the client
- Cutting the paperwork, errors and staff requirements of traditional claim submissions
- Reduced postage, supplies and mailing expenditures

# FINANCE & INSURANCE

 **SUCCESS STORIES**

**A leading provider of end-to-end services, solutions and financial industry has partnered with R Systems for its digital enablement**

**R Systems navigated a global financial institution providing a full suite of products and services in empowering digital banking.**

**Solution:**

- Developed mobile application to cater all types of transactions
- Tablet based application was developed to empower interaction with ATMs
- Enabled a seamless communication experience between the customer and the teller
- Developed a contactless card reader for NFC-based ATM withdrawals

**Benefits:**

- Seamless integration with next generation platform
- Improved efficiency and effectiveness
- Successful approval of the provided feature is 100%, with 95% code acceptance ratio
- Improved user experience
- Increased loyalty among customers

**Solution:**

- Implemented product engineering of core banking solutions
- Leveraged emerging technologies & intelligent automation to minimize risks and enhance security
- Enabled zero data entry on boarding
- Facilitated retail users to get on board quickly through a seamless and paperless manner

**Benefits:**

- Reduced operational costs and improved efficiency
- Real-time visibility into eligibility and availability of services
- Enhanced customer experience by eliminating duplicate efforts in reaching out to same customer
- Accessing customer data anytime & anywhere
- Optimized user journeys to gain actionable insights



# RETAIL & E-COMMERCE



## SUCCESS STORIES



**A UK based leading manufacturer of household appliances engaged R Systems to transform its call centre data into an actionable business decision**

**Solution:**

- Interaction analytics services to analyze trends, predicting future events, and monitoring results
- Deployed an AI-based Speechbot to automate product ordering calls
- Used advance analytical techniques like Big Data mining, Machine Learning & AI, etc.
- Empowered the client to generate ROI on their investment

**Benefits:**

- 90% of all order related calls were handled by the SpeechBot
- Offered real-time updates as Bot Works 24/7
- 6% Reduction in overall cost of order processing & associated administration
- 2x faster order status sharing
- 32% increase in business ROI
- 12% increase in customer engagement

**An Asian retail specialist focussing on growing market share of its accessible luxury lifestyle brands mandated R Systems (IBIZ Business Unit) to streamline and automate its operations**

**Solution:**

- Deployed Microsoft Dynamics NAV, hosted in the cloud, combined with Loyalty Plus and LS Retail modules
- Orchestrated management dashboard to improve business process visibility

**Benefits:**

- Streamlined operations, improves customer service and triples store outlets with new ERP Solution
- Facilitated rapid expansion, increased from 16 to 42 stores
- Matched staffing levels to maximize customer service
- Improved offers and customer loyalty program
- POS data integrated with HQ, in near real-time, has resulted in a more proactive culture

# OUR CLIENT'S **TESTIMONIALS**

## **A LEADING IPTV OPERATOR**

"AFTER THE RECENT DELIVERY, THE TARGETED ADVERTISING IN LIVE TV IS NOW BEING ROLLED-OUT. WITH THIS, WE UNLOCKS AN INVENTORY OF 1.4M SET-TOP BOXES THAT CAN BE "ADDRESSED" IN LIVE, PAUSE-LIVE, REPLAY AND START-OVER. THIS IS THE LARGEST AND MOST SOPHISTICATED DEPLOYMENT IN CONTINENTAL"

## **A LEADING PROVIDER OF END-TO-END SERVICES AND SOLUTIONS FOR BANKING AND FINANCIAL INDUSTRY**

"I VERY MUCH ENJOY THE RELATIONSHIP THAT WE HAVE WITH R SYSTEMS INTERNATIONAL. WE CONTINUE TO GET HIGHLY COMPETENT TEAM MEMBERS THAT CONTRIBUTE EFFECTIVELY TO OUR GOALS. I LOOK FORWARD TO THE WORK AHEAD"

## **A USA BASED PROVIDER OF DIGITAL SOLUTION FOR SMART SCHOOLS**

"I GOTTA SAY, THIS IS SERIOUSLY EPIC! SEEING THE FRAMEWORK FOR THIS STUFF IS MOUTHWATERING"

## **A US BASED TRADITIONAL FINANCIAL INSTITUTION**

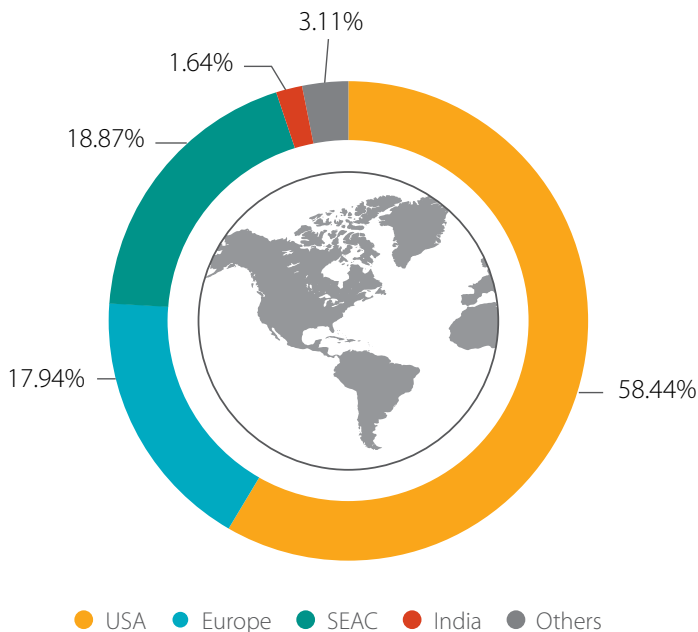
"I APPRECIATE THE RESPONSIVENESS OF THE TEAM, THE ATTENTION TO DETAIL AND THE COMMUNICATION. THESE ARE THE KEYS TO OUR ON-GOING SUCCESS AND PARTNERSHIP"

# FINANCIAL HIGHLIGHTS

## FINANCIAL HIGHLIGHTS (CONSOLIDATED)

<b>Revenue</b> \$ 102.47 mn. Year 2018 \$ 91.01 mn. Year 2017	<b>Digital Revenue</b> 39.06% Year 2018 36.74% Year 2017	<b>EBIDTA</b> 8.25% Year 2018 5.68% Year 2017
<b>Net Profit</b> \$ 7.48 mn. Year 2018 \$ 3.46 mn. Year 2017	<b>Shareholders Fund</b> \$ 46.28 mn. Year 2018 \$ 42.41 mn. Year 2017	<b>Cash Balance</b> \$ 28.64 mn. Year 2018 \$ 25.47 mn. Year 2017

### Revenue by Geography 2018



### Our Clients

170+ Active Clients	5 3+ million USD Clients
21 1+ million USD Clients	90% Repeat Business

### Global Reach

16 Development and Service Centres	25+ Offices Worldwide
3 Continents	2700+ Associates

# OUR DIGITAL **WORKFORCE**



# WE STRIVE TO CREATE A CAREER PATH WHICH INCLUDES THE PROFESSIONAL DEVELOPMENT AS WELL AS INTERPERSONAL SKILLS FOR THE EMPLOYEES.



Human Capital plays a pivotal role in the character of any company. We have a glorious history, with a core belief for values in our vision and tradition. We believe in appointing the right person for the right task.

We continuously strive to enhance employee satisfaction levels. We strongly feel providing our employees with professional development sessions and making them attend professional trainings, conferences and seminars, shall help to bring out the best in them. To enrich team building, we celebrate all the festivals. Celebrations create a very pleasant, positive and fun vibe in the office. A good time together makes everyone happy and joyful and goes a long way in team building efforts.

We have special team building events, as a part of our social gatherings. We have board games, night outs, breakfast and cake day celebrations, to instill team spirit among employees. Sporting events, such as RSI Cricket League and Indoor games like table tennis, chess and carom are other activities, which our Human Resources team organize for incorporating a work-life balance.

Quarterly awards like best buddy, best mentor, best internal trainer help in utilizing the true potential of employees. On the welfare front, we organize weekly general physician visits, free health check-up camps, Women's day celebrations, health talk & zumba sessions.

We are increasing the quality of our new joiners, with focus on efficiency. We are developing an e-learning strategy and policy, aligned with business development plans. We have digitalized the company's onboarding and orientation process with focus on specific steps for an effective integration of the new employees.

We provide meaningful recognition and reward to our employees, as this will inspire them to excel their performance. This brings a new zeal in the employees as their morale is high. We strive to create a career path which includes the professional development as well as interpersonal skills for the employees.

We firmly believe in keeping our human capital in high spirits, in order to rise to the desired levels of success, through persistence and perseverance.

# OUR COMMITMENT FOR A SUSTAINABLE FUTURE

Our Social Responsibility initiatives took off when our visionary MD – Mr. Satinder Singh Rekhi, started practising in the science of happiness. He believed in the fact that happy people are more successful. It would thus be worthwhile to invest in the future of the

country – teach them this science of happiness, to enable them to be happier and in turn more successful.

Our CSR activities are at the heart of our vision. We firmly believe that success is multiplied, when shared with others

and we are especially keen in sharing our success with the lesser privileged members of the society. We thus focus our efforts in making a meaningful difference in the lives of these beneficiaries – only then would our CSR activities would be truly meaningful.

## 2018 CSR Initiatives by R Systems

### Partner: Army Public School

- R Systems has partnered with Army Public School, and is providing continuous support in education and welfare of children from weaker sections.

### Partner: Prakash Padukone Badminton Academy

- R Systems has partnered with Prakash Padukone Badminton Academy to promote Badminton and support & encourage young aspirants to reach their full potential and perform at National & International levels.

### Partner: Raja Anand Sansthan

- R Systems has also associated with Raja Anand Sansthan, to educate people about the science of happiness and provide them with tools and techniques which would enable them to lead a balanced life.

### Partner: Missionaries of Charity, Jeevan Jyoti Home, Delhi

- Continuing the journey of working for the well-being of society, R Systems has supported socially isolated and economically deprived, crippled and homeless children in association with Missionaries of Charity, Jeevan Jyoti Home, Delhi.



### Partner: Various organizations in Europe

- Our European subsidiary, Computaris is also carrying various CSR programme viz. Donation for Children's Hospital Oncology, Donation for clothes and toys, Recycling Programme etc.



Mr. Satinder Singh Rekhi and Mrs. Harpreet Rekhi along with team members of Prakash Padukone Badminton Academy



A visit by R System's Team to Missionaries of Charity, Jeevan Jyoti Home, Delhi

# CORPORATE INFORMATION

## Board of Directors (As on May 02, 2019)

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

## Chief Financial Officer

Mr. Nand Sardana

## Company Secretary and Compliance Officer

Mr. Bhasker Dubey

## Committees of the Board of Directors

### Audit Committee

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

### Stakeholders Relationship Committee

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

### Nomination & Remuneration Committee

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

### Compensation Committee

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

### Corporate Social Responsibility Committee (CSR Committee)

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

## Registered Office

GF-1-A, 6, Devika Tower, Nehru  
Place, New Delhi-110019 (w.e.f. April 23, 2019)

## Corporate Office

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

## Statutory Auditors

M/s Deloitte Haskins & Sells LLP  
Chartered Accountants  
7<sup>th</sup> Floor, Building 10, Tower B  
DLF Cyber City Complex  
DLF City Phase II, Gurgaon

## Registrar & Share Transfer Agent

Link Intime India Private Limited  
Noble Heights, 1<sup>st</sup> Floor, Plot NH 2,  
C-1, Block LSC, Near Savitri, Market,  
Janakpuri, New Delhi – 110058

## Bankers to the Company

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

## Listed At

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

## Subsidiaries of R Systems International Limited

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

## Subsidiary of R Systems (Singapore) Pte Limited

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

## Subsidiary of R Systems, Inc.

8. Innovizant, LLC, USA

## Subsidiaries of IBIZ Consulting Pte. Ltd., Singapore

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

## Subsidiaries of ECnet Limited

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

## Subsidiaries of Computaris International Limited

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

## DIRECTORS' REPORT

### Dear Shareholders,

Your directors take great pleasure in presenting the Twenty Fifth Annual Report on the business and operations of R Systems International Limited ("R Systems" or the "Company") together with the audited financial statements of accounts for the year ended December 31, 2018.

### 1. Financial Results

The financial statements are prepared in accordance with Indian Accounting Standards ('Ind AS'). In accordance with the notification issued by Ministry Corporate Affairs, the Company has adopted Ind AS as notified under the Companies (India Accounting Standards) Rules, 2015. These are the Company's first Ind AS financial statement. The date of transition is January 01, 2017, accordingly, figures for the financial year 2017 has been restated in accordance with Ind AS.

#### a. Standalone financial results of R Systems

(Rs. in Millions)

Particulars	Financial Year ended	
	31.12.2018	31.12.2017
<b>Total Revenue</b>	<b>3,172.13</b>	<b>2,637.53</b>
Profit before depreciation, exceptional items and tax	478.45	416.23
Less : Depreciation and amortisation expense	73.01	73.74
<b>Profit before tax</b>	<b>405.44</b>	<b>342.49</b>
Less : Current tax	<b>99.35</b>	<b>133.41</b>
Less: MAT credit entitlement	-	(5.84)
Less : Deferred tax (credit) / expense	(4.05)	(13.16)
<b>Profit after tax</b>	<b>310.14</b>	<b>228.08</b>
Other comprehensive income	(0.50)	8.04
Total comprehensive income for the year	309.64	236.12
<b>Surplus in the statement of profit and loss</b>		
Balance as per last financial statement	1,900.20	1,672.12
Add: Profit for the current year	310.14	228.08
Less : Dividend paid	85.49	-
<b>Net surplus in statement of profit and loss</b>	<b>2,124.85</b>	<b>1,900.20</b>
EPS-Basic	2.52	1.85

#### b. Consolidated financial results of R Systems and its Subsidiaries

(Rs. in Millions)

Particulars	Financial Year ended	
	31.12.2018	31.12.2017
<b>Total Revenue</b>	<b>6,998.89</b>	<b>5,926.38</b>
Profit before depreciation, exceptional items and tax	762.30	488.24
Less : Depreciation and amortisation expense	135.48	134.80
<b>Profit before tax</b>	<b>626.82</b>	<b>353.44</b>
Less : Current tax	124.22	149.89
Less: MAT credit entitlement	-	(5.84)
Less : Deferred tax (credit) / expense	(7.85)	(15.95)
<b>Profit after tax</b>	<b>510.45</b>	<b>225.34</b>
Other comprehensive income	93.55	(6.40)
Total comprehensive income for the year	604.00	218.94
<b>Surplus in the statement of profit and loss</b>		
Balance as per last financial statement	2,007.25	1,781.91
Add: Profit for the current year	510.45	225.34
Less : Dividend paid	85.49	-
<b>Net surplus in statement of profit and loss</b>	<b>2,432.21</b>	<b>2,007.25</b>
EPS-Basic	4.14	1.83



## 2. Results of Operations

### Standalone Accounts

- Total income during the year 2018 was Rs. 3,172.13 mn. as compared to Rs. 2,637.53 mn. during the year 2017, an increase of 21.27%.
- Profit after tax was Rs. 310.14 mn. during the year 2018 as compared to Rs. 228.08 mn. during 2017, an increase of 35.98%.
- Basic earnings per share (of face value of Re. 1/- each) was Rs. 2.52 for the year 2018 as compared to Rs. 1.85 for the year 2017, an increase of 35.92%.

### Consolidated Accounts

- Consolidated total income during the year 2018 was Rs. 6,998.89 mn. as compared to Rs. 5,926.38 mn. during the year 2017, an increase of 18.10%.
- Profit after tax was Rs. 510.45 mn. during the year 2018 as compared to Rs. 225.34 mn. during 2017, an increase of 126.52%.
- Basic earnings per share (of face value of Re. 1/- each) was Rs. 4.14 for the year 2018 as compared to Rs. 1.83 for the year 2017, an increase of 126.43%.

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

## 3. Appropriations and Reserves

### Dividend

The members may also note that during the year 2018, the Board of Directors had declared an interim dividend of Re. 0.60 per equity share of Re. 1/- each i.e. 60% at its meeting held on May 04, 2018. The said Dividend was paid to shareholders on June 01, 2018. The Board of Directors (the "Board") has not recommended any final dividend for the financial year ended December 31, 2018.

The register of members and share transfer books shall remain closed from May 24, 2019 to May 28, 2019 both days inclusive.

### Transfer to Reserves

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

## 4. Business

R Systems is a global technology, AI/ Analytics services and knowledge services leader. We deliver AI-driven solutions

to clients across industries, thus delivering on the promise of digital transformation. Our technology offerings include product engineering, cloud enablement, QA testing and digital platforms and solutions. This includes solution offerings i.e. Microsoft , Infor, JDA and QlikView etc. through our IBIZ and ECnet subsidiaries in South East Asia. AI/ Analytics services include advanced analytics, machine learning / artificial intelligence, business analytics and automation. R Systems' design services include UX engineering, visual design and mobile user experience. Our knowledge service offerings cover revenue cycle management, back office service, technical support and customer care using multi-lingual capabilities and global delivery platform.

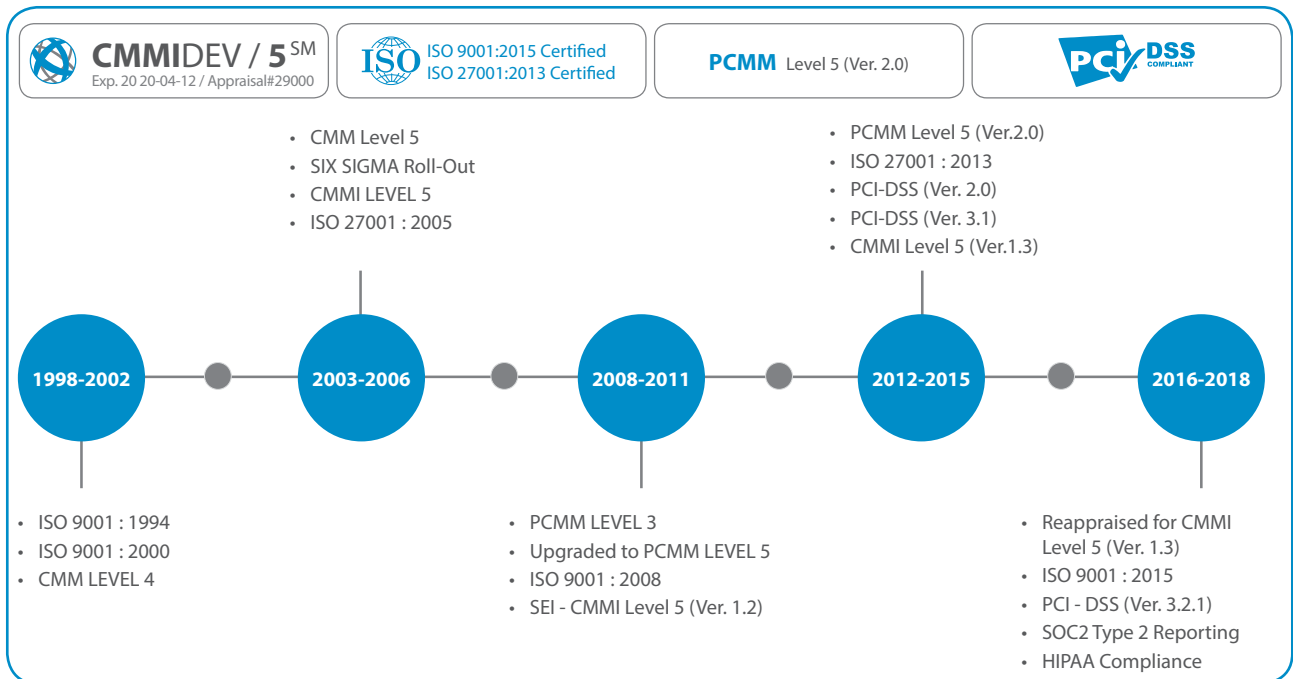
R Systems rapidly growing customer list includes a variety of Fortune 1000, government and mid-sized organizations across a wide range of industry verticals including Telecom, Technology, Healthcare & Life Science, Finance & Insurance and Retail & e-commerce and has served twenty one million dollar plus customer during the year 2018. R Systems maintains sixteen development and service centres to serve customers in USA, Europe and the Far East.

There were no changes in the nature of the Company's business and generally in the classes of business in which the Company has an interest and in the business carried on by the subsidiaries during the year under review. For details of Company's subsidiaries please refer note number 15 relating to subsidiaries.

During the year under review, on November 20, 2018, the Company has received approval from Department of Commerce, Ministry of Commerce & Industry, Government of India for expansion of existing 'Special Economic Zone' (SEZ) facility located at Greater Noida West (NCR) by addition of approx. 28,105 sq. ft. located at Greater Noida West (NCR).

## 5. Quality


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



During the year 2018, The IT & BPO Division has been re-certified with ISO 27001:2013 standard.

In Addition, for BPO division, R Systems has got SOC2 Type 2 Reporting for one of the major healthcare clients. HIPAA also has been implemented and tested with zero non-compliance in one of the major clients in Healthcare Domain. The BPO division has migrated their QMS into ISO 9001:2015 version from the existing ISO 9001:2008 version. Apart from that, R Systems IT Infrastructure along with the projects/process/applications in scope has got PCI DSS Certification on latest version V3.2.1.

As of the date of this report, Noida IT center is CMMI level 5 (Ver.1.3), PCMM Level 5, ISO 9001:2015, ISO 27001:2013 certified. Noida BPO center is PCMM Level 5, ISO 27001:2013 certified and also for specific client(s) it is SOC2 Type 2, HIPAA compliant and PCI-DSS (ver.3.2.1) certified for (IT Infrastructure along with the projects/process/applications in scope).

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

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

## 6. Directors & Key Managerial Personnels (KMP)

Mr. Avirag Jain was appointed as Whole-time Director (Designated as Director and Chief Technology Officer) of the Company for a period of three years commencing from August 03, 2017 at the 24<sup>th</sup> Annual General Meeting of the Company held on May 25, 2018.

Pursuant to the provisions of Section 152 of the Companies Act, 2013 ("Act") read with Articles of Association of the Company, Mr. Avirag Jain, Director and Chief Technology Officer, is liable to retire by rotation at the ensuing Annual General Meeting (AGM) and being eligible offers himself for re-appointment.

The brief profile of Mr. Avirag Jain proposed to be re-appointed forms part of the Corporate Governance Report and Notice for convening the AGM.

During the year under review, the Board of Directors appointed Mr. Bhasker Dubey as Company Secretary & Compliance Officer w.e.f. February 10, 2018 upon resignation of Mr. Ashish Thakur.

Further, on December 19, 2018, shareholders approval was accorded for re-appointment of Mr. Satinder Singh Rekhi as Managing Director for a period of 5 years w.e.f. January 01, 2019.

None of the directors of the Company is disqualified as per the provisions of Section 164(2) of the Act. The Directors of R Systems have made necessary disclosures, as required under various provisions of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Hereinafter referred as "Listing Regulations").

As required under Section 149 of the Companies Act, 2013 and Listing Regulations, all the Independent Directors, have submitted the declarations that they meet the criteria of independence as laid down therein.

#### 7. Employees Stock Option Plans / Schemes

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

- R Systems International Ltd. Employees Stock Option Plan Year 2001 (Formerly known as Indus Software Employees Stock Option Plan - Year 2001): Initially formulated for the employees of Indus Software Private Limited which got amalgamated with R Systems and the plan continued as per the scheme of amalgamation approved by the Hon'ble High Courts of Delhi and Mumbai. As on December 31, 2018, no stock options are in force under this plan.
- R Systems International Limited Employee Stock Option Scheme 2007: For the employees of R Systems and its subsidiaries. As on December 31, 2018, there are 75,000 stock options in force under this plan.

The aforesaid plans are in compliance with SEBI (Share Based Employee Benefits) Regulations, 2014 ("Employee Benefit Regulations") and there has been no material changes to these Plans during the Financial Year 2018. The summary information of aforesaid Employee Stock Option Plans/ Schemes of the Company is provided under Notes to Accounts of Standalone Financial Statements of this Annual Report. Refer to Notes to accounts of the Standalone Financial Statements of this Annual Report for details on accounting policy. Disclosure as required under Employee Benefits Regulations read with SEBI circular no. CIR/CFD/POLICYCELL/2/2015 dated June 16, 2015

are available on the Company's website: <https://www.rsystems.com/investors-info/annual-reports/>.

No employee was granted options under the aforesaid Plans/ Schemes, during the year, equal to or exceeding 1% of the issued capital.

#### 8. Liquidity and Borrowings - Consolidated Financial Statement

The consolidated cash and cash equivalent as at December 31, 2018 were Rs. 841.17 mn. as against Rs. 929.02 mn. as on December 31, 2017. Net cash generated from operating activities were Rs. 311.22 mn. for the year ended December 31, 2018 compared to Rs. 365.24 mn. for the year ended December 31, 2017. Cash used in investing activities were Rs. 350.45 mn. for the year ended December 31, 2018 and comprised of Investment in long term deposit with bank Rs. 293.84 mn. (net), purchase of fixed assets of Rs. 165.87 mn. and Investment in liquid mutual fund Rs. 140 mn. as offset by proceeds from redemption of debenture Rs. 175.12 mn., interest income Rs. 64.62 mn., rental income from investment property Rs. 6.56 mn. and sale of fixed assets Rs. 2.96 mn. Cash used in financing activities were Rs. 87.86 mn. for the year ended December 31, 2018 and mainly consist of Rs. 85.49 mn. on account of payment of dividend (including CDT) (net).

R Systems' policy is to maintain sufficient liquidity to fund the anticipated capital expenditures, operational expenses and investments for strategic initiatives.

R Systems has a credit facility from the Axis Bank Limited amounting to Rs. 380 mn. (including non-fund based credit limit of Rs. 180 mn. for currency derivatives). As at December 31, 2018, the total credit balance was nil under fund based line of credit. Loan payable as at December 31, 2018 comprises of loan for motor vehicles purchased amounting to Rs. 9.36 mn. and finance lease obligation of Rs. 10.61 mn. for SEZ premises.

#### 9. Changes in the Capital Structure

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

At the beginning of the financial year ended December 31, 2018, the share capital structure of the Company was as follows:

Particulars	Equity Shares of Re. 1/- each
Authorised Share Capital	200,000,000
Issued, Subscribed and Paid up share Capital	123,952,925

During the year under review, the Company had issued 37,500 equity shares of Re. 1/- each pursuant to exercise of employees stock options granted under the R Systems International Limited Employees Stock Option Scheme - 2007. Consequent to the said allotment the issued and paid up share capital of the Company was enhanced to Rs. 123,990,425/- divided into 123,990,425 equity shares of face value of Re. 1/- each.

Further, pursuant to the Scheme of Amalgamation between GM Solutions Private Limited (“GM Solutions”) and R Systems International Limited (“Company”) as approved by the Hon’ble National Company Law Tribunal (“NCLT”) vide order dated December 07, 2018, the following changes took place in the share capital of the Company:

1. Authorised Share Capital of the Company was enhanced with the Authorised Capital of GM Solutions i.e. by Rs. 6,000,000/- (Rupees Sixty Lakhs only).
2. The Company has allotted 29,746,353 equity shares of Re. 1/- each on December 21, 2018 to the shareholders of GM Solutions in proportion to their respective shareholding in GM Solutions and cancelled/ extinguished 29,746,353 equity shares of Re. 1/- each of the Company as held by GM Solutions upon aforesaid allotment.

Therefore, as on December 31, 2018, the share capital structure of the Company is as follows:

Particulars	Equity Shares of Re. 1/- each
Authorised Share Capital	206,000,000
Issued, Subscribed and Paid up Share Capital	123,990,425

During the financial year ended December 31, 2018, the Company has not issued any shares with differential voting rights or any sweat equity shares. Therefore, disclosure pursuant to Section 43(a)(ii) & Section 54(1)(d) of the Act are not applicable. Further, no disclosure is required under Section 67 (3) (c) of the Act, in respect of voting rights not exercised directly by employees of the Company as the provisions of the said section are not applicable.

#### 10. Scheme of Amalgamations and Arrangements

- a. During the year under review, the Company has received the order of the Hon’ble National Company Law Tribunal (“NCLT”) dated December 07, 2018 approving the Scheme of Amalgamation between GM Solutions Private Limited and R Systems International Limited and their respective Shareholders and Creditors. The appointed date of the scheme was January 01, 2018. The said order was filed with the Registrar of Companies, NCT of Delhi & Haryana on December 21, 2018.
- b. Subsequent to the year ended December 31, 2018, the Company has withdrawn the Scheme of Arrangement for re-organization and reduction of equity share capital of the Company under Section 230 of the Act between R Systems International Limited and its Shareholders and Creditors and the Hon’ble National Company Law Tribunal, New Delhi has allowed the Company to withdraw the Scheme vide order dated January 03, 2019;

#### 11. Buyback

Subsequent to the year ended December 31, 2018, the Board of Directors of the Company at its meeting held on

January 15, 2019 approved the Buyback of up to 3,690,000 (Thirty Six Lakhs Ninety Thousand) fully paid-up equity shares of face value of Re. 1/- each (“Equity shares”), representing 2.98% of the total paid-up equity share capital of the Company, from all the equity shareholders of the Company as on the record date i.e. Friday, February 01, 2019, on a proportionate basis, through the “tender offer” route, at a price of Rs. 65/- (Rupees Sixty Five only) per equity share for an aggregate amount of up to Rs. 239,850,000 (Rupees Twenty Three Crores Ninety Eight Lakhs Fifty Thousand Only).

The Corporate Action for extinguishment of aforesaid 3,690,000 equity shares has been completed on April 15, 2019.

#### 12. Registered Office

Subsequent to the year ended December 31, 2018, the registered office of the Company has been sifted from B 104A, Greater Kailash, Part-I, New Delhi-110048 to GF-1-A, 6, Devika Tower, Nehru Place, New Delhi-110019 on April 23, 2019.

#### 13. Material changes affecting the financial position of the Company

Except as detailed elsewhere in this report, there was no other significant event subsequent to the balance sheet date till the date of this report which would materially affect the financial position of the Company.

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

The particulars as prescribed under Section 134 (1) (m) of the Companies Act, 2013, read with rule 8 of Companies (Accounts) Rules, 2014 for the year ended December 31, 2018 are as follows:

##### A. Conservation of Energy

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

R Systems constantly evaluates new technologies and makes appropriate investments to be energy efficient.

During the year ended December 31, 2018, R Systems adopted various energy conservation options / technologies and took measures to reduce energy consumption by using energy efficient equipment and devices, replacing existing CFL fittings with LEDs fittings to reduce power consumption, timely preventive maintenance of all major and minor equipment. The air is conditioned with energy efficient compressors for central air conditioning and with split air conditioning for localized areas.

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

cost, therefore, the financial impact of these measures is not material.

#### B. Technology absorption

##### 1. Efforts made towards technology absorption

The Company has established center of excellence in specific digital technologies like Cloud, Analytics, RPA etc. to strengthen competencies and enhance offerings across focused verticals i.e. Technology, Telecom, Healthcare & Life Science, Banking & Insurance and Retail & e-commerce.

##### 2. Benefits derived as a result of the above efforts

Our investment in digital technologies is helping us to enhance market reach and support our revenue growth.

##### 3. Technology imported during the last 3 years

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

##### 4. Expenditure incurred on Research and development

Driven by our core value of innovation, we believe that innovation is not just a practice but an essential component embedded within R Systems organizational DNA. We are now operating in a digital world. Digital transformation is one of our core areas where we partner with businesses to make them competitive and successful in today's hyper-changing environment. Over the year ended December 31, 2018, your Company has invested in research and development in the area of digital technologies like Cloud, Analytics, RPA etc. in addition to strengthening and up-grading proprietary solutions and frameworks.

#### C. Foreign Exchange Earnings and Outgo (Accrual Basis)

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

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

(Rs. in Millions)

S. No.	Particulars	Financial Year ended	
		31.12.2018	31.12.2017
(a)	Earnings (Accrual Basis)	3,104.51	2,586.04
(b)	Expenditure (Accrual Basis)	456.94	343.98
(c)	CIF value of imports	54.65	26.68

#### 15. Subsidiaries

As on December 31, 2018, R Systems has twenty five subsidiaries. The name and country of incorporation of those subsidiaries are as follows:

S. No.	Name of the Subsidiaries	Country of Incorporation
1.	R Systems (Singapore) Pte. Ltd	Singapore
2.	R Systems, Inc.	U.S.A.
3.	R Systems Technologies Ltd. (Formerly known as Indus Software, Inc.)	U.S.A.
4.	RSYS Technologies Limited (Formerly Systèmes R. International Ltée)	Canada
5.	Computaris International Limited	U.K.
6.	ECnet Limited	Singapore
7.	ECnet (M) Sdn. Bhd.#	Malaysia
8.	ECnet, Inc.# <sup>5</sup>	U.S.A.
9.	ECnet (Hong Kong) Limited#	Hong Kong
10.	ECnet Systems (Thailand) Co. Ltd.#	Thailand
11.	ECnet Kabushiki Kaisha#	Japan
12.	ECnet (Shanghai) Co. Ltd.#	People's Republic of China
13.	ICS Computaris International Srl <sup>@</sup>	Moldova
14.	Computaris Malaysia Sdn. Bhd. <sup>@</sup>	Malaysia
15.	Computaris Polska sp zo.o. <sup>@</sup>	Poland
16.	Computaris Romania SRL <sup>@</sup>	Romania
17.	Computaris Philippines Pte. Ltd. Inc. <sup>@</sup>	Philippines
18.	Computaris Suisse Sarl <sup>@</sup>	Switzerland
19.	IBIZ Consulting Pte. Ltd. (Formerly known as IBIZCS Group Pte. Ltd.) <sup>*</sup>	Singapore
20.	IBIZ Consulting Services Pte Ltd. <sup>^</sup>	Singapore
21.	IBIZ Consulting Services Sdn. Bhd. <sup>^</sup>	Malaysia
22.	PT. IBIZCS Indonesia <sup>^</sup>	Indonesia
23.	IBIZ Consultancy Services India Private Limited <sup>^</sup>	India
24.	IBIZ Consulting Services Limited <sup>^</sup>	Hong Kong
25.	IBIZ Consulting Services (Shanghai) Co. Ltd. <sup>%</sup>	People's Republic of China

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

@ Wholly-owned subsidiaries of Computaris International Limited being 100% subsidiary of R Systems.

\* Wholly-owned subsidiary of R Systems (Singapore) Pte Limited being 100% subsidiary of R Systems.

- ^ Wholly-owned subsidiaries of IBIZ Consulting Pte. Ltd. (Formerly known as IBIZCS Group Pte. Ltd.) being 100% subsidiary of R Systems (Singapore) Pte Limited being 100% subsidiary of R Systems.
- % Wholly-owned subsidiary of IBIZ Consulting Services Limited - Hong Kong being 100% Subsidiary of IBIZ Consulting Pte. Ltd.
- \$ Liquidated w.e.f. January 28, 2019.

During the year ended December 31, 2018, the Company has invested CAD 1,000,000 (Canadian Dollar One Million only) in R SYS Technologies Limited towards equity contribution. Computaris Suisse Sarl, Switzerland, wholly-owned subsidiary of Computaris International Limited, was incorporated on April 27, 2018. Computaris USA Inc., U.S.A., wholly-owned subsidiary of Computaris International Limited, was liquidated on October 22, 2018.

Subsequent to the financial year ended December 31, 2018, R Systems Inc., USA, wholly-owned subsidiary of the Company, acquired, 100% interest in Innovizant LLC, a Chicago (USA) w.e.f. January 01, 2019.

Further, Subsequent to the year ended, ECnet Inc., USA, wholly-owned subsidiary of the ECnet Ltd., was dissolved w.e.f. January 28, 2019.

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

During the year under review, no other corporate restructuring activity except as stated in this report was done by the Company.

The Board of Directors of the Company regularly reviews the affairs of these subsidiaries. Policy for determining material subsidiaries of the Company is available on the website of the Company at <https://www.rsystems.com/investors-info/corporate-governance/>. As per the Listing Regulations, the Company has two unlisted material subsidiary namely, R Systems, Inc., U.S.A. and Computaris International Limited, U.S.A.

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

Further, the audited annual accounts and related detailed information of our subsidiaries, where applicable, will be made available to shareholders seeking such information at any point of time. The annual accounts of the subsidiary companies will also be available for inspection by any shareholder at Registered Office of R Systems i.e. GF-1-A, 6, Devika Tower, Nehru Place, New Delhi-110019 and Corporate Office of R Systems i.e. C-40, Sector 59, Noida (U.P.) – 201307 and Registered Offices

of the subsidiary companies concerned during business hours. The same will also be hosted on R Systems' website i.e. [www.rsystems.com](http://www.rsystems.com).

## 16. Particulars of employees

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

## 17. Directors' responsibility statement

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

- 1) In the preparation of the annual accounts for the financial year ended December 31, 2018, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- 2) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended December 31, 2018 and of the profit and loss of the Company for that period;
- 3) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- 4) the directors had prepared the annual accounts for the financial year ended December 31, 2018 on a going concern basis;
- 5) the directors, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- 6) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## 18. Auditors

M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, [Firm's Registration No. 117366W/ W-100018], were appointed as the Statutory Auditors of your Company in the Annual General Meeting held on May 15, 2017 for a term of five years until the conclusion of the 28<sup>th</sup> AGM of the Company to be held in the year 2022. The Ministry of Corporate Affairs vide notification dated May 07, 2018 has obliterated the requirement of seeking Members' ratification at every AGM on appointment of statutory auditors during their tenure of five years. M/s. Deloitte Haskins

& Sells LLP have confirmed that they are not disqualified from continuing as Auditors of the Company.

Further, the auditors' report and Financial Statements being self-explanatory, do not call for any further comments by the Board of Directors as there are no qualifications, reservation or adverse remark or disclaimer. During the year 2018, the Auditors has not reported any matter under Section 143(12) of the Act.

#### 19. Audit committee

R Systems has a qualified and independent Audit Committee. During the year under review, there was no change in the composition of Audit Committee.

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

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

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

#### 20. Prevention and prohibition of sexual harassment of women at work place

At R Systems, it is our desire to promote a healthy and congenial working environment irrespective of gender, caste, creed or social class of the employees. We value every individual and are committed to protect the dignity and respect of every individual. The Company has always endeavored for providing a better and safe environment free of sexual harassment at all its work places. Consequent to the enactment of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules made thereunder, the Management of R Systems International Limited has constituted an Internal Complaints Committee (ICC) to deal with any complaints or issues that may arise, in the nature of sexual harassment of women employees. The Company has also prepared and implemented Policy for Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace. During the year ended December 31, 2018, there was 1 (one) case reported to ICC of sexual harassment, which was dully investigated and resolved by the ICC.

#### 21. Corporate Governance

As required under Listing Regulations, the detailed report on corporate governance is given as **Annexure C** to this report and the certificate obtained from a Practising Company Secretary regarding compliance of the conditions of corporate governance as stipulated in the said clause is annexed as **Annexure D** to this report.

#### 22. Deposits

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

#### 23. Customer relations

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

#### 24. Stakeholder's relations

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

#### 25. Management discussion and analysis report

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

#### 26. Secretarial Report and Compliance with the Secretarial Standards

M/s. Chandrasekaran Associates, Company Secretaries, has been appointed by the Board of Directors of the Company to carry out the Secretarial Audit under the provision of Section 204 of the Act for the financial year ended December 31, 2018. The Secretarial Audit report for financial year ended on December 31, 2018 is enclosed as **Annexure F**.

Further, the Secretarial auditors' report being self-explanatory, does not call for any further comments by the Board of Directors as there are no qualifications, reservation or adverse remark or disclaimer made in the audit report for the financial year ended December 31, 2018.

During the year 2018, the Company has complied with the applicable Secretarial Standards issued by the Institute of Companies Secretaries of India.

### 27. Maintenance of Cost Records

The Company is not required to maintain Cost records under Section 148(1) of the Act.

### 28. Vigil Mechanism / Whistle Blower Policy

In order to provide a mechanism to employees of the Company to disclose any unethical and improper practices or any other alleged wrongful conduct in the Company and to prohibit managerial personnel from taking any adverse action against those employees, the Company has laid down a Vigil Mechanism also known as Whistle Blower Policy to deal with instance of fraud and mismanagement, if any. The details of the Vigil Mechanism or Whistle Blower Policy is explained in the Corporate Governance Report and also posted on the website of the Company.

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

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

### 30. Meetings of the Board

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

### 31. Board Evaluation

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

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

During the year ended December 31, 2018, the Company has invested CAD 1,000,000 (Canadian Dollar One Million only) in RSYS Technologies Limited by way of acquisition of additional shares.

Details of loan, guarantees and investments covered under section 186 of the Companies Act, 2013 forms part of the notes to accounts of the financial statements.

### 33. Related Party Disclosure

All the Related Party Transactions entered during the year were in the ordinary course of business and on arm's length basis.

There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict of interest with the company at large. All the related party transactions are presented to the Audit Committee and the Board. Omnibus approval is obtained for the transactions which are foreseen and repetitive in nature. A statement of all related party transactions is presented before the Audit Committee on quarterly basis, specifying the terms & conditions of the transactions. The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website at the weblink as mentioned in the Corporate Governance Report. Details of particulars of contracts or arrangements with related parties referred to in sub-section (1) of Section 188 of the Act in form AOC-2 has been enclosed herewith as **Annexure G**.

### 34. Risk Management

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

### 35. Corporate Social Responsibility

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

During the year under review, there was no change in the composition of CSR Committee.

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

### 36. Extract of Annual Return

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

### 37. Internal Control System and Internal Financial Controls

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The Internal Auditors and the management monitors and evaluates the efficacy and adequacy of the internal control system in the Company, its compliance with operating, accounting procedures and policies at all locations of the Company. Audit observations of Internal Auditors and corrective actions



thereon are presented to the Audit Committee of the Board. To maintain its objectivity and independence, the Internal Auditor reports to the Audit Committee.

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

M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, the statutory auditors of the Company, has audited the financial statements included in this annual report and have issued unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

### 38. Significant and Material Orders Passed by the Regulators or Courts

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

### 39. Acknowledgments

Your directors once again take this opportunity to thank the employees, investors, clients, vendors, banks, business

associates, regulatory authorities including stock exchanges, Software Technology Park of India, Department of Commerce, the Central Government, State Government of Delhi, Uttar Pradesh, Tamil Nadu for the business support, valuable assistance and co-operation continuously extended to R Systems. Your directors gratefully acknowledge the trust and confidence and look forward for their continued support in the future.

On behalf of the Board  
For R Systems International Limited

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

Place : Singapore  
Date : May 02, 2019

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

Place : NOIDA (U.P.)  
Date : May 02, 2019

Annexure 'A' to the Directors' Report

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

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

Sr. No.	Name of the Director	Category	Ratio of the remuneration to the median remuneration of the employees
1.	Mr. Satinder Singh Rekhi	Executive Director	48.61
2.	Lt. Gen. Baldev Singh (Retd.)	Executive Director	9.17
3.	Mr. Avirag Jain	Executive Director	9.29
4.	Mrs. Ruchica Gupta	Non-Executive Independent Director	N.A.
5.	Mr. Kapil Dhameja	Non-Executive Independent Director	N.A.
6.	Mr. Aditya Wadhwa	Non-Executive Independent Director	N.A.

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

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

Sr. No.	Name of the Director/CFO/CS/Manager	Category	% increase in remuneration in the financial year
1.	Mr. Satinder Singh Rekhi	Executive Director	17.43
2.	Lt. Gen. Baldev Singh (Retd.)	Executive Director	13.11
3.	Mr. Avirag Jain	Executive Director	12.94
4.	Mrs. Ruchica Gupta	Non-Executive Independent Director	N.A.
5.	Mr. Kapil Dhameja	Non-Executive Independent Director	N.A.
6.	Mr. Aditya Wadhwa	Non-Executive Independent Director	N.A.
7.	Mr. Nand Sardana	Chief Financial Officer	6.08
8.	Mr. Ashish Thakur (ceased w.e.f. Feb 10, 2018)	Company Secretary & Compliance Officer	N.A.
9.	Mr. Bhasker Dubey (appointed w.e.f. Feb. 10, 2018)	Company Secretary & Compliance Officer	N.A.

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

The percentage increase in the median remuneration of the employees in the financial year was 2.18%.

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

Number of permanent employees on the rolls of R Systems International Limited as at December 31, 2018 was 1,985.

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

Average increase in remuneration for employees is 8%-10% (approx.). The average increase in overall managerial remuneration is 16.18%.

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

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

On behalf of the Board  
For R Systems International Limited

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

Place : Singapore  
Date : May 02, 2019

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

Place : NOIDA (U.P.)  
Date : May 02, 2019

## Annexure 'B' to the Directors' Report

**Information as per 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Directors' Report for the year ended December 31, 2018****Name of the Top 10 employees employed by the Company during the year in terms of remuneration drawn by them****A. Employed throughout the year**

S. No	Name	Designation / nature of duties	Qualification	Age (Years)	Date of Joining	Experience (Years)	Gross Remuneration (Rs.)	Previous employment & designation
1	Ashok Bhatia	Vice President - Client Operations	B.Sc, PGDMM and Certified Project Manager (SAPM) from Stanford University, USA	52	December 11, 2000	27	16,628,504	ACT Inc., Vice President - Marketing
2	Damian Clinton	Sr. Sales Director®	MBA MSITS and BA Economics	55	August 21, 2017	25	10,875,706	Director Sierraspen, Director Bleum
3	Harsh Verma	Vice President (Global Innovative Research) & Head, Mobility Solutions	BE (Hons) in Electrical & Electronics Engineering, MS PHD in Computer Science from BITS, Pilani, Executive Mgmt Prog from IIM, Ahmedabad, Post-Doctoral Res Prog, UC Berkeley.	59	February 19, 2007	34	9,409,638	Gloco, Inc., Vice President, R&D
4	Jefferey A Johnstone	Director-Client Services®	BA – Applied Mathematics, MBA – Marketing Management	56	April 29, 2016	26	13,163,740	TechExcel Inc, Sr. Director of Sales
5	Khosrow Hassibi	Chief Data Scientist	PhD, ECS (Electrical & Computer Science) UCLA Executive Program, UCLA Anderson School of Management	57	March 01, 2017	26	14,686,789	Altice Senior Principal, Head of Data Science
6	Mandeep Singh Sodhi <sup>s</sup>	Vice President - Sales	Bachelors degree in Electronics Engineering from Marathwada University and MBA from University of California, Davis	51	May 14, 1993	26	45,158,708	Sark Synertek Senior Marketing Engineer
7	Satinder Singh Rekhi	Managing Director	Bachelor of Technology from IIT, Kharagpur; MBA California State University, Sacramento; Senior Management programs from University of Berkeley and Harvard Business School	68	May 14, 1993	36	39,737,573	Digital Information Systems Corporation Senior Management Personnel

**B. Employed part of the year**

S. No	Name	Designation / nature of duties	Qualification	Age (Years)	Date of joining	Experience (Years)	Gross Remuneration (Rs.)	Previous employment & designation
1	Deepak Khaderabad	VP - Technology	MBA in Information technology	41	July 30, 2018	20	6,702,351	Social Interest solutions Sr. Director/Interim CIO
2	John Hudson	Director Sales®	Bachelor of Electronics	59	November 02, 2018	20	1,660,334	Infoplus VP Sales
3	Pankaj Gupta	Director- Client Services®	MBA in Information technology	38	March 01, 2018	14	12,686,719	Mindtree Director – Hi Tech

\$ Mr. Mandeep Singh Sodhi is related to Lt. Gen. Baldev Singh (Retd.), President & Sr. Executive Director of the Company.

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

**Notes:**

- 1 None of the employee owns more than 2% of the outstanding shares of the Company as on December 31, 2018, except Mr. Satinder Singh Rekhi, Managing Director of the Company, who holds 3,148,044 equity shares in the Company being 2.54% of the total equity share capital of the Company.
- 2 Nature of employment is contractual in all the above cases.

On behalf of the Board  
For R Systems International Limited

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

Place : Singapore  
Date : May 02, 2019

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

Place : NOIDA (U.P.)  
Date : May 02, 2019

Annexure 'C' to the Directors' Report

## CORPORATE GOVERNANCE

### Report on Corporate Governance

#### 1. Company's Philosophy on Corporate Governance

R Systems International Limited ("R Systems" or the "Company" unless context otherwise provided) is committed to conduct its business in compliance with the applicable laws, rules and regulations and with the highest standards of business ethics. We, at R Systems, believe that good Corporate Governance is a key contributor to sustainable corporate growth and creating superior value for our stakeholders. It is primarily concerned with transparency, accountability, fairness, professionalism, social responsiveness, complete disclosure of material facts and independence of Board. R Systems endeavours its best to constantly comply with these aspects in letter and spirit, in addition to the statutory compliances as required under the Companies Act, 2013 ("the Act") and rules made thereunder, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and other Statutory applicable Laws and Regulations.

#### 2. Board of Directors

- i. R Systems has an optimum combination of executive and non-executive directors on its Board of Directors ("Board"). As at financial year ended December 31, 2018, the Board comprised

of six directors, i.e. three executive directors out of which one is promoter director designated as Managing Director and three Non-Executive Independent Directors including one Woman Independent Director. All the existing Non-Executive Independent Directors of the Company satisfy the criteria of independence as defined under the provisions of the Act and the Listing Regulations. The total number of Independent Directors has been at least 50% of the total strength of the Board at all times during the year under review.

Further, in the opinion of the Board, the Independent Directors fulfil the conditions specified in Listing Regulations and are independent of the management of the Company.

None of the directors of the Company is a committee member or a chairperson of any committee in any other company in India. None of the Non-Executive Independent Directors of the Company hold any shares in the Company. Necessary disclosures regarding directorship and committee positions in other companies and shareholding as on financial year ended December 31, 2018 have been made by the directors. Except the Managing Director and the Independent Directors, other directors are liable to retire by rotation as per Articles of Association of the Company read with the provisions of the Act.

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

Name of Director	Category of Director	Designation	No. of Board Meetings attended out of 08 meetings held during the year	Attendance at the last AGM	No. of Directorship in other Bodies Corporate <sup>#</sup>
Mr. Satinder Singh Rekhi	Promoter & Executive Director	Managing Director	2+4*	Yes	11
Lt. Gen. Baldev Singh (Retd.)	Executive Director	President & Senior Executive Director	7	Yes	Nil
Mr. Avirag Jain	Executive Director	Director & Chief Technology Officer	7	Yes	Nil
Mrs. Ruchica Gupta	Non- Executive Independent Director	Non-Executive & Independent Director	7	Yes	1
Mr. Kapil Dhameja	Non- Executive Independent Director	Non-Executive & Independent Director	6	No	1
Mr. Aditya Wadhwa	Non- Executive Independent Director	Non-Executive & Independent Director	7	Yes	Nil

<sup>#</sup> Includes the offices of CEO, President and Managing Member.

\* Attendance by teleconference.

The expression 'Independent Director' has the same meaning as defined under Regulation 16 of the Listing Regulations and Section 149 of the Act.

As on financial year ended December 31, 2018, out of total six directors, two directors namely, Mr. Satinder Singh Rekhi, Managing Director and Lt. Gen. Baldev Singh (Retd.), President & Senior Executive Director are relatives of each other as latter is former's sister's husband.

## II. Board Functioning & Procedures

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

The minutes of the Board meetings and Committee meetings are circulated to all directors and committee members, respectively, in compliance with the Secretarial Standard-1 issued by the Institute of Company Secretaries of India (ICSI) for their review, consideration and records. During the financial year ended December 31, 2018, the Board met eight times i.e. on February 09, 2018, April 04, 2018, April 18, 2018, May 04, 2018, May 25, 2018, July 27, 2018, October 30, 2018 and December 21, 2018. The necessary quorum was present for all meeting. The gap between any two consecutive Board meetings did not exceed one hundred and twenty days. The Board periodically reviews compliance reports in respect of laws and regulations applicable to the Company.

## III. Code of Conduct

The Board has laid down a Code of Conduct for all Board members and senior management personnel of the Company, which is available on R Systems' website at <https://www.rsystems.com/investors-info/corporate-governance/>

The Company has obtained confirmations for the compliance with the said code from all its Board members and senior management personnel for the year ended December 31, 2018.

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

### CODE OF CONDUCT DECLARATION

I, Satinder Singh Rekhi, Managing Director of R Systems International Limited, to the best of my knowledge and belief, hereby declare that all the Board members and senior management personnel have affirmed compliance with the Company's Code of Conduct for the year ended December 31, 2018.

Sd/-

Place: Noida

Date: January 22, 2019

**Satinder Singh Rekhi**  
(Managing Director)

## IV. Appointment/ Reappointment of Directors

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

### A. Mr. Avirag Jain (Director and Chief Technology Officer)

Mr. Avirag Jain (DIN: 00004801), aged about 53 years, has more than 26 years of rich experience in managing large on-site, off-site and offshore projects in Banking, Telecom, Healthcare and other domains. Mr. Avirag Jain is a Graduate in Science and an MBA in Finance and International business from IMT, Ghaziabad. He also has a post- graduate diploma in Cyber Law from the Asian School of Cyber Law, Pune, apart from several certifications on diverse technology and management subjects. Mr. Jain is a strong technocrat with blend of managerial, people and customer skills and heading the on-site, off-site and Offshore Delivery of R Systems for more than 21 years. He Joined the Board of R Systems on August 03, 2017. As on the date of this report:-

- Mr Avirag Jain does not hold any office of director / member in other company's board / committee.
- Mr. Avirag Jain has no outstanding ESOPs under prevailing stock option plans of the Company.
- As on the date of this report, he holds 100 equity shares of Re. 1 each being negligible % of the total paid up share capital in R Systems.
- Mr. Avirag Jain is not related to any other director of the Company.

### 3. R Systems has formulated the following committees of its Board of Directors:

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

#### 3.1 Audit Committee

R Systems has a qualified and Independent Audit Committee. During the year under review, there was no change in the constitution of the Audit Committee.

The Audit Committee met Seven times during the year on February 09, 2018, April 04, 2018, April 18, 2018, May 04, 2018, July 27, 2018, October 30, 2018 and December 21, 2018.

#### Composition of the Audit Committee & its meetings and attendance during the financial year ended on December 31, 2018

Composition of the Audit Committee	Category of Director	Chairperson /Member	No. of Meetings attended out of 7 meetings held during the year
Mrs. Ruchica Gupta	Non-Executive Independent Director	Chairperson	6
Lt. Gen. Baldev Singh (Retd.)	Executive Director	Member	6
Mr. Kapil Dhameja	Non-Executive Independent Director	Member	6
Mr. Aditya Wadhwa	Non-Executive Independent Director	Member	6

The Audit Committee invites such executives of the Company as it considers appropriate to be present at its meetings. The representatives of the Statutory Auditors and Internal Auditors are also invited to Audit Committee meetings. The Company Secretary of the Company acts as the Secretary to the Audit Committee.

#### Powers of the Audit Committee

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

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

#### Terms of reference of the Audit Committee

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

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the company;

3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013
  - b. Changes, if any, in accounting policies and practices and reasons for the same
  - c. Major accounting entries involving estimates based on the exercise of judgment by management
  - d. Significant adjustments made in the financial statements arising out of audit findings
  - e. Compliance with listing and other legal requirements relating to financial statements
  - f. Disclosure of any related party transactions
  - g. Modified opinions, if any, in the draft audit report
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
6. Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, if any, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors of any significant findings and follow up there on;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the Whistle Blower mechanism;
19. Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;
20. To review the utilization of loans and/ or advances from/ investment by the company in the subsidiary exceeding Rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments;
21. To review "Internal Controls to prevent Insider Trading" and shall review compliances with the provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015 at least once in a financial year and shall verify that the systems for internal control are adequate and are operating effectively;
22. To carry any other duties as may be required under the SEBI (Listing Obligation & Disclosures Requirement) Regulations, 2015 and Companies Act, 2013 and rules made thereunder and delegated by the Board of Directors from time to time.

### 3.2 Nomination & Remuneration Committee Brief description and terms of reference

During the year under review, there was no change in the Composition of Nomination & Remuneration Committee and consists only of Non-Executive Independent Directors as per the provisions of Section 178 of the Act and the rules made thereunder and Regulation 19 of SEBI Listing Regulations.

The Terms of reference and role of Nomination & Remuneration Committee covers the area as under:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel, senior management personnel and other employees;
2. Formulation of criteria for evaluation of performance of independent directors and the board of directors;
3. Devising a policy on diversity of board of directors;
4. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal;
5. Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
6. Recommend to the board, all remuneration, in whatever form, payable to senior management;
7. Support the Board and Independent Directors in evaluation of the performance of the Board, its committees and individual directors;
8. To carry any other duties as may be required under the SEBI (Listing Obligation & Disclosures Requirement) Regulations, 2015 and Companies Act, 2013 and rules made thereunder or as may be delegated by the Board of Directors from time to time.

During the year under review, Nomination & Remuneration Committee met three times i.e. on February 09, 2018, April 04, 2018 and October 30, 2018.

### Composition of the Nomination & Remuneration Committee, its meetings and attendance during the year ended December 31, 2018:

Composition of the Nomination & Remuneration Committee	Category of Director	Chairperson /Member	No. of meetings attended out of 3 meetings held during the year
Mrs. Ruchica Gupta	Non-Executive Independent Director	Chairperson	03
Mr. Kapil Dhameja	Non-Executive Independent Director	Member	02
Mr. Aditya Wadhwa	Non-Executive Independent Director	Member	03



## PERFORMANCE EVALUATION

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

## NOMINATION AND REMUNERATION POLICY

**A. Introduction:** This policy on Nomination and Remuneration of Directors, Key Managerial Personnel ("KMP"), Senior Management Personnel ("SMP") and other employees has been formulated in terms of the provisions of the Companies Act, 2013 and SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), as amended from time to time, in order inter-alia to pay equitable remuneration to Directors, KMPs and other employees of the Company. This policy shall act as guidelines on matters relating to the remuneration, appointment of the Directors, Key Managerial Personnel and Senior Management and other employees.

**B. Applicability:-** The Policy is applicable to :

- Directors (Executive and Non-Executive)
- Key Managerial Personnel
- Senior Management Personnel and other employees

### C. Definitions:

In this policy unless the context otherwise requires

- a) "Act" means The Companies Act, 2013 and rules made thereunder, as amended from time to time.
- b) "Company" means R Systems International Limited.
- c) "Board" means Board of Directors of R Systems International Limited.
- d) "Committee" means Nomination and Remuneration Committee of the Company as constituted by the Board from time to time.
- e) "Key Managerial Personnel" or "KMP" means Managing Director, Whole-time Director, Chief Financial Officer, Company Secretary and such other persons who may be deemed to be KMP under the Companies Act, 2013.
- f) "Senior Management Personnel" means officers/ personnel of the Company, who are members of its core management team excluding Board of Directors and shall comprise all members of management one level below the Chief Executive Officer/ Managing Director/ Whole Time Director/ Manager (including Chief Executive Officer/ Manager, in case they are not part of the Board)

and shall include Company Secretary and Chief Financial Officer.

## D. ROLE OF THE NOMINATION AND REMUNERATION COMMITTEE :

Nomination and Remuneration Committee shall govern the following:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to the remuneration of the directors, key managerial personnel and other employees;
2. formulation of criteria for evaluation of performance of independent directors and the board of directors;
3. devising a policy on diversity of board of directors;
4. identifying persons who are qualified to become director and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal;
5. whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
6. recommend to the board, all remuneration, in whatever form, payable to senior management;
7. support the Board and Independent Directors in evaluation of the performance of the Board, its committees and individual directors;
8. To carry any other duties as may be required under the SEBI (Listing Obligation & Disclosures Requirement) Regulations, 2015 and Companies Act, 2013 or as may be delegated by the Board of Directors from time to time.

## E. CRITERIA FOR SELECTION OF CANDIDATES FOR MEMBERSHIP ON THE BOARD OF DIRECTORS, KMPs AND SENIOR MANAGEMENT PERSONNEL

### a. General Criteria

A person to be appointed as Director, KMP or senior management Personnel should possess adequate qualification, expertise and experience for the position he/ she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient/ satisfactory for the concerned position.

Further, person to be appointed/ re-appointed as director should:

- be an individual of the highest integrity and have an inquiring mind, a willingness to go into details and the ability to work well with others;
- be free of any conflict of interest that would violate any applicable law or regulation or interfere with the proper performance of the responsibilities of a director;

- be willing and able to devote sufficient time to the affairs of the Company and be diligent in fulfilling the responsibilities of a director and Board committees' member;
- have the capacity and desire to represent the best interests of the stakeholders as a whole; and
- not be disqualified under the provisions of the Companies Act, 2013 and applicable rules and regulations.

**b. Specific Criteria**

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

**F. REMUNERATION POLICY**

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

**a. Executive Directors' Remuneration**

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

- Short-term incentives, based on the achievement of a number of individual, pre- defined financial and strategic business targets recommended by the Committee.
- Long-term incentives in the form of stock options, promoting a balance between short-term achievements and long-term thinking. The Directors shall be eligible to participate in the stock options only subject to the compliance of the conditions under the provisions of the Companies Act, 2013, Listing Regulations and the other Rules/ Regulations as prescribed by the Securities & Exchange Board of India ("SEBI") in this regard.
- Pension contributions, made in accordance with applicable laws and employment agreements.
- Severance payments in accordance with termination clauses in employment agreements and subject to the provisions of the Companies Act, 2013 and other applicable laws.

4. In determining the remuneration (including the element as defined in clause 3) the Nomination & Remuneration Committee shall ensure/ consider the following:
  - I. Remuneration shall be evaluated annually against performance and a benchmark of international companies, which in size and complexity are similar to R Systems.
  - II. Balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals.
  - III. Responsibility required to be shouldered by the Executive Directors, the industry benchmarks and the current trends.
  - IV. The Company's performance vis-à-vis the annual budget achievement and individual performance vis- à-vis the KRAs / KPIs.

5. Minimum remuneration to Executive Directors
 

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

**b. Remuneration for Non-Executive Directors**

Non-Executive members of the Board shall be entitled for sitting fees for attending the meetings of the Board or committees thereof. The sitting fee will be as fixed by the Board of Directors from time to time in accordance with the provisions of the Companies Act, 2013 and

other applicable rules and regulations. Non-Executive directors shall not be entitled to any fixed or monthly salary or other remuneration.

**c. Remuneration policy for the Key Managerial Personnel, Senior Management Personnel and other employees**

The KMP (Except for Managing Director and Whole-time Director), Senior Management Personnel and other employees of the Company shall be paid monthly remuneration as per the Company's HR policies and/ or as may be approved by the Committee.

In determining the remuneration to Key Managerial Personnel, Senior Management Personnel and other employees the following shall be considered:

- I. the relationship of remuneration and performance benchmark is clear;
- II. the balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals;
- III. the Company shall follow a compensation mix of fixed component and variable component. Fixed Component comprises salaries, perquisites and retirement benefits and a variable component comprises performance bonus and may include:
  - Short-term incentives, based on the achievement of a number of individual, pre-defined financial and strategic business targets.
  - Long-term incentives in the form of stock options, promoting a balance between short-term achievements and long-term thinking, in accordance to various applicable laws.
  - Pension contributions, made in accordance with applicable laws and employment agreements.
  - Severance payments in accordance with termination clauses in employment agreements. Severance payments shall comply with local legal framework.
- IV. the remuneration including annual increment and performance bonus is decided based on the criticality of the roles and responsibilities, the Company's performance vis-à-vis the annual budget achievement, individuals performance vis-à-vis KRAs / KPIs, industry benchmark and current compensation trends in the market. The Benchmark information is obtained from internationally recognized compensation service consultancies, whenever required.

The aforesaid policy is available at the website of the Company at the following weblink: <https://www.rsystems.com/investors-info/corporate-governance/>.

**Brief terms of employment and details of remuneration paid to the executive directors during the year ended December 31, 2018**

(Amount in Rs.)

1. Name of the Director	Mr. Satinder Singh Rekhi
(a) Salary, benefits and allowances (fixed)	29,319,250
(b) Incentive (fixed)*	10,418,323
(c) Stock options granted	Nil
(d) Pension	As per the applicable policy for employees
(e) Service contract	5 years
(f) Notice period	36 months
(g) Severance fees	Compensation in lieu of notice
(h) Shareholding in R Systems as on December 31, 2018	3,148,044 equity shares of Re. 1/- each in his own name and 12,150,731 equity shares of Re. 1/- each jointly with Mrs. Harpreet Rekhi as a trustee of Satinder & Harpreet Rekhi Family Trust.

\* Incentive is based on the fixed percentage of Profit After Tax.

(Amount in Rs.)

2. Name of the Director	Lt. Gen. Baldev Singh (Retd.)
(a) Salary, benefits and allowances (fixed)	3,836,377
(b) Incentive (fixed) <sup>s</sup>	3,361,200
(c) Provident fund	299,520
(d) Stock options granted	Nil
(e) Pension	As per the applicable policy for employees
(f) Service contract	3 years
(g) Notice period	6 months
(h) Severance fees	Compensation in lieu of notice
(i) Shareholding in R Systems as on December 31, 2018	111,498 equity shares of Re. 1/- each

<sup>s</sup> Incentive is based on the fixed percentage of qualifying revenue and performance of the Company.

(Amount in Rs.)

3. Name of the Director	Avirag Jain
(a) Salary, benefits and allowances (fixed)	4,538,219
(b) Incentive (fixed)**	2,860,000
(c) Provident fund	194,316
(d) Stock options granted	Nil
(e) Pension	As per the applicable policy for employees
(f) Service contract	3 years
(g) Notice period	2 months
(h) Severance fees	Compensation in lieu of notice
(i) Shareholding in R Systems as on December 31, 2018	100 equity shares of Re. 1/- each

\*\* Incentive is based on the fixed percentage of qualifying revenue.

The aforementioned directors' remuneration is pursuant to recommendation of the Nomination & Remuneration Committee and approval of the Board, shareholders and by the Central Government, wherever applicable. Further, approval of Central Government for payment of remuneration to Mr. Satinder Singh Rekhi has been obtained under the provisions of the Act.

#### Details of remuneration paid to the non-executive directors during the year ended December 31, 2018

As per the remuneration policy of R Systems, non-executive members of the Board shall be entitled for sitting fees for attending the meetings of the Board or committees thereof. The sitting fee shall be fixed by the Board of Directors from time to time in accordance with the provisions of the Act and other applicable provisions, if any. Non-Executive Directors shall not be entitled to any fixed or monthly salary or other remuneration. The sitting fees paid to the Non-Executive Directors during the year ended December 31, 2018 is as follows:

(Amount in Rs.)

S.No.	Name of the Director	Sitting Fees Paid
1.	Mrs. Ruchica Gupta	275,000
2.	Mr. Kapil Dhameja	225,000
3.	Mr. Aditya Wadhwa	250,000
	<b>Total</b>	<b>750,000</b>

As on December 31, 2018, none of the existing Non-Executive and Independent Director of the Company holds any shares, options or any other convertible instruments in the Company.

### 3.3 Compensation Committee

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

During the year under review, there was no change in the composition of the Compensation Committee and no meeting was held.

#### Composition of the compensation committee:

Composition of the Compensation Committee	Category of Director	Chairperson /Member
Mrs. Ruchica Gupta	Non-Executive Independent Director	Chairperson
Mr. Kapil Dhameja	Non-Executive Independent Director	Member
Mr. Aditya Wadhwa	Non-Executive Independent Director	Member

### 3.4 Stakeholders' Relationship Committee

As on December 31, 2018, the Stakeholders' Relationship Committee of R Systems comprised of three directors, with Non-Executive Independent Director as its Chairperson. Stakeholders' Relationship Committee investigates and provides for redressal of shareholders' and Investors' grievances relating to transfer, transmission, dematerialisation and rematerialisation of shares, issue of duplicate share certificates, non-receipt of annual report, dividend and other matters.

During the year under review, there was no change in the composition of the Stakeholder's Relationship Committee.

During the year under review, Stakeholders' Relationship Committee met four times i.e. on February 09, 2018, May 04, 2018, July 27, 2018 and October 30, 2018.

#### Composition of the Stakeholders' Relationship Committee its meetings and attendance during the year ended December 31, 2018

Composition of the Stakeholders' Relationship Committee	Category of Director	Chairperson /Member	No. of meetings out of 4 meetings held during the year
Mr. Kapil Dhameja	Non-Executive Independent Director	Chairperson	3
Mrs. Ruchica Gupta	Non-Executive Independent Director	Member	4
Lt. Gen. Baldev Singh (Retd.)	Executive Director	Member	3

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

#### Name and designation of the Compliance Officer and Nodal Officer for IEPF Compliance

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

#### Shareholders grievances/ complaints received and resolved during the year

(i) Number of shareholders' complaints received during the year ended December 31, 2018	02
(ii) Number of complaints not resolved to the satisfaction of shareholders	Nil
(iii) Number of pending complaints	Nil

### Share Transfers in Physical Mode

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

Please note that as per the provisions of Regulation 40(1) of the Listing Regulations, as amended, read with the press release dated December 03, 2018 issued by the Securities and Exchange Board of India, effective from April 01, 2019, only transmission or transposition requests for transfer of securities shall be processed in physical form. All other transfers shall be processed in dematerialised form only. The Registrar and Share Transfer Agent of the Company have sent reminders to shareholders holding shares in physical form to dematerialise their shares.

### 3.5 Corporate Social Responsibility Committee (CSR Committee)

#### Brief description and terms of reference

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

During the year under review, there was no change in the composition of the CSR Committee

The CSR Committee of the Company shall:

1. Formulate and recommend to the board, a CSR policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act 2013;
2. Recommend the amount of expenditure to be incurred on the activities referred to above;
3. Monitor the CSR Policy of the Company from time to time;
4. To carry any other duties as may be required under the Companies Act, 2013 and rules made thereunder and delegated by the Board of Directors from time to time.

During the year under review, CSR Committee met four times i.e. on February 09, 2018, April 04, 2018, April 18, 2018 and December 21, 2018.

### Composition of the Corporate Social Responsibility Committee its meetings and attendance during the year ended December 31, 2018

Composition of the CSR Committee	Category of Director	Chairperson /Member	No. of meetings attended out of 04 meetings held during the year
Mr. Kapil Dhameja	Non-Executive Independent Director	Chairperson	4
Lt. Gen. Baldev Singh (Retd.)	Executive Director	Member	4
Mrs. Ruchica Gupta	Non-Executive Independent Director	Member	3

### 4. Separate Meeting of Independent Directors

As stipulated under the Provisions of the Act and Listing Regulations a separate meeting of the Independent Directors was held on October 30, 2018 to review the performance of Non - Independent Directors and the Board as whole. The Independent Directors reviewed the quality, content and timeliness of the flow of information between the Management, the Board and it's Committees which is necessary to effectively and reasonably perform and discharge their duties.

The names of Independent Directors on the Board and their attendance at the meeting of Independent Directors held during the year under review is as follows:

Name of the Director	No. of meeting attended out of 1 meeting held during the year
Mrs. Ruchica Gupta	1
Mr. Kapil Dhameja	-
Mr. Aditya Wadhwa	1

### 5. Subsidiary Companies

As at December 31, 2018, the Company has twenty five subsidiaries including step down subsidiaries. Subsequent to the year ended December 31, 2018, ECnet Inc., USA, a step down subsidiary of the Company was dissolved w.e.f. January 28, 2019. Further, R Systems, Inc., a wholly- owned subsidiary Company of the Company has acquired 100% interest in Innovizant LLC, a Chicago (U.S.A.) based Company w.e.f. January 01, 2019.

The Audit Committee reviewed the financial statements, in particular, the investments made by it's unlisted subsidiary bodies corporate. The management periodically brings to the attention of the board of directors of R Systems, a statement of all transactions and arrangements entered into by the unlisted subsidiary.

In terms of the Listing Regulations and as per the policy for determining 'Material Subsidiary', R Systems has two

material unlisted subsidiary namely R Systems, Inc., U.S.A. and Computaris International Limited, U.K. Both the subsidiaries are incorporated and based outside India.

In terms of the provisions of Listing Regulations, your Company has a policy for determining 'Material Subsidiary' and such policy is available on the Company's website at the link <https://www.rsystems.com/investors-info/corporate-governance/>

## 6. General Body Meetings

### I. Details for the last three Annual General Meetings ("AGM")

AGM Date and Time	Venue	Special Resolutions passed
22 <sup>nd</sup> AGM June 13, 2016 at 09:00 A.M.	Air Force Auditorium, Subroto Park, New Delhi-110010	No Special Resolution was Passed*
23 <sup>rd</sup> AGM May 15, 2017 at 09:00 A.M.	Air Force Auditorium, Subroto Park, New Delhi-110010	No Special Resolution was Passed
24 <sup>th</sup> AGM May 25, 2018 at 09:00 A.M.	Air Force Auditorium, Subroto Park, New Delhi-110010	(1) Re-appointment and Remuneration of Lt. Gen. Baldev Singh (Retd.) (DIN: 00006966) as resident and Senior Executive Director. (2) Appointment and Remuneration of Mr. Avirag Jain (DIN: 00004801) as Director & Chief Technology Officer w.e.f. August 03, 2017.

\* Resolutions pertaining to re-appointment of Mr. Raj Kumar Gogia, Mr. Suresh Paruthi, Mr. Gurbax Singh Bhasin and Mr. Amardeep Singh Ranghar as Independent Directors were put to vote as a Special Resolution but were not passed by the requisite majority of members of the Company.

II. No Extra-ordinary General Meeting of the Company was held during the last three years. However, one meeting of Equity Shareholders of the Company was convened and held on Saturday, May 05, 2018 as per the order of the National Company Law Tribunal, New Delhi, dated March 08, 2018.

III. The Company has passed necessary resolutions through Postal Ballot on December 19, 2019 for approval of the following businesses as per the Postal Ballot Notice dated October 30, 2018.

Resolution 1:- Reappointment of Mr. Satinder Singh Rekhi (DIN: 00006955) as Managing Director of the Company. (Ordinary Resolution)

Resolution 2:- Payment of Remuneration to Mr. Satinder Singh Rekhi as Managing Director of the Company. (Special Resolution)

Details relating to voting pattern are as follows:

Resolution Number	Total Valid Votes (A)	Votes with assent (B)	Percentage (B/A*100)
1	64,317,262	64,314,781	99.99%
2	64,317,262	64,312,991	99.99%

The Company had appointed Mr. Sanjay Grover, Company Secretary in whole time practice as scrutinizer for the purpose of the Postal Ballot exercise.

IV. The Company has followed the procedure as prescribed under Section 110 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 for conducting the postal ballot as referred hereinbefore.

V. No special resolution is proposed to be conducted through Postal Ballot at the forthcoming Annual General Meeting.

## 7. Disclosures

### 7.1 Related Party Transactions

Related Party Transactions are defined as transfer of resources, services or obligations between the company and a related party, regardless of whether a price is charged. As per Listing Regulations, there have been no materially significant related party transactions with Company's subsidiaries, promoters, directors or the management or their relatives or companies controlled by them etc., which may have conflict with the interest of the Company at large.

Details on Related Party Transactions are shown in note number 30 in the standalone and in note number 31 in the consolidated financial results for the financial year ended December 31, 2018.

The Policy on the Material Subsidiary is available on the website of the Company at the following link:

<https://www.rsystems.com/investors-info/corporate-governance/>

In compliance of the provisions of Listing Regulations, the policy on dealing with Related Party Transactions has been uploaded on the website of the Company at the following link:

<https://www.rsystems.com/investors-info/corporate-governance/>

### 7.2 Statutory Compliance, Penalties and Strictures

There were no penalties imposed on R Systems for any non-compliance by Stock Exchanges, SEBI or any other statutory authority on matters related to capital markets during the last three years.

### 7.3 Vigil Mechanism/ Whistle Blower Policy

Pursuant to Section 177 of the Act and rules made thereunder and the Listing Regulations, R Systems has in place a mechanism for employees to report concerns about unethical behaviour, actual or suspected fraud, violation of Code of Conduct of the Company etc. The mechanism also provides for adequate safeguards against victimisation of employees who avail the mechanism and also provides for direct access to the Whistle

Blower to the Chairman of the Audit Committee. We affirm that during the financial year ended December 31, 2018, no employee has been denied access to the Audit Committee. The details of such Whistle Blower policy (also known as Vigil Mechanism) have been available on the website of the Company at the following link:

<https://www.rsystems.com/investors-info/corporate-governance/>

#### 7.4 Risk Management Policy

The Company has formulated a risk management policy to identify the present and potential risks involved in the business. The same is periodically reviewed and considered by the Audit Committee and the Board. The Risk Management Report forms part of the Annual Report and is provided elsewhere.

#### 7.5 Training to Board Members

The Company follows a structured orientation and training programme for the Independent Directors to understand and get updated on the business and operations of the Company on continuous basis.

The Board has adopted a structured policy for training of new Independent Directors which shall inter-alia provide: (a) business overview and an outline of corporate plan and annual target (b) operations overview (c) overview of Sales & Marketing (d) comprehensive rolling corporate plan etc. The details of the Familiarization Programme are available on the website of the company at the following link:

<https://www.rsystems.com/investors-info/corporate-governance/>

The Company believes that the Board is continuously empowered with the knowledge of the latest developments in the Company's business and the external environment affecting the industry as a whole. Independent Directors are regularly updated on performance of each line of business of the Company, state of the market, business strategy going forward and new initiatives being taken/ proposed to be taken by the Company.

#### 7.6 Compliance with mandatory requirements and adoption of non-mandatory requirements of Regulation 27(1) read with Part-E of Schedule-II of the Listing Regulations

The Company has complied with all the mandatory requirements of Listing Regulations. As required under Regulation 17(8) of the Listing Regulations, a certificate signed by CEO/ Managing Director and CFO of the Company has been placed before the Board and the same forms part of this Annual Report.

Further, pursuant to Regulation 34 (3) read with Part E of Schedule V of the Listing Regulations a certificate obtained from the Practising Company Secretary, certifying compliance with the conditions of Corporate Governance has been annexed with the Directors' Report.

The Company has complied with Corporate Governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations.

Disclosures with respect to demat suspense account/ unclaimed suspense account is not applicable on the Company as there are no shares which are lying in demat suspense account/ unclaimed suspense account. During the year under review, pursuant to Section 124 of the Act read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company has transferred 2,840 shares to the Demat account of the Investor Education and Protection Fund Authority.

Regulation 27(1) also requires disclosures of adoption by the Company of non-mandatory requirements specified in part E of Schedule II of the Listing Regulations. The implementation of which is discretionary on the part of the Company. The details of compliance with non-mandatory requirements are as follows:

##### The Board

In compliance with regulation 17 of the Listing Regulations, the Company has an optimum combination of executive and non-executive directors on its Board of Directors. However, there is no permanent chairperson of the Board.

##### Shareholders Rights

The quarterly and half yearly financial performance are published in the newspapers and are also posted on the Company's website.

##### Modified Opinion in Audit Report

During the period under review, there is no audit qualification in the financial statements. The Company continues to adopt best practices to ensure unqualified financial statements.

##### Reporting of Internal Auditor

The Internal auditors of the Company reports to the Audit Committee.

#### 7.7. Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

As per the requirement of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("PoSH"), your Company has a robust mechanism in place to redress complaints reported under it. The Company has complied with provisions relating to the constitution of Internal Complaints Committee ("ICC") under PoSH. The Committee is composed of internal members and an external member who has extensive experience in the field. During the year ended December 31, 2018, there was 1 (one) case reported to ICC of sexual harassment, which was investigated by the ICC and was duly resolved.

#### 8. Means of Communication-Quarterly results

81. The quarterly and year to date audited/ unaudited financial results have been published in Financial Express and Jansatta for the first quarter ended March 31, 2018, and in Business Standard (English and Hindi) for the second quarter ended June 30, 2018, third quarter ended on September 30, 2018 and fourth quarter and year ended December 31, 2018, as statutorily required.

- 8.2 The financial results and other corporate information are available on R Systems' website [www.rsystems.com](http://www.rsystems.com). The website also displays official news releases from time to time announced by the Company.
- 8.3 The presentations made to the institutional investors or to the industry analysts are also available on the Company's website [www.rsystems.com](http://www.rsystems.com).
- 8.4 Financial results updates are also sent to all the shareholders whose email address is registered/ made available to us.

## 9. General Shareholder Information

### I) Annual General Meeting

Date and Time	:	May 28, 2019 at 9.00 A.M.
Venue	:	Air Force Auditorium, Subroto Park, New Delhi - 110 010

### II) Financial year

Pursuant to the Company Law Board order dated November 18, 2015, R Systems continues to follow January 01 to December 31 as its financial year. The results for every quarter are declared within forty five days following each quarter, except for the last quarter in which case the results are declared along with the

### vi. Market Price Data: High, Low during each month in financial year ended December 31, 2018

The monthly high and low quotations of R Systems' equity shares traded on NSE and BSE during each month in the financial year ended December 31, 2018, in comparison with NSE Nifty and BSE Sensex, are as follows:

Month 2018	NSE				NSE			
	SHARE PRICE		NIFTY		SHARE PRICE		SENSEX	
	High (Rs.)	Low (Rs.)	High	Low	High (Rs.)	Low (Rs.)	High	Low
Jan	49.10	39.90	11,130.40	10,435.55	49.20	40.65	36,283.25	33,793.38
Feb	43.35	37.80	11,016.90	10,360.40	43.65	37.65	35,906.66	33,703.59
Mar	39.45	33.85	10,458.35	9,998.05	39.20	33.85	34,046.94	32,596.54
Apr	40.00	36.10	10,739.35	10,128.40	40.15	36.10	35,160.36	33,019.07
May	39.60	32.50	10,806.60	10,430.35	39.10	32.20	35,556.71	34,344.91
Jun	33.20	26.35	10,856.70	10,589.10	34.00	26.00	35,739.16	34,903.21
Jul	35.60	25.40	11,356.50	10,657.30	35.85	25.45	37,606.58	35,264.41
Aug	41.55	35.00	11,738.50	11,244.70	41.50	35.10	38,896.63	37,165.16
Sep	42.45	38.40	11,589.10	10,930.45	42.40	38.05	38,389.82	36,227.14
Oct	44.75	36.60	11,008.30	10,030.00	44.65	36.25	36,526.14	33,349.31
Nov	49.85	44.25	10,876.75	10,380.45	49.95	44.60	36,194.30	34,431.97
Dec	49.05	47.70	10,967.30	10,488.45	49.10	47.75	36,484.33	34,959.72

The aforesaid table is based on the closing price of the shares of R Systems and closing of NSE Nifty and BSE Sensex at NSE and BSE website.

annual financial results within sixty days from the end of the financial year.

### III) Date of Book Closure

May 24, 2019 to May 28, 2019 (both days inclusive).

### IV) Dividend Payment Date - N.A.

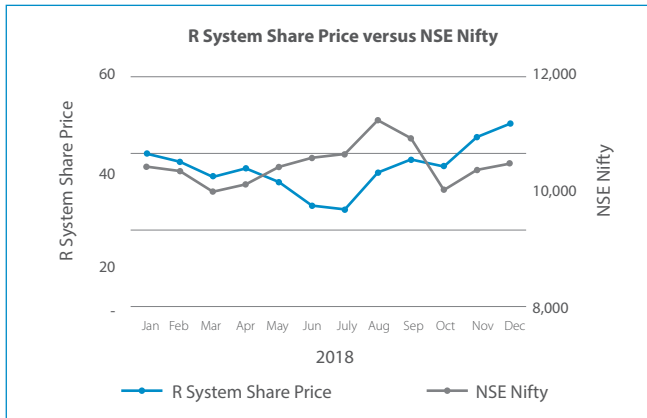
### V) Listing on Stock Exchanges

The equity shares of R Systems are listed and traded on the following Stock Exchanges

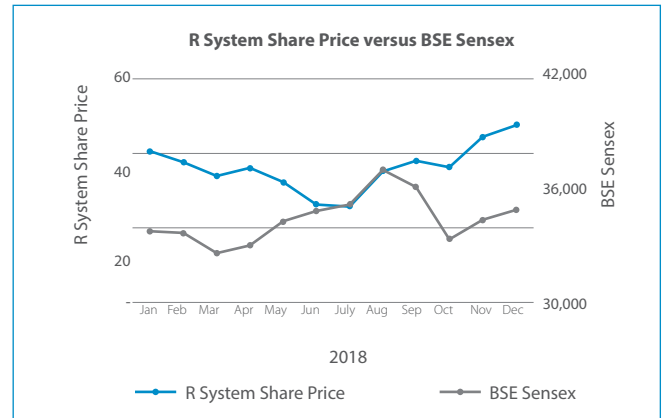
Name of Stock Exchanges	Stock / Scrip Code
National Stock Exchange of India Limited ("NSE") Exchange Plaza, Bandra Kurla Complex, Bandra - (E), Mumbai - 400 051	RSYSTEMS
BSE Limited ("BSE") Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001	532735

The annual listing fee for the year 2018-19 has been paid within the scheduled time to NSE and BSE. The annual listing fee for the year 2019-20 became due on March 31, 2019 and will be paid in the scheduled time as prescribed under the provision of Listing Regulations.





The aforesaid chart is based on the monthly low of closing price of the shares of R Systems at NSE and monthly low of closing NSE Nifty.



The aforesaid chart is based on the monthly low of closing price of the shares of R Systems at BSE and monthly low of closing BSE Sensex.

**vii. Registrar and Share Transfer Agent**

Link Intime India Private Limited  
Noble Heights, 1<sup>st</sup> Floor,  
Plot NH 2, C-1, Block LSC, Near Savitri, Market,  
Janakpuri, New Delhi – 110058

**viii. Share Transfer System**

Applications for transfer of shares held in physical form are received at the office of the registrar and share transfer agent of the Company, Link Intime India Private Limited. They attend share transfer formalities at least once a week and forward the same to the Company for the approval of stakeholders relationship team which has been delegated with the authority for transfer of shares in Physical form. Stakeholders relationship team conducts its meetings as and when required.

Shares held in dematerialized form are electronically traded in the depository and the registrar and share transfer agent of R Systems periodically receives from depositories the details of beneficiary holdings so as to update the records for sending all corporate communications and other matters.

Physical shares received for dematerialization are processed and completed within a period of 15 days from the date of receipt, provided they are duly completed. Bad deliveries are immediately returned to the depository participants under advice to the shareholders.

Please note that as per the provisions of Regulation 40(1) of the Listing Regulations, as amended, read with the press release dated December 03, 2018 issued by the Securities and Exchange Board of India, effective from April 01, 2019, only transmission or transposition requests for transfer of securities shall be processed in physical form. All other transfers shall be processed in dematerialised form only.

**Updation of KYC details**

As per SEBI Circular No SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018, the Registrar and Share Transfer Agent of the Company has sent letters to the shareholders to record their KYC details. Shareholders are requested to update these details at the earliest.

**IX) Transfer of unclaimed dividend to Investor Education and Protection Fund**

Pursuant to Section 124 and other applicable provisions of the Act, dividend which remains unpaid or unclaimed for a period of seven years from the date of its transfer to unpaid dividend account, is required to be transferred by the Company to the Investor Education and Protection Fund ('IEPF'), established by the Central Government under the provisions of Section 125 of the Act. Shareholders are advised to claim the unclaimed dividend lying in the unpaid dividend account of the Company before the due date. Given below are the dates of declaration of dividend and corresponding dates when unclaimed dividend is due for transfer to IEPF:

Date of declaration	Dividend for the year	Due date for transfer to IEPF
25-May-11	2010	24-Jun-18*
4-May-12	2011	3-Jun-19
18-May-12	Interim Dividend 2012	17-Jun-19
11-May-13	2012	10-Jun-20
27-Jul-13	1 <sup>st</sup> Interim Dividend 2013	26-Aug-20
25-Oct-13	2 <sup>nd</sup> Interim Dividend 2013	24-Nov-20
10-May-14	2013	9-Jun-21
3-Jun-14	1 <sup>st</sup> Interim Dividend 2014	3-Jul-21
26-Jul-14	2 <sup>nd</sup> Interim Dividend 2014	25-Aug-21
29-Oct-14	3 <sup>rd</sup> Interim Dividend 2014	28-Nov-21
20-Dec-14	4 <sup>th</sup> Interim (Special) Dividend 2014	19-Jan-22
9-Jun-15	2014	9-Jul-22
23-Apr-15	1 <sup>st</sup> Interim Dividend 2015	23-May-22
5-Aug-15	2 <sup>nd</sup> Interim (Special) Dividend 2015	4-Sep-22
29-Oct-15	3 <sup>rd</sup> Interim Dividend 2015	28-Nov-22
04-May-18	Interim Dividend 2018	3-Jun-25

\* Unpaid dividend for the financial ended December 31, 2010 which was declared on May 25, 2011 has been deposited to the Investor Education and Protection fund on July 20, 2018 i.e. within a period of thirty days of such amounts becoming due to be credited to IEPF.

**X) Distribution of Shareholding as on December 31, 2018**

Shareholding of nominal value of (Rs.)	Shareholders		Share Capital		
	Number	% to total	Amount in Rs.	% to total	
1	2,500	12,346	95.04	5,087,879	4.10
2,501	5,000	329	2.53	1,234,967	1.00
5,001	10,000	144	1.11	1,075,966	0.87
10,001	20,000	85	0.65	1,257,884	1.01
20,001	30,000	21	0.16	516,612	0.42
30,001	40,000	21	0.16	748,127	0.60
40,001	50,000	9	0.07	419,130	0.34
50,001	1,00,000	9	0.07	614,566	0.50
Above	1,00,000	26	0.20	113,035,294	91.16
<b>TOTAL</b>	<b>12,990</b>	<b>100.00</b>	<b>123,990,425</b>	<b>100.00</b>	

**XI) Category wise Shareholding as on December 31, 2018**

S.No.	Category of Shareholder	No. of shares	Percentage
<b>(A)</b>	<b>Promoters &amp; Promoter Group</b>		
1	Indian	7,777	0.01
2	Foreign	63,438,053	51.16
	<b>Sub Total (A)</b>	<b>63,445,830</b>	<b>51.17</b>
<b>(B)</b>	<b>Public Shareholding</b>		
<b>1</b>	<b>Institutions</b>		
(a)	Mutual Funds/ UTI	0	0.00
(b)	Financial Institutions/ Banks	0	0.00
(c)	Foreign Institutional Investors/ Foreign Portfolio Investors	229	0.00
	<b>Sub Total (B)(1)</b>	<b>229</b>	<b>0.00</b>
<b>2</b>	<b>Non-institutions</b>		
(a)	Individual shareholders holding nominal share capital up to Rs. 2 lakh	11,396,534	9.19
(b)	Individual shareholders holding nominal share capital in excess of Rs. 2 lakh	46,984,860	37.89
(c)	NBFCs registered with RBI	2,050	0.00
(d)	Any Other (Clearing Members)	396,147	0.32
(e)	Any Other (Bodies Corporate)	1,016,674	0.82
(f)	Any Other (Trust)	738,980	0.60
(g)	Any Other (Investor Education and Protection Fund)	9,121	0.01
	<b>Sub Total (B)(2)</b>	<b>60,544,366</b>	<b>48.83</b>
	<b>Total Public Shareholding (B)(1) + (B)(2) (B)</b>	<b>60,544,595</b>	<b>48.83</b>
	<b>Grand Total (A+B)</b>	<b>123,990,425</b>	<b>100.00</b>

**XII) Dematerialisation of shares and liquidity Procedure for dematerialisation of shares:**

Shareholders seeking dematerialisation of their shares need to approach their Depository Participants (DP) with whom they maintain a demat account. The DP will generate an electronic request and will send the physical share certificate along with demat request form to the Registrar and Share Transfer Agent (the "Registrar") of the Company. Upon receipt of the request and share certificate, the Registrar will verify the same and will confirm the demat request. On confirmation, the demat account of the respective shareholder will be credited with equivalent number of shares. In case of rejection of the request, the same shall be communicated to the shareholder through their respective DPs.

About 99.21% of the issued and paid up share capital of the Company has been dematerialised up to financial year ended December 31, 2018. The International Securities Identification Number (ISIN) of the Company is INE411H01032. The equity

shares of the Company are traded on NSE and BSE throughout the year under review and were not suspended from trading at any time during the year.

**XIII) Outstanding GDRs/ ADRs/ Warrants or any Convertible instruments, conversion date and likely impact on equity**

R Systems has not issued any GDRs/ ADRs. There were no outstanding convertible warrants as on financial year ended December 31, 2018, except stock options granted under the prevailing employee stock option plans/ schemes, as detailed elsewhere in the Directors' Report.

**XIV) Commodity Price Risk or foreign exchange risk hedging activities**

A large percentage of revenue of the Company is either from export earnings or denominated in Foreign Currency. The Company tries to minimize the foreign exchange risk by taking forward contracts. It may be noted that the foreign exchange contracts are not intended to be for trading and Speculations purpose but as a measure to hedge the foreign exchange risk.

**XV) Offices of R Systems and its subsidiaries including Development/ Technical Support Centres**

1.	<p><b>Noida Offices</b></p> <ul style="list-style-type: none"> <li>- C - 40 &amp; C - 1, Sector - 59, Noida (U.P.) - 201 307</li> <li>- SEZ Unit, <ul style="list-style-type: none"> <li>1) Ground Floor - Incubation Centre, Tower 2, IT/ITES SEZ Artha Infratech Pvt. Ltd., Plot No. 21, Sector Techzone IV, Greater Noida West (NCR) - 201306, (U.P.) India</li> <li>2) Artha Infratech Pvt. Ltd. Ground Floor, Tower 2, 1<sup>st</sup> Floor, Tower-1 Plot No. 21, Sector Techzone IV, Greater Noida West-201306 (U.P.) India</li> </ul> </li> </ul>	10.	<p>RSYS Technologies Ltd. (Formerly known as Systèmes R. International Ltée)</p> <ul style="list-style-type: none"> <li>(a) <b>Vancouver-Registered Office</b> 1000, Cathedral Place, 925 West Georgia Street, Vancouver BC V6C 3L2, Canada</li> <li>(b) <b>Ontario-Corporate Office</b> 2425 Matheson Blvd East Unit 778, Mississauga, Ontario L4W 5K4 Canada</li> </ul>
2.	<p><b>Chennai Office</b> Plot No NP 1 and 2 , Industrial Estate, Sidco Industrial Estate, Guindy, Chennai -600032</p>	11.	<p>R Systems (Singapore) Pte Limited #04-01, 16 Jalan Kilang, Hoi Hup Building, Singapore 159416</p>
3.	<p>R Systems Inc. 5000, Windplay Drive, Suite# 5, El Dorado Hills, CA 95762, U.S.A.</p>	12.	<p>Innovizant LLC 1431, Opus Place, Suite 110, Downers Grove, IL 60515</p>
4.	<p>ECnet Limited 16, Jalan Kilang, #04-01 Hoi Hup Building, Singapore – 159 416</p>	13.	<p>ECnet (M) Sdn. Bhd. Suite 5F-1, 5<sup>th</sup> Floor, Tower 5, Puchong Financial Corporate Centre (PFCC) Jalan Puteri 1/2, Bandar Puteri, 47100 Puchong Selangor, Malaysia</p>
5.	<p>Computaris Romania SRL</p> <ul style="list-style-type: none"> <li>(a) <b>Bucharest office</b> 5 Gheorghe Manu Str, Groundfloor, 1<sup>st</sup> Floor, 6<sup>th</sup> Floor, Room 2, Sector 1, Bucharest, 010442, Romania</li> <li>(b) <b>Galati office</b> 23 Logofat Tautu Str., 800009, Galati, Romania</li> </ul>	14.	<p>ECnet (Hong Kong) Limited Rm 1903, 19/F, World-Wide House, 19 Des Voeux Road Central, Hong Kong</p>
6.	<p>Computaris Polska sp z o.o.</p> <ul style="list-style-type: none"> <li>(a) <b>Warsaw office</b> al. Jana Pawla II 80, 00-175 Warsaw, Poland</li> <li>(b) <b>Bialystok Office</b> ul. Branickiego 17, 15 -085 Bialystok</li> </ul>	15.	<p>ECnet Systems (Thailand) Co. Ltd. 2/3 Bangna Tower-A, 2<sup>nd</sup> Floor, Room No. 205-206, Moo 14, Bangna-Trad K.M. 6.5, Tambol Bangkaew, Amphoe Bangplee, Samutprakarn Province 10540</p>
7.	<p>ICS Computaris International SRL Vlaicu Pircalab Street, No 63, Et. 8, Oficiu B, MD – 2012, Sky Tower Business Center Chisinau, Republica Moldova</p>	16.	<p>ECnet Kabushiki Kaisha Godo Building 6F, Kaji-cho 1-6-17, Chiyoda-ku, Tokyo, Japan 101-0044.</p>
8.	<p>U.S.A. Branch Office</p> <ul style="list-style-type: none"> <li>(1) 5000, Windplay Drive, Suite #5, El Dorado Hills, CA 95762, U.S.A.</li> <li>(2) 551 McCarthy Blvd, Suite 117, Milpitas CA 95035, U.S.A.</li> </ul>	17.	<p>ECnet (Shanghai) Co. Ltd. Rm H, 20 Floor, Foresight Mansion, No. 768 Xie Tu Rd, Shanghai, China</p>
9.	<p>R Systems Technologies Ltd. (Formely known as Indus Software, Inc.) 5000, Windplay Drive, Suite #5, El Dorado Hills, CA 95762, U.S.A.</p>	18.	<p>Computaris International Limited 11 Queens Road, Brentwood Essex, CM 14 4HE, United Kingdom</p>
		19.	<p>Computaris Malaysia Sdn. Bhd. Lot. No. 5F-1, 5<sup>th</sup> Floor Tower 5 Puchong Financial Corporate Center Jalan Puteri 1/2, Bandar Puteri 47100 Puchong, Selangor, Malaysia</p>
		20.	<p>Computaris Philippines Pte. Ltd. Inc. Level 16 Tower 6789, Ayala Avenue 1206 Makati City, Philippines.</p>
		21.	<p>Computaris Suisse Sarl, Switzerland Rue du trésor 9, c/o Me Madalina Diaconu, Etudes SPLC Avocats &amp; Notaires, 2000 Neuchâtel</p>
		22.	<p>IBIZ Consulting Pte. Ltd. (Formerly known as IBIZCS Group Pte Ltd.) 2 Jalan Kilang Barat #04-01, Singapore 159346</p>

23.	IBIZ Consulting Services Pte Ltd. 2 Jalan Kilang Barat #04-01, Singapore 159346
24.	IBIZ Consulting Services Sdn. Bhd. Lot. No. 5F-1, 5 <sup>th</sup> Floor Tower 5 Puchong Financial Corporate Center Jalan Puteri 1/2, Bandar Puteri 47100 Puchong, Selangor, Malaysia
25.	PT. IBIZCS Indonesia Setiabudi Buidling 2, 2 <sup>nd</sup> Floor, Suite 203, Jl. H.R. Rasuna Said Kav. 62 Jakarta, Selatan 12920
26.	IBIZ Consultancy Services India Private Limited Plot No NP 1 and 2 , Industrial Estate, Sidco Industrial Estate, Guindy, Chennai -600032
27.	IBIZ Consulting Services Limited Rooms 2001-2004, 20/F, 69 Jervois Street, Sheung Wang Hong Kong
28.	IBIZ Consulting Services (Shanghai) Co., Ltd Room 1721, 17F, Building A, CCLG International Plaza ,No. 331, North Caoxi Road, Xuhui District, Shanghai, China 200030

**xvi. Address for correspondence**

For any assistance regarding dematerialisation of shares, share transfers, transmissions, change of address, non-receipt of dividend or any other query relating to shares:

**Registrar and Share Transfer Agent**

**Link Intime India Private Limited**

Noble Heights, 1<sup>st</sup> Floor, Plot NH 2, C-1, Block LSC, Near Savitri Market, Janakpuri, New Delhi – 110058,

Phone: 011 - 414 10592, 93, 94; Fax : 011 - 414 10591

Email: [delhi@linkintime.co.in](mailto:delhi@linkintime.co.in)

**For general correspondence:**

R Systems International Limited

Corporate Office

C - 40, Sector - 59,

Noida (U.P.) - 201 307, India

Phone : 0120 - 430 3500,

Fax : 0120 - 408 2699

Email : [investors@rsystems.com](mailto:investors@rsystems.com)

On behalf of the Board  
For R Systems International Limited

**Sd/-**

**Satinder Singh Rekhi**

(DIN: 00006955)

(Managing Director)

Place : Singapore

Date : May 02, 2019

**Sd/-**

**Lt. Gen. Baldev Singh (Retd.)**

(DIN: 00006966)

(President & Senior Executive Director)

Place : NOIDA (U.P.)

Date : May 02, 2019

### CERTIFICATION BY THE CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER OF R SYSTEMS INTERNATIONAL LIMITED

We, Satinder Singh Rekhi, Managing Director/ Chief Executive Officer and Nand Sardana, Chief Financial Officer, hereby certify that:

- A. We have reviewed financial statements and the cash flow statement for the year ended on December 31, 2018 and that to the best of our knowledge and belief:
- 1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - 2) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the Auditors and the Audit Committee:
- 1) significant changes in internal control over financial reporting during the year;
  - 2) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - 3) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**Sd/-**  
**Satinder Singh Rekhi**  
(Managing Director/Chief Executive Officer)

Place: Noida  
Date: January 22, 2019

**Sd/-**  
**Nand Sardana**  
(Chief Financial Officer)

Place: Noida  
Date: January 22, 2019



Annexure 'D' to the Directors Report

## CORPORATE GOVERNANCE CERTIFICATE

The Members

**R Systems International Limited**

GF-1-A, 6, Devika Tower,  
Nehru Place, New Delhi-110019  
India

We have examined all relevant records of R Systems International Limited (the Company) for the purpose of certifying all the conditions of the Corporate Governance under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the financial year ended 31<sup>st</sup> December 2018. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of certification.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof. This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

On the basis of our examination of the records produced explanations and information furnished, we certify that the Company has complied with the conditions of the Corporate Governance under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

For **Chandrasekaran Associates**

Company Secretaries

Sd/-

**Lakhan Gupta**

Partner

Membership No. ACS 36583

Certificate of Practice No. 13725

Date: May 02, 2019

Place: New Delhi

Annexure 'E' to the Directors Report

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Overview

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016, as applicable. The management accepts responsibility for the integrity and objectivity of these financial statements, as well as for various estimates and judgments used therein. The estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, so that the financial statements reflect in a true and fair manner the form and substance of transactions, and reasonably present the state of affairs, profits and cash flows for the year.

#### A. Industry Structure and Developments

The pace of technology disruption has reached new levels in 2018. Society, in general, and industry and government, in particular, are actively embracing digital technologies.

Cutting edge technologies such as artificial intelligence (AI), Internet of things (IoT), machine learning (ML), big data analytics and robotic process automation (RPA) are providing newer opportunities like developing new products and service lines, improving efficiency, productivity, and competence levels. As per IDC Spending guide, worldwide Spending on Digital Transformation (DX) will be nearly \$2 Trillion in 2022 as organizations commit to DX.

#### B. Company Overview

R Systems International Limited (the 'Company') and its subsidiaries (collectively referred to as "R Systems") is a global technology, AI/analytics services and knowledge services leader. The parent Company is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956, with its Registered Office at New Delhi and has following subsidiaries:

Name of subsidiary	Year of incorporation	Location	Subsidiary since	Holding
R Systems (Singapore) Pte Limited #	1997	Singapore	September 19, 2000	100%
R Systems, Inc.	1993	USA	January 2, 2001	100%
R Systems Technologies Limited	1996	USA	April 1, 2002	100%
ECnet Limited* #	1996	Singapore	January 8, 2004	99.75%
Computaris International Limited #	2006	UK	January 26, 2011	100%
RSYS Technologies Ltd.	2012	Canada	October 29, 2012	100%

\* The shareholding by the Company and R Systems (Singapore) Pte Limited is 69.37% and 30.38%, respectively.

# the aforesaid subsidiary have following subsidiary :

(a) ECnet Limited, Singapore, has the following wholly- owned subsidiaries:

Name	Holding	Country of incorporation
ECnet (M) Sdn. Bhd.	100%	Malaysia
ECnet Systems (Thailand) Co. Ltd.	100%	Thailand
ECnet (Shanghai) Co. Ltd.	100%	People's Republic of China
ECnet (Hong Kong) Ltd.	100%	Hong Kong
ECnet, Inc. (liquidated on January 28, 2019)	100%	USA
ECnet Kabushiki Kaisha	100%	Japan

(b) Computaris International Limited, UK, has the following wholly- owned subsidiaries:

Name	Holding	Country of incorporation
Computaris Romania SRL	100%	Romania
Computaris Polska sp z.o.o.	100%	Poland
Computaris USA Inc. (liquidated on October 22, 2018)	100%	USA
ICS Computaris International Srl	100%	Moldova
Computaris Malaysia Sdn. Bhd.	100%	Malaysia
Computaris Philippines Pte Ltd. Inc.	100%	Philippines
Computaris Suisse Sarl (Incorporated on April 27, 2018)	100%	Switzerland

- (c) IBIZ Consulting Pte. Ltd., Singapore (formerly known as IBIZCS Group Pte Limited, Singapore), is a wholly- owned subsidiary of R Systems (Singapore) Pte Limited, Singapore w.e.f. April 30, 2015 and has following wholly owned subsidiaries:

Name	Holding	Country of incorporation
IBIZ Consulting Services Pte Ltd	100%	Singapore
IBIZ Consulting Services Sdn. Bhd.	100%	Malaysia
PT. IBIZCS Indonesia	100%	Indonesia
IBIZ Consultancy Services India Private Limited	100%	India
IBIZ Consulting Service Limited (IBIZ HK)	100%	Hong Kong
IBIZ Consulting Service Shanghai Co., Ltd	100% by IBIZ HK	People's Republic of China

- (d) Subsequent to the year-end, R Systems Inc. has acquired 100% interest in Innovizant LLC.

### C. Opportunities and Threats

IDC predicts that, by 2020, 30% of G2000 companies will have allocated capital budget equal to at least 10% of revenue to fuel their digital strategies. This commitment to funding digital transformation will continue to drive spending well into the next decade.

R Systems has transformed itself from a product engineering company to a niche digital enterprise to navigate its customers in their successful digital transformation. Further, the recent acquisition of Innovizant LLC will strengthen our offering

and competencies in advanced analytics, data engineering, and digital connected systems. Digital will continue to fuel R Systems growth in coming years.

Every opportunity comes up with inherent risk and challenges, however, over the years, R Systems has learnt to reckon with as well as address such risks and challenges including threats from competitors including their disruptive tactics, new technologies, intensifying demand for global talent, retention of employees and stringent governing norms regarding restrictions on outsourcing services. At R Systems, these threat and uncertainties are managed proactively through our risk mitigation processes and strategies.

### D. Segment-wise and Product-wise Performance

Detailed information about segment-wise and product-wise performance has been given in the Consolidated Financial Statements and Standalone Financial Statements.

### E. Performance and Outlook

R Systems' reported consolidated revenue of Rs. 6,998.89 mn during the year 2018 as against revenue of Rs. 5,926.38 mn for the year 2017. The revenue grew by 18.10% during the year 2018.

Consolidated profit after tax during the year 2018 was Rs. 510.45 mn as against net profit for year 2017 of Rs. 225.34 mn.

The basic earnings per share (based on consolidated financial statement) during the year 2018 was Rs. 4.14 per share as against Rs. 1.83 per share in 2017 of paid-up value of Re. 1 each.

R Systems maintains a strong financial position with shareholder funds of Rs. 3,229.03 mn. and cash and bank balance including bank deposits and liquid funds of Rs. 1,998.41 mn as of December 31, 2018 to invest for future growth of business.

## R Systems is well positioned to leverage the following factors which are key to its differentiated strategy for growth in the marketplace:



### F. Risk and Concerns

At R Systems, risk management is a dynamic process with an attempt to constantly identify all the emerging risks and propose solutions to manage these. This is further explained in detail in Risk Management Report.

### G. Internal Control Systems and Their Adequacy

Internal control systems are a set of policies, processes and procedures put in place to help achieve the strategic objectives of an organization. The Company has an Internal Control System commensurate with the size, scale and complexity of



its operations. This has been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorised use, executing transactions with proper authorisation and ensuring compliance of corporate policies.

The CEO/CFO certification provided in this report places responsibility on the CEO and CFO to continuously ensure adequacy of our internal control systems and procedures.

Deloitte Haskins & Sells LLP, the statutory auditors of the Company, have audited the financial statements included in this annual report and have issued a unmodified opinion on the adequacy and operating effectiveness of the Company's

internal financial controls over financial reporting.

#### H. Material Development in Human Resources / Industrial Relations Front, including Number of People Employed

Our employees are most precious assets and we value their commitment in building R Systems. In the IT and ITES industry attracting, developing, deploying and retaining talent is critical. R Systems has also defined and implemented a People Management Initiative which is in line with industry best practices and People CMM. It effectively manages the employee life cycle so that the individuals are committed, have pride and show pro-activeness on the job.

R Systems concluded year 2018 with 2,753 associates including 374 sales and support associates.

### I. Discussion on financial performance with respect to operational performance.

#### Financial Position as at December 31, 2018

#### 1. Property, plant and equipment (PPE) and Intangible Assets

PPE includes land, building, lease hold improvement computer hardware, furniture & fixture, vehicle, office and electrical equipment etc., Intangible assets covering Goodwill on consolidation, computer software, non-compete and customer contracts.

(Rs. in million)

Particulars	Consolidated		Standalone	
	2018	2017	2018	2017
Property, plant and equipment (net)	306.91	300.38	248.27	258.45
Capital work in progress	16.18	0.58	15.73	-
Goodwill on Consolidation	89.93	84.05	-	-
Other intangible assets (net)	27.64	52.82	1.69	4.44
<b>Total</b>	<b>440.66</b>	<b>437.83</b>	<b>265.69</b>	<b>262.89</b>

Details of additions during the year in Property, plant and equipment (PPE) and Intangible Assets:

(Rs. in million)

Particulars	Consolidated		Standalone	
	2018	2017	2018	2017
Total addition to gross block- Property, plant and equipment	104.85	104.90	59.40	79.14
Total addition to gross block- Intangible assets	6.93	11.36	0.57	6.67

The additions in gross block - Property, plant and equipment were mainly on account of purchases of computer hardware, plant & machinery, office equipment's, vehicles, furniture & fittings, leasehold improvements etc.

#### 2. Investment Property

Investment Property represents the land and building in Pune given on rent. Investment Property value as at December 31, 2018 was Rs. 23.31 mn as against Rs. 24.78 mn as at December 31, 2017.

#### 3. Non-current Investment

(Rs. in million)

Particulars	Consolidated		Standalone	
	2018	2017	2018	2017
Investment in subsidiaries	-	-	995.36	942.22
Other investment	0.03	0.03	0.03	0.03
8% Redeemable Debentures in Indus Software Technologies Private Limited	-	87.55	-	87.55
<b>Total</b>	<b>0.03</b>	<b>87.58</b>	<b>995.39</b>	<b>1,029.80</b>

#### 4. Other non-current financial assets

(Rs. in million)

Particulars	Consolidated		Standalone	
	2018	2017	2018	2017
Security deposits	31.07	23.91	18.53	10.78
Margin money deposits	52.61	58.56	45.20	44.96
Bank deposits to be matured after 12 months from reporting date	17.37	-	-	-
Interest accrued on fixed deposits	1.58	1.64	1.57	1.64
Staff advance	0.29	0.68	0.29	0.68
<b>Total</b>	<b>102.92</b>	<b>84.79</b>	<b>65.59</b>	<b>58.06</b>

#### 5. Deferred Tax Liability / Assets (net)

Deferred tax reflects the timing differences between financials and tax books arising mainly from provision for gratuity, compensated absence, doubtful debts and advances ( results into deferred tax assets) and differences in book base and tax base of PPE (results into deferred tax liability).

Deferred tax assets and deferred tax liabilities across various tax jurisdictions cannot be offset against each other therefore has been presented separately.

(Rs. in million)

Particulars	Consolidated		Standalone	
	2018	2017	2018	2017
Deferred Tax Assets (net)	67.46	58.51	56.90	58.42
Deferred Tax Liability (net)	0.25	0.26	-	-

#### 6. Income tax assets / Liability

Income tax assets represent excess of tax paid over liability. It has been classified as non-current tax assets in financial statement. Income tax liability represents excess of tax liability over advance tax. It has been classified as current tax liability in financial statement as the Company is required to settle the same within 12 month from reporting date.

(Rs. in million)

Particulars	Consolidated		Standalone	
	2018	2017	2018	2017
Income tax assets (net)	56.95	39.99	24.54	22.51
Income tax liability (net)	52.01	47.40	18.35	36.19

Income tax assets / liabilities across various tax jurisdictions cannot be offset against each other therefore has been presented separately.

#### 7. Other non-current assets

(Rs. in million)

Particulars	Consolidated		Standalone	
	2018	2017	2018	2017
Capital advances	40.64	0.03	40.64	0.03
Prepaid expenses	9.46	12.52	7.32	12.41
<b>Total</b>	<b>50.10</b>	<b>12.55</b>	<b>47.96</b>	<b>12.44</b>

Increase represents advance given to vendor for procurement of capital assets for SEZ Unit expansion.

#### 8. Current Investment

(Rs. in million)

Particulars	2018	2017
Investment in Liquid Mutual Fund	199.50	49.31
8% Redeemable Debentures in Indus Software Technologies Private Limited	-	87.57
<b>Total</b>	<b>199.50</b>	<b>136.88</b>

## 9. Trade receivables

(Rs. in million)

Particulars	Consolidated		Standalone	
	2018	2017	2018	2017
Trade receivables (gross)	1,417.30	1,253.96	639.32	575.96
Less : Allowance for doubtful debts (expected credit loss allowance)	51.85	46.32	18.19	6.77
<b>Trade receivables (net)</b>	<b>1,365.45</b>	<b>1,207.64</b>	<b>621.13</b>	<b>569.19</b>

## 10. Cash and Bank Balance

Cash and cash equivalents comprises of cash at bank, cash in hand and short term deposits with an original maturity period of three months or less.

(Rs. in million)

Particulars	Consolidated		Standalone	
	2018	2017	2018	2017
<b>Cash and cash equivalents</b>				
Cash on hand	1.15	0.75	0.45	0.12
Balances with scheduled banks	228.75	334.05	223.95	328.69
Balances with other banks	611.27	594.22	75.79	19.87
<b>Cash and cash equivalents (A)</b>	<b>841.17</b>	<b>929.02</b>	<b>300.19</b>	<b>348.68</b>
<b>Other bank balances</b>				
Deposit with original maturity of more than 3 months but less than 12 months	515.75	579.18	172.10	389.21
Balances in unclaimed dividend account#	2.95	2.43	2.95	2.43
<b>Other bank balances (B)</b>	<b>518.70</b>	<b>581.61</b>	<b>175.05</b>	<b>391.64</b>
<b>Total Cash and Bank Balance (A+B)</b>	<b>1,359.87</b>	<b>1,510.63</b>	<b>475.24</b>	<b>740.32</b>

# the Company can utilise these balances for respective dividend.

For detailed movement in cash and bank balance, please refer the Consolidated and Standalone Cash Flow Statement.

## 11. Other current financial assets

(Rs. in million)

Particulars	Consolidated		Standalone	
	2018	2017	2018	2017
Staff advance	6.87	6.42	2.81	2.62
Advance to related parties	-	-	1.04	10.48
Unbilled revenue	205.77	149.50	110.10	48.06
Securities deposit	1.68	2.22	0.68	2.00
Bank deposits with original maturity of more than 12 months	369.06	8.26	352.10	8.26
Mark-to-market gain on derivative instruments	22.59	16.33	22.59	16.33
Interest accrued	7.88	8.59	5.02	8.27
Other	4.47	3.29	0.51	0.31
<b>Total</b>	<b>618.32</b>	<b>194.61</b>	<b>494.85</b>	<b>96.33</b>

Increase in bank deposits represents cash generated from operations which was invested in term deposit based on treasury management.

Unbilled revenue constitutes amounts not billed to customers at year end which is expected to be billed in due course in accordance with the contract with the respective customers.

## 12. Other current assets

(Rs. in million)

Particulars	Consolidated		Standalone	
	2018	2017	2018	2017
Balances with indirect tax authorities	24.62	18.39	24.62	18.60
VAT recoverable	4.52	12.91	-	-
Prepaid expenses	101.82	82.17	62.74	51.44
Advance to vendors	7.21	1.03	0.43	0.17
Tour and travel advance	11.93	5.32	11.93	5.30
<b>Total</b>	<b>150.10</b>	<b>119.82</b>	<b>99.72</b>	<b>75.51</b>

## 13. Share Capital

(Rs. in million)

Particulars	As at December 31,	
	2018	2017
Authorised share capital	206.00	200.00
Issued, subscribed and paid up capital	123.95	123.87
Add: Shares Issued under ESOP Scheme, 2007	0.04	0.08
	<b>123.99</b>	<b>123.95</b>
Less: advance to R Systems employee welfare trust	0.74	0.74
<b>Total Share Capital</b>	<b>123.25</b>	<b>123.21</b>

Pursuant to scheme of amalgamation, the Authorised Capital of GM Solutions Private Limited has been merged into the authorised capital of R Systems International Limited.

During the year ended December 31, 2018, the Company has issued 37,500 (previous year 82,500) equity shares fully paid-up equity shares of Re. 1 each under ESOP Scheme, 2007.

Detailed information about the movements in ESOP plan has been given in Note no. 11 of notes to the Consolidated Financial Statements.

## 14. Other Equity

(Rs. in million)

Particulars	Consolidated		Standalone	
	2018	2017	2018	2017
<b>Reserve and Surplus</b>				
Securities premium account	278.24	275.95	278.24	275.95
Stock options outstanding	2.92	3.39	2.92	3.39
General Reserve	158.73	158.73	158.73	158.73
Capital Reserve	0.03	0.03	-	-
Retained earnings	2,432.21	2,007.25	2,124.85	1,900.20
<b>Other Comprehensive Income</b>				
Re-measurement of defined benefit plans	7.54	8.04	7.54	8.04
Foreign currency translation reserve	226.11	132.06	-	-
<b>Total Other Equity</b>	<b>3,105.78</b>	<b>2,585.45</b>	<b>2,572.28</b>	<b>2,346.31</b>

During the year ended December 31, 2018, an interim dividend of Re. 0.60 per equity share of Re. 1 each has been paid.

## 15. Non-controlling Interest

During the year, there is no change in the non-controlling interest in the Consolidated Financial Statement.

**16. Borrowings (non-current portion)**

Particulars	(Rs. in million)	
	2018	2017
Term loan for Motor Vehicles	9.36	9.58
Financial Lease Obligation	10.61	10.78
Less:		
Current maturities of term loan for motor vehicles	3.86	4.33
Current maturities of financial lease obligation	0.20	0.18
<b>Total</b>	<b>15.91</b>	<b>15.85</b>

**17. Other non-current financial liabilities**

Other non-current financial liabilities include security deposit payable after 12 months from reporting date. Security Deposit amounts to Rs. 2.96 mn as at December 31, 2018 as against Rs. 2.23 mn as at December 31, 2017.

**18. Provision (Long term)**

Long-term provisions represent the provision towards the gratuity liability due after 12 months from the reporting date based on actuarial valuation. The provision amounts to Rs. 109.60 mn as at December 31, 2018 as against Rs. 91.18 mn as at December 31, 2017.

**19. Other non-current liabilities**

Other non-current liabilities consist of deferred grant from government which will be recognised 12 months from the reporting date based on grant period. The deferred grant from government amounts to Rs. 0.04 mn as at December 31, 2018 as against Rs. 0.29 mn as at December 31, 2017.

**20. Trade Payables**

Particulars	(Rs. in million)			
	Consolidated		Standalone	
	2018	2017	2018	2017
Trade Payable	270.02	340.05	46.73	43.32

**21. Other current financial liabilities**

Particulars	(Rs. in million)			
	Consolidated		Standalone	
	2018	2017	2018	2017
Current maturities of term loans for motor vehicles	3.86	4.33	3.86	4.33
Current maturity of Finance lease obligation	0.20	0.18	0.20	0.18
Payable to subsidiary company			16.36	14.17
Security deposits received	9.48	9.63	9.48	9.63
Investor education and protection fund (not due) - Unclaimed dividend	2.95	2.43	2.95	2.43
Employee benefits payable	167.03	119.10	112.15	102.51
Capital creditors	2.08	0.27	2.08	0.27
Deferred payment compensation for business acquisition	22.29	45.47	-	-
Other financial liabilities	4.92	3.85	3.41	3.37
<b>Total</b>	<b>212.81</b>	<b>185.26</b>	<b>150.49</b>	<b>136.89</b>

**22. Provision (Short term)**

Particulars	(Rs. in million)			
	Consolidated		Standalone	
	2018	2017	2018	2017
Provision for employee benefits				
- Gratuity	4.80	3.59	4.80	3.59
- Compensated absence	137.83	135.98	80.89	82.64
<b>Total</b>	<b>142.63</b>	<b>139.57</b>	<b>85.69</b>	<b>86.23</b>

### 23. Other current liabilities

(Rs. in million)

Particulars	Consolidated		Standalone	
	2018	2017	2018	2017
Statutory dues payable				
Tax deducted at source / Withholding tax payable	22.11	15.96	14.22	10.31
PF / 401 K / other payables	37.07	25.72	14.20	11.44
GST / Service tax / VAT payable	22.53	20.34	3.35	2.20
Others	0.23	0.20	0.23	0.20
Unearned revenues	316.64	321.18	212.56	181.35
Rent received in advance	-	0.22	-	0.22
Deferred grant from Government	0.83	1.24	-	-
<b>Total</b>	<b>399.41</b>	<b>384.86</b>	<b>244.56</b>	<b>205.72</b>

### 25. Liquidity

The consolidated cash and cash equivalent as at December 31, 2018 were Rs. 841.17 mn as against Rs. 929.02 mn as on December 31, 2017.

Net cash generated from operating activities were Rs. 311.22 mn for the year ended December 31, 2018 compared to Rs. 365.24 mn for the year ended December 31, 2017.

Cash used in investing activities were Rs. 350.45 mn for the year ended December 31, 2018 comprised of Investment in long term deposit with bank Rs. 293.84 mn (net), purchase of fixed assets of Rs. 165.87 mn and Investment in liquid mutual fund Rs. 140 mn as offset by proceeds from redemption of debenture Rs. 175.12 mn, interest income Rs. 64.62 mn, rental income from investment property Rs. 6.56 mn and sale of fixed assets Rs. 2.96 mn..

Cash used in financing activities were Rs. 87.86 mn for the year ended December 31, 2018 mainly consist of Rs. 85.49 mn on account of payment of dividend (including CDT).

R Systems' policy is to maintain sufficient liquidity to fund the anticipated capital expenditures, operational expenses and investments for strategic initiatives.

#### Analysis and Discussions of Operating Performance for the Year Ended December 31, 2018

The following section discusses in detail the composition of different items in the Consolidated and Standalone Statement of Profit and Loss Account.

#### Consolidated Statement of Profit and Loss for the year:

(Rs. in million)

Particulars	2018	% of Total Income	2017	% of Total Income	Change %
<b>Income</b>					
Revenue from operations	6,998.89	97.32	5,926.38	97.34	18.10
Other income	192.49	2.68	161.87	2.66	18.92
<b>Total income</b>	<b>7,191.38</b>	<b>100.00</b>	<b>6,088.25</b>	<b>100.00</b>	<b>18.12</b>
<b>Expenses</b>					
Employee benefits expense	4,743.85	65.97	4,173.15	68.54	13.68
Finance costs	2.65	0.04	3.98	0.07	(33.42)
Depreciation and amortisation expense	135.48	1.88	134.80	2.21	0.50
Other expenses	1,682.58	23.40	1,422.88	23.37	18.25
<b>Total expenses</b>	<b>6,564.56</b>	<b>91.28</b>	<b>5,734.81</b>	<b>94.19</b>	<b>14.47</b>
<b>Profit before tax</b>	<b>626.82</b>	<b>8.72</b>	<b>353.44</b>	<b>5.81</b>	<b>77.35</b>
Tax expense	116.37	1.62	128.10	2.10	(9.16)
<b>Net profit after tax</b>	<b>510.45</b>	<b>7.10</b>	<b>225.34</b>	<b>3.70</b>	<b>126.52</b>
Other comprehensive income / (loss)	93.55	1.30	(6.40)	(0.11)	
<b>Total comprehensive income</b>	<b>604.00</b>	<b>8.40</b>	<b>218.94</b>	<b>3.60</b>	<b>175.87</b>

**Standalone Statement of Profit and Loss for the year:**

(Rs. in million)					
Particulars	2018	% of Total Income	2017	% of Total Income	Change %
<b>Income</b>					
Revenue from operations	3,172.13	97.32	2,637.53	95.07	20.27
Other income	87.28	2.68	136.76	4.93	(36.18)
<b>Total income</b>	<b>3,259.41</b>	<b>100.00</b>	<b>2,774.29</b>	<b>100.00</b>	<b>17.49</b>
<b>Expenses</b>					
Employee benefits expense	2,169.18	66.55	1,868.36	67.35	16.10
Finance costs	2.32	0.07	3.65	0.13	(36.44)
Depreciation and amortisation expense	73.01	2.24	73.74	2.66	(0.99)
Other expenses	609.46	18.70	486.05	17.52	25.39
<b>Total expenses</b>	<b>2,853.97</b>	<b>87.56</b>	<b>2,431.80</b>	<b>87.65</b>	<b>17.36</b>
<b>Profit before tax</b>	<b>405.44</b>	<b>12.44</b>	<b>342.49</b>	<b>12.35</b>	<b>18.38</b>
Tax expense	95.30	2.92	114.41	4.12	(16.70)
<b>Net profit after tax</b>	<b>310.14</b>	<b>9.52</b>	<b>228.08</b>	<b>8.22</b>	<b>35.98</b>
Other comprehensive income / (loss)	(0.50)	(0.02)	8.04	0.29	
<b>Total comprehensive income</b>	<b>309.64</b>	<b>9.50</b>	<b>236.12</b>	<b>8.51</b>	<b>31.14</b>

**1. Revenue****1.1 Revenue from Operations**

R Systems derives revenue primarily from Information Technology services and Business Process Outsourcing services. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

**1.1.1 Based on Consolidated Financial Statement**

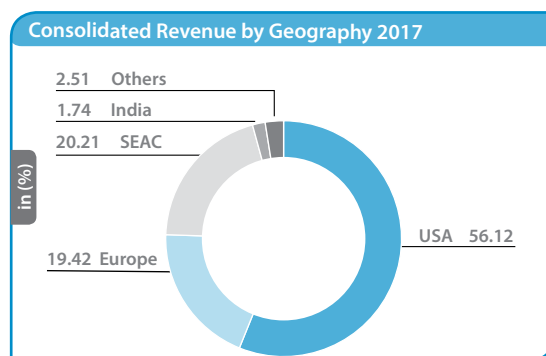
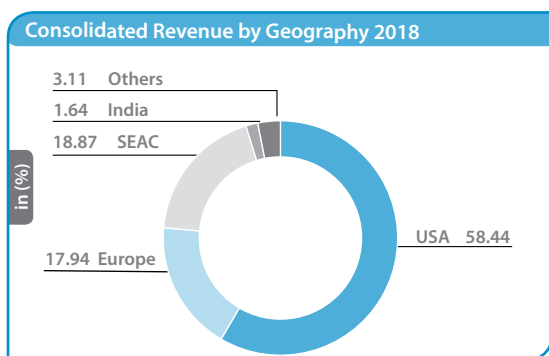
(Rs. in million)					
Particulars	Year ended December 31, 2018	%	Year ended December 31, 2017	%	change %
Information technology services	6,286.48	89.82	5,461.70	92.16	15.10
Business process outsourcing services	712.41	10.18	464.68	7.84	53.31
<b>Total</b>	<b>6,998.89</b>	<b>100.00</b>	<b>5,926.38</b>	<b>100.00</b>	<b>18.10</b>

**1.1.2 Based on Standalone Financial Statement**

(Rs. in million)					
Particulars	Year ended December 31, 2018	%	Year ended December 31, 2017	%	change %
Information technology services	2,436.54	76.81	2,153.30	81.64	13.15
Business process outsourcing services	735.59	23.19	484.23	18.36	51.91
<b>Total</b>	<b>3,172.13</b>	<b>100.00</b>	<b>2,637.53</b>	<b>100.00</b>	<b>20.27</b>

**1.1.3 Consolidated Revenue by Geography**

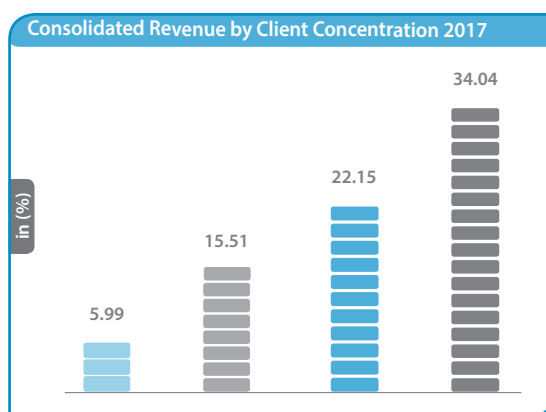
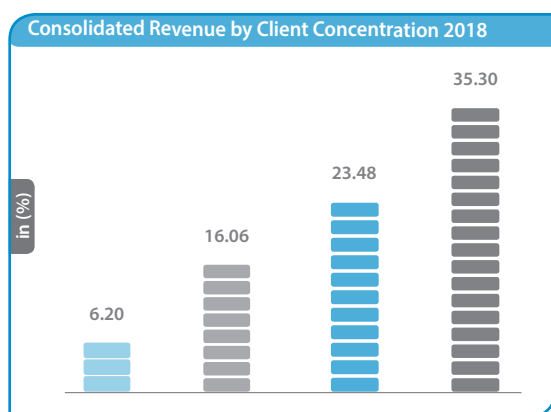
R Systems earns income from five principal geographic territories, namely the United States of America, Europe, South East Asian countries ("SEAC"), India and others. A significant proportion of the revenues were derived from clients located in the United States of America. The geographic break-down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



\* Graphs not to scale

### 1.1.4 Consolidated Revenue by Client Concentration

The breakdown of R Systems consolidated revenue on the basis of client concentration for the year ended December 31, 2018 and 2017 is as follows:



\* Graphs not to scale

■ The Largest Clients 
 ■ Top 3 Clients 
 ■ Top 5 Clients 
 ■ Top 10 Clients

### 1.2 Other Income

(Rs. in million)

Particulars	Consolidated		Standalone	
	2018	2017	2018	2017
Interest income	64.06	61.10	57.81	60.52
Rental income from investment property	6.78	6.85	6.78	6.85
Foreign exchange fluctuation (net)	9.38	56.71	11.83	64.82
Profit on sale / discarding of PPE (net)	0.67	0.36	0.01	0.32
Liability no longer required written back	64.77	7.69	-	2.53
Fair value adjustment on deferred payment compensation for business acquisition	26.10	6.37	-	-
Miscellaneous income	10.53	21.48	0.65	0.41
Net gain arising on financial assets measured at FVTPL	10.20	1.31	10.20	1.31
<b>Total other income</b>	<b>192.49</b>	<b>161.87</b>	<b>87.28</b>	<b>136.76</b>



## 2. Expenditures

### 2.1 Personnel Expenses

Personnel expenses primarily consist of salaries, bonus, commissions, provision for compensated absence, gratuity benefits, contribution towards provident and other funds, employee share based payments expense and staff welfare expenses.

#### 2.1.1 Based on Consolidated Financial Statement:

(Rs. in million)					
Particulars	2018	% of Total Income	2017	% of Total Income	Change %
Salaries, wages and bonus	4,285.26	59.59	3,735.30	61.35	14.72
Gratuity expenses	36.50	0.51	24.91	0.41	46.53
Contribution to provident and other funds	227.63	3.17	252.48	4.15	(9.84)
Employees' share based payments expense	1.40	0.02	2.64	0.04	(47.01)
Staff welfare expenses	193.06	2.68	157.82	2.59	22.33
<b>Total</b>	<b>4,743.85</b>	<b>65.97</b>	<b>4,173.15</b>	<b>68.54</b>	<b>13.68</b>

#### 2.1.2 Based on Standalone Financial Statement:

(Rs. in million)					
Particulars	2018	% of Total Income	2017	% of Total Income	Change %
Salaries, wages and bonus	1,991.49	61.10	1,724.27	62.15	15.50
Gratuity expenses	36.50	1.12	24.91	0.90	46.53
Contribution to provident and other funds	76.72	2.35	67.76	2.44	13.22
Employees' share based payments expense	1.40	0.04	2.64	0.10	(46.97)
Staff welfare expenses	63.07	1.94	48.78	1.76	29.29
<b>Total</b>	<b>2,169.18</b>	<b>66.55</b>	<b>1,868.36</b>	<b>67.35</b>	<b>16.10</b>

### 2.2 Finance cost

Particulars	Consolidated		Standalone	
	2018	2017	2018	2017
Interest expense on borrowings	2.40	2.73	2.07	2.40
Interest expense on financial instruments measured at amortised cost	0.25	0.46	0.25	0.46
Interest under income tax	-	0.79	-	0.79
<b>Total</b>	<b>2.65</b>	<b>3.98</b>	<b>2.32</b>	<b>3.65</b>

### 2.3 Depreciation and Amortisation Expense

Particulars	Consolidated		Standalone	
	2018	2017	2018	2017
Depreciation and Amortisation (Rs. in Mn)	135.48	134.80	73.01	73.74
% of Total income	1.88	2.21	2.24	2.66

### 2.4 Operational and other expenses

Operational and other expenses includes power and fuel, expenses on traveling and conveyance, rent of premises, equipment rental, commission, communication, legal and professional expenses including sub-contractors costs, cost of third party items, audit fees, provision for doubtful debts (net), advance written off, contributions towards corporate social responsibility and other miscellaneous items.

#### 2.4.1 Based on Consolidated Financial Statement:

(Rs. in million)					
Particulars	2018	% of Total Income	2017	% of Total Income	Change %
Power and fuel	46.86	0.65	44.83	0.74	4.53
Rent - premises	120.82	1.68	108.60	1.78	11.25
Repair and maintenance	123.52	1.72	101.63	1.67	21.54
Commission	9.46	0.13	7.13	0.12	32.68
Travelling and conveyance	294.55	4.10	235.82	3.87	24.90
Communication costs	79.10	1.10	74.85	1.23	5.68
Legal and professional fees	664.53	9.24	530.58	8.71	25.25
Cost of third party items	136.24	1.89	156.66	2.57	(13.03)
Auditors' remuneration	5.15	0.07	3.70	0.06	39.19
Provision for doubtful debts (net)	24.75	0.34	9.64	0.16	156.74
Advances written off	13.45	0.19	-	-	100.00
Contribution towards corporate social responsibility	3.96	0.06	2.46	0.04	60.98
Miscellaneous expenses	160.19	2.23	146.98	2.41	8.99
<b>Total</b>	<b>1,682.58</b>	<b>23.40</b>	<b>1,422.88</b>	<b>23.37</b>	<b>18.25</b>

#### 2.4.2. Based on Standalone Financial Statement:

(Rs. in million)					
Particulars	2018	% of Total Income	2017	% of Total Income	Change %
Power and fuel	40.53	1.24	40.80	1.47	(0.66)
Rent - premises	33.06	1.01	31.94	1.15	3.51
Repair and maintenance	101.09	3.10	81.19	2.93	24.51
Commission	26.06	0.80	14.19	0.51	83.65
Travelling and conveyance	180.83	5.55	140.26	5.06	28.92
Communication costs	59.24	1.82	56.91	2.05	4.09
Legal and professional fees	78.42	2.41	54.64	1.97	43.52
Auditors' remuneration	5.15	0.16	3.70	0.13	39.19
Provision for doubtful debts (net)	15.70	0.48	6.69	0.24	134.68
Contribution towards corporate social responsibility	3.96	0.12	2.46	0.09	60.98
Miscellaneous expenses	65.42	2.01	53.27	1.92	22.81
<b>Total</b>	<b>609.46</b>	<b>18.70</b>	<b>486.05</b>	<b>17.52</b>	<b>25.39</b>

#### 2.5 Tax expense

Tax expense comprises current tax and deferred tax.

Particulars	Consolidated		Standalone	
	2018	2017	2018	2017
<b>Profit Before Tax</b>	<b>626.82</b>	<b>353.44</b>	<b>405.44</b>	<b>342.49</b>
Current tax	124.22	149.89	99.35	133.41
MAT credit entitlement	-	(5.84)	-	(5.84)
Deferred tax charge / (credit)	(7.85)	(15.95)	(4.05)	(13.16)
<b>Total Tax Expense</b>	<b>116.37</b>	<b>128.10</b>	<b>95.30</b>	<b>114.41</b>
<b>Effective Tax Rate (%)</b>	<b>18.57</b>	<b>36.24</b>	<b>23.51</b>	<b>33.41</b>

Decrease in effective tax rate is due to increase in profit from SEZ unit where the Company enjoys tax holiday period along with higher contribution from USA & Singapore entities where the respective subsidiaries has past losses.

**J. Key financial ratios**

Ratio	Consolidated			Standalone		
	2018	2017	Variance	2018	2017	Variance
Debtors Turnover (in days)	67	68	-1.3%	68	70	-1.9%
Inventory Turnover	NA	NA	-	NA	NA	-
Interest Coverage@	164.90	49.13	235.6%	138.14	57.36	140.8%
Current Ratio	3.43	2.89	18.7%	3.46	3.18	8.8%
Debt Equity Ratio@	0.00	0.00	-18.0%	0.00	0.00	-10.5%
Operating Profit Margin #	6.2%	3.3%	89.2%	10.1%	7.9%	27.3%
Net Profit Margin #	7.3%	3.8%	91.8%	9.8%	8.6%	13.1%
Return on Net worth#	15.8%	8.3%	90.0%	11.5%	9.2%	24.6%

@ Interest coverage ratio and debt equity ratio does not have any impact on the Company as the overall debt is quite minimal.

# Increase in operating profit, net profit margins and return on net worth is mainly on account of increase in revenue, efficiency in operations as coupled with rupee depreciation.

**Note :**

Debtors Turnover = Average Trade Receivables / Billed Revenue\*360;

Interest Coverage = Operating profit / Finance cost

Operating profit = Profit before tax (PBT) less Finance cost and other income

Current Ratio = Current Assets / Current Liabilities

Debt Equity Ratio = Long term Borrowings / Net worth

Operating Profit Margin = Operating profit / Revenue

Net Profit Margin = Profit after tax (PAT) / Revenue

Return on Net worth = Profit after tax (PAT) / Net Worth.

On behalf of the Board  
For R Systems International Limited

**Sd/-****Satinder Singh Rekhi**

(DIN: 00006955)

(Managing Director)

Place : Singapore

Date : May 02, 2019

**Sd/-****Lt. Gen. Baldev Singh (Retd.)**

(DIN: 00006966)

(President &amp; Senior Executive Director)

Place : NOIDA (U.P.)

Date : May 02, 2019

## SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2018

To,  
The Members  
**R SYSTEMS INTERNATONAL LIMITED**  
**CIN: L74899DL1993PLC053579**  
GF-1-A, 6, Devika Tower,  
Nehru Place, New Delhi-110019

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate governance practices by R Systems International Limited (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit. We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on December 31, 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on December 31, 2018 according to the provisions of:

- (i) The Companies Act, 2013 ("the Act") and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder to the extent of Regulation 76 and erstwhile Regulation 55A;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
  - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **Not Applicable**
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client to the extent of securities issued;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **Not Applicable** and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; **Not Applicable**
  - (vi) The other laws, as informed and certified by the Management of the company which are specifically applicable to the Company based on the Sectors/ Industry are:
    - (a) The Special Economic Zones Act, 2005 and the rules made thereunder;
    - (b) Policy relating to Software Technology Parks of India and its regulations.
- We have also examined compliance with the applicable Clauses/Regulations of the following:
- (i) Secretarial Standards issued by The Institute of Company Secretaries of India and notified by Ministry of Corporate Affairs.
  - (ii) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes, if any, in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at the Board and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the

Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, the Company has following specific events which have a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.:

- (a) The Company has allotted 37,500 equity shares of Re. 1/- each at an exercise price of Rs. 12.07 per share on May 04, 2018 pursuant to exercise of vested employee stock options under the R Systems International Limited Employee Stock Option Scheme 2007;
- (b) Scheme of Amalgamation between GM Solutions Private Limited ("Transferor Company") and R Systems International Limited ("Transferee Company/ Company") and their respective Shareholders and Creditors was approved by the Hon'ble National Company Law Tribunal, New Delhi vide order dated December 07, 2018;
- (c) Pursuant to Scheme of Amalgamation between GM Solutions Private Limited ("Transferor Company") and R Systems International Limited ("Transferee Company/ Company") and their respective Shareholders and Creditors as approved by the Hon'ble National Company Law Tribunal, New Delhi vide order dated December 07, 2018, the Company has allotted

29,746,353 equity shares of Re. 1/- each on December 21, 2018 and cancelled/ extinguished 29,746,353 equity shares of Re. 1/- each of the Company as held by GM Solutions Private Limited upon aforesaid allotment;

- (d) The Company has withdrawn the Scheme of Arrangement for re-organization and reduction of equity share capital of the Company under Section 230 of the Act between R Systems International Limited and its Shareholders and Creditors and the Hon'ble National Company Law Tribunal, New Delhi has allowed the Company to withdraw the said Scheme vide order dated January 03, 2019.

For **Chandrasekaran Associates**

Company Secretaries

**Sd/-**

**Lakhan Gupta**

Partner

Membership No. 36583

Certificate of Practice No. 13725

Date: May 02, 2019

Place: New Delhi

Note: This report is to be read with our letter of even date which is annexed as Annexure-A and forms an integral part of this report.

To,  
The Members  
**R SYSTEMS INTERNATONAL LIMITED**  
**CIN: L74899DL1993PLC053579**  
GF-1-A, 6, Devika Tower,  
Nehru Place, New Delhi-110019

Our Report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the random test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on random test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Chandrasekaran Associates**  
Company Secretaries

**Sd/-**  
**Lakhan Gupta**  
Partner  
Membership No. 36583  
Certificate of Practice No. 13725

Date: May 02, 2019  
Place: New Delhi

Annexure 'G' to the Directors Report

**FORM NO. AOC-2****(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)**

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto:

**1. Details of contracts or arrangements or transactions not at arm's length basis**

Sr. No.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts / arrangements/ transaction	Salient terms of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transactions	Date(s) of approval by the Board	Amount paid as advances, if any:	Date on which the special resolution was passed in general meeting as required under first proviso to section 188
	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

**2. Details of material contracts or arrangement or transactions at arm's length basis**

Sr. No.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts / arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any:	Date(s) of approval by the Board, if any	Amount paid as advances, if any:
	Nil	Nil	Nil	Nil	Nil	Nil

**Note:**

- The aforesaid disclosure is based on the materiality threshold defined in Policy for related party transactions.
- For details of other related party transaction, please refer note No. 30 of the standalone financial statements.

On Behalf of the Board  
For R Systems International Limited

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

Place : Singapore  
Date : May 02, 2019

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

Place : NOIDA (U.P.)  
Date : May 02, 2019

## ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ("CSR") ACTIVITIES

For the Financial Year ended December 31, 2018

<b>1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web link to the CSR policy and projects or programs:</b>							
To support and endeavor to bring about positive difference to communities where we exist. Through the CSR initiatives, the Company strives to provide equitable opportunities for sustainable growth, thereby aligning with our goal to build R Systems International Limited into an organization which maximizes stakeholders value. The Company would engage in activities whereby business further contributes to make a positive and distinguishing impact on the environment, customers and other stakeholders. Core areas as per the CSR Policy – Education, Sports, Health & Medical Care, Community at large, Environment etc. The Company's CSR policy can be accessed on: <a href="https://www.rsystems.com/investors-info/corporate-governance/">https://www.rsystems.com/investors-info/corporate-governance/</a>							
<b>2. Composition of the CSR Committee (As on December 31, 2018)</b>							
1. Mr. Kapil Dhameja (Non-Executive Independent Director) – Chairperson							
2. Mrs. Ruchica Gupta (Non-Executive Independent Director) – Member							
3. Lt. Gen. Baldev Singh (Retd.) (President & Senior Executive Director) - Member							
<b>3. Average Net Profit of the Company for last three financial year</b>							Rs. 459,494,565
<b>4. Prescribed CSR Expenditure (two percent of the amount as in Item 3 above)</b>							Rs. 9,189,891
<b>5. Details of CSR spent during the financial year:</b>							
(a) Total Amount to be spent for the financial year							Rs. 9,189,891
(b) Amount unspent, if any							Rs. 5,229,891
(c) Manner in which the amount spent during the financial year is detailed below:							
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No.	CSR Project or activity identified	Sector in which the project is covered	Project / Programs (1) Local Area / <b>others</b> (2) Specify the State / District where the Project or program was Undertaken	Amount Outlay (budget) Project / Program wise	Amount spent on the project / programs Subheads: <b>(1) Direct expenditure on project / programs</b> <b>(2) Overheads</b>	Cumulative expenditure up to the reporting period	Amount spent Direct or through implementing agency*
1.	School Education Project	Education	Kapurthala-Punjab (Army Public School, Beas)	15 lakhs	15 lakhs	15 lakhs	Expenses incurred directly
2.	Education Project	Education	Jabalpur (Rajya Anand Sansthan)	9 Lakhs	9 Lakhs	9 Lakhs	Expenses incurred directly
3.	Sports Project	Olympic Sports	Bangalore (Prakash Padukone Badminton Academy)	20 Lakhs	15.60 Lakhs	15.60 Lakhs	Expenses incurred directly

\* Give details of implementing agency- N.A.

### 6. Reason for not spending two percent of the average net Profit of the last three financial years or any part thereof on CSR

As an integral part of society, the Company is aware of its corporate social responsibility and has been engaged in community and social investment. During the financial year 2018 the Company had scaled-up its CSR activities which resulted into increased CSR spending as compared to FY 2017 i.e. from Rs. 24.60 lakhs in FY 2017 to Rs. 39.60 Lakhs in FY 2018 (increased by 61%). Further, the Company has additionally spend Rupees Six Lakhs towards various other charitable causes which are not covered within the range of the provisions of Section 135 read with Schedule VI of the Companies Act, 2013.

As a socially responsible company, the Company is continuously exploring and adding new opportunities in its CSR programmes to create a qualitative sustainable impact on the society at large over the coming years.

### 7. A Responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in Compliance with the CSR Objectives and Policy of the Company

The CSR Committee hereby confirms that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and policy of the Company.

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

Place: Singapore  
Date: May 02, 2019

Sd/-  
**Kapil Dhameja**  
(DIN: 02889310)  
(Chairman of the CSR Committee)

Place: NOIDA (U.P.)  
Date: May 02, 2019



Annexure 'I' to the Director Report

**Form No. MGT-9**  
**EXTRACT OF ANNUAL RETURN**

**as on the financial year ended on December 31, 2018**

**[Pursuant to section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]**

**I. REGISTRATION AND OTHER DETAILS**

CIN	: L74899DL1993PLC053579
Registration Date	: May 14, 1993
Name of the Company	: R Systems International Limited
Category / Sub-Category of the Company	: Company having Share Capital
Address of the Registered office and contact details	: GF-1-A, 6, Devika Tower, Nehru Place, New Delhi-110019* Tel. No.: +91-011-32596619 E-mail: <a href="mailto:rsil@rsystems.com">rsil@rsystems.com</a>
Address of the Corporate office and contact details	: C-40, Sector-59, NOIDA, District Gautam Budh Nagar, U.P. India-201307 Tel. No.: +91-120-4303500 Fax: +91-120-4082699
Whether listed company	: Yes
Name, Address and Contact details of Registrar and Transfer Agent, if any	: <b>Link Intime India Private Limited</b> Noble Heights, 1 <sup>st</sup> Floor, Plot NH 2, C-1, Block LSC, Near Savitri, Market, Janakpuri, New Delhi – 110058 Phone: 011 - 414 10592, 93, 94 Fax : 011 - 414 10591 Email : <a href="mailto:delhi@linkintime.co.in">delhi@linkintime.co.in</a>

\* Subsequent to the year ended December 31, 2018, the registered office of the Company has been sifted from B 104A, Greater Kailash, Part-I, New Delhi-110048 to GF-1-A, 6, Devika Tower, Nehru Place, New Delhi-110019 on April 23, 2019.

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Information technology services and products	620	76.81%
2	Business process outsourcing services	620	23.19%

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	R Systems (Singapore) Pte Limited	#04-01, 16 Jalan Kilang, Hoi Hup Building, Singapore 159416	Foreign Company	Subsidiary	100%	2(87)
2	R Systems, Inc.	5000, Windplay Drive, Suite # 5, El Dorado Hills, CA 95762, U.S.A.	Foreign Company	Subsidiary	100%	2(87)
3	R Sysems Technologies Ltd. (Formerly known as Indus Software, Inc.)	5000, Windplay Drive, Suite #5, El Dorado Hills, CA 95762, U.S.A.	Foreign Company	Subsidiary	100%	2(87)
4	ECnet Limited	16, Jalan Kilang, #04-01 Hoi Hup Building, Singapore – 159 416	Foreign Company	Subsidiary	99.75%	2(87)
5	RSYS Technologies Ltd. (Formerly known as Systèmes R. International Ltée)	<b>Vancouver-Registered Office</b> 1000, Cathedral Place, 925 West Georgia Street, Vancouver BC V6C 3L2, Canada <b>Ontario-Corporate Office</b> 2425 Matheson Blvd East Unit 778, Mississauga, Ontario L4W 5K4 Canada	Foreign Company	Subsidiary	100%	2(87)
6	Computaris International Limited	11 Queens Road, Brentwood Essex, CM 14 4HE, United Kingdom	Foreign Company	Subsidiary	100%	2(87)
7	ECnet (M) Sdn. Bhd.#	Suite 5F-1, 5 <sup>th</sup> Floor, Tower 5, Puchong Financial Corporate Centre (PFCC) Jalan Puteri 1/2, Bandar Puteri, 47100 Puchong Selangor, Malaysia	Foreign Company	Step Down Subsidiary	99.75%	2(87)
8	ECnet Systems (Thailand) Co. Ltd.#	2/3 Bangna Tower-A, 2 <sup>nd</sup> Floor, Room No. 205-206, Moo 14, Bangna-Trad K.M. 6.5, Tambol Bangkaew, Amphoe Bangplee, Samutprakarn Province 10540	Foreign Company	Step Down Subsidiary	99.75%	2(87)
9	ECnet (Shanghai) Co. Ltd.#	Rm H, 20 Floor, Foresight Mansion, No. 768 Xie Tu Rd, Shanghai, China	Foreign Company	Step Down Subsidiary	99.75%	2(87)
10	ECnet (Hong Kong) Ltd.#	Rm 1903, 19/F, World-Wide House, 19 Des Voeux Road Central, Hong Kong	Foreign Company	Step Down Subsidiary	99.75%	2(87)
11	ECnet, Inc.**	5000 Wind Play Drive Suite #5, El Dorado Hills, CA 95762, USA	Foreign Company	Step Down Subsidiary	99.75%	2(87)
12	ECnet Kabushiki Kaisha#	Godo Building 6F, Kaji-cho 1-6-17, Chiyoda-ku, Tokyo, Japan 101-0044.	Foreign Company	Step Down Subsidiary	99.75%	2(87)
13	Computaris Romania SRL*	<b>Bucharest office</b> 5 Gheorghe Manu Str, Groundfloor, 1 <sup>st</sup> Floor, 6 <sup>th</sup> Floor, Room 2, Sector 1, Bucharest, 010442, Romania <b>Galati office</b> 23 Logofat Tautu Str., 800009, Galati, Romania	Foreign Company	Step Down Subsidiary	100%	2(87)
14	Computaris Polska sp z o.o.*	<b>Warsaw office</b> al. Jana Pawla II 80, 00-175 Warsaw, Poland <b>Bialystok Office</b> ul. Branickiego 17, 15 -085 Bialystok	Foreign Company	Step Down Subsidiary	100%	2(87)
15	ICS Computaris International Srl*	Vlaicu Pircalab Street, No 63, Et. 8, Oficiu B, MD – 2012, Sky Tower Business Center Chisinau, Republic of Moldova	Foreign Company	Step Down Subsidiary	100%	2(87)

Sl. No.	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
16	Computaris Malaysia Sdn. Bhd <sup>*</sup>	Lot. No. 5F-1, 5 <sup>th</sup> Floor Tower 5 Puchong Financial Corporate Center Jalan Puteri 1/2, Bandar Puteri 47100 Puchong, Selangor, Malaysia	Foreign Company	Step Down Subsidiary	100%	2(87)
17	Computaris Philippines Pte. Ltd. Inc. <sup>*</sup>	Level 16 Tower 6789, Ayala Avenue 1206 Makati City, Philippines.	Foreign Company	Step Down Subsidiary	100%	2(87)
18	Computaris Suisse Sarl, Switzerland <sup>§</sup>	Rue du Trésor 9, c/o Me Madalina Diaconu, Etudes SPLC Avocats & Notaires, 2000 Neuchâtel	Foreign Company	Step Down Subsidiary	100%	2(87)
19	IBIZ Consulting Pte. Ltd. (Formerly known as IBIZCS Group Pte Ltd) <sup>®</sup>	2 Jalan Kilang Barat #04-01 Singapore 159346	Foreign Company	Step Down Subsidiary	100%	2(87)
20	IBIZ Consulting Services Pte Ltd <sup>^</sup>	2 Jalan Kilang Barat #04-01 Singapore 159346	Foreign Company	Step Down Subsidiary	100%	2(87)
21	IBIZ Consulting Services Sdn. Bhd. <sup>^</sup>	Suite 5F-1, 5 <sup>th</sup> Floor, Tower 5, Puchong Financial Corporate Centre (PFCC) Jalan Puteri 1/2, Bandar Puteri, 47100 Puchong Selangor, Malaysia	Foreign Company	Step Down Subsidiary	100%	2(87)
22	PT. IBIZCS Indonesia <sup>^</sup>	Setiabudi Buidling 2, 2 <sup>nd</sup> Floor, Suite 203 Jl. H.R. Rasuna Said Kav. 62 Jakarta Selatan 12920	Foreign Company	Step Down Subsidiary	100%	2(87)
23	IBIZ Consultancy Services India Private Limited <sup>^</sup>	Plot No NP 1 And 2 , Industrial Estate, Sidco Industrial Estate, Guindy Chennai -600032	U72200T N2008 PTC070201	Step Down Subsidiary	100%	2(87)
24	IBIZ Consulting Services Limited <sup>^</sup>	Rooms 2001-2004, 20/F, 69 Jervois Street, Sheung Wang Hong Kong	Foreign Company	Step Down Subsidiary	100%	2(87)
25	IBIZ Consulting Services (Shanghai) Co., Ltd <sup>®</sup>	Room 1721, 17F, Building A, CCI International Plaza, No. 331, North Caoxi Road, Xuhui District, Shanghai, China 200030	Foreign Company	Step Down Subsidiary	100%	2(87)

<sup>#</sup> Wholly-owned subsidiary of ECnet Limited, Singapore being 99.75% subsidiary of R Systems

<sup>\*</sup> Wholly-owned subsidiaries of Computaris International Limited being 100% subsidiary of R Systems.

<sup>®</sup> Wholly-owned subsidiary of R Systems (Singapore) Pte. Ltd. being 100% subsidiary of R Systems.

<sup>^</sup> Wholly-owned subsidiaries of IBIZ Consulting Pte. Ltd. (Formerly known as IBIZCS Group Pte Ltd) being 100% subsidiary of R Systems (Singapore) Pte Ltd. being 100% subsidiary of R Systems.

<sup>®</sup> Wholly-owned subsidiary of IBIZ Consulting Services Limited - Hong Kong being 100% Subsidiary of IBIZ Consulting Pte. Ltd.

<sup>\*\*</sup> Subsequent to the financial year ended Decemeber 31, 2018, ECnet Inc., USA (being Step down subsidiary of R Systems Interntional Limited) was dissolved w.e.f. January 28, 2019.

<sup>§</sup> Computaris Suisse Sarl, Switzerland was incorporated on April 27, 2018

**Note:** 1. During the financial year ended Decemeber 31, 2018, Computaris USA, Inc., USA (being step down subsidiary of R Systems International Limited) was liquidated on October 22, 2018.

2. Refer to Note No. 15 of the Directors' Report for further details of the subsidiaries.

#### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as Percentage of Total Equity)

##### i. Categorywise shareholding

Category of Shareholders	No. of Shares held at the beginning of the year- January 01, 2018				No. of Shares held at the end of the year- December 31, 2018				% Change during the year
	Physical	Demat	Total	% of Total Shares	Physical	Demat	Total	% of Total Shares	
<b>A. Promoter and Promoter Group</b>									
<b>Indian</b>									
Individuals / Hindu Undivided Family	0	7,777	7,777	0.01	0	7,777	7,777	0.01	0.00
Central Government	0	0	0	0.00	0	0	0	0.00	0.00
State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
Bodies Corporate	0	29,746,353	29,746,353	24.00	0	0	0	0.00	(24.00)
Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
Any Other (Specify)	0	0	0	0.00	0	0	0	0.00	0.00
Sub Total(A)(1)	0	29,754,130	29,754,130	24.00	0	7,777	7,777	0.01	(24.00)
<b>Foreign</b>									
NRI Individual	0	12,105,955	12,105,955	9.77	0	42,211,104	42,211,104	34.04	24.28
Other Individual	0	0	0	0.00	0	0	0	0.00	0.00
Bodies Corporate	0	9,076,218	9,076,218	7.32	0	9,076,218	9,076,218	7.32	0.00
Banks/ Financial Institutions	0	0	0	0.00	0	0	0	0.00	0.00
Any Other (Foreign Trust)	0	12,150,731	12,150,731	9.80	0	12,150,731	12,150,731	9.80	0.00
<b>Sub Total (A)(2)</b>	<b>0</b>	<b>33,332,904</b>	<b>33,332,904</b>	<b>26.89</b>	<b>0</b>	<b>63,438,053</b>	<b>63,438,053</b>	<b>51.16</b>	<b>24.27</b>
<b>Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)</b>	<b>0</b>	<b>63,087,034</b>	<b>63,087,034</b>	<b>50.90</b>	<b>0</b>	<b>63,445,830</b>	<b>63,445,830</b>	<b>51.17</b>	<b>0.27</b>
<b>B. Public shareholding</b>									
<b>Institutions</b>									
Mutual Funds / UTI	0	0	0	0.00	0	0	0	0.00	0.00
Financial Institutions / Banks	0	350	350	0.00	0	0	0	0.00	0.00
Central Government	0	0	0	0.00	0	0	0	0.00	0.00
State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
Foreign Institutional Investors	0	6,429	6,429	0.01	0	229	229	0.00	(0.01)
Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
Any Other (specify)	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-Total (B)(1)</b>	<b>0</b>	<b>6,779</b>	<b>6,779</b>	<b>0.01</b>	<b>0</b>	<b>229</b>	<b>229</b>	<b>0.00</b>	<b>(0.01)</b>
<b>Non-institutions</b>									
Bodies Corporate (Indian and Overseas)	0	1,132,000	1,132,000	0.91	0	1,016,674	1,016,674	0.82	(0.09)
Individuals -									0.00
i. Individual shareholders holding nominal share capital up to Rs. 1 lakh	136,579	10,481,870	10,618,449	8.57	131,409	10,113,101	10,244,510	8.26	(0.30)
ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	114,000	47,888,440	48,002,440	38.73	114,000	48,022,884	48,136,884	38.82	0.10
Any Other (NBFC)	0	0	0	0.00	0	2,050	2,050	0.00	0.00
Any Other (Clearing Member)	0	360,962	360,962	0.29	0	396,147	396,147	0.32	0.03
Any Other (Trust)	738,980	0	738,980	0.60	738,980	0	738,980	0.60	0.00

Category of Shareholders	No. of Shares held at the beginning of the year- January 01, 2018				No. of Shares held at the end of the year- December 31, 2018				% Change during the year
	Physical	Demat	Total	% of Total Shares	Physical	Demat	Total	% of Total Shares	
Any Other (IEPF)	0	6,281	6,281	0.01	0	9,121	9,121	0.01	0.00
<b>Sub-Total (B)(2)</b>	<b>989,559</b>	<b>59,869,553</b>	<b>60,859,112</b>	<b>49.10</b>	<b>984,389</b>	<b>59,559,977</b>	<b>60,544,366</b>	<b>48.83</b>	<b>(0.27)</b>
<b>Total Public Shareholding (B) = (B)(1)+(B)(2)</b>	<b>989,559</b>	<b>59,876,332</b>	<b>60,865,891</b>	<b>49.10</b>	<b>984,389</b>	<b>59,560,206</b>	<b>60,544,595</b>	<b>48.83</b>	<b>(0.27)</b>
<b>TOTAL (A)+(B)</b>	<b>989,559</b>	<b>122,963,366</b>	<b>123,952,925</b>	<b>100.00</b>	<b>984,389</b>	<b>123,006,036</b>	<b>123,990,425</b>	<b>100.00</b>	<b>0.00</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>TOTAL (C)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>989,559</b>	<b>122,963,366</b>	<b>123,952,925</b>	<b>100.00</b>	<b>984,389</b>	<b>123,006,036</b>	<b>123,990,425</b>	<b>100.00</b>	<b>0.00</b>

Note: 1. Pursuant to Scheme of Amalgamation between GM Solutions Private Limited ("GM Solutions") and R Systems International Limited ("R Systems / Company") and their respective Shareholders and Creditors as approved by the Hon'ble National Company Law Tribunal, New Delhi vide order dated December 07, 2018, the Company has allotted 29,746,353 equity shares of Re. 1/- each on December 21, 2018 to the Shareholders of GM Solutions in proportion to their respective shareholding in GM Solutions and cancelled/ extinguished 29,746,353 equity shares of Re. 1/- each of the Company as held by GM Solutions.

2. In addition to changes on account of purchase / sale of shares, evident from the different shareholding positions beginning and end of the year, the change in % of shareholding is consequent to allotment of equity shares pursuant to exercise of options granted under R Systems International Ltd. Employees Stock Option Scheme, 2007.

3. Subsequent to the year ended December 31, 2018, the Board of Directors of the Company at its meeting held on January 15, 2019, approved the Buyback of up to 3,690,000 fully paid-up equity shares of face value of Re. 1/- each ("Equity shares"), representing 2.98% of the total paid-up equity share capital of the Company, from all the equity shareholders of the Company as on the record date i.e. Friday, February 01, 2019, on a proportionate basis, through the "tender offer" route, at a price of Rs. 65/- (Rupees Sixty Five only) per equity share for an aggregate amount of up to Rs. 239,850,000 (Rupees Twenty Three Crores Ninety Eight Lakhs Fifty Thousand Only). The Corporate Action for extinguishment of 3,690,000 equity shares has been completed on April 15, 2019.

ii. Shareholding of Promoters

S. No.	Shareholder's Name	Share holding at the beginning of the year - January 01, 2018			Share holding at the end of the year - December 31, 2018			% Change during the year
		Number of shares held	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	Number of shares held	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Satinder & Harpreet Rekhi Family Trust (Trustee: Satinder Singh Rekhi & Harpreet Rekhi)	12,150,731	9.80	0.00	12,150,731	9.80	0.00	0.00
2	Mr. Satinder Singh Rekhi**	1,281,556	1.03	0.00	3,148,044	2.54	0.00	1.51
3	RightMatch Holdings Ltd.	9,076,218	7.32	0.00	9,076,218	7.32	0.00	0.00
4	Mrs. Harpreet Rekhi*	760	0.00	0.00	1,508,452	1.22	0.00	1.22
5	GM Solutions Private Limited <sup>5</sup>	29,746,353	24.00	0.00	0	0.00	0.00	(24.00)
6	Mr. Sartaj Singh Rekhi*	5,864,656	4.73	0.00	19,800,619	15.97	0.00	11.24
7	Mr. Ramneet Singh Rekhi*	4,958,983	4.00	0.00	16,857,524	13.60	0.00	9.60
8	Mrs. Amrita Kaur Rekhi*	0	0.00	0.00	896,465	0.72	0.00	0.72
9	Mrs. Kuldeep Baldev Singh	6,080	0.00	0.00	6,080	0.00	0.00	0.00
10	Mrs. Anita Behl	1,697	0.00	0.00	1,697	0.00	0.00	0.00
	<b>TOTAL</b>	<b>63,087,034</b>	<b>50.90</b>	<b>0.00</b>	<b>63,445,830</b>	<b>51.17</b>	<b>0.00</b>	<b>0.27</b>

\* Includes share allotted pursuant to Scheme of Amalgamation of GM Solutions Pvt. Ltd. ("GM Solutions") and R Systems International Ltd. ("R Systems") and their respective Shareholders and Creditors ("Scheme") as approved by the National Company Law Tribunal, New Delhi vide order dated December 07, 2018.

<sup>5</sup> Pursuant to said Scheme, 29,746,353 equity shares of R Systems as held by GM Solutions were cancelled & extinguished.

# During the year, Mr. Satinder Singh Rekhi purchased 358,796 equity shares of the Company from Stock Exchange.

iii. Change in Promoter Holding

Sl. No.	Name of the Promoter	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	<b>GM Solutions Private Limited</b>				
	<b>At the beginning of the year -January 01, 2018</b>	<b>29,746,353</b>	<b>24.00</b>	<b>29,746,353</b>	<b>24.00</b>
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. Allotment / transfer / bonus/ sweat equity etc.):				
	Less: Extinguished pursuant to Scheme of Amalgamation*	29,746,353	24.00	0	0.00
	<b>At the End of the year-December 31, 2018</b>			<b>0</b>	<b>0.00</b>
2	<b>Mr. Satinder Singh Rekhi</b>				
	<b>At the beginning of the year -January 01, 2018</b>	<b>1,281,556</b>	<b>1.03</b>	<b>1,281,556</b>	<b>1.03</b>
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):				
	Add: Purchase on August 01, 2018 <sup>#</sup>	92,888	0.07	1,374,444	1.11
	Add: Purchase on August 02, 2018 <sup>#</sup>	39,811	0.03	1,414,255	1.14
	Add: Purchase on August 06, 2018 <sup>#</sup>	12,967	0.01	1,427,222	1.15
	Add: Purchase on August 07, 2018 <sup>#</sup>	21,425	0.02	1,448,647	1.17
	Add: Purchase on August 08, 2018 <sup>#</sup>	18,266	0.01	1,466,913	1.18
	Add: Purchase on August 09, 2018 <sup>#</sup>	17,816	0.01	1,484,729	1.20
	Add: Purchase on August 10, 2018 <sup>#</sup>	9,493	0.01	1,494,222	1.21
	Add: Purchase on August 13, 2018 <sup>#</sup>	50,787	0.04	1,545,009	1.25
	Add: Purchase on August 14, 2018 <sup>#</sup>	15,569	0.01	1,560,578	1.26
	Add: Purchase on August 16, 2018 <sup>#</sup>	11,054	0.01	1,571,632	1.27
	Add: Purchase on August 17, 2018 <sup>#</sup>	68,720	0.06	1,640,352	1.32
	Add: Allotment pursuant to Scheme of Amalgamation on December 21, 2018*	1,507,692	1.22	3,148,044	2.54
	<b>At the End of the year-December 31, 2018</b>			<b>3,148,044</b>	<b>2.54</b>
3	<b>Mr. Sartaj Singh Rekhi</b>				
	<b>At the beginning of the year -January 01, 2018</b>	<b>5,864,656</b>	<b>4.73</b>	<b>5,864,656</b>	<b>4.73</b>
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):				
	Add: Allotment pursuant to Scheme of Amalgamation on December 21, 2018*	13,935,963	11.24	19,800,619	15.97
	<b>At the End of the year-December 31, 2018</b>			<b>19,800,619</b>	<b>15.97</b>
4	<b>Mr. Ramneet Singh Rekhi</b>				
	<b>At the beginning of the year -January 01, 2018</b>	<b>4,958,983</b>	<b>4.00</b>	<b>4,958,983</b>	<b>4.00</b>
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):				
	Add: Allotment pursuant to Scheme of Amalgamation on December 21, 2018*	11,898,541	9.60	16,857,524	13.60
	<b>At the End of the year-December 31, 2018</b>			<b>16,857,524</b>	<b>13.60</b>

Sl. No.	Name of the Promoter	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
5	<b>Mrs. Harpreet Rekhi</b>				
	<b>At the beginning of the year -January 01, 2018</b>	<b>760</b>	<b>0.00</b>	<b>760</b>	<b>0.00</b>
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):				
	Add: Allotment pursuant to Scheme of Amalgamation on Decemeber 21, 2018*	1,507,692	1.22	1,508,452	1.22
	<b>At the End of the year-December 31, 2018</b>			<b>1,508,452</b>	<b>1.22</b>
6	<b>Ms. Amrita Kaur Rekhi</b>				
	<b>At the beginning of the year -January 01, 2018</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):				
	Add: Allotment pursuant to Scheme of Amalgamation on December 21, 2018*	896,465	0.72	896,465	0.72
	<b>At the End of the year-December 31, 2018</b>			<b>896,465</b>	<b>0.72</b>

\* During the year ended December 31, 2018, Scheme of Amalgamation of GM Solutions Pvt. Ltd. ("GM Solutions") and R Systems International Ltd. ("R Systems") and their respective Shareholders and Creditors ("Scheme") has been approved by the National Company Law Tribunal, New Delhi vide order dated December 07, 2018. Pursuant to said Scheme, the Company has allotted 29,746,353 equity shares of Re. 1/- each on December 21, 2018 to the shareholders of GM Solutions in proportion to their respective shareholding in GM Solutions and cancelled/ extinguished 29,746,353 equity shares of Re. 1/- each of the Company as held by GM Solutions Private Limited upon aforesaid allotment.

# Purchase from Stock Exchange.

(iv) (a) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No	Top Ten Share Holders (For Each of the Top 10 Shareholders)	Shareholding at the beginning of the year -January 01, 2018		Shareholding at the end of the year -December 31, 2018	
1	Bhavook Tripathi	43,861,539	35.39	44,662,112	36.02
2	R Systems Employee Welfare Trust	738,980	0.60	738,980	0.60
3	O' Neil Nalavadi	648,770	0.52	648,770	0.52
4	Mandeep Sodhi	602,819	0.49	602,819	0.49
5	Prabhakar Rao Mahableshwar Bantwal	440,878	0.36	440,878	0.36
6	Arcadia Share & Stock Brokers Pvt. Ltd.	8,482	0.01	308,897	0.25
7	Adikaran Fincom Private Limited	0	0.00	249,200	0.20
8	K Mohan	343,382	0.28	0	0.00
9	Juzar Feroz Basrai	300,000	0.24	210,000	0.17
10	Mannige Vikram Rao	221,100	0.18	221,100	0.18
11	Sunita Kantilal Vardhan	198,199	0.16	204,206	0.16
12	Mohd Farooq Kamal	192,941	0.16	173,082	0.14

(iv) (b) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	Name of Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
<b>A</b>	<b>Mr. Bhavook Tripathi</b>				
	At the beginning of the year -January 01, 2018				
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc)				
	<b>At the End of the year-December 31, 2018</b>				
<b>B</b>	<b>Arcadia Share &amp; Stock Brokers Pvt. Ltd.</b>				
	At the beginning of the year -January 01, 2018				
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc)				
	<b>At the End of the year-December 31, 2018</b>				
<b>C</b>	<b>Adikaran Fincom Private Limited</b>				
	At the beginning of the year -January 01, 2018				
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc)				
	<b>At the End of the year-December 31, 2018</b>				
<b>D</b>	<b>K Mohan</b>				
	At the beginning of the year -January 01, 2018				
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc)				
	<b>At the End of the year-December 31, 2018</b>				

As per Annexure -I



Sl. No.	Name of Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
<b>E</b>	<b>Juzar Feroz Basari</b>				
	At the beginning of the year -January 01, 2018				
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc)				
	<b>At the End of the year-December 31, 2018</b>				
<b>F</b>	<b>Sunita Kantilal Vardhan</b>				
	At the beginning of the year -January 01, 2018				
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc)				
	<b>At the End of the year-December 31, 2018</b>				
<b>G</b>	<b>Mohd. Farooq Kamal</b>				
	At the beginning of the year -January 01, 2018				
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc)				
	<b>At the End of the year-December 31, 2018</b>				

As per Annexure -I

Sl. No.	Date of Transaction	Nature of Transaction	Shareholding at the beginning of the Year		Cumulative Shareholding during the Year	
			No. of Shares	% of total outstanding shares of the Company	No. of Shares	% of total outstanding shares of the Company
A	<b>Bhavook Tripathi</b>					
	<b>As at January 01, 2018 (Opening Balance)</b>		43,861,539	35.39	43,861,539	35.39
	January 05, 2018	Sale	4,228	0.00	43,857,311	35.38
	January 12, 2018	Sale	9,292	0.01	43,848,019	35.37
	January 19, 2018	Sale	7,500	0.01	43,840,519	35.37
	February 09, 2018	Sale	4,000	0.00	43,836,519	35.37
	February 16, 2018	Sale	17,500	0.01	43,819,019	35.35
	February 23, 2018	Purchase	992	0.00	43,820,011	35.35
	March 02, 2018	Sale	1,000	0.00	43,819,011	35.35
	March 09, 2018	Purchase	2,000	0.00	43,821,011	35.35
	March 16, 2018	Purchase	2,068	0.00	43,823,079	35.35
	May 11, 2018	Purchase	2,000	0.00	43,825,079	35.35
	May 18, 2018	Purchase	4,000	0.00	43,829,079	35.35
	May 25, 2018	Purchase	14,345	0.01	43,843,424	35.36
	June 01, 2018	Purchase	4,500	0.00	43,847,924	35.36
	June 08, 2018	Purchase	5,351	0.00	43,853,275	35.37
	June 22, 2018	Purchase	6,544	0.01	43,859,819	35.37
	June 30, 2018	Purchase	7,500	0.01	43,867,319	35.38
	July 06, 2018	Purchase	8,000	0.01	43,875,319	35.39
	July 13, 2018	Purchase	22,702	0.02	43,898,021	35.40
	July 20, 2018	Purchase	6,887	0.01	43,904,908	35.41
	July 27, 2018	Purchase	11,563	0.01	43,916,471	35.42
	August 03, 2018	Purchase	32,279	0.03	43,948,750	35.45
	August 10, 2018	Purchase	10,151	0.01	43,958,901	35.45
	August 17, 2018	Purchase	2,361	0.00	43,961,262	35.46
	August 24, 2018	Purchase	12,341	0.01	43,973,603	35.47
	August 31, 2018	Sale	122,000	0.10	43,851,603	35.37
	September 14, 2018	Sale	6,067	0.00	43,845,536	35.36
	September 21, 2018	Sale	165	0.00	43,845,371	35.36
	September 28, 2018	Purchase	15,514	0.01	43,860,885	35.37
	October 05, 2018	Purchase	26,031	0.02	43,886,916	35.40
	October 12, 2018	Purchase	14,667	0.01	43,901,583	35.41
	October 19, 2018	Purchase	21,051	0.02	43,922,634	35.42
	October 26, 2018	Purchase	8,191	0.01	43,930,825	35.43
	November 02, 2018	Purchase	256,616	0.21	44,187,441	35.64
	November 09, 2018	Purchase	75,694	0.06	44,263,135	35.70
	November 16, 2018	Purchase	47,192	0.04	44,310,327	35.74
	November 23, 2018	Purchase	31,151	0.03	44,341,478	35.76
	November 30, 2018	Purchase	88,408	0.07	44,429,886	35.83

Sl. No.	Date of Transaction	Nature of Transaction	Shareholding at the beginning of the Year		Cumulative Shareholding during the Year	
			No. of Shares	% of total outstanding shares of the Company	No. of Shares	% of total outstanding shares of the Company
	December 07, 2018	Purchase	48,663	0.04	44,478,549	35.87
	December 14, 2018	Purchase	131,277	0.11	44,609,826	35.98
	December 21, 2018	Purchase	21,242	0.02	44,631,068	36.00
	December 28, 2018	Purchase	27,861	0.02	44,658,929	36.02
	December 31, 2018	Purchase	3,183	0.00	44,662,112	36.02
	<b>As At December 31, 2018 (Closing Balance)</b>				<b>44,662,112</b>	<b>36.02</b>
<b>B</b>	<b>Arcadia Share &amp; Stock Brokers Pvt. Ltd.</b>					
	<b>As at January 01, 2018 (Opening Balance)</b>		8,482	0.01	8,482	0.01
	January 05, 2018	Sale	600	0.00	7,882	0.01
	January 19, 2018	Purchase	1,100	0.00	8,982	0.01
	February 16, 2018	Purchase	100	0.00	9,082	0.01
	March 02, 2018	Sale	4,740	0.00	4,342	0.00
	March 16, 2018	Sale	1,500	0.00	2,842	0.00
	March 31, 2018	Sale	500	0.00	2,342	0.00
	May 18, 2018	Sale	550	0.00	1,792	0.00
	May 25, 2018	Sale	62	0.00	1,730	0.00
	June 01, 2018	Sale	250	0.00	1,480	0.00
	August 03, 2018	Sale	301	0.00	1,179	0.00
	August 31, 2018	Purchase	500	0.00	1,679	0.00
	September 21, 2018	Purchase	667	0.00	2,346	0.00
	October 05, 2018	Sale	1,599	0.00	747	0.00
	October 19, 2018	Sale	106	0.00	641	0.00
	November 02, 2018	Sale	641	0.00	0	0.00
	November 09, 2018	Purchase	288,672	0.23	288,672	0.23
	November 16, 2018	Purchase	21,530	0.02	310,202	0.25
	November 23, 2018	Purchase	1,600	0.00	311,802	0.25
	November 30, 2018	Purchase	2,700	0.00	314,502	0.25
	December 07, 2018	Sale	2,700	0.00	311,802	0.25
	December 14, 2018	Sale	5	0.00	311,797	0.25
	December 21, 2018	Sale	2,000	0.00	309,797	0.25
	December 28, 2018	Sale	900	0.00	308,897	0.25
	<b>As At December 31, 2018 (Closing Balance)</b>				<b>308,897</b>	<b>0.25</b>
<b>C</b>	<b>Adikaran Fincom Private Limited</b>					
	<b>As at January 01, 2018 (Opening Balance)</b>		0	0.00	0	0.00
	October 12, 2018	Purchase	100,000	0.08	100,000	0.08
	November 09, 2018	Purchase	25,000	0.02	125,000	0.10
	November 23, 2018	Purchase	53,395	0.04	178,395	0.14
	November 30, 2018	Purchase	21,603	0.02	199,998	0.16
	December 07, 2018	Purchase	49,202	0.04	249,200	0.20
	<b>As At December 31, 2018 (Closing Balance)</b>				<b>249,200</b>	<b>0.20</b>

Sl. No.	Date of Transaction	Nature of Transaction	Shareholding at the beginning of the Year		Cumulative Shareholding during the Year	
			No. of Shares	% of total outstanding shares of the Company	No. of Shares	% of total outstanding shares of the Company
<b>D</b>	<b>K Mohan</b>					
	<b>As at January 01, 2018 (Opening Balance)</b>		343,382	0.28	343,382	0.28
	January 05, 2018	Sale	159,928	0.13	183,454	0.15
	January 12, 2018	Sale	84,871	0.07	98,583	0.08
	January 19, 2018	Sale	98,583	0.08	0	0.00
	<b>As At December 31, 2018 (Closing Balance)</b>				<b>0</b>	<b>0.00</b>
<b>E</b>	<b>Juzar Feroz Basari</b>					
	<b>As at January 01, 2018 (Opening Balance)</b>		300,000	0.24	300,000	0.24
	February 16, 2018	Sale	25,007	0.02	274,993	0.22
	March 02, 2018	Sale	31,993	0.03	243,000	0.20
	May 04, 2018	Sale	1,951	0.00	241,049	0.19
	June 30, 2018	Sale	16,583	0.01	224,466	0.18
	July 06, 2018	Sale	37,593	0.03	186,873	0.15
	November 9, 2018	Purchase	23,127	0.02	210,000	0.17
	<b>As At December 31, 2018 (Closing Balance)</b>				<b>210,000</b>	<b>0.17</b>
<b>F</b>	<b>Sunita Kantilal Vardhan</b>					
	As at January 01, 2018 (Opening Balance)		198,199	0.16	198,199	0.16
	April 20, 2018	Purchase	6,007	0.00	204,206	0.16
	<b>As At December 31, 2018 (Closing Balance)</b>				<b>204,206</b>	<b>0.16</b>
<b>G</b>	<b>Mohd. Farooq Kamal</b>					
	<b>As at January 01, 2018 (Opening Balance)</b>		192,941	0.16	192,941	0.16
	December 07, 2018	Sale	6,000	0.00	186,941	0.15
	December 14, 2018	Sale	11,422	0.01	175,519	0.14
	December 21, 2018	Sale	1,381	0.00	174,138	0.14
	December 28, 2018	Sale	910	0.00	173,228	0.14
	December 31, 2018	Sale	146	0.00	173,082	0.14
	<b>As At December 31, 2018 (Closing Balance)</b>				<b>173,082</b>	<b>0.14</b>

Note:

1. The change in Percentage of shareholding during the year is also consequent to allotment of equity shares pursuant to exercise of options granted under R Systems International Ltd. Employees Stock Option Scheme, 2007.
2. The above information is based on weekly beneficiary position (net purchase/sale) received from depositories .

(v) *Shareholding of Directors and Key Managerial Personnel:***Change in Shareholding**

Sl. No.	Name of the Director/ Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
<b>1</b>	<b>Mr. Satinder Singh Rekhi</b>				
	<b>At the beginning of the year -January 01, 2018</b>	1,281,556	1.03	1,281,556	1.03
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):				
	Add: Purchase on August 01, 2018 <sup>#</sup>	92,888	0.07	1,374,444	1.11
	Add: Purchase on August 02, 2018 <sup>#</sup>	39,811	0.03	1,414,255	1.14
	Add: Purchase on August 06, 2018 <sup>#</sup>	12,967	0.01	1,427,222	1.15
	Add: Purchase on August 07, 2018 <sup>#</sup>	21,425	0.02	1,448,647	1.17
	Add: Purchase on August 08, 2018 <sup>#</sup>	18,266	0.01	1,466,913	1.18
	Add: Purchase on August 09, 2018 <sup>#</sup>	17,816	0.01	1,484,729	1.20
	Add: Purchase on August 10, 2018 <sup>#</sup>	9,493	0.01	1,494,222	1.21
	Add: Purchase on August 13, 2018 <sup>#</sup>	50,787	0.04	1,545,009	1.25
	Add: Purchase on August 14, 2018 <sup>#</sup>	15,569	0.01	1,560,578	1.26
	Add: Purchase on August 16, 2018 <sup>#</sup>	11,054	0.01	1,571,632	1.27
	Add: Purchase on August 17, 2018 <sup>#</sup>	68,720	0.06	1,640,352	1.32
	Add: Allotment pursuant to Scheme of Amalgamation on December 21, 2018 <sup>*</sup>	1,507,692	1.22	3,148,044	2.54
	<b>At the End of the year-December 31, 2018</b>			<b>3,148,044</b>	<b>2.54</b>
<b>2</b>	<b>Lt. Gen. Baldev Singh (Retd.)</b>				
	<b>At the beginning of the year -January 01, 2018</b>	111,498	0.09	111,498	0.09
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	0	0.00	0	0.00
	<b>At the End of the year-December 31, 2018</b>			<b>111,498</b>	<b>0.09</b>
<b>3</b>	<b>Mr. Avirag Jain</b>				
	<b>At the beginning of the year -January 01, 2018</b>	100	0.00	100	0.00
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	0	0.00	0	0.00
	<b>At the End of the year-December 31, 2018</b>			<b>100</b>	<b>0.00</b>
<b>4</b>	<b>Mrs. Ruchica Gupta</b>				
	<b>At the beginning of the year -January 01, 2018</b>	0	0.00	0	0.00
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	0	0.00	0	0.00
	<b>At the End of the year-December 31, 2018</b>			<b>0</b>	<b>0.00</b>

Sl. No.	Name of the Director/ Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
<b>5</b>	<b>Mr. Kapil Dhameja</b>				
	<b>At the beginning of the year -January 01, 2018</b>	0	0.00	0	000
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	0	0.00	0	000
	<b>At the End of the year-December 31, 2018</b>			<b>0</b>	<b>0.00</b>
<b>6</b>	<b>Mr. Aditya Wadhwa</b>				
	<b>At the beginning of the year -January 01, 2018</b>	0	0.00	0	000
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	0	0.00	0	000
	<b>At the End of the year-December 31, 2018</b>			<b>0</b>	<b>0.00</b>
<b>7</b>	<b>Mr. Nand Sardana</b>				
	<b>At the beginning of the year -January 01, 2018</b>	88,598	0.07	88,598	0.07
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):				
	Add: Allotment pursuant to exercise of options granted under Employees Stock Option Scheme, 2007 on May 04, 2018	37,500	0.03	126,098	0.10
	<b>At the End of the year-December 31, 2018</b>			<b>126,098</b>	<b>0.10</b>
<b>8</b>	<b>Mr. Ashish Thakur<sup>5</sup></b>				
	<b>At the beginning of the year -January 01, 2018</b>	0	0.00	0	000
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	0	0.00	0	000
	<b>At the time of his cessation as a Company Secretary i.e. February 10, 2018</b>			<b>0</b>	<b>0.00</b>
<b>9</b>	<b>Mr. Bhasker Dubey<sup>5</sup></b>				
	<b>At the time of his appointment as Company Secretary -February 10, 2018</b>	0	0.00	0	000
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	0	0.00	0	000
	<b>At the End of the year-December 31, 2018</b>			<b>0</b>	<b>0.00</b>

\* During the year ended December 31, 2018, Scheme of Amalgamation of GM Solutions Pvt. Ltd. ("GM Solutions") and R Systems International Ltd. ("R Systems") and their respective Shareholders and Creditors ("Scheme") has been approved by the National Company Law Tribunal, New Delhi vide order dated December 07, 2018. Pursuant to said Scheme, the Company has allotted 29,746,353 equity shares of Re. 1/- each on December 21, 2018 to the shareholders of GM Solutions in proportion to their respective shareholding in GM Solutions and cancelled/ extinguished 29,746,353 equity shares of Re. 1/- each of the Company as held by GM Solutions Private Limited upon aforesaid allotment.

# Purchase from Stock Exchange.

<sup>5</sup> Mr. Ashish Thakur ceased as Company Secretary & Compliance Officer w.e.f. February 10, 2018 and Mr. Bhasker Dubey was appointed as Company Secretary & Compliance Officer w.e.f. February 10, 2018.

**V. INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Amount in Rs.)

Particulars	Secured Loans excluding deposits	Unsecured Loans <sup>#</sup>	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year-January 01, 2018</b>				
i) Principal Amount	9,565,842	10,784,034	0	20,349,876
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	65,956	0	0	65,956
<b>Total (i+ii+iii)</b>	<b>9,631,798</b>	<b>10,784,034</b>	<b>0</b>	<b>20,415,832</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	4,647,000	0	0	4,647,000
Reduction	4,849,117	175,650	0	5,024,767
<b>Net Change</b>	<b>(202,117)</b>	<b>(175,650)</b>	<b>0</b>	<b>(377,767)</b>
<b>Indebtedness at the end of the financial year -December 31, 2018</b>				
i) Principal Amount	9,363,725	10,608,384	0	19,972,109
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	68,395	0	0	68,395
<b>Total (i+ii+iii)</b>	<b>9,432,120</b>	<b>10,608,384</b>	<b>0</b>	<b>20,040,504</b>

<sup>#</sup> Unsecured loan relates to finance lease obligation for furniture and fixture taken on composite lease with respect to SEZ premises.**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL****A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

(Amount in Rs.)

Sl. No.	Particulars of Remuneration	Name of MD/ WTD/ Manager			Total Amount
		Mr. Satinder Singh Rekhi (MD)	Lt. Gen. Baldev Singh (Retd.) (WTD)	Mr. Avirag Jain (WTD)	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	29,319,250	3,857,122	4,700,135	37,876,507
	(b) Value of perquisites u/s 17(2) of Income-tax Act, 1961	0	278,775	32,400	311,175
	(c) Profits in lieu of salary under section 17(3) of Income-tax Act, 1961	0	0	0	0
2	Stock Option	0	0	0	0
3	Sweat Equity	0	0	0	0
4	Commission -				
	as % of profit	10,418,323	0		10,418,323
	Others (Specify)	0	3,361,200 <sup>§</sup>	2,860,000 <sup>*</sup>	6,221,200
5	Others (Specify)	0	0	0	0
	<b>Total (A)</b>	<b>39,737,573</b>	<b>7,497,097</b>	<b>7,592,535</b>	<b>54,827,205</b>
	Ceiling as per the Act (10% of Net Profit)	40,266,000 <sup>#</sup>	22,912,107	22,912,107	

<sup>§</sup> Incentive is based on fixed percentage of qualifying revenue and performance of the Company.<sup>\*</sup> Incentive is based on fixed percentage of qualifying revenue.<sup>#</sup> The remuneration paid during the year ended December 31, 2018 to Mr. Satinder Singh Rekhi, Managing Director of the Company, has been approved by the Central Government.

B. Remuneration to other Directors:

i. Independent Directors

(Amount in Rs.)

Sr. No.	Particulars of Remuneration	Name of Directors			Total Amount
		Mrs. Ruchica Gupta	Mr. Kapil Dhameja	Mr. Aditya Wadhwa	
1	Fee for attending board / committee meetings	275,000	225,000	250,000	750,000
2	Commission	0	0	0	0
3	Others, please specify	0	0	0	0
	<b>Total(1)</b>	<b>275,000</b>	<b>225,000</b>	<b>250,000</b>	<b>750,000</b>

ii. Other Non-Executive Directors

1	Fee for attending board / committee meetings	0	0	0	0
2	Commission	0	0	0	0
3	Others, please specify	0	0	0	0
	<b>Total(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Total B (1+2)</b>	<b>275,000</b>	<b>225,000</b>	<b>250,000</b>	<b>750,000</b>
	<b>Total Managerial Remuneration (A+B)</b>				<b>55,577,205</b>
	Ceiling as per the Act (11% of Net Profit)				50,501,662

Note:

- In terms of Section 197(2), (5) of the Companies Act, 2013, sitting fees for attending Board/Committee Meeting(s) amounting to Rs. 750,000/- does not form part of overall managerial remuneration.
- Except sitting fees, no other remuneration was paid to Non- Executive Independent Directors of the Company.
- The Shareholders had accorded their respective approvals via Special Resolution for payment of Remuneration to the Executive Directors.

C. Remuneration To Key Managerial Personnel Other Than MD/Manager/WTD

(Amount in Rs.)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount
		Mr. Nand Sardana (CFO)	Mr. Ashish Thakur (CS) <sup>5</sup>	Mr. Bhasker Dubey (CS) <sup>5</sup>	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	5,550,088	131,646	1,019,382	6,701,116
	(b) Value of perquisites u/s 17(2) of Income-tax Act, 1961	24,300	0	0	24,300
	(c) Profits in lieu of salary under section 17(3) of Income-tax Act, 1961	0	0	0	0
2	Stock Option*	1,398,472	0	0	1,398,472
3	Sweat Equity	0	0	0	0
4	Commission	0	0	0	0
	as % of profit	0	0	0	0
	others, specify	0	0	0	0
5	Others, please specify	0	0	0	0
	<b>Total</b>	<b>6,972,860</b>	<b>131,646</b>	<b>1,019,382</b>	<b>8,123,888</b>

\* During the Financial year under review, 37,500 Equity Shares were allotted to Mr. Nand Sardana pursuant to exercise of options under R Systems International Limited Employee Stock Options Scheme-2007.

<sup>5</sup> Mr. Ashish Thakur ceased as Company Secretary & Compliance Officer w.e.f. February 10, 2018 and Mr. Bhasker Dubey was appointed as Company Secretary & Compliance Officer w.e.f. February 10, 2018.

**Note:** It may be noted that Mr. Statinder Singh Rekhi is the Managing Director of the Company and the details of the remuneration has already been provided.



**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
<b>B. DIRECTORS</b>					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil

On behalf of the Board  
For R Systems International Limited

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

Place : Singapore  
Date : May 02, 2019

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

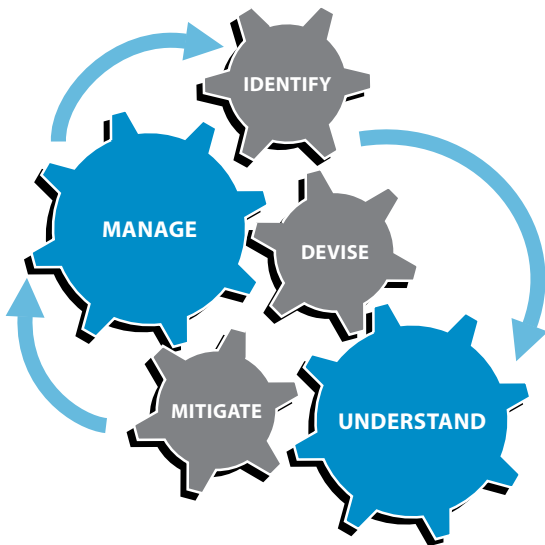
Place : NOIDA (U.P.)  
Date : May 02, 2019

## RISK MANAGEMENT REPORT

The Management cautions readers that the risks outlined in this report are not exhaustive, are for information purposes only and may contain forward looking statements, the results of which may differ materially from those reflected. Investors and readers are requested to exercise their own judgment in assessing various risks associated with the Company.

### OVERVIEW

Risk Management is a dynamic process which should constantly be able to identify all the emerging risks and propose solutions to manage them. The risk perception also constantly varies depending on the size of the business, business segment, location, scale of business. The essence of risk management strategy at R Systems lies in maximising areas of control over outcome and minimising areas where the Company has no control over outcome. R Systems recognizes that business conditions are constantly changing, evolving, and entering into cycles. Following is the model adopted by the Company for managing risk:



### ENTERPRISE RISK MANAGEMENT STRUCTURE

Risk management is an integral part of the charter of the Board of Directors at R Systems. The Board is responsible for monitoring risk levels on various parameters and to suggest measures to address the same. The day to day management of the risk is entrusted to the management team of R Systems. Based on the philosophy of "No risks, No rewards", our management continuously keeps monitoring the level of our existence on the path of growth and within R Systems management structure, certain personnel are designated with responsibility of managing risks including ensuring compliance with laws, rules and regulations with the assistance of both internal and external resources. Further, formal reporting, escalation of risk events and control mechanisms ensure timely communication, response and proactive management of the risks.

### RISK MANAGEMENT AT R SYSTEMS

#### 1. Customer Concentration

R Systems revenues are dependent to a considerable extent upon relationships with a limited number of customers and retaining those customers. The percentage of total consolidated revenues during fiscal year 2018 and 2017 that R Systems derived from contracts with its top line customers is as follows:

Customer	Year Ended	
	December 31, 2018 (%)	December 31, 2017 (%)
Top 10	35.30	34.04
Top 5	23.48	22.15
Top 3	16.06	15.51
The Largest Customer	6.20	5.99

Concentration of revenues from a limited number of customers deepens our relationship with those customers but at the same time imposes a risk of dependence. Customer's vendor management strategies and business risks radiate on to R Systems through fluctuations in utilization, pricing for services and service level demands. All these factors could potentially impact revenues and profitability of R Systems.

**INITIATIVES:** The business model and strategy followed by R Systems involves serving the customers in a manner that they get measurable tangible benefits. When customers see value in the services / solutions that R Systems provides, we believe that customer's relationship can be nurtured into the long term. Further, with our proactive strategy of adding new customers, we attempt to reduce our dependency on a smaller number of customer relationships.

#### 2. Geographical Concentration

R Systems has traditionally derived most of its revenues from the US, given the technology focus and specialized outsourced product development services offered by it. The geographic break-up of the revenue is given below:

Revenues by Geographies	Year Ended	
	December 31, 2018 (%)	December 31, 2017 (%)
U.S.A.	58.44	56.12
Europe	17.94	19.42
SEAC	18.87	20.21
India	1.64	1.74
Others	3.11	2.51
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

**INITIATIVES:** In order to mitigate the risk of geographical concentration, R Systems has stepped up its business activities in other geographic areas like Europe, South East Asia etc.

### 3. Risks Associated with Fixed Price Contracts


Under our iPLM services most of our assignments are on the basis of time and material task orders, some proportion of the services provided by us is in the nature of fixed bid assignments. Under fixed bid assignments, in the event of cost overruns, our profitability will be adversely affected.

**INITIATIVES:** We have our internal processes to ensure accuracy in the estimation of the time required to execute fixed price projects, and processes to implement and monitor the progress of such projects. Further, the experience gained from such projects is also used for new projects. However given the very nature of the fixed price projects, cost overruns and delayed deliveries cannot be ruled out.

### 4. Competition

The IT & ITES sector is a highly competitive sector. Our competitors include IT outsourcing firms in India as well as in other countries, national and multinational consulting and technology firms, Indian IT services firms, software firms and in-house IT departments of large companies. The competition in the IT industry is very intense and our competitors are aggressive in winning new business and customers that may drive a harder bargain.

**INITIATIVES:** We believe that R Systems is well positioned and enjoys following competitive advantages:

- Experience in providing end-to-end solutions and services to customers;
- Unique and proprietary  with best practices, tools and methodologies for flawless execution;
- Investment in processes, talent and methodologies;
- Strong customer franchise consisting of large and mid-sized corporations;
- Strong financial position;
- Proven global delivery model;
- Our vertical focus for services and solutions;
- Industry best human resource practices to attract, develop, deploy and retain talent.

### 5. Disaster Prevention and Recovery

The IT industry is very sensitive to security risk and a real or perceived threat of a risk to the security and integrity of information available to us may adversely affect customer perception, give rise to litigation and reduce our customer base, thereby negatively affecting R Systems revenues and profit margins. The contracts entered into by R Systems typically hold us solely responsible for maintaining satisfactory standards of personnel competency, conduct and integrity and for taking required disciplinary action.

**INITIATIVES:** R Systems has adopted industry-standard security precautions such as ensuring that our employees and strategic partners enter into non-disclosure and confidentiality agreements with us, verifying that there is no information

leakage through test procedures, carrying out background checks and verifications, creating and maintaining data backups, and maintaining an adequate disaster recovery plan.

R Systems makes continual investments in organisation behavior and management processes to ensure that these certified industry standards are continually adhered to.

During the year 2018, IT & BPO Division has been re-certified with ISO 27001:2013 standard In Addition, for BPO division, R System has got SOC2 Type 2 Reporting for one of the major healthcare clients. HIPAA also has been implemented and tested with zero non-compliance in one of the major clients in Healthcare Domain. The BPO division has migrated their QMS into ISO 9001:2015 version from the existing ISO 9001:2008 version. Apart from that, R Systems IT Infrastructure along with the projects/process/applications in scope has got PCI DSS Certification on latest version V3.2.1.

As of the date of this report, Noida IT center is CMMI level 5 (Ver.1.3), PCMM Level 5, ISO 9001: 2015, ISO 27001: 2013 certified. Noida BPO center is PCMM Level 5, ISO 27001: 2013 certified and also for specific client(s) it is SOC2 Type 2, HIPAA compliant and PCI-DSS (ver.3.2.1) certified for (IT Infrastructure along with the projects/ process/ applications in scope). The continuing compliance with these standards demonstrates the rigor of R Systems processes and differentiates us to keep our competitive edge in service and product offerings.

Further, our distributed offshore and near shore infrastructure is seamlessly connected through a strong infrastructure design and appropriate bandwidth that provides us the capability to initiate and maintain uninterrupted support across the world.

### 6. Talent Acquisition & Retention

The IT and BPO sector is highly competitive in terms of hiring strategy and incentives. R Systems is highly dependent on its employees at various levels of the organisation to provide leadership, manage the business, to provide services and execute complex projects for the clients. These skilled professionals are in high demand by other organisations and if R Systems is unable to attract and retain the skilled people, it will affect R Systems ability to grow and provide services to its customers.

**INITIATIVES:** At R Systems, we follow industry best human resource practices such as PCMM level 5 to attract, develop, deploy and retain talent. The Company is committed to develop and innovate such programmes that motivates them and develop their potential and also inculcate leadership attributes of the employees, which helps us to retain the best talent in the industry.

### 7. Key Managerial Role & Succession Planning

Succession planning is one of the most critical functions of an organization. This is the process that identifies the critical and core roles of an organization and identifies and assesses the suitable candidates for the same. The process ramps up potential candidates with appropriate skills and experiences in an effort to train them to handle future responsibilities in

their respective roles. Succession planning is applicable for all critical roles in any organization. The upper management of each practice or department is responsible for coming up with a suitable succession plan for each core position under his or her department.

**INITIATIVES:** R Systems being a CMMI Level 5 (ver. 1.3) and PCMM Level 5 Company has put in practice a well-documented and defined policy on Succession Planning. This applies to all key roles in the organization as agreed upon by the Senior Management. Mission critical and key roles include Chief Executive Officer, Senior Management Team comprising of VPs and other roles critical to business operations continuity. Succession planning at R Systems occurs at least on an annual basis during annual performance appraisal cycle.

Further, R Systems has extensive recruitment teams in the markets that operate to continuously recruit skilled personnel at various levels in the organisation. In addition, R Systems conducts a rigorous training program at the entry level to train new professionals and develop next generation of managers and leaders. R Systems deploys modern HR practices by offering competitive compensation and benefit packages and exciting work environment to attract and retain talent. Further, R Systems tries to mitigate the impact of attrition in the continuity of services to the clients by using its proprietary pSuite Framework that allows the project teams to seamlessly share knowledge and collaborate on projects.

## 8. Technological Obsolescence

The IT and ITES sector is characterised by technological changes at a rapid rate, evolution of existing products and introduction of new products. R Systems makes investments in R&D with a view to keep pace with the latest developments in the technology space. Further, R Systems regularly hires, trains and nurtures domain and market specialists and continuously evaluates increasing the portfolio of technology alliances and partnerships to enrich our product and service mix. However, this risk cannot be fully mitigated despite the proactive investments made by R Systems.

**INITIATIVES:** While we continuously upgrade our product suite to deliver effectively by keeping our technology up-to-date, in our iPLM business, our technologies are influenced by our client's choice of technology.

## 9. Acquisitions

R Systems' growth strategy involves future strategic acquisitions, partnerships and exploration of mutual interests with other parties. These future acquisitions may not contribute to our profitability, and we may be required to incur or assume debt, or assume contingent liabilities, as part of any acquisition. We could have difficulty in assimilating the personnel, operations, software assets and technology of the acquired company. These difficulties could disrupt our ongoing business, distract our management and employees and increase our expenses.

**INITIATIVES:** R Systems will remain sharply focused on those acquisitions and partnerships that add to the competitive strengths of our business. Specific transactions are evaluated in detail with experienced internal personnel and external advisors, wherever relevant, before consummating any transaction. Deal teams conduct technical, operational, marketing due diligence and build detailed financial model to evaluate the risks and benefits of any transaction. Further, contractual agreements are negotiated with the advice of legal counsel to protect Company's interests.

## 10. Credit Risk

As a matter of business practice, the payment collection process may extend over a period of time. Customers budgeting constraints can impact their ability to make the required payments. In addition, the creditworthiness of our clients may deteriorate and we can be adversely affected by bankruptcies or other business failures of our customers.

**INITIATIVES:** R Systems' credit terms are standard and there is rigorous process in following up with customers for payments as and when the invoices fall due for payment. The Company has suitably streamlined its processes to develop a more focused and aggressive receivables management systems to ensure timely collections as a result of the global liquidity crunch.

## 11. Foreign Currency Rate Fluctuations

Managing an equilibrium state in the light of the unfavourable movements in exchange rates involved in earnings and expenditure in foreign currency continues to be one of the challenges when exposed to global markets. A significantly large percentage of R Systems consolidated revenues are either foreign currency denominated or derived from export earnings. Whereas a major portion of the R Systems expenses in India are incurred in Indian Rupees. As a result, operating profits will be highly impacted by foreign currency rate fluctuations. While depreciation of the Indian Rupee would have a favourable bottom-line impact, an appreciation would affect R Systems profitability adversely.

**INITIATIVES:** R Systems cannot directly influence exchange rates, it is incumbent upon management to follow a well thought out policy to hedge the risk associated with foreign currency without taking speculative positions. R Systems attempts to minimize currency fluctuation risks on export earnings by taking forward covers on Rupee - USD/ EURO exchange rate based on anticipated revenues and debtors at periodic intervals. R Systems has laid down appropriate policies and processes for the use of financial derivative instruments consistent with its risk management strategy. The Company does not use the foreign exchange forward contracts for trading or speculation purposes.

## 12. Inflation and Cost Structure

R Systems' cost structure consists of salary and other compensation expenses, overseas travel, and other general selling and administrative costs. Rapid economic development

in India and increasing demand for global delivery may have a significant impact on these costs and the rate of inflation as relevant to the IT & ITES services industry. This is compounded by the fact that overseas competitors may treat their India strategy as a cost centre and develop the same regardless of the cost incurred and its impact on their profitability.




**INITIATIVES:** R Systems’ major costs are salary and benefit cost that it incurs on employees. These costs may have a tendency to escalate faster than the rate of inflation because of the demand for skilled and experienced professionals. R Systems attempts to mitigate the risks associated with wage inflation by obtaining increased price from clients, increasing bench mark prices for new business, enhancing productivity, increasing utilisation and inducting fresh graduates and training them. Further, R Systems has implemented robust processes and information systems to enable personnel to make the right decisions for revenue realisation and cost optimisation to minimise the risks of changes in salary cost structure.

**13. Intellectual Property Rights**

As a part of R Systems’ business, there are risks associated with intellectual property of the Company, intellectual property of R Systems’ customers who may be end users or even the intellectual property of the end user.

**INITIATIVES:** R Systems’ information security arrangements are managed under international standard ISO 27001 : 2013 series and are being audited by both internal and experts from third parties assessors who periodically audit and certify R Systems compliance.

R Systems has not registered some of its intellectual property under the relevant intellectual property laws and is evaluating for registration of the same. We have applied for the registration of the following marks and their corresponding words as R Systems’ trademarks:

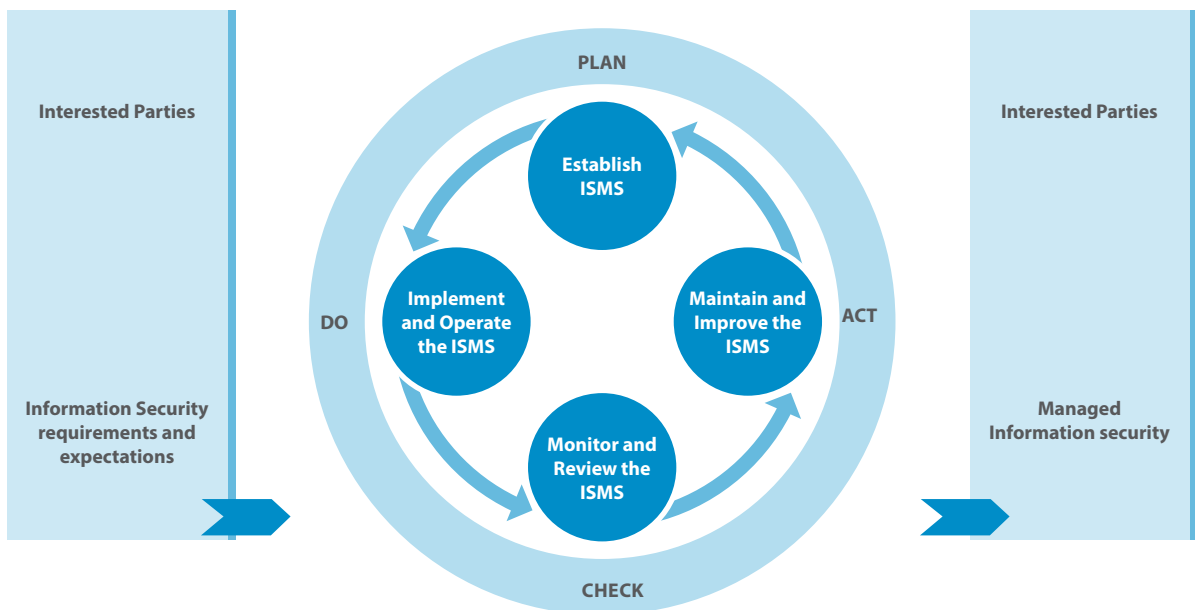
-  PSuite Framework
-  PRODUCTS FOREMOST
-  IPLM

Out of the aforesaid trademarks three logo and two words are already registered w.e.f. January 30, 2006 and the word “IPLM” is awaiting approval. Further the Company has registered the word “R SYSTEMS” and logo  as trademark under certain additional classes. During the year 2014, the company has also filed application for  registration as its new corporate logo under relevant classes. The new corporate logo has been registered by the registrar of trademarks.

**14. Information Security Management**

R Systems being an IT and Software service provider company focusses on maintaining the confidentiality, integration and availability of business data and information to the exclusive but optimum use for the accomplishment of organizational objective. The task of maintaining the confidentiality of business data and information not only faces threat from outside the organization but also within the organization where the business data and information are put to use.

**INITIATIVES:** For ensuring the effectiveness of Information security, it is important that information security can be effective only if it is addressed at people, process and technology levels and is integrated in the way an organization operates. R Systems has established, documented and implemented Information Security Management Systems (ISMS) and shall continually improve its effectiveness in accordance with requirements of ISO 27001:2013. The approach applied to the ISMS is given in Figure below:



R Systems security policy provides a framework for protecting confidentiality, integrity and ensuring availability of organization's information assets. This is to safeguard the interest of customer, business continuity and continual improvement of ISMS at R Systems. The security policy of R Systems has been designed to safeguard the risk associated with information security management.

#### 15. Contractual Risk

The primary contractual risks that R Systems faces pertain to obligations of R Systems to provide services with full adherence to contracted terms of quality, time deadlines, output per hour, protection of confidential information, protection of intellectual property rights, patents and copyrights. R Systems has a rigorous process to evaluate the legal risks involved in a contract, ascertains its legal responsibilities under the applicable law of the contract and tries to restrict its liabilities to the maximum extent possible.

**INITIATIVES:** R Systems attempts to protect itself with "no consequential losses" and "maximum liability" clauses.

R Systems also ensures that risks are protected through various insurances like professional liability, workers compensation, directors' and officers' liability, cyber & crime insurance. The Company's past record in this regard has been good and there has been no significant damages awarded against the Company that has resulted in material adverse impact on our financial position. R Systems also has an escalation process to immediately involve senior management personnel in case R Systems customers or contractors make any assertion of breach of contract.

R Systems has employed professionals with adequate legal expertise who plays handy role in finalizing the various terms under written contracts on behalf of the Company. The experience gained from past contracts and transaction entered into by the Company are also analyzed and implemented for the new contracts envisaged by the Company. As a matter of practice depending upon the criticality of the transactions, contractual agreements are well discussed within the organization in coordination with technical team as well legal professionals and are also negotiated with the advice of legal counsel to protect Company's interests.

#### 16. Execution Risk

A significant number of R Systems clients are software product, telecom, media & entertainment and manufacturing companies. These clients need high quality and timely delivery of services with very stringent services level agreements. Any failure in delivery, quality, meeting service level bench agreements, product features and functionalities could adversely affect R Systems relationship with its clients, which could potentially impact R Systems revenues and profitability.

**INITIATIVES:** R Systems has continuously invested in processes, people, training, information systems, quality standards, frameworks, tools and methodologies to mitigate the risks associated with execution of projects. Adoption of quality models and practices such as ISO, Capability Maturity

Model (CMM) and Six Sigma have ensured that risks are identified and mitigated at various levels in the planning and execution process. Further, senior management personnel, project managers and process leaders are entrusted with the responsibility to meet the project and service level expectations on various engagements. Planned intervention and escalation systems are further deployed to minimise risks.

#### 17. Directors' and Officers' Liability Risks

The directors and officers of R Systems are required to take material decisions in the best interest of the Company. Such decisions might result in errors and omission and R Systems might be sued by the other counterpart.

**INITIATIVES:** To mitigate this risk, the directors and officers take legal and expert advice when required and have taken various insurance policies outlined earlier including professional liability and directors' and officers' liability insurance. The Company attempts to limit its contractual liability for damages arising from negligent acts, errors, mistakes or omissions by directors and officers in rendering services, there can be no assurance that the limitations of liability set forth in its service contracts will be enforceable in all instances or will otherwise protect the Company from liability for damages. Though the Company maintains general liability insurance coverage, including coverage for errors or omissions, going forward, there can be no assurance that such coverage will be available on reasonable terms and in sufficient amount to cover one or more large claims, or that the insurer will not disclaim coverage as to any future claim. The successful assertion of one or more large claims against the Company could adversely affect the Company's results of operations and financial condition.

#### 18. Statutory Compliance

R Systems has trans-national operations. R Systems operates in various geographies and it has to ensure compliance of various applicable rules and regulations in those countries. R Systems is exposed to penalties and other liabilities related to non-compliance or inadequate compliance in those countries.

**INITIATIVES:** R Systems uses independent legal counsel to advise the Company on compliance issues with respect to the laws of various countries in which the Company has its business activities and to ensure that R Systems is not in violation of the laws applicable. R Systems has a compliance management system with qualified managers entrusted with compliance of various laws including the listing laws and regulations applicable to public companies in India.

#### 19. Visa Regulations/ Restrictions

The majority of employees of R Systems are Indian nationals. The ability of R Systems to render its services in the US, Europe and other countries depends on the ability to obtain visas and work permits. Immigration to US, Europe and other countries are subject to legislative changes as well as variations in standards of application and enforcement due to political forces and economic conditions for example, any major change in immigration policy of USA may put the challenge to

Indian IT Companies. It is difficult to predict the political and economic events that could affect immigrations laws or the restrictive impact they could have on obtaining or monitoring work visas. The reliance on visas makes R Systems vulnerable to such changes and variations as it affects the ability of the Company to staff projects with employees who are not citizens of the country where the work is to be performed. As a result, R Systems may not be able to get a sufficient number of visas for employees or may encounter delays or additional costs all of which may affect profitability.

**INITIATIVES:** R Systems monitors the status of visa availability and requirements on a regular basis in consultation with external legal counsel. In house legal personnel are entrusted with the responsibility for compliance with the immigrations

laws which is validated by periodic independent audit. R Systems may expand its business in other geographies to de-risk from US business meanwhile it may boost US hiring. R Systems may look forward to change its business models so that it can deliver from different locations globally through innovation.

## 20. Political Risk

The Government of India has been favourably disposed towards the IT and BPO industry in India. Further, we operate in multiple countries of which the US is a major market. While most governments in the countries where we operate are in favor of free trade, we cannot be immune to changes in policies that may discourage off-shoring to protect local employment.



# FINANCIAL STATEMENTS (STANDALONE)



## INDEPENDENT AUDITOR'S REPORT

### To The Members of R SYSTEMS INTERNATIONAL LIMITED

#### Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **R SYSTEMS INTERNATIONAL LIMITED** ("the Company"), which comprise the Balance Sheet as at December 31, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order issued under section 143(11) of the Act.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

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

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS 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 Ind AS and other accounting principles generally accepted in India, of the state of affairs of the Company as at December 31, 2018, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

#### Other Matters

The comparative financial information of the Company for the transition date opening balance sheet as at January 01, 2017 included in these standalone Ind AS financial statements, are based on the statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report for the year ended December 31, 2016 dated February 10, 2017 expressed an unmodified opinion on those standalone financial statements, and have been restated to comply with Ind AS. Adjustments made to the previously issued said financial information prepared in accordance with the Companies (Accounting Standards) Rules, 2006 to comply with Ind AS have been audited by us.

The comparative financial information of the Company for the year ended December 31, 2017 included in these standalone Ind AS financial statements, are based on the statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 to comply with Ind AS. Adjustments made to the previously issued said financial information prepared in accordance with the Companies (Accounting Standards) Rules, 2006 to comply with Ind AS have been audited by us.

Our opinion on the standalone Ind AS financial statements is not modified in respect of these matters.

### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
  - e) On the basis of the written representations received from the directors of the Company as on December 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company does not have any pending litigations which would impact its financial position.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

**Sd/-**  
**JITENDRA AGARWAL**  
Partner  
(Membership No. 87104)

Place : Noida  
Date : February 08, 2019

## ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 1 (f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

**Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of **R SYSTEMS INTERNATIONAL LIMITED** (“the Company”) as of December 31, 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

### Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

### Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at December 31, 2018, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm’s Registration No. 117366W/W-100018)

Sd/-  
**JITENDRA AGARWAL**

Partner

(Membership No. 87104)

Place : Noida

Date : February 08, 2019

## ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

### (Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) In respect of its fixed assets:
- The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - All fixed assets were physically verified by the management in the previous year in accordance with a planned programme of verifying them once in two years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - According to the information and explanations given by the management, the title deeds of immovable properties are held in the name of the Company.
- (ii) The Company does not have any inventory and hence reporting under clause (ii) of the Order is not applicable.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 186 of the Companies Act, 2013 in respect of investments made. The Company has not granted any loans, given guarantees or provided any security under Section 185 and 186 of the Companies Act, 2013.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits during the year. The Company does not have any unclaimed deposits and accordingly the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 are not applicable to the Company.
- (vi) According to the information and explanations given to us, the maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013 for the services rendered by the Company.
- (vii) According to the information and explanations given to us in respect of statutory dues:
- The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-Tax, Service Tax, Customs Duty, Value Added Tax, Goods and Service Tax, Cess and other material statutory dues applicable to it with the appropriate authorities and there were no undisputed amounts payable in respect of these dues outstanding

as at December 31, 2018 for a period of more than six months from the date they became payable.

- (b) Details of dues of Income-Tax and Value Added tax which have not been deposited as on December 31, 2018 on account of disputes are given below:

Nature of Statute	Nature of Dues	Amount* (Rs. in Millions)	Amount Unpaid (Rs. in Millions)	Period to which amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax demand	9.45	Nil	A/Y 2008-09	Income Tax Appellate Tribunal, New Delhi
Income Tax Act, 1961	Income Tax demand	1.73	Nil	A/Y 2009-10	Income Tax Appellate Tribunal, New Delhi
Income Tax Act, 1961	Income Tax demand	0.16	Nil	A/Y 2010-11	Income Tax Appellate Tribunal, New Delhi
UP VAT Act, 2008	Entry Tax demand	0.11	Nil	F/Y 2008-09	Additional Commissioner (Appeals), Noida

\* amount as per demand orders including interest and penalty wherever quantified in the order.

As per records maintained by the Company, there are no dues of Service Tax, Customs Duty and Goods and Service Tax which have not been deposited as on December 31, 2018 on account of disputes.

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions and banks. The Company has not taken any loan or borrowing from Government and has not issued any debentures.
- (ix) In our opinion and according to the information and explanations given to us, the term loans were applied by the Company for the purpose for which those were raised. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

**Sd/-**  
**JITENDRA AGARWAL**  
Partner  
(Membership No. 87104)

Place : Noida  
Date : February 08, 2019

## STANDALONE BALANCE SHEET AS AT DECEMBER 31, 2018

(Rs. in million)

	Notes	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
<b>ASSETS</b>				
<b>A. Non-current assets</b>				
(a) Property, plant and equipment	3 (a)	248.27	258.45	246.39
(b) Capital work in progress	3 (b)	15.73	-	26.29
(c) Investment property	3 (c)	23.31	24.78	26.25
(d) Intangible assets	3 (d)	1.69	4.44	5.42
(e) Financial assets				
(i) Investments	4	995.39	1,029.80	1,100.64
(ii) Other financial assets	5	65.59	58.06	64.39
(f) Deferred tax assets (net)	24	56.90	58.42	43.67
(g) Non-current tax assets (net)		24.54	22.51	28.96
(h) Other non-current assets	6	47.96	12.44	30.76
<b>Total non-current assets (A)</b>		<b>1,479.38</b>	<b>1,468.90</b>	<b>1,572.77</b>
<b>B. Current assets</b>				
(a) Financial assets				
(i) Investments	4	199.50	136.88	87.57
(ii) Trade receivables	7	621.13	569.19	500.77
(iii) Cash and cash equivalents	8a	300.19	348.68	406.60
(iv) Other bank balances	8b	175.05	391.64	14.58
(v) Other financial assets	9	494.85	96.33	106.39
(b) Other current assets	10	99.72	75.51	58.43
<b>Total current assets (B)</b>		<b>1,890.44</b>	<b>1,618.23</b>	<b>1,174.34</b>
<b>Total assets (A+B)</b>		<b>3,369.82</b>	<b>3,087.13</b>	<b>2,747.11</b>
<b>EQUITY AND LIABILITIES</b>				
<b>A. Equity</b>				
(a) Equity share capital	11	123.25	123.21	123.13
(b) Other equity	12	2,572.28	2,346.31	2,106.64
<b>Total equity (A)</b>		<b>2,695.53</b>	<b>2,469.52</b>	<b>2,229.77</b>
<b>Liabilities</b>				
<b>B. Non-current liabilities</b>				
(a) Financial liabilities				
(i) Borrowings	13	15.91	15.85	19.15
(ii) Other financial liabilities	14	2.96	2.23	9.59
(b) Provisions	15	109.60	91.18	89.42
<b>Total non-current liabilities (B)</b>		<b>128.47</b>	<b>109.26</b>	<b>118.16</b>
<b>C. Current liabilities</b>				
(a) Financial liabilities				
(i) Trade payables				
- total outstanding dues of micro enterprises and small enterprises		-	-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises		46.73	43.32	47.77
(ii) Other financial liabilities	16	150.49	136.89	145.92
(b) Provisions	17	85.69	86.23	78.09
(c) Current tax liability (net)		18.35	36.19	42.56
(d) Other current liabilities	18	244.56	205.72	84.84
<b>Total current liabilities (C)</b>		<b>545.82</b>	<b>508.35</b>	<b>399.18</b>
<b>Total liabilities (B+C)</b>		<b>674.29</b>	<b>617.61</b>	<b>517.34</b>
<b>Total equity and liabilities (A+B+C)</b>		<b>3,369.82</b>	<b>3,087.13</b>	<b>2,747.11</b>
Summary of significant accounting policies	2			

See accompanying notes to the standalone financial statements 1-37

In terms of our report attached.

For DELOITTE HASKINS & SELLS LLP  
Chartered Accountants

For and on behalf of the Board of Directors of R SYSTEMS INTERNATIONAL LIMITED

Sd/-  
**JITENDRA AGARWAL**  
Partner  
Membership No. 087104

Sd/-  
**SATINDER SINGH REKHI**  
Managing Director  
DIN: 00006955

Sd/-  
**LT. GEN. BALDEV SINGH (RETD.)**  
President & Senior  
Executive Director  
DIN: 00006966

Sd/-  
**NAND SARDANA**  
Chief Financial Officer

Sd/-  
**BHASKER DUBEY**  
Company Secretary &  
Compliance Officer

Place : NOIDA  
Date : February 08, 2019

Place : Singapore  
Date : February 08, 2019

Place : NOIDA  
Date : February 08, 2019

Place : NOIDA  
Date : February 08, 2019

Place : NOIDA  
Date : February 08, 2019

**STANDALONE STATEMENT OF PROFIT AND LOSS** FOR THE YEAR ENDED DECEMBER 31, 2018

		(Rs. in million)	
	Notes	Year ended December 31, 2018	Year ended December 31, 2017
<b>A Income</b>			
(i) Revenue from operations		3,172.13	2,637.53
(ii) Other income	19	87.28	136.76
<b>Total income</b>		<b>3,259.41</b>	<b>2,774.29</b>
<b>B Expenses</b>			
(i) Employee benefits expense	20	2,169.18	1,868.36
(ii) Finance costs	21	2.32	3.65
(iii) Depreciation and amortisation expense	22	73.01	73.74
(iv) Other expenses	23	609.46	486.05
<b>Total expenses</b>		<b>2,853.97</b>	<b>2,431.80</b>
<b>C Profit before tax (A-B)</b>		<b>405.44</b>	<b>342.49</b>
<b>D Tax expense</b>			
(i) Current tax	24	99.35	133.41
(ii) MAT credit entitlement		-	(5.84)
(iii) Deferred tax charge / (credit)		(4.05)	(13.16)
<b>Total tax expense / (benefit)</b>		<b>95.30</b>	<b>114.41</b>
<b>E Profit after tax for the year (C-D)</b>		<b>310.14</b>	<b>228.08</b>
<b>F Other comprehensive income / (loss)</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Re-measurement gain / (loss) on defined benefit plans		(0.77)	12.29
Tax relating to re-measurement of the defined benefit plans		0.27	(4.25)
<b>Total other comprehensive income</b>		<b>(0.50)</b>	<b>8.04</b>
<b>G Total comprehensive income for the year (E+F)</b>		<b>309.64</b>	<b>236.12</b>
<b>H Earnings per share (EPS)</b>			
[Nominal value of shares Re. 1/- each (Previous year Re. 1/- each)]			
Basic	25	2.52	1.85
Diluted		2.52	1.85

See accompanying notes to the standalone financial statements

1-37

In terms of our report attached.

For DELOITTE HASKINS & SELLS LLP  
Chartered Accountants

For and on behalf of the Board of Directors of R SYSTEMS INTERNATIONAL LIMITED

Sd/-  
**JITENDRA AGARWAL**  
Partner  
Membership No. 087104Sd/-  
**SATINDER SINGH REKHI**  
Managing Director  
DIN: 00006955Sd/-  
**LT. GEN. BALDEV SINGH  
(RETD.)**  
President & Senior  
Executive Director  
DIN: 00006966Sd/-  
**NAND SARDANA**  
Chief Financial OfficerSd/-  
**BHASKER DUBEY**  
Company Secretary &  
Compliance OfficerPlace : NOIDA  
Date : February 08, 2019Place : Singapore  
Date : February 08, 2019Place : NOIDA  
Date : February 08, 2019Place : NOIDA  
Date : February 08, 2019Place : NOIDA  
Date : February 08, 2019

## STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2018

### A. Equity share capital

(Rs. in million)

<b>Balance at January 01, 2017</b>	123.13
Changes in equity share capital during the period (refer to Note 11)	0.08
<b>Balance at December 31, 2017</b>	<b>123.21</b>
<b>Balance at January 01, 2018</b>	123.21
Issue of shares pursuant to merger of GM Solutions Private Limited (refer to Note 35)	29.75
Cancellation of shares pursuant to merger of GM Solutions Private Limited (refer to Note 35)	(29.75)
Changes in equity share capital during the period (refer to Note 11)	0.04
<b>Balance at December 31, 2018</b>	<b>123.25</b>

#### Notes:

- (1) Equity share capital is net of Rs. 0.74 million (December 31, 2017 : Rs. 0.74 million; January 01, 2017 : Rs. 0.74 million) pertaining to shares held by R Systems Employees Welfare Trust. (See also Note 11)

### B. Other equity (see also Note 12)

(Rs. in million)

Particulars	Reserves and Surplus				Other comprehensive Income	Total other equity
	Securities premium account	Stock options outstanding	General Reserve	Retained earnings	Re-measurement of defined benefit plans	
<b>Balance at January 01, 2017</b>	<b>273.17</b>	<b>2.62</b>	<b>158.73</b>	<b>1,672.12</b>	-	<b>2,106.64</b>
Net profit after tax for the year				228.08		228.08
ESOP provision for the year		2.64				2.64
Share issued against ESOP	2.78	(1.87)				0.91
Other comprehensive income for the year					8.04	8.04
<b>Balance at December 31, 2017</b>	<b>275.95</b>	<b>3.39</b>	<b>158.73</b>	<b>1,900.20</b>	<b>8.04</b>	<b>2,346.31</b>
<b>Balance at January 01, 2018</b>	275.95	3.39	158.73	1,900.20	8.04	2,346.31
Net profit after tax for the period				310.14		310.14
Share issued against ESOP	2.29	(1.87)				0.42
Dividend paid (including CDT)				(85.49)		(85.49)
ESOP provision for the period		1.40				1.40
Other comprehensive income for the period					(0.50)	(0.50)
<b>Balance at December 31, 2018</b>	<b>278.24</b>	<b>2.92</b>	<b>158.73</b>	<b>2,124.85</b>	<b>7.54</b>	<b>2,572.28</b>

#### Notes:

- (1) Interim dividend of Re. 0.60 per equity share of Re. 1 each has been paid during the year ended December 31, 2018. The shareholders' assent for the interim dividend will be taken in forthcoming Annual General Meeting.
- (2) Securities premium account is net of Rs. 2.28 million (December 31, 2017 : Rs. 2.28 million; January 01, 2017 : Rs. 2.28 million) pertaining to shares held by R Systems Employees Welfare Trust. (See also Note 11)

See accompanying notes to the standalone financial statements 1-37

In terms of our report attached.

**For DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants

**For and on behalf of the Board of Directors of R SYSTEMS INTERNATIONAL LIMITED**

**Sd/-**  
**JITENDRA AGARWAL**  
Partner  
Membership No. 087104

**Sd/-**  
**SATINDER SINGH REKHI**  
Managing Director  
DIN: 00006955

**Sd/-**  
**LT. GEN. BALDEV SINGH (RETD.)**  
President & Senior Executive Director  
DIN: 00006966

**Sd/-**  
**NAND SARDANA**  
Chief Financial Officer

**Sd/-**  
**BHASKER DUBEY**  
Company Secretary & Compliance Officer

Place : NOIDA  
Date : February 08, 2019

Place : Singapore  
Date : February 08, 2019

Place : NOIDA  
Date : February 08, 2019

Place : NOIDA  
Date : February 08, 2019

Place : NOIDA  
Date : February 08, 2019



**STANDALONE CASH FLOW STATEMENT** FOR THE YEAR ENDED DECEMBER 31, 2018

(Rs. in million)

	Year ended December 31, 2018	Year ended December 31, 2017
<b>A. Cash flows from operating activities</b>		
Net profit after tax	310.14	228.08
<b>Adjustments for:</b>		
Tax expense	95.30	114.41
Depreciation and amortisation expense	73.01	73.74
Provision for doubtful debts (net)	15.70	6.69
Employee share based payments expense	1.40	2.64
Unrealised foreign exchange loss / (gain)	7.67	1.79
Unrealised loss / (gain) on derivative instruments	(6.26)	10.09
Interest income	(57.81)	(60.52)
Rental income from investment property	(6.78)	(6.85)
Net gain arising on financial assets measured at FVTPL	(10.20)	(1.31)
Profit on sale / discarding of property, plant and equipment (net)	(0.01)	(0.32)
Liability no longer required written back	-	(2.53)
Interest under income tax	-	0.79
Interest expenses	2.32	2.86
<b>Operating profit before working capital changes</b>	<b>424.48</b>	<b>369.56</b>
Movements in working capital:		
(Increase) / Decrease in trade receivables	(74.09)	(75.93)
(Increase) / Decrease in other assets	(77.79)	(3.17)
Increase / (Decrease) in trade payable and other liabilities	53.57	114.58
Increase / (Decrease) in provisions	17.11	22.19
Cash generated from operations	<b>343.28</b>	<b>427.23</b>
Direct taxes paid, net of refunds	(113.37)	(134.13)
Interest on income-tax refund	-	6.11
<b>Net cash from / (used in) operating activities (A)</b>	<b>229.91</b>	<b>299.21</b>
<b>B. Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(113.93)	(53.10)
Purchase of intangible assets	(0.57)	(6.67)
Proceeds from sale of property, plant and equipment	1.37	2.78
Proceeds from redemption of debentures	175.12	87.57
Investment in mutual fund	(140.00)	(48.00)
Investment in subsidiary	(53.14)	(16.73)
Investment in fixed deposits with scheduled banks (net)	(126.97)	(378.27)
Interest received	60.80	55.05
Rental income from investment property	6.56	6.40
<b>Net cash from / (used in) investing activities (B)</b>	<b>(190.76)</b>	<b>(350.97)</b>

## STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2018

(Rs. in million)

	Year ended December 31, 2018	Year ended December 31, 2017
<b>C. Cash flows used in financing activities</b>		
Proceeds from long-term borrowings	4.65	1.72
Repayment of long-term borrowings - current maturities	(5.02)	(5.69)
Proceeds from other non-current assets	(0.05)	0.06
Proceeds from issuance of equity shares	0.45	1.00
Interest paid	(2.07)	(2.39)
Dividends paid (including CDT)	(85.49)	-
<b>Net cash from / (used in) financing activities (C)</b>	<b>(87.53)</b>	<b>(5.30)</b>
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>	<b>(48.38)</b>	<b>(57.06)</b>
Add: Cash and cash equivalents at the beginning of the year	348.68	406.60
Add: Effect of exchange differences on cash and cash equivalents held in foreign currency	(0.11)	(0.86)
<b>Cash and cash equivalents at the end of the year (refer note 8a)</b>	<b>300.19</b>	<b>348.68</b>

### Notes:

(1) Figures in brackets indicate cash outflow.

See accompanying notes to the standalone financial statements 1-37

In terms of our report attached.

**For DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants

**For and on behalf of the Board of Directors of R SYSTEMS INTERNATIONAL LIMITED**

**Sd/-**  
**JITENDRA AGARWAL**  
Partner  
Membership No. 087104

**Sd/-**  
**SATINDER SINGH REKHI**  
Managing Director  
DIN: 00006955

**Sd/-**  
**LT. GEN. BALDEV SINGH (RETD.)**  
President & Senior  
Executive Director  
DIN: 00006966

**Sd/-**  
**NAND SARDANA**  
Chief Financial Officer

**Sd/-**  
**BHASKER DUBEY**  
Company Secretary &  
Compliance Officer

Place : NOIDA  
Date : February 08, 2019

Place : Singapore  
Date : February 08, 2019

Place : NOIDA  
Date : February 08, 2019

Place : NOIDA  
Date : February 08, 2019

Place : NOIDA  
Date : February 08, 2019

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018****1. Nature of operations**

R Systems International Limited (the 'Company') is a leading global provider of IT services and Business Process Outsourcing (BPO) services. The Company is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956 having its registered office at New Delhi. Its shares are listed on National Stock Exchange of India Limited and BSE Limited. The Company's primary focus is to provide IT services and solutions, software engineering services, technical support, customer care and other IT enabled services under the umbrella of Knowledge Services. The Company's services and solutions span over seven major business verticals i.e. Telecom, Media & Entertainment, Retail & E-commerce, Banking & Finance, Manufacturing & Logistics, Technology, and Healthcare & Life Sciences.

**2. Significant Accounting Policies****(a) Statement of compliance**

In accordance with the notification issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015. These are the Company's first Ind AS financial statements. The date of transition is January 1, 2017. Previous year's numbers in the financial statements have been restated to Ind AS. In accordance with Ind AS 101 First-time Adoption of Indian Accounting Standards, the Company has presented a reconciliation from the presentation of financial statements under Accounting Standards notified under Section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India ("Previous GAAP") to Ind AS of Shareholders' equity as at December 31, 2017 and January 1, 2017 and of the comprehensive net income and cash flows for the year ended December 31, 2017 (refer to Note 36).

**(b) Functional and presentation currency**

These financial statements are presented in Indian Rupee (INR), which is also the Company's functional currency. All amounts have been rounded-off to the nearest million, unless otherwise indicated.

**(c) Basis of preparation and presentation**

The financial statements of the Company have been prepared under the historical cost convention on an accrual and going concern basis except for certain financial instruments and equity settled employee stock options which have been measured at fair value. Historical cost is generally based on the fair value of consideration given in exchange of goods and services.

Based on the nature of activities of the Company and the normal time between acquisition of assets and their

realization in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

**(d) Property, Plant and Equipment**

Property, Plant and Equipment are stated at cost, less accumulated depreciation and accumulated impairment losses, if any. The cost comprises the purchase price and directly attributable costs of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Capital work-in-progress includes cost of Property, Plant and Equipment that are not ready to be put to use.

When part of an item of property plant and equipment has different useful lives, they are accounted for as separate items (major component) of property plant and equipment. Subsequent expenditure related to an item of Property, Plant and Equipment is added to its book value only if it is probable that future economic benefits associated with the item will flow to the Company. All other expenses on existing Property, Plant and Equipment, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the year during which such expenses are incurred.

Gains or losses arising from disposal of Property, Plant and Equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is disposed.

**e) Depreciation**

Depreciation is calculated on cost of items of Property, Plant and Equipment less their estimated residual values using the straight line method ('SLM') over the useful lives of the assets estimated by the management. The assets residual values and useful lives are reviewed at each financial year end or whenever there are indicators for review, and adjusted prospectively.

The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of fixed assets and are in align with Part C of Schedule II of the Companies Act 2013.

The management estimates the useful lives for the Property, Plant and Equipment as follows:

Category	Useful life
Buildings	30 years
Leasehold improvements	Lower of lease period or useful life
Plant and machinery - other than air conditioners	15 years
Air conditioners	5 years
Office Equipment (other than end user devices)	5 years
Computer hardware and network installations (other than end user devices)	6 years
End-user devices such as desktop, laptop, mobile phones etc.	3 years
Furniture and fittings	10 years
Vehicles	8 years
Electrical Installation	10 years
Assets taken on finance lease	Lower of lease period or useful life

**(f) Intangible assets**

Intangible assets with finite useful lives that are acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Cost comprises the purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use. Gains or losses arising from disposal of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is disposed.

Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

A summary of amortisation policies applied to the company's intangible assets are as below:

Category	useful life
Computer software	Lower of license period or 3 years

**(g) Investment property**

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with Ind AS 16's requirements for cost model.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on de-recognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

**(h) Government grants**

The Company enjoys exemption from payment of duty on import of goods subject to certain performance conditions being fulfilled by the Company. Such exemption is considered as a government grant. Grants from the government are recognised when there is reasonable assurance that the Company will comply with those conditions. The carrying amount of an item of property, plant and equipment is reduced by government grants i.e. the asset is accounted for on the basis of its net acquisition cost. The grant is recognised in profit or loss over the life of a depreciable asset in the form of reduced depreciation expense.

**(i) Financial instruments**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are

added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

**(j) Financial assets**

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

*Classification of financial assets*

(i) Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (FVTOCI) (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised in profit or loss for FVTOCI debt instruments. For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are

recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income and accumulated under the heading of 'Reserve for debt instruments through other comprehensive income'. When the investment is disposed of, the cumulative gain or loss previously accumulated in this reserve is reclassified to profit or loss.

All other financial assets are subsequently measured at fair value.

*Effective interest method*

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other income" line item.

**(iii) Investments in equity instruments at FVTOCI**

On initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a

recent actual pattern of short-term profit-taking; or

- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

**(iv) Financial assets at fair value through profit or loss (FVTPL)**

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria (see above) are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the Company, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

De-recognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred

asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

- (i) For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss except for those which are designated as hedging instruments in a hedging relationship.
- (ii) Changes in the carrying amount of investments in equity instruments at FVTOCI relating to changes in foreign currency rates are recognised in other comprehensive income.
- (iii) For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income.

**(k) Financial liabilities**

For the purpose of subsequent measurement, financial liabilities are classified as:

- Financial liabilities at amortized cost
- Financial liabilities such as loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. The change in measurements is recognized as finance costs in the statement of profit and loss.
- Financial liabilities at fair value through profit or loss (FVTPL)

Financial liabilities at FVTPL represented by

contingent consideration are measured at fair value with all change recognised in the statement of profit and loss.

*De-recognition of financial liabilities*

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

The Company also derecognise a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in statement of profit and loss.

*Foreign exchange gains and losses*

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other income'.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in statement of profit or loss.

**(I) Impairment**

**i. Financial assets**

The Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on financial assets measured at amortized cost and financial assets that are debts instruments and are measured at fair value through other comprehensive income (FVTOCI). ECL is the difference between contractual cash flows that are due and the cash flows that the Company expects to receive, discounted at the original effective interest rate.

For trade receivables, the Company recognizes impairment loss allowance based on lifetime ECL at each reporting date, right from its initial recognition. For other financial assets, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12 month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used.

**ii. Non-financial assets**

The carrying amounts of Property, Plant and Equipment are reviewed at each balance sheet date or whenever there is any indication of impairment based on internal/external factors. If any indications exist, the Company estimates the asset's recoverable amount.

Recoverable amount of intangible under development that is not yet available for use is estimated at least at each financial year end even if there is no indication that the asset is impaired.

An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's fair value and its 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.

**(m) Derivative financial instruments**

The Company enters into foreign exchange forward contracts to manage its exposure to foreign exchange rate risks.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

*Hedge accounting*

The Company designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges or cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

#### Fair value hedges

Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the designated portion of hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in profit or loss in the line item relating to the hedged item.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

#### Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'Other income' line item.

Amounts previously recognised in other comprehensive income and accumulated in equity relating to (effective portion as described above) are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, such gains and losses are transferred from equity (but not as a reclassification adjustment) and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

#### **(n) Borrowing costs**

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition, construction or development of an asset that necessarily takes a

substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of that asset. All other borrowing costs are recognised as an expense in the period in which they are incurred.

#### **(o) Leases**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

#### *Where the Company is a lessee*

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the lower of the fair value of lease property and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are recognised as finance cost in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs are capitalised.

A leased asset is depreciated on a straight-line basis over the useful life of the asset. However, if there is no reasonable certainty that the company will obtain the ownership by the end of the lease term, the capitalized asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset or the lease term.

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

#### *Where the Company is a lessor*

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets comprising land or building which are subject to operating leases are included under non-current investments as investment property and are carried at cost less accumulated depreciation. Lease income on an operating lease is recognized in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the statement of profit and loss.



**(p) Revenue recognition**

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company, there is no uncertainty as to the ultimate collection and the revenue can be reliably measured.

**(i) Income from software services**

Rendering of services

Revenue from software development and maintenance services projects comprise income from time-and-material and fixed-price contracts.

Revenue with respect to time and material basis is recognised when services are rendered. The same is calculated based on man-hours incurred for rendering services.

Fixed-price contracts vary in duration depending on the terms of the work being performed. Revenue from fixed price contracts (including maintenance and support contracts) is recognised using the percentage of completion method, when reasonable progress has been made on the milestones achieved as specified in the contracts. The stage of completion of project is determined by the proportion that contract efforts incurred for work performed up to the balance sheet date bear to the estimated total contract effort. Changes in contract performance, estimated profitability and final contract settlements may result in revision to costs and revenue and are recognised in the period in which the revisions are determined. If a loss is projected on any contract in process, the entire projected loss is recognised immediately.

Revenue from business process outsourcing services is derived from both time based and unit-price contracts. Revenue is recognized as the related services are performed in accordance with the specific terms of the contracts with the customers.

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

Sale of products

Revenue from the sale of product (software and hardware) is recognised when the significant risks and rewards associated with the ownership is transferred to the buyer.

**(ii) Interest**

Interest income is recognized on a time proportion basis taking into account the carrying amount and the effective interest rate. Interest income

is included under the head 'Other income' in the statement of profit and loss.

**(iii) Dividend**

Dividend income is recognized when the Company's right to receive dividend is established. Dividend income is included under the head 'Other income' in the statement of profit and loss.

**(q) Foreign currency transactions and balances**

Foreign currency transactions are recorded in the functional currency of the Company, by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction.

**Conversion**

Foreign currency monetary items are reported using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. Non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates at the date when the values were determined.

**Exchange differences**

Exchange differences arising on conversion / settlement of foreign currency monetary items and on foreign currency liabilities relating to Property, Plant and Equipment acquisition are recognized as income or expenses in the year in which they arise.

**(r) Employee benefits**

The Company participates in various employee benefit plans. Post-employment benefits are classified as either defined contribution plans or defined benefit plans. Under a defined contribution plan, the Company's only obligation is to pay a fixed amount with no obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits. The related actuarial and investment risks fall on the employee. The expenditure for defined contribution plans is recognized as expense during the period when the employee provides service. Under a defined benefit plan, it is the Company's obligation to provide agreed benefits to the employees. The related actuarial and investment risks fall on the Company. The present value of the defined benefit obligations is calculated using the projected unit credit method.

(i) The Company's contribution to provident fund, employee state insurance scheme and other social security plans are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees

(ii) Gratuity is a defined benefit obligation plan operated by the Company for its employees covered under Company Gratuity Scheme. The cost of providing benefit under gratuity plan is determined on the basis of actuarial valuation using the projected unit credit method at the reporting date and are charged to the statement of profit and loss, except for the re-measurements, comprising of actuarial gains and losses which are recognized in full in the statement of other comprehensive income in the reporting period in which they occur. Re-measurements are not reclassified to profit and loss subsequently.

(iii) Compensated absences

The employees of the Company are entitled to compensated absences. The employees can carry forward a portion of the unutilised accumulating compensated absences and utilise it in future periods or receive cash at retirement or termination of employment. The Company records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. The Company measures the expected cost of compensated absences as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period. The Company recognizes accumulated compensated absences based on actuarial valuation. Non-accumulating compensated absences are recognized in the period in which the absences occur. The Company recognizes actuarial gains and losses immediately in the statement of profit and loss.

The Company presents the entire Compensated absences liability as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for twelve months after the reporting date.

**(s) Employee stock compensation expenses**

Employees of the Company receive remuneration in the form of share based payment transactions, whereby employees render services as consideration for equity instruments granted (equity-settled transactions).

In accordance with Ind AS 102 – “Share Based Payments”, the cost of equity-settled transactions is determined by the fair value of the options at the date of the grant and recognized as employee compensation cost over the vesting period. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company’s best estimate of the number of equity instruments that will ultimately vest.

The expense or credit recognized in the statement of profit and loss for a year represents the movement in cumulative expense recognized as at the beginning and end of that year and is recognized in employee benefits expense. In case of the employee stock option schemes having a graded vesting schedule, each vesting tranche having different vesting period has been considered as a separate option grant and accounted for accordingly.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

**(t) Income taxes**

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in statement of profit and loss.

Deferred income taxes reflect the impact of temporary differences between tax base of assets and liabilities and their carrying amounts. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except deferred tax liability arising from initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, affects neither accounting nor taxable profit/ loss at the time of transaction. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses, except deferred tax assets arising from initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, affects neither accounting nor taxable profit/ loss at the time of transaction. Deferred tax assets are recognized only to the extent that sufficient future taxable income will be available against which such deferred tax assets can be realized.

In the situations where the Company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of temporary differences which reverse during the tax holiday period, to the extent the Company’s gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of temporary differences which reverse after the

tax holiday period is recognized in the year in which the temporary differences originate.

The carrying amount of deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available against which such deferred tax assets can be realized.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the same taxable entity and the same taxation authority.

Deferred tax relating to items recognized outside the statement of profit and loss is recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. MAT credit available is recognized as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

**(u) Segment reporting**

The Company determines reportable segment based on information reported to the Chief Operating Decision Maker (CODM) for the purposes of resource allocation and assessment of segmental performance. The CODM evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments. The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments.

Each segment item reported is measured at the measure used to report to the CODM for the purposes of making decisions about allocating resources to the segment and assessing its performance.

*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.

**(v) Earnings per share (EPS)**

Basic earnings per share are calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the reporting period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares), if any occurred during the reporting period, that have changed the number of equity shares outstanding, without a corresponding change in resources. Further, the weighted average number of equity shares used in computing the basic earnings per share is reduced by the shares held by R Systems Employee Welfare Trust at the balance sheet date, which were obtained by subscription to the shares from finance provided by the Company.

For the purpose of calculating diluted earnings per share, the net profit for the year attributable to the equity shareholders and the weighted average number of equity shares outstanding during the year, are adjusted for the effects of all dilutive potential equity shares.

The number of shares and potential dilutive equity shares are adjusted retrospectively for all periods presented for any bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

**(w) Provisions**

A provision is recognized when the Company has a present obligation as a result of past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined based on the best estimate required to settle the obligation at the reporting date. If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. These estimates are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

**(x) 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.

**(y) Business combinations**

Business combinations arising from transfers of interest in entities that are under the control of the shareholder that controls the Company are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented. The assets and liabilities acquired are recognised at their carrying amounts. The identity of the reserves is preserved and they appear in the financial statements of the Company in the same form in which they appeared in the financial statements of the transferor company.

**(z) Cash and cash equivalents**

Cash and cash equivalents in the cash flow statement comprises of cash at bank, cash in hand and short term deposits with an original maturity period of three months or less.

**(aa) Use of estimates and judgement**

The preparation of the financial statements in conformity with Ind AS requires the 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 end of year. These estimates are based on the management's best knowledge of current events, historical experience, actions that the Company may undertake in the future and on various other assumptions that are believed to be reasonable under the circumstances. Actual results could differ from those estimates.

Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

**Critical accounting estimates**

**i. Revenue recognition**

The Company uses the percentage-of-completion method in accounting for its fixed-price contracts. Use of the percentage-of-completion method requires the Company to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended. Efforts or costs expended have been used to measure progress towards completion. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date.

**ii. Income taxes**

The Company's major tax jurisdictions is India, though the Company also files tax returns in other overseas jurisdictions. Significant judgements are involved in determining the provision for income taxes.

The Company reviews carrying amount of deferred tax assets at the end of each reporting period.

**iii. Property, plant and equipment**

Property, plant and equipment represent a significant proportion of the asset base of the

Company. The charge in respect of depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by management at the time the asset is acquired and reviewed periodically. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

**iv. Impairment of investments**

The Company reviews its carrying value of investments at each Balance Sheet date, or more frequently when there is an indication of impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for.

**New standards and interpretations not yet adopted**

- a. Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:** On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from April 1, 2018. The Company has evaluated the effect of this on the financial statements and the impact is not material.
- b. Ind AS 115- Revenue from Contract with Customers:** On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach).

The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018.

The Company will adopt the standard on January 1, 2019 by using the cumulative catch-up transition method and accordingly comparatives for the year ending December 31, 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is expected to be insignificant.

**3 (a). Property, plant and equipment**

Particulars	(Rs. in million)									
	Leasehold land <sup>1</sup>	Buildings and leasehold improvements <sup>1</sup>	Plant and equipment	Electric Installation	Furniture and fittings <sup>2</sup>	Computers	Vehicles <sup>3</sup>	Office equipment	Total	
<b>At cost</b>										
<b>Gross Block</b>										
<b>As at January 01, 2017</b>	14.58	85.74	41.30	18.09	88.33	275.96	48.21	31.89	604.10	
Additions	-	0.03	19.68	1.66	0.74	51.30	2.75	2.98	79.14	
Deletions	-	-	(5.89)	-	-	(9.27)	(4.16)	(0.97)	(20.29)	
<b>As at December 31, 2017</b>	<b>14.58</b>	<b>85.77</b>	<b>55.09</b>	<b>19.75</b>	<b>89.07</b>	<b>317.99</b>	<b>46.80</b>	<b>33.90</b>	<b>662.95</b>	
Additions	-	-	-	-	2.18	44.01	8.84	4.37	59.40	
Deletions	-	-	(0.01)	(0.01)	(0.01)	(18.08)	(4.78)	(2.21)	(25.10)	
<b>As at December 31, 2018</b>	<b>14.58</b>	<b>85.77</b>	<b>55.08</b>	<b>19.74</b>	<b>91.24</b>	<b>343.92</b>	<b>50.86</b>	<b>36.06</b>	<b>697.25</b>	
<b>Accumulated Depreciation</b>										
<b>As at January 01, 2017</b>	2.93	21.21	24.46	16.41	69.06	186.78	14.80	22.06	357.71	
Charge for the year	0.22	3.77	4.30	1.05	4.07	41.59	5.73	3.89	64.62	
Deletions	-	-	(5.38)	-	-	(9.27)	(2.23)	(0.95)	(17.83)	
<b>As at December 31, 2017</b>	<b>3.15</b>	<b>24.98</b>	<b>23.38</b>	<b>17.46</b>	<b>73.13</b>	<b>219.10</b>	<b>18.30</b>	<b>25.00</b>	<b>404.50</b>	
Charge for the year	0.17	3.78	4.10	0.50	2.21	47.29	5.90	4.27	68.22	
Deletions	-	-	(0.01)	(0.01)	(0.01)	(18.08)	(3.57)	(2.06)	(23.74)	
<b>As at December 31, 2018</b>	<b>3.32</b>	<b>28.76</b>	<b>27.47</b>	<b>17.95</b>	<b>75.33</b>	<b>248.31</b>	<b>20.63</b>	<b>27.21</b>	<b>448.98</b>	
<b>Net block</b>										
<b>As at January 01, 2017</b>	<b>11.65</b>	<b>64.53</b>	<b>16.84</b>	<b>1.68</b>	<b>19.27</b>	<b>89.18</b>	<b>33.41</b>	<b>9.83</b>	<b>246.39</b>	
<b>As at December 31, 2017</b>	<b>11.43</b>	<b>60.79</b>	<b>31.71</b>	<b>2.29</b>	<b>15.94</b>	<b>98.89</b>	<b>28.50</b>	<b>8.90</b>	<b>258.45</b>	
<b>As at December 31, 2018</b>	<b>11.26</b>	<b>57.01</b>	<b>27.61</b>	<b>1.79</b>	<b>15.91</b>	<b>95.61</b>	<b>30.23</b>	<b>8.85</b>	<b>248.27</b>	

(1) Land and building acquired during year 1998 under a composite lease amounting to Rs. 21.16 million has been allocated based on relative fair values on the date of acquisition.

(2) Furniture and fittings includes assets on finance lease : Gross block as at December 31, 2018 Rs. 11.00 million (December 31, 2017 Rs. 11.00 million; January 01, 2017 Rs. 11.00 million), Depreciation charge for the year Rs. 1.10 million (previous year Rs. 1.10 million), Accumulated depreciation as at December 31, 2018 Rs. 2.24 million (December 31, 2017 Rs. 1.14 million; January 01, 2017 Rs. 0.05 million) and Net book value as at December 31, 2018 Rs. 8.76 million (December 31, 2017 Rs. 9.86 million; January 01, 2017 Rs. 10.95 million).

(3) Vehicles amounting to Rs. 20.95 million (as at December 31, 2017 : Rs. 23.77 million; as at January 01, 2017 : Rs. 27.74 million) are hypothecated against terms loans for vehicle financed from a non-banking financial corporation.

(4) Refer to Note 31 for capital commitment, Note 32(a) for finance lease obligation and Note 8(c) for assets pledged as security for liabilities.

**3 (b). Capital work in progress**

(Rs. in million)	
	Amount
As at January 01, 2017	26.29
As at December 31, 2017	-
As at December 31, 2018	15.73

### 3(c). Investment property

(Rs. in million)

Particulars	As at	As at	As at
	December 31, 2018	December 31, 2017	January 01, 2017
<b>Cost of land and building given on operating lease</b>			
Balance at beginning of the year	35.96	35.96	35.96
Additions	-	-	-
<b>Balance at the end of year</b>	<b>35.96</b>	<b>35.96</b>	<b>35.96</b>
<b>Accumulated depreciation</b>			
Balance at beginning of the year	11.18	9.71	9.71
Additions	1.47	1.47	-
<b>Balance at the end of year</b>	<b>12.65</b>	<b>11.18</b>	<b>9.71</b>
<b>Net value</b>	<b>23.31</b>	<b>24.78</b>	<b>26.25</b>

#### Measurement of fair values

Investment property consists of land and building situated at Pune, India and is accounted for at cost. The Company has estimated that the fair value of investment property as at December 31, 2018 was Rs. 95.50 million. The fair value has been determined based on current prices in an active market for similar properties. The fair value measurement for the investment property has been categorised as a Level 2.

### 3(d). Intangible assets

(Rs. in million)

Particulars	As at	As at	As at
	December 31, 2018	December 31, 2017	January 01, 2017
<b>Software (at cost)</b>			
<b>Gross Block</b>			
Balance at beginning of the year	134.88	128.21	128.21
Additions	0.57	6.67	-
Deletions	(0.12)	-	-
<b>Balance at the end of year</b>	<b>135.33</b>	<b>134.88</b>	<b>128.21</b>
<b>Accumulated amortisation</b>			
Balance at beginning of the year	130.44	122.79	122.79
Charge for the year	3.32	7.65	-
Deletions	(0.12)	-	-
<b>Balance at the end of year</b>	<b>133.64</b>	<b>130.44</b>	<b>122.79</b>
<b>Net value</b>	<b>1.69</b>	<b>4.44</b>	<b>5.42</b>

### 4. Investments

(Rs. in million)

Particulars	As at	As at	As at
	December 31, 2018	December 31, 2017	January 01, 2017
<b>A. Non-current investment</b>			
<b>Unquoted investments (fully paid), measured at FVTPL</b>			
Investment in Saraswat Co-operative Bank Ltd 2,500 (December 31, 2017: 2,500; January 01, 2017: 2,500) shares of Rs. 10 each fully paid up	0.03	0.03	0.03
<b>Total Investment measured at FVTPL</b>	<b>0.03</b>	<b>0.03</b>	<b>0.03</b>
<b>Unquoted investment (fully paid), measured at amortised cost</b>			
Debentures in Indus Software Technologies Private Limited	-	87.55	175.12
<b>Total investment measured at amortised cost</b>	<b>-</b>	<b>87.55</b>	<b>175.12</b>
<b>Investment in subsidiaries, measured at cost</b>			
(i) Investment in R Systems, Inc., USA 2,150 (December 31, 2017: 2,150; January 01, 2017: 2,150) shares of "no par" value	281.17	281.17	281.17
(ii) Investment in R Systems (Singapore) Pte. Ltd., Singapore 5,780,786 (December 31, 2017: 5,780,786; January 01, 2017: 5,570,925) ordinary shares of "no par" value	274.56	274.56	257.83

## 4. Investments (Contd.)

							(Rs. in million)	
Particulars		As at December 31, 2018		As at December 31, 2017		As at January 01, 2017		
(iii)	Investment in R Systems Technologies Limited, USA 243,750 (December 31, 2017: 243,750; January 01, 2017: 243,750) common stock of US\$1 each fully paid up	10.79		10.79		10.79		
	Less: Provision for diminution in the value of investment	(10.78)	0.01	(10.78)	0.01	(10.78)	0.01	
(iv)	Investment in ECnet Limited, Singapore 63,891,260 (December 31, 2017: 63,891,260; January 01, 2017: 63,891,260) ordinary shares of "no par" value	36.34		36.34		36.34		
	Less: Provision for diminution in the value of investment	(5.53)	30.81	(5.53)	30.81	(5.53)	30.81	
(v)	Investment in Computaris International Limited, UK 66,500 (December 31, 2017: 66,500; January 01, 2017: 66,500) ordinary shares of GBP 0.01 each fully paid up		350.63		350.63		350.63	
(vi)	Investment in RSYS Technologies Limited, Canada (refer to note below) 200 (December 31, 2017: 200; January 01, 2017: 200) Class A common shares of CAD 1 each fully paid up 25 (December 31, 2017: 25; January 01, 2017: 25) Class B preferred shares of CAD 3,992 each fully paid up 250 (December 31, 2017: Nil; January 01, 2017: Nil) Class B preferred shares of CAD 4,000 each fully paid up		58.18		5.04		5.04	
<b>Total investment measured at cost</b>			<b>995.36</b>		<b>942.22</b>		<b>925.49</b>	
<b>Aggregate carrying value of Non-current unquoted investments</b>			<b>995.39</b>		<b>1,029.80</b>		<b>1,100.64</b>	
<b>Provision for investments</b>			<b>16.31</b>		<b>16.31</b>		<b>16.31</b>	
<b>Note:</b>		During the year, the Company has made additional investment of CAD 1 million in RSYS Technologies Limited, Canada.						
<b>B. Current Investment</b>								
<b>Quoted investment in mutual funds, measured at FVTPL</b>								
	18,376 (December 31, 2017: 9,237; January 01, 2017: Nil) units of SBI Premier Liquid Fund	52.64		24.66		-		
	14,627 (December 31, 2017: 7,349; January 01, 2017: Nil) units of HDFC Liquid Fund	52.63		24.65		-		
	115,669 (December 31, 2017: Nil; January 01, 2017: Nil) units of ICICI Prudential Liquid Fund	31.41		-		-		
	106,472 (December 31, 2017: Nil; January 01, 2017: Nil) units of Aditya Birla Sunlife Liquid Fund	31.41		-		-		
	15,428 (December 31, 2017: Nil; January 01, 2017: Nil) units of Axis Liquid Fund	31.41		-		-		
<b>Total investment in Mutual funds</b>			<b>199.50</b>		<b>49.31</b>		<b>-</b>	
<b>Unquoted investment (fully paid), measured at amortised cost</b>								
	Debentures in Indus Software Technologies Private Limited	-		87.57		87.57		
<b>Total investment measured at amortised cost</b>			<b>-</b>		<b>87.57</b>		<b>87.57</b>	
<b>Total quoted investment</b>			<b>199.50</b>		<b>49.31</b>		<b>-</b>	
<b>Total unquoted investment</b>			<b>-</b>		<b>87.57</b>		<b>87.57</b>	
<b>Total current investment (quoted + unquoted)</b>			<b>199.50</b>		<b>136.88</b>		<b>87.57</b>	

## 5. Other non-current financial assets

(Rs. in million)

Particulars	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
<b>Unsecured, considered good</b>			
Security deposits	18.53	10.78	11.08
Margin money deposits (refer to Note 8b)	45.20	44.96	48.17
Interest accrued on fixed deposits	1.57	1.64	5.12
Staff advance	0.29	0.68	0.02
	<b>65.59</b>	<b>58.06</b>	<b>64.39</b>

## 6. Other non-current assets

(Rs. in million)

Particulars	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
<b>Unsecured, considered good</b>			
Capital advances	40.64	0.03	10.29
Prepaid expenses	7.32	12.41	20.47
	<b>47.96</b>	<b>12.44</b>	<b>30.76</b>

## 7. Trade receivables (Unsecured)

(Rs. in million)

Particulars	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
Considered good	621.13	569.19	500.77
Credit impaired	18.19	6.77	0.95
Less: Allowance for doubtful debts (expected credit loss allowance)	(18.19)	(6.77)	(0.95)
	<b>621.13</b>	<b>569.19</b>	<b>500.77</b>

See also Note 30 for related party balances.

The Company uses a provision matrix to determine impairment loss on portfolio of its trade receivable. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward-looking estimates. At every reporting date, the historically observed default rates are updated and changes in forward-looking estimates are analysed. The Company estimates the following matrix at the reporting date.

Ageing	Expected credit loss *
Not due	0.01%
0-90 days	0.02%
90-180 days	0.15%
180-365 days	0.46%
More than 365 days	2.00%

\* In case of probability of non-collection, credit loss rate is 100%

(Rs. in million)

Movement in expected credit loss allowance	Year ended December 31, 2018	Year ended December 31, 2017
Balance at the beginning of the year	6.77	0.95
Provision for doubtful debts (net)	15.70	6.69
Bad debts written off	(5.75)	(0.71)
Effect of foreign exchange fluctuation	1.47	(0.16)
<b>Balance at the end of the year</b>	<b>18.19</b>	<b>6.77</b>



**8a. Cash and cash equivalents**

(Rs. in million)

Particulars	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
(a) Cash on hand	0.45	0.12	0.17
(b) Balances with scheduled banks			
(i) in current accounts	16.91	39.66	24.03
(ii) in EEFC accounts	64.64	99.32	95.30
(iii) Deposit accounts with original maturity of less than 3 months	142.40	189.71	237.97
(c) Balances with other banks			
(i) in current accounts	75.79	19.87	49.13
<b>Cash and cash equivalents</b>	<b>300.19</b>	<b>348.68</b>	<b>406.60</b>

**8b. Other bank balances**

(Rs. in million)

Particulars	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
(a) In other deposit accounts			
(i) original maturity more than 12 months	352.10	8.26	7.20
(ii) original maturity more than 3 months but less than 12 months	172.10	389.21	12.00
(iii) held as margin money	45.20	44.96	48.17
Deposits with banks carried at amortised costs	<b>569.40</b>	<b>442.43</b>	<b>67.37</b>
Less: Bank deposits with original maturity of more than 12 months disclosed under Note 9	(352.10)	(8.26)	(7.20)
Less: Margin money deposit disclosed under Note 5	(45.20)	(44.96)	(48.17)
	<b>172.10</b>	<b>389.21</b>	<b>12.00</b>
(b) Balances with scheduled banks			
(i) in unclaimed dividend accounts	2.95	2.43	2.58
<b>Total - Other bank balances</b>	<b>175.05</b>	<b>391.64</b>	<b>14.58</b>

**Note:** For details of bank wise balances, see Note 8c.

**8c. Cash and bank balances**

(Rs. in million)

S. No.	Particulars	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
<b>A</b>	<b>Cash on Hand</b>	0.45	0.12	0.17
	<b>Balances with scheduled banks</b>			
<b>B</b>	<b>In current accounts</b>			
1	ICICI Bank Limited	4.99	7.85	3.71
2	HDFC Bank Limited	2.60	3.88	1.71
3	Oriental Bank of Commerce	3.16	5.22	7.45
4	State Bank of India	0.76	1.13	2.12
5	Axis Bank Limited	5.26	20.40	8.24
6	Bank of Baroda - NZD	-	0.37	0.49
7	Kotak Mahindra Bank Limited	0.14	0.81	0.31
		<b>16.91</b>	<b>39.66</b>	<b>24.03</b>
<b>C</b>	<b>In cash credit / overdraft account*</b>			
1	Axis Bank Limited	-	-	-
<b>D</b>	<b>In EEFC accounts</b>			
1	ICICI Bank Limited- USD	12.90	24.76	14.54
2	State Bank of India - USD #	-	0.00	0.00
3	Kotak Mahindra Bank Limited - USD @	-	0.00	10.57
4	Axis Bank Limited-USD	44.14	71.10	62.73
5	Axis Bank Limited-EURO	5.88	2.45	6.68
6	Axis Bank Limited-GBP	0.55	0.91	0.46
7	Axis Bank Limited-CAD	1.17	0.10	0.32
		<b>64.64</b>	<b>99.32</b>	<b>95.30</b>
<b>E</b>	<b>In deposit accounts</b>			
1	State Bank of India	24.21	24.06	34.40
2	ICICI Bank Limited	57.34	159.70	18.90
3	Axis Bank Limited	399.90	298.79	153.04
4	Kotak Mahindra Bank Limited	184.61	149.59	88.00
5	HDFC Bank Limited	45.74	-	11.00
		<b>711.80</b>	<b>632.14</b>	<b>305.34</b>
<b>F</b>	<b>In unclaimed dividend accounts</b>			
1	HDFC Bank Limited	2.68	2.32	2.47
2	Kotak Mahindra Bank Limited	0.27	0.11	0.11
		<b>2.95</b>	<b>2.43</b>	<b>2.58</b>
	<b>Balance with other banks</b>			
<b>G</b>	<b>In current accounts</b>			
1	California Bank & Trust, USA	75.79	19.87	49.13
		<b>75.79</b>	<b>19.87</b>	<b>49.13</b>
	<b>Total cash and bank balances</b>	<b>872.54</b>	<b>793.54</b>	<b>476.55</b>
	Cash and cash equivalents (See also Note 8a)	300.19	348.68	406.60
	Deposits with banks (See also Note 8b)	569.40	442.43	67.37
	Balance in unclaimed dividend accounts (See also Note 8b)	2.95	2.43	2.58
	<b>Total cash and bank balances</b>	<b>872.54</b>	<b>793.54</b>	<b>476.55</b>

\* Cash credit limit / bank guarantee / loan equivalent risk / letter of credit is secured by first charge by way of hypothecation of entire current assets and collateral over an immovable property situated in Noida.

# State Bank of India – USD balance as on December 31, 2018 was Rs. Nil, as on December 31, 2017 was Rs. 319 and as on January 01, 2017 was Rs. 340.

@ Kotak Mahindra Bank Limited – USD balance as on December 31, 2018 was Rs. Nil, as on December 31, 2017 was Rs. 6.

## 9. Other current financial assets

(Rs. in million)

Particulars	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
Staff advance	2.81	2.62	2.82
Recoverable from subsidiaries	1.04	10.48	1.90
Unbilled revenue	110.10	48.06	60.79
Security deposit	0.68	2.00	1.10
Bank deposits with original maturity of more than 12 months (refer to Note 8b)	352.10	8.26	7.20
Mark-to-market gain on derivative instruments (refer to Note 27)	22.59	16.33	26.42
Interest accrued			
Fixed deposits	5.02	5.07	0.90
Compulsorily redeemable debentures	-	3.20	4.97
Others	0.51	0.31	0.29
	<b>494.85</b>	<b>96.33</b>	<b>106.39</b>

## 10. Other current assets

(Rs. in million)

Particulars	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
Balances with indirect tax authorities	24.62	18.60	21.88
Prepaid expenses	62.74	51.44	31.55
Advance to vendors	0.43	0.17	1.25
Tour and travel advance	11.93	5.30	3.75
	<b>99.72</b>	<b>75.51</b>	<b>58.43</b>

## 11. Equity share capital

(Rs. in million)

Particulars	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
<b>Authorised</b>			
206,000,000 (December 31 2017: 200,000,000; January 01, 2017: 200,000,000) equity shares of Re. 1 each	<b>206.00</b>	<b>200.00</b>	<b>200.00</b>
Pursuant to Scheme of Amalgamation, the authorised share capital of R Systems International Limited stands increased by the authorised share capital of GM Solutions Private Limited. (refer to Note 35)			
<b>Issued, subscribed and fully paid up</b>			
123,990,425 (December 31 2017: 123,952,925; January 01, 2017: 123,870,425) equity shares of Re. 1 each	123.99	123.95	123.87
Less: Shares held by R Systems Employees Welfare Trust [refer to Note g(i) below]	0.74	0.74	0.74
	<b>123.25</b>	<b>123.21</b>	<b>123.13</b>

## 11. Equity share capital (Contd.)

### Notes:

#### (a) Reconciliation of number of shares and amount of share capital outstanding at the beginning and at the closing of the year:

Particulars	Year ended December 31, 2018		Year ended December 31, 2017	
	Number	Amount (Rs. in million)	Number	Amount (Rs. in million)
At the beginning of the year	123,952,925	123.95	123,870,425	123.87
Shares issued pursuant to merger of GM Solutions Private Limited (refer to Note 35)	29,746,353	29.75	-	-
Shares extinguished pursuant to merger of GM Solutions Private Limited (refer to Note 35)	(29,746,353)	(29.75)	-	-
Issued during the year*	37,500	0.04	82,500	0.08
<b>Outstanding at the closing of the year</b>	<b>123,990,425</b>	<b>123.99</b>	<b>123,952,925</b>	<b>123.95</b>

\*The Company has issued 37,500 (previous year 82,500) equity shares of Re. 1 each at an exercise price of Rs. 12.07 per share pursuant to exercise of employee stock options under the R Systems International Limited Employee Stock Option Scheme 2007.

#### (b) Terms/rights attached to equity shares:

The Company has only one class of equity shares having par value of Re. 1 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupee. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

#### (c) Shares held by holding / ultimate holding company and / or their subsidiaries / associates:

The Company does not have any holding / ultimate holding company.

#### (d) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

Particulars	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
Aggregate number of shares bought back	3,678,155	3,678,155	3,678,155
Shares issued pursuant to scheme of merger of GM Solutions Private Limited with the Company (refer to Note 35)	29,746,353	-	-

(e) The Board of Directors of the Company at its meeting held on January 15, 2019 has approved the buyback of upto 3,690,000 fully paid up equity shares of the Company of face value of Re. 1/- each from its existing shareholders as on record date (i.e. February 01, 2019) on a proportionate basis through Tender Offer route in accordance with the provisions contained in the Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018 at a price of Rs. 65/- per equity share, payable in cash for a total amount not exceeding Rs. 239.85 million.

#### (f) Details of shareholders holding more than 5% shares in the Company (also refer to Note 35)

Name of shareholder	As at December 31 2018		As at December 31, 2017		As at January 01, 2017	
	No. of shares held	% of Holding	No. of shares held	% of Holding	No. of shares held	% of Holding
GM Solutions Private Limited	-	-	29,746,353	24.00	29,746,353	24.01
RightMatch Holdings Limited	9,076,218	7.32	9,076,218	7.32	9,076,218	7.33
Satinder & Harpreet Rekhi Family Trust (Trustee: Satinder Singh Rekhi & Harpreet Rekhi)	12,150,731	9.80	12,150,731	9.80	12,150,731	9.81
Sartaj Singh Rekhi	19,800,619*	15.97	5,864,656	4.73	5,864,656	4.73
Ramneet Singh Rekhi	16,857,524*	13.60	4,958,983	4.00	4,958,983	4.00
Bhavook Tripathi #	44,662,112	36.02	43,861,539	35.39	44,330,059	35.79

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.

\* Including shares allotted pursuant to the Scheme of Amalgamation of GM Solutions Private Limited and R Systems International Limited. (See also Note 35)

# Not having significant influence over the Company.

**11. Equity share capital (Contd.)****(g) Shares reserved for issue under options****(i) R Systems International Limited Employees Stock Option Plan – Year 2001 ('the Plan' or 'ESOP Plan 2001')**

Indus Software Private Limited ('Indus') had outstanding options aggregating 21,967 equity shares as on March 31, 2002, to be issued to the eligible employees under the R Systems International Limited Employees Stock Option Plan – Year 2001 under various vesting periods as specified in the said Plan, duly approved by the erstwhile shareholders. Indus had established "R Systems Employees Welfare Trust" ('the R Systems Trust') (formerly known as Indus Software Employees Welfare Trust) to administer the plan, as approved by the members, for the benefits of the Company's employees and had provided an interest free loan of Rs. 3.38 million. Consequently, Indus had allotted 21,967 equity shares of Rs. 10 each at a premium of Rs. 144 per equity share to the R Systems Trust to be further issued to the Indus' eligible employees on the exercise of the underlying options granted to them.

As a result of the merger of Indus with the Company, all employees had surrendered their options in favour of the R Systems Trust to enable them to obtain options for shares in R Systems International Limited after the merger. The Company had issued 206,822 equity shares of Rs. 2 each at a premium of Rs. 113.42 per share to the R Systems Trust in exchange of 21,967 equity shares of Indus, apropos to the agreed swap ratio. During the earlier years out of the said 206,822 shares, 22,079 shares were issued to the employees on exercise of options.

The Company had consolidated each of its five equity shares of Rs. 2 each into one equity share of Rs. 10 each, then issued 1:1 bonus share to each of the then existing shareholder and further sub-divided each of the equity shares of Rs. 10 each into 10 equity shares of Re. 1 each. Consequently, the total number of shares issued are now 738,980 equity shares of Re. 1 each, which are treated as Treasury Shares.

The financial statement of the R Systems Trust have been included in the standalone financial statements of the Company as the trust was created for the benefit of the employees and administered by the Company and in substance the R Systems Trust functions as an extension of the Company. Therefore, an amount of Rs. 0.74 million and Rs. 2.28 million has been adjusted against issued, subscribed and paid-up capital and Securities Premium Account, respectively.

The movement in the options (in equivalent number of shares of the Company) held by the R Systems Trust during the year ended December 31, 2018 and the year ended December 31, 2017 is set out below:

	Year ended December 31, 2018	Year ended December 31, 2017
<b>At the beginning</b>		
- Grants outstanding under the plan (Re. 1 per share)	-	-
- Grants pending determination by the Compensation Committee (Re. 1 per share)	738,980	738,980
<b>During the year</b>		
- Options granted (Re. 1 per share)	-	-
- Options exercised (Re. 1 per share)	-	-
- Options/grants lapsed or surrendered (Re. 1 per share)	-	-
<b>At the end</b>		
- Grants outstanding under the plan (Re. 1 per share)	-	-
- Grants pending determination by the Compensation Committee (Re.1 per share)	738,980	738,980

The Board of Directors at their meeting held on May 04, 2017 had approved a Scheme of Arrangement between the Company and its Shareholder and Creditors ("Scheme") for reduction of equity shares held by the R Systems Trust. The Scheme was filed on August 18, 2017 with the National Company Law Tribunal, New Delhi (Tribunal) for necessary directions.

The Board of Directors at its meeting held on December 21, 2018, decided not to implement the Scheme in its current form and considered to modify the current scheme in the light of certain management policies and changes that would have a bearing on the Scheme. The Tribunal has allowed the Company to withdraw the Scheme vide order dated January 03, 2019.

**(ii) R Systems International Limited Employee Stock Option Scheme 2007 ('the Plan' or 'ESOP Plan 2007')**

During the year 2007, the Company had instituted the plan for all eligible employees as specified in the rules in pursuance of the special resolution duly approved by the shareholders. The plan provides for the issuance of 650,000 options to eligible employees as recommended by the Compensation Committee constituted for this purpose.

The plan is administered by a Compensation Committee and exercise price in respect of 632,500 options granted on July 11, 2007 is Rs. 120.70 being the latest available closing price, prior to the date of the meeting of the Board of Directors / Compensation Committee, on the stock exchange on which the shares of the Company are listed. Accordingly, the intrinsic value of Employee Stock Option is taken as Rs. Nil. Further, during the year ended December 31, 2014, the Company had sub-divided equity shares of Rs. 10 each into 10 equity shares of Re. 1 each, the exercise price is accordingly adjusted from Rs. 120.70 per share to Rs. 12.07 per share.

## 11. Equity share capital (Contd.)

On the recommendation of the Compensation Committee and Nomination and Remuneration Committee, the Board of Directors at its meeting held on April 30, 2016, had further granted 150,000 options at an exercise price of Rs. 12.07 /- per option under R Systems International Limited Employee Stock Option Scheme 2007.

The vesting period is 4 years (25% in each year) commencing from the date of grant under the plan. The eligible employees have an option to exercise it over a period of 10 years from the date of grant under the plan. The movement in the options during the year ended December 31, 2018 and year ended December 31, 2017 is set out below:

	Year ended December 31, 2018	Year ended December 31, 2017
<b>At the beginning</b>		
- Grants outstanding under the plan (Re. 1 per share)	112,500	195,280
- Grants pending determination by the Compensation Committee (Re. 1 per share)	-	1,925,000
<b>During the year</b>		
- Options granted (Re. 1 per share)	-	-
- Options exercised (Re. 1 per share)	(37,500)	(82,500)
- Options/grants lapsed or surrendered (Re. 1 per share)	-	-
- Option lapsed for determination by the Compensation Committee on expiry of the effective date	-	(1,925,280)
<b>At the end</b>		
- Grants outstanding under the plan (Re. 1 per share)	75,000	112,500
- Grants pending determination by the Compensation Committee (Re.1 per share)	-	-
Options vested during the year	37,500	37,500

For options exercised during the year 2018, the weighted average share price at the exercise date was Rs. 38.78 (Previous year Rs. 50.40).

The weighted average remaining contractual life for the stock options as at December 31, 2018 is 88 months (as at December 31, 2017 : 100 months; as at January 01, 2017: 13 months).

### Fair value of share options

The fair value of the options, calculated by an external valuer, was estimated on the date of grant using the Black-Scholes model with the following significant assumptions:

Particulars	ESOP Plan 2001	ESOP Plan 2007	
	Options granted before 2001 *	Options granted during the year ended December 31, 2007#	Options granted during the year ended December 31, 2016
Stock option fair value using Black - Scholes option pricing	Nil	50.73	49.89
Exercise price	154.00	120.70	12.07
Expected volatility (in %)	0.5	44	55.32-55.83
Expected option life	2.5 years (being half of the maximum option life)	4 years i.e. 25% vesting at the end of each year from the date of grant	4 years i.e. 25% vesting at the end of each year from the date of grant
Exercise period	1 year from the date of grant	10 years from the date of grant	10 years from the date of grant
Dividend yield (in %)	15.00	0.86	1.32
Risk-free interest rate (in %)	11.30	7.00	7.84

\* Originally the price was based on Rs. 10 per share for 21,967 shares. As a result of amalgamation of Indus Software Private Limited into R Systems, the Company had issued 206,822 equity shares of Rs. 2 each pursuant to the swap ratio approved by Hon'ble High Courts of Delhi and Mumbai. The details given above for plan are before making the required adjustments in relation to consolidation of each of the 5 equity shares of Rs. 2 each into 1 equity share of Rs. 10 each as approved by the shareholders in the year ended December 31, 2006 and further sub-division of each of the equity shares of Rs. 10 each into 10 equity shares of Re. 1 each as per record date of February 28, 2014.

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

## 12. Other equity

(Rs. in million)

Particulars	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
<b>a. Securities premium account</b> Securities premium account is used to record premium received on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013.	278.24	275.95	273.17
<b>b. Stock options outstanding</b> The stock option outstanding account is used to record the value of equity-settled share based payment transactions with employees. The amounts recorded in this account are transferred to securities premium account upon exercise of stock options by the employees. In case of forfeiture, corresponding balance is transferred to general reserve.	2.92	3.39	2.62
<b>c. General Reserve</b> The General Reserve is used from time to time to transfer profits from retained earnings for appropriation purposes.	158.73	158.73	158.73
<b>d. Retained earnings</b> Retained earnings comprises the Company's undistributed earnings after taxes.	2,124.85	1,900.20	1,672.12
<b>e. Other comprehensive income</b> <b>Re-measurement of defined benefit plans</b> Other comprehensive income consists of re-measurements of net defined benefit liability/assets (net of tax).	7.54	8.04	-
<b>Total other Equity</b>	<b>2,572.28</b>	<b>2,346.31</b>	<b>2,106.64</b>

**Notes:**

(1) Year-wise movement of the individual line items above is given in the Statement of Changes in Equity.

## 13. Non-current borrowings (at amortised cost)

(Rs. in million)

Particulars	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
Term loans for motor vehicles from non banking financial corporation (secured)	9.36	9.58	13.45
Finance lease obligation (Unsecured)	10.61	10.78	10.88
	<b>19.97</b>	<b>20.36</b>	<b>24.33</b>
Less:			
Current maturities of term loans for motor vehicles (refer to Note 16)	3.86	4.33	5.02
Current maturities of finance lease obligation (refer to Note 16)	0.20	0.18	0.16
	<b>15.91</b>	<b>15.85</b>	<b>19.15</b>

**Notes:**

- (1) Term loans for motor vehicles are secured by hypothecation of underlying motor vehicles and carries interest rate ranging from 8.34% to 10.23% per annum. The term loans are repayable in equated monthly instalments ranging from 35 to 60 months from the date of loan.
- (2) Finance lease obligation is unsecured. The interest rate implicit in aforesaid lease is 11.9% per annum. The lease obligation are repayable in 180 months from the date of lease.

**14. Other non-current financial liabilities**

(Rs. in million)

Particulars	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
Security Deposit	2.96	2.23	9.59
	<b>2.96</b>	<b>2.23</b>	<b>9.59</b>

**15. Provisions**

(Rs. in million)

Particulars	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
<b>Long-term provision for employee benefits</b>			
- Gratuity	109.60	91.18	89.42
	<b>109.60</b>	<b>91.18</b>	<b>89.42</b>

Also refer to Note 20 for detailed disclosures

**16. Other current financial liabilities**

(Rs. in million)

Particulars	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
Current maturity of term loan for motor vehicles (refer to Note 13)	3.86	4.33	5.02
Current maturity of finance lease obligation (refer to Note 13)	0.20	0.18	0.16
Payable to subsidiary company	16.36	14.17	16.83
Security deposits received	9.48	9.63	2.33
Investor education and protection fund (not due) - Unclaimed dividend	2.95	2.43	2.58
Employee benefits payable	112.15	102.51	104.75
Capital creditors	2.08	0.27	10.78
Other financial liabilities	3.41	3.37	3.47
	<b>150.49</b>	<b>136.89</b>	<b>145.92</b>

**17. Provisions**

(Rs. in million)

Particulars	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
<b>Short-term provision for employee benefits</b>			
- Gratuity	4.80	3.59	2.54
- Compensated absences	80.89	82.64	75.55
	<b>85.69</b>	<b>86.23</b>	<b>78.09</b>

Also refer to Note 20 for detailed disclosures

**18. Other current liabilities**

(Rs. in million)

Particulars	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
Statutory dues payable			
Tax deducted at source	14.22	10.31	10.81
PF payable	14.20	11.44	10.50
GST / service tax payable	3.35	2.20	1.43
Others	0.23	0.20	0.14
Unearned revenues	212.56	181.35	61.29
Rent received in advance	-	0.22	0.67
	<b>244.56</b>	<b>205.72</b>	<b>84.84</b>



## 19. Other income

(Rs. in million)

Particulars	Year ended December 31, 2018	Year ended December 31, 2017
Interest income on		
- Bank deposit	49.76	36.53
- Debenture	7.67	17.50
- Financial instruments measured at amortised cost	0.38	0.38
- Other	-	6.11
Rental income from investment property	6.78	6.85
Foreign exchange fluctuation (net)	11.83	64.82
Profit on sale / discarding of property, plant and equipment (net)	0.01	0.32
Liability no longer required written back	-	2.53
Miscellaneous income	0.65	0.41
Net gain arising on financial assets measured at FVTPL	10.20	1.31
	<b>87.28</b>	<b>136.76</b>

## 20. Employee benefits expense

(Rs. in million)

Particulars	Year ended December 31, 2018	Year ended December 31, 2017
Salaries, wages and bonus	1,991.49	1,724.27
Gratuity expenses	36.50	24.91
Contribution to provident and other funds	76.72	67.76
Employees' share based payments expense	1.40	2.64
Staff welfare expenses	63.07	48.78
	<b>2,169.18</b>	<b>1,868.36</b>

**Gratuity**

The Company has funded defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on separation equal to 15 days salary (last drawn salary) for each completed year of continuous service or part thereof in excess of six months subject to a maximum of Rs. 2 million (previous year Rs. 1 million).

Amount recognised in the statement of profit and loss in respect of gratuity cost (defined benefit plan) is as follows:

(Rs. in million)

Particulars	Year ended December 31, 2018	Year ended December 31, 2017
Service cost	29.50	18.87
Net interest cost	7.00	6.04
<b>Net gratuity expense recognised in profit and loss</b>	<b>36.50</b>	<b>24.91</b>
<b>Re-measurement loss / (gain) recognised in OCI</b>	<b>0.77</b>	<b>(12.29)</b>
<b>Total Cost Recognised in Comprehensive Income</b>	<b>37.27</b>	<b>12.62</b>

**Details of defined benefit gratuity plan:**

(Rs. in million)

Particulars	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
Defined benefit obligation	130.56	99.10	94.60
Fair value of plan assets	16.16	4.33	2.64
<b>Net defined benefit obligation</b>	<b>114.40</b>	<b>94.77</b>	<b>91.96</b>

## 20. Employee benefits expense (Contd.)

Changes in the defined benefit obligation are as follows:

Particulars	(Rs. in million)	
	Year ended December 31, 2018	Year ended December 31, 2017
Opening defined benefit obligation	99.10	94.60
Service cost	29.50	18.87
Interest cost	7.33	6.22
Benefits paid	(6.38)	(9.51)
Actuarial (gains) / losses on obligation	1.01	(11.08)
<b>Closing defined benefit obligation</b>	<b>130.56</b>	<b>99.10</b>

Changes in the fair value of plan assets are as follows:

Particulars	(Rs. in million)	
	Year ended December 31, 2018	Year ended December 31, 2017
Opening fair value of plan assets	4.33	2.64
Expected return	0.33	0.18
Contributions by the employer	17.64	9.81
Benefits paid	(6.38)	(9.51)
Actuarial gains / (losses) on plan assets	0.24	1.21
<b>Closing fair value of plan assets</b>	<b>16.16</b>	<b>4.33</b>

### Sensitivity Analysis

Sensitivity analysis for each significant actuarial assumptions namely discount rate and salary assumptions is given below:

Defined Benefit Obligation	(Rs. in million)	
	As at December 31, 2018	As at December 31, 2017
<b>Discount rate</b>		
a. Discount rate - 100 basis points	140.74	111.60
b. Discount rate + 100 basis points	121.70	88.65
<b>Salary increase rate</b>		
a. Rate - 100 basis points	122.33	90.73
b. Rate + 100 basis points	139.21	107.82

### Maturity Profile of Defined Benefit Obligation

Expected Future Cash flows	(Rs. in million)	
	As at December 31, 2018	As at December 31, 2017
Year 1	20.96	7.91
Year 2	15.24	5.59
Year 3	13.74	5.80
Year 4	12.07	6.00
Year 5	10.92	6.04
Year 6 to10	39.65	32.49

**20. Employee benefits expense (Contd.)**

The major categories of plan assets as a percentage of the fair value of total plan assets:

	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
Investments with Life Insurance Corporation of India	100%	100%	100%

The principal assumptions used in determining gratuity are shown below:

**(A) Financial Assumptions**

	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
Discount rate	7.35%	7.70%	7.70%
Increment rate	First year 10%, thereafter 7%	First year 10%, thereafter 7%	First year 10%, thereafter 7%

**(B) Demographic Assumptions**

	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
Mortality Rate	IALM (2006-08) Ultimate	IALM (2006-08) Ultimate	IALM (2006-08) Ultimate
Withdrawal Rate	Below Age 30 yrs - 35% Age 30 to 34 Yrs - 22% Age 34 to 44 Yrs - 17% Age 44 to 50 Yrs - 3% Age 50 to 54 Yrs - 2% Above Age 54 Yrs - 1%	Below Age 30 yrs - 15% Age 30 to 34 Yrs - 10% Age 34 to 44 Yrs - 5% Age 44 to 50 Yrs - 3% Age 50 to 54 Yrs - 2% Above Age 54 Yrs - 1%	Below Age 30 yrs - 15% Age 30 to 34 Yrs - 10% Age 34 to 44 Yrs - 5% Age 44 to 50 Yrs - 3% Age 50 to 54 Yrs - 2% Above Age 54 Yrs - 1%
Retirement age	60 Yrs	60 Yrs	60 Yrs

**21. Finance costs**

(Rs. in million)

Particulars	Year ended December 31, 2018	Year ended December 31, 2017
Interest expense on borrowings	2.07	2.40
Interest expense on financial instruments measured at amortised cost	0.25	0.46
Interest under income tax	-	0.79
	<b>2.32</b>	<b>3.65</b>

**22. Depreciation and amortisation expense**

(Rs. in million)

Particulars	Year ended December 31, 2018	Year ended December 31, 2017
Depreciation of property, plant and equipment	68.22	64.62
Amortisation of intangible assets	3.32	7.65
Depreciation on investment property	1.47	1.47
	<b>73.01</b>	<b>73.74</b>

**23. Other expenses**

(Rs. in million)

Particulars	Year ended December 31, 2018	Year ended December 31, 2017
Power and fuel	40.53	40.80
Rent - premises	33.06	31.94
Repair and maintenance		
- Software	63.01	47.52
- Others	38.08	33.67
Commission	26.06	14.19
Travelling and conveyance	180.83	140.26
Communication costs	59.24	56.91
Legal and professional fees	78.42	54.64
Auditors' remuneration (refer detail below)	5.15	3.70
Provision for doubtful debts (net)	15.70	6.69
Contribution towards corporate social responsibility (refer detail below)	3.96	2.46
Miscellaneous expenses	65.42	53.27
	<b>609.46</b>	<b>486.05</b>

## 23. Other expenses (Contd.)

### (i) Detail of auditors remuneration

(Rs. in million)

Particulars	Year ended December 31, 2018	Year ended December 31, 2017
As auditor:		
Audit fee		
- Statutory audit fee	2.12	1.38
- Quarterly audit / limited review fee	2.31	2.02
- Out-of-pocket expenses	0.28	0.26
In other capacity:		
- Certification	0.44	0.04
	<b>5.15</b>	<b>3.70</b>

### (ii) Contribution towards corporate social responsibility

(Rs. in million)

Particulars	Year ended December 31, 2018	Year ended December 31, 2017
Amount required to be spent by the Company during the year	9.19	10.55
Amount spend by the Company in accordance with its Corporate Social Responsibility Policy	3.96	2.46

## 24. Income tax

(Rs. in million)

Particulars	Year ended December 31, 2018	Year ended December 31, 2017
<b>Current income tax</b>		
In respect of the current year	96.82	127.61
In respect of the prior periods	2.53	5.80
<b>MAT credit entitlement</b>	-	(5.84)
<b>Deferred tax charge / (credit)</b>	(4.05)	(13.16)
<b>Income tax expense recognised in the statement of profit and loss</b>	<b>95.30</b>	<b>114.41</b>
<b>Income tax recognised in other comprehensive income</b>		
Deferred tax arising on income and expense recognised in other comprehensive income		
Net loss / (gain) on re-measurement of defined benefit plan	(0.27)	4.25
	<b>95.03</b>	<b>118.66</b>

The reconciliation between the provision of income tax of the Company and amounts computed by applying the Indian statutory income tax rate to profit before taxes is as follows:

(Rs. in million)

Particulars	Year ended December 31, 2018	Year ended December 31, 2017
Profit before tax	405.44	342.49
Enacted income tax rate in India	34.94%	34.61%
Computed expected tax expense	141.68	118.53
<b>Effect of:</b>		
Income exempt from tax	(49.46)	(13.69)
Temporary differences reversing during the tax holiday period	(1.58)	(2.06)
Expenses that are not deductible in determining taxable profit	3.76	1.76
Different tax rates of branches operating in other tax jurisdictions	2.08	1.83
Tax pertaining to prior years	(2.53)	5.80
Others	1.35	2.24
<b>Income tax expense recognised in the statement of profit and loss</b>	<b>95.30</b>	<b>114.41</b>

**24. Income tax (Contd.)****Deferred tax****Deferred tax assets / (liabilities) as at December 31, 2018 in relation to:****(Rs. in million)**

Particulars	As at January 01, 2018	Recognised in profit and loss	Recognised in other comprehensive income	Others	As at December 31, 2018
Property, plant and equipment and intangible assets	(15.47)	(5.41)	-	-	(10.06)
Provision for doubtful debts	2.40	(2.44)	-	-	4.84
Provision for gratuity	32.80	(5.47)	(0.27)	-	38.54
Provision for compensated absence	28.60	0.33	-	-	28.27
Other employee benefits	4.70	(0.04)	-	-	4.74
Mark to market loss / (gain) on forward contracts	-	5.40	-	-	(5.40)
Net gain on fair value of mutual funds	(0.45)	3.58	-	-	(4.03)
MAT credit entitlement	5.84	-	-	(5.84)	-
<b>Total</b>	<b>58.42</b>	<b>(4.05)</b>	<b>(0.27)</b>	<b>(5.84)</b>	<b>56.90</b>

**Deferred tax assets / (liabilities) as at December 31, 2017 in relation to:****(Rs. in million)**

Particulars	As at January 01, 2017	Recognised in profit and loss	Recognised in other comprehensive income	Others	As at December 31, 2017
Property, plant and equipment and intangible assets	(19.32)	(3.85)	-	-	(15.47)
Provision for doubtful debts	0.31	(2.09)	-	-	2.40
Provision for gratuity	31.83	(5.22)	4.25	-	32.80
Provision for compensated absence	26.15	(2.45)	-	-	28.60
Other employee benefits	4.70	-	-	-	4.70
Net gain on fair value of mutual funds	-	0.45	-	-	(0.45)
MAT credit entitlement	-	(5.84)	-	-	5.84
<b>Total</b>	<b>43.67</b>	<b>(19.00)</b>	<b>4.25</b>	<b>-</b>	<b>58.42</b>

The Company has a unit at Greater Noida registered as Special Economic Zone (SEZ) unit which is entitled to a tax holiday under Section 10AA of the Income Tax Act, 1961.

A significant portion of the profits of the Company's operations are exempt from income taxes being profits attributable to export operations from undertakings situated in Special Economic Zone (SEZ). Under the Special Economic Zone Act, 2005 scheme, units in designated Special Economic Zones providing service on or after April 1, 2005 will be eligible for a deduction of 100 percent of profits or gains derived from the export of services for the first five years from commencement of provision of services and 50 percent of such profits and gains for a further five years. Certain tax benefits are also available for a further period of five years subject to the unit meeting defined conditions.

**25. Earnings per share**

Reconciliation of number of equity shares used in the computation of basic and diluted earnings per share is set out below:

Particulars	Year ended December 31, 2018	Year ended December 31, 2017
Net profit after tax (Rs. in million)	310.14	228.08
Weighted average number of equity shares for calculating Basic EPS	123,238,808	123,185,918
Weighted average number of equity shares resulting from assumed exercise of employee stock options	31,934	23,886
Weighted average number of equity shares for calculating Diluted EPS	123,270,742	123,209,804
Earnings per share [Nominal value of shares Re. 1 (Previous year: Re. 1)]		
Basic (Rs.)	2.52	1.85
Diluted (Rs.)	2.52	1.85

## 26. Financial instruments

The carrying values and fair values of financial instruments by categories are as follows:

(Rs. in million)									
Particulars	Note reference	Basis of measurement	As at December 31, 2018		As at December 31, 2017		As at January 01, 2017		Fair value hierarchy
			Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value	
<b>Assets</b>									
Investments in subsidiaries	4	At cost	995.36	995.36	942.22	942.22	925.49	925.49	
Investments in other equity instruments	4	FVTPL	0.03	0.03	0.03	0.03	0.03	0.03	Level 3
Investments in mutual funds	4	FVTPL	199.50	199.50	49.31	49.31	-	-	Level 1
Investments in debentures	4	Amortised cost	-	-	175.12	175.12	262.69	262.69	
Trade receivables	7	Amortised cost	621.13	621.13	569.19	569.19	500.77	500.77	
Cash and cash equivalents	8a	Amortised cost	300.19	300.19	348.68	348.68	406.60	406.60	
Other bank balances	8b	Amortised cost	175.05	175.05	391.64	391.64	14.58	14.58	
Mark-to-market gain on derivative instruments	9	FVTPL	22.59	22.59	16.33	16.33	26.42	26.42	Level 2
Other financial assets (Other than derivative instruments)	5,9	Amortised cost	537.85	537.85	138.06	138.06	144.36	144.36	
<b>Total</b>			<b>2,851.70</b>	<b>2,851.70</b>	<b>2,630.58</b>	<b>2,630.58</b>	<b>2,280.94</b>	<b>2,280.94</b>	
<b>Liabilities</b>									
Borrowings (including finance lease obligation)	13	Amortised cost	19.97	19.97	20.36	20.36	24.33	24.33	
Trade payables		Amortised cost	46.73	46.73	43.32	43.32	47.77	47.77	
Other financial liabilities	14,16	Amortised cost	149.39	149.39	134.61	134.61	150.33	150.33	
<b>Total</b>			<b>216.09</b>	<b>216.09</b>	<b>198.29</b>	<b>198.29</b>	<b>222.43</b>	<b>222.43</b>	

### Fair value hierarchy:

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

Level 1 - Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

There have been no transfers among Level 1, Level 2 and Level 3 during the year.

## 27. Financial risk management

### Financial risk factors and risk management objectives

The Company's activities expose it to foreign currency risk, credit risk and liquidity risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Company is foreign exchange risk. The Company uses derivative financial instruments to mitigate foreign exchange related risk exposures. All derivative activities for risk management purposes are carried out by team that has the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivative for speculative purposes may be undertaken.

The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

### Foreign currency risk

The Company's exchange risk arises from its foreign currency revenues (primarily in U.S. Dollars and Euros). A significant portion of the Company's revenues are in these foreign currencies, while a significant portion of its costs are in Indian Rupees. As a result, if the value of the Indian Rupee appreciates relative to these foreign currencies, the Company's revenues measured in Rupees may decrease.

**27. Financial risk management (Contd.)****Derivative financial instruments**

The Company holds derivative foreign currency forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. These derivative financial instruments are valued based on quoted prices for similar assets in active markets or inputs that are directly or indirectly observable in the marketplace. The Company has recognised mark-to-market gain of Rs. 22.59 million (Previous year gain of Rs. 16.33 million) relating to such derivative financial instruments in the statement of profit and loss for the year ended December 31, 2018.

The following table gives details in respect of outstanding foreign currency forward contracts:

Particulars	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
<b>USD</b>			
Foreign currency (million)	16.80	10.25	14.70
Average rate	71.50	66.68	70.59
Rupees (million)	1,201.20	683.47	1,037.69
<b>EURO</b>			
Foreign currency (million)	3.15	2.95	1.40
Average rate	86.43	78.34	80.00
Rupees (million)	272.24	231.09	112.00

The following table analyses Company's foreign currency exposure from non-derivative financial instruments as of December 31, 2018, December 31, 2017 and January 01, 2017:

(Rs. in million)				
As at December 31, 2018	USD	EURO	Others <sup>#</sup>	Total
Trade receivables	414.93	137.69	40.91	593.53
Other financial assets	1.40	0.07	1.70	3.17
Bank balances	132.83	5.88	1.72	140.43
Trade payables	36.76	-	7.61	44.37
As at December 31, 2017	USD	EURO	Others <sup>#</sup>	Total
Trade receivables	356.53	154.23	17.28	528.04
Other financial assets	9.98	0.23	1.75	11.96
Bank balances	115.73	2.45	1.38	119.56
Trade payables	27.12	-	2.63	29.75
As at January 01, 2017	USD	EURO	Others <sup>#</sup>	Total
Trade receivables	336.54	73.70	48.16	458.40
Other financial assets	1.83	-	1.71	3.54
Bank balances	136.98	6.68	1.26	144.92
Trade payables	45.10	-	2.83	47.93

<sup>#</sup> Others include currencies such as SGD, GBP, CAD and NZD.

**Foreign currency sensitivity analysis**

For the year ended December 31, 2018 and December 31, 2017, every percentage point depreciation / appreciation in the exchange rate between the Indian rupee and foreign currencies, would decrease / increase Company's profit before tax margin (PBT) by approximately 1.80% and 0.78%, respectively.

## 27. Financial risk management (Contd.)

### Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities. Credit risk arises from deposits held with banks, investments with financial institutions, as well as credit exposure to clients, including outstanding accounts receivable. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

#### Trade receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment.

The following table gives details in respect of revenues generated from top customer and top 5 customers:

Particulars	(Rs. in million)	
	Year ended December 31, 2018	Year ended December 31, 2017
Revenue from top customer	370.59	317.54
Revenue from top 5 customers	1,195.88	926.95

One customer accounted for more than 10% of the revenue for the year ended December 31, 2018 and December 31, 2017.

#### Investments

Credit risk on cash and cash equivalent is limited as the Company generally invests in deposits with banks. Investments primarily includes investment in liquid mutual funds having good rating and debentures. The Company does not expect any losses from non-performance by the counterparties.

### Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The investment of surplus cash is governed by the Company's investment policy approved by the Board of Directors. The Company believes that the working capital is sufficient to meet its current requirements.

As at December 31, 2018, the Company had a working capital of Rs. 1,344.62 million including cash and cash equivalents and current fixed deposits of Rs. 475.24 million and current investments of Rs. 199.50 million. As at December 31, 2017, the Company had a working capital of Rs. 1,109.88 million including cash and cash equivalents and current fixed deposits of Rs. 740.32 million and current investments of Rs. 136.88 million. Accordingly, no liquidity risk is perceived.

The table below provides details regarding the contractual maturities of financial liabilities:

Particulars	(Rs. in million)		
	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
<b>Less than 1 year</b>			
Borrowings (including accrued interest)	4.06	4.51	5.18
Trade payables	46.73	43.32	47.77
Other financial liabilities	146.43	132.38	140.74
<b>More than 1 year</b>			
Borrowings (including accrued interest)	15.91	15.85	19.15
Other financial liabilities	2.96	2.23	9.59



**28. Capital Management**

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Company monitors the return on capital as well as the level of dividends on its equity shares. The Company's objective, when managing capital, is to maintain an optimal structure so as to maximize shareholder value. The capital structure is as follows:

Particulars	(Rs. in million)		
	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
<b>Total equity attributable to the equity share holders of the Company</b>	<b>2,695.53</b>	<b>2,469.52</b>	<b>2,229.77</b>
<b>As percentage of total capital</b>	<b>99.26%</b>	<b>99.18%</b>	<b>98.92%</b>
Borrowings (including current maturities)	19.97	20.36	24.33
<b>Total borrowings</b>	<b>19.97</b>	<b>20.36</b>	<b>24.33</b>
<b>As percentage of total capital</b>	<b>0.74%</b>	<b>0.82%</b>	<b>1.08%</b>
<b>Total capital (equity and borrowings)</b>	<b>2,715.50</b>	<b>2,489.88</b>	<b>2,254.10</b>

The Company is predominantly equity financed which is evident from the capital structure table above. Further, the Company has always been a net cash company with surplus cash and bank balances invested in fixed deposit with banks and liquid mutual funds.

**29. Segment information**

Information reported to the Chief Operating Decision Maker (CODM) for the purpose of resource allocation and assessment of segment performance focuses on the types of services provided. The CODM has identified the following as its reportable segments.

- a) Information technology
- b) Business process outsourcing

Revenues and expenses directly attributable to segments are reported under each reportable segment. Expenses which are not directly identifiable to each reportable segment have been allocated on the basis of associated revenues of the segment and manpower efforts. All other expenses which are not attributable or allocable to segments have been disclosed as unallocable expenses.

Assets and liabilities of the Company are used interchangeably between segments and the CODM does not review assets and liabilities at reportable segment level. Accordingly, segment disclosure relating to assets and liabilities has not been provided as per Ind AS 108.

Geographic segments are based on the areas in which the major customers of the Company operate and / or the area in which the assets are located. Although the Company's major operating divisions are managed on a worldwide basis, they operate in five principal geographical areas of the world which are: India, United States of America, South East Asian countries, Europe and Other areas.

The following table provides required information for reportable segments for the year ended December 31, 2018 and December 31, 2017: (Rs. in million)

Particulars	Information technology services		Business process outsourcing services		Corporate and others			Total
	Year ended							
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017	December 31, 2018	
<b>REVENUE</b>								
External sales	2,436.54	2,153.30	735.59	484.23			3,172.13	2,637.53
<b>Total revenue</b>	<b>2,436.54</b>	<b>2,153.30</b>	<b>735.59</b>	<b>484.23</b>			<b>3,172.13</b>	<b>2,637.53</b>
<b>RESULT</b>								
Segment result	299.28	297.79	108.83	38.26			408.11	336.05
Unallocated corporate expenses					(75.14)	(58.58)	(75.14)	(58.58)
<b>Operating profit</b>							<b>332.97</b>	<b>277.47</b>
Finance costs					(2.32)	(3.65)	(2.32)	(3.65)
Interest income					57.81	60.52	57.81	60.52
Other unallocable income					16.98	8.15	16.98	8.15
Tax expense					(95.30)	(114.41)	(95.30)	(114.41)
<b>Net profit after tax</b>							<b>310.14</b>	<b>228.08</b>
<b>Other segment information</b>								
Depreciation and amortisation	63.37	66.28	8.00	5.82	1.64	1.64	73.01	73.74

**Geographical information:**

The following is the distribution of the Company's revenue by geographical area in which customers are located:

	(Rs. in million)	
	Year ended December 31, 2018	Year ended December 31, 2017
India	97.76	86.52
USA	2,267.92	1,823.19
South East Asia	54.17	36.56
Europe	630.32	635.67
Others	121.96	55.59
<b>Total</b>	<b>3,172.13</b>	<b>2,637.53</b>

Please refer to Note 27 on financial risk management for information on revenue from major customers.

**30. Related Party Disclosures**

**(i) Names of related parties:**

Subsidiaries	<p>R Systems (Singapore) Pte Ltd, Singapore  R Systems, Inc., USA  R Systems Technologies Limited, USA  ECnet Ltd, Singapore  Computaris International Limited, U.K.  RSYS Technologies Limited, Canada</p> <p><b>Following are the subsidiaries of ECnet Ltd, Singapore</b></p> <ul style="list-style-type: none"> <li>• ECnet (M) Sdn Bhd, Malaysia</li> <li>• ECnet Systems (Thailand) Co. Ltd., Thailand</li> <li>• ECnet (Shanghai) Co. Ltd., People’s Republic of China</li> <li>• ECnet (Hong Kong) Ltd., Hong Kong</li> <li>• ECnet, Inc., USA</li> <li>• ECnet Kabushiki Kaisha, Japan</li> </ul> <p><b>Following are the subsidiaries of Computaris International Limited, U.K.</b></p> <ul style="list-style-type: none"> <li>• Computaris Romania Srl, Romania</li> <li>• Computaris Polska sp z o.o., Poland</li> <li>• ICS Computaris International Srl, Moldova</li> <li>• Computaris Malaysia Sdn. Bhd., Malaysia</li> <li>• Computaris USA, Inc., USA (liquidated on October 22, 2018)</li> <li>• Computaris Philippines Pte. Ltd. Inc., Phillipines</li> <li>• Computaris Suisse Sarl, Switzerland (incorporated on April 27, 2018)</li> </ul> <p><b>Following are the subsidiaries of R Systems (Singapore) Pte Ltd, Singapore</b></p> <ul style="list-style-type: none"> <li>• IBIZ Consulting Pte. Ltd., Singapore (formerly known as IBIZCS Group Pte Ltd) with the following step down subsidiaries <ul style="list-style-type: none"> <li>➢ IBIZ Consulting Services Pte Ltd, Singapore</li> <li>➢ IBIZ Consulting Services Sdn. Bhd., Malaysia</li> <li>➢ PT. IBIZCS Indonesia., Indonesia</li> <li>➢ IBIZ Consultancy Services India Private Limited, India</li> <li>➢ IBIZ Consulting Services Limited, Hong Kong (IBIZ HK) <ul style="list-style-type: none"> <li>o IBIZ Consulting Services (Shanghai) Co., Ltd, People’s Republic of China (wholly owned subsidiary of IBIZ HK)</li> </ul> </li> </ul> </li> </ul>
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**Names of other related parties with whom transactions have taken place during the year:**

Key management personnel	<p>a. Satinder Singh Rekhi, Managing Director  b. Lt. Gen. Baldev Singh (Retd.), President and Senior Executive Director  c. Avirag Jain, Director &amp; Chief Technology Officer (appointed as director w.e.f. August 03, 2017)  d. Ruchica Gupta, Non-Executive Independent Director  e. Kapil Dhameja, Non-Executive Independent Director  f. Aditya Wadhwa, Non-Executive Independent Director  g. Nand Sardana, Chief Financial Officer  h. Bhasker Dubey, Company Secretary &amp; Compliance Officer (appointed w.e.f. February 10, 2018)  i. Ashish Thakur, Company Secretary &amp; Compliance Officer (resigned on February 10, 2018)</p>
Relatives of Key management Personnel	<p>a. Amrita Kaur Rekhi, (related to Satinder Singh Rekhi), Assistant Manager – Business Development  b. Mandeep Singh Sodhi, [related to Lt. Gen. Baldev Singh (Retd.)], Vice President – Sales  c. Kuldeep Baldev Singh [related to Lt. Gen. Baldev Singh (Retd.)]  d. Harpreet Rekhi, (related to Satinder Singh Rekhi)  e. Sartaj Rekhi, (related to Satinder Singh Rekhi)  f. Ramneet Rekhi, (related to Satinder Singh Rekhi)  g. Anita Behl, (related to Satinder Singh Rekhi)</p>
Enterprises where key management personnel or their relatives exercise significant influence	<p>a. RightMatch Holdings Limited  b. Satinder and Harpreet Rekhi Family Trust</p>

### 30. Related Party Disclosures (Contd.)

(ii) Details of transactions with related parties for the year ended December 31, 2018 and December 31, 2017:

(Rs. in million)

	Year ended December 31, 2018	Year ended December 31, 2017
<b>Revenue from information technology and BPO services rendered to</b>		
ECnet Ltd, Singapore	54.17	36.56
R Systems, Inc., USA	27.95	41.01
RSYS Technologies Limited, Canada	8.03	0.66
Computaris International Limited, U.K.	27.54	30.35
<b>Total</b>	<b>117.69</b>	<b>108.58</b>
<b>Software development and IT enabled services received from</b>		
IBIZ Consultancy Services India Private Limited, India	2.34	-
<b>Total</b>	<b>2.34</b>	<b>-</b>
<b>Commission on sales and marketing services received from</b>		
RSYS Technologies Limited, Canada	16.60	7.09
<b>Total</b>	<b>16.60</b>	<b>7.09</b>
<b>Travel and other expenses reimbursed by the Company to</b>		
ECnet Ltd, Singapore	0.66	0.52
R Systems, Inc., USA	38.29	39.09
R Systems (Singapore) Pte Ltd, Singapore	10.27	9.76
RSYS Technologies Limited, Canada	0.25	-
IBIZ Consulting Services Pte Ltd, Singapore	0.56	-
IBIZ Consultancy Services India Private Limited, India	0.12	-
<b>Total</b>	<b>50.15</b>	<b>49.37</b>
<b>Travel and other expenses reimbursed to the Company by</b>		
ECnet Ltd, Singapore	2.53	3.46
R Systems, Inc., USA	4.89	7.62
R Systems (Singapore) Pte Ltd, Singapore	0.21	0.25
RSYS Technologies Limited, Canada	0.43	0.09
IBIZ Consulting Pte Ltd, Singapore	0.01	0.09
IBIZ Consulting Services Pte Ltd, Singapore	0.03	0.13
Computaris International Limited, U.K.	0.23	0.95
<b>Total</b>	<b>8.33</b>	<b>12.59</b>
<b>Reimbursement to the Company for purchase of assets on behalf of</b>		
R Systems, Inc., USA	-	0.19
<b>Total</b>	<b>-</b>	<b>0.19</b>
<b>Reimbursement by the Company for purchase of assets to</b>		
R Systems, Inc., USA	0.33	0.04
<b>Total</b>	<b>0.33</b>	<b>0.04</b>
<b>Investment in shares of subsidiary</b>		
RSYS Technologies Limited, Canada	53.14	-
R Systems (Singapore) Pte Ltd, Singapore	-	16.73
<b>Total</b>	<b>53.14</b>	<b>16.73</b>
<b>Remuneration</b>		
Short term employee benefits	106.71	89.10
Post-employment benefits	2.14	0.07
Other long-term employee benefits	0.24	(0.13)
Share based payments	1.40	2.64
Sitting fee to independent directors	0.75	0.83
<b>Total</b>	<b>111.24</b>	<b>92.51</b>

## 30. Related Party Disclosures (Contd.)

	(Rs. in million)	
	Year ended December 31, 2018	Year ended December 31, 2017
<b>Dividend paid</b>		
Satinder & Harpreet Rekhi Family Trust	7.29	-
RightMatch Holdings Ltd	5.44	-
Sartaj Singh Rekhi	9.00	-
Ramneet Singh Rekhi	7.65	-
Satinder Singh Rekhi	1.36	-
Mandeep Singh Sodhi	0.36	-
Lt. Gen. Baldev Singh (Retd.)	0.07	-
Kuldeep Baldev Singh	0.00*	-
Anita Behl	0.00*	-
Harpreet Rekhi	0.59	-
Amrita Kaur Rekhi	0.35	-
Nand Sardana	0.08	-
Avirag Jain	0.00*	-
<b>Total</b>	<b>32.20</b>	<b>-</b>
<b>Rent</b>		
Satinder Singh Rekhi	8.16	7.74
<b>Total</b>	<b>8.16</b>	<b>7.74</b>

\* Dividend paid to: (a) Kuldeep Baldev Singh Rs. 3,648; (b) Anita Behl Rs. 1,018; (c) Avirag Jain Rs. 60.

(iii) Outstanding balances of related parties as at December 31, 2018 and December 31, 2017:

	(Rs. in million)	
Balance outstanding	As at December 31, 2018	As at December 31, 2017
<b>Trade Receivables</b>		
ECnet Ltd, Singapore	9.91	9.90
R Systems, Inc., USA	2.25	5.42
RSYS Technologies Limited, Canada	3.83	0.66
Computaris International Limited, UK	3.07	1.91
<b>Total</b>	<b>19.06</b>	<b>17.89</b>
<b>Other current financial assets</b>		
ECnet Ltd, Singapore	-	0.12
R Systems, Inc., USA	0.77	9.89
RSYS Technologies Limited, Canada	0.17	0.04
IBIZ Consulting Pte Ltd, Singapore	0.03	0.10
R Systems (Singapore) Pte Ltd, Singapore	-	0.10
Computaris International Limited, UK	0.07	0.23
<b>Total</b>	<b>1.04</b>	<b>10.48</b>
<b>Other current liabilities</b>		
ECnet Ltd, Singapore	0.64	0.26
R Systems, Inc., USA	8.46	11.55
R Systems (Singapore) Pte Ltd, Singapore	2.62	2.36
RSYS Technologies Limited, Canada	4.35	-
IBIZ Consultancy Services India Private Limited, India	0.29	-
<b>Total</b>	<b>16.36</b>	<b>14.17</b>
<b>Assets obtained free of cost on returnable basis</b>		
R Systems, Inc., USA	8.39	11.27
R Systems (Singapore) Pte Ltd, Singapore	0.14	0.14
<b>Total</b>	<b>8.53</b>	<b>11.41</b>
<b>Balance payable to key management personnel</b>		
Satinder Singh Rekhi	10.42	4.96
Lt. Gen. Baldev Singh (Retd.)	2.29	1.41
Avirag Jain	1.61	1.08
<b>Total</b>	<b>14.32</b>	<b>7.45</b>

### 31. Capital and other commitments

(Rs. in million)

	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
<b>i. Capital commitments:</b>			
Estimated amount of unexecuted capital contracts [net of advances of Rs. 40.64 million (as at December 31, 2017 : Rs. 0.03 million; as at January 01, 2017 : Rs. 10.29 million)]	14.44	1.45	6.15
<b>ii. Other commitments:</b>			
For commitments relating to lease arrangements, refer to Note 32.			

### 32. Leases

#### a) Finance lease – Company as lessee

The Company has finance leases for furniture and fixture. Each renewal is at the option of the lessee. Future minimum lease payments (MLP) under finance leases together with the present value of the net MLP are as follows:

(Rs. in million)

	As at December 31, 2018		As at December 31, 2017		As at January 01, 2017	
	MLP	Present value of MLP	MLP	Present value of MLP	MLP	Present value of MLP
Not later than one year	1.44	0.20	1.44	0.18	1.44	0.16
After one year but not more than five years	6.13	1.49	5.95	1.15	5.77	0.85
More than five years	13.90	8.92	15.52	9.45	17.14	9.93
Total minimum lease payments	21.47	10.61	22.91	10.78	24.35	10.94
Less: amounts representing finance charges	10.86	-	12.13	-	13.41	-
<b>Present value of minimum lease payments</b>	<b>10.61</b>	<b>10.61</b>	<b>10.78</b>	<b>10.78</b>	<b>10.94</b>	<b>10.94</b>

#### b) Operating Lease - Company as lessee

The Company has operating lease for office premises. Lease payments recognised as expense during the year ended December 31, 2018 and December 31, 2017 is Rs. 33.06 million and Rs. 31.94 million, respectively.

The future minimum rentals payable under non-cancellable operating leases period as at year-end are as follows:

(Rs. in million)

	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
Not later than one year	12.75	10.83	16.57
Later than one year but not later than five years	14.81	22.41	33.24
Later than five years	-	-	-

Non-cancellable operating lease arrangements extend for a maximum period of 5 years from their respective dates of inception. The leases have varying terms, escalation clauses, renewal rights and no restrictions are imposed.

#### c) Operating Lease - Company as lessor

The Company has entered into an operating lease arrangement for its surplus land and building which has been classified under investment property. Lease rentals recognised as income during the year ended December 31, 2018 and December 31, 2017 is Rs. 6.78 million and Rs. 6.85 million, respectively.

The operating lease arrangement extends for a maximum period of 3 years and has price escalation clause of 5% for every subsequent 3 years of the extended term. The lease is cancellable and there are no restrictions imposed on lease agreements.

33. Computation of net profit under Section 198 of the Companies Act, 2013 for calculation of managerial remuneration under Section 197 of the Companies Act, 2013.

		(Rs. in million)	
Sl. No.	Particulars	Year ended December 31, 2018	Year ended December 31, 2017
<b>A</b>	<b>Total comprehensive income</b>	<b>309.64</b>	<b>238.83</b>
<b>B</b>	<b>Add:</b>		
(i)	Provision for doubtful debts	15.70	6.67
(ii)	Interest expense on financial instruments measured at amortised cost	0.25	-
(iii)	Tax expense (including tax relating to re-measurements of the defined benefit plans)	95.03	118.00
(iv)	Depreciation and amortisation expense	73.01	73.74
		<b>183.99</b>	<b>198.41</b>
<b>C</b>	<b>Less:</b>		
(i)	Profit on sale / discarding of property, plant and equipment	0.01	0.32
(ii)	Depreciation and amortisation expense	73.01	73.74
(iii)	Net gain arising on financial assets measured at FVTPL	10.20	-
(iv)	Bad debts written off	5.75	0.71
(v)	Interest income on financial instruments measured at amortised cost	0.38	-
		<b>89.35</b>	<b>74.77</b>
	<b>Net Profit for the year (A+B-C)</b>	<b>404.28</b>	<b>362.47</b>
<b>D</b>	<b>Add:</b>		
	Remuneration paid to the whole time directors	54.83	43.34
<b>E</b>	<b>Net Profit for the purpose of managerial remuneration</b>	<b>459.11</b>	<b>405.81</b>
	Overall maximum remuneration to all managerial personnel at 10% of the net profits as calculated above	45.91	40.58
	Overall maximum remuneration to individual managerial personnel at 5% of the net profits as calculated above	22.96	20.29

**Notes:**

- Figures for the year ended December 31, 2018 and December 31, 2017 are as per provisions of the Companies Act, 2013. Figures for the year ended December 31, 2017 are based on the Previous GAAP.
  - The remuneration paid during the year ended December 31, 2018 and December 31, 2017, in excess of the limits specified above has been approved by the Central Government.
34. During the year ended December 31, 2006, Government of India has promulgated an Act namely The Micro, Small and Medium Enterprises Development Act, 2006 which comes into force with effect from October 2, 2006. As per the Act, the Company is required to identify the Micro, Small and Medium suppliers and pay interest to micro and small enterprises on overdue beyond the specified period irrespective of the terms agreed with the suppliers. Based upon the information and the supplier profile available with the Company, the management believes that there are no dues to such suppliers.

Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006	As at December 31, 2018	As at December 31, 2017
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	Nil	Nil
The amount of interest paid by the buyer in terms of Section 16 of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	Nil	Nil
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	Nil	Nil
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro Small and Medium Enterprise Development Act, 2006	Nil	Nil

35. The Board of Directors of Company at its meeting held on September 22, 2017 had approved a scheme of amalgamation under Section 230-232 and other applicable provisions of the Companies Act, 2013 between GM Solutions Private Limited ("GM Solutions") and R Systems International Limited and their respective shareholders and creditors (the "Scheme"), with effect from the appointed date i.e. January 1, 2018. The purpose of the amalgamation was to simplify the shareholding structure by reducing the shareholding tiers and also to demonstrate the promoters' direct commitment to and engagement with the Company.

The Scheme was approved by the National Company Law Tribunal, New Delhi vide order dated December 07, 2018. In accordance with the Scheme, 29,746,353 (Two Crore Ninety Seven Lakhs Forty Six Thousand Three Hundred and Fifty Three Only) fully paid up equity shares of the face value of Re. 1/- (Rupee One) of R Systems International Limited has been issued and allotted to the equity shareholders of GM Solutions in the proportion of their respective equity shareholding in GM Solutions. Upon the issuance and allotment of aforesaid shares, the existing 29,746,353 equity shares of the Company held by the GM Solutions have been extinguished. Authorised share capital of the Company stands increased by the amount of authorized share capital of GM Solutions in accordance with the Scheme. Further, the Scheme envisages transfer of all rights and obligations, assets and liabilities, interests and claims of the Transferor Company to the Company with effect from the appointed date.

The aforesaid Scheme has been accounted under 'Common Control' method in accordance Ind AS 103 "Business Combinations" and correspondingly all assets, liabilities and reserves of the Transferor Company have been accounted for at their respective book values in the books of the Company effective January 01, 2017.

Details of assets, liabilities and reserves of GM Solutions as on January 01, 2017 and December 31, 2017 are as follows:

	(Rs. in million)	
	As on January 01, 2017	As on December 31, 2017
<b>Assets</b>		
Non-current tax assets (net)	0.03	0.04
Other non-current assets - MAT credit entitlement	-	5.84
Cash and cash equivalents	13.91	5.12
Other current assets - Balances with indirect tax authorities	-	0.06
	<b>13.94</b>	<b>11.06</b>
<b>Liabilities</b>		
Trade payables	0.14	1.13
Other current liabilities – Statutory dues payable – Tax deducted at source	-	0.00*
	<b>0.14</b>	<b>1.14</b>
<b>Excess of assets over liabilities recognised in other equity</b>	<b>13.80</b>	<b>9.92</b>

\* Tax deducted at source is Rs. 900.

The total comprehensive income for the year ended December 31, 2017 has been adjusted to give effect of amalgamation. Consequent to this restatement, the total comprehensive income for the year ended December 31, 2017 is reduced by INR 3.88 million.

### 36. First time adoption of Ind AS

These are the Company's first financials prepared under Ind AS.

The accounting policies set out in Note 2 have been applied in preparing the financial statements for the year ended December 31, 2018, the comparative information presented in these financial statements for the year ended December 31, 2017 and in the preparation of opening Ind AS balance sheet at January 01, 2017. In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Section 133, of the Act and other relevant provisions contained in the Act (previous GAAP or Indian GAAP). In its transition from previous GAAP to Ind AS, the Company has also availed certain optional exemptions and mandatory exceptions in accordance with Ind AS 101.

An explanation of how this transition has affected the Company's financial performance and cash flows is set out in the following tables and notes.

#### A. Exemption from full retrospective application:

##### a. Share based payment transactions

The Company has elected to apply the exemption available under Ind AS 101 regarding application of Ind AS 102 "Share Based Payments", to equity instruments that had vested before the date of transition to Ind AS.

##### b. Investments in subsidiaries

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its investments in subsidiaries as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP, and use that as its deemed cost as at the date of transition.

#### B. Mandatory exceptions

##### a. Estimates

An entity's estimate on the date of transition to Ind AS shall be consistent with estimates made for the same date on accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.



**36. First time adoption of Ind AS (Contd.)**

Ind AS estimates as at January 01, 2017 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for the following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

- Investment in mutual funds carried at FVTPL;
- Impairment of financial assets based on expected credit loss model;
- Fair valuation of financial assets and liabilities excluding derivatives.

**b. De-recognition of financial assets and liabilities**

Ind AS 101 requires a first time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind-AS. However, Ind AS 101 allows a first time adopter to apply the de-recognition requirements under Ind AS 109, retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and liabilities de-recognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The company has elected to apply the de-recognition provision of Ind AS 109 prospectively from the date of transition to Ind AS.

**c. Classification and measurement of financial assets**

As required under Ind AS 101, the Company has classified and measured the financial assets on the basis of the facts and circumstances existing at the date of transition to Ind AS.

**C. Reconciliation between previous GAAP and Ind AS**

The following reconciliations provide a quantification of the effect of significant differences arising from the transition from previous GAAP to Ind AS in accordance with Ind AS 101:

- Equity as at January 01, 2017;
- Equity as at December 31, 2017;
- Total comprehensive income for the year ended December 31, 2017; and
- Explanation of material adjustments to cash flow statements. In the reconciliations mentioned above, certain reclassifications have been made to previous GAAP financial information to align with the Ind AS presentation.

### 36. First time adoption of Ind AS (Contd.)

#### a. Balance sheet reconciliation as at January 01, 2017 and December 31, 2017

(Rs. in million)

Particulars	Notes	As at January 01, 2017			As at December 31, 2017		
		Amount as per previous GAAP*	Effect of transition to Ind AS	Amount as per Ind AS	Amount as per previous GAAP*	Effect of transition to Ind AS	Amount as per Ind AS
<b>ASSETS</b>							
<b>A. Non-current assets</b>							
(a) Property, plant and equipment		246.39	-	246.39	258.45	-	258.45
(b) Capital work in progress		26.29	-	26.29	-	-	-
(c) Investment property		26.25	-	26.25	24.78	-	24.78
(d) Intangible assets		5.42	-	5.42	4.44	-	4.44
(e) Financial assets							
(i) Investments		1,100.64	-	1,100.64	1,029.80	-	1,029.80
(ii) Other financial assets	<b>1</b>	69.06	(4.67)	64.39	62.38	(4.32)	58.06
(f) Deferred tax assets(net)	<b>2</b>	43.65	0.02	43.67	52.99	5.43	58.42
(g) Non-current tax assets	<b>8</b>	28.93	0.03	28.96	22.47	0.04	22.51
(h) Other non-current assets	<b>1</b>	26.60	4.16	30.76	8.74	3.70	12.44
<b>Total non-current assets (A)</b>		<b>1,573.23</b>	<b>(0.46)</b>	<b>1,572.77</b>	<b>1,464.05</b>	<b>4.85</b>	<b>1,468.90</b>
<b>B. Current assets</b>							
(a) Financial assets							
(i) Investments	<b>3</b>	87.57	-	87.57	135.57	1.31	136.88
(ii) Trade receivables	<b>4</b>	500.84	(0.07)	500.77	569.28	(0.09)	569.19
(iii) Cash and cash equivalents	<b>5</b>	392.31	14.29	406.60	342.65	6.03	348.68
(iv) Other bank balances	<b>5</b>	2.57	12.01	14.58	379.44	12.20	391.64
(v) Other financial assets	<b>5</b>	106.05	0.34	106.39	96.20	0.13	96.33
(b) Other current assets	<b>1</b>	57.94	0.49	58.43	74.99	0.52	75.51
<b>Total current assets (B)</b>		<b>1,147.28</b>	<b>27.06</b>	<b>1,174.34</b>	<b>1,598.13</b>	<b>20.10</b>	<b>1,618.23</b>
<b>Total assets (A+B)</b>		<b>2,720.51</b>	<b>26.60</b>	<b>2,747.11</b>	<b>3,062.18</b>	<b>24.95</b>	<b>3,087.13</b>

\* Previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

## 36. First time adoption of Ind AS (Contd.)

(Rs. in million)

Particulars	Notes	As at January 01, 2017			As at December 31, 2017		
		Amount as per previous GAAP*	Effect of transition to Ind AS	Amount as per Ind AS	Amount as per previous GAAP*	Effect of transition to Ind AS	Amount as per Ind AS
<b>EQUITY AND LIABILITIES</b>							
<b>A. Equity</b>							
(a) Equity share capital		123.13	-	123.13	123.21	-	123.21
(b) Other equity	9	2,080.32	26.32	2,106.64	2,322.68	23.63	2,346.31
<b>Total equity (A)</b>		<b>2,203.45</b>	<b>26.32</b>	<b>2,229.77</b>	<b>2,445.89</b>	<b>23.63</b>	<b>2,469.52</b>
<b>B. Non-current liabilities</b>							
(a) Financial liabilities							
(i) Borrowings		19.15	-	19.15	15.85	-	15.85
(ii) Other financial liabilities	1	10.30	(0.71)	9.59	2.47	(0.24)	2.23
(b) Provisions		89.42	-	89.42	91.18	-	91.18
<b>Total non-current liabilities (B)</b>		<b>118.87</b>	<b>(0.71)</b>	<b>118.16</b>	<b>109.50</b>	<b>(0.24)</b>	<b>109.26</b>
<b>C. Current liabilities</b>							
(a) Financial liabilities							
(i) Trade payables	5	47.63	0.14	47.77	42.11	1.21	43.32
(ii) Other financial liabilities	1	145.89	0.03	145.92	136.89	-	136.89
(b) Provisions	5	77.93	0.16	78.09	86.10	0.13	86.23
(c) Current tax liabilities (net)		42.56	-	42.56	36.19	-	36.19
(d) Other current liabilities	1	84.18	0.66	84.84	205.50	0.22	205.72
<b>Total current liabilities (C)</b>		<b>398.19</b>	<b>0.99</b>	<b>399.18</b>	<b>506.79</b>	<b>1.56</b>	<b>508.35</b>
<b>Total liabilities (B+C)</b>		<b>517.06</b>	<b>0.28</b>	<b>517.34</b>	<b>616.29</b>	<b>1.32</b>	<b>617.61</b>
<b>Total equity and liabilities (A+B+C)</b>		<b>2,720.51</b>	<b>26.60</b>	<b>2,747.11</b>	<b>3,062.18</b>	<b>24.95</b>	<b>3,087.13</b>

\* Previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

## b. Reconciliation of total equity as at January 01, 2017 and December 31, 2017

(Rs. in million)

Particulars	Notes to first time adoption	As at January 01, 2017	As at December 31, 2017
<b>Total equity (shareholders' fund) as per previous GAAP</b>		<b>2,203.45</b>	<b>2,445.89</b>
<b>Ind AS adjustments</b>			
(a) Effect of inclusion of Employees Welfare Trust	5	12.55	13.03
(b) Expected Credit Loss provision for trade receivables and other financial assets	4	(0.06)	(0.09)
(c) Impact of fair valuation of investments in mutual funds	3	-	1.31
(d) Impact of security deposits measured at amortised cost	1	0.01	(0.13)
(e) Impact of merger of GM Solutions Private Limited	8	13.80	9.92
(f) Deferred tax impact on above adjustments	2	0.02	(0.41)
<b>Total adjustments</b>		<b>26.32</b>	<b>23.63</b>
<b>Total equity as per Ind AS</b>		<b>2,229.77</b>	<b>2,469.52</b>

### 36. First time adoption of Ind AS (Contd.)

#### c. Reconciliation of total comprehensive income for the year ended December 31, 2017

(Rs. in million)

Particulars	Notes to first time adoption	Year ended December 31, 2017		
		As per previous GAAP*	Effect of transition to Ind AS	As per Ind AS
<b>Income</b>				
Revenue from operations	8	2,637.51	0.02	2,637.53
Other income	1,3,5,8	133.75	3.01	136.76
<b>Total income</b>		<b>2,771.26</b>	<b>3.03</b>	<b>2,774.29</b>
<b>Expenses</b>				
Employee benefits expense	6,7	1,856.05	12.31	1,868.36
Finance costs	1,5,8	2.76	0.89	3.65
Depreciation and amortisation expense		73.74	-	73.74
Other expenses	1,4,5,8	481.87	4.18	486.05
<b>Total expenses</b>		<b>2,414.42</b>	<b>17.38</b>	<b>2,431.80</b>
<b>Profit before tax</b>		<b>356.84</b>	<b>(14.35)</b>	<b>342.49</b>
<b>Income tax expense</b>				
Current tax	5	127.34	6.07	133.41
MAT credit entitlement	8	-	(5.84)	(5.84)
Deferred tax	2,7	(9.33)	(3.83)	(13.16)
<b>Total tax expense</b>		<b>118.01</b>	<b>(3.60)</b>	<b>114.41</b>
<b>Profit for the year</b>		<b>238.83</b>	<b>(10.75)</b>	<b>228.08</b>
Other comprehensive income (net of tax)	7	-	8.04	8.04
<b>Total comprehensive income</b>		<b>238.83</b>	<b>(2.71)</b>	<b>236.12</b>

#### d. Impact of Ind AS adjustments on the Statement of Cash Flows for the year ended December 31, 2017:

(Rs. in million)

Particulars	Notes to first time adoption	Amount as per previous GAAP*	Effect of transition to Ind AS	Amount as per Ind AS
Cash flows from / (used in) operating activities		308.31	(9.10)	299.21
Cash flows from / (used in) investing activities		(351.80)	0.83	(350.97)
Cash flows from / (used in) financing activities		(5.31)	0.01	(5.30)
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>(48.80)</b>	<b>(8.26)</b>	<b>(57.06)</b>
Cash and cash equivalents as on January 01, 2017	5,8	392.31	14.29	406.60
Effects of exchange rate changes on cash and cash equivalents		(0.86)	-	(0.86)
<b>Cash and cash equivalents as on December 31, 2017</b>	<b>5,8</b>	<b>342.65</b>	<b>6.03</b>	<b>348.68</b>

\* Previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

#### e. Notes to first time adoption

##### Note 1 – Security deposits measured at amortised costs

Under IGAAP, security deposits (both assets and liabilities) were accounted for at their undiscounted nominal values. Under Ind AS, these have been accounted for at amortised cost method by discounting the cash flows using effective interest rates. Consequently, the impact of aforesaid amortisation has been accounted for in the statement of profit and loss. The resulting changes as at the transition date has been adjusted in opening retained earnings.

##### Note 2 – Deferred tax

Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The various transitional adjustments have led to temporary tax differences, which the Company has accounted for as deferred tax adjustments. Deferred tax adjustments are recognised in correlation to the underlying transaction as either in profit and loss or other comprehensive income. The resulting changes as at the transition date has been adjusted in opening retained earnings.

##### Note 3 – Fair valuation of investment in Mutual Funds

Under IGAAP, investments in mutual funds were classified as current investments and were carried at lower of cost and fair value. Under the Ind AS, these investments are classified as at fair value through profit or loss (FVTPL) and measured at fair value. The resulting fair value changes have been recognised in the statement of profit and loss.

**36. First time adoption of Ind AS (Contd.)****Note 4 – Allowance for credit loss**

Under IGAAP, the entity determined provisions for impairment of trade receivables (provision for bad and doubtful debts) using incurred loss model i.e. if they remained outstanding over the prescribed period. Under Ind AS, impairment allowance has been determined based on expected credit loss model (ECL) for trade receivables and other financial assets, which has resulted in additional provisions being accounted for in statement of profit and loss. The impact of additional provisions due to ECL as at the transition date has been adjusted in opening retained earnings.

**Note 5 – Effect of inclusion of ESOP trust**

Under Ind AS, the financial statement of R Systems Employee Welfare Trust (ESOP Trust) have been included in the standalone financial statements of the Company as the trust was created for the benefit of the employees and administered by the Company and in substance the ESOP Trust functions as an extension of the Company.

**Note 6 – Share-based payments measurements**

The Company has granted equity-settled share-based payments to certain employees. The Company accounted for these share-based payment arrangements by reference to their intrinsic value under previous GAAP. Under Ind AS, the related liability has been adjusted to reflect the fair value of the outstanding equity-settled share-based payments. Accordingly, the amount transferred from Employee Stock Option Outstanding account to Securities Premium account, due to issue of shares to employees against options, is also measured at fair value.

**Note 7 – Re-measurements of post-employment defined benefit obligation**

Under the previous GAAP, the actuarial gains/losses on defined benefit obligations and plan assets were recognised as employee benefits expense in the statement of profit and loss. Under Ind AS, such actuarial gains/losses are recognised under other comprehensive income. The related tax expense/income is also reclassified to other comprehensive income.

**Note 8 – Impact of merger of GM Solutions Private Limited**

Merger of GM Solutions Private Limited with the Company has been accounted for with effect from January 01, 2017. (Refer to Note 35 for details)

**Note 9 – Retained earnings**

Retained earnings as at January 01, 2017 has been adjusted consequent to the above Ind AS adjustments.

**37. The financial statements have been approved by the Board of Directors at its meeting held on February 08, 2019.****For and on behalf of the Board of Directors of R SYSTEMS INTERNATIONAL LIMITED**

**Sd/-**  
**SATINDER SINGH REKHI**  
Managing Director  
DIN: 00006955

Place : Singapore  
Date : February 08, 2019

**Sd/-**  
**LT. GEN. BALDEV SINGH (RETD.)**  
President & Senior Executive  
Director  
DIN: 00006966

Place : NOIDA  
Date : February 08, 2019

**Sd/-**  
**NAND SARDANA**  
Chief Financial Officer

Place : NOIDA  
Date : February 08, 2019

**Sd/-**  
**BHASKER DUBEY**  
Company Secretary &  
Compliance Officer

Place : NOIDA  
Date : February 08, 2019



# FINANCIAL STATEMENTS (CONSOLIDATED)

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF R SYSTEMS INTERNATIONAL LIMITED

#### Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of **R SYSTEMS INTERNATIONAL LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising the Consolidated Balance Sheet as at December 31, 2018, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity, for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

#### Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group, for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the

audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

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

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of the other auditors on separate financial statements of the subsidiaries referred to below in the Other Matters paragraph, the aforesaid consolidated Ind AS 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 Ind AS and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at December 31, 2018, and their consolidated profit, consolidated total comprehensive income, their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

#### Other Matters

We did not audit the financial statements of 24 out of 26 subsidiaries, whose financial statements reflect total assets of Rs. 1,209.56 Million as at December 31, 2018, total revenues of Rs. 2,577.43 Million and net cash inflows amounting to Rs. 8.11 Million for the year ended on that date, as considered in the consolidated Ind AS financial statements. These financial statements have been audited by the other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

The financial results of 25 subsidiaries have been prepared under accounting principles generally accepted in their respective

countries. The Holding Company's Management has converted the financial information of these subsidiaries, from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited the adjustments that were applied to prepare the consolidated financial results for the year ended December 31, 2018 made by the Holding Company's Management to convert the financial information of these subsidiaries, from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India.

Our opinion on the consolidated Ind AS financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of other auditors and the financial statements / financial information certified by the Management.

The comparative financial information of the Group for the transition date opening balance sheet as at January 1, 2017 included in these consolidated Ind AS financial statements, have been prepared after adjusting the previously issued consolidated financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 to comply with Ind AS. The previously issued consolidated financial statements were audited by the predecessor auditor whose reports for the years ended December 31, 2016 dated February 10, 2017 expressed an unmodified opinion on those consolidated financial statements. Adjustments made to the previously issued consolidated financial statements to comply with Ind AS have been audited by us.

The comparative financial information of the Group for the year ended December 31, 2017 included in these consolidated Ind AS financial statements, have been prepared after adjusting the previously issued consolidated financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 to comply with Ind AS. Adjustments made to the previously issued consolidated financial statements to comply with Ind AS have been audited by us.

Our opinion on the consolidated Ind AS financial statements is not modified in respect of the above matters on the comparative financial information.

#### Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of the other auditors on separate financial statements and the other financial information of subsidiaries, referred in the Other Matters paragraph above we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from

our examination of those books and the reports of the other auditors.

- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.
- (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors of the Holding Company as on December 31, 2018 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on December 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A", which is based on the auditors' reports of the Holding Company and subsidiary company incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies, for the reasons stated therein.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
  - i. There were no pending litigations which would impact the consolidated financial position of the Group.
  - ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
  - iii. There has been no delay in transferring amounts required to be transferred, to the Investor Education and Protection Fund by the Holding Company.

**For DELOITTE HASKINS & SELLS LLP**

Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

**Sd/-**

**JITENDRA AGARWAL**

Partner

(Membership No. 87104)

Place : Noida

Date : February 08, 2019



## ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 1 (f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

**Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended December 31, 2018, we have audited the internal financial controls over financial reporting of **R Systems International Limited** (hereinafter referred to as “the Holding Company”) and its subsidiary company, which are companies incorporated in India, as of that date.

### Management’s Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company and its subsidiary company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### Auditor’s Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Holding Company and its subsidiary company, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor of the subsidiary company, which is a company incorporated in India, in terms of his report referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Holding Company and its subsidiary company, which are companies incorporated in India.

### Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors referred to in the Other Matters paragraph below, the Holding Company and its subsidiary company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at December 31, 2018, based on the criteria for internal financial control over financial reporting established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

### Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to subsidiary company, which is a company incorporated in India, is based solely on the corresponding report of the auditor of such company incorporated in India.

Our opinion is not modified in respect of the above matter.

**For DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm’s Registration No. 117366W/W-100018)

**Sd/-**  
**JITENDRA AGARWAL**  
Partner  
(Membership No. 87104)

Place : Noida  
Date : February 08, 2019

## CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2018

(Rs. in million)

	Notes	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
<b>ASSETS</b>				
<b>A. Non-current assets</b>				
(a) Property, plant and equipment	3 (a)	306.91	300.38	289.52
(b) Capital work in progress	3 (b)	16.18	0.58	26.29
(c) Investment property	3 (c)	23.31	24.78	26.25
(d) Goodwill	3 (e)	89.93	84.05	82.35
(e) Other intangible assets	3 (d)	27.64	52.82	82.40
(f) Financial assets				
(i) Investment	4	0.03	87.58	175.15
(ii) Other financial assets	5	102.92	84.79	83.96
(g) Deferred tax assets (net)	25	67.46	58.51	46.16
(h) Non-current tax assets (net)		56.95	39.99	34.83
(i) Other non-current assets	6	50.10	12.55	31.11
<b>Total non-current assets (A)</b>		<b>741.43</b>	<b>746.03</b>	<b>878.02</b>
<b>B. Current assets</b>				
(a) Financial assets				
(i) Investments	4	199.50	136.88	87.57
(ii) Trade receivables	7	1,365.45	1,207.64	1,081.78
(iii) Cash and cash equivalents	8a	841.17	929.02	1,147.76
(iv) Other bank balances	8b	518.70	581.61	14.58
(v) Other financial assets	9	618.32	194.61	212.36
(b) Other current assets	10	150.10	119.82	114.17
<b>Total current assets (B)</b>		<b>3,693.24</b>	<b>3,169.58</b>	<b>2,658.22</b>
<b>Total assets (A+B)</b>		<b>4,434.67</b>	<b>3,915.61</b>	<b>3,536.24</b>
<b>EQUITY AND LIABILITIES</b>				
<b>A. Equity</b>				
(a) Equity share capital	11	123.25	123.21	123.13
(b) Other equity	12	3,105.78	2,585.45	2,362.96
Total equity attributable to equity shareholders of the Company		3,229.03	2,708.66	2,486.09
Non Controlling Interests		-	-	-
<b>Total equity (A)</b>		<b>3,229.03</b>	<b>2,708.66</b>	<b>2,486.09</b>
<b>Liabilities</b>				
<b>B. Non-current liabilities</b>				
(a) Financial liabilities				
(i) Borrowings	13	15.91	15.85	19.15
(ii) Other financial liabilities	14	2.96	2.23	53.59
(b) Provisions	15	109.60	91.18	89.42
(c) Deferred tax liabilities (net)	25	0.25	0.26	-
(d) Other non-current liabilities	16	0.04	0.29	0.58
<b>Total non-current liabilities (B)</b>		<b>128.76</b>	<b>109.81</b>	<b>162.74</b>
<b>C. Current liabilities</b>				
(a) Financial liabilities				
(i) Trade payables				
- total outstanding dues of micro enterprises and small enterprises		-	-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises		270.02	340.05	296.89
(ii) Other financial liabilities	17	212.81	185.26	183.97
(b) Provisions	18	142.63	139.57	116.13
(c) Current tax liability (net)		52.01	47.40	58.94
(d) Other current liabilities	19	399.41	384.86	231.48
<b>Total current liabilities (C)</b>		<b>1,076.88</b>	<b>1,097.14</b>	<b>887.41</b>
<b>Total liabilities (B+C)</b>		<b>1,205.64</b>	<b>1,206.95</b>	<b>1,050.15</b>
<b>Total equity and liabilities (A+B+C)</b>		<b>4,434.67</b>	<b>3,915.61</b>	<b>3,536.24</b>
Summary of significant accounting policies	2			

See accompanying notes to the consolidated financial statements 1-39

In terms of our report attached.

For DELOITTE HASKINS & SELLS LLP  
Chartered Accountants

For and on behalf of the Board of Directors of R SYSTEMS INTERNATIONAL LIMITED

Sd/-  
**JITENDRA AGARWAL**  
Partner  
Membership No. 087104

Sd/-  
**SATINDER SINGH REKHI**  
Managing Director  
DIN: 00006955

Sd/-  
**LT. GEN. BALDEV SINGH  
(RETD.)**  
President & Senior  
Executive Director  
DIN: 00006966

Sd/-  
**NAND SARDANA**  
Chief Financial Officer

Sd/-  
**BHASKER DUBEY**  
Company Secretary &  
Compliance Officer

Place : NOIDA  
Date : February 08, 2019

Place : Singapore  
Date : February 08, 2019

Place : NOIDA  
Date : February 08, 2019

Place : NOIDA  
Date : February 08, 2019

Place : NOIDA  
Date : February 08, 2019

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS** FOR THE YEAR ENDED DECEMBER 31, 2018

(Rs. in million)

	Notes	Year ended December 31, 2018	Year ended December 31, 2017
<b>A Income</b>			
(i) Revenue from operations		6,998.89	5,926.38
(ii) Other income	20	192.49	161.87
<b>Total income</b>		<b>7,191.38</b>	<b>6,088.25</b>
<b>B Expenses</b>			
(i) Employee benefits expense	21	4,743.85	4,173.15
(ii) Finance costs	22	2.65	3.98
(iii) Depreciation and amortisation expense	23	135.48	134.80
(iv) Other expenses	24	1,682.58	1,422.88
<b>Total expenses</b>		<b>6,564.56</b>	<b>5,734.81</b>
<b>C Profit before tax (A-B)</b>		<b>626.82</b>	<b>353.44</b>
<b>D Tax expense</b>	25		
(i) Current tax		124.22	149.89
(ii) MAT credit entitlement		-	(5.84)
(iii) Deferred tax charge / (credit)		(7.85)	(15.95)
<b>Total tax expense / (benefit)</b>		<b>116.37</b>	<b>128.10</b>
<b>E Profit after tax for the year (C-D)</b>		<b>510.45</b>	<b>225.34</b>
<b>F Other comprehensive income / (loss)</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Re-measurement gain / (loss) on defined benefit plans		(0.77)	12.29
Tax relating to re-measurement of the defined benefit plans		0.27	(4.25)
<b>Items that will be reclassified to profit or loss</b>			
Exchange differences on translation of foreign operations		94.05	(14.44)
<b>Total other comprehensive income</b>		<b>93.55</b>	<b>(6.40)</b>
<b>G Total comprehensive income for the year (E+F)</b>		<b>604.00</b>	<b>218.94</b>
<b>H Profit attributable to</b>			
Equity shareholders to the company		510.45	225.34
Non controlling interest		-	-
		<b>510.45</b>	<b>225.34</b>
<b>I Total comprehensive income attributable to</b>			
Equity shareholders to the company		604.00	218.94
Non controlling interest		-	-
		<b>604.00</b>	<b>218.94</b>
<b>J Earnings per share (EPS)</b>	26		
[Nominal value of shares Re. 1/- each (Previous year Re. 1/- each)]			
Basic		4.14	1.83
Diluted		4.14	1.83

See accompanying notes to the consolidated financial statements

1-39

In terms of our report attached.

For DELOITTE HASKINS & SELLS LLP  
Chartered Accountants

For and on behalf of the Board of Directors of R SYSTEMS INTERNATIONAL LIMITED

Sd/-  
**JITENDRA AGARWAL**  
Partner  
Membership No. 087104Sd/-  
**SATINDER SINGH REKHI**  
Managing Director  
DIN: 00006955Sd/-  
**LT. GEN. BALDEV SINGH  
(RETD.)**  
President & Senior  
Executive Director  
DIN: 00006966Sd/-  
**NAND SARDANA**  
Chief Financial OfficerSd/-  
**BHASKER DUBEY**  
Company Secretary &  
Compliance OfficerPlace : NOIDA  
Date : February 08, 2019Place : Singapore  
Date : February 08, 2019Place : NOIDA  
Date : February 08, 2019Place : NOIDA  
Date : February 08, 2019Place : NOIDA  
Date : February 08, 2019

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2018

### A. Equity share capital

	(Rs. in million)
<b>Balance at January 01, 2017</b>	123.13
Changes in equity share capital during the period (refer to Note 11)	0.08
<b>Balance at December 31, 2017</b>	<b>123.21</b>
<b>Balance at January 01, 2018</b>	123.21
Issue of shares pursuant to merger of GM Solutions Private Limited (refer to Note 35)	29.75
Cancellation of shares pursuant to merger of GM Solutions Private Limited (refer to Note 35)	(29.75)
Changes in equity share capital during the period (refer to Note 11)	0.04
<b>Balance at December 31, 2018</b>	<b>123.25</b>

#### Notes:

- (1) Equity share capital is net of Rs. 0.74 million (December 31, 2017 : Rs. 0.74 million; January 01, 2017 : Rs. 0.74 million) pertaining to shares held by R Systems Employees Welfare Trust. (See also Note 11)

### B. Other equity (See also Note 12)

Particulars	Reserves and Surplus					Other Comprehensive Income		Total other equity
	Securities premium account	Stock options outstanding	General Reserve	Capital Reserve	Retained earnings	Re-measurement of defined benefit plans	Foreign currency translation reserve	
<b>Balance at January 01, 2017</b>	<b>273.17</b>	<b>2.62</b>	<b>158.73</b>	<b>0.03</b>	<b>1,781.91</b>	-	<b>146.50</b>	<b>2,362.96</b>
Net profit after tax for the year					225.34			225.34
ESOP provision for the year		2.64						2.64
Share issued against ESOP	2.78	(1.87)						0.91
Other comprehensive income for the year						8.04	(14.44)	(6.40)
<b>Balance at December 31, 2017</b>	<b>275.95</b>	<b>3.39</b>	<b>158.73</b>	<b>0.03</b>	<b>2,007.25</b>	<b>8.04</b>	<b>132.06</b>	<b>2,585.45</b>
<b>Balance at January 01, 2018</b>	275.95	3.39	158.73	0.03	2,007.25	8.04	132.06	2,585.45
Net profit after tax for the period					510.45			510.45
Share issued against ESOP	2.29	(1.87)						0.42
Dividend paid (including CDT)					(85.49)			(85.49)
ESOP provision for the period		1.40						1.40
Other comprehensive income for the period						(0.50)	94.05	93.55
<b>Balance at December 31, 2018</b>	<b>278.24</b>	<b>2.92</b>	<b>158.73</b>	<b>0.03</b>	<b>2,432.21</b>	<b>7.54</b>	<b>226.11</b>	<b>3,105.78</b>

#### Notes:

- (1) Interim dividend of Re. 0.60 per equity share of Re. 1 each has been paid during the year ended December 31, 2018. The shareholders' assent for the interim dividend will be taken in forthcoming Annual General Meeting.
- (2) Securities premium account is net of Rs. 2.28 million (December 31, 2017 : Rs. 2.28 million; January 01, 2017 : Rs. 2.28 million) pertaining to shares held by R Systems Employees Welfare Trust. (See also Note 11)

See accompanying notes to the consolidated financial statements. 1-39

In terms of our report attached.

**For DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants

**For and on behalf of the Board of Directors of R SYSTEMS INTERNATIONAL LIMITED**

**Sd/-**  
**JITENDRA AGARWAL**  
Partner  
Membership No. 087104

**Sd/-**  
**SATINDER SINGH REKHI**  
Managing Director  
DIN: 00006955

**Sd/-**  
**LT. GEN. BALDEV SINGH (RETD.)**  
President & Senior  
Executive Director  
DIN: 00006966

**Sd/-**  
**NAND SARDANA**  
Chief Financial Officer

**Sd/-**  
**BHASKER DUBEY**  
Company Secretary &  
Compliance Officer

Place : NOIDA  
Date : February 08, 2019

Place : Singapore  
Date : February 08, 2019

Place : NOIDA  
Date : February 08, 2019

Place : NOIDA  
Date : February 08, 2019

Place : NOIDA  
Date : February 08, 2019

**CONSOLIDATED CASH FLOW STATEMENT** FOR THE YEAR ENDED DECEMBER 31, 2018

	(Rs. in million)	
	As at December 31, 2018	As at December 31, 2017
<b>A. Cash flows from operating activities</b>		
<b>Net profit after tax</b>	510.45	225.34
<b>Adjustments for:</b>		
Tax expense	116.37	128.10
Depreciation and amortisation expense	135.48	134.80
Provision for doubtful debts (net)	24.75	9.64
Advances written off	13.45	-
Employee share based payments expense	1.40	2.64
Unrealised foreign exchange loss / (gain)	10.16	(12.64)
Unrealised loss / (gain) on derivative instruments	(6.26)	10.09
Interest income	(64.06)	(61.10)
Rental income from investment property	(6.78)	(6.85)
Net gain arising on financial assets measured at FVTPL	(10.20)	(1.31)
Profit on sale / discarding of property, plant and equipment (net)	(0.67)	(0.36)
Fair value adjustment on deferred payment compensation for business acquisition	(26.10)	(6.37)
Liability no longer required written back	(64.77)	(7.69)
Interest under income tax	-	0.79
Interest expenses	2.65	3.19
<b>Operating profit before working capital changes</b>	<b>635.87</b>	<b>418.27</b>
Movements in working capital :		
(Increase) / Decrease in trade receivables	(140.71)	(118.98)
(Increase) / Decrease in other assets	(93.53)	(0.66)
Increase / (Decrease) in provision	17.18	34.88
Increase / (Decrease) in trade payables and other liabilities	24.97	184.58
Cash generated from operations	<b>443.78</b>	<b>518.09</b>
Direct taxes paid, net of refunds	(132.56)	(158.96)
Interest on income-tax refund	-	6.11
<b>Net cash flows from operating activities (A)</b>	<b>311.22</b>	<b>365.24</b>
<b>B. Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(158.94)	(78.61)
Purchase of intangible assets	(6.93)	(11.36)
Proceeds from sale of property, plant and equipment	2.96	2.96
Proceeds from redemption of debentures	175.12	87.57
Investment in mutual fund	(140.00)	(48.00)
Payment of deferred consideration to erstwhile shareholders of subsidiary	-	(18.40)
Investment in fixed deposits with scheduled banks (net)	(293.84)	(571.94)
Interest received	64.62	55.34
Rental income from investment property	6.56	6.40
<b>Net cash from investing activities (B)</b>	<b>(350.45)</b>	<b>(576.04)</b>

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2018

(Rs. in million)

	As at December 31, 2018	As at December 31, 2017
<b>C. Cash flows used in financing activities</b>		
Proceeds from long-term borrowings	4.65	1.72
Repayment of long-term borrowings - current maturities	(5.02)	(5.69)
Proceeds from other non-current assets	(0.05)	0.06
Proceeds from issuance of equity shares	0.45	1.00
Interest paid	(2.40)	(2.72)
Dividends paid (including CDT)	(85.49)	-
<b>Net cash used in financing activities (C)</b>	<b>(87.86)</b>	<b>(5.63)</b>
<b>Net increase / (decrease) in cash and cash equivalents (A + B + C)</b>	<b>(127.09)</b>	<b>(216.43)</b>
Add: Cash and cash equivalents at the beginning of the year	929.02	1,147.76
Add : Effect of exchange rate changes on cash and cash equivalents held in foreign currency	39.24	(2.31)
<b>Cash and cash equivalents at the end of the year (also refer note 8a)</b>	<b>841.17</b>	<b>929.02</b>

### Notes:

(1) Figures in brackets indicate cash out flow.

See accompanying notes to the consolidated financial statements. 1-39

In terms of our report attached.

**For DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants

**For and on behalf of the Board of Directors of R SYSTEMS INTERNATIONAL LIMITED**

**Sd/-**  
**JITENDRA AGARWAL**  
Partner  
Membership No. 087104

**Sd/-**  
**SATINDER SINGH REKHI**  
Managing Director  
DIN: 00006955

**Sd/-**  
**LT. GEN. BALDEV SINGH (RETD.)**  
President & Senior  
Executive Director  
DIN: 00006966  
Place : NOIDA  
Date : February 08, 2019

**Sd/-**  
**NAND SARDANA**  
Chief Financial Officer  
Place : NOIDA  
Date : February 08, 2019

**Sd/-**  
**BHASKER DUBEY**  
Company Secretary &  
Compliance Officer  
Place : NOIDA  
Date : February 08, 2019

Place : NOIDA  
Date : February 08, 2019

Place : Singapore  
Date : February 08, 2019

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018****1. Organisation and nature of operations**

R Systems International Limited (the 'Company' or 'the Parent Company') and its subsidiaries (hereinafter collectively referred to as 'the Group') is a leading global provider of IT services and Business Process Outsourcing (BPO) services. The Company is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956 with its Registered Office at New Delhi. Its shares are listed on National Stock Exchange of India Limited and BSE Limited. The Group's primary focus is to provide software engineering services, other IT services and solutions including digital services along with BPO services such as technical support, customer care, revenue cycle management, speech analytics under the umbrella of knowledge services. Our services and solutions span over seven

major business verticals i.e. Telecom, Media & Entertainment, Retail & E-commerce, Banking & Finance, Manufacturing & Logistics, Technology, and Healthcare & Life Sciences.

Further, R Systems Group' through its subsidiary Computaris provides software development, system integration and technical consultancy services for the telecommunication industry. R Systems' subsidiary ECnet develops and markets its proprietary supply chain solution under the brand name "ECnet", primarily to the high technology sector. ECnet also operates as Infor & JDA channel partner for reselling and implementing several enterprise solutions. R Systems' subsidiary IBIZ is also a channel partner for reselling and implementing Microsoft enterprise solutions.

The Company has following subsidiaries:-

Subsidiary	Holding as at December 31, 2018	Holding as at December 31, 2017	Country of incorporation and other particulars
R Systems, Inc., USA	100%	100%	A company registered under the laws of California, USA in 1993 and subsidiary of the Company since January 2, 2001.
R Systems (Singapore) Pte Limited, Singapore	100%	100%	A company registered under the laws of Singapore in 1997 and subsidiary of the Company since September 19, 2000.
R Systems Technologies Limited, USA	100%	100%	A company registered under the laws of Delaware, USA in 1996 and subsidiary of the Company since April 1, 2002.
ECnet Limited, Singapore *	99.75%	99.75%	A company registered under the laws of Singapore in 1996. The Company has acquired majority share on January 8, 2004. ECnet Limited, Singapore has subsidiaries in Malaysia, Thailand, China, Hong Kong, USA and Japan.
Computaris International Limited, U.K.	100%	100%	A company registered under the laws of U.K in 2006. The Company has acquired the entire share on January 26, 2011. Computaris International Limited, U.K. has subsidiaries in Romania, Poland, Moldova, Malaysia, Philippines and USA.
RSYS Technologies Ltd., Canada	100%	100%	A company registered under the laws of Canada in 2012 and subsidiary of the Company since October 29, 2012.

\*The shareholding by the Company and R Systems (Singapore) Pte Limited is 69.37% and 30.38% respectively.

ECnet Limited, Singapore has following wholly owned subsidiaries:

Name	Holding as at December 31, 2018	Holding as at December 31, 2017	Country of incorporation
ECnet (M) Sdn Bhd	100 %	100 %	Malaysia
ECnet Systems (Thailand) Co. Ltd.	100 %	100 %	Thailand
ECnet (Shanghai) Co. Ltd.	100 %	100 %	People's Republic of China
ECnet (Hong Kong) Ltd.	100 %	100 %	Hong Kong
ECnet, Inc.	100 %	100 %	United States of America
ECnet Kabushiki Kaisha	100 %	100 %	Japan

Computaris International Limited, UK has following wholly owned subsidiaries:

Name	Holding as at December 31, 2018	Holding as at December 31, 2017	Country of incorporation
Computaris Romania SRL	100 %	100 %	Romania
Computaris Polska sp z o.o.	100 %	100 %	Poland
Computaris USA, Inc. (Liquidated on October 22, 2018)	100 %	100 %	United States of America
ICS Computaris International Srl	100 %	100 %	Moldova
Computaris Malaysia Sdn. Bhd.	100 %	100 %	Malaysia
Computaris Philippines Pte. Ltd. Inc.	100 %	100 %	Philippines
Computaris Suisse Sarl (incorporated w.e.f. April 27, 2018)	100 %	-	Switzerland

IBIZ Consulting Pte Ltd, Singapore (Formerly known as IBIZCS Group Pte Limited) is a wholly owned subsidiary of R Systems (Singapore) Pte Limited, Singapore w.e.f. April 30, 2015 and has following wholly owned subsidiaries:

Name	Holding as at December 31, 2018	Holding as at December 31, 2017	Country of incorporation
IBIZ Consulting Services Pte Ltd	100 %	100 %	Singapore
IBIZ Consulting Services Sdn. Bhd.	100 %	100 %	Malaysia
PT. IBIZCS Indonesia	100 %	100 %	Indonesia
IBIZ Consultancy Services India Private Limited	100 %	100 %	India
IBIZ Consulting Service Limited (IBIZ HK)	100 %	100 %	Hong Kong
IBIZ Consulting Service Shanghai Co., Ltd	100% by IBIZ HK	100% by IBIZ HK	People's Republic of China

## 2. Significant Accounting Policies

### 2.1 Basis of preparation and presentation

#### (a) Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016, as applicable. For all the periods up to the year ended December 31, 2017, the Group had earlier prepared and presented its consolidated financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013 and other accounting principles generally accepted in India ("Previous GAAP"). Accordingly, previous year's numbers in the consolidated financial statements have been restated to Ind AS. In accordance with Ind AS 101 First-time Adoption of Indian Accounting Standards, the Group has presented a reconciliation from the presentation of consolidated financial statements under the Previous GAAP to Ind AS of Shareholders' equity as at December 31, 2017 and January 1, 2017 and of the comprehensive net income and cash flows for the year ended December 31, 2017 (refer Note 39).

#### (b) Functional and presentation currency

Items included in the consolidated financial statements of each of the Company's subsidiaries are measured using the currency of the primary economic environment in which these entities operate (i.e. the "functional currency"). The Group uses the Indian Rupee (INR) as its reporting currency, which is the functional currency of the Parent Company. All amounts have been rounded-off to the nearest million, unless otherwise indicated.

#### (c) Basis of preparation and presentation

The consolidated financial statements of the Group have been prepared under the historical cost convention on an accrual and going concern basis except for certain financial instruments and equity settled employee stock options which have been measured at fair value. Historical cost is generally based on the fair value of consideration given in exchange of goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the



Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

Based on the nature of activities of the Group and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Group has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

## 2.2 Principles of consolidation

The consolidated financial statements are prepared in accordance with the principles and procedures for the preparation and presentation of consolidated financial statements as laid down under Indian Accounting Standard (Ind AS) 110 Consolidated Financial Statements.

The consolidated financial statements include the financial statements of R Systems International Limited and its subsidiaries (as explained in note 1 above).

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Company's standalone financial statements. The Group follows uniform accounting year i.e. January to December.

The financial statements of the Company and its subsidiaries have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances / transactions.

Minority Interest's share in the net comprehensive income of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company.

In case the losses applicable to consolidated minority are in excess of minority interest in the equity of the subsidiary, the excess, and any further losses applicable to the minority are adjusted against majority interest except to the extent minority has a binding obligation to, and is able to, make good losses. If the subsidiary subsequently reports profit, all such profits are allocated to the majority interest until the minority's share of losses previously absorbed by the majority has been recovered.

## 2.3 Summary of significant accounting policies

### (a) Property, Plant and Equipment

Property, Plant and Equipment are stated at cost, less accumulated depreciation and accumulated impairment losses, if any. The cost comprises the purchase price and directly attributable costs of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Capital work-in-progress includes cost of Property, Plant and Equipment that are not ready to be put to use.

When part of an item of property plant and equipment has different useful lives, they are accounted for as separate items (major component) of property, plant and equipment. Subsequent expenditure related to an item of Property, Plant and Equipment is added to its book value only if it is probable that future economic benefits associated with the item will flow to the Group. All other expenses on existing Property, Plant and Equipment, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the year during which such expenses are incurred.

Gains or losses arising from disposal of Property, Plant and Equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is disposed.

### (b) Depreciation

Depreciation is calculated on cost of items of Property, Plant and Equipment less their estimated residual values using the straight line method ('SLM') over the useful lives of the assets estimated by the management. The assets residual values and useful lives are reviewed at each financial year end or whenever there are indicators for review, and adjusted prospectively.

The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of fixed assets and are in align with Part C of Schedule II of the Companies Act 2013.

The management estimates the useful lives for the Property, Plant and Equipment as follows:

Category	Useful life upto
Leasehold Land	Lease period
Buildings	30 years
Leasehold improvements	Lower of lease period or useful life
Plant and machinery - other than air conditioners	15 years
Air conditioners	5 years
Office Equipment (other than end user devices)	5 years
Computer hardware and network installations (other than end user devices)	6 years
End-user devices such as desktop, laptop, mobile phones etc.	3 years
Furniture and fittings	10 years
Vehicles	8 years
Electrical Installation	10 years
Assets taken on finance lease	Lower of lease period or useful life

**(c) Intangible assets**

Intangible assets with finite useful lives that are acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Cost comprises the purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use. Gains or losses arising from disposal of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is disposed.

Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

A summary of amortisation policies applied to the Group's intangible assets are as below:

Category	Useful life upto
Computer software	Lower of license period or 3 to 5 years
Customer Contract	Over the period of contract
Non Compete	Period of Non compete

**(d) Investment property**

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with Ind AS 16's requirements for cost model.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on de-recognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

**(e) Business combination, Goodwill and Intangible assets**

Business combinations are accounted for using the purchase (acquisition) method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. The cost of acquisition also includes the fair value of any contingent consideration. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition.

Transaction costs incurred in connection with a business combination are expensed as incurred.

**a. Goodwill**

The excess of the cost of acquisition over the Group's share in the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities is recognized as goodwill. If the excess is negative, a bargain purchase gain is recognized in capital reserve.

**b. Intangible assets**

Ind AS 103 requires the identifiable intangible assets and contingent consideration to be fair valued in order to ascertain the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. Significant estimates are required to be made in determining the value of contingent consideration and intangible assets. These valuations are conducted by independent valuation experts.

Business combinations arising from transfers of interest in entities that are under the control of the shareholder that controls the Company are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented. The assets and liabilities acquired are recognised at their carrying amounts. The

identity of the reserves is preserved and they appear in the financial statements of the Company in the same form in which they appeared in the financial statements of the transferor company.

**(f) Financial instruments**

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

**(g) Financial assets**

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

- (i) Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):
- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
  - the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- (ii) Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (FVTOCI) (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):
- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and

- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised in profit or loss for FVTOCI debt instruments. For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income and accumulated under the heading of 'Reserve for debt instruments through other comprehensive income'. When the investment is disposed of, the cumulative gain or loss previously accumulated in this reserve is reclassified to profit or loss.

All other financial assets are subsequently measured at fair value.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other income" line item.

(iii) Investments in equity instruments at FVTOCI

On initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or

- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
  - it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.
- (iv) Financial assets at fair value through profit or loss (FVTPL)

Investments in equity instruments are classified as at FVTPL, unless the Group irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria (see above) are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Group's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the Group, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

#### De-recognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards

of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

#### Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

- (i) For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss except for those which are designated as hedging instruments in a hedging relationship.
- (ii) Changes in the carrying amount of investments in equity instruments at FVTOCI relating to changes in foreign currency rates are recognised in other comprehensive income.
- (iii) For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income.

#### **(h) Financial liabilities**

For the purpose of subsequent measurement, financial liabilities are classified as:

- Financial liabilities at amortized cost

Financial liabilities such as loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. The change in measurements is recognized as finance costs in the statement of profit and loss.

- Financial liabilities at fair value through profit or loss (FVTPL)

Financial liabilities at FVTPL represented by contingent consideration are measured at fair value with all change recognised in the statement of profit and loss.

De-recognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired.

The Group also derecognise a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in statement of profit and loss.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other income'.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in statement of profit or loss.

**(i) Impairment****i. Financial assets**

The Group applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on financial assets measured at amortized cost and financial assets that are debts instruments and are measured at fair value through other comprehensive income (FVTOCI). ECL is the difference between contractual cash flows that are due and the cash flows that the Group expects to receive, discounted at the original effective interest rate.

For trade receivables, the Group recognizes impairment loss allowance based on lifetime ECL at each reporting date, right from its initial recognition. For other financial assets, the Group determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12 month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used.

**ii. Non-financial assets**

The carrying amounts of Property, Plant and Equipment are reviewed at each balance sheet date or whenever there is any indication of impairment based on internal/external factors. If any indications exist, the Group estimates the asset's recoverable amount.

Recoverable amount of intangible under development that is not yet available for use is estimated at least at each financial year end even if there is no indication that the asset is impaired.

An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's fair value and its 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.

**(j) Derivative financial instruments**

The Group enters into foreign exchange forward contracts to manage its exposure to foreign exchange rate risks.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

Hedge accounting

The Group designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges or cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Fair value hedges

Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the designated portion of hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in profit or loss in the line item relating to the hedged item.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

#### Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'Other income' line item.

Amounts previously recognised in other comprehensive income and accumulated in equity relating to (effective portion as described above) are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, such gains and losses are transferred from equity (but not as a reclassification adjustment) and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

#### **(k) Borrowing costs**

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition, construction or development of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of that asset. All other borrowing costs are recognised as an expense in the period in which they are incurred.

#### **(l) Leases**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Where the Group is a lessee

Finance leases, which effectively transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the lower of the fair value of lease property and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are recognised as finance cost in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs are capitalised.

A leased asset is depreciated on a straight-line basis over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain the ownership by the end of the lease term, the capitalized asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset or the lease term.

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

Where the Group is a lessor

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets comprising land or building which are subject to operating leases are included under non-current investments as investment property and are carried at cost less accumulated depreciation. Lease income on an operating lease is recognized in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the statement of profit and loss.

#### **(m) Revenue recognition**

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Group, there is no uncertainty as to the ultimate collection and the revenue can be reliably measured.

##### **a. Income from software services**

Rendering of services

Revenue from software development and maintenance services projects comprise income from time-and-material and fixed-price contracts.

Revenue with respect to time and material basis is recognised when services are rendered. The same is calculated based on man-hours incurred for rendering services.

Fixed-price contracts vary in duration depending on the terms of the work being performed. Revenue from fixed price contracts (including maintenance and support contracts) is recognised using the percentage of completion method, when reasonable progress has been made on the milestones achieved as specified in the contracts. The stage of completion of project is determined by the proportion that contract efforts incurred for work performed up to the balance sheet date bear to the estimated total contract effort. Changes in contract performance, estimated profitability and final contract settlements may result in revision to costs and revenue and are recognised in the period in which the revisions are determined. If a loss is projected on any contract in process, the entire projected loss is recognised immediately.

Revenue from business process outsourcing services is derived from both time based and unit-price contracts. Revenue is recognized as the related services are performed in accordance with the specific terms of the contracts with the customers.

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

#### Sale of products

Revenue from the sale of product (software and hardware) is recognised when the significant risks and rewards associated with the ownership is transferred to the buyer.

#### **b. Interest**

Interest income is recognized on a time proportion basis taking into account the carrying amount and the effective interest rate. Interest income is included under the head 'Other income' in the statement of profit and loss.

#### **c. Dividend**

Dividend income is recognized when the Group's right to receive dividend is established. Dividend income is included under the head 'Other income' in the statement of profit and loss.

#### **(n) Foreign currency transactions and balances**

Transactions in foreign currency are translated into the respective functional currencies using the exchange rates prevailing at the dates of the respective transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the exchange rates prevailing at reporting date of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of profit and loss and reported within foreign exchange gains/ (losses).

Non-monetary assets and liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

For the purposes of presenting the consolidated financial statements assets and liabilities of Group's foreign operations with functional currency different from the Company are translated into Company's functional currency i.e. INR using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period.

Exchange differences arising, if any are recognised in other comprehensive income and accumulated in equity.

On the disposal of foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to the statement of profit and loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the exchange rate in effect at the balance sheet date.

For translating income, expense and cash flows items, during the year ended December 31, 2018, the rates used were US \$ 1= Rs. 68.30, Euro 1= Rs. 80.55, Singapore \$ 1 = Rs. 50.59 and Canadian \$ 1 = Rs. 52.66. For translating assets and liabilities at the year-end, the rates used were US \$ 1= Rs. 69.78, Euro 1= Rs. 79.99, Singapore \$ 1 = Rs. 51.25 and Canadian \$ 1 = Rs. 51.24.

For translating income, expense and cash flows items, during the year ended December 31, 2017, the rates used were US \$ 1= Rs. 65.12, Euro 1= Rs. 73.55, Singapore \$ 1 = Rs. 47.18 and Canadian \$ 1 = Rs. 50.20. For translating assets and liabilities at the year-end, the rates used were US \$ 1= Rs. 63.88, Euro 1= Rs. 76.53, Singapore \$ 1 = Rs. 47.81 and Canadian \$ 1 = Rs. 50.97.

For translating assets and liabilities as at January 01,2017, the rates used were US \$ 1= Rs. 67.93, Euro 1= Rs. 71.66, Singapore \$ 1 = Rs. 47.01 and Canadian \$ 1 = Rs. 50.39.

#### **(o) Employee benefits**

The Group participates in various employee benefit plans. Post-employment benefits are classified as either defined contribution plans or defined benefit plans. Under a defined contribution plan, the Group's only obligation is to pay a fixed amount with no obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits. The related actuarial and investment risks fall on the employee. The expenditure for defined contribution plans is recognized as expense during the period when the employee provides service. Under a defined benefit plan, it is the Group's obligation

to provide agreed benefits to the employees. The related actuarial and investment risks fall on the Group. The present value of the defined benefit obligations is calculated using the projected unit credit method.

- (i) The Group's contribution to provident fund, employee state insurance scheme and other social security plans are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees
- (ii) Gratuity is a defined benefit obligation plan operated by the Company for its employees covered under Group Gratuity Scheme. The cost of providing benefit under gratuity plan is determined on the basis of actuarial valuation using the projected unit credit method at the reporting date and are charged to the statement of profit and loss, except for the re-measurements, comprising of actuarial gains and losses which are recognized in full in the statement of other comprehensive income in the reporting period in which they occur. Re-measurements are not reclassified to profit and loss subsequently.
- (iii) Compensated absences

The employees of the Group are entitled to compensated absences. The employees of the Group can carry forward a portion of the unutilized accumulating compensated absences and utilize it in the future periods or receive cash at the retirement or termination of employment. The Group records an obligation for compensated absences in the period in which the employee renders the service that increases this entitlement.

Accumulated compensated absences which are expected to be availed or encashed within 12 months from the end of the year are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Accumulating compensated absences which are expected to be availed or encashed beyond 12 months from the end of the year are treated as other long term employee benefits. The Group's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognized in the Statement of Profit and Loss in the year in which they arise.

The Group presents the entire leave encashment liability as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for twelve months after the reporting date.

#### **(p) Employee stock compensation expenses**

Employees of the Group receive remuneration in the form of share based payment transactions, whereby

employees render services as consideration for equity instruments granted (equity-settled transactions).

In accordance with Ind AS 102 – "Share Based Payments", the cost of equity-settled transactions is determined by the fair value of the options at the date of the grant and recognized as employee compensation cost over the vesting period. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

The expense or credit recognized in the statement of profit and loss for a year represents the movement in cumulative expense recognized as at the beginning and end of that year and is recognized in employee benefits expense. In case of the employee stock option schemes having a graded vesting schedule, each vesting tranche having different vesting period has been considered as a separate option grant and accounted for accordingly.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

#### **(q) Income taxes**

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Group operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in statement of profit and loss. The Group off sets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis or to realize the asset and liability simultaneously.

Deferred income taxes reflect the impact of temporary differences between tax base of assets and liabilities and their carrying amounts. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except deferred tax liability arising from initial recognition of goodwill or an asset or liability in a transaction that is not a business



combination and, affects neither accounting nor taxable profit/ loss at the time of transaction. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses, except deferred tax assets arising from initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, affects neither accounting nor taxable profit/ loss at the time of transaction. Deferred tax assets are recognized only to the extent that sufficient future taxable income will be available against which such deferred tax assets can be realized.

In the situations where the Group is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of temporary differences which reverse during the tax holiday period, to the extent the Group's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of temporary differences which reverse after the tax holiday period is recognized in the year in which the temporary differences originate.

The carrying amount of deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available against which such deferred tax assets can be realized.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the same taxable entity and the same taxation authority.

Deferred tax relating to items recognized outside the statement of profit and loss is recognized in co-relation to the underlying transaction either in other comprehensive income or directly in equity.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. MAT credit available is recognized as an asset only to the extent that there is convincing evidence that the Group will pay normal income tax during the period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Group recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Group reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Group does not have convincing evidence that it will pay normal tax during the specified period.

#### (r) Government grants

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.

When the grant or subsidy relates to a capital item in form of reduced duty on import, it is deducted in carrying amount of an item of property, plant and equipment grants i.e. the asset is accounted for on the basis of its net acquisition cost. The grant on capital item is recognised in profit or loss over the life of a depreciable asset in the form of reduced depreciation expense.

#### (s) Segment reporting

The Group determines reportable segment based on information reported to the Chief Operating Decision Maker (CODM) for the purposes of resource allocation and assessment of segmental performance. The CODM evaluates the Group's performance and allocates resources based on an analysis of various performance indicators by business segments. The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments.

Each segment item reported is measured at the measure used to report to the CODM for the purposes of making decisions about allocating resources to the segment and assessing its performance.

*Inter segment transfers:*

The Group generally accounts for inter segment sales and transfers as if the sales or transfers were to third parties at current market prices.

*Allocation of common costs:*

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

*Unallocated items:*

The corporate and other segment includes general corporate income and expense items which are not allocated to any business segment.

#### (t) Earnings per share (EPS)

Basic earnings per share are calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the reporting period is adjusted for events such as bonus issue, bonus

element in a rights issue, share split, and reverse share split (consolidation of shares), if any occurred during the reporting period, that have changed the number of equity shares outstanding, without a corresponding change in resources. Further, the weighted average number of equity shares used in computing the basic earnings per share is reduced by the shares held by R Systems Employee Welfare Trust at the balance sheet date, which were obtained by subscription to the shares from finance provided by the Company.

For the purpose of calculating diluted earnings per share, the net profit for the year attributable to the equity shareholders and the weighted average number of equity shares outstanding during the year, are adjusted for the effects of all dilutive potential equity shares.

The number of shares and potential dilutive equity shares are adjusted retrospectively for all periods presented for any bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

**(u) Provisions**

A provision is recognized when the Group has a present obligation as a result of past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined based on the best estimate required to settle the obligation at the reporting date. If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. These estimates are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

**(v) Contingent liabilities**

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

**(w) Cash and cash equivalents**

Cash and cash equivalents in the cash flow statement comprises of cash at bank, cash in hand and short term deposits with an original maturity period of three months or less.

**(x) Use of estimates and judgement**

The preparation of the financial statements in conformity with Ind AS requires the 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 end of year. These estimates are based on the management's best knowledge of current events, historical experience, actions that the Group may undertake in the future and on various other assumptions that are believed to be reasonable under the circumstances. Actual results could differ from those estimates.

Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

**Critical accounting estimates**

**i. Revenue recognition**

The Group uses the percentage-of-completion method in accounting for its fixed-price contracts. Use of the percentage-of-completion method requires the Group to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended. Efforts or costs expended have been used to measure progress towards completion. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date.

**ii. Income taxes**

The Group's major tax jurisdiction is India, though the Group also files tax returns in other overseas jurisdictions. Significant judgements are involved in determining the provision for income taxes.

The Group reviews carrying amount of deferred tax assets at the end of each reporting period.

**iii. Property, plant and equipment**

Property, plant and equipment represent a significant proportion of the asset base of the Group. The charge in respect of depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Group's assets are determined by management at the time the asset is acquired and reviewed periodically. The lives are based on historical experience with similar assets as well as anticipation

of future events, which may impact their life, such as changes in technology.

**iv. Impairment of investments**

The Group reviews its carrying value of investments at each Balance Sheet date, or more frequently when there is an indication of impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for.

**v. Business Combination and Intangible Assets**

Business combinations are accounted for using Ind AS 103, Business Combinations. Ind AS 103 requires the identifiable intangible assets and contingent consideration to be fair valued in order to ascertain the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. Significant estimates are required to be made in determining the value of contingent consideration and intangible assets.

**Recent accounting pronouncements**

- a. Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:** On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from April 1, 2018. The Group has

evaluated the effect of this on the financial statements and the impact is not material.

**b. Ind AS 115- Revenue from Contract with Customers:**

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach).

The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018.

The Group will adopt the standard on January 1, 2019 by using the cumulative catch-up transition method and accordingly comparatives for the year ending December 31, 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is expected to be insignificant.

### 3 (a). Property, plant and equipment

Particulars	(Rs. in million)									
	Leasehold land <sup>1</sup>	Buildings and leasehold improvements <sup>1</sup>	Plant and equipment	Electric Installation	Furniture and fittings <sup>2</sup>	Computers	Vehicles <sup>3</sup>	Office equipment	Total	
<b>At cost</b>										
<b>Gross Block</b>										
<b>As at January 01, 2017</b>	14.58	101.67	41.30	20.16	110.37	436.23	68.14	46.70	839.15	
Additions	-	2.81	19.68	1.65	1.58	73.31	2.75	3.12	104.90	
Deletions	-	-	(5.89)	(0.10)	(2.45)	(50.02)	(8.56)	(2.56)	(69.58)	
Foreign currency translation	-	(0.26)	-	(0.10)	(0.42)	(2.35)	(1.19)	(0.03)	(4.35)	
<b>As at December 31, 2017</b>	<b>14.58</b>	<b>104.22</b>	<b>55.09</b>	<b>21.61</b>	<b>109.08</b>	<b>457.17</b>	<b>61.14</b>	<b>47.23</b>	<b>870.12</b>	
Additions	-	6.89	-	0.13	10.99	71.42	8.93	6.49	104.85	
Deletions	-	(1.87)	(0.01)	(0.01)	(2.01)	(25.59)	(8.62)	(4.11)	(42.22)	
Foreign currency translation	-	1.47	-	0.17	1.53	5.34	1.32	0.98	10.81	
<b>As at December 31, 2018</b>	<b>14.58</b>	<b>110.71</b>	<b>55.08</b>	<b>21.90</b>	<b>119.59</b>	<b>508.34</b>	<b>62.77</b>	<b>50.59</b>	<b>943.56</b>	
<b>Accumulated Depreciation</b>										
<b>As at January 01, 2017</b>	<b>2.93</b>	<b>33.60</b>	<b>24.46</b>	<b>18.38</b>	<b>85.85</b>	<b>317.84</b>	<b>34.50</b>	<b>32.07</b>	<b>549.63</b>	
Charge for the year	0.22	5.65	4.30	1.09	5.81	61.45	5.95	6.45	90.92	
Deletions	-	-	(5.38)	(0.06)	(2.37)	(49.97)	(6.64)	(2.54)	(66.96)	
Foreign currency translation	-	(0.25)	-	(0.10)	(0.30)	(2.08)	(1.18)	0.06	(3.85)	
<b>As at December 31, 2017</b>	<b>3.15</b>	<b>39.00</b>	<b>23.38</b>	<b>19.31</b>	<b>88.99</b>	<b>327.24</b>	<b>32.63</b>	<b>36.04</b>	<b>569.74</b>	
Charge for the year	0.17	7.37	4.10	0.51	3.92	70.00	5.95	6.21	98.23	
Deletions	-	(1.81)	(0.01)	(0.01)	(1.99)	(24.75)	(7.41)	(3.95)	(39.93)	
Foreign currency translation	-	1.12	-	0.17	1.24	3.97	1.32	0.79	8.61	
<b>As at December 31, 2018</b>	<b>3.32</b>	<b>45.68</b>	<b>27.47</b>	<b>19.98</b>	<b>92.16</b>	<b>376.46</b>	<b>32.49</b>	<b>39.09</b>	<b>636.65</b>	
<b>Net block</b>										
<b>As at January 01, 2017</b>	<b>11.65</b>	<b>68.07</b>	<b>16.84</b>	<b>1.78</b>	<b>24.52</b>	<b>118.39</b>	<b>33.64</b>	<b>14.63</b>	<b>289.52</b>	
<b>As at December 31, 2017</b>	<b>11.43</b>	<b>65.22</b>	<b>31.71</b>	<b>2.30</b>	<b>20.09</b>	<b>129.93</b>	<b>28.51</b>	<b>11.19</b>	<b>300.38</b>	
<b>As at December 31, 2018</b>	<b>11.26</b>	<b>65.03</b>	<b>27.61</b>	<b>1.92</b>	<b>27.43</b>	<b>131.88</b>	<b>30.28</b>	<b>11.50</b>	<b>306.91</b>	

#### Notes:

- (1) Land and building acquired during year ended December 31, 1998 under a composite lease amounting to Rs. 21.16 million has been allocated based on relative fair values on the date of acquisition.
- (2) Furniture and fittings includes assets on finance lease : Gross block as at December 31, 2018 Rs. 11.00 million (December 31, 2017 Rs. 11.00 million; January 01, 2017 Rs. 11.00 million), Depreciation charge for the year Rs. 1.10 (previous year Rs. 1.10 million), Accumulated depreciation as at December 31, 2018 Rs. 2.24 million (December 31, 2017 Rs. 1.14 million; January 01, 2017 Rs. 0.05 million) and Net book value as at December 31, 2018 Rs. 8.76 million (December 31, 2017 Rs. 9.86 million; January 01, 2017 Rs. 10.95 million).
- (3) Vehicles amounting to Rs. 20.95 million (as at December 31, 2017 : Rs. 23.77 million; as at January 01, 2017 : Rs. 27.74 million) are hypothecated against terms loans for vehicle financed from a non-banking financial corporation.
- (4) Refer to Note 31 for capital commitment, Note 32(a) for Finance Lease obligation and Note 8(c) for assets pledged as security for liabilities.

### 3 (b). Capital work in progress

Particulars	(Rs. in million)
	Amount
As at January 01, 2017	26.29
As at December 31, 2017	0.58
As at December 31, 2018	16.18

## 3 (c). Investment property

(Rs. in million)

Particulars	As at	As at	As at
	December 31, 2018	December 31, 2017	January 01, 2017
<b>Cost of land and building given on operating lease</b>			
Balance at beginning of the year	35.96	35.96	35.96
Additions	-	-	-
<b>Balance at the end of year</b>	<b>35.96</b>	<b>35.96</b>	<b>35.96</b>
<b>Accumulated depreciation</b>			
Balance at beginning of the year	11.18	9.71	9.71
Additions	1.47	1.47	-
<b>Balance at the end of year</b>	<b>12.65</b>	<b>11.18</b>	<b>9.71</b>
<b>Net value</b>	<b>23.31</b>	<b>24.78</b>	<b>26.25</b>

## Measurement of fair values

Investment property consists of land and building situated at Pune, India and is accounted for at cost. The Company has estimated that the fair value of investment property as at December 31, 2018 was Rs. 95.50 million. The fair value has been determined based on current prices in an active market for similar properties. The fair value measurement for the investment property has been categorised as a Level 2.

## 3 (d). Other intangible assets

(Rs. in million)

Particulars	Software	Non Compete	Customer contract	Total
	<b>At cost</b>			
<b>Gross Block</b>				
<b>As at January 01, 2017</b>	220.95	75.40	16.78	<b>313.13</b>
Additions	11.36	-	-	<b>11.36</b>
Deletions	(2.98)	-	-	<b>(2.98)</b>
Foreign currency translation	1.72	0.86	1.14	<b>3.72</b>
<b>As at December 31, 2017</b>	<b>231.05</b>	<b>76.26</b>	<b>17.92</b>	<b>325.23</b>
Additions	6.93	-	-	<b>6.93</b>
Deletions	(3.07)	-	-	<b>(3.07)</b>
Foreign currency translation	10.38	5.94	0.81	<b>17.13</b>
<b>As at December 31, 2018</b>	<b>245.29</b>	<b>82.20</b>	<b>18.73</b>	<b>346.22</b>
<b>Accumulated amortisation</b>				
<b>As at January 01, 2017</b>	192.83	25.13	12.77	<b>230.73</b>
Charge for the year	25.21	15.14	2.06	<b>42.41</b>
Deletions	(2.98)	-	-	<b>(2.98)</b>
Foreign currency translation	1.10	0.20	0.95	<b>2.25</b>
<b>As at December 31, 2017</b>	<b>216.16</b>	<b>40.47</b>	<b>15.78</b>	<b>272.41</b>
Charge for the year	17.29	16.23	2.26	<b>35.78</b>
Deletions	(3.04)	-	-	<b>(3.04)</b>
Foreign currency translation	9.16	3.58	0.69	<b>13.43</b>
<b>As at December 31, 2018</b>	<b>239.57</b>	<b>60.28</b>	<b>18.73</b>	<b>318.58</b>
<b>Net Block</b>				
<b>As at January 01, 2017</b>	<b>28.12</b>	<b>50.27</b>	<b>4.01</b>	<b>82.40</b>
<b>As at December 31, 2017</b>	<b>14.89</b>	<b>35.79</b>	<b>2.14</b>	<b>52.82</b>
<b>As at December 31, 2018</b>	<b>5.72</b>	<b>21.92</b>	<b>-</b>	<b>27.64</b>

## 3 (e). Goodwill

(Rs. in million)

Particulars	Total
<b>As at January 01, 2017</b>	<b>82.35</b>
Foreign currency translation	1.70
<b>As at December 31, 2017</b>	<b>84.05</b>
Foreign currency translation	5.88
<b>As at December 31, 2018</b>	<b>89.93</b>

#### 4. Investments

(Rs. in million)

Particulars	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
<b>A. Non-Current Investment</b>			
<b>Unquoted investments (fully paid), measured at FVTPL</b>			
Investment in Saraswat Co-operative Bank Ltd "2,500 (December 31, 2017: 2,500; January 01, 2017: 2,500) shares of Rs. 10 each fully paid up"	0.03	0.03	0.03
<b>Total investment measured at FVTPL</b>	<b>0.03</b>	<b>0.03</b>	<b>0.03</b>
<b>Unquoted investment (fully paid), measured at amortised cost</b>			
Debentures in Indus Software Technologies Private Limited	-	87.55	175.12
<b>Total investment measured at amortised cost</b>	<b>-</b>	<b>87.55</b>	<b>175.12</b>
<b>Aggregate carrying value of Non-Current unquoted investments</b>	<b>0.03</b>	<b>87.58</b>	<b>175.15</b>
<b>B. Current Investment</b>			
<b>Quoted investment in mutual funds, measured at FVTPL</b>			
18,376 (December 31, 2017: 9,237; January 01, 2017: Nil) units of SBI Premier Liquid Fund	52.64	24.66	-
14,627 (December 31, 2017: 7,349; January 01, 2017: Nil) units of HDFC Liquid Fund	52.63	24.65	-
115,669 (December 31, 2017: Nil; January 01, 2017: Nil) units of ICICI Prudential Liquid Fund	31.41	-	-
106,472 (December 31, 2017: Nil; January 01, 2017: Nil) units of Aditya Birla Sunlife Liquid Fund	31.41	-	-
15,428 (December 31, 2017: Nil; January 01, 2017: Nil) units of Axis Liquid Fund	31.41	-	-
<b>Total investment in Mutual funds</b>	<b>199.50</b>	<b>49.31</b>	<b>-</b>
<b>Unquoted investment (fully paid), measured at amortised cost</b>			
Debentures in Indus Software Technologies Private Limited	-	87.57	87.57
<b>Total investment measured at amortised cost</b>	<b>-</b>	<b>87.57</b>	<b>87.57</b>
<b>Total quoted investment</b>	<b>199.50</b>	<b>49.31</b>	<b>-</b>
<b>Total unquoted investment</b>	<b>-</b>	<b>87.57</b>	<b>87.57</b>
<b>Total current investment (quoted + unquoted)</b>	<b>199.50</b>	<b>136.88</b>	<b>87.57</b>

## 5. Other non-current financial assets

(Rs. in million)

Particulars	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
<b>Unsecured, considered good</b>			
Security deposits	31.07	23.91	22.36
Margin money deposits (refer to Note 8b)	52.61	58.56	56.46
Bank deposits to be matured after 12 months from reporting date (refer to Note 8b)	17.37	-	-
Interest accrued on fixed deposits	1.58	1.64	5.12
Staff advance	0.29	0.68	0.02
	<b>102.92</b>	<b>84.79</b>	<b>83.96</b>

## 6. Other non-current assets

(Rs. in million)

Particulars	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
<b>Unsecured, considered good</b>			
Capital advances	40.64	0.03	10.29
Prepaid expenses	9.46	12.52	20.82
	<b>50.10</b>	<b>12.55</b>	<b>31.11</b>

## 7. Trade receivables (Unsecured)

(Rs. in million)

Particulars	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
Considered good	1,365.45	1,207.64	1,081.78
Credit impaired	51.85	46.32	65.42
Less: Allowance for doubtful debts (expected credit loss allowance)	(51.85)	(46.32)	(65.42)
	<b>1,365.45</b>	<b>1,207.64</b>	<b>1,081.78</b>

The Group uses a provision matrix to determine impairment loss on portfolio of its trade receivable. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward-looking estimates. At every reporting date, the historically observed default rates are updated and changes in forward-looking estimates are analysed. The Group estimates the following matrix at the reporting date.

Ageing	Expected credit loss*
Not due	0.01% - 0.14%
0-90 days	0.02% - 0.22%
90-180 days	0.11% - 1.34%
180-365 days	0.46% - 2.00%
More than 365 days	2.00%

\* In case of probability of non-collection, credit loss rate is 100%

Movement in expected credit loss allowance	Year ended December 31, 2018	Year ended December 31, 2017
Balance at the beginning of the year	46.32	65.42
Provision for doubtful debts (net)	24.75	9.64
Bad debts written off	(22.28)	(28.86)
Effect of foreign exchange fluctuation / translation	3.06	0.12
<b>Balance at the end of the year</b>	<b>51.85</b>	<b>46.32</b>

**8a. Cash and cash equivalents**

(Rs. in million)

Particulars	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
(a) Cash on hand	1.15	0.75	0.81
(b) Balances with scheduled banks			
(i) in current accounts	21.71	45.02	25.81
(ii) in EEFC accounts	64.64	99.32	95.30
(iii) Deposit accounts with original maturity of less than 3 months	142.40	189.71	237.97
(c) Balances with other banks			
(i) in current accounts	520.42	580.22	771.48
(ii) Deposit accounts with original maturity of less than 3 months	90.85	14.00	16.39
<b>Cash and cash equivalents</b>	<b>841.17</b>	<b>929.02</b>	<b>1,147.76</b>

**8b. Other bank balances**

(Rs. in million)

Particulars	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
(a) In other deposit accounts			
(i) original maturity more than 12 months	386.43	8.26	7.20
(ii) original maturity more than 3 months but less than 12 months	515.75	579.18	12.00
(iii) held as margin money	52.61	58.56	56.46
Deposits with banks carried at amortised costs	<b>954.79</b>	<b>646.00</b>	<b>75.66</b>
Less: Bank deposits with original maturity of more than 12 months disclosed under Note 9	(369.06)	(8.26)	(7.20)
Less: Bank deposits to be matured after 12 months from reporting date disclosed under Note 5	(17.37)	-	-
Less: Margin money deposit disclosed under Note 5	(52.61)	(58.56)	(56.46)
	<b>515.75</b>	<b>579.18</b>	<b>12.00</b>
(b) Balances with scheduled banks			
(i) in unclaimed dividend accounts	2.95	2.43	2.58
<b>Total - Other bank balances</b>	<b>518.70</b>	<b>581.61</b>	<b>14.58</b>

Note: For details of bank wise balances, see Note 8c.



## 8c. Cash and bank balances

				(Rs. in million)		
S.No.	Particulars	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017		
<b>A</b>	<b>Cash on hand</b>	<b>1.15</b>	<b>0.75</b>	<b>0.81</b>		
	<b>Balance with scheduled banks</b>					
<b>B</b>	<b>In current accounts</b>					
1	ICICI Bank Limited	5.02	7.88	3.74		
2	HDFC Bank Limited	7.37	9.21	3.46		
3	Oriental Bank of Commerce	3.16	5.22	7.45		
4	State Bank of India	0.76	1.13	2.12		
5	Axis Bank Limited	5.26	20.40	8.24		
6	Bank of Baroda - NZD	-	0.37	0.49		
7	Kotak Mahindra Bank Limited	0.14	0.81	0.31		
		<b>21.71</b>	<b>45.02</b>	<b>25.81</b>		
<b>C</b>	<b>In cash credit / overdraft accounts*</b>					
1	Axis Bank Limited	-	-	-		
		-	-	-		
<b>D</b>	<b>In EEFC accounts</b>					
1	ICICI Bank Limited- USD	12.90	24.76	14.54		
2	State Bank of India – USD #	-	0.00	0.00		
3	Kotak Mahindra Bank Limited -USD @	-	0.00	10.57		
4	Axis Bank Limited-USD	44.14	71.10	62.73		
5	Axis Bank Limited-EURO	5.88	2.45	6.68		
6	Axis Bank Limited-GBP	0.55	0.91	0.46		
7	Axis Bank Limited-CAD	1.17	0.10	0.32		
		<b>64.64</b>	<b>99.32</b>	<b>95.30</b>		
<b>E</b>	<b>In deposit accounts</b>					
1	State Bank of India	24.21	24.06	34.40		
2	ICICI Bank Limited	57.34	159.70	18.90		
3	Axis Bank Limited	399.90	298.79	153.04		
4	Kotak Mahindra Bank Limited	184.61	149.59	88.00		
5	HDFC Bank Limited	45.74	-	11.00		
6	State Bank of India, New York	16.95	15.90	-		
7	Bank of Baroda, New York	17.23	15.91	-		
8	Bank of India, New York	-	15.84	-		
		<b>745.98</b>	<b>679.79</b>	<b>305.34</b>		
<b>F</b>	<b>In unclaimed dividend accounts</b>					
1	HDFC Bank Limited	2.68	2.32	2.47		
2	Kotak Mahindra Bank Limited	0.27	0.11	0.11		
		<b>2.95</b>	<b>2.43</b>	<b>2.58</b>		

**8c. Cash and bank balances (Contd.)**

(Rs. in million)

S.No.	Particulars	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
<b>Balance with other banks</b>				
<b>G</b>	<b>In current accounts</b>			
1	California Bank & Trust, USA	173.04	210.53	443.28
2	Citibank Singapore Ltd, Singapore	88.88	100.52	30.65
3	DBS Bank Ltd, Singapore	33.36	5.13	22.59
4	Malayan Banking Berhad, Malaysia	43.45	22.14	16.86
5	Hang Seng Bank Limited, Hong Kong	4.25	6.86	6.42
6	Siam Commercial Bank	9.43	-	-
7	Citibank NA, Thailand	-	3.97	2.74
8	Bank of China, China	16.09	20.53	17.90
9	Sumitomo Mitsui Banking Corporation, Japan	0.09	0.25	0.31
10	Mizuho Bank Ltd, Japan	0.31	0.08	0.21
11	The Bank of Tokyo-Mitsubishi UFJ, Ltd., Japan	0.19	0.32	0.41
12	Natwest Bank	61.32	80.01	152.66
13	Santander Bank Polska S.A.	1.22	15.20	27.41
14	Mobiasbanca - Groupe Societe Generale SA	1.82	2.47	2.11
15	BRD Groupe Societe Generale SA	18.75	36.58	2.31
16	CIMB Bank BHD	1.31	1.64	1.84
17	Royal Bank of Canada	4.50	4.45	6.58
18	ING Bank N.V. Amsterdam - Bucharest	1.32	0.87	0.36
19	Overseas-Chinese Banking Corporation Limited	-	-	0.01
20	Standard Chartered Bank, Singapore	-	10.90	-
21	Bank Permata Tbk, PT	22.24	25.85	23.72
22	DBS Bank (China) Ltd.	26.28	17.24	8.61
23	Standard Chartered Bank, Hong Kong	0.35	0.37	3.07
24	Citibank N.A., USA	-	1.04	1.13
25	BDO UNIBANK Inc.	12.22	13.27	0.30
		<b>520.42</b>	<b>580.22</b>	<b>771.48</b>
<b>Balance with other banks</b>				
<b>H</b>	<b>In deposit accounts</b>			
1	Mobiasbanca - Groupe Societe Generale SA	0.66	0.59	0.54
2	BRD Groupe Societe Generale SA	6.75	15.50	6.14
3	ING Bank N.V. Amsterdam - Bucharest	1.38	1.32	-
4	Citibank Singapore Ltd, Singapore	23.07	2.39	5.17
5	BDO UNIBANK Inc.	0.69	7.80	12.83
6	Natwest Bank	13.98	-	-
7	Santander Bank Polska S.A.	21.01	-	-
8	Credit Suisse	1.29	-	-
9	DBS Bank, Indonesia	29.43	-	-
10	Discover Bank Greenwood, DE	17.03	15.84	-
11	Goldman Sachs BK USA New York, NY	-	15.84	-
12	Bank Of China New York, NY	17.09	15.91	-
13	Bmo Harris Bank NA Chicago, IL	-	15.91	-
14	Sallie Mae Bank Salt Lake City, UT	-	15.84	-
15	Compass Bank (Cd9css)	-	15.78	-
16	BankUnited, National Association	-	15.78	-
17	Beal Bank USA	-	15.71	-
18	Morgan Stanley Bank, National AS	-	15.71	-

## 8c. Cash and bank balances (Contd.)

(Rs. in million)				
S.No.	Particulars	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
19	Zb, National Association, Salt Lake City, UT	17.09	-	-
20	Tiaa, Fsb (Fka Everbank), Jacksonville, FL	17.09	-	-
21	Banner Bk Walla Walla, WA	17.09	-	-
22	Busey Bk Champaign, IL	17.09	-	-
23	Citibank Na Sioux Falls, SD	17.10	-	-
24	Synovus Bank Ga Columbus, GA	17.10	-	-
25	First Midwest Bank Chicago, IL	17.24	-	-
26	Bank Of N Y Mellon New Yourk, NY	17.24	-	-
27	Santander Bank Na Wilmington, DE	13.96	-	-
28	Safra Natl Bk New York, NY	13.96	-	-
29	Mufg Un Bk N A San Francisco, CA	13.96	-	-
30	Berkshire Bk Pittsfield, MA	13.96	-	-
31	Enerbank Usa Salt Lake City, UT	13.96	-	-
32	Luana Savings Bank	17.23	-	-
33	Wells Fargo Bk NA	17.37	-	-
34	Morgan Stanley Pvt Bk	16.96	-	-
35	Bank Of America Corp Charlotte, NC	17.16	-	-
36	Regions Bk Birmingham, AL	17.16	-	-
37	Mizuho Bank Usa New York, NY	16.96	-	-
		<b>442.06</b>	<b>169.92</b>	<b>24.68</b>
	<b>Total Cash and bank balances</b>	<b>1,798.91</b>	<b>1,577.45</b>	<b>1,226.00</b>
	Cash and cash equivalents (See also Note 8a)	841.17	929.02	1,147.76
	Deposits with banks (See also Note 8b)	954.79	646.00	75.66
	Balance in unclaimed dividend accounts (See also Note 8b)	2.95	2.43	2.58
	<b>Total Cash and bank balances</b>	<b>1,798.91</b>	<b>1,577.45</b>	<b>1,226.00</b>

\* Cash credit limit / Bank guarantee / Loan equivalent risk / Letter of credit is secured by first charge by way of hypothecation of entire standalone current assets and collateral over an immovable property situated in Noida.

# State Bank of India – USD balance as on December 31, 2018 was Rs. Nil, as on December 31, 2017 was Rs. 319 and as on January 01, 2017 was Rs. 340.

@ Kotak Mahindra Bank Limited – USD balance as on December 31, 2018 was Rs. Nil, as on December 31, 2017 was Rs. 6.

## 9. Other current financial assets

(Rs. in million)			
Particulars	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
Staff advance	6.87	6.42	5.71
Unbilled revenue	205.77	149.50	161.10
Security deposit	1.68	2.22	1.11
Bank deposits with original maturity of more than 12 months (refer to Note 8b)	369.06	8.26	7.20
Mark-to-market gain on derivative instruments (refer to Note 28)	22.59	16.33	26.42
Interest accrued			
Fixed deposits	7.88	5.39	0.90
Compulsorily redeemable debentures	-	3.20	4.97
Others	4.47	3.29	4.95
	<b>618.32</b>	<b>194.61</b>	<b>212.36</b>

## 10. Other current assets

(Rs. in million)

Particulars	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
Balances with indirect tax authorities	24.62	18.39	22.96
VAT recoverable	4.52	12.91	23.24
Prepaid expenses	101.82	82.17	2.49
Advance to vendors	7.21	1.03	60.52
Tour and travel advance	11.93	5.32	4.96
	<b>150.10</b>	<b>119.82</b>	<b>114.17</b>

## 11. Equity share capital

(Rs. in million)

Particulars	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
<b>Authorised</b>			
206,000,000 (December 31 2017: 200,000,000; January 01 2017: 200,000,000) equity shares of Re. 1 each	206.00	200.00	200.00
Pursuant to Scheme of Amalgamation, the Authorised Capital of GM Solutions Private Limited has been merged into the authorised capital of R Systems International Limited. (refer to Note 35)			
<b>Issued, subscribed and fully paid up</b>			
123,990,425 (December 31 2017: 123,952,925; January 01 2017: 123,870,425) equity shares of Re. 1 each	123.99	123.95	123.87
Less: Shares held by R Systems Employees Welfare Trust [refer to Note g(i) below]	0.74	0.74	0.74
	<b>123.25</b>	<b>123.21</b>	<b>123.13</b>

### Notes:

#### (a) Reconciliation of number of shares and amount of share capital outstanding at the beginning and at the closing of the year:

Particulars	Year ended December 31, 2018		Year ended December 31, 2017	
	Number	Amount (Rs. in million)	Number	Amount (Rs. in million)
At the beginning of the year	123,952,925	123.95	123,870,425	123.87
Shares issued pursuant to merger of GM Solutions Private Limited (refer to Note 35)	29,746,353	29.75	-	-
Shares cancelled pursuant to merger of GM Solutions Private Limited (refer to Note 35)	(29,746,353)	(29.75)	-	-
Issued during the year*	37,500	0.04	82,500	0.08
<b>Outstanding at the closing of the year</b>	<b>123,990,425</b>	<b>123.99</b>	<b>123,952,925</b>	<b>123.95</b>

\*The Company has issued 37,500 (previous year 82,500) equity shares of Re. 1 each at an exercise price of Rs. 12.07 per share pursuant to exercise of employee stock options under the R Systems International Limited Employee Stock Option Scheme 2007.

#### (b) Terms/rights attached to equity shares:

The Company has only one class of equity shares having 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.

**11. Equity share capital (Contd.)****(c) Shares held by holding / ultimate holding company and / or their subsidiaries / associates:**

The Company does not have any holding / ultimate holding company.

**(d) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:**

	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
Aggregate number of shares bought back	3,678,155	3,678,155	3,678,155
Shares issued pursuant to scheme of merger of GM Solutions Private Limited with the Company (refer to Note 35)	29,746,353	-	-

(e) The Board of Directors of the Company at its meeting held on January 15, 2019 has approved the buyback of upto 3,690,000 fully paid up equity shares of the Company of face value of Re. 1/- each from its existing shareholders as on record date (i.e. February 01, 2019) on a proportionate basis through Tender Offer route in accordance with the provisions contained in the Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018 at a price of Rs. 65/- per equity share, payable in cash for a total amount not exceeding Rs. 239.85 million.

**(f) Details of shareholders holding more than 5% shares in the Company (also refer to Note 35)**

Name of shareholder	As at December 31 2018		As at December 31, 2017		As at January 01, 2017	
	No. of shares held	% of Holding	No. of shares held	% of Holding	No. of shares held	% of Holding
GM Solutions Private Limited	-	-	29,746,353	24.00	29,746,353	24.01
RightMatch Holdings Limited	9,076,218	7.32	9,076,218	7.32	9,076,218	7.33
Satinder & Harpreet Rekhi Family Trust (Trustee: Satinder Singh Rekhi & Harpreet Rekhi)	12,150,731	9.80	12,150,731	9.80	12,150,731	9.81
Sartaj Singh Rekhi	19,800,619*	15.97	5,864,656	4.73	5,864,656	4.73
Ramneet Singh Rekhi	16,857,524*	13.60	4,958,983	4.00	4,958,983	4.00
Bhavook Tripathi #	44,662,112	36.02	43,861,539	35.39	44,330,059	35.79

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.

\* Including shares allotted pursuant to the Scheme of Amalgamation of GM Solutions Private Limited and R Systems International Limited. (See also Note 35)

# Not having significant influence over the Company.

**(g) Shares reserved for issue under options****(i) R Systems International Limited Employees Stock Option Plan – Year 2001 ('the Plan' or 'ESOP Plan 2001')**

Indus Software Private Limited ('Indus') had outstanding options aggregating 21,967 equity shares as on March 31, 2002, to be issued to the eligible employees under the R Systems International Limited Employees Stock Option Plan – Year 2001 under various vesting periods as specified in the said Plan, duly approved by the erstwhile shareholders. Indus had established "R Systems Employees Welfare Trust" ('the R Systems Trust') (formerly known as Indus Software Employees Welfare Trust") to administer the plan, as approved by the members, for the benefits of the Company's employees and had provided an interest free loan of Rs. 3.38 million. Consequently, Indus had allotted 21,967 equity shares of Rs. 10 each at a premium of Rs. 144 per equity share to the R Systems Trust to be further issued to the Indus' eligible employees on the exercise of the underlying options granted to them.

As a result of the merger of Indus with the Company, all employees had surrendered their options in favour of the R Systems Trust to enable them to obtain options for shares in R Systems International Limited after the merger. The Company had issued 206,822 equity shares of Rs. 2 each at a premium of Rs. 113.42 per share to the R Systems Trust in exchange of 21,967 equity shares of Indus, apropos to the agreed swap ratio. During the earlier years out of the said 206,822 shares, 22,079 shares were issued to the employees on exercise of options.

## 11. Equity share capital (Contd.)

The Company had consolidated each of its five equity shares of Rs. 2 each into one equity share of Rs. 10 each, then issued 1:1 bonus share to each of the then existing shareholder and further sub-divided each of the equity shares of Rs. 10 each into 10 equity shares of Re. 1 each. Consequently, the total number of shares issued are now 738,980 equity shares of Re. 1 each, which are treated as Treasury Shares.

The financial statements of the R Systems Trust have been included in the standalone financial statements of the Company as the trust was created for the benefit of the employees and administered by the Company and in substance the R Systems Trust functions as an extension of the Company. Therefore, an amount of Rs. 0.74 million and Rs. 2.28 million has been adjusted against issued, subscribed and paid-up capital and Securities Premium Account, respectively.

The movement in the options (in equivalent number of shares of the Company) held by the R Systems Trust during the year ended December 31, 2018 and the year ended December 31, 2017 is set out below:

	Year ended December 31, 2018	Year ended December 31, 2017
<b>At the beginning</b>		
- Grants outstanding under the plan (Re. 1 per share)	-	-
- Grants pending determination by the Compensation Committee (Re. 1 per share)	738,980	738,980
<b>During the year</b>		
- Options granted (Re. 1 per share)	-	-
- Options exercised (Re. 1 per share)	-	-
- Options / grants lapsed or surrendered (Re. 1 per share)	-	-
<b>At the end</b>		
- Grants outstanding under the plan (Re. 1 per share)	-	-
- Grants pending determination by the Compensation Committee (Re.1 per share)	738,980	738,980

The Board of Directors at their meeting held on May 04, 2017 had approved a Scheme of Arrangement between the Company and its Shareholder and Creditors ("Scheme") for reduction of equity shares held by the R Systems Trust. The Scheme was filed on August 18, 2017 with the National Company Law Tribunal, New Delhi (Tribunal) for necessary directions.

The Board of Directors at its meeting held on December 21, 2018, decided not to implement the Scheme in its current form and considered to modify the current scheme in the light of certain management policies and changes that would have a bearing on the Scheme. The Tribunal has allowed the Company to withdraw the Scheme vide order dated January 03, 2019.

### (ii) R Systems International Limited Employee Stock Option Scheme 2007 ('the Plan' or 'ESOP Plan 2007')

During the year 2007, the Company had instituted the plan for all eligible employees as specified in the rules in pursuance of the special resolution duly approved by the shareholders. The plan provides for the issuance of 650,000 options to eligible employees as recommended by the Compensation Committee constituted for this purpose.

The plan is administered by a Compensation Committee and exercise price in respect of 632,500 options granted on July 11, 2007 is Rs. 120.70 being the latest available closing price, prior to the date of the meeting of the Board of Directors / Compensation Committee, on the stock exchange on which the shares of the Company are listed. Accordingly, the intrinsic value of Employee Stock Option is taken as Rs. Nil. Further, during the year ended December 31, 2014, the Company had sub-divided equity shares of Rs. 10 each into 10 equity shares of Re. 1 each, the exercise price is accordingly adjusted from Rs. 120.70 per share to Rs. 12.07 per share.

On the recommendation of the Compensation Committee and Nomination and Remuneration Committee, the Board of Directors at its meeting held on April 30, 2016, had further granted 150,000 options at an exercise price of Rs. 12.07 /- per option under R Systems International Limited Employee Stock Option Scheme 2007.

**11. Equity share capital (Contd.)**

The vesting period is 4 years (25% in each year) commencing from the date of grant under the plan. The eligible employees have an option to exercise it over a period of 10 years from the date of grant under the plan. The movement in the options during the year ended December 31, 2018 and year ended December 31, 2017 is set out below:

	Year ended December 31, 2018	Year ended December 31, 2017
<b>At the beginning</b>		
- Grants outstanding under the plan (Re. 1 per share)	112,500	195,280
- Grants pending determination by the Compensation Committee (Re. 1 per share)	-	1,925,000
<b>During the year</b>		
- Options granted (Re. 1 per share)	-	-
- Options exercised (Re. 1 per share)	(37,500)	(82,500)
- Options/grants lapsed or surrendered (Re. 1 per share)	-	-
- Option lapsed for determination by the Compensation Committee on expiry of the effective date	-	(1,925,280)
<b>At the end</b>		
- Grants outstanding under the plan (Re. 1 per share)	75,000	112,500
- Grants pending determination by the Compensation Committee (Re.1 per share)	-	-
Options vested during the year	37,500	37,500

For options exercised during the year 2018, the weighted average share price at the exercise date was Rs. 38.78 (Previous year Rs. 50.40).

The weighted average remaining contractual life for the stock options as at December 31, 2018 is 88 months (as at December 31, 2017 : 100 months; as at January 01, 2017: 13 months).

**Fair value of share options**

The fair value of the options, calculated by an external valuer, was estimated on the date of grant using the Black-Scholes model with the following significant assumptions:

Particulars	ESOP Plan 2001		ESOP Plan 2007	
	Options granted before 2001 *	Options granted during the year ended December 31, 2007#	Options granted during the year ended December 31, 2016	
Stock option fair value using Black - Scholes option pricing	Nil	50.73	49.89	
Exercise price	154.00	120.70	12.07	
Expected volatility (in %)	0.5	44	55.32-55.83	
Expected option life	2.5 years (being half of the maximum option life)	4 years i.e. 25% vesting at the end of each year from the date of grant	4 years i.e. 25% vesting at the end of each year from the date of grant	
Exercise period	1 year from the date of grant	10 years from the date of grant	10 years from the date of grant	
Dividend yield (in %)	15.00	0.86	1.32	
Risk-free interest rate (in %)	11.30	7.00	7.84	

\* Originally the price was based on Rs. 10 per share for 21,967 shares. As a result of amalgamation of Indus Software Private Limited into R Systems, the Company had issued 206,822 equity shares of Rs. 2 each pursuant to the swap ratio approved by Hon'ble High Courts of Delhi and Mumbai. The details given above for plan are before making the required adjustments in relation to consolidation of each of the 5 equity shares of Rs. 2 each into 1 equity share of Rs. 10 each as approved by the shareholders in the year ended December 31, 2006 and further sub-division of each of the equity shares of Rs. 10 each into 10 equity shares of Re. 1 each as per record date of February 28, 2014.

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

## 12. Other equity

(Rs. in million)

Particulars	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
<b>a. Securities premium account</b>			
Securities premium account is used to record premium received on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013.	278.24	275.95	273.17
<b>b. Stock options outstanding</b>			
The stock option outstanding account is used to record the value of equity-settled share based payment transactions with employees. The amounts recorded in this account are transferred to securities premium account upon exercise of stock options by the employees. In case of forfeiture, corresponding balance is transferred to general reserve.	2.92	3.39	2.62
<b>c. General Reserve</b>			
The General Reserve is used from time to time to transfer profits from retained earnings for appropriation purposes.	158.73	158.73	158.73
<b>d. Capital Reserve</b>			
Capital Reserve represent excess of the net assets of subsidiary over the value of the amount of the consideration paid in the consolidated financial statements	0.03	0.03	0.03
<b>e. Retained earnings</b>			
Retained earnings comprises the Group's undistributed earnings after taxes.	2,432.21	2,007.25	1,781.91
<b>f. Other comprehensive income</b>			
<b>Re-measurement of defined benefit plans</b>			
Re-measurement of defined benefit plans consists of re-measurement of net defined benefit liability / assets (net of tax).	7.54	8.04	-
<b>Foreign currency translation reserve</b>			
Exchange difference relating to the translation of the results and net assets of the Company's foreign operations from their functional currencies to the Company's presentation currency are recognized directly in other comprehensive income and accumulated in the foreign currency translation reserve.	226.11	132.06	146.50
<b>Total other Equity</b>	<b>3,105.78</b>	<b>2,585.45</b>	<b>2,362.96</b>

**Notes:**

(1) Year-wise movement of the individual line items above is given in the Statement of Changes in Equity.



**13. Non-current borrowings (at amortised cost)**

(Rs. in million)

Particulars	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
Term loans for motor vehicles from non banking financial corporation (secured)	9.36	9.58	13.45
Finance lease obligation (Unsecured)	10.61	10.78	10.88
	<b>19.97</b>	<b>20.36</b>	<b>24.33</b>
Less:			
Current maturities of term loans for motor vehicles (refer to Note 17)	3.86	4.33	5.02
Current maturities of finance lease obligation (refer to Note 17)	0.20	0.18	0.16
	<b>15.91</b>	<b>15.85</b>	<b>19.15</b>

**Notes:**

(1) Term loans for motor vehicles are secured by hypothecation of underlying motor vehicles and carries interest rate ranging from 8.34% to 10.23% per annum. The term loans are repayable in equated monthly instalments ranging from 35 to 60 months from the date of loan.

(2) Finance lease obligation is unsecured. The interest rate implicit in aforesaid lease is 11.9% per annum. The lease obligation are repayable in 180 months from the date of lease.

**14. Other non-current financial liabilities**

(Rs. in million)

Particulars	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
Deferred payment compensation for business acquisition	-	-	44.00
Security Deposit	2.96	2.23	9.59
	<b>2.96</b>	<b>2.23</b>	<b>53.59</b>

**15. Provision**

(Rs. in million)

Particulars	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
<b>Long-term provision for employee benefits</b>			
- Gratuity	109.60	91.18	89.42
	<b>109.60</b>	<b>91.18</b>	<b>89.42</b>

Also refer to Note 21 for detailed disclosures

**16. Other non-current liabilities**

(Rs. in million)

Particulars	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
Deferred grant from Government	0.04	0.29	0.58
	<b>0.04</b>	<b>0.29</b>	<b>0.58</b>

## 17. Other current financial liabilities

(Rs. in million)

Particulars	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
Current maturities of term loans for motor vehicles (refer to Note 13)	3.86	4.33	5.02
Current maturity of Finance lease obligation (refer to Note 13)	0.20	0.18	0.16
Security deposits received	9.48	9.63	2.33
Investor education and protection fund (not due) - Unclaimed dividend	2.95	2.43	2.58
Employee benefits payable	167.03	119.10	133.76
Capital creditors	2.08	0.27	10.78
Deferred payment compensation for business acquisition	22.29	45.47	25.38
Other financial liabilities	4.92	3.85	3.96
	<b>212.81</b>	<b>185.26</b>	<b>183.97</b>

## 18. Provisions

(Rs. in million)

Particulars	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
<b>Short-term provision for employee benefits</b>			
- Gratuity	4.80	3.59	2.54
- Compensated absences	137.83	135.98	113.59
	<b>142.63</b>	<b>139.57</b>	<b>116.13</b>

Also refer to Note 21 for detailed disclosures

## 19. Other current liabilities

(Rs. in million)

Particulars	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
Statutory dues payable			
Tax deducted at source / Withholding tax payable	22.11	15.96	17.84
PF / 401 K / other payables	37.07	25.72	29.07
GST / Service tax / VAT payable	22.53	20.34	15.34
Others	0.23	0.20	0.14
Unearned revenues	316.64	321.18	167.27
Rent received in advance	-	0.22	0.67
Deferred grant from Government	0.83	1.24	1.15
	<b>399.41</b>	<b>384.86</b>	<b>231.48</b>

**20. Other income**

(Rs. in million)

Particulars	Year ended December 31, 2018	Year ended December 31, 2017
Interest income on		
- Bank deposit	56.01	37.11
- Debenture	7.67	17.50
- Financial instruments measured at amortised cost	0.38	0.38
- Others	-	6.11
Rental income from investment property	6.78	6.85
Foreign exchange fluctuation (net)	9.38	56.71
Profit on sale / discarding of property, plant and equipment (net)	0.67	0.36
Liability no longer required written back	64.77	7.69
Fair value adjustment on deferred payment compensation for business acquisition	26.10	6.37
Miscellaneous income	10.53	21.48
Net gain arising on financial assets measured at FVTPL	10.20	1.31
	<b>192.49</b>	<b>161.87</b>

**21. Employee benefits expense**

(Rs. in million)

Particulars	Year ended December 31, 2018	Year ended December 31, 2017
Salaries, wages and bonus	4,285.26	3,735.30
Gratuity expenses	36.50	24.91
Contribution to provident and other funds	227.63	252.48
Employees' share based payments expense	1.40	2.64
Staff welfare expenses	193.06	157.82
	<b>4,743.85</b>	<b>4,173.15</b>

**Gratuity**

The Company has funded defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on separation equal to 15 days salary (last drawn salary) for each completed year of continuous service or part thereof in excess of six months subject to a maximum of Rs. 2 million (previous year Rs. 1 million).

Amount recognised in the statement of profit and loss in respect of gratuity cost (defined benefit plan) is as follows:

(Rs. in million)

Particulars	Year ended December 31, 2018	Year ended December 31, 2017
Service cost	29.50	18.87
Net interest cost	7.00	6.04
<b>Net gratuity expense recognised in profit and loss</b>	<b>36.50</b>	<b>24.91</b>
<b>Remeasurement loss / (gain) recognised in OCI</b>	<b>0.77</b>	<b>(12.29)</b>
<b>Total Cost Recognised in Comprehensive Income</b>	<b>37.27</b>	<b>12.62</b>

## 21. Employee benefits expense (Contd.)

### Details of defined benefit gratuity plan:

(Rs. in million)

Particulars	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
Defined benefit obligation	130.56	99.10	94.60
Fair value of plan assets	16.16	4.33	2.64
<b>Net defined benefit obligation</b>	<b>114.40</b>	<b>94.77</b>	<b>91.96</b>

Changes in the defined benefit obligation are as follows:

(Rs. in million)

Particulars	Year ended December 31, 2018	Year ended December 31, 2017
Opening defined benefit obligation	99.10	94.60
Service cost	29.50	18.87
Interest cost	7.33	6.22
Benefits paid	(6.38)	(9.51)
Actuarial (gains) / losses on obligation	1.01	(11.08)
<b>Closing defined benefit obligation</b>	<b>130.56</b>	<b>99.10</b>

Changes in the fair value of plan assets are as follows:

(Rs. in million)

Particulars	Year ended December 31, 2018	Year ended December 31, 2017
Opening fair value of plan assets	4.33	2.64
Expected return	0.33	0.18
Contributions by the employer	17.64	9.81
Benefits paid	(6.38)	(9.51)
Actuarial gains / (losses) on plan assets	0.24	1.21
<b>Closing fair value of plan assets</b>	<b>16.16</b>	<b>4.33</b>

### Sensitivity Analysis

Sensitivity analysis for each significant actuarial assumptions namely discount rate and salary assumptions is given below:

(Rs. in million)

Defined Benefit Obligation	As at December 31, 2018	As at December 31, 2017
<b>Discount rate</b>		
a. Discount rate - 100 basis points	140.74	111.60
b. Discount rate + 100 basis points	121.70	88.65
<b>Salary increase rate</b>		
a. Rate - 100 basis points	122.33	90.73
b. Rate + 100 basis points	139.21	107.82

**21. Employee benefits expense (Contd.)****Maturity Profile of Defined Benefit Obligation****(Rs. in million)**

Expected Future Cashflows	As at December 31, 2018	As at December 31, 2017
Year 1	20.96	7.91
Year 2	15.24	5.59
Year 3	13.74	5.80
Year 4	12.07	6.00
Year 5	10.92	6.04
Year 6 to10	39.65	32.49

The major categories of plan assets as a percentage of the fair value of total plan assets:

	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
Investments with Life Insurance Corporation of India	100%	100%	100%

**The principal assumptions used in determining gratuity are shown below:****(A) Financial Assumptions**

	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
Discount rate	7.35%	7.70%	7.70%
Increment rate	First year 10%, thereafter 7%	First year 10%, thereafter 7%	First year 10%, thereafter 7%

**(B) Demographic Assumptions**

	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
Mortality Rate	IALM (2006-08) Ultimate	IALM (2006-08) Ultimate	IALM (2006-08) Ultimate
Withdrawal Rate	Below Age 30 yrs - 35% Age 30 to 34 Yrs - 22% Age 34 to 44 Yrs - 17% Age 44 to 50 Yrs - 3% Age 50 to 54 Yrs - 2% Above Age 54 Yrs -1%	Below Age 30 yrs - 15% Age 30 to 34 Yrs - 10% Age 34 to 44 Yrs - 5% Age 44 to 50 Yrs - 3% Age 50 to 54 Yrs - 2% Above Age 54 Yrs -1%	Below Age 30 yrs - 15% Age 30 to 34 Yrs - 10% Age 34 to 44 Yrs - 5% Age 44 to 50 Yrs - 3% Age 50 to 54 Yrs - 2% Above Age 54 Yrs -1%
Retirement age	60 Yrs	60 Yrs	60 Yrs

**22. Finance cost****(Rs. in million)**

Particulars	Year ended December 31, 2018	Year ended December 31, 2017
Interest expense on borrowings	2.40	2.73
Interest expense on financial instruments measured at amortised cost	0.25	0.46
Interest under income tax	-	0.79
	<b>2.65</b>	<b>3.98</b>

**23. Depreciation and amortisation expense**

(Rs. in million)

Particulars	Year ended December 31, 2018	Year ended December 31, 2017
Depreciation of property, plant and equipment	98.23	90.92
Amortisation of intangible assets	35.78	42.41
Depreciation on investment property	1.47	1.47
	<b>135.48</b>	<b>134.80</b>

**24. Other expenses**

(Rs. in million)

Particulars	Year ended December 31, 2018	Year ended December 31, 2017
Power and fuel	46.86	44.83
Rent - premises	120.82	108.60
Repair and maintenance		
- Software	69.73	50.04
- Others	53.79	51.59
Commission	9.46	7.13
Travelling and conveyance	294.55	235.82
Communication costs	79.10	74.85
Legal and professional fees	664.53	530.58
Cost of third party items	136.24	156.66
Auditors' remuneration (refer detail below)	5.15	3.70
Provision for doubtful debts (net)	24.75	9.64
Advances written off	13.45	-
Contribution towards corporate social responsibility (refer detail below)	3.96	2.46
Miscellaneous expenses	160.19	146.98
	<b>1,682.58</b>	<b>1,422.88</b>

**(i). Detail of auditors remuneration**

(Rs. in million)

Particulars	Year ended December 31, 2018	Year ended December 31, 2017
As auditor:		
- Statutory audit fee	2.12	1.38
- Quarterly audit / limited review fee	2.31	2.02
- Out-of-pocket expenses	0.28	0.26
In other capacity:		
- Certification	0.44	0.04
	<b>5.15</b>	<b>3.70</b>

**(ii). Contribution towards corporate social responsibility**

(Rs. in million)

Particulars	Year ended December 31, 2018	Year ended December 31, 2017
Amount required to be spent by the Company during the year	9.19	10.55
Amount spend by the Company in accordance with its Corporate Social Responsibility Policy	3.96	2.46

## 25. Income tax

(Rs. in million)

Particulars	Year ended December 31, 2018	Year ended December 31, 2017
<b>Current income tax</b>		
In respect of the current year	129.60	145.31
In respect of the prior periods	(5.38)	4.58
<b>MAT Credit Entitlement</b>	-	(5.84)
<b>Deferred tax charge / (credit)</b>	(7.85)	(15.95)
<b>Income tax expense recognised in the statement of profit and loss</b>	<b>116.37</b>	<b>128.10</b>
Income tax recognised in other comprehensive income		
Deferred tax arising on income and expense recognised in other comprehensive income		
Net loss / (gain) on remeasurement of defined benefit plan	(0.27)	4.25
	<b>116.10</b>	<b>132.35</b>

The reconciliation between the provision of income tax of the Company and amounts computed by applying the Indian statutory income tax rate to profit before taxes is as follows:

(Rs. in million)

Particulars	Year ended December 31, 2018	Year ended December 31, 2017
Profit before tax	626.82	353.44
Enacted income tax rate in India	34.94%	34.61%
Computed expected tax expense	219.04	122.32
<b>Effect of:</b>		
Income exempt from tax	(67.02)	(23.14)
Temporary differences not recognized in earlier year	(24.76)	1.90
Expenses that are not deductible in determining taxable profit	28.50	17.81
Different tax rates of other tax jurisdictions	(32.27)	4.40
Tax pertaining to prior years	(5.38)	4.58
Others	(1.74)	0.23
<b>Income tax expense recognised in the statement of profit and loss</b>	<b>116.37</b>	<b>128.10</b>

## Deferred tax assets and liabilities are attributable to the following :

(Rs. in million)

Particulars	Deferred tax assets		Deferred tax (Liabilities)	
	As at December 31, 2018	As at December 31, 2017	As at December 31, 2018	As at December 31, 2017
<b>Deferred tax assets</b>				
Provision for doubtful debts	6.54	2.40		
Provision for gratuity	38.54	32.80		
Provision for compensated absence	38.79	30.73		
Difference on account of Revenue Recognition	0.25	0.26		
Other employee benefits	4.74	4.70		
Tax Losses	-	3.39		
MAT credit entitlement	-	5.84		
<b>Total Deferred tax assets (A)</b>	<b>88.86</b>	<b>80.12</b>	-	-
<b>Deferred tax liabilities</b>				
Difference on account of Revenue Recognition	-	-	(0.25)	(0.26)
Property, plant and equipment	(11.97)	(21.16)		
Net gain on fair value of mutual funds	(4.03)	(0.45)		
Mark to market loss / (gain) on forward contracts	(5.40)	-		
<b>Total Deferred tax Liabilities (B)</b>	<b>(21.40)</b>	<b>(21.61)</b>	<b>(0.25)</b>	<b>(0.26)</b>
<b>Net deferred tax assets / (liabilities) (A+B)</b>	<b>67.46</b>	<b>58.51</b>	<b>(0.25)</b>	<b>(0.26)</b>

## 25. Income tax (contd.)

### Deferred tax

#### Deferred tax assets / (liabilities) as at December 31, 2018 in relation to:

(Rs. in million)

Particulars	As at January 01, 2018	Recognised in profit and loss	Recognised in other comprehensive income	Others	Currency translation	As at December 31, 2018
Property, plant and equipment	(21.16)	(3.37)	-	-	(5.82)	(11.97)
Provision for doubtful debts	2.40	(4.10)	-	-	(0.04)	6.54
Difference on account of Revenue Recognition	-	-	-	-	-	-
Provision for gratuity	32.80	(5.47)	(0.27)	-	-	38.54
Provision for compensated absence	30.73	(7.45)	-	-	(0.61)	38.79
Other employee benefits	4.70	(0.04)	-	-	-	4.74
Mark to market loss / (gain) on forward contracts	-	5.40	-	-	-	(5.40)
Net gain on fair value of mutual funds	(0.45)	3.58	-	-	-	(4.03)
Tax Losses	3.39	3.60	-	-	(0.21)	-
MAT credit entitlement	5.84	-	-	5.84	-	-
<b>Total</b>	<b>58.25</b>	<b>(7.85)</b>	<b>(0.27)</b>	<b>5.84</b>	<b>(6.68)</b>	<b>67.21</b>

#### Deferred tax assets / (liabilities) as at December 31, 2017 in relation to:

(Rs. in million)

Particulars	As at January 01, 2017	Recognised in profit and loss	Recognised in other comprehensive income	Others	Currency translation	As at December 31, 2017
Property, plant and equipment	(19.26)	(3.94)	-	-	5.84	(21.16)
Provision for doubtful debts	0.31	(2.09)	-	-	-	2.40
Difference on account of Revenue Recognition	0.56	0.69	-	-	(0.13)	-
Provision for gratuity	31.83	(5.22)	4.25	-	-	32.80
Provision for compensated absence	28.02	(2.41)	-	-	(0.30)	30.73
Other employee benefits	4.70	-	-	-	-	4.70
Net gain on fair value of mutual funds	-	0.45	-	-	-	(0.45)
Tax Losses	-	(3.43)	-	-	0.04	3.39
MAT credit entitlement	-	(5.84)	-	-	-	5.84
<b>Total</b>	<b>46.16</b>	<b>(21.79)</b>	<b>4.25</b>	<b>-</b>	<b>5.45</b>	<b>58.25</b>

The Group has not recognised deferred tax assets on the following:

(Rs. in million)

Particulars	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
Unused tax losses of foreign jurisdiction *	1,689.35	1,777.47	1,670.39

\* The unused tax losses will be expired based on tax laws of the relevant jurisdictions.

The Group has a unit at Greater Noida registered as Special Economic Zone (SEZ) unit which is entitled to a tax holiday under Section 10AA of the Income Tax Act, 1961.

A significant portion of the profits of the Group's operations are exempt from income taxes being profits attributable to export operations from undertakings situated in Special Economic Zone (SEZ). Under the Special Economic Zone Act, 2005 scheme, units in designated Special Economic Zones providing service on or after April 1, 2005 will be eligible for a deduction of 100 percent of profits or gains derived from the export of services for the first five years from commencement of provision of services and 50 percent of such profits and gains for a further five years. Certain tax benefits are also available for a further period of five years subject to the unit meeting defined conditions.



**26. Earnings per share**

Reconciliation of number of equity shares used in the computation of basic and diluted earnings per share is set out below:

Particulars	Year ended December 31, 2018	Year ended December 31, 2017
Net profit after tax (Rs. in million)	510.45	225.34
Weighted average number of equity shares for calculating Basic EPS	123,238,808	123,185,918
Weighted average number of equity shares resulting from assumed exercise of employee stock options	31,934	23,886
Weighted average number of equity shares for calculating Diluted EPS	123,270,742	123,209,804
Earnings per share [Nominal value of shares Re. 1 (Previous year: Re. 1)]		
Basic (Rs.)	4.14	1.83
Diluted (Rs.)	4.14	1.83

**27. Financial instruments**

The carrying values and fair values of financial instruments by categories are as follows:

(Rs. in million)

Particulars	Note reference	Basis of measurement	As at December 31, 2018		As at December 31, 2017		As at January 1, 2017		Fair value hierarchy
			Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value	
<b>Assets</b>									
Investments in other equity instruments	4	FVTPL	0.03	0.03	0.03	0.03	0.03	0.03	Level 3
Investments in mutual funds	4	FVTPL	199.50	199.50	49.31	49.31	-	-	Level 1
Investments in debentures	4	Amortised cost	-	-	175.12	175.12	262.69	262.69	
Trade receivables	7	Amortised cost	1,365.45	1,365.45	1,207.64	1,207.64	1,081.78	1,081.78	
Cash and cash equivalents	8a	Amortised cost	841.17	841.17	929.02	929.02	1,147.76	1,147.76	
Other bank balances	8b	Amortised cost	518.70	518.70	581.61	581.61	14.58	14.58	
Mark-to-market gain on derivative instruments	9	FVTPL	22.59	22.59	16.33	16.33	26.42	26.42	Level 2
Other financial assets (Other than derivative instruments)	5,9	Amortised cost	698.65	698.65	263.07	263.07	269.90	269.90	
<b>Total</b>			<b>3,646.09</b>	<b>3,646.09</b>	<b>3,222.13</b>	<b>3,222.13</b>	<b>2,803.16</b>	<b>2,803.16</b>	
<b>Liabilities</b>									
Borrowings (including finance lease obligation)	13	Amortised cost	19.97	19.97	20.36	20.36	24.33	24.33	
Trade payables		Amortised cost	270.02	270.02	340.05	340.05	296.89	296.89	
Other Financial liabilities									
a) Deferred payment compensation for business acquisition	17	FVTPL	22.29	22.29	45.47	45.47	69.38	69.38	Level 3
b) Other financial liabilities (other than a)	14,17	Amortised cost	189.42	189.42	137.51	137.51	163.00	163.00	
<b>Total</b>			<b>501.70</b>	<b>501.70</b>	<b>543.39</b>	<b>543.39</b>	<b>553.60</b>	<b>553.60</b>	

**Fair value hierarchy:**

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

## 27. Financial instruments (Contd.)

Level 1 - Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

There have been no transfers among Level 1, Level 2 and Level 3 during the year.

## 28. Financial risk management

### Financial risk factors and risk management objectives

The Group's activities expose it to foreign currency risk, credit risk and liquidity risk. The Group's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Group is foreign exchange risk. The Company uses derivative financial instruments to mitigate foreign exchange related risk exposures. All derivative activities for risk management purposes are carried out by team that has the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivative for speculative purposes may be undertaken.

The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

### Foreign currency risk

The Group operates globally with its operations spread across various geographies and consequently the Group is exposed to foreign exchange risk where the currency in which revenue is generated is different from the currency in which expenses being incurred. A significant portion of the Group's revenue are in USD and Euro where as the costs are incurred in INR or other local currencies. The Group holds plain vanilla forward contracts against expected future sales in USD and EURO to mitigate the risk of changes in exchange rates primarily against INR.

### Derivative financial instruments

The Group holds derivative foreign currency forward contracts to mitigate the risk of changes in exchange rates on certain foreign currency exposures. These derivative financial instruments are valued based on quoted prices for similar assets in active markets or inputs that are directly or indirectly observable in the marketplace. The Group has recognised mark-to-market gain of Rs. 22.59 million (Previous year gain of Rs. 16.33 million) relating to such derivative financial instruments in the statement of profit and loss for the year ended December 31, 2018.

The following table gives details in respect of outstanding foreign currency forward contracts:

Particulars	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
<b>USD</b>			
Foreign currency (million)	16.80	10.25	14.70
Average rate	71.50	66.68	70.59
Rupees (million)	1,201.20	683.47	1,037.69
<b>EURO</b>			
Foreign currency (million)	3.15	2.95	1.40
Average rate	86.43	78.34	80.00
Rupees (million)	272.24	231.09	112.00

The following table analyses Group's foreign currency exposure from non-derivative financial instruments as of December 31, 2018, December 31, 2017 and January 01, 2017:

As at December 31, 2018	(Rs. in million)			
	USD	EURO	Others <sup>#</sup>	Total
Trade receivables	471.40	161.32	27.34	660.06
Other financial assets	1.24	0.06	2.30	3.60
Cash and cash equivalents and bank balances	222.89	28.18	8.41	259.48
Trade and other payables	57.97	7.59	5.84	71.40

**28. Financial risk management (Contd.)**

				(Rs. in million)
As at December 31, 2017	USD	EURO	Others <sup>#</sup>	Total
Trade receivables	418.96	182.00	6.81	607.77
Other financial assets	0.28	0.06	5.64	5.97
Cash and cash equivalents and bank balances	149.44	52.43	5.68	207.55
Trade and other payables	61.94	74.82	2.31	139.07

				(Rs. in million)
As at January 01, 2017	USD	EURO	Others <sup>#</sup>	Total
Trade receivables	393.06	98.29	41.01	532.35
Other financial assets	0.36	-	1.28	1.64
Cash and cash equivalents and bank balances	176.59	27.15	5.73	209.47
Trade and other payables	72.04	70.07	6.95	149.06

# Others include currencies such as SGD, GBP, CAD, RON, MYR, CHF, BGN, NZD and INR

**Foreign currency sensitivity analysis**

For the year ended December 31, 2018 and December 31, 2017, every percentage point depreciation / appreciation in the exchange rate between the Indian rupee and foreign currencies, would decrease / increase Company's profit before tax margin (PBT) by approximately 0.69% and 0.23%, respectively.

**Credit risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities. Credit risk arises from deposits held with banks, investments with financial institutions, as well as credit exposure to clients, including outstanding accounts receivable. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Group assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

*Trade and other receivables*

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment.

The following table gives details in respect of revenues generated from top customer and top 5 customers:

			(Rs. in million)
Particulars	As at December 31, 2018	As at December 31, 2017	
Revenue from top customer	433.92	354.96	
Revenue from top 5 customers	1,643.33	1,312.71	

No customer accounted for more than 10% of the revenue for the year ended December 31, 2018 and December 31, 2017.

*Investments*

Credit risk on cash and cash equivalent is limited as the Group generally invests in deposits with banks. Investments primarily includes investment in liquid mutual funds having good rating and debentures. The Group does not expect any losses from non-performance by the counterparties.

**Liquidity risk**

The Group's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The investment of surplus cash is governed by the Group's investment policy approved by the Board of Directors. The Group believes that the working capital is sufficient to meet its current requirements.

## 28. Financial risk management (Contd.)

As at December 31, 2018, the Group had a working capital of Rs. 2,616.36 million including cash and cash equivalents and current fixed deposits of Rs. 1,359.87 million and current investments of Rs. 199.50 million. As at December 31, 2017, the Group had a working capital of Rs. 2,072.44 million including cash and cash equivalents and current fixed deposits of Rs. 1,510.63 million and current investments of Rs. 136.88 million. Accordingly, no liquidity risk is perceived.

The table below provides details regarding the contractual maturities of significant financial liabilities:

Particulars	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
<b>Less than 1 year</b>			
Borrowings (including accrued interest)	4.06	4.51	5.18
Trade payables	270.02	340.05	296.89
Other financial liabilities	208.75	180.75	178.79
<b>More than 1 year</b>			
Borrowings (including accrued interest)	15.91	15.85	19.15
Other financial liabilities	2.96	2.23	53.59

## 29. Capital Management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group monitors the return on capital as well as the level of dividends on its equity shares. The Group's objective, when managing capital, is to maintain an optimal structure so as to maximize shareholder value. The capital structure is as follows:

Particulars	(Rs. in million)		
	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
<b>Total equity attributable to the equity share holders of the Group</b>	<b>3,229.03</b>	<b>2,708.66</b>	<b>2,486.09</b>
<b>As percentage of total capital</b>	<b>99.39%</b>	<b>99.25%</b>	<b>99.03%</b>
Borrowings (including current maturities)	19.97	20.36	24.33
<b>Total borrowings</b>	<b>19.97</b>	<b>20.36</b>	<b>24.33</b>
As percentage of total capital	0.61%	0.75%	0.97%
<b>Total capital (equity and borrowings)</b>	<b>3,249.00</b>	<b>2,729.02</b>	<b>2,510.42</b>

The Group is predominantly equity financed which is evident from the capital structure table. Further, the Group always has surplus cash and bank balances invested in fixed deposit with banks, commercial deposits and liquid mutual funds.

## 30. Segment information

Information reported to the Chief Operating Decision Maker (CODM) for the purpose of resource allocation and assessment of segment performance focuses on the types of services provided. The CODM has identified the following as its reportable segments.

- Information technology
- Business process outsourcing

Revenues and expenses directly attributable to segments are reported under each reportable segment. Expenses which are not directly identifiable to each reportable segment have been allocated on the basis of associated revenues of the segment and manpower efforts. All other expenses which are not attributable or allocable to segments have been disclosed as unallocable expenses.

Assets and liabilities of the Group are used interchangeably between segments and the CODM does not review assets and liabilities at reportable segment level. Accordingly, segment disclosure relating to assets and liabilities has not been provided as per Ind AS 108.

Geographic segments are based on the areas in which the major customers of the Group operate and / or the area in which the assets are located. Although the Group's major operating divisions are managed on a worldwide basis, they operate in five principal geographical areas of the world which are: India, United States of America, South East Asian countries, Europe and Other areas.

The following table provides required information for reportable segments for the year ended December 31, 2018 and December 31, 2017:

Particulars	(Rs. in million)												
	Information technology services			Business process outsourcing services			Eliminations			Corporate and others			Total
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017	
<b>REVENUE</b>													
External sales	6,286.48	5,461.70	712.41	464.68							6,998.89	5,926.38	
Inter-segment sales			23.18	19.55	23.18	19.55							
<b>Total revenue</b>	<b>6,286.48</b>	<b>5,461.70</b>	<b>735.59</b>	<b>484.23</b>	<b>23.18</b>	<b>19.55</b>					<b>6,998.89</b>	<b>5,926.38</b>	
<b>RESULT</b>													
Segment result	528.52	321.10	108.83	38.26							637.35	359.36	
Unallocated corporate expenses								(88.92)	(71.20)		(88.92)	(71.20)	
<b>Operating profit</b>											<b>548.43</b>	<b>288.16</b>	
Finance costs								(2.65)	(3.98)		(2.65)	(3.98)	
Interest income								64.06	61.10		64.06	61.10	
Other unallocable income								16.98	8.16		16.98	8.16	
Tax expense								(116.37)	(128.10)		(116.37)	(128.10)	
<b>Net profit after tax</b>											<b>510.45</b>	<b>225.34</b>	
<b>Other segment information</b>													
Depreciation and amortisation	125.84	127.34	8.00	5.82					1.64		1.64	1.64	

#### Geographical information:

The following is the distribution of the Group's revenue by geographical area in which customers are located:

Particulars	(Rs. in million)	
	Year ended December 31, 2018	Year ended December 31, 2017
India	115.03	102.90
USA	4,090.33	3,325.98
South East Asia	1,321.03	1,197.96
Europe	1,255.45	1,150.93
Others	217.05	148.61
<b>Total</b>	<b>6,998.89</b>	<b>5,926.38</b>

Please refer to Note 28 on financial risk management for information on revenue from major customers.

### 31. Related Party Disclosures

Names of related parties (refer to Note 1 for 'R Systems Group')

(i) Key management personnel

Sl. No.	Name of person	Designation	Company
1	Satinder Singh Rekhi	Managing Director	R Systems International Limited, India
		Director	R Systems, Inc., USA (RSI)
		Director	R Systems (Singapore) Pte Ltd, Singapore
		Director	R Systems Technologies Ltd. USA
		Director	Computaris International Limited, UK
		Director	RSYS Technologies Ltd., Canada
		Director	IBIZ Consulting Pte. Ltd, Singapore
2	Lt. Gen. Baldev Singh (Retd.)	President and Senior Executive Director	R Systems International Limited, India
3	Avirag Jain	Director & Chief Technology Officer (appointed as director w.e.f. August 03, 2017)	R Systems International Limited, India
4	Ruchica Gupta	Non-Executive Independent Director	R Systems International Limited, India
5	Kapil Dhameja	Non-Executive Independent Director	R Systems International Limited, India
6	Aditya Wadhwa	Non-Executive Independent Director	R Systems International Limited, India
7	Sartaj Singh Rekhi	Director	R Systems, Inc., USA
		Director	ECnet Ltd, Singapore
		Director	R Systems Technologies Ltd. USA
		Director	RSYS Technologies Ltd., Canada
8	Chan Kum Ming	Director	ECnet Limited, Singapore
		Director	R Systems (Singapore) Pte Ltd, Singapore
9	Raluca Marina Rusu	Director	Computaris International Limited, UK
10	Joydeep Sen Chaudhuri	Director	R Systems (Singapore) Pte Ltd, Singapore
11	Gunalan Kalairajan	Director (appointed w.e.f. May 01, 2018)	IBIZ Consulting Pte. Ltd, Singapore
12	Ramasubramanian Balasubramanian	Director (resigned on May 01, 2018)	IBIZ Consulting Pte. Ltd, Singapore
13	Ramneet Singh Rekhi	Vice President	R Systems, Inc., USA
14	Nand Sardana	Chief Financial Officer	R Systems International Limited, India
15	Bhasker Dubey	Company Secretary & Compliance Officer (appointed w.e.f. February 10, 2018)	R Systems International Limited, India
16	Ashish Thakur	Company Secretary & Compliance Officer (resigned on February 10, 2018)	R Systems International Limited, India

(ii) Relatives of Key management personnel

- Amrita Rekhi, (related to Satinder Singh Rekhi), Assistant Manager – Business Development
- Mandeep Singh Sodhi, [related to Lt. Gen. Baldev Singh (Retd.)], Vice President – Sales
- Kuldeep Baldev Singh [related to Lt. Gen. Baldev Singh (Retd.)]
- Harpreet Rekhi, (related to Satinder Singh Rekhi)
- Anita Behl, (related to Satinder Singh Rekhi)

(iii) Enterprises where key management personnel or their relatives exercise significant influence

- RightMatch Holdings Limited
- Satinder and Harpreet Rekhi Family Trust

## 31. Related Party Disclosures (Contd.)

## Details of transactions with related parties for the year ended December 31, 2018 and December 31, 2017:

(Rs. in million)

Particulars	Year ended December 31, 2018	Year ended December 31, 2017
<b>Remuneration</b>		
Short term employee benefits	178.57	142.61
Post-employment benefits	2.14	0.07
Other long-term employee benefits	0.40	0.05
Share based payments	1.40	2.64
Sitting fee to independent directors	0.75	0.83
<b>Total</b>	<b>183.26</b>	<b>146.20</b>
<b>Dividend paid</b>		
Satinder & Harpreet Rekhi Family Trust	7.29	-
RightMatch Holdings Ltd	5.44	-
Sartaj Singh Rekhi	9.00	-
Ramneet Singh Rekhi	7.65	-
Satinder Singh Rekhi	1.36	-
Mandeep Singh Sodhi	0.36	-
Lt. Gen. Baldev Singh (Retd.)	0.07	-
Kuldeep Baldev Singh	0.00*	-
Anita Behl	0.00*	-
Harpreet Rekhi	0.59	-
Amrita Rekhi	0.35	-
Chan Kum Ming	0.00*	-
Nand Sardana	0.08	-
Avirag Jain	0.00*	-
<b>Total</b>	<b>32.20</b>	<b>-</b>
<b>Rent</b>		
Satinder Singh Rekhi	13.57	12.90
<b>Total</b>	<b>13.57</b>	<b>12.90</b>

\* Dividend paid to: (a) Kuldeep Baldev Singh Rs. 3,648; (b) Anita Behl Rs. 1,018; (c) Chan Kum Ming Rs. 4,800; (d) Avirag Jain Rs. 60.

(Rs. in million)

Balance payable to key management personnel	As at December 31, 2018	As at December 31, 2017
Satinder Singh Rekhi	10.47	4.96
Lt. Gen. Baldev Singh (Retd.)	1.88	1.41
Avirag Jain	1.61	1.08
Raluca Marina Rusu	1.32	-
Joydeep Sen Chaudhuri	2.38	0.34
<b>Total</b>	<b>17.66</b>	<b>7.79</b>

### 32. Capital and other commitments

(Rs. in million)

	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
<b>(i) Capital commitments:</b>			
Estimated amount of unexecuted capital contracts [net of advances of Rs. 40.64 million (as at December 31, 2017 : Rs. 0.03 million; as at January 01, 2017 : Rs. 10.29 million)]	14.44	1.45	6.15
<b>(ii) Other commitments:</b>			
For commitments relating to lease arrangements, refer note 33.			

### 33. Leases

#### a) Finance Lease - Company as lessee

The Company has finance leases for furniture and fixture. Each renewal is at the option of the lessee. Future minimum lease payments (MLP) under finance leases together with the present value of the net MLP are as follows:

(Rs. in million)

	As at December 31, 2018		As at December 31, 2017		As at January 01, 2017	
	MLP	Present value of MLP	MLP	Present value of MLP	MLP	Present value of MLP
Not later than one year	1.44	0.20	1.44	0.18	1.44	0.16
After one year but not more than five years	6.13	1.49	5.95	1.15	5.77	0.85
More than five years	13.90	8.92	15.52	9.45	17.14	9.93
Total minimum lease payments	21.47	10.61	22.91	10.78	24.35	10.94
Less: amounts representing finance charges	10.86	-	12.13	-	13.41	-
<b>Present value of minimum lease payments</b>	<b>10.61</b>	<b>10.61</b>	<b>10.78</b>	<b>10.78</b>	<b>10.94</b>	<b>10.94</b>

#### b) Operating Lease - Group as lessee

The Group has operating lease for office premises. Lease payments recognised as expense during the year ended December 31, 2018 and December 31, 2017 is Rs. 122.21 million and Rs. 111.90 million, respectively.

The future minimum rentals payable under non-cancellable operating leases period as at year-end are as follows:

(Rs. in million)

	As at December 31, 2018	As at December 31, 2017	As at January 01, 2017
Not later than one year	82.22	67.26	61.82
Later than one year but not later than five years	61.12	92.07	83.30
Later than five years	-	1.32	2.65

The operating lease arrangements extend for a maximum period of 7 years from their respective dates of inception. Some of the operating lease arrangements have price escalation and option of renewal clause as mutually agreed between the parties and there are no restrictions imposed on lease arrangements.

#### c) Operating Lease - Company as lessor

The Company has entered into an operating lease arrangement for its surplus land and building which has been classified under investment property. Lease rentals recognised as income during the year ended December 31, 2018 and December 31, 2017 is Rs. 6.78 million and Rs. 6.85 million, respectively.

The operating lease arrangement extends for a maximum period of 3 years and has price escalation clause of 5% for every subsequent 3 years of the extended term. The lease is cancellable and there are no restrictions imposed on lease agreements.



34. During the year ended December 31, 2006, Government of India has promulgated an Act namely The Micro, Small and Medium Enterprises Development Act, 2006 which comes into force with effect from October 2, 2006. As per the Act, the Company is required to identify the Micro, Small and Medium suppliers and pay interest to micro and small enterprises on overdue beyond the specified period irrespective of the terms agreed with the suppliers. Based upon the information and the supplier profile available with the Company, the management believes that there are no dues to such suppliers.

Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006	As at December 31, 2018	As at December 31, 2017
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	Nil	Nil
The amount of interest paid by the buyer in terms of Section 16 of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	Nil	Nil
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	Nil	Nil
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro Small and Medium Enterprise Development Act, 2006	Nil	Nil

35. The Board of Directors of Company at its meeting held on September 22, 2017 had approved a scheme of amalgamation under Section 230-232 and other applicable provisions of the Companies Act, 2013 between GM Solutions Private Limited ("GM Solutions") and R Systems International Limited and their respective shareholders and creditors (the "Scheme"), with effect from the appointed date i.e. January 1, 2018. The purpose of the amalgamation was to simplify the shareholding structure by reducing the shareholding tiers and also to demonstrate the promoters' direct commitment to and engagement with the Company.

The Scheme was approved by the National Company Law Tribunal, New Delhi vide order dated December 07, 2018. In accordance with the Scheme, 29,746,353 (Two Crore Ninety Seven Lakhs Forty Six Thousand Three Hundred and Fifty Three Only) fully paid up equity shares of the face value of Re. 1/- (Rupee One) of R Systems International Limited has been issued and allotted to the equity shareholders of GM Solutions in the proportion of their respective equity shareholding in GM Solutions. Upon the issuance and allotment of aforesaid shares, the existing 29,746,353 equity shares of the Company held by the GM Solutions have been extinguished. Authorised share capital of the Company stands increased by the amount of authorized share capital of GM Solutions in accordance with the Scheme. Further, the Scheme envisages transfer of all rights and obligations, assets and liabilities, interests and claims of the Transferor Company to the Company with effect from the appointed date.

The aforesaid Scheme has been accounted under 'Common Control' method in accordance Ind AS 103 "Business Combinations" and correspondingly all assets, liabilities and reserves of the Transferor Company have been accounted for at their respective book values in the books of the Company effective January 01, 2017.

Details of assets, liabilities and reserves of GM Solutions as on January 01, 2017 and December 31, 2017 are as follows:

Particulars	(Rs. in million)	
	As on January 01, 2017	As on December 31, 2017
<b>Assets</b>		
Non-current tax assets (net)	0.03	0.04
Other non-current assets - MAT credit entitlement	-	5.84
Cash and cash equivalents	13.91	5.12
Other current assets - Balances with indirect tax authorities	-	0.06
	<b>13.94</b>	<b>11.06</b>
<b>Liabilities</b>		
Trade payables	0.14	1.13
Other current liabilities – Statutory dues payable – Tax deducted at source	-	0.00*
	<b>0.14</b>	<b>1.14</b>
<b>Excess of assets over liabilities recognised in other equity</b>	<b>13.80</b>	<b>9.92</b>

\* Tax deducted at source is Rs. 900.

The total comprehensive income for the year ended December 31, 2017 has been adjusted to give effect of amalgamation. Consequent to this restatement, the total comprehensive income for the year ended December 31, 2017 is reduced by INR 3.88 million.

36. Subsequent to the year ended December 31, 2018, R Systems, Inc. (a wholly owned subsidiary of the Company) has completed the acquisition of 100% interest in Innovizant LLC, (Innovizant), a Chicago (USA) based company engaged in providing IT Services focused on advanced analytics, data engineering, and digital connected systems.

38. Additional Information pursuant to para 2 of general instruction for the preparation of consolidated financial statements

S. No.	Entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
		December 31, 2018		December 31, 2018		December 31, 2018		December 31, 2018	
		As % of consolidated net assets	Amount in Rs. (Min)	As % of consolidated profit or loss	Amount in Rs. (Min)	As % of consolidated other comprehensive income	Amount in Rs. (Min)	As % of consolidated total comprehensive income	Amount in Rs. (Min)
<b>Parent Entity</b>									
1	R Systems International Limited, India	64.60	2,695.53	67.89	310.14	100.00	(0.50)	67.86	309.64
<b>Subsidiaries</b>									
<b>Indian Subsidiaries</b>									
1	IBIZ Consultancy Services India Private Limited., India	(0.13)	(5.35)	(0.40)	(1.84)	-	-	(0.40)	(1.84)
<b>Foreign Subsidiaries</b>									
1	R Systems (Singapore) Pte Limited, Singapore	10.69	446.11	5.89	26.91	-	-	5.90	26.91
2	R Systems, Inc., USA	15.81	659.86	5.45	24.91	-	-	5.46	24.91
3	R Systems Technologies Ltd., USA	(0.22)	(9.02)	1.34	6.13	-	-	1.34	6.13
4	ECnet Limited, Singapore	3.67	153.29	10.38	47.47	-	-	10.39	47.47
5	ECnet (M) Sdn. Bhd., Malaysia	0.37	15.34	(0.30)	(1.39)	-	-	(0.30)	(1.39)
6	ECnet, Inc., USA	(5.31)	(221.40)	-	(0.02)	-	-	-	(0.02)
7	ECnet (Hong Kong) Limited, Hong Kong	0.05	2.16	0.33	1.49	-	-	0.33	1.49
8	ECnet Systems (Thailand) Co. Limited, Thailand	(0.39)	(16.44)	(0.12)	(0.54)	-	-	(0.12)	(0.54)
9	ECnet Kabushiki Kaisha, Japan	(0.81)	(33.86)	0.41	1.88	-	-	0.41	1.88
10	ECnet (Shanghai) Co. Limited, People's Republic of China	(1.00)	(41.70)	(1.59)	(7.27)	-	-	(1.60)	(7.27)
11	Computaris International limited, UK	5.69	237.35	(0.32)	(1.48)	-	-	(0.32)	(1.48)
12	Computaris Romania Srl, Romania	3.50	146.11	4.10	18.72	-	-	4.10	18.72
13	Computaris Polska Sp. z o.o., Poland	(0.04)	(1.68)	8.84	40.36	-	-	8.84	40.36
14	ICS Computaris International Srl, Moldova	0.36	14.96	(0.88)	(4.03)	-	-	(0.88)	(4.03)
15	Computaris Malaysia Sdn. Bhd., Malaysia	0.06	2.42	(0.02)	(0.10)	-	-	(0.02)	(0.10)
16	Computaris USA, Inc., USA (refer note 1 below)	-	-	(0.39)	(1.80)	-	-	(0.39)	(1.80)
17	Computaris Philippines Pte. Ltd. Inc., Philippines	0.23	9.80	(0.90)	(4.12)	-	-	(0.90)	(4.12)
18	Computaris Suisse Sarl, Switzerland (refer note 2 below)	0.02	0.87	(0.12)	(0.54)	-	-	(0.12)	(0.54)
19	RSYS Technologies Ltd., Canada	0.20	8.44	(3.85)	(17.58)	-	-	(3.85)	(17.58)
20	IBIZ Consulting Pte. Ltd., Singapore	1.48	61.74	(0.03)	(0.13)	-	-	(0.03)	(0.13)
21	IBIZ Consulting Services Pte Ltd., Singapore	0.69	28.69	0.24	1.08	-	-	0.24	1.08
22	IBIZ Consulting Services Sdn. Bhd., Malaysia	0.26	10.71	0.41	1.88	-	-	0.41	1.88
23	PT. IBIZCS Indonesia, Indonesia	1.41	59.02	3.35	15.31	-	-	3.36	15.31
24	IBIZ Consulting Service Limited. Hong Kong	0.04	1.52	0.20	0.90	-	-	0.20	0.90
25	IBIZ Consulting Service Shanghai Co., Ltd., People's Republic of China	(1.23)	(51.45)	0.09	0.39	-	-	0.09	0.39
<b>Sub total</b>		<b>100.00</b>	<b>4,173.02</b>	<b>100.00</b>	<b>456.73</b>	<b>100.00</b>	<b>(0.50)</b>	<b>100.00</b>	<b>456.23</b>
Adjustment arising out of consolidation			(943.99)		53.72		94.05		147.77
<b>Total</b>			<b>3,229.03</b>		<b>510.45</b>		<b>93.55</b>		<b>604.00</b>

Note: 1. Liquidated on October 22, 2018  
2. Incorporated w.e.f. April 27, 2018

38. Additional Information pursuant to para 2 of general instruction for the preparation of consolidated financial statements (Contd.)

S.No.	Entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
		December 31, 2017		December 31, 2017		December 31, 2017		December 31, 2017	
		As % of consolidated net assets	Amount in Rs. (Mn)	As % of consolidated profit or loss	Amount in Rs. (Mn)	As % of consolidated other comprehensive income	Amount in Rs. (Mn)	As % of consolidated total comprehensive income	Amount in Rs. (Mn)
	<b>Parent Entity</b>								
1	R Systems International Limited, India	68.22	2,469.52	125.28	228.08	100.00	8.04	124.25	236.12
	<b>Subsidiaries</b>								
	<b>Indian Subsidiaries</b>								
1	IBIZ Consultancy Services India Private Limited., India	(0.10)	(3.51)	1.57	2.85	-	-	1.50	2.85
	<b>Foreign Subsidiaries</b>								
1	R Systems (Singapore) Pte Limited, Singapore	10.79	390.73	7.53	13.70	-	-	7.21	13.70
2	R Systems, Inc., USA	16.04	580.77	12.15	22.12	-	-	11.64	22.12
3	R Systems Technologies Ltd., USA	(0.39)	(13.99)	0.65	1.19	-	-	0.63	1.19
4	ECnet Limited, Singapore	2.71	98.14	14.47	26.33	-	-	13.85	26.33
5	ECnet (M) Sdn. Bhd., Malaysia	(1.13)	(41.07)	(3.38)	(6.15)	-	-	(3.24)	(6.15)
6	ECnet, Inc., USA	(5.60)	(202.66)	(0.01)	(0.02)	-	-	(0.01)	(0.02)
7	ECnet (Hong Kong) Limited, Hong Kong	0.35	12.85	0.76	1.39	-	-	0.73	1.39
8	ECnet Systems (Thailand) Co. Limited, Thailand	(0.40)	(14.42)	(0.03)	(0.06)	-	-	(0.03)	(0.06)
9	ECnet Kabushiki Kaisha, Japan	(0.89)	(32.36)	(0.25)	(0.46)	-	-	(0.24)	(0.46)
10	ECnet (Shanghai) Co. Limited, People's Republic of China	(0.93)	(33.60)	(3.31)	(6.03)	-	-	(3.17)	(6.03)
11	Computaris International limited,UK	6.31	228.50	(29.55)	(53.78)	-	-	(28.30)	(53.78)
12	Computaris Romania Srl, Romania	3.36	121.67	17.24	31.38	-	-	16.51	31.38
13	Computaris Polska Sp. z o.o., Poland	(1.13)	(40.80)	(49.25)	(89.65)	-	-	(47.17)	(89.65)
14	ICS Computaris International Srl, Moldova	0.47	17.18	(0.76)	(1.38)	-	-	(0.73)	(1.38)
15	Computaris Malaysia Sdn. Bhd., Malaysia	0.07	2.37	0.29	0.52	-	-	0.27	0.52
16	Computaris USA, Inc., USA	0.26	9.39	(2.36)	(4.29)	-	-	(2.26)	(4.29)
17	Computaris Philippines Pte. Ltd. Inc., Philippines	0.36	12.92	0.41	0.74	-	-	0.39	0.74
18	RSYS Technologies Ltd., Canada	(0.71)	(25.56)	(7.31)	(13.31)	-	-	(7.00)	(13.31)
19	IBIZ Consulting Pte. Ltd., Singapore	1.59	57.72	3.13	5.69	-	-	2.99	5.69
20	IBIZ Consulting Services Pte Ltd., Singapore	0.71	25.74	(0.60)	(1.10)	-	-	(0.58)	(1.10)
21	IBIZ Consulting Services Sdn. Bhd., Malaysia	0.23	8.31	(1.67)	(3.04)	-	-	(1.60)	(3.04)
22	PT. IBIZCS Indonesia., Indonesia	1.18	42.62	7.49	13.63	-	-	7.17	13.63
23	IBIZ Consulting Service Limited., Hong Kong	0.02	0.56	(0.01)	(0.01)	-	-	(0.01)	(0.01)
24	IBIZ Consulting Service Shanghai Co., Ltd., People's Republic of China	(1.39)	(50.34)	7.52	13.68	-	-	7.20	13.68
	<b>Sub total</b>	<b>100.00</b>	<b>3,620.68</b>	<b>100.00</b>	<b>182.02</b>	<b>100.00</b>	<b>8.04</b>	<b>100.00</b>	<b>190.06</b>
	Adjustment arising out of consolidation		(912.02)		43.32		(14.44)		28.88
	<b>Total</b>		<b>2,708.66</b>		<b>225.34</b>		<b>(6.40)</b>		<b>218.94</b>

**38. First time adoption of Ind AS**

These are the Group's first financials prepared under Ind AS.

The accounting policies set out in Note 2 have been applied in preparing the financial statements for the quarter and year ended December 31, 2018, the comparative information presented in these financial statements for the quarter and year ended December 31, 2018 and year ended December 31, 2017 and in the preparation of opening Ind AS balance sheet at January 01, 2017. In preparing its opening Ind AS balance sheet, the Group has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Section 133, of the Act and other relevant provisions contained in the Act (previous GAAP or Indian GAAP). In its transition from previous GAAP to Ind AS, the Group has also availed certain optional exemptions and mandatory exceptions in accordance with Ind AS 101.

An explanation of how this transition has affected the Group's financial performance and cash flows is set out in the following tables and notes.

**A. Exemption from full retrospective application:****a. Share based payment transactions**

The Group has elected to apply the exemption available under Ind AS 101 regarding application of Ind AS 102 "Share Based Payments", to equity instruments that had vested before the date of transition to Ind AS.

**b. Business Combination**

The Group is allowed to choose any date in the past from which it wants to account for the business combinations under Ind AS 103, without having to restate business combinations prior to such date. Accordingly, the Group has applied the standard for all acquisitions completed after January 1, 2004.

For all such acquisitions:

- Intangible assets previously included within goodwill under IGAAP have been recognized separately in the opening Balance Sheet in accordance with Ind AS 103.
- Deferred taxes have been recorded on intangible assets, wherever applicable.
- Goodwill has been restated in accordance with Ind AS 21, with the corresponding impact in the other comprehensive income in equity.
- Retained earnings has been adjusted to include the amortization on identified intangibles, net of taxes, that would have been recorded from the date of acquisition till the transition date.

**B. Mandatory exceptions****a. Estimates**

An entity's estimate on the date of transition to Ind AS shall be consistent with estimates made for the same date on accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at January 01, 2017 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Group made estimates for the following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

- Investment in mutual funds carried at FVTPL;
- Impairment of financial assets based on expected credit loss model;
- Fair valuation of financial assets and liabilities excluding derivatives.

**b. De-recognition of financial assets and liabilities**

Ind AS 101 requires a first time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind-AS. However, Ind AS 101 allows a first time adopter to apply the de-recognition requirements under Ind AS 109, retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and liabilities de-recognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The company has elected to apply the de-recognition provision of Ind AS 109 prospectively from the date of transition to Ind AS.

**c. Classification and measurement of financial assets**

As required under Ind AS 101, the Company has classified and measured the financial assets on the basis of the facts and circumstances existing at the date of transition to Ind AS.

### 38. First time adoption of Ind AS (Contd.)

#### C. Reconciliation between previous GAAP and Ind AS

The following reconciliations provide a quantification of the effect of significant differences arising from the transition from previous GAAP to Ind AS in accordance with Ind AS 101:

- Equity as at January 01, 2017;
- Equity as at December 31, 2017;
- Total comprehensive income for the year ended December 31, 2017; and
- Explanation of material adjustments to cash flow statements.

In the reconciliations mentioned above, certain reclassifications have been made to previous GAAP financial information to align with the Ind AS presentation.

#### a. Balance sheet reconciliation as at January 01, 2017 and December 31, 2017

(Rs. in million)

Particulars	Notes	As at January 01, 2017			As at December 31, 2017		
		Amount as per previous GAAP*	Effect of transition to Ind AS	Amount as per Ind AS	Amount as per previous GAAP*	Effect of transition to Ind AS	Amount as per Ind AS
<b>ASSETS</b>							
<b>A. Non-current assets</b>							
(a) Property, plant and equipment		289.52	-	289.52	300.38	-	300.38
(b) Capital work in progress		26.29	-	26.29	0.58	-	0.58
(c) Investment property		26.25	-	26.25	24.78	-	24.78
(d) Goodwill	8	452.20	(369.85)	82.35	467.60	(383.55)	84.05
(e) Intangible assets	8	32.14	50.26	82.40	17.03	35.79	52.82
(f) Financial assets							
(i) Investments		175.15	-	175.15	87.58	-	87.58
(ii) Other financial assets	1	88.63	(4.67)	83.96	89.11	(4.32)	84.79
(g) Deferred tax assets(net)	2	46.14	0.02	46.16	58.92	(0.41)	58.51
(h) Non-current tax assets	8	34.80	0.03	34.83	34.11	5.88	39.99
(i) Other non-current assets	1	26.95	4.16	31.11	8.85	3.70	12.55
<b>Total non-current assets (A)</b>		<b>1,198.07</b>	<b>(320.05)</b>	<b>878.02</b>	<b>1,088.94</b>	<b>(342.91)</b>	<b>746.03</b>
<b>B. Current assets</b>							
(a) Financial assets							
(i) Investments	3	87.57	-	87.57	135.57	1.31	136.88
(ii) Trade receivables	4	1,082.22	(0.44)	1,081.78	1,208.07	(0.43)	1,207.64
(iii) Cash and cash equivalents	5	1,133.47	14.29	1,147.76	922.99	6.03	929.02
(iv) Other bank balances	5	2.57	12.01	14.58	569.41	12.20	581.61
(v) Other financial assets	5	212.02	0.34	212.36	194.48	0.13	194.61
(b) Other current assets	1	113.68	0.49	114.17	119.30	0.52	119.82
<b>Total current assets (B)</b>		<b>2,631.53</b>	<b>26.69</b>	<b>2,658.22</b>	<b>3,149.82</b>	<b>19.76</b>	<b>3,169.58</b>
<b>Total assets (A+B)</b>		<b>3,829.60</b>	<b>(293.36)</b>	<b>3,536.24</b>	<b>4,238.76</b>	<b>(323.15)</b>	<b>3,915.61</b>

\* Previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

## 38. First time adoption of Ind AS (Contd.)

(Rs. in million)

Particulars	Notes	As at January 01, 2017			As at December 31, 2017		
		Amount as per previous GAAP*	Effect of transition to Ind AS	Amount as per Ind AS	Amount as per previous GAAP*	Effect of transition to Ind AS	Amount as per Ind AS
<b>EQUITY AND LIABILITIES</b>							
<b>A. Equity</b>							
(a) Equity share capital		123.13	-	123.13	123.21	-	123.21
(b) Other equity	9	2,656.60	(293.64)	2,362.96	2,909.92	(324.47)	2,585.45
<b>Total equity (A)</b>		<b>2,779.73</b>	<b>(293.64)</b>	<b>2,486.09</b>	<b>3,033.13</b>	<b>(324.47)</b>	<b>2,708.66</b>
<b>B. Non-current liabilities</b>							
(a) Financial liabilities							
(i) Borrowings		19.15	-	19.15	15.85	-	15.85
(ii) Other financial liabilities	1	54.30	(0.71)	53.59	2.47	(0.24)	2.23
(b) Provisions		89.42	-	89.42	91.18	-	91.18
(c) Deferred tax liabilities (net)		-	-	-	0.26	-	0.26
(d) Other non-current liabilities		0.58	-	0.58	0.29	-	0.29
<b>Total non-current liabilities (B)</b>		<b>163.45</b>	<b>(0.71)</b>	<b>162.74</b>	<b>110.05</b>	<b>(0.24)</b>	<b>109.81</b>
<b>C. Current liabilities</b>							
(a) Financial liabilities							
(i) Trade payables	5	296.75	0.14	296.89	338.84	1.21	340.05
(ii) Other financial liabilities	1	183.94	0.03	183.97	185.26	-	185.26
(b) Provisions	5	115.97	0.16	116.13	139.44	0.13	139.57
(c) Current tax liability (net)		58.94	-	58.94	47.40	-	47.40
(d) Other current liabilities	1	230.82	0.66	231.48	384.64	0.22	384.86
<b>Total current liabilities (C)</b>		<b>886.42</b>	<b>0.99</b>	<b>887.41</b>	<b>1,095.58</b>	<b>1.56</b>	<b>1,097.14</b>
<b>Total liabilities (B+C)</b>		<b>1,049.87</b>	<b>0.28</b>	<b>1,050.15</b>	<b>1,205.63</b>	<b>1.32</b>	<b>1,206.95</b>
<b>Total equity and liabilities (A+B+C)</b>		<b>3,829.60</b>	<b>(293.36)</b>	<b>3,536.24</b>	<b>4,238.76</b>	<b>(323.15)</b>	<b>3,915.61</b>

\* Previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

## b. Reconciliation of total equity as at January 01, 2017 and December 31, 2017

(Rs. in million)

Particulars	Notes to first time adoption	As at	As at
		January 01, 2017	December 31, 2017
<b>Total equity (shareholders' fund) as per previous GAAP</b>		<b>2,779.73</b>	<b>3,033.13</b>
<b>Ind AS adjustments</b>			
(a) Effect of inclusion of Employees Welfare Trust	5	12.55	13.03
(b) Expected Credit Loss provision for trade receivables and other financial assets	4	(0.44)	(0.43)
(c) Impact of fair valuation of investments in mutual funds	3	-	1.31
(d) Impact of security deposits measured at amortised cost	1	0.01	(0.13)
(e) Amortization of Intangible on acquisition	8	(319.58)	(347.77)
(f) Impact of merger of GM Solutions Private Limited	8	13.80	9.92
(g) Deferred tax impact on above adjustments	2	0.02	(0.41)
<b>Total adjustments</b>		<b>(293.64)</b>	<b>(324.47)</b>
<b>Total equity as per Ind AS</b>		<b>2,486.09</b>	<b>2,708.66</b>

### 38. First time adoption of Ind AS (Contd.)

#### c. Reconciliation of total comprehensive income for the year ended December 31, 2017

(Rs. in million)

Particulars	Notes to first time adoption	Year ended December 31, 2017		
		As per previous GAAP*	Effect of transition to Ind AS	As per Ind AS
<b>Income</b>				
Revenue from operations	8	5,926.36	0.02	5,926.38
Other income	1,3,5,8	152.49	9.38	161.87
<b>Total income</b>		<b>6,078.85</b>	<b>9.40</b>	<b>6,088.25</b>
<b>Expenses</b>				
Employee benefits expense	6,7	4,160.84	12.31	4,173.15
Finance costs	1,5,8	3.09	0.89	3.98
Depreciation and amortisation expense	8	119.67	15.13	134.80
Other expenses	1,4,5,8	1,418.74	4.14	1,422.88
<b>Total expenses</b>		<b>5,702.34</b>	<b>32.47</b>	<b>5,734.81</b>
<b>Profit before tax</b>		<b>376.51</b>	<b>(23.07)</b>	<b>353.44</b>
<b>Income tax expense</b>				
Current tax	5,8	143.82	6.07	149.89
MAT credit entitlement	8	-	(5.84)	(5.84)
Deferred tax	2,7	(12.12)	(3.83)	(15.95)
<b>Total tax expense</b>		<b>131.70</b>	<b>(3.60)</b>	<b>128.10</b>
<b>Profit for the year</b>		<b>244.81</b>	<b>(19.47)</b>	<b>225.34</b>
<b>Other comprehensive income</b>				
Re-measurement of defined benefit plans (net of tax)	7	-	8.04	8.04
Foreign currency translation reserve		-	(14.44)	(14.44)
<b>Total other comprehensive income</b>		<b>-</b>	<b>(6.40)</b>	<b>(6.40)</b>
<b>Total comprehensive income for the year</b>		<b>244.81</b>	<b>(25.87)</b>	<b>218.94</b>

#### d. Impact of Ind AS adjustments on the Statement of Cash Flows for the year ended December 31, 2017:

(Rs. in million)

Particulars	Notes to first time adoption	Amount as per previous GAAP*	Effect of transition to Ind AS	Amount as per Ind AS
Cash flows from / (used in) operating activities		374.34	(9.10)	365.24
Cash flows from / (used in) investing activities		(576.87)	0.83	(576.04)
Cash flows from / (used in) financing activities		(5.64)	0.01	(5.63)
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>(208.17)</b>	<b>(8.26)</b>	<b>(216.43)</b>
Cash and cash equivalents as on January 01, 2017	5,8	1,133.47	14.29	1,147.76
Effects of exchange rate changes on cash and cash equivalents		(2.31)	-	(2.31)
<b>Cash and cash equivalents as on December 31, 2017</b>	<b>5,8</b>	<b>922.99</b>	<b>6.03</b>	<b>929.02</b>

\* Previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.



**38. First time adoption of Ind AS (Contd.)****e. Notes to first time adoption****Note 1 – Security deposits measured at amortised costs**

Under IGAAP, security deposits (both assets and liabilities) were accounted for at their undiscounted nominal values. Under Ind AS, these have been accounted for at amortised cost method by discounting the cash flows using effective interest rates. Consequently, the impact of aforesaid amortisation has been accounted for in the statement of profit and loss. The resulting changes as at the transition date has been adjusted in opening retained earnings.

**Note 2 – Deferred tax**

Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The various transitional adjustments have led to temporary tax differences, which the Company has accounted for as deferred tax adjustments. Deferred tax adjustments are recognised in correlation to the underlying transaction as either in profit and loss or other comprehensive income. The resulting changes as at the transition date has been adjusted in opening retained earnings.

**Note 3 – Fair valuation of investment in Mutual Funds**

Under IGAAP, investments in mutual funds were classified as current investments and were carried at lower of cost and fair value. Under the Ind AS, these investments are classified as at fair value through profit or loss (FVTPL) and measured at fair value. The resulting fair value changes have been recognised in the statement of profit and loss.

**Note 4 – Allowance for credit loss**

Under IGAAP, the entity determined provisions for impairment of trade receivables (provision for bad and doubtful debts) using incurred loss model i.e. if they remained outstanding over the prescribed period. Under Ind AS, impairment allowance has been determined based on expected credit loss model (ECL) for trade receivables and other financial assets, which has resulted in additional provisions being accounted for in statement of profit and loss. The impact of additional provisions due to ECL as at the transition date has been adjusted in opening retained earnings.

**Note 5 – Effect of inclusion of ESOP trust**

Under Ind AS, the financial statement of R Systems Employee Welfare Trust (ESOP Trust) have been included in the standalone financial statements of the Company as the trust was created for the benefit of the employees and administered by the Company and in substance the ESOP Trust functions as an extension of the Company.

**Note 6 – Share-based payments measurements**

The Company has granted equity-settled share-based payments to certain employees. The Company accounted for these share-based payment arrangements by reference to their intrinsic value under previous GAAP. Under Ind AS, the related liability has been adjusted to reflect the fair value of the outstanding equity-settled share-based payments. Accordingly, the amount transferred from Employee Stock Option Outstanding account to Securities Premium account, due to issue of shares to employees against options, is also measured at fair value.

**Note 7 – Re-measurements of post-employment defined benefit obligation**

Under the previous GAAP, the actuarial gains/losses on defined benefit obligations and plan assets were recognised as employee benefits expense in the statement of profit and loss. Under Ind AS, such actuarial gains/losses are recognised under other comprehensive income. The related tax expense/income is also reclassified to other comprehensive income.

**Note 8 – Business Combination**

Under the previous GAAP, in case of business combinations, the difference between the net consideration and the value of net assets acquired was recognised as goodwill/capital reserve on consolidation. Under Ind AS, any intangible assets identified in a business combination is also required to be recognised at their respective fair values separately from goodwill arising out of business combination. Such separately identified intangible assets having finite life are amortised over their useful life. The impact of such amortization has been accounted for in statement of profit and loss.

Under the previous GAAP, in case of business combinations, a liability towards contingent consideration was recognised in the financial statements at undiscounted nominal value. Any subsequent change in such liability was adjusted in goodwill / capital reserve on consolidation. Under Ind AS, the liability towards contingent consideration are recorded at discounted values of expected cash outflows. Any changes in the fair value of such liability is accounted for in the Statement of Profit and Loss.

Merger of GM Solutions Private Limited and the Company has been accounted for with effect from January 01, 2017. Refer to Note 35 for details.

#### **Note 9 – Retained earnings**

Retained earnings as at January 01, 2017 has been adjusted consequent to the above Ind AS adjustments.

39. The financial statements have been approved by the Board of Directors at its meeting held on February 08, 2019.

#### **For and on behalf of the Board of Directors of R SYSTEMS INTERNATIONAL LIMITED**

**Sd/-**  
**SATINDER SINGH REKHI**  
Managing Director  
DIN: 00006955

Place : Singapore  
Date : February 08, 2019

**Sd/-**  
**LT. GEN. BALDEV SINGH (RETD.)**  
President & Senior Executive  
Director  
DIN: 00006966

Place : NOIDA  
Date : February 08, 2019

**Sd/-**  
**NAND SARDANA**  
Chief Financial Officer

Place : NOIDA  
Date : February 08, 2019

**Sd/-**  
**BHASKER DUBEY**  
Company Secretary &  
Compliance Officer

Place : NOIDA  
Date : February 08, 2019

## FORM AOC-1

## Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

## List of Subsidiaries

(Rs. in million, except exchange rate)

S. No.	Name of the Subsidiary	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Reporting currency for the relevant financial year in the case of foreign subsidiaries	Exchange rate as on the last date of the relevant Financial year	Share Capital	Reserves & Surplus	Total assets	Total Liabilities	Investments (other than subsidiary and fellow associates)	Turnover	Profit before taxation	Provision for taxation	Profit after taxation	Proposed Dividend	% of Shareholding
1	R Systems (Singapore) Pte Limited, Singapore	December 31, 2018	Singapore Dollar	51.25	391.09	55.02	497.00	50.89	-	370.06	27.14	(0.12)	27.26	-	100.00%
2	R Systems, Inc., USA	December 31, 2018	US Dollar	69.78	107.28	552.58	813.14	153.28	-	1,642.91	55.57	30.13	25.44	-	100.00%
3	R Systems Technologies Ltd., USA	December 31, 2018	US Dollar	69.78	17.01	(26.03)	14.58	23.60	-	165.99	8.22	1.95	6.27	-	100.00%
4	ECnet Limited, Singapore <sup>(1)</sup>	December 31, 2018	Singapore Dollar	51.25	4,435.66	(4,282.37)	202.01	48.72	-	340.41	49.90	1.81	48.09	-	99.75%
5	ECnet (M) Sdn. Bhd., Malaysia <sup>(2)</sup>	December 31, 2018	Malaysian Ringgit	16.78	68.80	(53.46)	69.40	54.06	-	154.84	(1.37)	-	(1.37)	-	99.75%
6	ECnet, Inc., USA <sup>(2)</sup>	December 31, 2018	US Dollar	69.78	0.14	(221.54)	0.08	221.48	-	-	(0.02)	-	(0.02)	-	99.75%
7	ECnet (Hong Kong) Limited, Hong Kong <sup>(2)&amp;(4)</sup>	December 31, 2018	Hong Kong Dollar	8.87	-	2.16	4.41	2.25	-	7.54	1.45	(0.07)	1.52	-	99.75%
8	ECnet Systems (Thailand) Co. Limited, Thailand <sup>(2)</sup>	December 31, 2018	Thai Baht	2.16	4.32	(20.76)	46.22	62.66	-	70.71	(0.56)	-	(0.56)	-	99.75%
9	ECnet Kabushiki Kaisha, Japan <sup>(2)</sup>	December 31, 2018	Japanese Yen	0.63	6.30	(40.16)	0.65	34.51	-	1.60	1.91	-	1.91	-	99.75%
10	ECnet (Shanghai) Co. Limited, People's Republic of China <sup>(2)</sup>	December 31, 2018	Chinese Yuan	10.09	16.70	(58.36)	23.48	65.14	-	28.33	(7.10)	-	(7.10)	-	99.75%
11	Computaris International limited, UK	December 31, 2018	Euro	79.99	0.06	237.30	383.58	146.22	-	716.69	(1.47)	-	(1.47)	-	100.00%
12	Computaris Romania Srl, Romania <sup>(1)</sup>	December 31, 2018	Romania leu	17.22	0.03	146.08	174.70	28.59	-	573.28	24.07	5.49	18.58	-	100.00%
13	Computaris Polska Sp. z o.o., Poland <sup>(3)</sup>	December 31, 2018	Polish Zloty	18.64	0.93	(2.61)	80.06	81.74	-	230.45	47.07	7.33	39.74	-	100.00%
14	ICS Computaris International Srl, Moldova <sup>(3)</sup>	December 31, 2018	Moldovan leu	4.14	0.02	14.94	15.54	0.58	-	46.02	(4.06)	-	(4.06)	-	100.00%
15	Computaris Malaysia Sdn. Bhd., Malaysia <sup>(3)</sup>	December 31, 2018	Malaysian Ringgit	16.78	0.02	2.41	2.83	0.40	-	14.26	0.08	0.18	(0.10)	-	100.00%
16	Computaris USA, Inc., USA <sup>(3)&amp;(5)</sup>	December 31, 2018	US Dollar	69.78	-	-	-	-	-	26.44	0.65	2.51	(1.86)	-	100.00%
17	Computaris Philippines Pte. Ltd. Inc., Philippines <sup>(3)</sup>	December 31, 2018	Philippine Peso	1.32	13.20	(3.40)	38.90	29.10	-	38.51	(5.73)	(1.55)	(4.18)	-	100.00%
18	Computaris Suisse Sarl, Switzerland <sup>(3)&amp;(8)</sup>	December 31, 2018	Swiss Franc	70.95	1.42	(0.55)	1.44	0.57	-	-	(0.54)	0.01	(0.55)	-	100.00%
19	RSYS Technologies Ltd., Canada	December 31, 2018	Canadian Dollar	51.24	56.36	(47.92)	17.72	9.28	-	26.57	(17.10)	-	(17.10)	-	100.00%
20	IBIZ Consulting Pte. Ltd., Singapore <sup>(6)</sup>	December 31, 2018	Singapore Dollar	51.25	58.99	2.75	191.52	129.78	-	333.13	(2.75)	(2.62)	(0.13)	-	100.00%
21	IBIZ Consulting Services Pte Ltd., Singapore <sup>(7)</sup>	December 31, 2018	Singapore Dollar	51.25	74.31	(45.62)	31.07	2.38	-	31.04	1.09	-	1.09	-	100.00%

S. No.	Name of the Subsidiary	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Reporting currency for the relevant financial year in the case of foreign subsidiaries	Exchange rate as on the last date of the relevant Financial year	Share Capital	Reserves & Surplus	Total assets	Total Liabilities	Investments (other than subsidiary and fellow associates)	Turnover	Profit before taxation	Provision for taxation	Profit after taxation	Proposed Dividend	% of Shareholding
22	IBIZ Consulting Services Sdn. Bhd., Malaysia <sup>(7)</sup>	December 31, 2018	Malaysia Ringgit	16.78	8.39	2.32	40.33	29.62	-	80.54	2.17	0.30	1.87	-	100.00%
23	PT. IBIZCS Indonesia, Indonesia <sup>(7)</sup>	December 31, 2018	Indonesia Rupiah	0.00	10.96	48.05	94.49	35.48	-	71.46	20.00	4.65	15.35	-	100.00%
24	IBIZ Consultancy Services India Private Limited., India <sup>(7)&amp;(10)</sup>	December 31, 2018	Indian Rupee	1.00	0.50	(5.85)	22.46	27.81	-	32.05	(2.08)	(0.24)	(1.84)	-	100.00%
25	IBIZ Consulting Service Limited, Hong Kong <sup>(7)</sup>	December 31, 2018	Hong Kong Dollar	8.87	0.09	1.43	61.02	59.50	-	7.29	0.91	-	0.91	-	100.00%
26	IBIZ Consulting Service Shanghai Co., Ltd., People's Republic of China <sup>(8)</sup>	December 31, 2018	Chinese Yuan	10.09	4.83	(56.23)	29.55	80.95	-	26.45	0.38	-	0.38	-	100.00%

**Notes:**

- R Systems International Limited holds 69.37% directly in ECnet Limited, Singapore and 30.38% shares through its wholly owned subsidiary i.e. R-Systems (Singapore) Pte Limited, Singapore and thus together it holds 99.75% of total capital of ECnet Limited, Singapore.
- Wholly owned subsidiary of ECnet Limited, Singapore which is the subsidiary of R Systems International Limited as explained in note no 1.
- Wholly owned subsidiary of Computaris International Limited, United Kingdom, which is the wholly owned subsidiary of R Systems International Limited.
- The absolute amount of share capital in ECnet (Hong Kong) Limited, Hong Kong is Rs. 12 /- (2 ordinary shares of HKD 1 each).
- Computaris USA, Inc., USA was liquidated on October 22, 2018.
- Wholly owned subsidiary of R Systems (Singapore) Pte Ltd., Singapore which is the wholly-owned subsidiary of R Systems International Limited.
- Wholly owned subsidiary of IBIZ Consulting Pte. Ltd., Singapore which is the wholly-owned subsidiary of R Systems (Singapore) Pte Limited, Singapore as explained in note no. 6.
- Wholly owned subsidiary of IBIZ Consulting Service Limited, Hong Kong which is the wholly-owned subsidiary of IBIZ Consulting Pte. Ltd., Singapore as explained in note no. 7
- Computaris Suisse Sarl, Switzerland was incorporated on April 27, 2018
- Reporting period for all the subsidiaries is financial year i.e. January to December except for IBIZ Consultancy Services India Private Limited which follows April to March as its financial year.
- INR numbers are derived by converting respective reporting currency using closing rate.

**For and on behalf of the Board of Directors of R SYSTEMS INTERNATIONAL LIMITED**

**Sd/-**  
**SATINDER SINGH REKHI**  
 Managing Director  
 DIN: 000006955

Place : Singapore  
 Date : February 08, 2019

**Sd/-**  
**LT. GEN. BALDEV SINGH (RETD.)**  
 President & Senior Executive Director  
 DIN: 000006966

Place : NOIDA  
 Date : February 08, 2019

**Sd/-**  
**NAND SARDANA**  
 Chief Financial Officer

Place : NOIDA  
 Date : February 08, 2019

**Sd/-**  
**BHASKER DUBEY**  
 Company Secretary &  
 Compliance Officer

Place : NOIDA  
 Date : February 08, 2019

## NOTICE

### R SYSTEMS INTERNATIONAL LIMITED

#### NOTICE OF THE TWENTY FIFTH ANNUAL GENERAL MEETING

[Corporate Identification Number – L74899DL1993PLC053579]  
 Registered Office: GF-1-A, 6, Devika Tower, Nehru Place, New Delhi-110019  
 Corporate Office: C-40, Sector -59, NOIDA, Distt. Gautam Budh Nagar, U.P. – 201 307, India  
 Tel.: +91 – 120 – 4303500; Fax: +91 – 120 – 4082699  
 Website: [www.rsystems.com](http://www.rsystems.com); Email: [investors@rsystems.com](mailto:investors@rsystems.com)

NOTICE is hereby given that Twenty Fifth Annual General Meeting of the shareholders of R SYSTEMS INTERNATIONAL LIMITED (the "Company"/ "R Systems") will be held on Tuesday, May 28, 2019 at 9:00 A.M. at Air Force Auditorium, Subroto Park, New Delhi - 110 010 for transacting the following business:

#### AS ORDINARY BUSINESS

- To receive, consider, approve and adopt audited financial statements of the Company for the financial year ended December 31, 2018 and the reports of the Board of Directors and the Auditors thereon and the consolidated financial statements for the year ended on that date together with the reports of Auditors.
- To confirm the interim dividend of Re. 0.60 per equity share of Re. 1/- each declared and paid during the year ended December 31, 2018.
- To appoint a director in place of Mr. Avirag Jain (DIN: 00004801), who retires by rotation and being eligible, offers himself for re-appointment.

#### AS SPECIAL BUSINESS

- To consider the appointment of Mr. Mandeep Sodhi for holding office or place of profit, and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

**"RESOLVED THAT** pursuant to the provisions of Section 188 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder, including any statutory modification(s) or re-enactment thereof for the time being in force and as may be enacted from time to time and such approvals as may be required, approval of the shareholders of the Company be and is hereby accorded to Mr. Mandeep Sodhi, (son of Lt. Gen. Baldev Singh (Retd.), President & Senior Executive Director of the Company), for holding office or place of profit under the designation as Chief Operating Officer- R Systems USA Operations at an annual base salary of USD 120,000/- and applicable sales commission plan as approved by Nomination & Remuneration Committee of the Company along with a maximum annual increment of up to 10% on his base salary each year on 01<sup>st</sup> January.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorised to review, alter and

vary terms, designation, remuneration for Mr. Mandeep Sodhi for holding the said office or place of profit within the maximum limit approved by the shareholders.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary, proper or expedient, to give effect to this resolution and the Board may, by a resolution delegate the aforementioned power to any committee of directors, director or any other principal officer of the Company on such conditions as the Board may prescribe."

- To consider the reduction of the share capital of the Company and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution:**

**"RESOLVED THAT** pursuant to Section 66 of the Companies Act, 2013 ("the Act") read with National Company Law Tribunal (Procedure for Reduction of Share Capital) Rules, 2016 (including any statutory modification, amendment or re-enactment thereof for the time being in force), Articles of Association of the Company or as per any other provisions of any Act, Rules, Regulations, Notifications, Circulars etc. and subject to the confirmation of the National Company Law Tribunal ("Tribunal"), the consent of the equity shareholders of the Company be and is hereby accorded to the proposed reduction of the paid up share capital of the Company from Rs. 120,337,925/- (Rupees Twelve Crore Three Lakhs Thirty Seven Thousand Nine Hundred Twenty Five only) comprising 120,337,925 fully paid equity shares of Re. 1/- each (Rupee One only) to Rs. 119,598,945/- (Rupees Eleven Crore Ninety Five Lakhs Ninety Eight Thousand Nine Hundred Forty Five only) comprising of 119,598,945 equity shares of Re. 1/- each (Rupees One only), by cancelling and extinguishing 738,980 (Seven Lakhs Thirty Eight Thousand Nine Hundred Eighty only) issued, subscribed and fully paid up equity shares of Re. 1/- each (Rupee One only) (0.61% of the total issued, subscribed and paid up equity share capital of the Company) as held by R Systems Employees Welfare Trust (the "**Capital Reduction**").

**RESOLVED FURTHER THAT** upon the Capital Reduction being confirmed by the Tribunal and becoming effective and operative, without any further act or deed by the equity shareholders, the existing share certificates in relation to 738,980 (Seven Lakhs Thirty Eight Thousand Nine Hundred Eighty only) equity shares

of Re. 1/- each (Rupee One only) of the Company held by R Systems Employees Welfare Trust shall stand cancelled and extinguished and rendered invalid.

**RESOLVED FURTHER THAT** upon extinguishment of 738,980 equity share as mentioned above, the paid up share capital of the Company be stand reduced to the extent of the face value of the shares so extinguished.

**RESOLVED FURTHER THAT** the Restructuring Committee comprising of Mr. Satinder Singh Rekhi, Managing Director, Lt. Gen. Baldev Singh (Retd.), President & Senior Executive Director, Mr. Avirag Jain, Director & Chief Technology Officer, Mrs. Ruchica Gupta, Non-Executive Independent Director, Mr. Kapil Dhameja, Non-Executive Independent Director, Mr. Nand Sardana Chief Financial Officer and Mr. Bhasker Dubey, Company Secretary & Compliance Officer of the Company as constituted by the Board of Directors ("the Board") be and is hereby authorised to take all necessary steps and do all such acts, deeds, matters and things, as it may, in its absolute discretion, deem necessary, expedient, usual or proper, in the best interest of the Company and its members in connection with and relating to the Capital Reduction, including any directions for settling any question or doubt or difficulty whatsoever that may arise, for the purpose of giving effect to the Capital Reduction, or to any modification thereof, and as the Board may in its absolute discretion deem fit and proper in the best interest of the Company without being required to seek any further consent or approval of the members or otherwise (including but not limited to):

- (a) To finalize the Scheme of Capital Reduction ("Scheme") including making such alterations or changes or modifications in the Scheme as may be expedient or necessary for satisfying the requirement or condition(s) imposed by the Tribunal or other regulatory authority/(ies);
- (b) To take all necessary steps in connection with:
  - i. To sign and file applications/affidavits/documents with such statutory authorities as may be required for approval or delegate such authority to another person by a valid Power of Attorney or other appropriate authorization;
  - ii. Filing of the Scheme with the relevant regulatory authorities, including the Stock Exchanges where the Company's equity shares are listed, SEBI and thereafter with the Tribunal for sanction of the Scheme;
  - iii. Filing of the application(s)/petitions with the Tribunal for obtaining its approval to the Scheme in accordance with the provisions of the Companies Act, 2013;
  - iv. To finalize and settle the draft of the notices for convening the meeting of creditors of the

Company, if directed by the Tribunal and the draft of the explanatory statements under provisions of the Companies Act, 2013, SEBI Circulars, or any such applicable provisions under the Companies Act, 2013, in terms of the directions of the Tribunal, or effect any other modification or amendment as they may consider necessary or desirable to give effect to the Reduction of Capital of the Company;

- v. Swear affidavits and to give undertakings, to engage counsels, advocates, chartered accountants, merchant bankers and other expert advisors for implementation of the Scheme of Capital Reduction;
- vi. To settle any question/ issue or difficulty that may arise with regard to the implementation of the above Scheme, and to give effect to the above resolution;
- vii. To sign all applications, petitions, vakalatnamas, no objection certificates in relation to the Scheme, as may be required, and other documents, to be filed before the Tribunal or such other competent authority in relation to any matter pertaining to the aforesaid Scheme;
- viii. Filing of affidavits, pleadings, certificates, declarations, undertakings, proceedings, reports, issuing advertisements and notices or any other documents incidental or deemed necessary or useful in connection with the above proceedings and to do all such acts as are necessary or incidental to the said proceedings for obtaining confirmation of the Scheme by the Tribunal and other regulatory authorities;
- ix. To make requisite statutory filings with the concerned Registrar of Companies in connection with the Scheme;
- x. To represent the Company before any regulatory authorities including Central or State Government, Regional Director, Registrar of Companies, and before Tribunal for the purpose of the proposed Scheme, signing and filing of all documents, deeds, applications, notices, petitions and letters, to finalize and execute all necessary applications/ documents/ papers for and behalf of the Company;
- xi. To access all books, records, facilities and personnel of the Company as deemed necessary or appropriate by any member of the Committee to discharge the responsibilities;
- xii. To affix the common seal of the Company on any documents in connection with the purpose of the above resolution as may be required in accordance with the Articles of Association of the Company;

- xiii. To withdraw, terminate or abandon the Scheme at any stage in case any changes and/or modifications suggested/ required to be made in the Scheme or any condition imposed, whether by any shareholder, creditor, Tribunal and /or any other regulatory authority, are in their view not in the interest of the Company, and / or if the Scheme cannot be implemented otherwise, and to do all such deeds, acts and things as may be deemed necessary and desirable in connection therewith and incidental thereto; and
- xiv. To do all such other acts, matters, deeds and things necessary or desirable in connection with or incidental to giving effect to the purpose of the

above resolution or to otherwise give effect to the Scheme of Capital Reduction and to decide and settle all matters and issues that may arise in this regard and/or to get the same done by delegating to one or more of these activities to official(s) of the Company as it may deem fit.”

By Order of the Board  
For R Systems International Limited

**Sd/-**  
**Bhasker Dubey**  
(Company Secretary & Compliance Officer)

Place : NOIDA (U.P.)  
Date : May 02, 2019

## NOTES

- (i) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY SO APPOINTED NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES IN ORDER TO BE EFFECTIVE SHOULD BE DULY COMPLETED, STAMPED AND SIGNED AND MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE AFORESAID MEETING.**
- (ii) Pursuant to Section 105 of Companies Act, 2013 and rules made thereunder, a person shall not act as a proxy for more than 50 members and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. However, a member holding more than ten percent of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person.
- (iii) Corporate members intending to send their authorised representatives are requested to send a duly certified copy of the board or governing body resolution authorising the representatives to attend and vote at the Annual General Meeting.
- (iv) Members / proxies attending the meeting are requested to:
- bring their copies of annual report sent to the members, as copies of the annual report shall not be distributed at the Annual General Meeting;
  - note that no gift coupons shall be distributed at the Annual General Meeting; and
  - quote their Folio / Client ID and DP ID number in all correspondences.
- (v) The register of members and share transfer books of the Company shall remain closed from May 24, 2019 to May 28, 2019 (both days inclusive) for the purpose of Annual General Meeting.
- (vi) Members holding shares in electronic form are advised to notify the changes, if any, in their address / bank details / mandate to their respective depository participants.
- (vii) Any query proposed to be raised at the Annual General Meeting may be sent to the Company at its registered office at least seven days prior to the date of the meeting to enable the management to compile the relevant information to respond to the query in the meeting. The envelope may please be superscribed "Attention: Mr. Bhasker Dubey, Company Secretary & Compliance Officer".
- (viii) Members holding shares in physical form, may write to the Company or to the registrar and share transfer agent Link Intime India Private Limited for any change in their addresses and bank mandate. Members holding shares in electronic form may write to their depository participants for immediate updation.
- (ix) The statutory registers maintained under Section 189 of the Companies Act, 2013 and Section 170 of the Companies Act, 2013, the certificate of the auditors of the Company certifying the implementation of the Company's stock option plans/ schemes in accordance with the SEBI (Share Based Employee Benefits) Regulations, 2014, as amended and the resolutions passed by the members in the general meeting, will be available at the venue of the Annual General Meeting for inspection by members.
- (x) All documents referred to in the Notice and accompanying explanatory statements as well as the annual accounts of the subsidiaries etc., are open for inspection at the registered office/ corporate office of the Company on all working days between 10:00 A.M. to 02:00 P.M. up to the date of the Annual General Meeting.
- (xi) Members/ proxies are requested to bring the attendance slips duly filled in and signed for attending the Meeting.
- (xii) Pursuant to the provisions of Section 72 of the Companies Act, 2013, shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in Form SH-13 (which will be made available on request) to the registrar and share transfer agent Link Intime India Private Limited or can be downloaded from the following URL <https://www.rsystems.com/investors-info/corporate-governance/>.
- (xiii) Pursuant to provisions of Section 124 of the Companies Act, 2013, dividend which remains unpaid or unclaimed for a period of seven years from the date of its transfer to unpaid dividend account, is required to be transferred by the Company to Investor Education and Protection Fund ('IEPF'), established by the Central Government under the provisions of Section 125 of the Companies Act, 2013. Shareholders are advised to claim the unclaimed dividend lying in the unpaid dividend account from the Company's registrar and share transfer agent Link Intime India Private Limited or directly from the Company. It may be noted that once the unclaimed dividend is transferred to IEPF of the Central Government as above, no claim shall lie in respect thereof against the Company.
- (xiv) As per Section 124 of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, shares on which dividend remains unpaid / unclaimed for seven consecutive years are required to be compulsorily transferred to IEPF. The Company has individually sent notices to such members whose shares are required to be transferred to the demat Account of IEPF Authority. An advertisement to this effect was also published in leading English and Hindi Newspapers on March 02, 2019. The Company has also uploaded the details



of such members and the shares due for transfer to the demat account of IEPF Authority on its website at the following link:

<https://www.rsystems.com/investors-info/unpaid-and-unclaimed-dividend/>.

- (xv) As a part of its green initiative in Corporate Governance, the Ministry of Corporate Affairs, Government of India had allowed companies to send various notices/documents to their Members through electronic mail. In terms of the provisions of the Companies Act, 2013, a company can serve Notice of the General Meeting of Members, Annual Report through electronic mode to the shareholders who have registered their e-mail address either with the Company or with the Depository Participant. Accordingly, the Annual Report of the Company comprising of Directors' Report, Auditors' Reports, Financial Statements, Notice etc. are being sent on the email addresses of the members made available to the Company by the Depositories (NSDL/CDSL) or registered by the Members with the Company or RTA of the Company.
- (xvi) The Annual Report for the financial year December 31, 2018 and Notice for convening the Twenty Fifth Annual General Meeting of the Company being circulated to the members of the Company is available on the Company's website, viz. <https://www.rsystems.com/investors-info/annual-reports/>.
- (xvii) Members who have not registered their e-mail addresses so far are requested to register their e-mail addresses to their Depository Participant for receiving all communications including Annual Report, Notices etc. from the Company in electronic mode.
- Further, as per SEBI Circular No SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018, the Registrar and Share Transfer Agent of the Company has sent letters to the shareholders to record their relevant KYC details. Shareholders are requested to update these details at the earliest.
- (xviii) Additional information, pursuant to Regulation 36 (3) the Securities and Exchange Board of India ("Listing Regulations") entered into with stock exchanges, in respect of directors recommended for approval of reappointment at the Annual General Meeting and Explanatory Statement as required under Section 102 of the Companies Act, 2013, in respect of special business under item numbers 04 and 05 of the Notice is appended hereto and forms part of this Notice.
- (xix) In compliance with the provisions of Regulations 44 of the Listing Regulations and Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended, and Regulation 44 of Listing Regulations, the Company is pleased to provide electronic voting facility to its members for transacting all the businesses as stated in the Notice for the Twenty Fifth Annual General Meeting of the Company through remote e-voting services being provided by Link Intime India Pvt. Ltd.

**The instructions for shareholders for remote e-voting are as under:**

- a. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.
- b. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
- c. The remote e-voting period begins on Friday, May 24, 2019 at 10:00 a.m. and ends on Monday, May 27, 2019 at 05:00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of Tuesday, May 21, 2019, may cast their vote electronically. The remote e-voting module shall be disabled by Link Intime India Private Limited for voting thereafter.

**The shareholders should log-in to e-Voting website of Link Intime India Private Limited (LIPL)**

1. Visit the e-voting system of LIPL. Open web browser by typing the following URL: <https://instavote.linkintime.co.in>.
2. Click on "Login" tab, available under 'Shareholders' section.
3. Enter your User ID, password and image verification code (CAPTCHA) as shown on the screen and click on "SUBMIT".
4. Your User ID details are given below:
  - a. Shareholders holding shares in demat account with NSDL: Your User ID is 8 Character DP ID followed by 8 Digit Client ID
  - b. Shareholders holding shares in demat account with CDSL: Your User ID is 16 Digit Beneficiary ID
  - c. Shareholders holding shares in Physical Form (i.e. Share Certificate): Your User ID is Event No and Folio Number registered with the Company
5. Your Password details are given below:

If you are using e-Voting system of LIPL: <https://instavote.linkintime.co.in> for the first time or if you are holding shares in physical form, you need to follow the steps given below:

Click on "Sign Up" tab available under 'Shareholders' section register your details and set the password of your choice and confirm (The password should contain minimum 8 characters, at least one special character, at least one numeral, at least one alphabet and at least one capital letter).

<b>For Shareholders holding shares in Demat Form or Physical Form</b>	
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (applicable for both demat shareholders as well as physical shareholders). <ul style="list-style-type: none"> <li>Members who have not updated their PAN with depository Participant or in the Company record are requested to use the sequence number which is printed on Ballot Form / Attendance Slip indicated in the PAN Field.</li> </ul>
DOB/ DOI	Enter the DOB (Date of Birth)/ DOI as recorded with depository participant or in the Company record for the said demat account or folio number in dd/mm/yyyy format.
Bank Account Number	Enter the Bank Account number as recorded in your demat account or in the company records for the said demat account or folio number. <ul style="list-style-type: none"> <li>Please enter the DOB/ DOI or Bank Account number in order to register. If the above mentioned details are not recorded with the depository participants or Company, please enter Folio number in the Bank Account number field as mentioned in instruction 4(c).</li> </ul>

If you are holding shares in demat form and had registered on to e-Voting system of LIPL: <https://instavote.linkintime.co.in>, and/or voted on an earlier voting of any company then you can use your existing password to login.

**If Shareholders holding shares in Demat Form or Physical Form have forgotten password:**

Enter User ID, select Mode and Enter Image Verification code (CAPTCHA). Click on "SUBMIT".

In case shareholder is having valid email address, Password will be sent to the shareholders registered e-mail address. Else, shareholder can set the password of his/her choice by providing the information about the particulars of the Security Question & Answer, PAN, DOB/ DOI, Dividend Bank Details etc. and confirm. (The password should contain minimum 8 characters, at least one special character, at least one numeral, at least one alphabet and at least one capital letter).

**NOTE:** The password is to be used by demat shareholders for voting on the resolutions placed by the company in which they are a shareholder and eligible to vote, provided that the company opts for e-voting platform of LIPL.

For shareholders holding shares in physical form, the details can be used only for voting on the resolutions contained in this Notice.

It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

**Cast your vote electronically**

- After successful login, you will be able to see the notification for e-voting on the home page of INSTA Vote. Select/ View "Event No" of the company, you choose to vote.
- On the voting page, you will see "Resolution Description" and against the same the option "Favour/ Against" for voting.  
Cast your vote by selecting appropriate option i.e. Favour/Against as desired.  
Enter the number of shares (which represents no. of votes) as on the cut-off date under 'Favour/ Against'. You may also choose the option 'Abstain' and the shares held will not be counted under 'Favour/ Against'.
- If you wish to view the entire Resolution details, click on the 'View Resolutions' File Link.
- After selecting the appropriate option i.e. Favour/ Against as desired and you have decided to vote, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "YES", else to change your vote, click on "NO" and accordingly modify your vote.
- Once you confirm your vote on the resolution, you will not be allowed to modify or change your vote subsequently.
- You can also take the printout of the votes cast by you, by clicking on "Print" option on the Voting page.

**General Guidelines for shareholders:**

- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to e-Voting system of LIPL: <https://instavote.linkintime.co.in> and register themselves as 'Custodian / Mutual Fund / Corporate Body'.  
They are also required to upload a scanned certified true copy of the board resolution /authority letter/power of attorney etc. together with attested specimen signature of the duly authorised representative(s) in PDF format in the 'Custodian / Mutual Fund / Corporate Body' login for the Scrutinizer to verify the same.
- During the voting period, shareholders can login any number of time till they have voted on the resolution(s) for a particular "Event".
- Shareholders holding multiple folios/demat account shall choose the voting process separately for each of the folios/demat account.
- In case the shareholders have any queries or issues regarding e-voting, please refer the Frequently Asked Questions ("FAQs") and Instavote e-Voting manual available at <https://instavote.linkintime.co.in>, under Help

section or write an email to [enotices@linkintime.co.in](mailto:enotices@linkintime.co.in) or  
Call us :- Tel : 022 - 49186000.

- (xx) The voting rights of Shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date i.e. Tuesday, May 21, 2019.
- (xxi) Members are requested to notify the change in the address, if any, in case of shares held in electronic form to the concerned Depository Participant quoting their Client ID and in case of Physical shares to the Registrar and Transfer Agent.
- (xxii) Mr. Sanjay Grover, Company Secretary in whole time practice (C.P No. 3850), has been appointed as the Scrutinizer to scrutinize the remote e-voting process in a fair and transparent manner.
- (xxiii) The Scrutinizer shall after the conclusion of voting at the AGM, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than forty eight hours of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- (xxiv) The results of remote e-voting and poll on the resolutions shall be aggregated and declared on or after the AGM of the Company. Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the AGM.
- (xxv) The Results shall be declared on or after the AGM of the Company. The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company i.e. [www.rsystems.com](http://www.rsystems.com) and on the website of Link Intime India Pvt. Ltd. immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the Stock Exchanges i.e. National Stock Exchange of India Limited and BSE Limited.
- (xxvi) Details of Directors seeking re-appointment at the ensuing Annual General Meeting is enclosed as Annexure-A.
- (xxvii) Route map of the venue of the Twenty Fifth Annual General Meeting is enclosed.

## EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

### Item No. 04

Mr. Mandeep Sodhi, aged about 51 years, is a graduate in Electronics & Telecommunication Engineering from the SGGS Institute of Engineering & Technology, India and an MBA from the University of California, Davis. He has been associated with the Company from May 14, 1993 and presently heads the Company's business development and strategic IT consulting business. It is proposed to appoint him under the designation as Chief Operating Officer – R Systems USA Operations and Mr. Sodhi will be responsible for managing the entire US & Canada operations of the Company.

Pursuant to the provisions of Section 188(1)(f) of the Companies Act, 2013 and rules made thereunder, the Board of Directors of the Company at its meeting held on May 02, 2019, on the recommendation/ approval of Nomination and Remuneration Committee and Audit Committee of the Company and subject to shareholders approval, appointed Mr. Mandeep Sodhi under the designation as Chief Operating Officer – R Systems USA Operations. Since, Mr. Mandeep Sodhi is the son of Lt. Gen. Baldev Singh (Retd.), President & Senior Executive Director of the Company, approval of the shareholders is sought for the appointment and payment of remuneration to Mr. Mandeep Sodhi and to hold office or place of Profit in the Company.

Information required under explanation 3 to rule 3 of Companies (Meeting of Board and its Power) Rules, 2014 is as under:

- (a) Name of the related party - Mr. Mandeep Sodhi
- (b) Name of the director or key managerial personnel who is related, if any - Lt. Gen. Baldev Singh (Retd.), President & Senior Executive Director of R Systems International Limited
- (c) Nature of relationship - Mr. Mandeep Sodhi is the son of Lt. Gen. Baldev Singh (Retd.)
- (d) Nature, material terms, monetary value and particulars of the contract or arrangements - His annual base salary will be USD 120,000/- (US Dollar One Lakh Twenty Thousand Only) and applicable sales commission plan as approved by the Nomination & Remuneration Committee of the Company. Further, Mr. Mandeep Sodhi will also be entitled for a maximum annual increment of up to 10% on his base salary, each year on 01<sup>st</sup> January.
- (e) Any other information relevant or important for the members to take a decision on the proposed resolution - Nil

Since, the above proposed remuneration exceeds the limits prescribed under Section 188 of the Companies Act 2013, the appointment will require prior approval of the shareholder's vide an Ordinary Resolution. The Board accordingly recommends the passing of the said resolution as contained in the notice for approval of the Members as an Ordinary Resolution.

Except for Mr. Mandeep Sodhi, Lt. Gen Baldev Singh (Retd.) and their relatives, none of the Directors, Key Managerial Personnel and their relatives are in any way concerned or interested, financially or otherwise in the proposed resolution.

### Item No. 05

#### 1. Background – R Systems International Limited

- (a) R Systems International Limited (hereinafter referred to as "R Systems" or "the Company") was incorporated on May 14, 1993 under the Companies Act, 1956, having its registered office at GF-1-A, 6, Devika Tower, Nehru Place, New Delhi-110019. The Company is a public Limited Company having Corporate Identity Number L74899DL1993PLC053579, the e-mail id is [investors@rsystems.com](mailto:investors@rsystems.com). The website of the Company is [www.rsystems.com](http://www.rsystems.com). R Systems is primarily a Software Technology Company engaged in providing IT Services & Solutions and IT-enabled Services.
- (b) It may be noted that the Company is a listed public Company and its securities are listed on BSE Limited and National Stock Exchange of India Limited since April 26, 2006.
- (c) The authorised share capital of the Company at present is Rs. 206,000,000/- divided into 206,000,000 Equity Shares of Re. 1/- each. The issued, subscribed and paid up equity share capital of the Company is Rs. 120,337,925/- divided into 120,337,925 equity shares of Re.1/- each. All of the issued equity shares are fully paid up. The Company does not have any other class of shares.
- (d) The Company is empowered by virtue of Article 71 of its Articles of Association to undertake the exercise of reduction of its share capital.

#### 2. Rationale for Capital Reduction

- R Systems has an employee welfare trust named as R Systems Employees Welfare Trust (hereinafter referred as "Trust") wherein

certain employees had been specified as eligible beneficiaries to get the shares of R Systems on vesting and exercise of options granted to them as per R Systems International Ltd. Employees Stock Option Plan - Year 2001.

- The Trust transferred shares of R Systems on exercise of options by the eligible employees prior to January 2006 and thereafter no options remained in force which could have been exercised subsequently. Hence, since January 2006 till date, there are no ascertained employees or beneficiaries of this Trust who are eligible to get the Trust Fund including the shares in R Systems as held by Trust.
- As on the approval of this Scheme by Board, the Trust holds 738,980 equity shares of Re.1/- each in R Systems. Since there is no eligible employee or beneficiary of this Trust, hence Trustees are considering to wind up this Trust in near future post utilization or extinguishing the Trust Fund.
- In this regard, the trustees of this Trust have also expressed their desire and recommended to R Systems to evaluate the possible option to utilize or extinguish the Trust Fund including the winding-up this Trust and also initiate the necessary actions therefor.
- In this regard, the trustees of this Trust vide Resolution dated May 01, 2019 have also expressed their desire and recommended to R Systems to evaluate the possible option to utilize or extinguish the Trust Fund including the Winding-up of this Trust and also initiate the necessary actions.
- The extinguishment of Trust Fund would result into cancellation of shares of R Systems held by this Trust. Therefore, in order to reflect the correct and true capital structure of R Systems, it has become imperative for R Systems to re-align and re-organize its share capital structure by cancelling the shares held by the Trust following the process of capital reduction.
- In view of the above, the Board has decided to reduce the paid up equity share capital of R Systems by cancelling and extinguishing the equity shares as held by the Trust as on the Effective Date of this Scheme.
- The proposed capital reduction would be beneficial for all the remaining shareholders of R Systems as it would improve the earnings per share and also enhance the shareholders' value.
- Furthermore, Board has also considered that the proposed capital reduction would not have any adverse effect on the creditors of R Systems and the Company would honor its commitments and meet its obligations in the ordinary course of business and also there is no payout to the Trust pursuant to the proposed capital reduction.

### 3. Submissions, Approvals and Other Information:

- (a) Though the Scheme does not provide for any issuance of shares on reduction of capital of the Company, however, the Board of Directors of the Company at its Meeting held on May 02, 2019 has approved the Valuation Report issued by Jain, Gandharv & Associates, Chartered Accountants. The Company has obtained Fairness Opinion from Corporate Professionals Capital Private Limited, Category -I Merchant Banker.
- (b) Pursuant to the Circular Number CFD/DIL3/CIR/2017/21 dated March 10, 2017 issued by the Securities and Exchange Board of India ("SEBI Circular") read with Regulation 37 of SEBI Listing Obligations and Disclosure Requirements, the Company will file necessary applications before the BSE Limited and National Stock Exchange of India Limited seeking their No-Objection to the Scheme.
- (c) The proposed capital reduction will not cause any prejudice to the interest of the creditors of the Company as there will not be any reduction in the amount payable to the respective Creditors. Further, in absence of any payment to the Trust pursuant to the capital reduction, it does not alter, vary, or affect the rights of the Creditors in any manner.
- (d) It is clarified that until effectiveness of the Scheme, the Trust would be eligible to enjoy all the benefits in the capacity of shareholder of R Systems including but not limited to receiving the dividend and bonus shares, participate in right issue and buy-back, voting in the shareholders' meeting and participate in any other corporate action taken by R Systems during the pendency of this Scheme.

### 4. General:

- (a) The Board of Directors at their meeting held on May 02, 2019 considered and approved the proposal of reduction of capital of the Company as per the terms set out in the Resolution.
- (b) Upon the Capital Reduction becoming effective, the amount of equity share capital as extinguished shall be reduced from the equity share capital of the Company. The amount equivalent to the equity share capital so cancelled and extinguished would be credited to the Capital Reserve of the Company.
- (c) As on date, there is no pending inspection, inquiry or investigation against the Company under the Companies Act, 2013.
- (d) The Scheme shall not have any adverse impact on the employees of the Company.
- (e) The proposed capital reduction would not in any way adversely affect the ordinary operations of the Company or the ability of the Company to honor its commitments or to pay its debts in the ordinary course of business.

- (f) The reduction of share capital is contemplated as under the Articles of Association of the Company. Approval of the shareholders of the Company, confirmation of the National Company Law Tribunal, New Delhi (“Tribunal”) and other Statutory Authorities will have to be sought in terms of Section 66 of the Companies Act, 2013.
- (g) In the event the confirmation order of the Tribunal for reduction of the share capital is not obtained, the resolution passed by the shareholders shall be null and void.
- (h) The form of the minute proposed to be registered under section 66(5) of the Companies Act, 2013 is as follows:  
 “The paid up share capital of R Systems International Limited is henceforth Rs. 119,598,945/- (Rupees Eleven Crore Ninety Five Lakhs Ninety Eight Thousand Nine Hundred Forty Five only) divided into 119,598,945 (Rupees Eleven Crore Ninety Five Lakhs Ninety Eight Thousand Nine Hundred Forty Five only) equity shares of Re. 1/- each.”
- (i) The Board recommends the passing of the special resolution as set out in the Notice.
- (j) Copies of the (i) Scheme of Capital Reduction; (ii) Memorandum and Articles of Association, of the Company, as amended from time to time; (iii) Annual reports for the financial year ended December 31, 2018; (iv) standalone audited financial accounts of the Company for the period ended March 31, 2019; (v) Register of Director’s Shareholdings of the Company; (vi) Accounting Certificate, (vii) Valuation Report, (viii) Fairness Opinion, and (ix) Arrears Certificate, would be open for inspection by the members entitled to vote on the proposed resolution for reduction of share capital of the Company at the Registered Office and Corporate Office of the Company on any working days except holidays from 10:00 a.m. to 2 :00 p.m., prior to the date of the meeting.
- (k) The Board considers that this resolution is in the best interests of the shareholders of the Company and therefore recommends the passing of the special resolution as set out in the Notice.

None of the Directors, Key Managerial Personnel or their relatives, except to the extent of their shareholding, if any, are in any way concerned or interested, financially or otherwise, in the said resolution.

By Order of the Board  
 For R Systems International Limited

Place : NOIDA (U.P.)  
 Date : May 02, 2019

**Sd/-**  
**Bhasker Dubey**  
 (Company Secretary & Compliance Officer)

Annexure-A

**Details of Directors seeking re-appointment at the Annual General Meeting to be held on May 28, 2019**

(Pursuant to Regulation 36(3) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015

Name of Director	Mr. Avirag Jain
Date of Birth	March 28, 1966
Date of Appointment	August 3, 2017
Qualifications	Graduate in Science and an MBA in Finance and International business from IMT, Ghaziabad. Post-graduate diploma in Cyber Law from the Asian School of Cyber Law, Pune, apart from several certifications on diverse technology and management subjects.
Expertise in specific functional area	Mr. Avirag Jain has more than 26 years of rich experience in managing large on-site, off-site and offshore projects in Banking, Telecom and Healthcare domains. He is heading the on-site, off-site and Offshore Delivery of R Systems for more than 21 years. Mr. Jain is a strong technocrat with blend of managerial, people and customer skills.
Directorship held in other Companies as on date	Nil
Membership/ Chairmanship in Committees of other companies as on date	Nil
Number of shares held in Company as on December 31, 2018	100
Relationships between Directors inter-se	Nil



# R SYSTEMS INTERNATIONAL LIMITED

[Corporate Identification Number – L74899DL1993PLC053579]  
 Registered Office: GF-1-A, 6, Devika Tower, Nehru Place, New Delhi-110019  
 Corporate Office: C-40, Sector -59, NOIDA, Distt. Gautam Budh Nagar, U.P. – 201 307, India  
 Tel.:+91-120-4303500; Fax: +91-120-4082699  
 Website: [www.rsystems.com](http://www.rsystems.com); Email: [investors@rsystems.com](mailto:investors@rsystems.com)  
 Twenty Fifth Annual General Meeting to be held on Tuesday, May 28, 2019 at 9:00 A.M. at  
 Air Force Auditorium, Subroto Park, New Delhi - 110 010

## Proxy form (Form No. MGT-11)

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies  
(Management and Administration) Rules, 2014]

Name of the member (s).....

Registered address .....

E-mail Id..... Folio No. .... DP ID..... Client Id.....

I/We, being the member (s) of ..... shares of R Systems International Limited, hereby appoint

1. Name :.....

Address :.....

E-mail Id :.....

Signature :.....or failing him

2. Name :.....

Address :.....

E-mail Id :.....

Signature :.....or failing him

3. Name :.....

Address :.....

E-mail Id :.....

Signature :.....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Twenty Fifth Annual general meeting of the Company, to be held on the on Tuesday, May 28, 2019 At 9:00 A.M. at Air Force Auditorium, Subroto Park, New Delhi - 110 010 and at any adjournment thereof in respect of such resolutions as are indicated below:

### Ordinary business:

1. Adoption of Financial Statements.
2. Re-appointment of Mr. Avirag Jain (DIN: 00004801), who retires by rotation.
3. To confirm the interim dividend of Re. 0.60 per equity share of Re. 1/- each declared and paid during the year ended December 31, 2018.

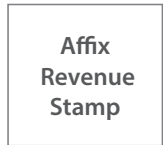
### Special Business:

4. Appointment of Mr. Mandeep Sodhi for holding the Office or Place of Profit in the Company.
5. Reduction of the Share Capital of the Company.

Signed this..... day of..... 2019

Signature of shareholder

Signature of Proxy holder(s)



**Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.**







# R SYSTEMS INTERNATIONAL LIMITED

[Corporate Identification Number – L74899DL1993PLC053579]  
 Registered Office: GF-1-A, 6, Devika Tower, Nehru Place, New Delhi-110019  
 Corporate Office: C-40, Sector -59, NOIDA, Distt. Gautam Budh Nagar, U.P. – 201 307, India  
 Tel.:+91-120-4303500; Fax: +91-120-4082699  
 Website: [www.rsystems.com](http://www.rsystems.com); Email: [investors@rsystems.com](mailto:investors@rsystems.com)  
 Twenty Fifth Annual General Meeting to be held on Tuesday, May 28, 2019 at 9:00 A.M. at  
 Air Force Auditorium, Subroto Park, New Delhi - 110 010

## ATTENDANCE SLIP

Registered Folio No..... (or)

Demat Account No..... D.P. ID. No .....

Name of shareholder(s).....

I / We certify that I am / we are Member(s) / Proxy of the Member(s) of the Company holding..... Shares.

I hereby record my presence at the Twenty Fifth Annual General Meeting of the Company to be held on Tuesday, May 28, 2019 at 09:00 A.M. at Air Force Auditorium, Subroto Park, New Delhi - 110 010 .

.....  
Signature of Member / Proxy

### Notes:

1. A member or his duly appointed Proxy wishing to attend the meeting must complete this Attendance Slip and hand it over at the entrance.
2. Name of the Proxy in Block letters.....(in case the Proxy attends the meeting.)
3. Those who hold shares in Demat form to quote their Demat Account No. and Depository Participant (D.P.) ID. No.



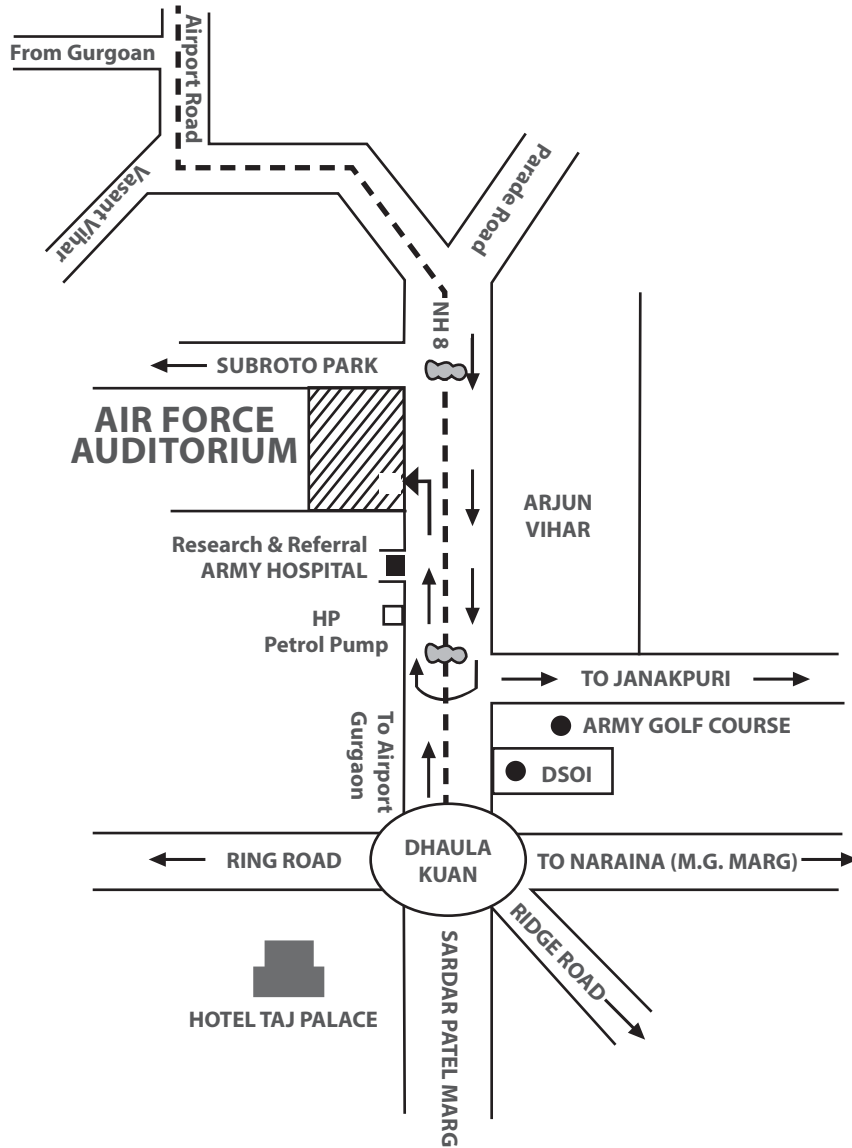
### Electronic voting particulars

Electronic Voting Sequence No.	User ID	Sequence Number

**Note:** Please read the instructions printed under the Note No. xix to the Notice dated May 02, 2019 of the Twenty Fifth Annual General Meeting. The remote voting period starts from 10:00 a.m. (IST) on Friday, May 24, 2019 and ends at 05:00 p.m. (IST) on Monday May 27, 2019. The voting module shall be disabled by Link Intime India Pvt. Ltd. for voting thereafter.



## Route map to the 25<sup>th</sup> Annual General Meeting of R Systems International Limited



**Venue:** Air Force Auditorium, Subroto Park, New Delhi - 110 010

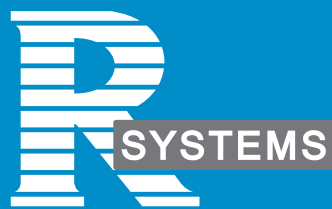
**Landmark:** Adjacent to Research & Referral, Army Hospital











[www.rsystems.com](http://www.rsystems.com)

**R SYSTEMS INTERNATIONAL LIMITED**

Registered Office: GF-1-A, 6, Devika Tower,  
Nehru Place, New Delhi-110019 (INDIA)

Corporate Office: C - 40 Sector - 59,  
Noida (U.P.) - 201 307 (INDIA)





ACCELERATING  
**DIGITAL**  
TRANSFORMATION

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### Cautionary Statement Regarding Forward-Looking Statement

This document contains statements about expected future events and financial and operating results of R Systems International Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in R Systems International Limited Annual Report 2017.



# ACCELERATING THE **DIGITAL** **TRANSFORMATION**

Digital technology is reshaping the business environment and triggering significant changes in the way businesses operate i.e., going to the market, interacting with customers and managing internal operations. The globe has aligned itself with digitalization at a rapid pace. This has resulted into a gamut of opportunities and challenges for the IT industry to partner with businesses for their successful digital transformation. The entire ecosystem around digitalization is evolving rapidly. Thus, a successful digital transformation requires a mature strategic partner to navigate businesses into a dynamic and agile digital enterprise, having an edge over its competitor.

R Systems has always lived a transformational life and incorporated agility and innovation in its DNA. We have made thoughtful investments in building right competencies, partnerships and framework around digital technologies like analytics, artificial intelligence, cloud, mobility, Internet of Things (IoT), robotics, etc. Our digital transformation philosophy aims to adapt to the cutting-edge technologies in order to position businesses closer to their customers, empower their employees, and transform their internal business

processes through providing a pleasing user experience. Here, our rich experience around key industrial verticals and product engineering legacy have been paramount in delivering the state-of-the-art digital projects.

We have now moved into another interesting phase of digital transformation where we are delivering tangible ROI to our customers by accelerating their digital transformation. These ROIs are measured in terms of increased user engagements, enhanced user experience, timely access to critical information, and reduction in overall costs, etc. Digital transformation projects are complex, time consuming, and expensive. They affect every aspect of the enterprise. Thus, it becomes essential for the businesses to understand ROI from a successful transformation to allocate their critical resources. Capitalizing on our initial investments, we have been able to demonstrate our digital success stories, ROI derived by our customers and their pleasant experiences. In this next phase of digital transformation, R Systems has positioned itself as a mature strategic partner accelerating the digital transformation journey of our esteemed customers.

# OUR DIGITAL COMPETENCES

## ANALYTICS

R Systems analytics practice gives industry-specific services and solutions, which are of excellent quality and delivers first-rate quantitative actionable insights through data and speech analytics that helps address business challenges. Our expertise lies in collecting, transforming and visualizing these insights and employing cutting-edge methodologies like, organizational case studies, cognitive science, business intelligence, and industry-specific methods to reach the uncharted territories to deliver tangible ROI. Leveraging on the deep domain knowledge across industry verticals, our engagement starts with the particular assessment of an analytics query—build proof of concept—to the deployment of the most scalable model to answer it. Thus, succeeding in creating a rich information pool that encompasses economical, statistical, social media, and speech metrics, providing actionable business insight and real business value.



## Solutions for Data and Speech Analytics

### Data Aggregation & Transformation

- Unified data framework
- Enables rapid deployment of custom advanced analytics solutions
- Simplifies data acquisition, transformation and visualization from any data source

### Analytics Gym

- Consulting Framework
- Discovers and evaluates relevant data, technology and right approach

### Anagram

- Customer Interaction Analytics Platform
- Speech text mining capabilities
- Delivers actionable business insights by analyzing unstructured & semi-structured data
- Integrated capabilities for speech, text, social media, big data & predictive analytics



## CLOUD COMPUTING

Cloud Computing has completely changed the paradigm. The compelling manner in which it manages to expand the technological know-how and delivers internet services has rapidly changed the landscape of information technology. With this technology, the long-held dream of utility computing has been realized. It does not only provide an unconventional means to reach out to the audience but also provides a flexible mode of delivery bearing minimal or no cost. At R Systems, the cloud practice R-Cloud is the premium offering that aids our customers in achieving their defined goal.

R-Cloud includes cloud offerings for the three principal public cloud platforms - Salesforce, Microsoft Azure and Amazon Cloud Services. It offers services like, hosting, consulting, architecture setup, designing, implementation, and monitoring. Our expertise lies in maximizing clients' ROI by incorporating factors such as business agility, IT flexibility, and data security. In addition, we also focus on enhancing our competencies by equipping ourselves with engineering competencies that would help us serve product companies and enterprises opting

for the cloud route more effectively. We boast of core competencies in cloud computing, such as blueprint for introducing cloud environment, proper cloud selection for individual needs, cloud migration, customized SaaS model, provisions for accelerated scalability and optimized development, enabled with audio and video features.

Furthermore, our subsidiaries, IBIZ and ECnet, offer cloud platforms facilitating SMEs and enterprise customers in capitalizing on their ROIs.



## MOBILITY

In recent times, mobility has emerged as one of the key enablers of the digital transformation. In many ways, it has improved the service environment for the end consumer, accelerated the delivery time, added to the qualitative and quantitative experience of the customer. It has also upgraded the quality availability, accessibility, and portability of information. It helps in the frequent engagements of the customer with the software and increases ROI in enterprise software. It also picks up enterprise software and enhances their existing ecosystem. R Systems offers tailor-made service in the field of mobility solution to its clients by actively participating in envisioning, designing, developing, deploying, and supporting it.

In mobile technology, we are well-adept in delivering solution around the leading mobile platforms like Android, iOS, and Hybrid to Web apps. We have also the credit of being an expert in calibrating several mobile applications with enterprise's business goal, thus, creating a new value proposition for our customer.



## INTERNET OF THINGS (IoT)

Undoubtedly, IoT remains the undisputed monarch of digital space today with its capacity to capture insights and real-time data across the assets 24/7. IHS Markit forecasts show that the global installed base of IoT devices will rise to 73 billion in 2025.

R Systems' IoT services include a combination of procedures like enabling seamless data acquisition, processing, and analytics, thus, helping the client to explore the ocean of specific knowledge we possess in terms of design thinking, and technical expertise that aids in speed tracking their business operations. Our IoT expertise focuses on processing intelligence in an innovative manner and designing advanced sensor devices that will come handy in learning mechanical functioning & artificial intelligence.

In today's digital space, Artificial Intelligence has emerged as one of the most potent platforms for deep learning, natural language processing, image recognition and neural-network driven decision-making. IoT solutions need precision, an aggregate of embedded software, and application development that appropriately defines the cloud ecology. And it is

here that R Systems brings in brilliance with its expertise and premium offerings like the unique assortment of IoT consulting, strategy, implementation, and operational support that not only simplifies the procedure but also makes it resilient.

During 2017, R Systems participated in Intel IoT Online DevFest and has presented Insights on AI and Machine Learning for IoT.

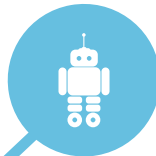
### Our IoT Offerings

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

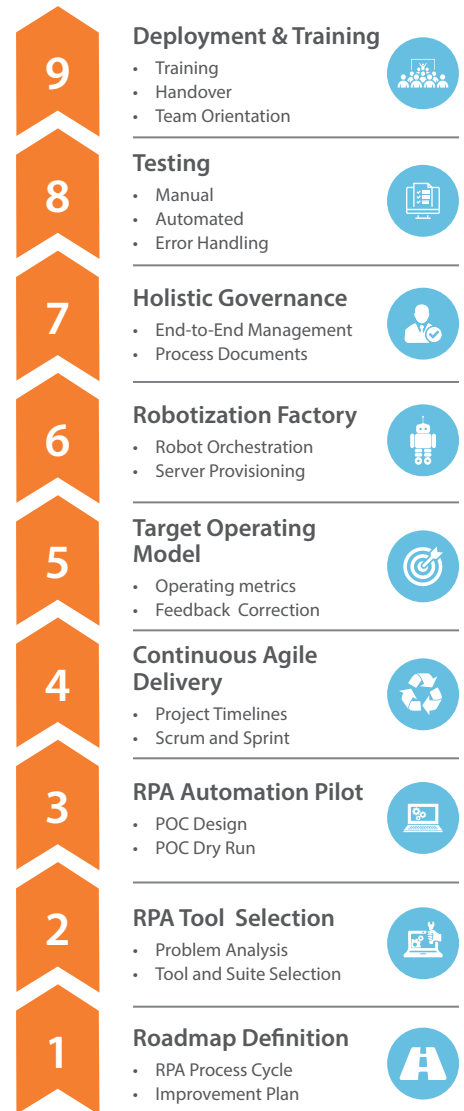


## ROBOTIC PROCESS AUTOMATION (RPA)

Robotic Process Automation has emerged as a critical component of 'Future of the Work' and refers to a style of automation where a machine, or computer, mimics a human's action in completing rules-based tasks. R Systems works at enhancing the productivity, reducing the cycle time and improving the accuracy of any business process through RPA services. Our RPA capabilities assist in overcoming challenges like, navigating towards financial confidence, applying key operational innovations, continually adopting technology-in changing the digital environment, a respite from the burden of repetitive and time-consuming processes, reducing cost, improving delivery and ensuring consistent quality.



## RPA Implementation Methodology



R Systems possess immense experience in all leading RPA tools. Furthermore, we have associated as a partner with Automation Anywhere Enterprise, which provides best front-end UI automation, top security, scalability and usability features. Our RPA offerings include process simplification, workflow management, robotic analytics and IT infrastructure.

## FROM THE DESK OF THE MANAGING DIRECTOR



### ***Dear Fellow Stakeholders,***

A continuous transformation is the only way to survive in the hyper-changing IT ecosystem. Such transformations make a company innovative and agile. In the last 25 years, R Systems has championed this transformation process through practice. We started as an IT consulting company in California in 1993 and later moved to be an offshore based software engineering company. To continue our transformation journey, we aligned ourselves to key industry verticals and it has strengthened our competencies, insights and offerings. In the last few years, we have transformed R Systems into a digital organization where we partner with businesses to transform them into a digital enterprise.

**“During last year, R Systems has positioned itself as an accelerator for digital transformation by effectively delivering digital transformational projects.”**



## “We are making strategic investments in building competencies and partnerships which are critical for leadership in this digital space.”

I am delighted that your company has now moved into the next phase of digital transformation whereby we are accelerating digital transformation of our customers. As we are in an age of digital disruption, the businesses face increasing pressure to improve time to market and ensure their offerings are the best in class. It requires their digital transformation process to be sufficiently agile to consider their fast-changing business requirements. At R Systems, we see digital technologies such as, analytics, artificial intelligence, cloud, mobility, IoT, robotics, etc. as the enabler of digital transformation. We utilize these technologies to acquire customer insight which includes, how they interact with their customer, understanding their business needs, their internal operations, and to some extent their business models. We are leveraging our product engineering DNA and vast transformational experience to accelerate digital transformation for our customers.

### R Systems' 2017 Performance

R Systems reported revenues of ₹ 5,926 million (US\$ 91.01 million) in 2017 as against ₹ 5,882 million (US\$ 87.55 million) in 2016. During 2017, the revenue grew approximately 0.75% (3.96 % in US\$). We had margin challenges as EBITDA for 2017 was ₹ 350 million (US\$ 5.37 million) i.e. 5.9% of revenue, against ₹ 711 million (US\$ 10.58 million) in 2016 i.e. 12.1% of revenue. The net profit for 2017 was ₹ 245 million (US\$ 3.76 million) as against ₹ 537 million (US\$ 7.99 million) in 2016.

Although these numbers reflect a challenging last year, looking beyond the numbers, we concluded an eventful year. Your company has delivered cutting-edge digital transformation projects like, partnering with leading ISVs in telecom, digital media, retail, healthcare and automotive in digitalizing their solutions, as well as, digitalizing the operations of leading enterprises in telecom, education, household appliances, etc. Each of these success stories has contributed to our revenues during 2017 along with yielding a satisfied customer relationship base for the future. Furthermore, these success stories have laid down a robust foundation to showcase R Systems capabilities in accelerating digital transformation.

Since we are transforming from a traditional product engineering company to a digital transformation accelerator, we have been investing to align our resources in areas such as, engineering talent, sales, marketing and other internal infrastructure to market requirements for digital space. This has impacted our margin during the last year coupled with the impact of rupee appreciation. However, we are committed to grow and improve our margins by leveraging our digital success. Furthermore, we concluded last year with a strong balance sheet with a cash reserve of ₹ 1,607 million (US\$ 25.16 million) and R Systems' shareholders fund of ₹ 3,033 million (USD 47.49 million).

During last year, R Systems has positioned itself as an accelerator for digital transformation by effectively delivering digital transformational projects. We have also implemented organizational changes to transform R Systems to take up new challenges in this digital era. These structured investments to some extent impacted our profitability but these have extended the reach of our market from traditional software companies to enterprise customers who are looking to transform into digital businesses. In 2018, we will continue to accelerate digital transformation for our precious customers to get profitable and sustainable growth. We are making strategic investments in building competencies and partnerships which are critical for leadership in this digital space.

I am thankful to R Systems' intellectual capital, i.e., our employees across the globe for their agile thinking, adaptability to newer technologies and relentless dedication. I am equally grateful to their family for their immense support. I also thank all our shareholders, customers, bankers, various government agencies, industry associations and all other organizations for their continued support.

With warm Regards,

**Satinder Singh Rekhi**  
Managing Director

# FROM THE DESK OF **SARTAJ REKHI**

## **Dear Fellow Stakeholders,**

Digital technology affects every function of an enterprise. It requires a fundamental shift in the way we do business and how we operate. R Systems, over the past 25 years has lived a transformational life whereby we have successfully adapted to the changes in the IT ecosystem to stay relevant and progressive. We have kept our core strengths and culture, i.e. product engineering DNA and customer centric approach together while embracing innovation and learning from digital natives.

As a strong advocator of digitalization and with an aim to fuel transformational growth for businesses, we have realigned our internal organizational functions such as, HR, sales, marketing, and IT infrastructure to live digitally.

Digital talent inspires change in the right structures, leverage technology to create and innovate and to increase speed and agility. R Systems has aligned its people practice to hire, develop, motivate, and retain digital talent. We have nurtured the entrepreneur ecosystem by providing resources and impetus on connecting, transferring, co-developing and co-creating ideas, and business gain.

Today, contemporary digital buyers want to buy from state-of-the-art sellers. They want to interact fluidly across channels and while doing so, they expect to have a consistent brand and engagement experience. Our marketing team has adopted cutting-edge tools to connect with the target audience. Our sales team has



also become smarter and productive by accessing better data and platforms. We have modernized our IT infrastructure to be agile and highly secured to cater to the present digital landscape.

Today, R Systems is accelerating digital transformation by the application of breakthrough technologies like, analytics, artificial intelligence, cloud, mobility, IoT, RPA, etc. It will help to radically reshape businesses and indeed create a broader society. I am confident that all these initiatives will provide us a strong foundation to cultivate a digital enterprise for the future.

Best Regards

**Sartaj Rekhi**

**“We have realigned our internal organizational functions such as, HR, sales, marketing, and IT infrastructure to live digitally.”**

# OUR DIGITAL SUCCESS STORIES



## Optimizing Operational Excellence

We have leveraged our robust speech analytics framework to deliver actionable business insights to a UK-based Technology Company that designs and manufacture household appliances. Our team used advance analytical techniques like Big data mining, machine learning and AI, etc. to empower the client to generate ROI on their investment.



## Transforming Education Ecosystem

We transformed the Digital Ecosystem for a non-profit organization that provide products and services to educational institutions and management students around the world. Our solution enabled the client to bring in a competitive edge to their brand positioning and promote the value of education, around the world.



## Advanced Data Visualization Solution

Our solution empowered the leading Healthcare solution provider in the USA, to transform data into intuitive visual concepts that aid discovery of hidden trends within the data with greater speed, efficiency, and understanding. We improved the analytics experience for business and IT teams by reducing their learning curve.



## Augmenting Omni-Channel Digital Commerce Solution

R Systems has partnered with one of the leading European e-commerce solution provider to design and develop their next generation Commerce Management Suite for every business model and delivered a seamless customer experience across multiple touch points.



## Integrated Digital Solutions for the Automotive Industry

Delivered a highly scalable solution to a leading automotive solution provider in North America. We optimized the client's operations by combating inefficiency with advanced cutting-edge technology. Also, empowered them to engineer next-generation products and services focused on the digital age.



## Innovative Cloud Native Communications Software

Working closely with one of the leading telecom ISVs, we delivered a cloud based communications software and mobile voice mail solution. Our solution helped the client to improve operator business models and helped create new revenue-generation services.



## Boosting Customer Loyalty through Analytics

Delivered unparalleled integrated interaction analytics services to a leading provider of customer experience management software. We used analytics to uncover valuable insights and turned them into loyalty inducing strategies. This helped the client to analyse key drivers of their customers experience and loyalty data to improve loyalty and drive revenue.



## Automating Business Processes

IBIZ, our subsidiary, has delivered a robust ERP system to a Switzerland-based company having presence in South East Asia, to automate their key business processes. Our Solution has enabled insights about cost structure, automated their back end operation and enhanced budgetary control.



## Digitizing Enterprise Solutions

We are providing digital transformation services to one of the largest telecommunication companies in the Europe. We have endowed our client in simplifying and digitizing its practices, while streamlining product offerings and driving efficiencies.

# CLIENT TESTIMONIALS

“

## A Leading Telecom Player



“The analysis your team did and asking the right questions will now result in an optimized solution for all STB platforms. Great job.”

”

“

## A Leading Telecom ISV providing cloud based communication software



“Thanks very much everyone for all the hard work getting this done – it’s a great achievement for the Computaris team to have delivered our first migration tool.”

”

“

## A leading Health Engagement Solution Provider



“Nothing makes management happier than to see a team take ownership of a product and you all have done that. I really appreciate all of your hard work and dedication.”

”

“

## A Leading Customized Technology Solutions Provider



“Thank you so much for your hard work on the cloud. We really appreciate to make my job easier. Giving me a great product to take to market. Thank you so much.”

”

“



**A Leading Learning Solution Provider**

“Thank you for the strong support, and great team work from everyone at RSI – I am very excited about 2018 and beyond, and getting our solution out there in the market.

By the way – one more mention, you and the team may find exciting – The initial Beta deployment was done successfully. Our Client is very happy with the results, and the software – so much so, they are moving forward, even from the Beta experience!!! – Please pass on a ‘Great Job’ from me to the entire team.”

”

“

**A Leading Provider of Enterprise Solutions**

“I’d like to thank the team members for their hard work and dedication throughout the eight-months and for a successful go-live. This go-live was the most seamless, so far. We had no showstopper issues reported in go-live, and turned the upgraded environment over to them in just over 24 hours.”



”

“



**A Leading IT Solution Provider**

“Thank you all so much for your hard work. I appreciate everything you did to make this go live so quickly.

The feedback we are getting from the users as we demo this is AWESOME – it truly gives us a full 360 degree view of our clients. I have been here over 9 years and this integration is something they have been begging the entire time.

Thank you all for making it happen!! Please send thanks to anyone else who may have been involved behind the scenes.”

”

“

**A leading distributor of Oil and gas products**

“We would like to express our thanks and extend our appreciation to ibiz for a job well done.

We are pleased with the technical expertise and domain knowledge exhibited during this period. The whole team has gone the distance to support us on the implementation and support of our Microsoft Dynamics NAV System. IBIZ team made the effort to explain the system and the processes clearly and this has helped our team significantly.”



”

# WE ARE R SYSTEMS

Having laid our foundation in 1993, we have evolved as a principal global provider of IT solutions and services. We have accelerated the digital transformation in many ways and have equipped our customers with the potent tools of IT solutions and services over the last 25 years. In terms of global presence, we have successfully breached the geographical boundaries and have further fortified our position as one of the celebrated players in the fast-growing IT industry. The leading position which we enjoy in the market has been possible by consistent innovation, cutting-edge engineering

and diversifying our offerings. We have been accelerating our progress by bringing together people, technology, and businesses.

Our multi-pronged approach towards bracing technological advancement in IT services and solutions have made us diversify into key verticals like Media & Entertainment, Telecom, Retail & E-commerce, Banking & Finance, Manufacturing & Logistics, Technology, and Healthcare & Life Sciences.



## R Systems in Numbers

25 Years of Serving Satisfied Customers

3 Continents Spread

91 Million US\$ Revenues

47 Million US\$ Share Holder's Fund

2300+ Associates

160+ Clientele across diversified verticals

15 Development & Service Centres

Our clientele comprises a rich assortment of companies from diversified verticals including, leading independent software vendors (ISVs) and large enterprise customers. We are committed towards excellence and innovation to accelerate digital transformation of our customers. We further offer operational efficiencies to our customers through a hybrid delivery model.

Our proficiency and commitment is unmatched and we have received some of the industry's premier quality certifications and standards like CMMI Level 5, PCMM Level 5, ISO 27001:2013 and ISO 9001:2015.

## Our Edge



Our focus on creating tangible value assets throughout the digital value chain through a corroborative approach and ensuring delivery par excellence with tangible ROI has made us establish our foothold in 3 continents. We have succeeded in servicing global clients through 15 development and service centres across India, USA, Romania, Poland, Moldova, Singapore, Malaysia, Indonesia, and Thailand.

## Our Global Presence



PCMM Level 5

Certificates & Standards

ISO 27001: 2013

ISO 9001: 2015

# OUR SERVICES

## iPLM IT Services

With product engineering being engraved in our genes, our efforts always remain focused on delivering futuristic solutions using breakthrough technologies to accelerate digital transformation of our customers. We adopt an unmatched qualitative approach in implementing the integrated product lifecycle management (iPLM) services while creating ideas, developing products and maintaining and supporting products. We have a dedicated team of 1,400+ expert resources in place to attend to the needs of 110+ key customers, providing them a wholesome business solution, which is futuristic, high geared and cutting-edge.



## iPLM Knowledge Services

The array of iPLM knowledge services aid our customers in upgrading their organizational efficiency and effectiveness. Through the help of a team comprising 450+ experts equipped with multi-lingual prowess, global delivery platform and diversified services like, customer care and technical support, back office services, analytics services, and business process transformation, we support our 10+ key customers in leveraging and enhancing their core competencies.





# OUR PACKAGED SOLUTION OFFERINGS

R Systems offers packaged solutions through its subsidiaries ECnet and IBIZ.

## Our Distinct Features



## ECnet

ECnet provides a supply chain solution that aids in handling the multifaceted interaction between an organization and its trading partners by promoting economic supply chain costs, improved collaboration and optimization. Moreover, ECnet also functions as a Gold Channel Partner for Infor to resell, implement and support ERP, WMS, BI, and provides performance management solutions. It mainly addresses the needs of SME and large businesses in the manufacturing and distribution industries. ECnet has also partnered with JDA to offer category management solution suite to retail customers. ECnet

operations are spread across Singapore, Malaysia, Thailand, China, and Japan. ECnet comprises a team of 70+ expert resources serving 20+ key customers.

70+

Expert Resources

---

20+

Key Customers

## IBIZ

A Microsoft Gold-certified partner, IBIZ caters to manufacturing, retail, wholesale distribution, marine and offshore, engineering services, apparel, and textile domain. Its uniqueness lies in being a 'One-Stop Integrated Solutions' provider and having core competency, and technical know-how that provide 'Best-of-Breed' technologies like Microsoft Dynamics NAV (ERP), Microsoft Dynamics CRM, LS Retail Point-of-Sales, QlikView Business Intelligence, Microsoft Power BI, Mobility & RFID, Microsoft

SharePoint, Microsoft Office 365 and Microsoft Azure. IBIZ has spread its wings across Singapore, Malaysia, Indonesia, China, and India with a team strength of 70+ expert resources that serve 25+ key customers.

Our value added services include cloud backup and disaster recovery services accompanied by a learning management system that empowers customers in self-service learning and training through videos and materials.

70+

Expert Resources

---

25+

Key Customers

# FINANCIAL HIGHLIGHTS

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

## FINANCIAL PERFORMANCE

(Figures in million)

Particulars	2017	2016	2015	2014	2013
Revenue (₹)	5,926	5,882	6,050	6,485	5,961
Adjusted Revenue <sup>@</sup> (₹)	5,926	5,882	5,476	5,163	4,751
Adjusted Revenue <sup>@</sup> (US\$)	91	88	85	85	81
EBITDA (₹)	350	711	715	900	786
EAT * (₹)	245	505	438	596	527
Shareholder's Fund (₹)	3,033	2,780	2,429	2,131	2,318
Cash and Bank Balances (₹)	1,607	1,200	922	1,098	1,115

## KEY RATIOS

Particulars	2017	2016	2015	2014	2013
Debt -Equity Ratio	0.01	0.01	0.01	0.00	0.01
Days Sales Outstanding (in days)	55	55	57	55	56
EBITDA / Revenue (%)	5.9	12.1	11.8	13.9	13.2
EAT * / Revenue (%)	4.1	8.6	7.2	9.2	8.8
Earning Per Share					
- Basic (₹)	1.98	4.24	7.70	6.14	4.18
- Diluted (₹)	1.98	4.24	7.70	6.14	4.18
Book Value Per Share (₹)	24.62	22.58	19.25	16.82	18.41
Cash Per Share (₹)	13.04	9.74	7.31	8.67	8.86

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

\* Excluding exceptional items

### NOTES

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

EBT- Earnings before tax;

EAT - Earnings after tax;

Debt Equity ratio = Long Term Debt / Equity;

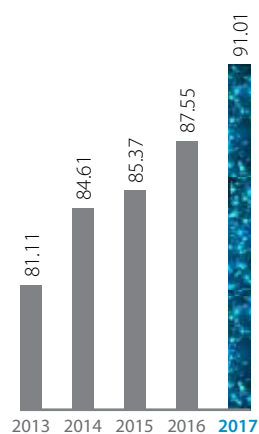
Days Sales Outstanding = Average Trade Receivables / Net Credit Sales\*360;

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

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

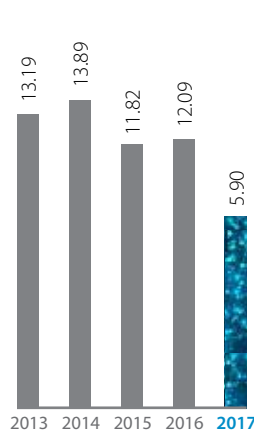
Previous year's figures have been regrouped or reclassified where necessary to confirm to current year classification.

### Adjusted Revenue (US \$ in million)



■ Adjusted Revenue

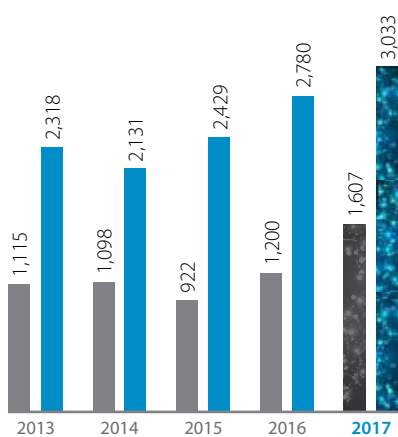
### EBITDA (%)



■ EBITDA (%)

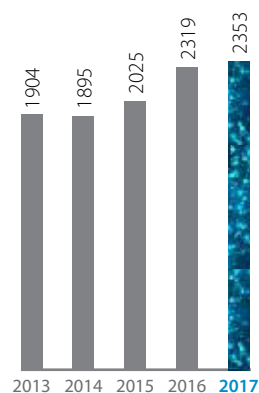
**R Systems is nearly a debt-free company**

### Shareholder's Fund and Cash & Bank Balance (₹ in million)



■ Cash and Bank Balance ■ Shareholder's Fund

### Number of Associates\*



■ No. of Associates \* Excluding associates of businesses hived off

# Graphs not to scale

# OUR DIGITAL WORK CULTURE



If there is one thing that can make or break an organization, it is the work culture. We are an advocator of a healthy work culture, wherein we believe in promoting an ideal environment that is perfect amalgamation of qualitative thought process and action, both by us and our employees. Our work culture is a byproduct of rich history, traditions, values, and vision. We firmly believe in sharing our institutional values, priorities, rewards and success to help nurture a sense of inclusion, value-addition, skill enhancement, encouragement and respect for our employees. Our employees and employer affability have resulted in high performance, commitment towards excellence and diversity in thought and action. Today, we stand at a juncture where human capital has become one of our biggest assets and we are always in the mode of innovation. We emphasize on intellectual stimulation of our employee pool and have several competency development programs that encourage the employees to realize their potential and develop a

winning streak. Our focus on an evolved HR practices mapped to PCMM Level 5 standards have persistently enhanced our people's asset and helped improve our organizational blueprint. In order to instill a feeling of oneness across the organization, we encourage cross-cultural training of our employees across the globe, thus, strengthening our global delivery model. Our global delivery model also encourages the workforce across the globe to work together under agile methodology.

Moreover, we foster a fertile environment where digital technologies like Big Data Analytics, Internet of Things (IoT), Mobile, Cloud, etc. are successfully adopted and brought into practice.

Our 'Centre for Excellence' that spans across digital technologies is the guiding light that encourages them to embrace and learn about the effectiveness of new technologies across the verticals. We also place emphasis on the mental health of our employees and continue organizing

recreational activities such as, RSI Cricket League, table tennis tournaments, cross-functional training programs, festive celebrations, and team building activities.

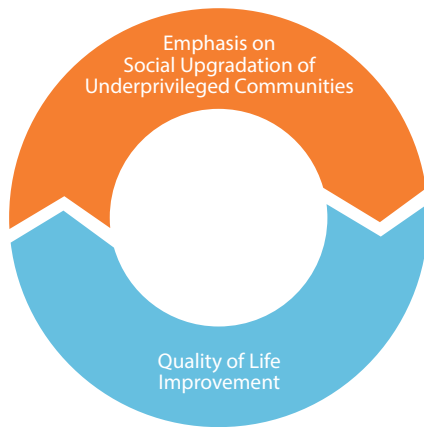
Our European company, Computaris keeps on organizing various team building initiatives like celebrating International Women's day in the Bucharest Office, International Kids day at the Galati office, hosting outdoor employee's trips, First Aid Training and participation in the Eco marathon in Romania. While our Singapore Subsidiary, ECnet and IBIZ hosted several festivals, events and employees get together.

We firmly believe in sharing our institutional values, priorities, rewards and success to help nurture a sense of inclusion, value-addition, skill enhancement, encouragement and respect for our employees.

# TOUCHING LIVES THROUGH CSR

For us, Social welfare goes hand in hand with organizational growth and profit. We are committed to bring positive changes in the society through intervention at grass root level.

## Our CSR initiatives



## Our CSR initiatives during 2017

- The Company continued to contribute for the education and welfare of children from weaker sections.
- R Systems has also associated with Padukone Badminton Academy to encourage young girls in badminton in both national & international levels. It will extend its support by providing coaching and capital for training, and other expenses.
- Our employees have been participating in several blood donation drives organized in collaboration with AIIMS, Delhi.
- Computaris, our European subsidiary, has celebrated a cake day to raise funds for the financially deprived children.
- Continuing the journey of working for the wellbeing of society, R Systems has extended its support to the socially isolated and economically deprived, crippled and homeless children in association with Missionaries of Charity Jeevan Jyoti Home, Delhi.

# CORPORATE INFORMATION

## Board of Directors

(As on April 18, 2018)

1. **Mr. Satinder Singh Rekhi**  
(Managing Director)
2. **Lt. Gen. Baldev Singh (Retd.)**  
(President and Senior Executive Director)
3. **Mr. Avirag Jain** (w.e.f August 03, 2017)  
(Director & Chief Technology Officer)
4. **Mrs. Ruchica Gupta**  
(Non-Executive Independent Director)
5. **Mr. Kapil Dhameja**  
(Non-Executive Independent Director)
6. **Mr. Aditya Wadhwa**  
(Non-Executive Independent Director)

## Chief Financial Officer

Mr. Nand Sardana

## Company Secretary and Compliance Officer

Mr. Ashish Thakur (till February 10, 2018)  
Mr. Bhasker Dubey (w.e.f February 10, 2018)

## Committees of the Board of Directors Audit Committee

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

## Stakeholders Relationship Committee

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

## Nomination & Remuneration Committee

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

## Compensation Committee

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

## Corporate Social Responsibility Committee (CSR Committee)

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

## Registered Office

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

## Corporate Office

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

## Statutory Auditors

M/s Deloitte Haskins & Sells LLP  
Chartered Accountants  
7th Floor, Building 10, Tower B  
DLF Cyber City Complex  
DLF City Phase II Gurgaon

## Registrar & Share Transfer Agent

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

## Bankers to the Company

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

## Listed At

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

## Subsidiaries of R Systems International Limited

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

## Subsidiary of R Systems (Singapore) Pte Limited

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

## Subsidiaries of IBIZ Consulting Pte. Ltd., Singapore

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

## Subsidiaries of ECnet Limited

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

## Subsidiaries of Computaris International Limited

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

## DIRECTORS' REPORT

Dear Shareholders,

Your directors take great pleasure in presenting the Twenty Fourth Annual Report on the business and operations of R Systems International Limited ("R Systems" or the "Company") together with the audited statements of accounts for the year ended December 31, 2017.

### 1. Financial Results

#### a. Standalone financial results of R Systems

(Rs. in Millions)

Particulars	Financial Year ended	
	31.12.2017	31.12.2016
<b>Total Income</b>	<b>2,771.26</b>	<b>2,755.44</b>
Profit before depreciation, exceptional items and tax	430.58	636.71
Less : Depreciation and amortisation expense	73.74	69.30
Add : Exceptional items *	-	46.35
<b>Profit before tax</b>	<b>356.84</b>	<b>613.76</b>
Less : Current tax	127.34	224.95
Less: MAT credit entitlement	-	(15.13)
Less : Deferred tax credit	(9.33)	(8.20)
<b>Profit after tax</b>	<b>238.83</b>	<b>412.14</b>
<b>Surplus in the statement of profit and loss</b>		
<b>Balance as per last financial statements</b>	1,197.94	785.80
Add: Profit for the current year	238.83	412.14
<b>Net surplus in statement of profit and loss</b>	<b>1,436.77</b>	<b>1,197.94</b>

\* Refer Note No. 22 of standalone financial statements.

#### b. Consolidated financial results of R Systems and its Subsidiaries

(Rs. in Millions)

Particulars	Financial Year ended	
	31.12.2017	31.12.2016
<b>Total Income</b>	<b>6,078.85</b>	<b>6,009.44</b>
Profit before depreciation, exceptional items and tax	496.18	825.64
Less : Depreciation and amortisation expense	119.67	115.12
Add : Exceptional items*	-	46.35
<b>Profit before tax</b>	<b>376.51</b>	<b>756.87</b>
Less : Current tax	143.82	244.03
Less: MAT credit entitlement	-	(15.13)
Less : Deferred tax credit	(12.12)	(8.91)
<b>Profit after tax</b>	<b>244.81</b>	<b>536.88</b>
<b>Surplus in the statement of profit and loss</b>		
<b>Balance as per last financial statements</b>	1,559.50	1,022.62
Add: Profit for the current year	244.81	536.88
<b>Net surplus in statement of profit and loss</b>	<b>1,804.31</b>	<b>1,559.50</b>

\* Refer Note No. 23 of consolidated financial statements.

## 2. Results of Operations

### Standalone Accounts

- Total income during the year 2017 was Rs. 2,771.26 mn. as compared to Rs. 2,755.44 mn. during the year 2016.
- Profit after tax was Rs. 238.83 mn. during the year 2017 as compared to Rs. 412.14 mn. during the year 2016.
- Basic earnings per share (of face value of Re. 1/- each) was Rs. 1.93 for the year 2017 as compared to Rs. 3.26 for the year 2016.

### Consolidated Accounts

- Consolidated total income during the year 2017 was Rs. 6,078.85 mn. as compared to Rs. 6,009.44 mn. during the year 2016.
- Profit after tax was Rs. 244.81 mn. during the year 2017 as compared to Rs. 536.88 mn. during the year 2016.
- Basic earnings per share (of face value of Re. 1/- each) was Rs. 1.98 for the year 2017 as compared to Rs. 4.24 for the year 2016.

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

## 3. Appropriations and Reserves

### Dividend

The Board of Directors (the "Board") has not recommended any dividend for the financial year ended December 31, 2017.

### Transfer to Reserves

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

## 4. Business

R Systems is a leading provider of product engineering services, business process outsource services and solutions through its subsidiaries ECnet and IBIZ. R Systems diversified offering includes:

### iPLM Services Group

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

Under iPLM Services, R Systems delivers services and solutions in the area of Information Technology and Knowledge Services. The IT services cover product development, systems integration and support and maintenance. Under the Knowledge Services, we cover technical support, customer care, analytics service, back office services, business process transformation and revenue and claims management.

R Systems competitive advantage in iPLM Services is further enhanced by its industry specific domain expertise, global delivery capabilities, multi-language support capabilities, industry best quality and security certification and agile development methodologies supported by R Systems' proprietary pSuite framework. Further, R Systems iPLM Services have been aligned with latest digital technologies i.e. analytics, artificial intelligence, cloud, mobility, IoT, robotics, etc. as enabler for digital transformation.

### Solution offerings

**ECnet Supply Chain** provide solutions for holistic management of the complex interaction between an organisation and its trading partners. The integrated solution aims to reduce all supply chain costs through improved collaboration and optimisation. The solutions are robust and scalable and give measurable ROI to clients that meet the clients' strategic business goals.

ECnet also operates as Infor Gold-certified channel partner for reselling and implementing several enterprise solutions, including enterprise resource planning, warehouse management, corporate performance management, business intelligence etc. It mainly serves small to medium-sized businesses in the manufacturing and distribution industries. These products present an opportunity to cross and up sell these solutions since these are adjunct to ECnet's own product offerings. Further, ECnet has also partnered with JDA to offer category management solution suite to retail customers.

IBIZ, is a Microsoft Gold Channel Partner and is specialized in deploying Microsoft business management solution suites, including enterprise resource planning, customer relationship management, point of sales, mobility, business intelligence and portals. IBIZ addresses industry vertical like retail, manufacturing and supply chain.

R Systems focused on key verticals i.e. Telecom, Media & Entertainment, Banking & Finance, Healthcare & Life Sciences, Technology, Retail & E-commerce and Manufacturing & Logistics. Telecom and Digital Media is the largest industry vertical which contributes 26 percent of the total consolidated revenue for the year ended December 31, 2017.

Further with the deep expertise in the key vertical like Telecom, Media & Entertainment, Banking & Finance, Healthcare & Life Sciences, Technology, Retail & E-commerce and Manufacturing & Logistics. R Systems have horizontally embraced digital technologies like analytics, artificial intelligence, cloud, mobility, IoT, robotics etc. to further strengthen its product engineering capabilities.

R Systems rapidly growing customer list includes a variety of Fortune 1000, government and mid-sized organizations across a wide range of industry verticals and has served twenty one million dollar plus customer during the year 2017.

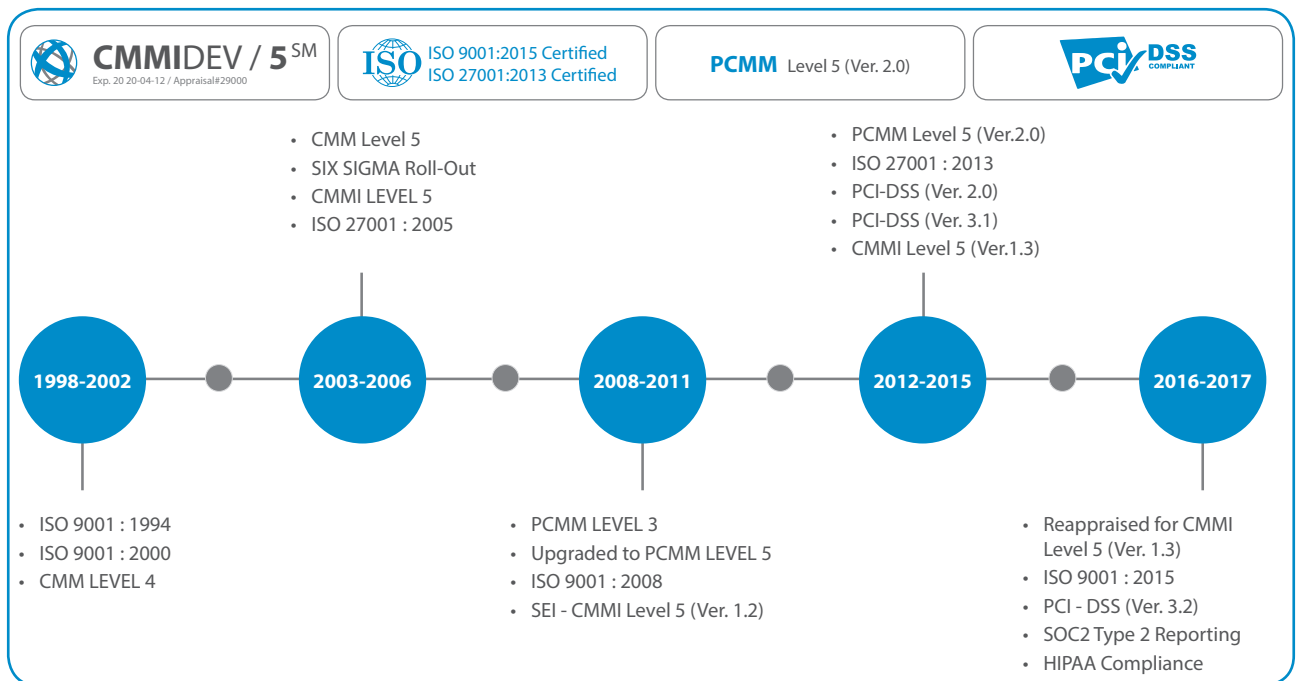


**Customers and Delivery Centres**

R Systems rapidly growing customer list includes a variety of Fortune 1000, government and mid-sized organizations across a wide range of industry verticals including Telecom, Media & Entertainment, Banking & Finance, Independent Software Vendors, Healthcare & Life Sciences, Technology, Retail & E-commerce and Manufacturing & Logistics. R Systems maintains fifteen development and service centres to serve customers in USA, Europe and the Far East. There were no changes in the nature of the Company's business and generally in the classes of business in which the Company has an interest and in the business carried on by the subsidiaries during the year under review. For details of Company's subsidiaries please refer note number 13 relating to subsidiaries. During the year under review, the Company has commenced its operation in its SEZ unit located at Greater Noida West (NCR).

**5. Quality**

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



During the year 2017, the IT Division of the Company has been appraised for CMMI Level 5 (Version 1.3) and also certified with new ISO 9001:2015 standard (formal certificate is yet to be received).

In addition, for BPO division, R System has got **SOC2 Type 2** Reporting (SSAE-16) for one of the major healthcare clients. **HIPAA** also has been implemented and tested with zero non-compliance in one of the major clients in Healthcare Domain. The BPO division has migrated their QMS into ISO 9001:2015 version from the existing ISO 9001:2008 version. Apart from that, R Systems IT Infrastructure along with the projects/process/applications in scope has got **PCI DSS** Certification on latest version **V3.2**.

As of the date of this report, Noida IT center is CMMI level 5(Ver.1.3), PCMM Level 5, ISO 9001: 2015, ISO 27001: 2013 certified. Noida BPO center is PCMM Level 5, ISO 9001: 2008, ISO 27001: 2013 certified and also for specific client(s) it is SOC2 Type 2 (SSAE-16), HIPAA compliant and PCI-DSS (ver.3.1) certified for (IT Infrastructure along with the projects/process/applications in scope), SSAE-16.

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

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

## 6. Directors & Key Managerial Personnels (KMP)

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

As per approval of shareholders accorded in the Annual General Meeting of the Company held on May 15, 2017, Mr. Kapil Dhameja and Mr. Aditya Wadhwa were appointed as Independent Directors of the Company for a period of five years commencing from June 29, 2016.

Mr. Avirag Jain was appointed as an Additional Director and subject to Shareholder's approval, he was also appointed as a Whole-time Director (Designated as Director & Chief Technology Officer) for a period of three years commencing from August 03, 2017.

Subsequent to the year ended December 31, 2017, Mr. Ashish Thakur has resigned from the post of Company Secretary & Compliance Officer w.e.f. February 10, 2018. The Board placed on record its appreciation for the contribution made by him during his tenure. The Board of Directors of the Company has appointed Mr. Bhasker Dubey as Company Secretary & Compliance Officer of the Company, w.e.f. February 10, 2018.

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

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

On the recommendation of the Nomination & Remuneration Committee of the Company, Lt. Gen Baldev Singh (Retd.) has been reappointed as President and Senior Executive Director of the Company for a period of three years i.e. w.e.f. April 01, 2018 to March 31, 2021, subject to the approval of the Central Government, if required, and the shareholders at the ensuing Annual General Meeting of the Company.

Further, at the meeting of Board of Directors held on August 03, 2017 Mr. Avirag Jain has been appointed as Additional Director and also Whole-time Director (Designated as Director & Chief Technology Officer) of the Company for a period of three years w.e.f. August 03, 2017, subject to the approval of the Central Government, if applicable and the shareholders at the ensuing Annual General Meeting of the Company.

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

None of the directors of the Company is disqualified as per the provisions of Section 164(2) of the Companies Act, 2013. The directors of R Systems have made necessary disclosures, as required under various provisions of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Hereinafter referred as "Listing Regulations").

As required under Section 149 of the Companies Act, 2013 and Listing Regulations all the Independent Directors of the Company, have submitted declarations that they meet the criteria of independence as laid down therein.

## 7. Employees Stock Option Plans / Schemes

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

- R Systems International Ltd. Employees Stock Option Plan Year 2001 (Formerly known as Indus Software Employees Stock Option Plan - Year 2001): Initially formulated for the employees of Indus Software Private Limited which got amalgamated with R Systems and the plan continued as per the scheme of amalgamation approved by the Hon'ble High Courts of Delhi and Mumbai. As on the date of this report, no stock options are in force under this plan.
- R Systems International Limited Employee Stock Option Scheme 2007: For the employees of R Systems and its subsidiaries.

Details relating to options approved, granted, vested, exercised, lapsed, in force etc. under the prevailing employees stock option plans / schemes during the year ended December 31, 2017 are as follows:

S. No.	Particulars	R Systems International Ltd. Employees Stock Option Plan - Year 2001	R Systems International Limited Employee Stock Option Scheme 2007
		(a) <sup>#</sup>	(b) <sup>##</sup>
a.	Total number of shares covered under the plan/scheme	738,980	6,500,000
b.	Pricing Formula	As approved under the "Scheme of Amalgamation" of Indus Software Private Limited with the Company by the Hon'ble High Courts of Delhi and Mumbai.	Rs. 12.07 per option for 6,350,000 options i.e. latest available closing price, prior to the date of the meeting of the Board of Directors / Compensation Committee, in which options were granted, on the stock exchange. Rs. 12.07 per option for 150,000 options as approved by the Compensation Committee.
c.	Options Outstanding at the beginning of the year	Nil	195,280
d.	Options granted during the year	Nil	Nil
e.	Options vested during the year	Nil	Nil
f.	Options exercised during the year	Nil	82,500
g.	The total number of shares arising as a result of exercise of options during the year	Nil	82,500
h.	Options lapsed during the year	Nil	280
i.	Variation of terms of options during the year	Nil	Nil
j.	Money realised by exercise of options during the year (Rs.)	Nil	995,775
k.	Total number of options in force at the end of the year	Nil	112,500
l.	Employee wise details of options granted to (during the year)		
(i)	Senior managerial personnel	Nil	Nil
(ii)	Any other employee who receives a grant in any one year of options amounting to 5% or more of options granted during that year	Nil	Nil
(iii)	Identified employees who were granted options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	Nil	Nil
m.	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of options	N.A.	1.93*

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

## The details given above for plan (b) are after making the required adjustment in relation to sub-division of each of the equity shares of Rs. 10 each into 10 equity shares of Re. 1/- each as per the record date of February 28, 2014.

\* EPS is Rupees per equity share of Re. 1/- each i.e. after giving into effect sub-division of equity shares of Rs. 10 each into equity shares of Re. 1/- each as per record date of February 28, 2014.

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

All options granted under R Systems International Limited Employees Stock Option Plan - Year 2001 have already been vested and exercised or lapsed and no options were in force as on December 31, 2017.

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

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

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

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

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

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

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

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

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

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

For the purpose of valuation of the options granted during the year ended December 31, 2016 under R Systems International Limited Employee Stock Option Scheme 2007, the year to date compensation cost relating to Employee Stock Options, calculated as per the intrinsic value method is Rs. 2,614,858 (Previous year Rs. 2,589,490).

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

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

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

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

The stock based compensation cost calculated as per the intrinsic value method for the financial year 2017 was Rs. 2,614,858 (Previous year Rs. 2,589,490). If the stock based compensation cost was calculated as per fair value method prescribed by SEBI, the total cost to be recognised in the financial statements for the year 2017 would be Rs. 2,642,059 (Previous year 2,617,180). The effect of adopting the fair value method on the net income and earnings per share is presented below:

#### Pro Forma adjusted Net Income and Earnings per Share

(Amount in Rs.)

Particulars	Year ended December 31, 2017	Year ended December 31, 2016
Profit after tax	238,829,974	412,138,007
Add: Intrinsic Value Compensation Cost	2,614,858	2,589,490
Less: Fair Value Compensation Cost	2,642,059	2,617,180
Adjusted Pro-forma Profit after tax	238,802,773	412,110,317
Weighted average number of equity shares for calculating Basic EPS	123,924,898	126,616,327
Weighted average number of equity shares for calculating Diluted EPS	123,949,330	126,653,124
<b>Earnings Per Share</b>		
<b>Basic [Nominal value of shares Re. 1 (Previous year: Re. 1)]</b>		
- As reported	1.93	3.26
- Pro-forma	1.93	3.25
<b>Diluted [Nominal value of shares Re. 1 (Previous year: Re. 1)]</b>		
- As reported	1.93	3.25
- Pro-forma	1.93	3.25

### Weighted average exercise price of options granted during the year

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

### Weighted average fair value of the options granted during the year

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

Scheme (a): R Systems International Limited Employees Stock Option Plan -Year 2001.

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

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

## 8. Liquidity and Borrowings - Consolidated Financial Statement

The available Cash and bank balance including mutual fund as at December 31, 2017 was Rs. 1,607.21 mn. against Rs. 1,199.70 mn. as of December 31, 2016. The increase was mainly on account cash generated from operations, proceeds from redemption of debenture as offset by purchase of fixed assets and earnout payment for IBIZ acquisition.

The consolidated cash and cash equivalent as at December 31, 2017 were Rs. 925.42 mn. as against Rs. 1,136.05 mn. as on December 31, 2016.

Net cash generated from operating activities were Rs. 374.34 mn. for the year ended December 31, 2017 compared to Rs. 436.24 mn. for the year ended December 31, 2016.

Cash used in investing activities were Rs. 576.87 mn. for the year ended December 31, 2017 comprising of Investment in long term deposit with bank Rs. 567.16 mn. (net), purchase of fixed assets of Rs. 89.97 mn., Investment in mutual fund Rs. 48 mn. and earn out payment for IBIZ Rs. 18.40 mn. as offset by proceeds from redemption of debenture Rs. 87.57 mn., interest income Rs. 49.73 mn., rental income from investment property Rs. 6.40 mn., sale of fixed assets Rs. 2.96 mn.

Cash used in financing activities were Rs. 5.79 mn. for the year ended December 31, 2017 mainly consist of Rs. 3.97 mn (net) for repayment of long term borrowings.

R Systems' policy is to maintain sufficient liquidity to fund the anticipated capital expenditures, operational expenses and investments for strategic initiatives. R Systems has a credit facility from the Axis Bank Limited amounting to Rs. 380 mn. (including non-fund based credit limit of Rs. 180 mn. for currency derivatives). As at December 31, 2017, the total credit balance was nil under fund based line of credit. Loan payable as at December 31, 2017 comprises of loan for motor vehicles purchased amounting to Rs. 9.57 mn. and finance lease obligation of Rs. 10.78 mn. for SEZ premises. R Systems' primary bankers in India are Axis Bank Limited, ICICI Bank Limited, Kotak Mahindra Bank Limited, State Bank of India, HDFC Bank Limited and Oriental Bank of Commerce. In U.S.A., U.K. and Singapore, the primary bankers are California Bank & Trust, Natwest Bank and Citibank N.A. respectively.

## 9. Changes in the Capital Structure

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

At the beginning of the financial year ended December 31, 2017, the issued and paid up share capital of the Company was Rs. 123,870,425/- divided into 123,870,425 equity shares of face value of Re. 1/- each. During the year under review the Company issued 82,500 equity shares of Re. 1/- each pursuant to exercise of stock options granted under the R Systems International Limited Employees Stock Option Scheme - 2007. Consequent to the said allotment the issued and paid up share capital of the Company was enhanced to Rs. 123,952,925/- divided into 123,952,925 equity shares of face value of Re. 1/- each. Further, during the year under review there was no change in the authorised share capital of the Company.

During the financial year ended December 31, 2017, the Company has not issued any shares with differential voting rights or any sweat equity shares. Therefore, disclosure pursuant to Section 43(a) (ii) & Section 54(1)(d) of the Companies Act, 2013 are not applicable. Further, no disclosure is required under Section 67 (3) (c) of the Companies Act, 2013, in respect of voting rights not exercised directly by employees of the Company as the provisions of the said section are not applicable.

## 10. Scheme of Arrangements

- A. The Board of Directors of your Company at its meeting held on May 04, 2017 has passed the Scheme of Arrangement under Section 230 & other applicable provisions of the Companies Act, 2013 between R Systems International Limited and its Shareholders and Creditors. The scheme, as approved by the Board of Directors of the Company, subject to necessary approvals of Shareholders, creditors, Stock Exchanges, National Company Law Tribunal or any other appropriate authority, provides for re-organization and reduction of equity share capital of R Systems International Limited to reflect the correct and true capital structure of R Systems by cancelling the shares held by the R Systems Employees Welfare Trust as there are no ascertain beneficiaries or employees of this trust. The Company has applied to relevant authorities for their necessary directions and sanctions.
- B. Subject to necessary approvals of Shareholders, creditors, Stock Exchanges, National Company Law Tribunal or any other appropriate authority, the Board of Directors of your Company at its meeting held on September 22, 2017 has approved the Scheme of Amalgamation under Section 230-232 and other applicable provisions of the Companies Act, 2013 between GM Solutions Private Limited ("GM Solutions") and R Systems International Limited and their respective shareholders and creditors ("Scheme"). GM Solutions forms part of the promoter group of R Systems. It presently holds 29,746,353 (Two Crore Ninty Seven Lac Forty Six Thousand Three Hundred Forty Three only) of Re. 1/- each constituting about 24% of total paid-up equity share capital of R Systems. As per the proposed Amalgamation, GM Solutions will be Amalgamated into R Systems and equivalent no. of shares will be issued and allotted to the equity shareholders of GM Solutions in the same proportion of their respective equity shareholding in GM Solutions. The Company has applied to relevant authorities for their necessary directions and sanctions.

## 11. Material changes affecting the financial position of the Company

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

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

The particulars as prescribed under Section 134 (1) (m) of the Companies Act, 2013, read with rule 8 of Companies (Accounts) Rules, 2014 for the year ended December 31, 2017 are as follows:

### A. Conservation of Energy

Though Your Company does not have energy intensive operation, every endeavour has been made to ensure the optimal usage of energy, avoid wastage and conserve energy. R Systems constantly evaluates new technologies and makes appropriate investments to be energy efficient.

During the year ended December 31, 2017, R Systems adopted various energy conservation options / technologies and took measures to reduce energy consumption by using energy efficient equipment and devices, replacing existing CFL fittings with LEDs fittings to reduce power consumption, Preventive Maintenance of all major and minor equipments. The air is conditioned with energy efficient compressors for central air conditioning and with split air conditioning for localized areas.

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

### B. Technology absorption

#### 1. Efforts made towards technology absorption

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

#### 2. Benefits derived as a result of the above efforts

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

#### 3. Technology imported during the last 3 years

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

#### 4. Expenditure incurred on Research and development

Digital has provided oceans of opportunity for Research and development. Today we are witnessing breakthrough technologies — big data and advanced analytics, artificial intelligence (AI), the Internet of Things, and robotics, mobility and cloud, that is unprecedented in human history. R Systems possess a product engineering DNA and optimized its capabilities around these technologies to accelerate the digital transformation for the customers. We have invested significantly in focused research and development to partner with customer in delivering robust product and solutions simplifying their operations.

The key R&D initiatives undertaken by the Company for the year 2017 are as follows:

- R Systems has continued its investment in building and strengthening robust analytics solutions, accelerators and framework that address the key challenges around data analytics including predictive modeling, machine learning, natural language processing & image analytics. Medley, our unified

data framework enables rapid deployment of custom advance analytics solutions. Medley simplifies data acquisition, transformation & visualization for virtually any data source. Analytics Gym, our consulting framework helps organizations to discover & evaluate relevant data, technology and right approach for their analytics roadmap.

- Anagram, our proprietary customer interaction analytics platform uses speech analytics technology combined with predictive analytics to help businesses glean important business insights and tap into new business opportunities using the big data generated from the entire population of all customer interactions across multiple channels. It helps augment business efficiency by proffering real-time data insights.
- R Systems has partnered with a leading Robotic tools provider to build offerings around process automation and robotic analytics to reduce costs, improve delivery and consistent quality.
- Our new initiatives for IoT covers bringing intelligence to the new edge and futuristic senior devices which use machine learning and artificial intelligence.
- Additionally, your Company has continued its investment building frameworks and proof of concepts in key verticals like Telecom, Media & Entertainment, Banking & Finance, Healthcare & Life Sciences, Technology, Retail & E-commerce and Manufacturing & Logistics Domains.

### C. Foreign Exchange Earnings and Outgo (Accrual Basis)

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

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

(Rs. in Millions)

S. No.	Particulars	Financial Year ended	
		31.12.2017	31.12.2016
(a)	Earnings (Accrual Basis)	2,586.04	2,594.89
(b)	Expenditure (Accrual Basis)	343.98	356.32
(c)	Clf value of imports	26.68	66.53

### 13. Subsidiaries

As on December 31, 2017, R Systems has twenty five subsidiaries. The name and country of incorporation of those subsidiaries are as follows:

S. No.	Name of the Company	Country of Incorporation
1.	R Systems (Singapore) Pte Limited	Singapore
2.	R Systems, Inc.	U.S.A.
3.	R Systems Technologies Limited (Formerly known as Indus Software, Inc.)	U.S.A.
4.	RSYS Technologies Ltd (Formerly Systèmes R. International Ltée)	Canada
5.	ECnet Limited	Singapore
6.	ECnet (M) Sdn. Bhd <sup>#</sup>	Malaysia
7.	ECnet, Inc. <sup>#</sup>	U.S.A.
8.	ECnet (Hong Kong) Ltd. <sup>#</sup>	Hong Kong
9.	ECnet Systems (Thailand) Co. Ltd. <sup>#</sup>	Thailand
10.	ECnet Kabushiki Kaisha <sup>#</sup>	Japan
11.	ECnet (Shanghai) Co. Ltd. <sup>#</sup>	People's Republic of China
12.	Computaris International Limited	U.K.
13.	ICS Computaris International Srl <sup>@</sup>	Moldova
14.	Computaris Malaysia Sdn. Bhd. <sup>@</sup>	Malaysia
15.	Computaris Polska sp z o.o. <sup>@</sup>	Poland
16.	Computaris Romania Srl <sup>@</sup>	Romania
17.	Computaris USA, Inc. <sup>@</sup>	U.S.A.
18.	Computaris Philippines Pte. Ltd. Inc. <sup>@</sup>	Philippines
19.	IBIZ Consulting Pte. Ltd. (Formerly known as IBIZCS Group Pte. Ltd.) <sup>*</sup>	Singapore
20.	IBIZ Consulting Services Pte Ltd <sup>^</sup>	Singapore
21.	IBIZ Consulting Services Sdn. Bhd. <sup>^</sup>	Malaysia
22.	PT. IBIZCS Indonesia <sup>^</sup>	Indonesia
23.	IBIZ Consultancy Services India Private Limited <sup>^</sup>	India
24.	IBIZ Consulting Services Limited <sup>^</sup>	Hong Kong
25.	IBIZ Consulting Services (Shanghai) Co., Ltd <sup>%</sup>	People's Republic of China

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

<sup>@</sup> Wholly owned subsidiaries of Computaris International Limited, U.K. being 100% subsidiary of R Systems.

<sup>\*</sup> Wholly owned subsidiary of R Systems (Singapore) Pte. Limited being 100% subsidiary of R Systems.



<sup>^</sup> Wholly owned subsidiaries of IBIZ Consulting Pte. Ltd. (Formerly known as IBIZCS Group Pte. Ltd.) being 100% subsidiary of R Systems (Singapore) Pte Limited being 100% subsidiary of R Systems.

<sup>%</sup> Wholly owned subsidiary of IBIZ Consulting Services Limited - Hong Kong being 100% Subsidiary of IBIZ Consulting Pte. Ltd.

During the year ended December 31, 2017, the Company has invested SGD 350,000 (Singapore Dollar Three Lakhs Fifty Thousand only) in R Systems (Singapore) Pte Limited towards equity contribution.

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

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

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

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

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

#### 14. Particulars of employees

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

#### 15. Directors' responsibility statement

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

- 1) In the preparation of the annual accounts for the financial year ended December 31, 2017, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- 2) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended December 31, 2017 and of the profit and loss of the Company for that period;
- 3) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- 4) the directors had prepared the annual accounts for the financial year ended December 31, 2017 on a going concern basis;
- 5) the directors, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- 6) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### 16. Auditors

M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, [Firm's Registration No. 117366W/ W-100018], were appointed as the Statutory Auditors of your Company in the Annual General Meeting held on May 15, 2017 for a term of five years until the conclusion of the Twenty Eighth AGM of the Company to be held in the year 2022. As per the provisions of Section 139 of the Act, the appointment of the Statutory Auditors is required to be ratified by Members at every Annual General Meeting. Accordingly, the appointment of M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, as Statutory Auditors of the Company, shall be placed for ratification by the Members in the ensuing Annual General Meeting.

Further, the auditors' report being self-explanatory, does not call for any further comments by the Board of Directors as there are no qualifications, reservation or adverse remark or disclaimer made in the audit report for the financial year ended December 31, 2017.

#### 17. Audit committee

R Systems has a qualified and independent Audit Committee. During the year under review there was no change in the composition of Audit Committee.

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

Detailed description of the Audit Committee has been given in Corporate Governance Report. The terms of reference and role

of the Committee are as per the guidelines set out in the Listing Regulations and Section 177 of the Companies Act, 2013 and Rules made thereunder and includes such other functions as may be assigned to it by the Board from time to time.

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

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

At R Systems, it is our desire to promote a healthy and congenial working environment irrespective of gender, caste, creed or social class of the employees. We value every individual and are committed to protect the dignity and respect of every individual. The Company has always endeavored for providing a better and safe environment free of sexual harassment at all its work places. Consequent to the enactment of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules made thereunder, the Management of R Systems International Limited has constituted an Internal Complaints Committee (ICC) to deal with any complaints or issues that may arise, in the nature of sexual harassment of women employees. The Company has also prepared and implemented Policy for Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace. During the year ended December 31, 2017, no cases of sexual harassment against women employees at any of its work place were reported to the ICC.

#### 19. Corporate Governance

As required under Listing Regulations, the detailed report on corporate governance is given as **Annexure C** to this report and the certificate obtained from a Practicing Company Secretary regarding compliance of the conditions of corporate governance as stipulated in the said clause is annexed as **Annexure D** to this report.

#### 20. Deposits

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

#### 21. Customer relations

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

#### 22. Stakeholder's relations

R Systems is inspired by its customers and its employees transform that inspiration and customers' needs into value for

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

#### 23. Management Discussion and Analysis Report

In terms of the Listing Regulations Management Discussion and Analysis Report is given as **Annexure E** to this report.

#### 24. Secretarial Audit Report

M/s Chandrasekaran Associates, Company Secretaries, has been appointed by the Board of Directors of the Company to carry out the Secretarial Audit under the provision of Section 204 of the Companies Act, 2013 for the financial year ended December 31, 2017. The Secretarial Audit report for financial year ended on December 31, 2017 is enclosed as **Annexure F**.

Further, the Secretarial auditors' report being self-explanatory, does not call for any further comments by the Board of Directors as there are no qualifications, reservation or adverse remark or disclaimer made in the Secretarial Audit Report for the financial year ended December 31, 2017.

#### 25. Vigil Mechanism / Whistle Blower Policy

In order to provide a mechanism to employees of the company to disclose any unethical and improper practices or any other alleged wrongful conduct in the Company and to prohibit managerial personnel from taking any adverse action against those employees, the Company has laid down a Vigil Mechanism also known as Whistle Blower Policy to deal with instance of fraud and mismanagement, if any. The details of the Vigil Mechanism or Whistle Blower Policy is explained in the Corporate Governance Report and also posted on the website of the Company.

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

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

## 27. Meetings of the Board

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

## 28. Board Evaluation

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

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

During the year ended December 31, 2017, the Company has invested SGD 350,000 (Singapore Dollar Three Lakhs Fifty Thousand only) in R Systems (Singapore) Pte Limited by way of acquisition of additional shares.

## 30. Related Party Disclosure

All the Related Party Transactions entered during the year were in the ordinary course of business and on arm's length basis. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict of interest with the company at large. All the related party transactions are presented to the Audit Committee and the Board. Omnibus approval is obtained for the transactions which are unforeseen in nature. A statement of all related party transactions is presented before the Audit Committee on quarterly basis, specifying the terms & conditions of the transactions. The policy on Related Party Transactions as approved by the Board is uploaded on the company's website at the weblink as mentioned in the Corporate Governance Report. Details of particulars of contracts or arrangements with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 in form AOC-2 has been enclosed herewith as **Annexure G**.

## 31. Risk Management

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

## 32. Corporate Social Responsibility

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

During the year under review, there was no change in the composition of CSR Committee.

The detailed terms of reference of the CSR Committee has been provided in the Corporate Governance Report. In pursuit

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

## 33. Internal Control System and Internal Financial Controls

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The Internal Auditors and the management monitors and evaluates the efficacy and adequacy of the internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Audit observations of Internal Auditors and corrective actions thereon are presented to the Audit Committee of the Board. To maintain its objectivity and independence, the Internal Auditor reports to the Audit Committee.

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

M/s. Deloitte Haskins & Sells LLP, Chartered Accountants the statutory auditors of the Company, has audited the financial statements included in this annual report and have issued unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

## 34. Extract of Annual Return

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

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

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

## 36. Acknowledgments

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

On behalf of the Board  
For R Systems International Limited

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

Place : CA, U.S.A.  
Date : April 18, 2018

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

Place : NOIDA (U.P.)  
Date : April 18, 2018

Annexure 'A' to the Directors' Report

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

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

Sr. No.	Name of the Director	Category	Ratio of the remuneration to the median remuneration of the employees
1.	Mr. Satinder Singh Rekhi	Executive Director	42.30
2.	Lt. Gen. Baldev Singh (Retd.)	Executive Director	8.29
3.	Mr. Avirag Jain*	Executive Director	8.61
4.	Mrs. Ruchica Gupta	Non-Executive Independent Director	N.A.
5.	Mr. Kapil Dhameja	Non-Executive Independent Director	N.A.
6.	Mr. Aditya Wadhwa	Non-Executive Independent Director	N.A.

\* Mr. Avirag Jain was appointed as Additional Director and subject to shareholders approval, Whole-time Director (Designated as Director & Chief Technology Officer) w.e.f. August 03, 2017.

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

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

Sr. No.	Name of the Director/CFO/CS/Manager	Category	% increase in remuneration in the financial year
1.	Mr. Satinder Singh Rekhi	Executive Director	(8.61)
2.	Lt. Gen. Baldev Singh (Retd.)	Executive Director	(0.21)
3.	Mr. Avirag Jain*	Executive Director	N.A.
4.	Mrs. Ruchica Gupta	Non-Executive Independent Director	N.A.
5.	Mr. Kapil Dhameja	Non-Executive Independent Director	N.A.
6.	Mr. Aditya Wadhwa	Non-Executive Independent Director	N.A.
7.	Mr. Nand Sardana	Chief Financial Officer	29.22
8.	Mr. Ashish Thakur	Company Secretary & Compliance Officer	30.86

\* Mr. Avirag Jain was appointed as Additional Director and subject to shareholders approval, Whole-time Director (Designated as Director & Chief Technology Officer) w.e.f. August 03, 2017.

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

The percentage increase in the median remuneration of the employees in the financial year was 6.67%.

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

Number of permanent employees on the rolls of R Systems International Limited as at December 31, 2017 was 1,658.

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

Average increase in remuneration for employees is 8%-10% (approx.). The average increase in overall managerial remuneration is (0.76%).

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

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

On behalf of the Board  
For R Systems International Limited

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

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

Place : CA, U.S.A.  
Date : April 18, 2018

Place : NOIDA (U.P.)  
Date : April 18, 2018

Annexure 'B' to the Directors' Report  
**Information as per 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Directors' Report for the year ended December 31, 2017**  
**Name of the Top 10 employees employed during the year in terms of remuneration drawn by them**

a. Employed throughout the year

S. No	Name	Designation / nature of duties	Qualification	Age (Years)	Date of Joining	Experience (Years)	Gross Remuneration (Rs.)	Previous employment & designation
1	Ashok Bhatia	Vice President - Client Operations	B.Sc, PGDMM and Certified Project Manager (SAPM) from Stanford University, USA	51	December 11, 2000	26	15,363,499	ACT Inc., Vice President - Marketing
2	Haish Verma	Vice President (Global Innovative Research) & Head, Mobility Solutions	BE (Hons) in Electrical & Electronics Engineering, MS PhD in Computer Science from BITS, Pilani, Executive Mgmt Prog from IIM, Ahmedabad, Post-Doctoral Res Prog, UC Berkeley.	58	February 19, 2007	33	10,156,456	Glocol, Inc., Vice President, R&D
3	Mandeep Singh Sodhi <sup>s</sup>	Vice President - Sales	Bachelors degree in Electronics Engineering from Marathwada University and MBA from University of California, Davis	50	May 14, 1993	25	39,192,138	Sark Synertek, Senior Marketing Engineer
4	Satinder Singh Rekhi	Managing Director	Bachelor of Technology from IIT, Khairagarh; MBA California State University, Sacramento; Senior Management programs from University of Berkeley and Harvard Business School	67	May 14, 1993	35	33,838,497	Digital Information Systems Corporation, Senior Management Personnel
5	Stacey Gann	Engagement Manager	Bachelors of Science in Nursing	49	January 30, 2012	28	8,443,615	Harris Health Plan-Training Manager

b. Employed part of the year

S. No	Name	Designation / nature of duties	Qualification	Age (Years)	Date of Joining	Experience (Years)	Gross Remuneration (Rs.)	Previous employment & designation
1	Adheesh Prabhavalkar <sup>#</sup>	AVP - US Operations	BE Electronics	51	April 06, 2010	26	7,974,120	Siemens Information Systems Ltd, Principal Account Manager
2	Gurpreet Saini <sup>#</sup>	Sales Account Manager	BS Computer Science, MBA - Nagpur University in Marketing and Finance	43	May 02, 2006	20	9,519,775	FCS Software, Sales Manager
3	Damian Clinton	Sr. Sales Director <sup>@</sup>	MBA MSITS and BA Economics	54	August 21, 2017	24	3,452,680	Director Sierraspen, Director Bleum
4	Jeffrey A Johnstone	Director- Client Services <sup>@</sup>	BA - Applied Mathematics, MBA - Marketing Management	55	April 29, 2016	25	10,491,980	TechExcel Inc, Sr. Director of Sales
5	Xhosrow Hassibi	Chief Data Scientist	PhD, ECS (Electrical & Computer Science) UCLA Executive Program, UCLA Anderson School of Management	56	March 1, 2017	25	11,643,589	Altice, Senior Principal, Head of Data Science

<sup>s</sup> Mr. Mandeep Singh Sodhi is related to Lt. Gen. Baldev Singh (Retd.), President & Sr. Executive Director of the Company.

<sup>@</sup> Not a member of the Board of Director of the Company.

<sup>#</sup> Resigned during the year.

**Notes:**

1. None of the employee owns more than 2% of the outstanding shares of the Company as on December 31, 2017.
2. Nature of employment is contractual in all the above cases.

On behalf of the Board  
For R Systems International Limited

**Sd/-**

**Satinder Singh Rekhi**

(DIN: 00006955)

(Managing Director)

Place : CA, U.S.A.

Date : April 18, 2018

**Sd/-**

**Lt. Gen. Baldev Singh (Retd.)**

(DIN: 00006966)

(President & Senior Executive Director)

Place : NOIDA, (U.P.)

Date : April 18, 2018

## CORPORATE GOVERNANCE

### Report on Corporate Governance

#### 1. Company's Philosophy on Corporate Governance

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

#### 2. Board of Directors

- i. R Systems has an optimum combination of executive and non-executive directors on its Board of Directors ("Board"). As at financial year ended December 31, 2017, the Board

comprised of six directors, i.e. three executive directors out of which one is promoter director designated as Managing Director and three non-executive independent directors. All the existing non-executive independent directors of the Company satisfy the criteria of independence as defined under the provisions of the Companies Act, 2013 ("the Act") and the Listing Regulations. The total number of independent directors has been at least 50% of the total strength of the Board at all times during the year under review.

None of the directors of the Company is a committee member or a chairperson of any committee in any other Company in India. None of the non-executive independent director of the Company hold any shares in the Company. Necessary disclosures regarding directorship and committee positions in other companies and shareholding as on financial year ended December 31, 2017 have been made by the directors.

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

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

Name of Director	Category of Director	Designation	No. of Board Meetings attended out of 08 meetings held during the year	Attendance at the last AGM	No. of Directorship in other Bodies Corporate <sup>#</sup>
Mr. Satinder Singh Rekhi	Promoter & Executive Director	Managing Director	2+6*	Yes	12
Lt. Gen. Baldev Singh (Retd.)	Executive Director	President & Senior Executive Director	8	Yes	Nil
Mr. Avirag Jain <sup>5</sup>	Executive Director	Director & Chief Technology Officer	4	N.A.	Nil
Mrs. Ruchica Gupta	Non- Executive Independent Director	Non-Executive & Independent Director	7	Yes	Nil
Mr. Kapil Dhameja	Non- Executive Independent Director	Non-Executive & Independent Director	8	Yes	1
Mr. Aditya Wadhwa	Non- Executive Independent Director	Non-Executive & Independent Director	7	Yes	Nil

<sup>#</sup> Includes the offices of CEO, President, Managing Member and Partner.

<sup>\*</sup> Attendance by teleconference.

<sup>5</sup> Mr. Avirag Jain was appointed as Additional Director and subject to shareholders approval, Whole-time Director (Designated as Director & Chief Technology Officer) w.e.f. August 03, 2017 and attended all the four meetings held since his appointment.

The expression 'independent director' has the same meaning as defined under Regulation 16 of the Listing Regulations and Section 149 of the Act.

As on financial year ended December 31, 2017, out of total six directors, two directors namely, Mr. Satinder Singh Rekhi, Managing Director and Lt. Gen. Baldev Singh (Retd.), President & Senior Executive Director are relatives of each other as latter is former's sister's husband.

## ii. Board Functioning & Procedures

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

The minutes of the Board meetings and Committee meetings are circulated to all directors and committee members, respectively, in compliance with the Secretarial Standard-1 issued by the Institute of Company Secretaries of India (ICSI) for their review, consideration and records. During the financial year ended December 31, 2017, the Board met eight times i.e. on February 10, 2017, April 06, 2017, May 04, 2017, May 15, 2017, August 03, 2017, September 22, 2017, November 02, 2017 and December 14, 2017. The gap between any two consecutive Board meetings did not exceed one hundred and twenty days. The Board periodically reviews compliance reports in respect of laws and regulations applicable to the Company.

## iii. Code of Conduct

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

The Company has obtained confirmations for the compliance with the said code from all its Board members and senior management personnel for the year ended December 31, 2017.

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

### CODE OF CONDUCT DECLARATION

I, Satinder Singh Rekhi, Managing Director of R Systems International Limited, to the best of my knowledge and belief, hereby declare that all the Board members and senior management personnel have affirmed compliance with the Company's Code of Conduct for the year ended December 31, 2017.

Sd/-

Place: Noida

Date: January 12, 2018

**Satinder Singh Rekhi**  
(Managing Director)

## iv. Appointment / Reappointment of Directors

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

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

Lt. Gen. Baldev Singh (Retd.) (DIN: 00006966), aged about 77 years, has more than 51 years of experience, including handling top managerial, diplomatic and human resource development related assignments. Mr. Singh has a Masters in Military Sciences from the prestigious Madras University in India and attended two short courses at University of California at Berkeley, in Strategic Account Management and Marketing. He joined the Board of R Systems on September 01, 1997. As on the date of this report:-

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

### B. Mr. Avirag Jain (Director & Chief Technology Officer)

Mr. Avirag Jain (DIN: 00004801), aged about 52 years, has more than 25 years of rich experience in managing large on-site, off-site and offshore projects in Banking, Telecom, Healthcare and other domains. Mr. Avirag Jain is a Graduate in Science and an MBA in Finance and International business from IMT, Ghaziabad. He also has a post-graduate diploma in Cyber Law from the Asian School of Cyber Law, Pune, apart from several certifications on diverse technology and management subjects. Mr. Jain is a strong technocrat with blend of managerial, people and customer skills and heading the on-site, off-site and Offshore Delivery of R Systems for more than 20 years. He has been inducted in the Board of Directors of the Company as an Additional Director and subject to shareholders approval he has also been appointed as Whole-time Director (Designated as Director & Chief Technology Officer) w.e.f. August 03, 2017. As on the date of this report:-

- Mr Avirag Jain does not hold any office of director / member in other company's board / committee.
- Mr. Avirag Jain has no outstanding ESOPs under prevailing stock option plans of the Company.
- As on the date of this report, he holds 100 equity shares of Re. 1 each being negligible percentage of the total paid up share capital in R Systems.

- Mr. Avirag Jain is not related to any other director of the Company.

### 3. R Systems has formulated the following committees of its Board of Directors:

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

#### 3.1 Audit Committee

R Systems has a qualified and Independent Audit Committee. During the year under review, there was no change in the constitution of the Audit Committee.

The Audit Committee met six times during the year i.e. on February 10, 2017, April 06, 2017, May 04, 2017, August 03, 2017, September 22, 2017 and November 02, 2017.

#### Composition of the Audit Committee & its meetings and attendance during the financial year ended on December 31, 2017 :

Composition of the Audit Committee	Category of Director	Chairperson /Member	No. of Meetings attended out of 6 meetings held during the year
Mrs. Ruchica Gupta	Non-Executive Independent Director	Chairperson	5
Lt. Gen. Baldev Singh (Retd.)	Executive Director	Member	6
Mr. Kapil Dhameja	Non-Executive Independent Director	Member	6
Mr. Aditya Wadhwa	Non-Executive Independent Director	Member	5

The Audit Committee invites such executives of the Company as it considers appropriate to be present at its meetings. The representatives of the Statutory Auditors and Internal Auditors are also invited to Audit Committee meetings. The Company Secretary of the Company acts as the Secretary to the Audit Committee.

#### Powers of the Audit Committee

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

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

#### Terms of reference of the Audit Committee

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

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



of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;

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

### 3.2. Nomination & Remuneration Committee

#### Brief description and terms of reference

During the year under review, there was no change in the Composition of Nomination & Remuneration Committee and consists only of Non-Executive Independent Directors as per the provisions of Section 178 of the Act and Regulation 19 of SEBI Listing Regulations.

The Terms of reference and role of Nomination & Remuneration Committee covers the area as under:

- formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and senior management employees;
- formulation of criteria for evaluation of performance of independent directors and the board of directors;
- devising a policy on diversity of board of directors;
- identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.
- whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

During the year under review, Nomination & Remuneration Committee met two times i.e. on April 06, 2017 and August 03, 2017.

#### Composition of the Nomination & Remuneration Committee, its meetings and attendance during the year ended December 31, 2017:

Composition of the Nomination & Remuneration Committee	Category of Director	Chairperson/ Member	No. of meetings attended out of 2 meetings held during the year
Mrs. Ruchica Gupta	Non-Executive Independent Director	Chairperson	2
Mr. Kapil Dhameja	Non-Executive Independent Director	Member	2
Mr. Aditya Wadhwa	Non-Executive Independent Director	Member	2

## PERFORMANCE EVALUATION

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

### POLICY FOR SELECTION AND APPOINTMENT OF DIRECTORS, KMPs AND SENIOR MANAGEMENT PERSONNEL AND REMUNERATION POLICY

#### **CRITERIA FOR SELECTION OF CANDIDATES FOR MEMBERSHIP ON THE BOARD OF DIRECTORS, KMPs AND SENIOR MANAGEMENT PERSONNEL**

##### **General Criteria**

A person to be appointed as Director, KMP or at senior management level should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.

Each director should:

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

##### **Specific Criteria**

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

##### **REMUNERATION POLICY**

The remuneration policy of the Company reflects the Company's objectives for good corporate governance as well as sustained long-term value creation for shareholders and guided by a common reward framework and set of principles and objectives as more fully and

particularly envisaged under Section 178 of the Act, inter-alia principles pertaining to determining qualifications, positive attributes, integrity and independence etc. Remuneration policy of R Systems is as follows:

##### **Executive Directors' Remuneration**

1. At the time of appointment or re-appointment, Managing Director and the Executive Directors of the Company i.e. Whole – time Director as defined in the Companies Act, 2013 by whatever name may be called (hereinafter known as Executive Directors) shall be paid such remuneration as may be proposed by Nomination & Remuneration Committee and subsequently approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013.
2. The remuneration shall be subject to the approval of the Members of the Company at its General Meeting, wherever required under the provisions of the Companies Act, 2013 and rules made there under or under the provision of any other laws as may be applicable.
3. The remuneration of the Executive Directors is broadly divided into fixed and variable components. The fixed component comprises salary, allowances, perquisites, amenities and retiral benefits. The variable component comprises performance bonus and may include:
  - Short-term incentives, based on the achievement of a number of individual, pre- defined financial and strategic business targets recommended by the Committee.
  - Long-term incentives in the form of stock options, promoting a balance between short-term achievements and long-term thinking. The Directors shall be eligible to participate in the stock options only subject to the compliance of the conditions under the provisions of the Companies Act, 2013, Listing Regulations and the other Rules/ Regulations as prescribed by the Securities & Exchange Board of India (SEBI) in this regard.
  - Pension contributions, made in accordance with applicable laws and employment agreements.
  - Severance payments in accordance with termination clauses in employment agreements and subject to the provisions of the Companies Act, 2013 and other applicable laws.
4. In determining the remuneration (including the element as defined in clause 3) the Nomination & Remuneration Committee shall ensure / consider the following:
  - I. Remuneration shall be evaluated annually against performance and a benchmark of international companies, which in size and complexity are similar to R Systems.
  - II. Balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals.
  - III. Responsibility required to be shouldered by the Executive Directors, the industry benchmarks and the current trends.
  - IV. The Company's performance vis-à-vis the annual budget achievement and individual performance vis- à-vis the KRAs / KPIs.

## 5. Minimum remuneration to Executive Directors

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

**Remuneration policy for the Key Managerial Personnel and other employees**

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

- I. the relationship of remuneration and performance benchmark is clear;
- II. the balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals;
- III. the remuneration is divided into two components viz. fixed component comprising salaries, perquisites and retirement benefits and a variable component which comprises performance bonus and may include:
  - Short-term incentives, based on the achievement of a number of individual, pre-defined financial and strategic business targets recommended by the Committee.
  - Long-term incentives in the form of stock options, promoting a balance between short-term achievements and long-term thinking, in accordance to various applicable laws.
  - Pension contributions, made in accordance with applicable laws and employment agreements.
  - Severance payments in accordance with termination clauses in employment agreements. Severance payments shall comply with local legal framework.
- IV. the remuneration including annual increment and performance bonus is decided based on the criticality of the roles and responsibilities, the Company's performance vis-à-vis the annual budget achievement, individuals performance vis-à-vis KRAs / KPIs, industry benchmark and current compensation trends in the market. The Benchmark information is obtained from internationally recognized compensation service consultancies, whenever required.

**Remuneration for Non-Executive Directors**

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

**Brief terms of employment and details of remuneration paid to the Executive Directors during the year ended December 31, 2017:**

(Amount in Rs.)

1.	Name of the Director	Mr. Satinder Singh Rekhi
(a)	Salary, benefits and allowances (fixed)	28,874,162
(b)	Incentive (fixed) <sup>†</sup>	4,964,335
(c)	Stock options granted	Nil
(d)	Pension	As per the applicable policy for employees
(e)	Service contract	5 years
(f)	Notice period	36 months
(g)	Severance fees	Compensation in lieu of notice
(h)	Shareholding in R Systems as on December 31, 2017	1,281,556 equity shares of Re. 1/- each in his own name & 12,150,731 equity shares of Re. 1/- each as trustee of Satinder & Harpreet Rekhi Family Trust

\* Incentive is based on the fixed percentage of Profit After Tax.

(Amount in Rs.)

2.	Name of the Director	Lt. Gen. Baldev Singh (Retd.)
(a)	Salary, benefits and allowances (fixed)	3,950,504
(b)	Incentive (fixed) <sup>§</sup>	2,400,000
(c)	Provident fund	277,920
(d)	Stock options granted	Nil
(e)	Pension	As per the applicable policy for employees
(f)	Service contract	3 years
(g)	Notice period	6 months
(h)	Severance fees	Compensation in lieu of notice
(i)	Shareholding in R Systems as on December 31, 2017	111,498 equity shares of Re. 1/- each

§ Incentive is based on the fixed percentage of qualifying revenue and performance of the Company.

(Amount in Rs.)

3.	Name of the Director	Avirag Jain*
(a)	Salary, benefits and allowances (fixed)	1,711,973
(b)	Incentive (fixed) <sup>§</sup>	1,083,677
(c)	Provident fund	75,937
(d)	Stock options granted	Nil
(e)	Pension	As per the applicable policy for employees
(f)	Service contract	3 years
(g)	Notice period	2 months
(h)	Severance fees	Compensation in lieu of notice
(i)	Shareholding in R Systems as on December 31, 2017	100 equity shares of Re. 1/- each

\* Mr. Avirag Jain was appointed as Additional Director and subject to shareholders approval, Whole-time Director (Designated as Director & Chief Technology Officer) w.e.f. August 03, 2017. Hence the above details has been provided from the date of his appointment as Director of the Company.

§ Incentive is based on the fixed percentage of qualifying revenue.  
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The aforementioned directors' remuneration is pursuant to approval of the Nomination & Remuneration Committee, the Board, shareholders and by the Central Government, whenever applicable. Further, Central Government approval for payment of remuneration to Mr. Satinder Singh Rekhi has been obtained under the provisions of the Act.

#### Details of remuneration paid to the non-executive directors during the year ended December 31, 2017

As per the remuneration policy of R Systems, non-executive members of the Board shall be entitled for sitting fees for attending the meetings of the Board or committees thereof. The sitting fee shall be fixed by the Board of Directors from time to time in accordance with the provisions of the Act, and other applicable provisions, if any. Non-Executive Directors shall not be entitled to any fixed or monthly salary or other remuneration. The sitting fees paid to the non-executive directors during the year ended December 31, 2017 is as follows:

(Amount in Rs.)

S. No.	Name of the Director	Sitting Fees Paid
1.	Mrs. Ruchica Gupta	275,000
2.	Mr. Kapil Dhameja	300,000
3.	Mr. Aditya Wadhwa	250,000
	<b>Total</b>	<b>825,000</b>

As on December 31, 2017, none of the existing non-executive and independent director of the Company holds any shares, options or any other convertible instruments in R Systems.

#### 3.3 Compensation Committee

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

During the year under review, there was no change in the composition of the Compensation Committee. During the year, the Compensation committee met on August 03, 2017.

#### Composition of the Compensation Committee, its meetings and attendance during the year ended December 31, 2017 :

Composition of the Compensation Committee	Category of Director	Chairperson/ Member	No. of meeting attended out of 1 meeting held during the year
Mrs. Ruchica Gupta	Non-Executive Independent Director	Chairperson	1
Mr. Kapil Dhameja	Non-Executive Independent Director	Member	1
Mr. Aditya Wadhwa	Non-Executive Independent Director	Member	1

#### 3.4 Stakeholders' Relationship Committee

As on December 31, 2017, the Stakeholders' Relationship Committee of R Systems comprised of three directors, with Non-Executive Independent Director as its Chairman. Stakeholders' Relationship Committee investigates and provides for redressal of shareholders' and Investors' grievances relating to transfer, transmission, dematerialisation and rematerialisation of shares, issue of duplicate share certificates, non-receipt of annual report, dividend and other matters.

During the year under review, there was no change in the composition of the Stakeholder's Relationship Committee.

During the year under review, Stakeholders' Relationship Committee met four times i.e. on February 10, 2017, May 04, 2017, August 03, 2017 and November 02, 2017.

#### Composition of the Stakeholders' Relationship Committee its meetings and attendance during the year ended December 31, 2017 :

Composition of the Stakeholders' Relationship Committee	Category of Director	Chairperson / Member	No. of meetings attended out of 4 meetings held during the year
Mr. Kapil Dhameja	Non-Executive Independent Director	Chairman	4
Mrs. Ruchica Gupta	Non-Executive Independent Director	Member	4
Lt. Gen. Baldev Singh (Retd.)	Executive Director	Member	4

The Stakeholders Relationship Team ("the Team") has also been constituted and empowered to consider, approve the request for share transfer, remat, split, consolidation etc. The team conducts its meeting as and when required. During the year under review the team met 12 times.

#### Name and designation of the Compliance Officer

Mr. Bhasker Dubey

Company Secretary & Compliance Officer

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

Tel No.: 0120 - 430 3500

Email: [investors@rsystems.com](mailto:investors@rsystems.com)

#### Shareholders grievances / complaints received and resolved during the year

(i)	Number of shareholders' complaints received during the year ended December 31, 2017	3
(ii)	Number of complaints not resolved to the satisfaction of shareholders	Nil
(iii)	Number of pending complaints	Nil

### Share Transfers in Physical Mode

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

### 3.5. Corporate Social Responsibility Committee (CSR Committee)

#### Brief description and terms of reference

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

During the year under review, there was no change in the composition of the CSR Committee

The CSR Committee of the Company shall:

- Formulate and recommend to the Board, Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII of the Companies Act, 2013 and the Rules made thereunder.
- Recommend the amount of expenditure to be incurred on the activities under Corporate Social Responsibilities.
- Monitor Corporate Social Responsibility Policy of the Company.
- To carry out all other duties as may be required under the Companies Act, 2013 and rules made thereunder.

During the year under review, Corporate Social Responsibility Committee met five times i.e. on February 10, 2017, April 06, 2017, August 03, 2017, November 02, 2017 and December 14, 2017.

#### Composition of the Corporate Social Responsibility Committee its meetings and attendance during the year ended December 31, 2017

Composition of the CSR Committee	Category of Director	Chairperson/Member	No. of meetings attended out of 5 meetings held during the year
Mr. Kapil Dhameja	Non-Executive Independent Director	Chairman	5
Lt. Gen. Baldev Singh (Retd.)	Executive Director	Member	5
Mrs. Ruchica Gupta	Non-Executive Independent Director	Member	5

### 4. Separate Meeting of Independent Directors

As stipulated under the Provisions of the Act and Listing Regulations a separate meeting of the Independent Directors was held on November 02, 2017 to review the performance of Non - Independent Directors and the Board as whole. The Independent Directors reviewed the quality, content and timeliness of the flow of information between the Management, the Board and it's Committees which is necessary to effectively and reasonably perform and discharge their duties.

The names of Independent Directors on the Board and their attendance at the meeting of Independent Directors held during the year under review is as follows:

Name of the Director	No. of meetings attended out of 1 meeting held during the year
Mrs. Ruchica Gupta	1
Mr. Kapil Dhameja	1
Mr. Aditya Wadhwa	1

### 5. Subsidiary Companies

During the year under review, the Company has twenty five subsidiaries including step down subsidiaries.

The Audit Committee reviewed the financial statements, in particular, the investments made by it's unlisted subsidiary bodies corporate. The management periodically brings to the attention of the Board of Directors of R Systems, a statement of all transactions and arrangements entered into by the unlisted subsidiary bodies corporate.

R Systems does not have any material listed/unlisted Indian subsidiary company as per the policy drafted by the company in compliance with the Listing Regulations. The said policy is available at the website of the Company at the following link:

<http://www.rsystems.com/investors/corporategovernance.aspx>

## 6. General Body Meetings

### I. Details for the last three Annual General Meetings ("AGM")

AGM Date and Time	Venue	Special Resolutions passed
21 <sup>st</sup> AGM, June 09, 2015 at 09:00 A.M.	Air Force Auditorium, Subroto Park, New Delhi - 110 010	Reappointment and payment of remuneration to Lt. Gen. Baldev Singh (Retd.)(DIN:00006966) as President & Senior Executive Director of the Company.
22 <sup>nd</sup> AGM, June 13, 2016 at 09:00 A.M.	Air Force Auditorium, Subroto Park, New Delhi- 110010	No Special Resolution was Passed*
23 <sup>rd</sup> AGM, May 15, 2017 at 09:00 A.M.	Air Force Auditorium, Subroto Park, New Delhi- 110010	No Special Resolution was Passed

\* Resolutions pertaining to re-appointment of Mr. Raj Kumar Gogia, Mr. Suresh Paruthi, Mr. Gurbax Singh Bhasin and Mr. Amardeep Singh Ranghar as Independent Directors were put to vote as a Special Resolution but were not passed by the requisite majority of members of the Company.

- II. No Extra Ordinary General Meeting of the Company was held during the last three years.
- III. During the year under review, the Company has not passed any resolution through Postal Ballot.
- IV. No special resolution is proposed to be conducted through Postal Ballot at the forthcoming Annual General Meeting.

## 7. Disclosures

### 7.1 Related Party Transactions

Related Party Transactions are defined as transfer of resources, services or obligations between the company and a related party, regardless of whether a price is charged. As per Listing Regulations, there have been no materially significant related party transactions with Company's subsidiaries, promoters, directors or the management or their relatives or companies controlled by them etc., which may have conflict with the interest of the Company at large.

Details on Related Party Transactions are shown in note number 24 in the standalone financial statements and in note number 25 in the consolidated financial statements for the financial year ended December 31, 2017.

The Policy on the Material Subsidiary is available on the website of the Company at the following link:

<http://www.rsystems.com/investors/corporategovernance.aspx>

In compliance of the provisions of Listing Regulations the policy on dealing with Related Party Transactions has been uploaded on the website of the Company at the following link:

<http://www.rsystems.com/investors/corporategovernance.aspx>

### 7.2 Statutory Compliance, Penalties and Strictures

There were no penalties imposed on R Systems for any non-compliance by Stock Exchanges, SEBI or any other statutory authority on matters related to capital markets during the last three years.

### 7.3 Vigil Mechanism / Whistle Blower Policy

Pursuant to Section 177 of the Act and rules made thereunder and the Listing Regulations, R Systems has in place a mechanism for employees to report concerns about unethical behaviour, actual or suspected fraud, violation of Code of Conduct of the Company etc. The mechanism also provides for adequate safeguards against victimisation of employees who avail the mechanism and also provides for direct access to the Whistle Blower to the Chairman of the Audit Committee. We affirm that during the financial year ended December 31, 2017, no employee has been denied access to the Audit Committee. The details of such Whistle Blower policy (also known as Vigil Mechanism) have been available on the website of the Company at the following link:

<http://www.rsystems.com/investors/corporategovernance.aspx>

### 7.4 Risk Management Policy

The Company has formulated a risk management policy to identify the present and potential risks involved in the business. The same is periodically reviewed and considered by the Audit Committee and the Board. The Risk Management Report forms part of the Annual Report and is provided elsewhere.

### 7.5 Training to Board Members

The Company follows a structured orientation and training programme for the Independent Directors to understand and get updated on the business and operations of the Company on continuous basis.

The Board has adopted a structured policy for training of new Independent Directors which shall inter-alia provide: (a) business overview and an outline of corporate plan and annual target (b) operations overview (c) overview of Sales & Marketing (d) comprehensive rolling corporate plan etc. The details of the Familiarization Programme are available on the website of the Company at the following link:

<http://www.rsystems.com/investors/corporategovernance.aspx>

The Company believes that the Board is continuously empowered with the knowledge of the latest developments in the Company's business and the external environment affecting the industry as a whole. Independent Directors are regularly updated on performance of each line of business of the Company, state of the market, business strategy going forward and new initiatives being taken/proposed to be taken by the Company.

#### **7.6 Compliance with mandatory requirements and adoption of non-mandatory requirements of Regulation 27(1) read with Part-E of Schedule-II of the Listing Regulations**

The Company has complied with all the mandatory requirements of Listing Regulations. As required under Regulation 17(8) of the Listing Regulations, a certificate signed by CEO/ Managing Director and CFO of the Company has been placed before the Board and the same has been provided elsewhere in this report.

Further, pursuant to Regulation 34 (3) read with Part E of Schedule V of the Listing Regulations a certificate obtained from the Practicing Company Secretary, certifying compliance with the conditions of Corporate Governance has been annexed with the Directors' Report.

The Company has complied with Corporate Governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of the Listing Regulations.

Disclosures with respect to demat suspense account/unclaimed suspense account is not applicable on the Company as there are no shares which are lying in demat suspense account/unclaimed suspense account. During the year under review, pursuant to Section 124 of the Act read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company has transferred 6,281 shares to the Demat account of the Investor Education and Protection Fund Authority.

Regulation 27(1) also requires disclosures of adoption by the Company of non-mandatory requirements specified in part E of Schedule II of the Listing Regulations the implementation of which is discretionary on the part of the Company. The details of compliance with non-mandatory requirements are as follows:

#### **Shareholders Rights**

The quarterly and half yearly financial performance are published in the newspapers and are also posted on the Company's website.

#### **Audit Qualifications**

During the period under review, there is no audit qualification in the financial statements. The Company continues to adopt best practices to ensure unqualified financial statements.

#### **Reporting of Internal Auditor**

The Internal auditors of the Company reports to the Audit Committee.

### **8. Means of Communication Quarterly results**

- 8.1 The quarterly and year to date audited / unaudited financial results have been published in Business Standard (English and Hindi) for the first quarter ended on March 31, 2017, second quarter ended on June 30, 2017, third quarter ended on September 30, 2017 and fourth quarter and year ended on December 31, 2017, as statutorily required.
- 8.2 The financial results and other corporate information are available on R Systems' website [www.rsystems.com](http://www.rsystems.com). The website also displays official news releases from time to time announced by the Company.
- 8.3 The presentations made to the institutional investors or to the industry analysts are also available on the Company's website [www.rsystems.com](http://www.rsystems.com).
- 8.4 Financial results updates are also sent to all the shareholders whose email address is registered / made available to us.

### **9. General Shareholder Information**

#### **i) Annual General Meeting**

Date and Time : May 25, 2018 at 9.00 A.M.

Venue : Air Force Auditorium, Subroto Park, New Delhi - 110 010

#### **ii) Financial year**

Pursuant to the Company Law Board order dated November 18, 2015, R Systems continues to follow January 01 to December 31 as its financial year. The results for every quarter are declared within forty five days following each quarter, except for the last quarter in which case the results are declared along with the annual financial results within sixty days from the end of the financial year.

#### **iii) Date of Book Closure**

May 24, 2018 to May 25, 2018 (both days inclusive)

#### **iv) Dividend Payment Date - N.A**

## v) Listing on Stock Exchanges

The equity shares of R Systems are listed and traded on the following Stock Exchanges

Name of Stock Exchanges	Stock / Scrip Code
<b>National Stock Exchange of India Limited ("NSE")</b> Exchange Plaza, Bandra Kurla Complex, Bandra - (E), Mumbai - 400 051	RSYSTEMS
<b>BSE Limited ("BSE")</b> Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001	532735

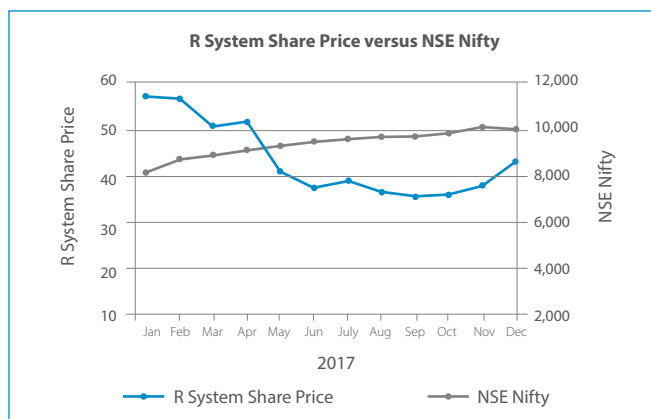
The annual listing fee for the year 2017-18 has been paid within the scheduled time to NSE and BSE. The annual listing fee for the year 2018-19 became due on March 31, 2018 and will be paid in the scheduled time as prescribed under the provision of Listing Regulations.

## vi) Market Price Data: High, Low during each month in financial year ended December 31, 2017

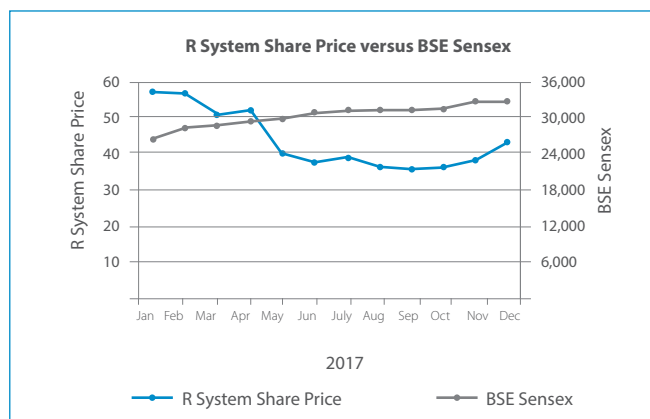
The monthly high and low quotations of R Systems' equity shares traded on NSE and BSE during each month in the financial year ended December 31, 2017, in comparison with NSE Nifty and BSE Sensex, are as follows:

Month 2017	NSE				BSE			
	SHARE PRICE		NIFTY		SHARE PRICE		SENSEX	
	High (Rs.)	Low (Rs.)	High	Low	High (Rs.)	Low (Rs.)	High	Low
Jan	61.65	57.20	8,641.25	8,179.50	61.65	57.15	27,882.46	26,595.45
Feb	59.65	56.75	8,939.50	8,716.40	59.30	56.55	28,892.97	28,141.64
Mar	58.20	50.95	9,173.75	8,897.55	58.60	50.95	29,648.99	28,832.45
Apr	54.70	51.90	9,351.85	9,103.50	54.65	51.70	30,133.35	29,319.10
May	52.55	41.10	9,624.55	9,285.30	52.20	40.40	31,159.40	29,858.80
Jun	42.25	37.50	9,675.10	9,491.25	42.45	37.75	31,311.57	30,834.32
Jul	46.85	38.90	10,077.10	9,613.30	46.85	39.00	32,514.94	31,209.79
Aug	43.75	36.70	10,114.65	9,710.80	44.00	36.55	32,575.17	31,213.59
Sep	41.40	35.55	10,153.10	9,735.75	41.60	35.75	32,423.76	31,159.81
Oct	40.40	36.05	10,363.65	9,859.50	41.15	35.95	33,266.16	31,497.38
Nov	50.35	37.90	10,452.50	10,118.05	50.55	38.40	33,731.19	32,760.44
Dec	47.95	43.00	10,531.50	10,044.10	48.00	43.45	34,056.83	32,597.18

The aforesaid table is based on the closing price of the shares of R Systems and closing of NSE Nifty and BSE Sensex at NSE and BSE website.



The aforesaid chart is based on the monthly low of closing price of the shares of R Systems at NSE and monthly low of closing NSE Nifty.



The aforesaid chart is based on the monthly low of closing price of the shares of R Systems at BSE and monthly low of closing BSE Sensex.



**vii) Registrar and Share Transfer Agent**

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

**viii) Share Transfer System**

Applications for transfer of shares held in physical form are received at the office of the registrar and share transfer agent of the Company, Link Intime India Private Limited. They attend share transfer formalities at least once a week and forward the same to the Company for the approval of Stakeholders Relationship Team which has been delegated with the authority for transfer of shares in Physical form. Stakeholders Relationship team conducts its meetings as and when required.

Shares held in dematerialized form are electronically traded in the depository and the registrar and share transfer agent of R Systems periodically receives from depositories the details of beneficiary holdings so as to update the records for sending all corporate communications and other matters.

Physical shares received for dematerialization are processed and completed within a period of 15 days from the date of receipt, provided they are duly completed. Bad deliveries are immediately returned to the depository participants under advice to the shareholders.

**ix) Transfer of unclaimed dividend to Investor Education and Protection Fund**

Pursuant to Section 124 and other applicable provisions of the Act, dividend which remains unpaid or unclaimed for a period of seven years from the date of its transfer to unpaid dividend account, is required to be transferred by the Company to the Investor Education and Protection Fund ('IEPF'), established by the Central Government under the provisions of Section 125 of the Act. Shareholders are advised to claim the unclaimed dividend lying in the unpaid dividend account of the Company before the due date. Given below are the dates of declaration of dividend and corresponding dates when unclaimed dividend is due for transfer to IEPF:

Date of declaration	Dividend for the year	Due date for transfer to IEPF
20-May-10	2009	June 19, 2017*
25-May-11	2010	June 24, 2018
4-May-12	2011	June 3, 2019
18-May-12	Interim Dividend 2012	June 17, 2019
11-May-13	2012	June 10, 2020
27-Jul-13	1st Interim Dividend 2013	August 26, 2020
25-Oct-13	2nd Interim Dividend 2013	November 24, 2020
10-May-14	2013	June 9, 2021
3-Jun-14	1st Interim Dividend 2014	July 3, 2021
26-Jul-14	2nd Interim Dividend 2014	August 25, 2021
29-Oct-14	3rd Interim Dividend 2014	November 28, 2021
20-Dec-14	4th Interim (Special) Dividend 2014	January 19, 2022
9-Jun-15	2014	July 9, 2022
23-Apr-15	1st Interim Dividend 2015	May 23, 2022
5-Aug-15	2nd Interim (Special) Dividend 2015	September 4, 2022
29-Oct-15	3rd Interim Dividend 2015	November 28, 2022

\* Unpaid dividend for the financial ended December 31, 2009 which was declared on May 20, 2010 has been deposited to the Investor Education and Protection fund on June 23, 2017 i.e. within a period of thirty days of such amounts becoming due to be credited to IEPF.

**x) Distribution of Shareholding as on December 31, 2017**

Shareholding of nominal value of (Rs.)	Shareholders		Share Capital	
	Number	% to total	Amount in Rs.	% to total
1 - 2,500	13,516	95.00	5,589,665	4.51
2,501 - 5,000	378	2.66	1,436,553	1.16
5,001 - 10,000	157	1.10	1,148,370	0.93
10,001 - 20,000	87	0.61	1,248,235	1.01
20,001 - 30,000	25	0.18	616,982	0.50
30,001 - 40,000	18	0.13	641,612	0.52
40,001 - 50,000	9	0.06	421,410	0.34
50,001 - 1,00,000	11	0.08	738,391	0.60
Above 1,00,000	27	0.19	112,111,707	90.45
<b>TOTAL</b>	<b>14,228</b>	<b>100.00</b>	<b>123,952,925</b>	<b>100.00</b>

Note : As per the SEBI circular No. SEBI/HO/CFD/CMD/CIR/P/2017/128 dated December 19, 2017, the shareholding has been clubbed PAN wise.

**xi) Category wise Shareholding as on December 31, 2017**

Sr. No.	Category of Shareholder	No. of shares	Percentage
<b>(A)</b>	<b>Promoters &amp; Promoter Group</b>		
1	Indian	29,754,130	24.00
2	Foreign	33,332,904	26.89
	<b>Sub Total (A)</b>	<b>63,087,034</b>	<b>50.90</b>
<b>(B)</b>	<b>Public Shareholding</b>		
<b>1</b>	<b>Institutions</b>		
(a)	Mutual Funds / UTI	0	0.00
(b)	Financial Institutions / Banks	350	0.00
(c)	Foreign Institutional Investors/ Foreign Portfolio Investors	6,429	0.01
	<b>Sub Total (B)(1)</b>	<b>6,779</b>	<b>0.01</b>
<b>2</b>	<b>Non-institutions</b>		
(a)	Individual shareholders holding nominal share capital up to Rs. 2 lakh	12,207,426	9.85
(b)	Individual shareholders holding nominal share capital in excess of Rs. 2 lakh	46,413,463	37.44
(c)	Any Other ( <b>Clearing Members</b> )	360,962	0.29
(d)	Any Other ( <b>Bodies Corporate</b> )	1,132,000	0.91
(e)	Any Other ( <b>Trust</b> )	738,980	0.60
(f)	Any Other ( <b>Investor Education and Protection Fund</b> )	6,281	0.01
	<b>Sub Total (B)(2)</b>	<b>60,859,112</b>	<b>49.10</b>
	<b>Total Public Shareholding (B)(1) + (B)(2)</b>	<b>60,865,891</b>	<b>49.10</b>
	<b>Grand Total</b>	<b>123,952,925</b>	<b>100.00</b>

Note : As per the SEBI circular No. SEBI/HO/CFD/CMD/CIR/P/2017/128 dated December 19, 2017, the shareholding has been clubbed PAN wise.

**xii) Dematerialisation of shares and liquidity Procedure for dematerialisation of shares:**

Shareholders seeking dematerialisation of their shares need to approach their Depository Participants (DP) with whom they maintain a demat account. The DP will generate an electronic request and will send the physical share certificate along with demat request form to the Registrar and Share Transfer Agent (the "Registrar") of the Company. Upon receipt of the request and share certificate, the Registrar will verify the same and will confirm the demat request. On confirmation, the demat account of the respective shareholder will be credited with equivalent number of shares. In case of rejection of the request, the same shall be communicated to the shareholder through their respective DPs.

About 99.20% of the issued and paid up share capital of the Company has been dematerialised up to financial year ended December 31, 2017. The International Securities Identification Number (ISIN) of the Company is INE411H01032. The equity shares of the Company are traded on NSE and BSE throughout the year under review and were not suspended from trading at any time during the year traded on NSE and BSE throughout the year under review and were not suspended from trading at any time during the year.

**xiii) Outstanding GDRs /ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity**

R Systems has not issued any GDRs / ADRs. There were no outstanding convertible warrants as on financial year ended December 31, 2017, except stock options granted under the prevailing employee stock option plans/schemes, as detailed elsewhere in the Directors' Report.

**xiv) Commodity Price Risk or foreign exchange risk hedging activities**

A large percentage of revenue of the Company is either from export earnings or denominated in Foreign Currency. The Companies tries to minimize the foreign exchange risk by taking forward contracts. It may be noted that the foreign exchange contracts are not intended to be for trading and Speculations purposed but as a measure to hedge the foreign exchange risk.

## xv) Development Centres

1.	<b>Noida Office</b>		
		C - 40 & C - 1, Sector - 59, Noida (U.P.) - 201 307	
		SEZ Unit, Ground Floor, Incubation Centre, Tower No. 2, Plot No. 21, Techzone-IV, Greater Noida West- 201 306	
2.	<b>Chennai Office</b>		
		Plot No NP 1 And 2 , Industrial Estate, SIDCO Industrial Estate, Guindy Chennai -600 032	
<b>Development / Technical Support centres at the offices of R Systems' subsidiaries</b>			
3.	R Systems, Inc.	5000, Windplay Drive, Suite # 5, El Dorado Hills, CA 95762, U.S.A.	
4.	ECnet Limited	16, Jalan Kilang, #04-01 Hoi Hup Building, Singapore – 159 416	
5.	Computaris Romania SRL		
(a)	<b>Bucharest office</b>	5 Gheorghe Manu Str, Groundfloor, 1 <sup>st</sup> floor, 6 <sup>th</sup> Floor, Room 2, Sector 1, Bucharest, 010442, Romania	
(b)	<b>Galati office</b>	23 Logofat Tautu Str.,800009, Galati, Romania	
6.	Computaris Polska sp z o.o.		
(a)	<b>Warsaw office</b>	al. Jana Pawla II 80, 00-175 Warsaw, Poland	
(b)	<b>Bialystok Office</b>	ul. Branickiego 17, 15 -085 Bialystok, Poland	
7.	ICS Computaris International SRL	Vlaicu Pircalab Street, No 63, Et. 8, Oficiu B, MD – 2012, Sky Tower Business Center Chisinau, Republica Moldova	
<b>Other Offices of R Systems and its subsidiaries</b>			
8.	U.S.A. Branch Office	5000, Windplay Drive, Suite #5, El Dorado Hills, CA 95762, U.S.A.	
9.	R Systems Technologies Ltd. (Formerly known as Indus Software, Inc.)	5000, Windplay Drive, Suite #5, El Dorado Hills, CA 95762, U.S.A.	
10.	RSYS Technologies Ltd. (Formerly known as Systèmes R. International Ltée)	(i) 1000, Cathedral Place, 925 West Georgia Street, Vancouver BC V6C 3L2, Canada. (ii) 2425 Matheson Blvg East Unit 778 Mississauga, Ontario L4W 5K4 Canada	
11.	R Systems (Singapore) Pte Limited	#04-01, 16 Jalan Kilang, Hoi Hup Building, Singapore 159416	
12.	ECnet (M) Sdn. Bhd.	Lot No. 5F-1, 5th Floor, Tower 5 @ PFCC, Jalan Puteri 1/2, Bandar Puteri, 47100 Puchong, Selangor Darul Ehsan	
13.	ECnet, Inc.	5000, Windplay Drive, Suite # 5, El Dorado Hills, CA 95762, U.S.A.	
14.	ECnet (Hong Kong) Limited	Rm 1903, 19/F, World-Wide House, 19 Des Voeux Road Central, Hong Kong	
15.	ECnet Systems (Thailand) Co. Ltd.	2/3 Bangna Tower-A, 2nd Floor, Room No. 205-206, Moo 14, Bangna-Trad K.M. 6.5, Tambol Bangkaew, Amphoe Bangplee, Samutprakarn Province 10540	
16.	ECnet Kabushiki Kaisha	Godo Building 6F, Kaji-cho 1-6-17, Chiyoda-ku, Tokyo, Japan 101-0044.	
17.	ECnet (Shanghai) Co. Ltd.	Rm H, 20 Floor, Foresight Mansion, No.768 Xie Tu Rd, Shanghai, China	
18.	Computaris International Limited	11 Queens Road, Brentwood Essex, CM 14 4HE, United Kingdom	
19.	Computaris Malaysia Sdn. Bhd.	Lot No. 5F-1, 5th Floor, Tower 5 @ PFCC, Jalan Puteri 1/2, Bandar Puteri, 47100 Puchong, Selangor Darul Ehsan	
20.	Computaris USA, Inc.	5000, Windplay Drive, Suite #5, El Dorado Hills, CA 95762, U.S.A.	
21.	Computaris Philippines Pte. Ltd. Inc.	21B Rufino Pacific Tower, 6784 Ayala Avenue, corner V.A. Rufino Street, Legaspi Village Makati City,1226 Philippines	
22.	IBIZ Consulting Pte. Ltd. (Formerly known as IBIZCS Group Pte. Ltd.)	2 Jalan Kilang Barat #04-01 Singapore 159346	
23.	IBIZ Consulting Services Pte Ltd.	2 Jalan Kilang Barat #04-01Singapore 159346	
24.	IBIZ Consulting Services Sdn. Bhd.	Lot No. 5F-1, 5th Floor, Tower 5 @ PFCC, Jalan Puteri 1/2, Bandar Puteri, 47100 Puchong, Selangor Darul Ehsan	
25.	PT. IBIZCS Indonesia	Setiabudi Buidling 2, 2nd Floor, Suite 203 Jl. H.R. Rasuna Said Kav. 62 Jakarta Selatan 12920, Indonesia	

26	IBIZ Consultancy Services India Private Limited Plot No NP 1 And 2 , Industrial Estate, Sidco Industrial Estate, Guindy Chennai -600032
27	IBIZ Consulting Services Limited Rooms 2001-2004, 20/F, 69 Jerois Street, Sheung Wang, Hong Kong
28	IBIZ Consulting Services (Shanghai) Co., Ltd Room 1721, 17F, Building A, CCIG International Plaza, No. 331, North Caoxi Road, Xuhui District, Shanghai, China 200030

**xvi) Address for correspondence**

For any assistance regarding dematerialisation of shares, share transfers, transmissions, change of address, non-receipt of dividend or any other query relating to shares:

On behalf of the Board  
For R Systems International Limited

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

Place : CA, U.S.A.  
Date : April 18, 2018

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

Place : NOIDA, (U.P.)  
Date : April 18, 2018

**Registrar and Share Transfer Agent**

**Link Intime India Private Limited**

44, Community Centre, 2nd Floor,  
Naraina Industrial Area, Phase- I  
Near PVR Naraina,  
New Delhi 110 028  
Phone : 011 - 414 10592, 93, 94  
Fax : 011 - 414 10591  
Email: [delhi@linkintime.co.in](mailto:delhi@linkintime.co.in)

For general correspondence:

**R Systems International Limited**

**Corporate Office**

C - 40, Sector - 59,  
Noida (U.P.) - 201 307, India  
Phone : 0120 - 430 3500,  
Fax : 0120 - 258 7123  
Email : [investors@rsystems.com](mailto:investors@rsystems.com)

## CERTIFICATION BY THE CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER OF R SYSTEMS INTERNATIONAL LIMITED

We, Satinder Singh Rekhi, Managing Director/Chief Executive Officer and Nand Sardana, Chief Financial Officer, hereby certify that:

- A. We have reviewed the financial statements and the cash flow statement for the year ended on December 31, 2017 and that to the best of our knowledge and belief:
1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  2. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the auditors and the Audit Committee:
1. significant changes in internal control over financial reporting during the year;
  2. significant changes in accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements; and
  3. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**Sd/-**

**Satinder Singh Rekhi**

(Managing Director/ Chief Executive Officer)

Place : Singapore

Date : February 06, 2018

**Sd/-**

**Nand Sardana**

(Chief Financial Officer)

Place : NOIDA, U.P.

Date : February 06, 2018

Annexure 'D' to the Directors' Report

## CORPORATE GOVERNANCE CERTIFICATE

To,  
The Members  
R Systems International Limited  
B-104A, Greater Kailash-I  
New Delhi-110048  
India

We have examined all relevant records of R System International Limited (the Company) for the purpose of certifying all the conditions of the Corporate Governance under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the financial year ended 31<sup>st</sup> December 2017. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of certification.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof. This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

On the basis of our examination of the records produced explanations and information furnished, we certify that the Company has complied with the conditions of the Corporate Governance under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

For **Chandrasekaran Associates**  
Company Secretaries

**Sd/-**  
**Lakhan Gupta**  
Partner  
Membership No. ACS 36583  
Certificate of Practice No. 13725

Date: April 04, 2018  
Place: New Delhi

Annexure 'E' to the Directors Report

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Overview

The financial statements of the Company have been prepared to comply in all material respects with the accounting standards notified under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India. The management accepts responsibility for the integrity and objectivity of these financial statements, as well as for various estimates and judgments used therein. The estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, so that the financial statements reflect in a true and fair manner the form and substance of transactions, and reasonably present the state of affairs, profits and cash flows for the year.

#### A. Industry Structure and Developments

Digital is a driving force of the present global IT spending as digital transformation is no more an option but must do for every businesses to be relevant. According to IDC, the global

information technology spending will top \$4.8 trillion in 2018, with the U.S. contributing approximately \$1.5 trillion of the market. As per another estimate from IDC, worldwide spending on digital transformation technologies is expected to be nearly \$1.3 trillion in 2018, an increase of 16.8% over the \$1.1 trillion spent in 2017. It forecasts that digital spending to maintain a strong pace of growth with a compound annual growth rate (CAGR) of 17.9%. In 2021, Digital spending will nearly double to more than \$2.1 trillion.

#### B. Company Overview

R Systems International Limited (the 'Company') and its subsidiaries (collectively referred to as 'R Systems') is a leading global provider of IT services and Business Process Outsourcing ("BPO") services. The parent Company is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956, with its Registered Office at New Delhi and has following subsidiaries:

Name of subsidiary	Year of incorporation	Location	Subsidiary since	Holding
R Systems (Singapore) Pte Limited #	1997	Singapore	September 19, 2000	100%
R Systems, Inc.	1993	USA	January 2, 2001	100%
R Systems Technologies Limited, USA	1996	USA	April 1, 2002	100%
ECnet Limited* #	1996	Singapore	January 8, 2004	99.75%
Computaris International Limited #	2006	UK	January 26, 2011	100%
RSYS Technologies Ltd.	2012	Canada	October 29, 2012	100%

\* The shareholding by the Company and R Systems (Singapore) Pte Limited is 69.37% and 30.38%, respectively.

# the aforesaid subsidiary have following subsidiary.

(a) ECnet Limited, Singapore, has the following wholly- owned subsidiaries:

Name	Holding	Country of incorporation
ECnet (M) Sdn. Bhd.	100%	Malaysia
ECnet Systems (Thailand) Co. Ltd.	100%	Thailand
ECnet (Shanghai) Co. Ltd.	100%	People's Republic of China
ECnet (Hong Kong) Ltd.	100%	Hong Kong
ECnet, Inc.	100%	USA
ECnet Kabushiki Kaisha	100%	Japan

(b) Computaris International Limited, UK, has the following wholly- owned subsidiaries:

Name	Holding	Country of incorporation
Computaris Romania SRL	100%	Romania
Computaris Polska sp z.o.o.	100%	Poland
Computaris USA Inc.	100%	USA
ICS Computaris International Srl	100%	Moldova
Computaris Malaysia Sdn. Bhd.	100%	Malaysia
Computaris Philippines Pte Ltd. Inc.	100%	Philippines

(c) IBIZ Consulting Pte. Ltd., Singapore (formerly known as IBIZCS Group Pte Limited, Singapore), is a wholly- owned subsidiary of R Systems (Singapore) Pte Limited, Singapore w.e.f. April 30, 2015 and has following wholly owned subsidiaries:

Name	Holding	Country of incorporation
IBIZ Consulting Services Pte Ltd	100%	Singapore
IBIZ Consulting Services Sdn. Bhd.	100%	Malaysia
PT. IBIZCS Indonesia	100%	Indonesia
IBIZ Consultancy Services India Private Limited	100%	India
IBIZ Consulting Service Limited (IBIZ HK)	100%	Hong Kong
IBIZ Consulting Service Shanghai Co., Ltd	100% by IBIZ HK	People's Republic of China

As at December 31, 2017, R Systems is maintaining fifteen global development and service centres in India, USA, Romania, Poland, Moldova, Singapore, Malaysia, Indonesia and Thailand. R Systems diversified offering includes:

**iPLM Service**

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

Under iPLM Services, R Systems delivers services and solutions in the area of Information Technology and Knowledge Services. The IT services cover product development, systems integration and support and maintenance. Under the Knowledge Services, we cover technical support, customer care, analytics service, back office services, business process transformation and revenue and claims management.

R Systems competitive advantage in iPLM Services is further enhanced by its industry specific domain expertise, global delivery capabilities, multi-language support capabilities, industry best quality and security certification and agile development methodologies supported by R Systems' proprietary pSuite framework. Further, R Systems iPLM Services have been aligned with latest digital technologies i.e. analytics, artificial intelligence, cloud, mobility, IoT, robotics, etc. as enabler for digital transformation.

**Solution Offerings**

**ECnet Supply Chain** provide solutions for holistic management of the complex interaction between an organisation and its trading partners. The integrated solution aims to reduce all supply chain costs through improved collaboration and optimisation. The solutions are robust and scalable and give measurable ROI to clients that meet the clients' strategic business goals.

ECnet also operates as Infor Gold-certified channel partner for reselling and implementing several enterprise solutions, including enterprise resource planning, warehouse management, corporate performance management, business intelligence etc. It mainly serves small to medium-sized businesses in the manufacturing and distribution industries. These products present an opportunity to cross and up sell these solutions since these are adjunct to ECnet's own product offerings. Further, ECnet has also partnered with JDA to offer category management solution suite to retail customers.

Our Subsidiary IBIZ, is a Microsoft Gold Channel Partner and is specialized in deploying Microsoft business management solution suites, including enterprise resource planning, customer relationship management, point of sales, mobility, business intelligence and portals. IBIZ addresses industry vertical like retail, manufacturing and supply chain.

R Systems focused on key verticals i.e. Telecom, Media & Entertainment, Banking & Finance, Healthcare & Life Sciences, Technology, Retail & E-commerce and Manufacturing & Logistics. Telecom and Digital Media is the largest industry vertical which contributes ~26 percent of the total consolidated revenue for the year ended December 31, 2017.

Further with the deep expertise in the key vertical like Telecom, Media & Entertainment, Banking & Finance, Healthcare & Life Sciences, Technology, Retail & E-commerce and Manufacturing & Logistics. R Systems have horizontally embraced digital technologies like analytics, artificial intelligence, cloud, mobility, IoT, robotics etc. to further strengthen its product engineering capabilities.

R Systems rapidly growing customer list includes a variety of Fortune 1000, government and mid-sized organizations across a wide range of industry verticals and has served twenty one million \$ plus customer during the year 2017.

**C. Opportunities and Threats**

As digital transformation has become a strategic imperative, if companies ignore and go on with their legacy way of doing business, they are in imminent danger of losing their competitive advantage. However, mere bringing technology into the company is not digital transformation. A successful digital transformation requires revamping of business model and alignment of newer technology with the business needs. It gives immense opportunities to product engineering companies to partner legacy as well as digital-born businesses to maximize their potential with technology.

R Systems has continued to navigate its customers to build scalable software products using digital technologies like analytics, artificial intelligence, cloud, mobility, IoT, robotics etc. to simplify their processes and offer enhanced value propositions.

Every opportunity comes up with inherent risk and challenges. However, over the years, R Systems has learnt to reckon with as well as address such risks and challenges including threats from competitors including their disruptive tactics, new technologies,



intensifying demand for global talent, retention of employees and stringent governing norms regarding restrictions on outsourcing services. At R Systems, these threat and uncertainties are managed proactively through our risk mitigation processes and strategies.

**D. Segment-wise and Product-wise Performance**

Detailed information about segment-wise and product-wise performance has been given in the Consolidated Financial Statements and Standalone Financial Statements.

**E. Performance and Outlook**

R Systems' reported consolidated revenue of Rs. 5,926.36 mn

during the year 2017 as against revenue of Rs. 5,882.37 mn for the year 2016. The revenue grew by 0.75% during the year 2017.

Consolidated profit after tax during the year 2017 was Rs. 244.81 mn as against net profit for year 2016 of Rs. 536.88 mn.

The basic earnings per share (based on consolidated financial statement) during the year 2017 was Rs. 1.98 per share as against Rs. 4.24 per share in 2016 of face value of Re. 1 each.

R Systems maintains a strong financial position with shareholder funds of Rs. 3,033.13 mn including cash and bank balance of Rs. 1,607.21 mn as of December 31, 2017 to invest for future growth of business.

**R Systems is well positioned to leverage the following factors which are key to its differentiated strategy for growth in the marketplace:**

- Focused key verticals i.e. Telecom, Media & Entertainment, Banking & Finance, Healthcare & Life Sciences, Technology, Retail & E-commerce and Manufacturing & Logistics;
- Strong digital competencies like analytics, cloud, mobility and IoT complement by the experience in delivering complex digital transformation projects.
- Customer centric approach to deliver innovative and cost effective services and solution;
- Long term relationship with marquee clients;
- Global delivering capabilities through fifteen development and service centres;
- Adherence to the highest quality certification for our development processes, delivery models and security infrastructure;

**F. Risk and Concerns**

At R Systems, risk management is a dynamic process with an attempt to constantly identify all the emerging risks and propose solutions to manage these. This is further explained in detail in Risk Management Report.

**G. Internal Control Systems and Their Adequacy**

Internal control systems are a set of policies, processes and procedures put in place to help achieve the strategic objectives of an organization. The Company has an Internal Control System commensurate with the size, scale and complexity of its operations. This has been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorised use, executing transactions with proper authorisation and ensuring compliance of corporate policies.

The CEO/CFO certification provided in this report places responsibility on the CEO and CFO to continuously ensure adequacy of our internal control systems and procedures.

Deloitte Haskins & Sells LLP, the statutory auditors of the Company, have audited the financial statements included in this annual report and have issued a unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

**H. Material Development in Human Resources / Industrial Relations Front, including Number of People Employed**

Our employees are most precious assets and we value their commitment in building R Systems. In the IT industry attracting, developing, deploying and retaining talent is critical. R Systems has also defined and implemented a People Management Initiative which is in line with industry best practices and People CMM. It effectively manages the employee life cycle so that the individuals are committed, have pride and show pro-activeness on the job.

R Systems concluded year 2017 with 2,353 associates including 359 sales and support.

## I. Discussion on Financial Position and Financial Performance with respect to Operational Performance

### Analysis and Discussions of Financial Position as at December 31, 2017

#### 1. Share Capital

(Rs. in million)

Particulars	As at December 31,	
	2017	2016
Authorised share capital	200.00	200.00
Issued, subscribed and paid up capital	123.87	126.87
Less: Buy back of shares	-	3.00
Add: Shares Issued under ESOP Scheme, 2007	0.08	-
	<b>123.95</b>	<b>123.87</b>
Less: advance to R Systems employee welfare trust	0.74	0.74
<b>Total Share Capital</b>	<b>123.21</b>	<b>123.13</b>

The issued, subscribed and paid up capital is Rs. 123.21 mn as at December 31, 2017 and Rs. 123.13 mn as at December 31, 2016. This is after adjusting Rs. 0.74 mn advance to R Systems Employee Welfare Trust in compliance with guidance note issued by the Institute of Chartered Accountants of India.

During the year ended December 31, 2017, the Company has issued 82,500 fully paid-up equity shares of Re. 1 each under ESOP Scheme, 2007.

Detailed information about the movements in ESOP plan has been given in Note no. 31 of notes to the Consolidated Financial Statements.

#### 2. Reserve and Surplus

(Rs. in million)

Particulars	Consolidated		Standalone	
	2017	2016	2017	2016
Capital redemption reserve	16.34	16.34	16.34	16.34
Securities premium account	712.42	709.65	712.42	709.65
General reserve	153.80	153.80	153.80	153.80
Stock Options Outstanding	3.35	2.59	3.35	2.59
Surplus in the statement of profit and loss	1,804.31	1,559.50	1,436.77	1,197.94
Capital reserve	0.03	0.03	-	-
Foreign currency translation reserve	219.67	214.69	-	-
<b>Total</b>	<b>2,909.92</b>	<b>2,656.60</b>	<b>2,322.68</b>	<b>2,080.32</b>

#### 3. Minority Interest

During the year, there is no change in the minority interest in the Consolidated Financial Statement.

#### 4. Long-term borrowings (non-current portion)

(Rs. in million)

Particulars	2017	2016
Against Motor Vehicles	5.24	8.43
Against Financial Lease Obligation	10.61	10.72
<b>Total</b>	<b>15.85</b>	<b>19.15</b>

Finance lease obligation represents furniture and fixtures taken for SEZ unit.

#### 5. Deferred Tax Liability / Assets (net)

Deferred tax reflects the timing differences between financials and tax books arising mainly from provision for gratuity, compensated absence, doubtful debts and advances ( results into deferred tax assets) and differences in books base and tax base of fixed assets (results into deferred tax liability).

Deferred tax assets and deferred tax liabilities across various tax jurisdictions cannot be offset against each other therefore has been presented separately.

(Rs. in million)

Particulars	Consolidated		Standalone	
	2017	2016	2017	2016
Deferred Tax Liability (net)	0.26	-	-	-
Deferred Tax Assets (net)	58.92	46.14	52.99	43.66

**6. Other long-term liabilities**

The liabilities which are due for payment after 12 months from reporting date are considered under the other long-term liabilities.

(Rs. in million)

Particulars	Consolidated		Standalone	
	2017	2016	2017	2016
Security deposits	2.23	10.30	2.23	10.30
Deferred payment compensation to the erstwhile shareholders of subsidiary	-	44.00	-	-
Deferred payable others	0.29	0.58	-	-
<b>Total</b>	<b>2.52</b>	<b>54.88</b>	<b>2.23</b>	<b>10.30</b>

In 2016, deferred payment compensation to the erstwhile shareholders of subsidiary represents the amount payable after 12 months from the reporting date for the acquisition of IBIZ Consulting Pte. Ltd., Singapore (formerly known as IBIZCS Group Pte. Ltd., Singapore).

**7. Long-term provisions**

Long-term provisions represent the provision towards the gratuity liability due after 12 months from the reporting date based on actuarial valuation. The provision amounts to Rs. 91.18 mn as at December 31, 2017 as against Rs. 89.42 mn as at December 31, 2016.

**8. Other current liabilities**

The liabilities which are due for payment within next 12 months from reporting date are considered under other current liabilities.

(Rs. in million)

Particulars	Consolidated		Standalone	
	2017	2016	2017	2016
Trade payables	461.45	438.94	150.58	157.73
Payable to subsidiary companies	-	-	14.17	16.83
Current maturities of long-term borrowing	4.50	5.18	4.50	5.18
Deferred payment compensation to the erstwhile shareholders of subsidiary	45.47	25.38	-	-
Unearned revenues	321.18	167.27	181.35	61.29
Investor education and protection fund (not due) - Unclaimed dividend	2.43	2.58	2.43	2.58
Payable for purchase of fixed assets	0.27	10.78	0.27	10.78
Security deposits received	9.88	2.33	9.88	2.33
Other payables	63.80	59.07	21.56	21.01
<b>Total</b>	<b>908.98</b>	<b>711.53</b>	<b>384.74</b>	<b>277.73</b>

For detailed information about the deferred payment compensation refer Note no. 30(a) of notes to the Consolidated Financial Statements.

**9. Short-term provisions**

(Rs. in million)

Particulars	Consolidated		Standalone	
	2017	2016	2017	2016
Provision for employee benefits				
- Gratuity	3.59	2.54	3.59	2.54
- Compensated absence	135.99	113.59	82.64	75.55
Provision for Income tax	47.27	58.77	36.06	42.39
<b>Total</b>	<b>186.85</b>	<b>174.90</b>	<b>122.29</b>	<b>120.48</b>

## 10. Fixed Assets

Fixed assets includes tangible fixed assets such as land, building, lease hold improvement, computer hardware, furniture & fixture, vehicle, office and electrical equipment etc, intangible assets covering computer software and customer contracts.

(Rs. in million)

Particulars	Consolidated		Standalone	
	2017	2016	2017	2016
Net tangible assets	300.38	289.52	258.45	246.39
Net intangible assets	17.03	32.13	4.44	5.42
Capital work in progress	0.59	26.29	-	26.29
<b>Total</b>	<b>318.00</b>	<b>347.94</b>	<b>262.89</b>	<b>278.10</b>

Details of additions during the year in fixed assets:

(Rs. in million)

Particulars	Consolidated		Standalone	
	2017	2016	2017	2016
Total addition to gross block- tangible assets	104.90	106.38	79.13	82.00
Total addition to gross block-intangible assets	11.36	10.12	6.67	3.48

The additions in gross block - tangible assets were mainly on account of purchases of computer hardware, plant & machinery, office equipment's, vehicles, furniture & fittings etc.

## 11. Goodwill on consolidation

(Rs. in million)

Particulars	As at December 31,	
	2017	2016
Goodwill on Computaris International Ltd acquisition	296.59	277.74
Goodwill on IBIZ Consulting Pte. Ltd. (formerly known as IBIZCS Group Pte. Ltd.) acquisition	171.01	174.47
<b>Total Goodwill on consolidation</b>	<b>467.60</b>	<b>452.21</b>

## 12. Non-current investments

(Rs. in million)

Particulars	Consolidated		Standalone	
	2017	2016	2017	2016
Investment in subsidiaries	-	-	942.22	925.49
Other investment	0.03	0.03	0.03	0.03
8% Redeemable Debentures in Indus Software Technologies Private Limited	87.55	175.12	87.55	175.12
Investment Property – Land and Building in Pune	24.78	26.25	24.78	26.25
<b>Total</b>	<b>112.36</b>	<b>201.40</b>	<b>1,054.58</b>	<b>1,126.89</b>

For detailed information about the non-current investment refer Note no. 11.1 of notes to the Standalone Financial Statements and Note no. 13.1 of notes to the Consolidated Financial Statements

## 13. Long-term loans and advances

(Rs. in million)

Particulars	Consolidated		Standalone	
	2017	2016	2017	2016
Capital advances	0.03	10.29	0.03	10.29
Advances recoverable in cash or in kind or for value to be received	9.50	16.68	9.39	16.33
Security deposit	28.45	27.34	15.32	16.06
Income tax recoverable	34.11	34.80	22.47	28.93
<b>Total</b>	<b>72.09</b>	<b>89.11</b>	<b>47.21</b>	<b>71.61</b>

**14. Other non-current assets**

Other non-current assets includes the long term fixed deposits with banks due for maturity after twelve months from reporting date , margin money deposits and accrued interest there on.

(Rs. in million)

Particulars	Consolidated		Standalone	
	2017	2016	2017	2016
Non-current bank deposits	58.56	56.46	44.95	48.17
Interest accrued on deposits	1.64	5.12	1.64	5.12
<b>Total</b>	<b>60.20</b>	<b>61.58</b>	<b>46.59</b>	<b>53.29</b>

**15. Current investment**

(Rs. in million)

Particulars	2017	2016
8% Redeemable Debentures in Indus Software Technology Private Limited	87.57	87.57
Investment in Liquid Mutual Fund	48.00	-
<b>Total</b>	<b>135.57</b>	<b>87.57</b>

**16. Trade receivables**

(Rs. in million)

Particulars	Consolidated		Standalone	
	2017	2016	2017	2016
Trade receivables (gross)	1,253.93	1,147.10	575.96	501.72
Less : Provision for doubtful debts	45.86	64.88	6.68	0.88
<b>Trade receivables (net)</b>	<b>1,208.07</b>	<b>1,082.22</b>	<b>569.28</b>	<b>500.84</b>
<b>Days Sales Outstanding (DSO in days)</b>	<b>55</b>	<b>55</b>	<b>56</b>	<b>59</b>

**17. Cash and Bank Balance**

(Rs. in million)

Particulars	Consolidated		Standalone	
	2017	2016	2017	2016
Cash on Hand	0.70	0.77	0.07	0.12
<b>Balances with scheduled banks</b>				
On current accounts	39.04	18.16	33.68	16.38
On EEFC accounts	99.32	95.30	99.32	95.30
On deposit accounts	667.59	286.74	619.94	286.74
On unclaimed dividend accounts #	2.43	2.58	2.43	2.58
<b>Balances with other banks</b>				
On current accounts	580.22	771.48	19.87	49.13
On deposit accounts	169.92	24.67	-	-
	1,559.22	1,199.70	775.31	450.25
Less : Non-current bank balances	58.56	56.46	44.96	48.17
<b>Total Cash and Bank Balance</b>	<b>1,500.66</b>	<b>1,143.24</b>	<b>730.35</b>	<b>402.08</b>

# the Company can utilise these balances for respective dividend.

For detailed movement in cash and bank balance, please refer the Consolidated and Standalone Cash Flow Statement.

## 18. Short-term loans and advances

Short-term loans and advances include the amount recoverable in cash and kind or for value to be received within twelve months from reporting date.

(Rs. in million)

Particulars	Consolidated		Standalone	
	2017	2016	2017	2016
Advances recoverable in cash or in kind or for value to be received	110.46	102.47	59.37	39.19
Advances to related parties	-	-	10.48	1.89
Security deposit	2.01	0.81	1.79	0.80
Mark-to-market gains on derivative instruments	16.33	26.42	16.33	26.42
Balances with indirect tax authorities	18.55	21.88	18.55	21.88
<b>Total</b>	<b>147.35</b>	<b>151.58</b>	<b>106.52</b>	<b>90.18</b>

## 19. Other Current Assets

(Rs. in million)

Particulars	Consolidated		Standalone	
	2017	2016	2017	2016
Interest accrued	8.45	5.52	8.14	5.52
Unbilled revenue	149.50	161.10	48.06	60.79
<b>Total</b>	<b>157.95</b>	<b>166.62</b>	<b>56.20</b>	<b>66.31</b>

Unbilled revenue constitutes amounts not billed to customers at year end which is expected to be billed in due course in accordance with the contract with the respective customers.

## 20. Liquidity

The consolidated cash and cash equivalent as at December 31, 2017 were Rs. 925.42 mn as against Rs. 1,136.05 mn as on December 31, 2016.

Net cash generated from operating activities were Rs. 374.34 mn for the year ended December 31, 2017 compared to Rs. 436.24 mn for the year ended December 31, 2016.

Cash used in investing activities were Rs. 576.87 mn for the year ended December 31, 2017 comprised of Investment in long term deposit with bank Rs. 567.16 mn (net), purchase of fixed assets of Rs. 89.97 mn, Investment in Liquid mutual fund Rs. 48 mn and earn out payment to ex-shareholders of IBIZ Rs. 18.40 mn as offset by proceeds from redemption of debenture Rs. 87.57 mn, interest income Rs. 49.73 mn, rental income from investment property Rs. 6.40 mn and sale of fixed assets Rs. 2.96 mn.

Cash used in financing activities were Rs. 5.79 mn for the year ended December 31, 2017 mainly consist of Rs. 3.97 mn (net) for repayment of long term borrowings.

R Systems' policy is to maintain sufficient liquidity to fund the anticipated capital expenditures, operational expenses and investments for strategic initiatives.

**Analysis and Discussions of Operating Performance for the Year Ended December 31, 2017**

The following section discusses in detail the composition of different items in the Consolidated and Standalone Statement of Profit and Loss Account.

**Consolidated Statement of Profit and Loss for the year:**

(Rs. in million)

Particulars	2017	% of Total Revenue	2016	% of Total Revenue	Change %
<b>Revenue</b>					
Revenue from operations	5,926.36	97.49	5,882.37	97.89	0.75
Other income	152.49	2.51	127.07	2.11	20.01
<b>Total Revenue</b>	<b>6,078.85</b>	<b>100.00</b>	<b>6,009.44</b>	<b>100.00</b>	<b>1.15</b>
<b>Expenses</b>					
Employee benefits expense	4,160.83	68.45	3,797.89	63.20	9.56
Operational and other expense	1,410.97	23.21	1,377.99	22.93	2.39
Depreciation and amortisation expense	119.67	1.97	115.12	1.92	3.95
Finance cost	10.87	0.18	7.92	0.13	37.28
<b>Total Revenue</b>	<b>5,702.34</b>	<b>93.81</b>	<b>5,298.92</b>	<b>88.18</b>	<b>7.61</b>
<b>Net profit before tax and exceptional items</b>	<b>376.51</b>	<b>6.19</b>	<b>710.52</b>	<b>11.82</b>	<b>(47.01)</b>
Exceptional items	-	-	46.35	0.77	(100.00)
<b>Net profit before tax</b>	<b>376.51</b>	<b>6.19</b>	<b>756.87</b>	<b>12.59</b>	<b>(50.25)</b>
Tax expense	131.70	2.17	219.99	3.66	(40.13)
<b>Net profit after tax</b>	<b>244.81</b>	<b>4.02</b>	<b>536.88</b>	<b>8.93</b>	<b>(54.40)</b>

**Standalone Statement of Profit and Loss for the year:**

(Rs. in million)

Particulars	2017	% of Total Revenue	2016	% of Total Revenue	Change %
<b>Revenue</b>					
Revenue from operations	2,637.51	95.17	2,631.77	95.51	0.22
Other income	133.75	4.83	123.67	4.49	8.15
<b>Total income</b>	<b>2,771.26</b>	<b>100.00</b>	<b>2,755.44</b>	<b>100.00</b>	<b>0.57</b>
<b>Expenses</b>					
Employee benefits expense	1,856.05	66.97	1,663.18	60.36	11.60
Operational and other expense	478.30	17.26	451.87	16.40	5.85
Depreciation and amortisation expense	73.74	2.66	69.30	2.52	6.40
Finance cost	6.33	0.23	3.68	0.13	71.88
<b>Total expenses</b>	<b>2,414.42</b>	<b>87.12</b>	<b>2,188.03</b>	<b>79.41</b>	<b>10.35</b>
<b>Net profit before tax and exceptional items</b>	<b>356.84</b>	<b>12.88</b>	<b>567.41</b>	<b>20.59</b>	<b>(37.11)</b>
Exceptional items	-	-	46.35	1.68	(100.00)
<b>Net profit before tax</b>	<b>356.84</b>	<b>12.88</b>	<b>613.76</b>	<b>22.27</b>	<b>(41.86)</b>
Tax expense	118.01	4.26	201.62	7.32	(41.47)
<b>Net profit after tax</b>	<b>238.83</b>	<b>8.62</b>	<b>412.14</b>	<b>14.96</b>	<b>(42.05)</b>

**1. Revenue****1.1 Revenue from Operations**

R Systems derives revenue primarily from Information Technology services and Business Process Outsourcing services. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

### 1.1.1 Based on Consolidated Financial Statement

(Rs. in million)

Particulars	Year ended December 31, 2017	%	Year ended December 31, 2016	%	change %
Information technology services	5,461.68	92.16	5,449.12	92.63	0.23
Business process outsourcing services	464.68	7.84	433.25	7.37	7.25
<b>Total</b>	<b>5,926.36</b>	<b>100.00</b>	<b>5,882.37</b>	<b>100.00</b>	<b>0.75</b>

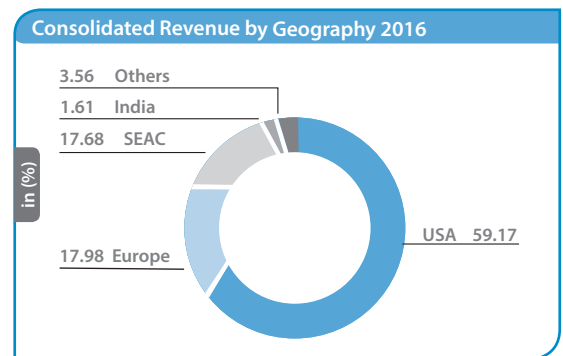
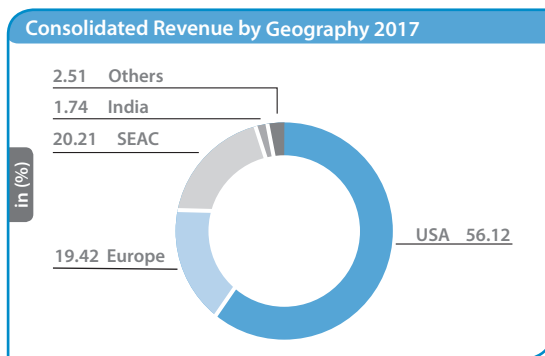
### 1.1.2 Based on Standalone Financial Statement

(Rs. in million)

Particulars	Year ended December 31, 2017	%	Year ended December 31, 2016	%	change %
Information technology services and products	2,153.28	81.64	2,179.51	82.82	(1.20)
Business process outsourcing services	484.23	18.36	452.26	17.18	7.07
<b>Total</b>	<b>2,637.51</b>	<b>100.00</b>	<b>2,631.77</b>	<b>100.00</b>	<b>0.22</b>

### 1.1.3 Consolidated Revenue by Geography

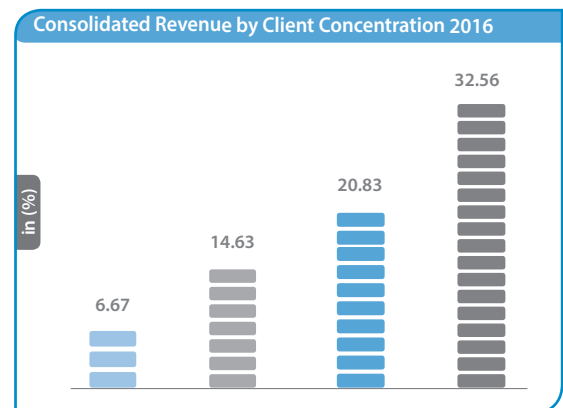
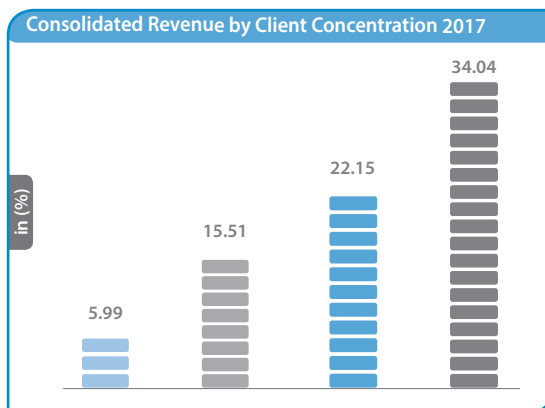
R Systems earns income from five principal geographic territories, namely the United States of America, Europe, South East Asian countries ("SEAC"), India and others. A significant proportion of the revenues were derived from clients located in the United States of America. The geographic break-down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



\* Graphs not to scale

### 1.1.4 Consolidated Revenue by Client Concentration

The breakdown of R Systems consolidated revenue on the basis of client concentration for the year ended December 31, 2017 and 2016 is as follows:



■ The Largest Clients 
 ■ Top 3 Clients 
 ■ Top 5 Clients 
 ■ Top 10 Clients

\* Graphs not to scale



## 1.2 Other Income

(Rs. in million)

Particulars	Consolidated		Standalone	
	2017	2016	2017	2016
Interest income	59.84	56.81	59.27	56.57
Rental income from investment property	6.40	6.40	6.40	6.40
Provision for doubtful debts and advances written back (net)	-	4.39	-	2.31
Profit on sale / discard of fixed assets (net)	0.36	-	0.32	-
Foreign exchange fluctuation (net)	56.71	41.94	64.82	52.38
Excess Provision written back	2.53	5.15	2.53	5.15
Liability no longer required written back	11.01	1.14	-	-
Government Grant	5.32	7.50	-	-
Miscellaneous income	10.32	3.74	0.41	0.86
<b>Total other income</b>	<b>152.49</b>	<b>127.07</b>	<b>133.75</b>	<b>123.67</b>

## 2. Expenditures

### 2.1 Personnel Expenses

Personnel expenses primarily consist of salaries, bonus, commissions, provision for compensated absence, gratuity benefits, contribution towards provident and other funds and staff welfare expenses.

#### 2.1.1 Based on Consolidated Financial Statement:

(Rs. in million)

Particulars	2017	% of Total Revenue	2016	% of Total Revenue	Change %
Salaries and bonus	3,843.38	63.23	3,498.64	58.22	9.85
Gratuity	12.62	0.21	35.76	0.60	(64.72)
Contribution to provident fund and other payments	252.48	4.15	225.47	3.75	11.98
Staff welfare expenses	52.35	0.86	38.02	0.63	37.70
<b>Total</b>	<b>4,160.83</b>	<b>68.45</b>	<b>3,797.89</b>	<b>63.20</b>	<b>9.56</b>

#### 2.1.2 Based on Standalone Financial Statement:

(Rs. in million)

Particulars	2017	% of Total Revenue	2016	% of Total Revenue	Change %
Salaries, wages and bonus	1,738.85	62.74	1,541.01	55.93	12.84
Gratuity	12.62	0.46	35.76	1.30	(64.72)
Contribution to provident fund and other payments	67.76	2.44	56.42	2.05	20.09
Staff welfare expenses	36.82	1.33	29.99	1.08	22.78
<b>Total</b>	<b>1,856.05</b>	<b>66.97</b>	<b>1,663.18</b>	<b>60.36</b>	<b>11.60</b>

### 2.2 Operational and other expenses

Operational and other expenses includes expenses on traveling and conveyance, legal and professional expenses including sub-contractors costs, cost of third party hardware and software, recruitment and training, communication, provision for doubtful debts and advances (net), rent of premises, equipment rental, audit fees, repairs and maintenance, commission, contributions towards corporate social responsibility and other miscellaneous items.

### 2.2.1 Based on Consolidated Financial Statement:

(Rs. In million)

Particulars	2017	% of Total Revenue	2016	% of Total Revenue
Travelling and conveyance	235.82	3.88	243.33	4.05
Legal and professional expenses including audit fees and subcontracting expenses	530.60	8.73	593.77	9.89
Communication costs	74.85	1.23	72.19	1.20
Repair and maintenance	101.64	1.67	90.38	1.51
Recruitment and training expenses	29.15	0.48	24.82	0.41
Power and fuel	44.83	0.74	45.00	0.75
Rent - premises and equipments	112.45	1.85	90.44	1.50
Advertising and sales promotion	30.69	0.51	18.90	0.31
Provision for doubtful debts and advances (net)	8.75	0.14	0.00	0.00
Bad debts and advances written off (net)	0.91	0.01	0.73	0.01
Cost of third party items	156.65	2.58	110.79	1.84
Contributions towards corporate social responsibility	2.46	0.04	1.50	0.02
Others	82.17	1.35	86.14	1.44
<b>Total</b>	<b>1,410.97</b>	<b>23.21</b>	<b>1,377.99</b>	<b>22.93</b>

### 2.2.2 Based on Standalone Financial Statement:

(Rs. in million)

Particulars	2017	% of Total Revenue	2016	% of Total Revenue
Travelling and conveyance	140.26	5.06	145.16	5.27
Legal and professional expenses including audit fees and subcontracting expenses	54.70	1.98	63.37	2.30
Communication costs	56.91	2.05	53.84	1.95
Repair and maintenance	81.19	2.93	72.74	2.64
Recruitment and training expenses	7.92	0.29	8.94	0.32
Power and fuel	40.80	1.47	40.69	1.48
Rent - premises and equipments	34.80	1.26	27.45	1.00
Advertising and sales promotion	7.06	0.25	4.19	0.15
Provision for doubtful debts and advances (net)	6.67	0.24	-	-
Contributions towards corporate social responsibility	2.46	0.09	1.50	0.05
Others	45.53	1.64	33.99	1.24
<b>Total</b>	<b>478.30</b>	<b>17.26</b>	<b>451.87</b>	<b>16.40</b>

### 2.3 Depreciation and Amortisation Expense

(Rs. in million)

Particulars	Consolidated		Standalone	
	2017	2016	2017	2016
Depreciation on tangible assets	90.93	87.74	64.62	64.40
Amortisation on intangible assets	27.27	25.91	7.65	3.43
Depreciation on investment property	1.47	1.47	1.47	1.47
<b>Total</b>	<b>119.67</b>	<b>115.12</b>	<b>73.74</b>	<b>69.30</b>

**2.4 Finance cost**

(Rs. in million)

Particulars	Consolidated		Standalone	
	2017	2016	2017	2016
Interest	3.09	1.36	2.76	1.34
Bank charges	7.78	6.56	3.57	2.34
<b>Total</b>	<b>10.87</b>	<b>7.92</b>	<b>6.33</b>	<b>3.68</b>

**2.5 Exceptional items**

(Rs. in million)

Particulars	2017	2016
Profit on sale of investment	-	37.18
Profit on sale of subsidiaries	-	9.17
<b>Total</b>	<b>-</b>	<b>46.35</b>

For detailed information about exceptional items refer Note no. 30 of notes to the Consolidated Financial Statements and refer Note no. 31 of notes to the Standalone Financial Statements.

**2.6 Tax expense**

Tax expense comprises current tax and deferred tax.

(Rs. in million)

Particulars	Consolidated		Standalone	
	2017	2016	2017	2016
<b>Profit Before Tax</b>	<b>376.51</b>	<b>756.87</b>	<b>356.84</b>	<b>613.75</b>
Current tax	143.82	244.03	127.34	224.95
MAT credit [related to earlier years]	-	(15.13)	-	(15.13)
Deferred tax charge / (credit)	(12.12)	(8.91)	(9.33)	(8.20)
<b>Total Tax Expense</b>	<b>131.70</b>	<b>219.99</b>	<b>118.01</b>	<b>201.62</b>
<b>Effective Tax Rate (%)</b>	<b>34.98</b>	<b>29.07</b>	<b>33.07</b>	<b>32.85</b>

On behalf of the Board  
For R Systems International Limited

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

Place : CA, U.S.A.  
Date : April 18, 2018

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

Place : NOIDA, (U.P.)  
Date : April 18, 2018

## SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON DECEMBER 31, 2017

To,  
The Members  
R SYSTEMS INTERNATIONAL LIMITED  
CIN: L74899DL1993PLC053579  
B 104A, Greater Kailash,  
Part-I, New Delhi-110048

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate governance practices by R Systems International Limited (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit. We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on December 31, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on December 31, 2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder to the extent of Regulation 55A;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

- (d) The Securities and Exchange Board of India (Share Based employee Benefits) Regulations, 2014;
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **Not Applicable**
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client to the extent of securities issued;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **Not Applicable** and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **Not Applicable**
- (vi) The other laws, as informed and certified by the Management of the company which are specifically applicable to the Company based on the Sectors/ Industry are:
  - (a) The Special Economic Zones Act, 2005 and the rules made thereunder;
  - (b) Policy relating to Software Technology Parks of India and its regulations.

We have also examined compliance with the applicable Clauses/ Regulations of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India and notified by Ministry of Corporate Affairs.
- (ii) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes, if any, in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at the Board and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the Company has following specific event which have a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.:

- a) Scheme of Arrangement for re-organization and reduction of equity share capital of the Company under Section 230 of the Act between R Systems International Limited and its Shareholders and Creditors was approved by the Board of Directors of the Company, subject to necessary approvals.
- (b) Scheme of Amalgamation between GM Solutions Private Limited ("Transferor Company") and the Company ("Transferee Company") and their respective Shareholders and Creditors was approved by the Board of Directors of the Company, subject to necessary approvals.

- (c) The Company has allotted 82,500 equity shares of Re. 1 each at an exercise price of Rs. 12.07 per share on 04<sup>th</sup> May, 2017 pursuant to exercise of vested employee stock options under the R Systems International Limited Employee Stock Option Scheme 2007.

For **Chandrasekaran Associates**  
Company Secretaries

**Sd/-**  
**Lakhan Gupta**

Partner

Membership No. 36583

Certificate of Practice No. 13725

Date: April 04, 2018

Place: New Delhi

Note: This report is to be read with our letter of even date which is annexed as Annexure-A and forms an integral part of this report.

To,  
The Members  
R SYSTEMS INTERNATONAL LIMITED  
CIN: L74899DL1993PLC053579  
B 104A, Greater Kailash,  
Part-I, New Delhi-110048

Our Report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the random test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on random test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Chandrasekaran Associates**  
Company Secretaries

Sd/-

**Lakhan Gupta**

Partner

Membership No. 36583

Certificate of Practice No. 13725

Date: April 04, 2018

Place: New Delhi

Annexure 'G' to the Directors Report

**FORM NO. AOC-2****(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)**

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto:

**1. Details of contracts or arrangements or transactions not at arm's length basis**

Sr. No.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts / arrangements/ transaction	Salient terms of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transactions	Date(s) of approval by the Board	Amount paid as advances, if any:	Date on which the special resolution was passed in general meeting as required under first proviso to section 188
	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

**2. Details of material contracts or arrangement or transactions at arm's length basis**

Sr. No.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts / arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advances, if any
	Nil	Nil	Nil	Nil	Nil	Nil

**Note:**

1. The aforesaid disclosure is based on the materiality threshold defined in Policy for related party transactions.
2. For details of other related party transactions, please refer note No. 24 of the standalone financial statements.

On Behalf of the Board  
For R Systems International Limited

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

Place : CA, U.S.A.  
Date : April 18, 2018

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

Place : NOIDA, (U.P.)  
Date : April 18, 2018

## ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ("CSR") ACTIVITIES

For the Financial Year ended December 31, 2017

**1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web link to the CSR policy and projects or programs:**

To support and endeavour to bring about positive difference to communities where we exist. Through the CSR initiatives, the Company strives to provide equitable opportunities for sustainable growth, thereby aligning with our goal to build R Systems International Limited into an organization which maximizes Stakeholders Value. The Company would engage in activities whereby business further contributes to make a positive and distinguishing impact on the environment, customers and other stakeholders.

Core areas as per the CSR Policy – Education, Health & Medical Care, Community at large, Environment, Sports etc.

The Company's CSR policy can be accessed on:

<http://www.rsystems.com/investors/corporategovernance.aspx>

**2. Composition of the CSR Committee (As on December 31, 2017)**

1. Mr. Kapil Dhameja (Non-Executive Independent Director) – Chairman
2. Mrs. Ruchica Gupta (Non-Executive Independent Director) – Member
3. Lt. Gen. Baldev Singh (Retd.) (President & Senior Executive Director) - Member

**3. Average Net Profit of the Company for last three financial year**

Rs. 527,481,880

**4. Prescribed CSR Expenditure (two percent of the amount as in Item 3 above)**

Rs. 10,549,638

**5. Details of CSR spent during the financial year:**

(a) Total Amount to be spent for the financial year Rs. 10,549,638

(b) Amount unspent, if any Rs. 8,089,638

(c) Manner in which the amount spent during the financial year is detailed below:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No.	CSR Project or activity identified	Sector in which the project is covered	Project / Programs (1) Local Area / others (2) Specify the State / District where the Project or program was Undertaken	Amount Outlay (budget) Project / Program wise	Amount spent on the project / programs Subheads: <b>(1) Direct expenditure on project / programs</b> <b>(2) Overheads</b>	Cumulative expenditure up to the reporting period	Amount spent Direct or through implementing agency*
1.	School Education Project	Education	Kapurthala-Punjab (Army Public School, Beas)	15 lakhs	15 lakhs	15 lakhs	Expenses incurred directly
2.	Education Project	Education	Jabalpur (Rajya Anand Sansthan)	6 Lakhs	6 Lakhs	6 Lakhs	Expenses incurred directly
3.	Sports Project	Olympic Sports	Bangalore (Prakash Padukone Badminton Academy)	4.20 Lakhs	3.60 Lakhs	3.60 Lakhs	Expenses incurred directly

\* Give details of implementing agency – N.A.

**6. Reason for not spending two percent of the average net Profit of the last three financial years or any part thereof on CSR**

As an integral part of society, the Company is aware of its corporate social responsibility and has been engaged in community and social investment. During the financial year 2017, the Company has spent Rs. 24.60 Lakhs on above mentioned CSR activities. The CSR expenditure incurred for the financial year 2017 has been increased by 64% (Rs. 9.60 lakhs) compared to that of financial year 2016, however, the Company was not able to spend the prescribed amount for the financial year 2017.

As a socially responsible company, the Company is in continuous process of exploring new opportunities which shall align to its CSR policy and is committed to create maximum impact on the society at large over the coming years.

**7. A Responsibility Statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in Compliance with the CSR Objectives and Policy of the Company**

The CSR Committee hereby confirms that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and policy of the Company.

Sd/-  
**Satinder Singh Rekhi**

(DIN: 00006955)  
(Managing Director)

Place: CA, U.S.A  
Date: April 18, 2018

Sd/-  
**Kapil Dhameja**

(DIN: 02889310)  
(Chairman of the CSR Committee)

Place: NOIDA (U.P.)  
Date: April 18, 2018



Annexure 'I' to the Directors Report

## FORM NO. MGT-9

### EXTRACT OF ANNUAL RETURN

as on the financial year ended on December 31, 2017

[Pursuant to section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies  
(Management and Administration) Rules, 2014]

#### I. REGISTRATION AND OTHER DETAILS

CIN	:	L74899DL1993PLC053579
Registration Date	:	May 14, 1993
Name of the Company	:	R Systems International Limited
Category / Sub-Category of the Company	:	Company having Share Capital
Address of the Registered office and contact details	:	B -104A, Greater Kailash, Part-I, New Delhi-110 048 Tel. No.: +91-011-32596619 E-mail: <a href="mailto:rsystems.india@rsystems.com">rsystems.india@rsystems.com</a>
Address of the Corporate office and contact details	:	C-40, Sector-59, NOIDA, District Gautam Budh Nagar, U.P. India-201307 Tel. No.: +91-120-4303500 Fax: +91-120-2587123
Whether listed company	:	Yes
Name, Address and Contact details of Registrar and Transfer Agent, if any	:	<b>Link Intime India Private Limited</b> 44, Community Center, 2nd Floor, Naraina Industrial Area, Phase- I Near PVR Naraina, New Delhi -110 028 Phone: +91- 011- 414 10592, 93, 94 Fax : +91- 011- 414 10591 Email : <a href="mailto:delhi@linkintime.co.in">delhi@linkintime.co.in</a>

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Information technology services and products	620	81.64
2	Business process outsourcing services	620	18.36

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	R Systems (Singapore) Pte Limited	#04-01, 16 Jalan Kilang, Hoi Hup Building, Singapore 159416	Foreign Company	Subsidiary	100%	2(87)
2	R Systems, Inc.	5000, Windplay Drive, Suite #5, El Dorado Hills, CA 95762, U.S.A.	Foreign Company	Subsidiary	100%	2(87)
3	R Systems Technologies Ltd. (Formely known as Indus Software, Inc.)	5000, Windplay Drive, Suite #5, El Dorado Hills, CA 95762, U.S.A.	Foreign Company	Subsidiary	100%	2(87)
4	ECnet Limited	16, Jalan Kilang, #04-01 Hoi Hup Building, Singapore – 159 416	Foreign Company	Subsidiary	99.75%	2(87)

Sl. No.	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
5	RSYS Technologies Ltd. (Formerly known as Systèmes R. International Ltée)	(i) 1000, Cathedral Place, 925 West Georgia Street, Vancouver BC V6C 3L2, Canada.  (ii) 2425 Matheson Bldg East Unit 778 Mississauga, Ontario, L4W 5K4 Canada	Foreign Company	Subsidiary	100%	2(87)
6	Computaris International Limited	11 Queens Road, Brentwood Essex, CM 14 4HE, United Kingdom	Foreign Company	Subsidiary	100%	2(87)
7	ECnet (M) Sdn. Bhd. <sup>#</sup>	Lot No. 5F-1, 5th Floor, Tower 5 @ PFCC, Jalan Puteri 1/2, Bandar Puteri, 47100 Puchong, Selangor Darul Ehsan	Foreign Company	Step Down Subsidiary	99.75%	2(87)
8	ECnet Systems (Thailand) Co. Ltd. <sup>#</sup>	2/3 Bangna Tower-A, 2nd Floor, Room No. 205-206, Moo 14, Bangna-Trad K.M. 6.5, Tambol Bangkaew, Amphoe Bangplee, Samutprakarn Province 10540	Foreign Company	Step Down Subsidiary	99.75%	2(87)
9	ECnet (Shanghai) Co. Ltd. <sup>#</sup>	Rm H,20 Floor, Foresight Mansion, No.768 Xie Tu Rd, Shanghai, China	Foreign Company	Step Down Subsidiary	99.75%	2(87)
10	ECnet (Hong Kong) Ltd <sup>#</sup>	Rm 1903, 19/F, World-Wide House, 19 Des Voeux Road Central, Hong Kong	Foreign Company	Step Down Subsidiary	99.75%	2(87)
11	ECnet, Inc. <sup>#</sup>	5000 Wind Play Drive Suite #5, El Dorado Hills, CA 95762, USA	Foreign Company	Step Down Subsidiary	99.75%	2(87)
12	ECnet Kabushiki Kaisha <sup>#</sup>	Godo Building 6F, Kaji-cho 1-6- 17, Chiyoda-ku, Tokyo, Japan 101-0044.	Foreign Company	Step Down Subsidiary	99.75%	2(87)
13	Computaris Romania SRL <sup>*</sup>	<b>Bucharest office</b> 5 Gheorghe Manu Str, Groundfloor, 1 <sup>st</sup> floor, 6 <sup>th</sup> Floor, Room 2, Sector 1, Bucharest, 010442, Romania <b>Galati office</b> 23 Logofat Tautu Str., 800009, Galati, Romania	Foreign Company	Step Down Subsidiary	100%	2(87)
14	Computaris Polska sp z o.o. <sup>*</sup>	<b>Warsaw office</b> al. Jana Pawla II 80, 00-175 Warsaw, Poland <b>Bialystok Office</b> ul. Branickiego 17, 15 -085 Bialystok	Foreign Company	Step Down Subsidiary	100%	2(87)
15	ICS Computaris International Srl <sup>*</sup>	Vlaicu Pircalab Street, No 63, Et. 8, Oficiu B, MD – 2012, Sky Tower Business Center Chisinau, Republica Moldova	Foreign Company	Step Down Subsidiary	100%	2(87)
16	Computaris Malaysia Sdn. Bhd <sup>*</sup>	Lot No. 5F-1, 5th Floor, Tower 5 @ PFCC, Jalan Puteri 1/2, Bandar Puteri, 47100 Puchong, Selangor Darul Ehsan	Foreign Company	Step Down Subsidiary	100%	2(87)

Sl. No.	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
17	Computaris USA, Inc <sup>*</sup>	5000, Windplay Drive, Suite #5, El Dorado Hills, CA 95762, U.S.A.	Foreign Company	Step Down Subsidiary	100%	2(87)
18	Computaris Philippines Pte. Ltd. Inc. <sup>*</sup>	21B Rufino Pacific Tower, 6784 Ayala Avenue, corner V.A. Rufino Street, Legaspi Village Makati City, 1226 Philippines.	Foreign Company	Step Down Subsidiary	100%	2(87)
19	IBIZ Consulting Pte. Ltd. <sup>@</sup> (Formerly known as IBIZCS Group Pte. Ltd.)	2 Jalan Kilang Barat #04-01 Singapore 159346	Foreign Company	Step Down Subsidiary	100%	2(87)
20	IBIZ Consulting Services Pte Ltd <sup>^</sup>	2, Jalan Kilang Barat #04-01 Singapore 159346	Foreign Company	Step Down Subsidiary	100%	2(87)
21	IBIZ Consulting Services Sdn. Bhd. <sup>^</sup>	Lot No. 5F-1, 5th Floor, Tower 5 @ PFCC, Jalan Puteri 1/2, Bandar Puteri, 47100 Puchong, Selangor Darul Ehsan	Foreign Company	Step Down Subsidiary	100%	2(87)
22	PT. IBIZCS Indonesia <sup>^</sup>	Setiabudi Buidling 2, 2nd Floor, Suite 203 Jl. H.R. Rasuna Said Kav. 62 Jakarta Selatan 12920, Indonesia	Foreign Company	Step Down Subsidiary	100%	2(87)
23	IBIZ Consultancy Services India Private Limited <sup>^</sup>	Plot No NP 1 And 2 , Industrial Estate, Sidco Industrial Estate, Guindy Chennai -600032	U72200TN 2008PTC070201	Step Down Subsidiary	100%	2(87)
24	IBIZ Consulting Services Limited <sup>^</sup>	Rooms 2001-2004, 20/F, 69 Jervois Street, Sheung Wang, Hong Kong	Foreign Company	Step Down Subsidiary	100%	2(87)
25	IBIZ Consulting Services (Shanghai) Co., Ltd <sup>%</sup>	Room 1721, 17F, Building A, CCIG International Plaza, No. 331, North Caoxi Road, Xuhui District, Shanghai, China 200030	Foreign Company	Step Down Subsidiary	100%	2(87)

# Wholly owned subsidiary of ECnet Limited, Singapore being 99.75% subsidiary of R Systems.

\* wholly owned subsidiaries of Computaris International Limited being 100% subsidiary of R Systems.

@ Wholly owned subsidiary of R Systems (Singapore) Pte. Limited being 100% subsidiary of R Systems.

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

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

**Note:** Refer to Note No. 13 of the Directors' Report for further details of the subsidiaries.

#### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Categorywise shareholding

Category of Shareholders	No. of Shares held at the beginning of the year- January 01, 2017			No. of Shares held at the end of the year- December 31, 2017			% Change during the year
	Physical	Demat	Total	Physical	Demat	Total	
<b>A. Promoter and Promoter Group</b>							
<b>Indian</b>							
Individuals / Hindu Undivided Family	0	7,777	7,777	0	7,777	7,777	0.01
Central Government	0	0	0	0	0	0	0.00
State Government(s)	0	0	0	0	0	0	0.00
Bodies Corporate	0	29,746,353	29,746,353	0	29,746,353	29,746,353	24.00
Financial Institutions / Banks	0	0	0	0	0	0	0.00
Any Other (Specify)	0	0	0	0	0	0	0.00
<b>Sub Total(A)(1)</b>	<b>0</b>	<b>29,754,130</b>	<b>29,754,130</b>	<b>0</b>	<b>29,754,130</b>	<b>29,754,130</b>	<b>24.00</b>
<b>Foreign</b>							
NRI Individual	0	12,105,955	12,105,955	0	12,105,955	12,105,955	9.77
Other Individual	0	0	0	0	0	0	0.00
Bodies Corporate	0	9,076,218	9,076,218	0	9,076,218	9,076,218	7.32
Banks/ Financial Institutions	0	0	0	0	0	0	0.00
Any Other (Foreign Trust)	0	12,150,731	12,150,731	0	12,150,731	12,150,731	9.80
<b>Sub Total(A)(2)</b>	<b>0</b>	<b>33,332,904</b>	<b>33,332,904</b>	<b>0</b>	<b>33,332,904</b>	<b>33,332,904</b>	<b>26.89</b>
<b>Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)</b>	<b>0</b>	<b>63,087,034</b>	<b>63,087,034</b>	<b>0</b>	<b>63,087,034</b>	<b>63,087,034</b>	<b>50.93</b>
<b>B. Public shareholding</b>							
<b>Institutions</b>							
Mutual Funds / UTI	0	0	0	0	0	0	0.00
Financial Institutions / Banks	0	11,925	11,925	0	350	350	0.01
Central Government	0	0	0	0	0	0	0.00
State Government(s)	0	0	0	0	0	0	0.00
Venture Capital Funds	0	0	0	0	0	0	0.00
Insurance Companies	0	0	0	0	0	0	0.00
Foreign Institutional Investors	0	0	0	0	6,429	6,429	0.01

Category of Shareholders	No. of Shares held at the beginning of the year- January 01, 2017				No. of Shares held at the end of the year- December 31, 2017				% Change during the year
	Physical	Demat	Total	% of Total Shares	Physical	Demat	Total	% of Total Shares	
Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
Any Other (specify)	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-Total (B)(1)</b>	0	11,925	11,925	0.01	0	6,779	6,779	0.01	0.00
<b>Non-institutions</b>									
Bodies Corporate (Indian and Overseas)	0	1,090,919	1,090,919	0.88	0	1,132,000	1,132,000	0.91	0.03
<b>Individuals -</b>									
i. Individual shareholders holding nominal share capital up to Rs. 1 lakh	139,813	9,970,313	10,110,126	8.16	136,579	10,481,870	10,618,449	8.57	(0.40)
ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	114,000	48,560,886	48,674,886	39.30	114,000	47,888,440	48,002,440	38.73	(0.57)
Any Other (Clearing Member)	0	156,555	156,555	0.13	0	360,962	360,962	0.29	0.16
Any Other (Trust)	738,980	0	738,980	0.60	738,980	0	738,980	0.60	0.00
Any Other (IEPF)	0	0	0	0.00	0	6,281	6,281	0.01	0.01
<b>Sub-Total (B)(2)</b>	<b>992,793</b>	<b>59,778,673</b>	<b>60,771,466</b>	<b>49.06</b>	<b>989,559</b>	<b>59,869,553</b>	<b>60,859,112</b>	<b>49.10</b>	<b>0.04</b>
<b>Total Public Shareholding (B) = (B)(1)+(B)(2)</b>	<b>992,793</b>	<b>59,790,598</b>	<b>60,783,391</b>	<b>49.07</b>	<b>989,559</b>	<b>59,876,332</b>	<b>60,865,891</b>	<b>49.10</b>	<b>0.03</b>
<b>TOTAL (A)+(B)</b>	<b>992,793</b>	<b>122,877,632</b>	<b>123,870,425</b>	<b>100.00</b>	<b>989,559</b>	<b>122,963,366</b>	<b>123,952,925</b>	<b>100.00</b>	<b>0.00</b>
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0
<b>TOTAL (C)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>992,793</b>	<b>122,877,632</b>	<b>123,870,425</b>	<b>100.00</b>	<b>989,559</b>	<b>122,963,366</b>	<b>123,952,925</b>	<b>100.00</b>	<b>0.00</b>

**Note:** 1. In addition to changes on account of purchase / sale of shares, evident from the different shareholding positions beginning and end of the year, the change in % of shareholding is consequent to allotment of equity shares pursuant to exercise of options granted under R Systems International Ltd. Employees Stock Option Scheme, 2007.

2. As per the SEBI circular No. SEBI/HO/CFD/CMD/CIR/P/2017/128 dated December 19, 2017, the shareholding has been clubbed PAN wise.

ii. Shareholding of Promoters

S. No	Shareholder's Name	Share holding at the beginning of the year - January 01, 2017			Share holding at the end of the year - December 31, 2017			% Change during the year
		Number of shares held	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	Number of shares held	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Satinder & Harpreet Rekhi Family Trust (Trustee: Satinder Singh Rekhi & Harpreet Rekhi)	12,150,731	9.81	0.00	12,150,731	9.80	0.00	(0.01)
2	Mr. Satinder Singh Rekhi	1,281,556	1.03	0.00	1,281,556	1.03	0.00	0.00
3	RightMatch Holdings Ltd.	9,076,218	7.33	0.00	9,076,218	7.32	0.00	(0.01)
4	Mrs. Harpreet Rekhi	760	0.00	0.00	760	0.00	0.00	0.00
5	GM Solutions Private Limited*	10,261,150	8.28	0.00	29,746,353	24.00	0.00	15.71
6	GMU Infosoft Private Limited*	9,646,784	7.79	0.00	N.A.	N.A.	0.00	(7.79)
7	U Infosoft Private Limited*	9,838,419	7.94	0.00	N.A.	N.A.	0.00	(7.94)
8	Mr. Sartaj Singh Rekhi	5,864,656	4.73	0.00	5,864,656	4.73	0.00	0.00
9	Mr. Ramneet Singh Rekhi	4,958,983	4.00	0.00	4,958,983	4.00	0.00	0.00
10	Mrs. Kuldeep Baldev Singh	6,080	0.00	0.00	6,080	0.00	0.00	0.00
11	Mrs. Anita Behl	1,697	0.00	0.00	1,697	0.00	0.00	0.00
	<b>TOTAL</b>	<b>63,087,034</b>	<b>50.93</b>	<b>0.00</b>	<b>63,087,034</b>	<b>50.90</b>	<b>0.00</b>	<b>(0.03)</b>

\* Pursuant to the approval of National Company Law Tribunal, New Delhi order dated April 24, 2017, GMU Infosoft Private Limited ("GMU Infosoft") and U Infosoft Private Limited ("U Infosoft") have been amalgamated into GM Solutions Private Limited ("GM Solutions") and 19,485,203 equity shares of R Systems International Limited held by GMU Infosoft and U Infosoft have been transmitted to GM Solutions as per the said order.

**Note:** The change in Percentage of shareholding is consequent to allotment of equity shares upon exercise of Options under R Systems International Limited Employees Stock Option Scheme, 2007.

## iii. Change in Promoter Holding

Sl. No.	Name of the Promoter	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	<b>GM Solutions Private Limited</b>				
	<b>At the beginning of the year -January 01, 2017</b>	<b>10,261,150</b>	<b>8.28</b>	<b>10,261,150</b>	<b>8.28</b>
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):				
	Add: Transfer on May 08, 2017*	19,485,203	15.73	29,746,353	24.00
	<b>At the End of the year-December 31, 2017</b>			<b>29,746,353</b>	<b>24.00</b>
2	<b>GMU Infosoft Private Limited</b>				
	<b>At the beginning of the year -January 01, 2017</b>	<b>9,646,784</b>	<b>7.79</b>	<b>9,646,784</b>	<b>7.79</b>
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):				
	Less: Transfer on May 08, 2017*	9,646,784	7.79	-	0.00
	<b>At the End of the year-December 31, 2017</b>			<b>-</b>	<b>0.00</b>
3	<b>U Infosoft Private Limited</b>				
	<b>At the beginning of the year -January 01, 2017</b>	<b>9,838,419</b>	<b>7.94</b>	<b>9,838,419</b>	<b>7.94</b>
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):				
	Less: Transfer on May 08, 2017*	9,838,419	7.94	-	0.00
	<b>At the End of the year-December 31, 2017</b>			<b>-</b>	<b>0.00</b>

\* Pursuant to the approval of National Company Law Tribunal, New Delhi order dated April 24, 2017, GMU Infosoft Private Limited ("GMU Infosoft") and U Infosoft Private Limited ("U Infosoft") have been amalgamated into GM Solutions Private Limited ("GM Solutions") and 19,485,203 equity shares of R Systems International Limited held by GMU Infosoft and U Infosoft have been transmitted to GM Solutions as per the said order. The said order was filed with RoC on May 08, 2017.

## (iv) (a) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No	Top Ten Share Holders (For Each of the Top 10 Shareholders)	Shareholding at the beginning of the year -January 01, 2017		Shareholding at the end of the year -December 31, 2017	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Bhavook Tripathi	44,330,059	35.79	43,861,539	35.39
2	R Systems Employee Welfare Trust	738,980	0.60	738,980	0.60
3	K Mohan	702,448	0.57	343,382	0.28
4	O' Neil Nalavadi	648,770	0.52	648,770	0.52
5	Mandeep Sodhi	643,263	0.52	602,819	0.49
6	Prabhakarrao Mahableshwar Bantwal	390,878	0.32	390,878	0.32
7	Juzar Feroz Basrai	300,000	0.24	300,000	0.24
8	Mannige Vikram Rao	221,100	0.18	221,100	0.18
9	Mohd Farooq Kamal	192,941	0.16	192,941	0.16
10	Deepak Kishanrao Wagh	190,000	0.15	190,000	0.15
11	Sunita Kantilal Vardhan	115,538	0.09	198,199	0.16

**Note:** As per the SEBI circular No. SEBI/HO/CFD/CMD/CIR/P/2017/128 dated December 19, 2017, the shareholding has been clubbed PAN wise.

(iv) (b) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	Name of Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
A	<b>Mr. Bhavook Tripathi</b>				
	<b>At the beginning of the year -January 01, 2017</b>				
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc)				
	<b>At the End of the year-December 31, 2017</b>				
B	<b>K Mohan</b>				
	<b>At the beginning of the year -January 01, 2017</b>				
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc)				
	<b>At the End of the year-December 31, 2017</b>				
C	<b>Mandeep Sodhi</b>				
	<b>At the beginning of the year -January 01, 2017</b>				
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc)				
	<b>At the End of the year-December 31, 2017</b>				
D	<b>Sunita Kantilal Vardhan</b>				
	<b>At the beginning of the year -January 01, 2017</b>				
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc)				
	<b>At the End of the year-December 31, 2017</b>				

As per Annexure - I



## ANNEXURE - I

Sl. No.	Date of Transaction	Nature of Transaction	Shareholding at the beginning of the Year		Cumulative Shareholding during the Year	
			No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
<b>A Bhavook Tripathi</b>						
	<b>As at January 01, 2017 (Opening Balance)</b>		44,330,059	35.79	44,330,059	35.79
	January 06, 2017	Sale	42,186	0.03	44,287,873	35.75
	January 13, 2017	Sale	41,481	0.03	44,246,392	35.72
	January 20, 2017	Sale	16,219	0.01	44,230,173	35.71
	February 10, 2017	Sale	2,642	0.00	44,227,531	35.70
	February 17, 2017	Sale	2,000	0.00	44,225,531	35.70
	November 3, 2017	Sale	27,843	0.02	44,197,688	35.66
	November 10, 2017	Sale	42,487	0.03	44,155,201	35.62
	November 17, 2017	Sale	31,645	0.03	44,123,556	35.60
	November 24, 2017	Sale	15,660	0.01	44,107,896	35.58
	December 1, 2017	Sale	134,374	0.11	43,973,522	35.48
	December 8, 2017	Sale	88,556	0.07	43,884,966	35.40
	December 15, 2017	Sale	5,720	0.00	43,879,246	35.40
	December 29, 2017	Sale	17,707	0.01	43,861,539	35.39
	<b>As At December 31, 2017 (Closing Balance)</b>				<b>43,861,539</b>	<b>35.39</b>
<b>B K Mohan</b>						
	<b>As at January 01, 2017 (Opening Balance)</b>		702,448	0.57	702,448	0.57
	September 8, 2017	Sale	9,729	0.01	692,719	0.56
	December 1, 2017	Sale	182,933	0.15	509,786	0.41
	December 8, 2017	Sale	33,978	0.03	475,808	0.38
	December 15, 2017	Sale	123	0.00	475,685	0.38
	December 22, 2017	Sale	4,010	0.00	471,675	0.38
	December 29, 2017	Sale	116,452	0.09	355,223	0.29
	December 31, 2017	Sale	11,841	0.01	343,382	0.28
	<b>As At December 31, 2017 (Closing Balance)</b>				<b>343,382</b>	<b>0.28</b>
<b>C Mandeep Sodhi</b>						
	<b>As at January 01, 2017 (Opening Balance)</b>		643,263	0.52	643,263	0.52
	February 17, 2017	Sale	40,444	0.03	602,819	0.49
	<b>As At December 31, 2017 (Closing Balance)</b>				<b>602,819</b>	<b>0.49</b>
<b>D Sunita Kantilal Vardhan</b>						
	<b>As at January 01, 2017 (Opening Balance)</b>		115,538	0.09	115,538	0.09
	May 19, 2017	Purchase	79,387	0.06	194,925	0.16
	June 23, 2017	Purchase	1,511	0.00	196,436	0.16
	June 30, 2017	Purchase	613	0.00	197,049	0.16
	September 8, 2017	Purchase	1,150	0.00	198,199	0.16
	<b>As At December 31, 2017 (Closing Balance)</b>				<b>198,199</b>	<b>0.16</b>

- Note:** 1. The change in Percentage of shareholding during the year is also consequent to allotment of equity shares pursuant to exercise of options granted under R Systems International Ltd. Employees Stock Option Scheme, 2007.
2. The above information is based on weekly beneficiary position (net purchase/sale) received from depositories .

(v) Shareholding of Directors and Key Managerial Personnel:

**Change in Shareholding**

Sl. No.	Name of the Director/ Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	<b>Mr. Satinder Singh Rekhi</b>				
	<b>At the beginning of the year -January 01, 2017</b>	1,281,556	1.03	1,281,556	1.03
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	-	-	-	-
	<b>At the End of the year-December 31, 2017</b>			<b>1,281,556</b>	<b>1.03</b>
2	<b>Lt. Gen. Baldev Singh (Retd.)</b>				
	<b>At the beginning of the year -January 01, 2017</b>	111,498	0.09	111,498	0.09
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	-	-	-	-
	<b>At the End of the year-December 31, 2017</b>			<b>111,498</b>	<b>0.09</b>
3	<b>Mr. Avirag Jain*</b>				
	<b>At the time of Appointment -August 03, 2017</b>	100	0.00	100	0.00
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	-	-	-	-
	<b>At the End of the year-December 31, 2017</b>			<b>100</b>	<b>0.00</b>
4	<b>Mrs. Ruchica Gupta</b>				
	<b>At the beginning of the year -January 01, 2017</b>	-	-	-	-
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	-	-	-	-
	<b>At the End of the year-December 31, 2017</b>			-	-
5	<b>Mr. Kapil Dhameja</b>				
	<b>At the beginning of the year -January 01, 2017</b>	-	-	-	-
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	-	-	-	-
	<b>At the End of the year-December 31, 2017</b>			-	-
6	<b>Mr. Aditya Wadhwa</b>				
	<b>At the beginning of the year -January 01, 2017</b>	-	-	-	-
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	-	-	-	-
	<b>At the End of the year-December 31, 2017</b>			-	-
7	<b>Mr. Nand Sardana</b>				
	<b>At the beginning of the year -January 01, 2017</b>	51,098	0.04	51,098	0.04

Sl. No.	Name of the Director/ Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)				
	Add: Allotment pursuant to exercise of options granted under Employees Stock Option Scheme, 2007 on May 04, 2017	37,500	0.03	88,598	0.07
	<b>At the End of the year-December 31, 2017</b>			<b>88,598</b>	<b>0.07</b>
8	<b>Mr. Ashish Thakur</b>				
	<b>At the beginning of the year -January 01, 2017</b>	-	-	-	-
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	-	-	-	-
	<b>At the End of the year-December 31, 2017</b>			-	-

\* Mr. Avirag Jain was appointed as Additional Director and subject to shareholders approval, Whole-time Director (Designated as Director and Chief Technology Officer) w.e.f. August 3, 2017. Hence, shareholding details of Mr. Avirag Jain have been provided since his appointment as Director.

**Note:** The change in Percentage of shareholding during the year is consequent to allotment of equity shares pursuant to exercise of options granted under R Systems International Ltd. Employees Stock Option Scheme, 2007.

## V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Amount in Rs.)

Particulars	Secured Loans excluding deposits	Unsecured Loans <sup>#</sup>	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year-January 01, 2017</b>				
i) Principal Amount	13,441,803	10,880,000	-	24,321,803
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	116,229	53,753	-	169,982
<b>Total (i+ii+iii)</b>	<b>13,558,032</b>	<b>10,933,753</b>	-	<b>24,491,785</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	1,721,000	-	-	1,721,000
Reduction	5,596,961	95,966	-	5,692,927
<b>Net Change</b>	<b>(3,875,961)</b>	<b>(95,966)</b>	-	<b>(3,971,927)</b>
<b>Indebtedness at the end of the financial year-December 31, 2017</b>				
i) Principal Amount	9,565,842	10,784,034	-	20,349,876
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	65,956	-	-	65,956
<b>Total (i+ii+iii)</b>	<b>9,631,798</b>	<b>10,784,034</b>	-	<b>20,415,832</b>

# Unsecured loan relates to finance lease obligation for furniture and fixture taken on composite lease with respect to SEZ premises.

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Amount in Rs.)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
		Mr. Satinder Singh Rekhi* (MD)	Lt. Gen. Baldev Singh (Retd.) (WTD)	Mr. Avirag Jain* (WTD)	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	28,874,162	3,945,772	1,787,910	34,607,844
	(b) Value of perquisites u/s 17(2) of Income-tax Act, 1961	-	282,652	-	282,652
	(c) Profits in lieu of salary under section 17(3) of Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission - as % of profit	4,964,335	-	-	4,964,335
	others (incentive)	-	2,400,000 <sup>§</sup>	1,083,677 <sup>@</sup>	3,483,677
5	Others	-	-	-	-
	<b>Total (A)</b>	<b>33,838,497</b>	<b>6,628,424</b>	<b>2,871,587</b>	<b>43,338,508</b>
	<b>Ceiling as per the Act (5% of Net Profit)</b>	<b>39,825,000<sup>#</sup></b>	<b>20,290,501</b>	<b>20,290,501</b>	

# The remuneration paid during the year ended December 31, 2017 to Mr. Satinder Singh Rekhi, Managing Director of the Company, has been approved by the Central Government.

\* Mr. Avirag Jain was appointed as Additional Director and subject to shareholders approval, Whole-time Director (Designated as Director and Chief Technology Officer) w.e.f. August 3, 2017. Hence his salary details has been taken from August 03, 2017 to Decemebr 31, 2017.

§ Incentive is based on fixed percentage of quaifying revenue and performance of the Comapny.

@ Incentive is based on fixed percentage of quaifying revenue.

#### i. Independent Directors

(Amount in Rs.)

Sr. No.	Particulars of Remuneration	Name of Directors			Total Amount
		Mrs. Ruchica Gupta	Mr. Kapil Dhameja	Mr. Aditya Wadhwa	
1	Fee for attending board / committee meetings	275,000	300,000	250,000	825,000
2	Commission	-	-	-	-
3	Others, please specify	-	-	-	-
	<b>Total(1)</b>	<b>275,000</b>	<b>300,000</b>	<b>250,000</b>	<b>825,000</b>

#### ii. Other Non-Executive Directors

1	Fee for attending board / committee meetings	-	-	-	
2	Commission	-	-	-	
3	Others, please specify	-	-	-	
	<b>Total(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	
	<b>Total B (1+2)</b>	<b>275,000</b>	<b>300,000</b>	<b>250,000</b>	<b>825,000</b>
	<b>Total Managerial Remuneration (A+B)</b>				<b>44,163,508</b>
	Ceiling as per the Act (10% Net Profit of A and 1% Net Profit of B)				44,639,102

#### Note:

- In terms of Section 197(2), (5) of the Companies Act, 2013, sitting fees for attending Board/Committee Meeting(s) amounting to Rs. 825,000/- does not form part of overall managerial remuneration.
- Except sitting fees, no other remuneration was paid to Non- Executive Independent Directors of the Company.

## C. Remuneration To Key Managerial Personnel Other Than MD/Manager/WTD

(Amount in Rs.)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Mr. Nand Sardana	Mr. Ashish Thakur	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	5,255,069	1,155,628	6,410,697
	(b) Value of perquisites u/s 17(2) of Income Tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) of Income Tax Act, 1961	-	-	-
2	Stock Option*	1,489,875	-	1,489,875
3	Sweat Equity	-	-	-
4	Commission			
	as % of profit	-	-	-
	others, specify.....	-	-	-
5	Others, please specify	-	-	-
	<b>Total</b>	<b>6,744,944</b>	<b>1,155,628</b>	<b>7,900,572</b>

\* During the financial year under review, 37,500 Equity Shares were allotted to Mr. Nand Sardana pursuant to exercise of options granted under R Systems International Limited Employee Stock Options Scheme 2007.

**Note:** It may be noted that Mr. Statinder Singh Rekhi is the Managing Director of the Company and the details of the remuneration has already been provided.

## VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
<b>B. DIRECTORS</b>					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil

On behalf of the Board  
For R Systems International Limited

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

Place : CA, U.S.A.  
Date : April 18, 2018

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

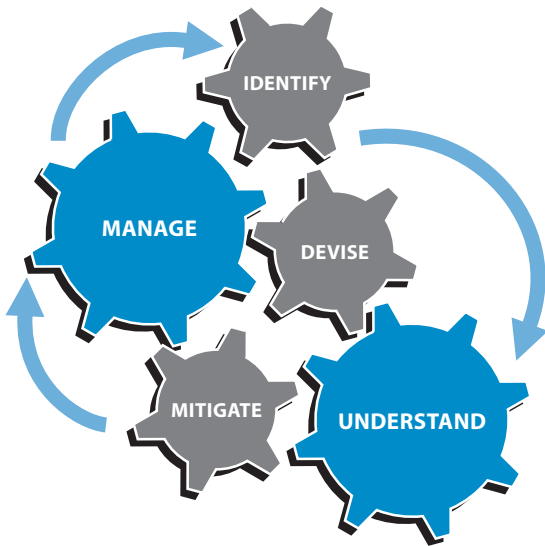
Place : NOIDA, (U.P.)  
Date : April 18, 2018

# RISK MANAGEMENT REPORT

The Management cautions readers that the risks outlined in this report are not exhaustive, are for information purposes only and may contain forward looking statements, the results of which may differ materially from those reflected. Investors and readers are requested to exercise their own judgment in assessing various risks associated with the Company.

## OVERVIEW

Risk Management is a dynamic process which should constantly be able to identify all the emerging risks and propose solutions to manage them. The risk perception also constantly varies depending on the size of the business, business segment, location, scale of business. The essence of risk management strategy at R Systems lies in maximising areas of control over outcome and minimising areas where the Company has no control over outcome. R Systems recognizes that business conditions are constantly changing, evolving and entering into cycles. Following is the model adopted by the Company for managing risk:



## ENTERPRISE RISK MANAGEMENT STRUCTURE

Risk management is an integral part of the charter of the Board of Directors at R Systems. The Board is responsible for monitoring risk levels on various parameters and to suggest measures to address the same. The day to day management of the risk is entrusted to the management team of R Systems. Based on the philosophy of “No risks, No rewards”, our management continuously keeps monitoring the level of our existence on the path of growth and within R Systems management structure, certain personnel are designated with responsibility of managing risks including ensuring compliance with laws, rules and regulations with the assistance of both internal and external resources. Further, formal reporting, escalation of risk events and control mechanisms ensure timely communication, response and proactive management of the risks.

## RISK MANAGEMENT AT R SYSTEMS

### 1. Customer Concentration

R Systems revenues are dependent to a considerable extent upon relationships with a limited number of customers and retaining those customers. The percentage of total consolidated revenues during fiscal year 2017 and 2016 that R Systems derived from contracts with its top line customers is as follows:

Customer	Year Ended	
	December 31, 2017 (%)	December 31, 2016 (%)
Top 10	34.04	32.56
Top 5	22.15	20.83
Top 3	15.51	14.63
The Largest Customer	5.99	6.67

Concentration of revenues from a limited number of customers deepens our relationship with those customers but at the same time imposes a risk of dependence. Customer’s vendor management strategies and business risks radiate on to R Systems through fluctuations in utilization, pricing for services and service level demands. All these factors could potentially impact revenues and profitability of R Systems.

**INITIATIVES:** The business model and strategy followed by R Systems involves serving the customers in a manner that they get measurable tangible benefits. When customers see value in the services / solutions that R Systems provides, we believe that customer’s relationship can be nurtured into the long term. Further, with our proactive strategy of adding new customers, we attempt to reduce our dependency on a smaller number of customer relationships.

### 2. Geographical Concentration

R Systems has traditionally derived most of its revenues from the US, given the technology focus and specialized outsourced product development services offered by it. The geographic break-up of the revenue is given below:

Revenues by Geographies	Year Ended	
	December 31, 2017 (%)	December 31, 2016 (%)
U.S.A.	56.12	59.17
Europe	19.42	17.98
SEAC	20.21	17.68
India	1.74	1.61
Others	2.51	3.56
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

**INITIATIVES:** In order to mitigate the risk of geographical concentration, R Systems has stepped up its business activities in other geographic areas like Europe, South East Asia etc.

### 3. Risks Associated with Fixed Price Contracts


Under our iPLM services most of our assignments are on the basis of time and material task orders, some proportion of the services provided by us is in the nature of fixed bid assignments. Under fixed bid assignments, in the event of cost overruns, our profitability will be adversely affected.

**INITIATIVES:** We have our internal processes to ensure accuracy in the estimation of the time required to execute fixed price projects and processes to implement and monitor the progress of such projects. Further, the experience gained from such projects is also used for new projects. However given the very nature of the fixed price projects, cost overruns and delayed deliveries cannot be ruled out.

### 4. Competition

The IT & ITES sector is a highly competitive sector. Our competitors include IT outsourcing firms in India as well as in other countries, national and multinational consulting and technology firms, Indian IT services firms, software firms and in-house IT departments of large companies. The competition in the IT industry is very intense and our competitors are aggressive in winning new business and customers that may drive a harder bargain.

**INITIATIVES:** We believe that R Systems is well positioned and enjoys following competitive advantages:

- Experience in providing end-to-end solutions and services to customers;
- Unique and proprietary  with best practices, tools and methodologies for flawless execution;
- Investment in processes, talent and methodologies;
- Strong customer franchise consisting of large and mid-sized corporations;
- Strong financial position;
- Proven global delivery model;
- Our vertical focus for services and solutions;
- Industry best human resource practices to attract, develop, deploy and retain talent.

### 5. Disaster Prevention and Recovery

The IT industry is very sensitive to security risk and a real or perceived threat of a risk to the security and integrity of information available to us may adversely affect customer

perception, give rise to litigation and reduce our customer base, thereby negatively affecting R Systems revenues and profit margins. The contracts entered into by R Systems typically hold us solely responsible for maintaining satisfactory standards of personnel competency, conduct and integrity and for taking required disciplinary action.

**INITIATIVES:** R Systems has adopted industry-standard security precautions such as ensuring that our employees and strategic partners enter into non-disclosure and confidentiality agreements with us, verifying that there is no information leakage through test procedures, carrying out background checks and verifications, creating and maintaining data back-ups and maintaining an adequate disaster recovery plan.

R Systems makes continual investments in organisation behavior and management processes to ensure that these certified industry standards are continually adhered to.

During the year 2017, The IT Division has been appraised for CMMI Level 5 (Version 1.3) and also certified with new ISO 9001:2015 standard (formal certificate is yet to be received). In Addition, for BPO division, R System has got **SOC2 Type 2** Reporting (SSAE-16) for one of the major healthcare clients. **HIPAA** also has been implemented and tested with zero non-compliance in one of the major clients in Healthcare Domain. The BPO division has migrated their QMS into ISO 9001:2015 version from the existing ISO 9001:2008 version. Apart from that, R Systems IT Infrastructure along with the projects/process/applications in scope has got **PCI DSS** Certification on latest version V3.2.

As of the date of this report, Noida IT center is CMMI level 5 (Ver.1.3), PCMM Level 5, ISO 9001 : 2015, ISO 27001 : 2013 certified. Noida BPO center is PCMM Level 5, ISO 9001 : 2008, ISO 27001: 2013 certified and also for specific client(s) it is SOC2 Type 2 (SSAE-16), HIPAA compliant and PCI-DSS (ver.3.1) certified for (IT Infrastructure along with the projects/process/applications in scope), SSAE-16.

The continuing compliance with these standards demonstrates the rigor of R Systems processes and differentiates us to keep our competitive edge in service and product offerings.

Further, our distributed offshore and near shore infrastructure is seamlessly connected through a strong infrastructure design and appropriate bandwidth that provides us the capability to initiate and maintain uninterrupted support across the world.

### 6. Talent Acquisition & Retention

The IT and BPO sector is highly competitive in terms of hiring strategy and incentives. R Systems is highly dependent on its employees at various levels of the organisation to provide leadership, manage the business, to provide services and execute

complex projects for the clients. These skilled professionals are in high demand by other organisations and if R Systems is unable to attract and retain the skilled people, it will affect R Systems ability to grow and provide services to its customers.

**INITIATIVES:** At R Systems, we follow industry best human resource practices such as PCMM level 5 to attract, develop, deploy and retain talent. The Company is committed to develop and innovate such programmes that motivates them and develop their potential and also inculcate leadership attributes of the employees, which helps us to retain the best talent in the industry.

## 7. Key Managerial Role & Succession Planning

Succession planning is one of the most critical functions of an organization. This is the process that identifies the critical and core roles of an organization and identifies and assesses the suitable candidates for the same. The process ramps up potential candidates with appropriate skills and experiences in an effort to train them to handle future responsibilities in their respective roles. Succession planning is applicable for all critical roles in any organization. The upper management of each practice or department is responsible for coming up with a suitable succession plan for each core position under his or her department.

**INITIATIVES:** R Systems being a CMMI Level 5 and PCMM Level 5 company has put in practice a well-documented and defined policy on Succession Planning. This applies to all key roles in the organization as agreed upon by the Senior Management. Mission critical and key roles include Chief Executive Officer, Senior Management Team comprising of VPs and other roles critical to business operations continuity. Succession planning at R Systems occurs at least on an annual basis during annual performance appraisal cycle.

Further, R Systems has extensive recruitment teams in the markets that operate to continuously recruit skilled personnel at various levels in the organisation. In addition, R Systems conducts a rigorous training program at the entry level to train new professionals and develop next generation of managers and leaders. R Systems deploys modern HR practices by offering competitive compensation and benefit packages and exciting work environment to attract and retain talent. Further, R Systems tries to mitigate the impact of attrition in the continuity of services to the clients by using its proprietary pSuite Framework that allows the project teams to seamlessly share knowledge and collaborate on projects.

## 8. Technological Obsolescence

The IT and ITES sector is characterised by technological changes at a rapid rate, evolution of existing products and introduction of

new products. R Systems makes investments in R&D with a view to keep pace with the latest developments in the technology space. Further, R Systems regularly hires, trains and nurtures domain and market specialists and continuously evaluates increasing the portfolio of technology alliances and partnerships to enrich our product and service mix. However, this risk cannot be fully mitigated despite the proactive investments made by R Systems.

**INITIATIVES:** While we continuously upgrade our product suite to deliver effectively by keeping our technology up-to-date, in our iPLM business, our technologies are influenced by our client's choice of technology.

## 9. Acquisitions

R Systems' growth strategy involves future strategic acquisitions, partnerships and exploration of mutual interests with other parties. These future acquisitions may not contribute to our profitability, and we may be required to incur or assume debt, or assume contingent liabilities, as part of any acquisition. We could have difficulty in assimilating the personnel, operations, software assets and technology of the acquired company. These difficulties could disrupt our ongoing business, distract our management and employees and increase our expenses.

**INITIATIVES:** R Systems will remain sharply focused on those acquisitions and partnerships that add to the competitive strengths of our business. Specific transactions are evaluated in detail with experienced internal personnel and external advisors, wherever relevant, before consummating any transaction. Deal teams conduct technical, operational, marketing due diligence and build detailed financial model to evaluate the risks and benefits of any transaction. Further, contractual agreements are negotiated with the advice of legal counsel to protect Company's interests.

## 10. Credit Risk

As a matter of business practice, the payment collection process may extend over a period of time. Customers budgeting constraints can impact their ability to make the required payments. In addition, the creditworthiness of our clients may deteriorate and we can be adversely affected by bankruptcies or other business failures of our customers.

**INITIATIVES:** R Systems' credit terms are standard and there is rigorous process in following up with customers for payments as and when the invoices fall due for payment. The Company has suitably streamlined its processes to develop a more focused and aggressive receivables management systems to ensure timely collections as a result of the global liquidity crunch.



## 11. Foreign Currency Rate Fluctuations

Managing an equilibrium state in the light of the unfavourable movements in exchange rates involved in earnings and expenditure in foreign currency continues to be one of the challenges when exposed to global markets. A significantly large percentage of R Systems consolidated revenues are either foreign currency denominated or derived from export earnings. Whereas a major portion of the R Systems expenses in India are incurred in Indian Rupees. As a result, operating profits will be highly impacted by foreign currency rate fluctuations. While depreciation of the Indian Rupee would have a favourable bottom-line impact, an appreciation would affect R Systems profitability adversely.

**INITIATIVES:** R Systems cannot directly influence exchange rates, it is incumbent upon management to follow a well thought out policy to hedge the risk associated with foreign currency without taking speculative positions. R Systems attempts to minimize currency fluctuation risks on export earnings by taking forward covers on Rupee - USD/EURO exchange rate based on anticipated revenues and debtors at periodic intervals. R Systems has laid down appropriate policies and processes for the use of financial derivative instruments consistent with its risk management strategy. The Company does not use the foreign exchange forward contracts for trading or speculation purposes.

## 12. Inflation and Cost Structure

R Systems' cost structure consists of salary and other compensation expenses, overseas travel, and other general selling and administrative costs. Rapid economic development in India and increasing demand for global delivery may have a significant impact on these costs and the rate of inflation as relevant to the IT & ITES services industry. This is compounded by the fact that overseas competitors may treat their India strategy as a cost centre and develop the same regardless of the cost incurred and its impact on their profitability.

**INITIATIVES:** R Systems' major costs are salary and benefit cost that it incurs on employees. These costs may have a tendency to escalate faster than the rate of inflation because of the demand for skilled and experienced professionals. R Systems attempts to mitigate the risks associated with wage inflation by obtaining increased price from clients, increasing bench mark prices for new business, enhancing productivity, increasing utilisation and inducting fresh graduates and training them. Further, R Systems has implemented robust processes and information systems to enable personnel to make the right decisions for revenue realisation and cost optimisation to minimise the risks of changes in salary cost structure.

## 13. Intellectual Property Rights

As a part of R Systems' business, there are risks associated with intellectual property of the Company, intellectual property of R Systems' customers who may be end users or even the intellectual property of the end user.

**INITIATIVES:** R Systems' information security arrangements are managed under international standard ISO 27001 : 2013 series and are being audited by both internal and experts from third parties assessors who periodically audit and certify R Systems compliance.

R Systems has not registered some of its intellectual property under the relevant intellectual property laws and is evaluating for registration for the same. We have applied for the registration of the following marks and their corresponding words as R Systems' trademarks:



PSuite Framework



PRODUCTS FOREMOST



IPLM

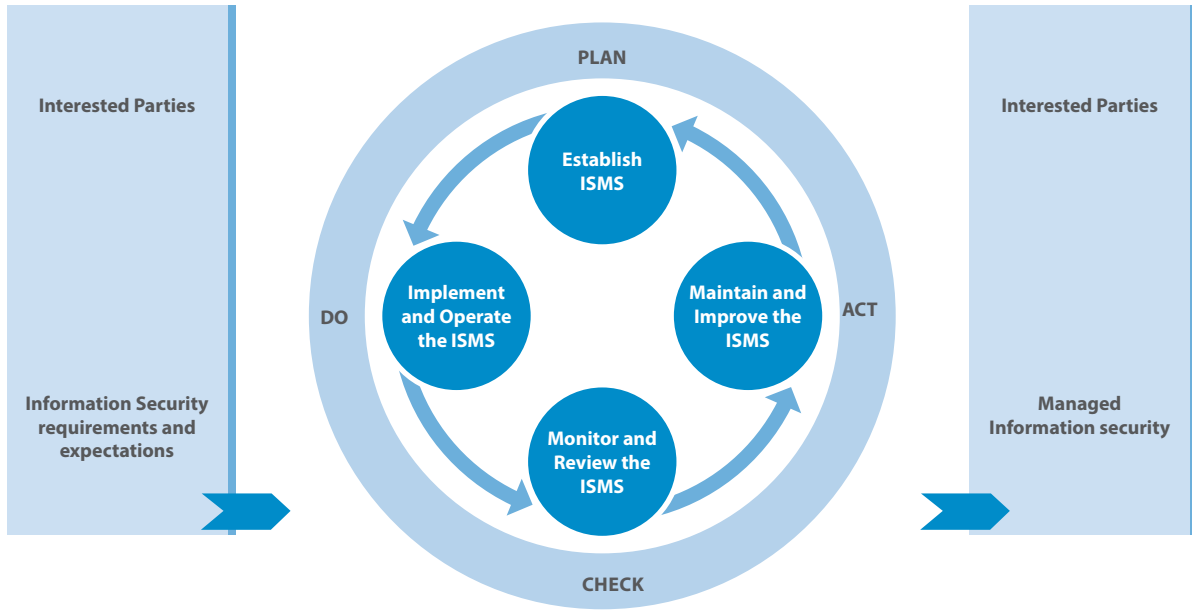
Out of the aforesaid trademarks three logo and two words are already registered w.e.f. January 30, 2006 and the word "IPLM" is awaiting approval. Further the Company has registered the word "R SYSTEMS" and logo  as trademark under certain additional classes. During the year 2014, the company has also filed application for  registration as its new corporate logo under relevant classes. The new corporate logo has been registered by the Registrar of Trademark.

## 14. Information Security Management

R Systems being an IT and Software service provider company focusses on maintaining the confidentiality, integration and availability of business data and information to the exclusive but optimum use for the accomplishment of organizational objective. The task of maintaining the confidentiality of business data and information not only faces threat from outside the organization but also within the organization where the business data and information are put to use.

**INITIATIVES:** For ensuring the effectiveness of Information security, it is important that information security can be effective only if it is addressed at people, process and technology levels and is integrated in the way an organization operates. R Systems has established, documented and implemented Information

Security Management Systems (ISMS) and shall continually improve its effectiveness in accordance with requirements of ISO 27001:2013. The approach applied to the ISMS is given in Figure below:



R Systems security policy provides a framework for protecting confidentiality, integrity and ensuring availability of organization's Information assets. This is to safeguard the interest of customer, business continuity and continual improvement of ISMS at R Systems. The security policy of R Systems has been designed to safeguard the risk associated with information security management.

#### 15. Contractual Risk

The primary contractual risks that R Systems faces pertain to obligations of R Systems to provide services with full adherence to contracted terms of quality, time deadlines, output per hour, protection of confidential information, protection of intellectual property rights, patents and copyrights. R Systems has a rigorous process to evaluate the legal risks involved in a contract, ascertains its legal responsibilities under the applicable law of the contract and tries to restrict its liabilities to the maximum extent possible.

**INITIATIVES:** R Systems attempts to protect itself with “no consequential losses” and “maximum liability” clauses.

R Systems also ensures that risks are protected through various insurances like professional liability, workers compensation, directors’ and officers’ liability insurance. The Company’s past record in this regard has been good and there has been no significant damages awarded against the Company that has resulted in material adverse impact on our financial position. R Systems also has an escalation process to immediately involve

senior management personnel in case R Systems customers or contractors make any assertion of breach of contract.

R Systems has employed professionals with adequate legal expertise who plays handy role in finalizing the various terms under written contracts on behalf of the Company. The experience gained from past contracts and transaction entered into by the Company are also analyzed and implemented for the new contracts envisaged by the Company. As a matter of practice depending upon the criticality of the transactions, contractual agreements are well discussed within the organization in coordination with technical team as well legal professionals and are also negotiated with the advice of legal counsel to protect Company’s interests.

#### 16. Execution Risk

A significant number of R Systems clients are software product, Telecom, Media and Entertainment and manufacturing companies. These clients need high quality and timely delivery of services with very stringent services level agreements. Any failure in delivery, quality, meeting service level bench agreements, product features and functionalities could adversely affect R Systems relationship with its clients, which could potentially impact R Systems revenues and profitability.

**INITIATIVES:** R Systems has continuously invested in processes, people, training, information systems, quality standards, frameworks, tools and methodologies to mitigate the risks associated with execution of projects. Adoption of quality models

and practices such as ISO, Capability Maturity Model (CMM) and Six Sigma have ensured that risks are identified and mitigated at various levels in the planning and execution process. Further, senior management personnel, project managers and process leaders are entrusted with the responsibility to meet the project and service level expectations on various engagements. Planned intervention and escalation systems are further deployed to minimise risks.

#### 17. Directors' and Officers' Liability Risks

The directors and officers of R Systems are required to take material decisions in the best interest of the Company. Such decisions might result in errors and omission and R Systems might be sued by the other counterpart.

**INITIATIVES:** To mitigate this risk, the directors and officers take legal and expert advice when required and have taken various insurance policies outlined earlier including professional liability and directors' and officers' liability insurance. The Company attempts to limit its contractual liability for damages arising from negligent acts, errors, mistakes or omissions by directors and officers in rendering services, there can be no assurance that the limitations of liability set forth in its service contracts will be enforceable in all instances or will otherwise protect the Company from liability for damages. Though the Company maintains general liability insurance coverage, including coverage for errors or omissions, going forward, there can be no assurance that such coverage will be available on reasonable terms and in sufficient amount to cover one or more large claims, or that the insurer will not disclaim coverage as to any future claim. The successful assertion of one or more large claims against the Company could adversely affect the Company's results of operations and financial condition.

#### 18. Statutory Compliance

R Systems has trans-national operations. R Systems operates in various geographies and it has to ensure compliance of various applicable rules and regulations in those countries. R Systems is exposed to penalties and other liabilities related to non-compliance or inadequate compliance in those countries.

**INITIATIVES:** R Systems uses independent legal counsel to advise the Company on compliance issues with respect to the laws of various countries in which the Company has its business

activities and to ensure that R Systems is not in violation of the laws applicable. R Systems has a compliance management system with qualified managers entrusted with compliance of various laws including the listing laws and regulations applicable to public companies in India.

#### 19. Visa Regulations / Restrictions

The majority of employees of R Systems are Indian nationals. The ability of R Systems to render its services in the US, Europe and other countries depends on the ability to obtain visas and work permits. Immigration to US, Europe and other countries are subject to legislative changes as well as variations in standards of application and enforcement due to political forces and economic conditions for example, any major change in immigration policy of USA may put the challenge to Indian IT Companies. It is difficult to predict the political and economic events that could affect immigrations laws or the restrictive impact they could have on obtaining or monitoring work visas. The reliance on visas makes R Systems vulnerable to such changes and variations as it affects the ability of the Company to staff projects with employees who are not citizens of the country where the work is to be performed. As a result, RSystems may not be able to get a sufficient number of visas for employees or may encounter delays or additional costs all of which may affect profitability.

**INITIATIVES:** R Systems monitors the status of visa availability and requirements on a regular basis in consultation with external legal counsel. In house legal personnel are entrusted with the responsibility for compliance with the immigrations laws which is validated by periodic independent audit. R Systems may expand its business in other geographies to de-risk from US business meanwhile it may boost US hiring. R Systems may look forward to change its business models so that it can deliver from different locations globally through innovation.

#### 20. Political Risk

The Government of India has been favourably disposed towards the IT and BPO industry in India. Further, we operate in multiple countries of which the US is a major market. While most governments in the countries where we operate are in favor of free trade, we cannot be immune to changes in policies that may discourage off-shoring to protect local employment.



Caring - Innovating - Transforming

# FINANCIAL STATEMENTS (STANDALONE)

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF R SYSTEMS INTERNATIONAL LIMITED

#### Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **R SYSTEMS INTERNATIONAL LIMITED** ("the Company"), which comprise the Balance Sheet as at December 31, 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers

internal financial control relevant to the Company's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at December 31, 2017, and its profit and its cash flows for the year ended on that date.

#### Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, based on our audit we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards prescribed under section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on December 31, 2017, taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2017, from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company, and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company does not have pending litigations which would impact its financial position;
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company;
- iv. The Company has provided requisite disclosures in the standalone financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the November 8, 2016 of the Ministry of Finance, during

the period from November 8, 2016 to December 30, 2016. Based on audit procedures performed and the representations provided to us by the management, we report that the disclosures are in accordance with the books of accounts maintained by the Company. (Refer note 34 of the standalone financial statements)

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

Noida  
February 09, 2018

**Sd/-**  
**RASHIM TANDON**  
Partner  
(Membership No. 095540)

## ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

**(Referred to in paragraph 1 (f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)**

**Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of **R SYSTEMS INTERNATIONAL LIMITED** (“the Company”) as of December 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

### Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at December 31, 2017, based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

(Firm’s Registration No. 117366W/W-100018)

Sd/-

**RASHIM TANDON**

Partner

(Membership No. 095540)

Noida

February 09, 2018

## ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

### (Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) In respect of its fixed assets:
- The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - All fixed assets were physically verified by the management in the previous year in accordance with a planned programme of verifying them once in two years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - According to the information and explanations given by the management, the title deeds of immovable properties are held in the name of the Company.
- (ii) The Company does not have any inventory and hence reporting under clause (ii) of the Order is not applicable.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence reporting under clause (iv) of the Order is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits during the year. The Company does not have any unclaimed deposits and accordingly the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 are not applicable to the Company.
- (vi) According to the information and explanations given to us, the maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013 for the services rendered by the Company.
- (vii) According to the information and explanations given to us in respect of statutory dues:
- The Company has been regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues with appropriate authorities and

there are no undisputed amounts payable in respect of these dues outstanding as at 31 December, 2017 for a period of more than six months from the date they became payable.

- (b) Details of dues of income-tax which have not been deposited as on 31 December, 2017 on account disputes, are given below:

Nature of Statute	Nature of Dues	Amount (in INR)	Period to which amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax Demand	Nil *	A/Y 2008-09	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax Demand	Nil #	A/Y 2009-10	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax Demand	Nil @	A/Y 2010-11	Income Tax Appellate Tribunal

\* Net of Rs. 1,000,000 deposited and Rs. 8,399,040 adjusted by department against refund for A/Y 2011-12 under protest.

# Net of Rs. 1,725,570 adjusted by department against refund for A/Y 2014-15 under protest.

@ Net of Rs. 163,950 adjusted by department against refund for A/Y 2014-15 under protest.

As per records maintained by the Company, there are no dues of Sales Tax, Service Tax, Customs Duty, Excise Duty and Value Added Tax which have not been deposited as on December 31, 2017 on account of disputes.

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions and banks. The Company has not taken any loan or borrowing from Government and has not issued any debentures.
- (ix) In our opinion and according to the information and explanations given to us, the term loans were applied by the Company for the purpose for which those were raised. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.



- (xi) In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

**Sd/-**  
**RASHIM TANDON**  
Partner  
(Membership No. 095540)

Noida  
February 09, 2018

## STANDALONE BALANCE SHEET AS AT DECEMBER 31, 2017

	Note No.	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	123,213,945	123,131,445
Reserves and surplus	4	2,322,678,389	2,080,320,282
		<b>2,445,892,334</b>	<b>2,203,451,727</b>
<b>Non-current liabilities</b>			
Long-term borrowings	5	15,847,727	19,146,372
Other long-term liabilities	6	2,232,357	10,298,158
Long-term provisions	7	91,183,552	89,424,532
		<b>109,263,636</b>	<b>118,869,062</b>
<b>Current liabilities</b>			
Trade payables	8	-	-
- Total outstanding dues of micro enterprises and small enterprises		-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises		150,577,235	157,734,337
Other current liabilities	8	234,164,606	119,992,818
Short-term provisions	7	122,286,072	120,481,901
		<b>507,027,913</b>	<b>398,209,056</b>
<b>TOTAL</b>		<b>3,062,183,883</b>	<b>2,720,529,845</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	9	258,449,852	246,386,813
Intangible assets	10	4,439,475	5,419,772
Capital work in progress		-	26,286,794
Non-current investments	11.1	1,054,579,541	1,126,893,363
Deferred tax assets (net)	12	52,989,337	43,657,296
Long-term loans and advances	13	47,208,662	71,606,484
Other non-current assets	14.2	46,597,883	53,289,036
		<b>1,464,264,750</b>	<b>1,573,539,558</b>
<b>Current assets</b>			
Current investments	11.2	135,570,000	87,570,000
Trade receivables	14.1	569,281,049	500,842,978
Cash and bank balances	15	730,349,624	402,079,646
Short-term loans and advances	13	106,520,630	90,184,486
Other current assets	14.2	56,197,830	66,313,177
		<b>1,597,919,133</b>	<b>1,146,990,287</b>
<b>TOTAL</b>		<b>3,062,183,883</b>	<b>2,720,529,845</b>
Summary of significant accounting policies	2.1		
See accompanying notes forming part of the financial statements	1-38		

In terms of our report attached.

For DELOITTE HASKINS & SELLS LLP For and on behalf of the Board of Directors of R SYSTEMS INTERNATIONAL LIMITED  
Chartered Accountants

**Sd/-**  
**RASHIM TANDON**  
Partner

**Sd/-**  
**SATINDER SINGH REKHI**  
Managing Director  
DIN: 00006955

**Sd/-**  
**LT. GEN. BALDEV SINGH (RETD.)**  
President & Senior Executive Director  
DIN: 00006966

**Sd/-**  
**NAND SARDANA**  
Chief Financial Officer

**Sd/-**  
**ASHISH THAKUR**  
Company Secretary & Compliance Officer

Place : NOIDA  
Date : February 09, 2018

Place : Singapore  
Date : February 09, 2018

Place : NOIDA  
Date : February 09, 2018

Place : NOIDA  
Date : February 09, 2018

Place : NOIDA  
Date : February 09, 2018

**STANDALONE STATEMENT OF PROFIT AND LOSS** FOR THE YEAR ENDED DECEMBER 31, 2017

	Note No.	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
<b>Revenue</b>			
Revenue from operations	16	2,637,512,996	2,631,768,945
Other income	17	133,745,611	123,667,161
<b>Total revenue</b>		<b>2,771,258,607</b>	<b>2,755,436,106</b>
<b>Expenses</b>			
Employee benefits expense	18	1,856,048,840	1,663,178,542
Operational and other expenses	19	478,303,919	451,864,197
Depreciation and amortisation expense	20	73,737,519	69,303,151
Finance costs	21	6,331,616	3,683,637
<b>Total expenses</b>		<b>2,414,421,894</b>	<b>2,188,029,527</b>
<b>Profit before tax and exceptional items</b>		<b>356,836,713</b>	<b>567,406,579</b>
Exceptional items	22	-	46,347,242
<b>Profit before tax</b>		<b>356,836,713</b>	<b>613,753,821</b>
<b>Tax expense</b>			
Current tax [includes provision of Rs. 3,686,161 (Previous year credit of Rs. 3,655,315) related to earlier years]	31 (c)	127,338,780	224,944,371
MAT credit entitlement (related to earlier years)		-	(15,127,231)
Deferred tax credit		(9,332,041)	(8,201,326)
<b>Total tax expense</b>		<b>118,006,739</b>	<b>201,615,814</b>
<b>Profit for the year</b>		<b>238,829,974</b>	<b>412,138,007</b>
<b>Earnings per equity share:</b>			
Basic [Nominal value of shares Re. 1 (Previous year: Re. 1)]	33	1.93	3.26
Diluted [Nominal value of shares Re. 1 (Previous year: Re. 1)]		1.93	3.25
Summary of significant accounting policies	2.1		
See accompanying notes forming part of the financial statements	1-38		

In terms of our report attached.

**For DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants

**For and on behalf of the Board of Directors of R SYSTEMS INTERNATIONAL LIMITED**

**Sd/-**  
**RASHIM TANDON**  
Partner

**Sd/-**  
**SATINDER SINGH REKHI**  
Managing Director  
DIN: 00006955

**Sd/-**  
**LT. GEN. BALDEV SINGH (RETD.)**  
President & Senior  
Executive Director  
DIN: 00006966

**Sd/-**  
**NAND SARDANA**  
Chief Financial Officer

**Sd/-**  
**ASHISH THAKUR**  
Company Secretary &  
Compliance Officer

Place : NOIDA  
Date : February 09, 2018

Place : Singapore  
Date : February 09, 2018

Place : NOIDA  
Date : February 09, 2018

Place : NOIDA  
Date : February 09, 2018

Place : NOIDA  
Date : February 09, 2018

## STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2017

	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
<b>A. Cash flows from operating activities</b>		
<b>Net profit before tax</b>	356,836,713	613,753,821
<b>Adjustments for:</b>		
Depreciation and amortisation expense	73,737,519	69,303,151
Provision for doubtful debts and advances / written back (net)	6,667,621	(2,310,137)
Bad debts and advances written off	-	2,700
Employee stock compensation expenses	2,614,858	2,589,490
Profit on sale of undertaking [refer note 31 (b)]	-	(9,173,022)
Profit on sale of Investment [refer note 31 (a)]	-	(37,174,220)
(Profit) / loss on sale / discard of fixed assets (net)	(324,858)	668,634
Unrealised foreign exchange loss / (gain)	1,791,365	(3,107,191)
Unrealised loss / (gain) on derivative instruments	10,087,496	(10,771,846)
Interest income	(59,266,792)	(56,571,593)
Rental income from investment property	(6,399,996)	(6,399,996)
Liability no longer required written back	(2,526,059)	(5,146,585)
Interest under income tax	382,543	-
Interest expenses	2,378,740	1,341,249
<b>Operating profit before working capital changes</b>	385,979,150	557,004,455
Movements in working capital:		
(Increase) / Decrease in trade receivables	(76,635,855)	100,134
(Increase) / Decrease in other current assets	12,729,325	(30,026,743)
(Increase) / Decrease in loans and advances	(18,844,776)	(7,710,597)
(Increase) / Decrease in other non- current assets	3,150,876	(1,055,803)
Increase / (Decrease) in short-term and long-term provision	9,896,095	40,976,774
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	113,528,724	(27,566,471)
Cash generated from operations	429,803,539	531,721,749
Direct taxes paid, net of refunds	(127,600,016)	(205,418,085)
Interest on income-tax refund	6,109,292	-
<b>Net cash from operating activities (A)</b>	<b>308,312,815</b>	<b>326,303,664</b>
<b>B. Cash flows from investing activities</b>		
Purchase of fixed assets	(59,762,864)	(108,308,365)
Proceeds from sale of fixed assets	2,776,247	2,310,592
Investment in mutual fund	(48,000,000)	-
Proceeds from redemption of debentures	87,570,000	87,570,000
Investment in subsidiary	(16,730,000)	(53,183,060)
Proceeds from sale of Investment [refer note 31 (a)]	-	67,613,026
Interest received	49,449,409	56,214,251
Rental income from investment property	6,399,996	6,399,996
Investment in long term fixed deposits with scheduled banks	(738,500,000)	(7,200,000)
Proceeds from long term fixed deposits with scheduled banks	365,000,000	65,300,000
<b>Net cash from investing activities (B)</b>	<b>(351,797,212)</b>	<b>116,716,440</b>

	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
<b>C. Cash flows used in financing activities</b>		
Proceeds from long-term borrowings	1,721,000	6,264,000
Repayment of long-term borrowings- current maturities	(5,692,927)	(4,397,386)
Proceeds from other non-current assets	62,595	43,856
Proceeds from issuance of equity shares	995,775	-
Amount used in buy back of equity shares	-	(195,000,000)
Interest paid	(2,400,596)	(1,259,079)
Dividends paid	(147,537)	(204,137)
<b>Net cash used in financing activities (C)</b>	<b>(5,461,690)</b>	<b>(194,552,746)</b>
<b>Net increase / (decrease) in cash and cash equivalents (A + B + C)</b>	<b>(48,946,087)</b>	<b>248,467,358</b>
Add: Cash and cash equivalents at the beginning of the year	394,879,646	146,079,570
Add: Effect of exchange differences on cash and cash equivalents held in foreign currency	(855,730)	332,718
<b>Cash and cash equivalents at the end of the year (refer note 15)</b>	<b>345,077,829</b>	<b>394,879,646</b>

**Notes:**

- (1) Figures in brackets indicate cash out flow.
- (2) Cash and cash equivalents includes unclaimed dividend liabilities of Rs. 2,427,477 (Previous year Rs. 2,575,014). The aforesaid amounts are not available for use by the Company.

See accompanying notes forming part of the financial statements 1-38

In terms of our report attached.

**For DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants

**For and on behalf of the Board of Directors of R SYSTEMS INTERNATIONAL LIMITED**

**Sd/-**  
**RASHIM TANDON**  
Partner

**Sd/-**  
**SATINDER SINGH REKHI**  
Managing Director  
DIN: 00006955

**Sd/-**  
**LT. GEN. BALDEV SINGH**  
**(RETD.)**  
President & Senior  
Executive Director  
DIN: 00006966

**Sd/-**  
**NAND SARDANA**  
Chief Financial Officer

**Sd/-**  
**ASHISH THAKUR**  
Company Secretary &  
Compliance Officer

Place : NOIDA  
Date : February 09, 2018

Place : Singapore  
Date : February 09, 2018

Place : NOIDA  
Date : February 09, 2018

Place : NOIDA  
Date : February 09, 2018

Place : NOIDA  
Date : February 09, 2018

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

### 1. Corporate information

R Systems International Limited (the 'Company') is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on National Stock Exchange of India Limited and BSE Limited. The Company is a leading global provider of IT services and Business Process Outsourcing (BPO) services. The Company's primary focus is to provide full service IT solutions, software engineering services, technical support, customer care and other IT enabled services to independent software vendors (ISV's), telecom and digital media technology companies, banking and financial services companies, health care sector, manufacturing and logistics companies and other high technology sectors.

### 2. Basis of preparation

The financial statements comprising of balance sheet, statement of profit and loss, cash flow statement and notes to financial statements have been prepared to comply in all material respects with the accounting standards notified under Section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India. The financial statements have been prepared on an accrual basis and under the historical cost convention except for certain financial instruments which are measured at fair value. The accounting policies have been consistently applied by the Company and are consistent with those used in previous year.

Based on the nature of activities of the Company and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

The Company continues to follow calendar year i.e. 1st day of January to 31st day of December as its financial year vide the Company Law Board approval dated November 18, 2015 under the proviso to Section 2(41) of the Companies Act, 2013.

The previous year financial statements were audited by erstwhile statutory auditor, M/s S.R. Batliboi & Associates LLP, Chartered accountants.

All figures are in Rupees except where expressly stated.

#### 2.1. Summary of significant accounting policies

##### (a) Use of estimates

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

##### (b) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises

the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the assets and are recognised in the statement of profit and loss when the asset is derecognised.

Fixed assets under construction and cost of assets not ready to use before the year end, are disclosed as capital work-in-progress.

##### (c) Depreciation on tangible fixed assets

Depreciation on tangible assets including investment property is provided on the straight line method based on useful lives of respective assets as estimated by the management. The assets residual values and useful lives are reviewed at each financial year end or whenever there are indicators for review, and adjusted prospectively.

The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of fixed assets and are in align with Part C of Schedule II of the Companies Act 2013.

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

Category of tangible fixed assets	Estimated useful life
Buildings	30 years
Land – leasehold	Lease period
Leasehold improvements	Lower of lease period or useful life
Plant and machinery - other than air conditioners	15 years
Air conditioners	5 years
Office Equipment (other than end user devices)	5 years
Computer hardware and network installations (other than end user devices)	6 years
End-user devices such as desktop, laptop, mobile phones etc.	3 years
Furniture and fittings	10 years
Vehicles	8 years
Electrical Installations	10 years

##### (d) Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax

discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

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

#### (e) Intangibles assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Intangible assets are amortised on a straight line basis over the estimated useful economic life and are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortisation period and the amortisation method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortisation method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.

##### *Research and development costs*

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognised as an intangible asset when the company can demonstrate all the following:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- Its intention to complete the intangible asset
- Its ability to use or sell the intangible asset
- How the intangible asset will generate future economic benefits
- The availability of adequate resources to complete the development and to use or sell the intangible 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 intangible asset, the cost model is applied requiring the intangible asset to be carried at cost less any accumulated amortisation and accumulated

impairment losses. Amortisation of the intangible asset begins when development is complete and the intangible 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 intangible asset is tested for impairment annually.

A summary of amortisation policies applied to the company's intangible assets are as below:

Category of intangible fixed assets	Estimated useful life
Computer software	Lower of license period or 3 years

#### (f) Leases

##### *Where the company is lessee*

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the lower of the fair value of lease property and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are recognised as finance cost in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs are capitalised.

A leased asset is depreciated on a straight-line basis over the useful life of the asset. However, if there is no reasonable certainty that the company will obtain the ownership by the end of the lease term, the capitalized asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset or the lease term.

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

##### *Where the company is the lessor*

Leases in which the company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets comprising land or building which are subject to operating leases are included under non-current investments as investment property and are carried at cost less accumulated depreciation. Lease income on an operating lease is recognized in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the

statement of profit and loss.

**(g) Investments**

Investments, that are readily realizable and intended to be held for not more than 12 months from the date on which such investments are made, are classified as current investments. All other investments are classified as non-current investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Non-current investments are carried at cost except for investment property which is carried at cost less accumulated depreciation. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the non-current investments.

**(h) Revenue recognition**

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company, there is no uncertainty as to the ultimate collection and the revenue can be reliably measured.

*Rendering of services*

Revenue from software development and maintenance services projects comprise income from time-and-material and fixed-price contracts.

Revenue with respect to time and material basis is recognised when services are rendered. The same is calculated based on man-hours incurred for rendering services.

Fixed-price contracts vary in duration depending on the terms of the work being performed. Revenue from fixed price contracts (including maintenance and support contracts) is recognised using the percentage of completion method, when reasonable progress has been made on the milestones achieved as specified in the contracts. The stage of completion of project is determined by the proportion that contract efforts incurred for work performed up to the balance sheet date bear to the estimated total contract effort. Changes in contract performance, estimated profitability and final contract settlements may result in revision to costs and revenue and are recognised in the period in which the revisions are determined. If a loss is projected on any contract in process, the entire projected loss is recognised immediately.

Revenue from business process outsourcing services is derived from both time based and unit-price contracts. Revenue is recognized as the related services are performed in accordance with the specific terms of the contracts with the customers.

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

*Sale of products*

Revenue from the sale of product (software and hardware) is recognised when the significant risks and rewards associated with the ownership is transferred to the buyer.

*Interest*

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

**(i) Foreign currency translation**

*Foreign currency transactions*

(i) Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

(iii) Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expense in the Period/year in which they arise.

(iv) Forward exchange contracts not intended for trading or speculation purposes

The premium or discount arising at the inception of forward exchange contracts (except outstanding against firm commitments and highly probable forecast transaction) is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.



**(v) Translation of Integral foreign operation**

The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation have been those of the Company itself.

**(j) Employee benefits**

(i) Employee benefits include provident fund, employee state insurance scheme, gratuity and compensated absences.

(ii) The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include bonus and performance incentive which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

(iii) The Company's contribution to provident fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

(iv) Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation made at the end of each financial year on projected unit credit method. The gratuity plan is funded. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation, as reduced by the fair value of scheme assets, if any.

(v) 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.

(vi) Actuarial gains / losses are immediately taken to statement of profit and loss and are not deferred.

**(k) Income taxes**

Tax expense comprises of current and deferred tax.

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the relevant tax regulations applicable to the Company in India and foreign jurisdiction.

Deferred income tax reflects the impact of current year timing differences between taxable income and accounting income and reversal of timing differences of earlier years. Deferred tax

is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises the unrecognised deferred tax assets to the extent that it has become reasonably certain that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain, that sufficient future taxable income will be available.

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified year. In the year in which the Minimum Alternate Tax (MAT) credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

**(l) Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs incurred in connection with the borrowing of funds.

**(m) Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average numbers of equity shares outstanding during the year are adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders

and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented.

**(n) Provision**

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on the best estimate required to settle the obligation at each Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the management's current estimates.

**(o) Segment reporting**

*Identification of segments:*

The Company's operating businesses are organised and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which the major customers of the Company operate and / or the area in which the assets are located.

*Inter segment transfers:*

The Company generally accounts for inter segment sales and transfers as if the sales or transfers were to third parties at current market prices.

*Allocation of common costs:*

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

*Unallocated items:*

The corporate and other segment includes general corporate income and expense items which are not allocated to any business segment.

*Segment Policies:*

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

**(p) Accounting for derivatives (Also refer note 36)**

The Company uses foreign exchange forward contracts

(derivative financial instrument) to hedge its exposure to movements in foreign exchange rates against firm commitment or highly probable forecast transactions. The use of these foreign exchange forward contracts reduces the risk or cost to the Company and the Company does not use the foreign exchange forward contracts or options for trading or speculation purposes.

Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value on a mark-to-market basis at each balance sheet date. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in fair value on derivatives during the year that do not qualify for hedge accounting and the ineffective portion of an effective hedge, are taken directly to the statement of profit and loss.

The mark-to-market is the difference between the forward exchange rate and the contract rate. The forward exchange rate is referenced to current forward exchange rates for contracts with similar maturity profiles.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment (except for foreign currency risk); or
- cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

*Fair value hedges*

The change in the fair value of a hedging derivative is recognised in the statement of profit and loss. The change in the fair value of the hedged item attributable to the risk hedged is recorded

as a part of the carrying value of the hedged item and is also recognised in the statement of profit and loss.

#### *Cash flow hedges*

The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while any ineffective portion is recognised immediately in the statement of profit and loss. Amounts taken to equity are transferred to the statement of profit and loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs.

If the forecast transaction or firm commitment is no longer expected to occur, amounts previously recognised in equity are transferred to the statement of profit and loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction or firm commitment occurs.

#### **(q) Cash and cash equivalents**

Cash and cash equivalents for the purpose of cash flow statement on balance sheet date comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

#### **(r) Cash flow statement**

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature

and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

#### **(s) Employee stock compensation cost**

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The Company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortised over the vesting period of the option on a straight line basis.

#### **(t) 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, 2017 Rs.	As at December 31, 2016 Rs.
<b>Authorised shares</b>		
200,000,000 (Previous year 200,000,000) equity shares of Re. 1 each	<b>200,000,000</b>	<b>200,000,000</b>
<b>Issued, subscribed and fully paid up- shares</b>		
123,952,925 (Previous year 123,870,425) equity shares of Re. 1 each	123,952,925	123,870,425
Less: Advance to R Systems Employees Welfare Trust [refer note 32 (a)]	738,980	738,980
<b>Total</b>	<b>123,213,945</b>	<b>123,131,445</b>

#### a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period:

Particulars	As at December 31, 2017		As at December 31, 2016	
	No.	Rs.	No.	Rs.
Shares outstanding at the beginning of the year	123,870,425	123,870,425	126,870,425	126,870,425
Add: Shares issued during the year #	82,500	82,500	-	-
Less: Shares bought back during the year	-	-	3,000,000	3,000,000
<b>Shares outstanding at the end of the year</b>	<b>123,952,925</b>	<b>123,952,925</b>	<b>123,870,425</b>	<b>123,870,425</b>

# The Company has issued 82,500 (previous year Nil) equity shares of Re. 1 each at an exercise price of Rs. 12.07 per share pursuant to exercise of employee stock options under the R Systems International Limited Employee Stock Option Scheme 2007 [refer note 32 (b)].

#### b. Terms / rights attached to the equity share

The Company has only one class of equity shares having a par value of Re. 1 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupee. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

#### c. Shares held by holding / ultimate holding company and / or their subsidiaries / associates

The Company does not have any holding / ultimate holding company.

#### d. Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Aggregate number of shares bought back	3,678,155	3,678,155

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

Particulars	As at December 31, 2017		As at December 31, 2016	
	No.	% holding in the class	No.	% holding in the class
GM Solutions Private Limited*	29,746,353	24.00	29,746,353	24.01
RightMatch Holdings Limited	9,076,218	7.32	9,076,218	7.33
Satinder & Harpreet Rekhi Family Trust (Trustee: Satinder Singh Rekhi & Harpreet Rekhi)	12,150,731	9.80	12,150,731	9.81
Bhavook Tripathi	43,861,539	35.39	44,330,059	35.79

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.

\* GMU Infosoft Private Limited and U Infosoft Private Limited have been amalgamated into GM Solutions Pvt. Ltd. with effect from October 01, 2016 (the appointed date) as per scheme of amalgamation approved by the National Company Law Tribunal, New Delhi vide order dated April 24, 2017.

**f. Shares reserved for issue under options**

For details of shares reserved for issue under the employee stock option plans (ESOP) of the Company, please refer note 32 (a) to 32 (e).

**4. Reserves and surplus**

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
<b>Capital redemption reserve</b>	16,336,355	13,336,355
Add: Amount transferred from general reserve towards shares buy back [refer note 1 below]	-	3,000,000
<b>Closing balance</b>	<b>16,336,355</b>	<b>16,336,355</b>
<b>Securities premium account</b>	711,933,674	903,933,674
Add: Addition on exercise of vested options as per ESOP plan [refer note 32 (b)]	2,765,025	-
Less: Utilisation of securities premium on buy back of shares [refer note 1 below]	-	192,000,000
	714,698,699	711,933,674
Less: Advance to R Systems Employees Welfare Trust [refer note 32 (a)]	2,282,728	2,282,728
<b>Closing balance</b>	<b>712,415,971</b>	<b>709,650,946</b>
<b>Stock Options Outstanding</b>		
Balance as per last financial statements	2,589,490	-
Add: Compensation for option granted during the year [refer note 32 (e)]	2,614,858	2,589,490
Less : Amount transferred to securities premium account on issue of shares against ESOP	1,851,750	-
<b>Closing balance</b>	<b>3,352,598</b>	<b>2,589,490</b>
<b>General reserve</b>		
Balance as per last financial statements	153,803,868	156,803,868
Less: Amount transferred to capital redemption reserve towards shares buy back [refer note 1 below]	-	3,000,000
<b>Closing balance</b>	<b>153,803,868</b>	<b>153,803,868</b>
<b>Surplus in the statement of profit and loss</b>		
Balance as per last financial statements	1,197,939,623	785,801,616
Add: Profit for the current year	238,829,974	412,138,007
<b>Net surplus in the statement of profit and loss</b>	<b>1,436,769,597</b>	<b>1,197,939,623</b>
<b>Total</b>	<b>2,322,678,389</b>	<b>2,080,320,282</b>

**Note:**

- (1) The Company had issued Public Announcement dated September 15, 2016, for buy-back of equity shares of face value of Re. 1/- each from its existing shareholders as on the record date September 30, 2016 on a proportionate basis through "Tender Offer" route in accordance with the applicable provisions of the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998 and the Companies Act, 2013 at a price of Rs. 65/- per equity share, payable in cash for a total consideration not exceeding Rs. 195,000,000. Under the Buy-back offer, the Company had bought back 3,000,000 equity shares for an aggregate amount of Rs. 195,000,000 by utilising the Securities Premium Account to the extent of Rs. 192,000,000 and General Reserve to the extent of Rs. 3,000,000. The Capital Redemption Reserve was created out of General Reserve for Rs. 3,000,000 being the nominal value of equity shares bought back in terms of Section 68 of the Companies Act, 2013. The aforesaid buy-back was completed on November 29, 2016.

## 5. Long-term borrowings

Particulars	Non-current portion		Current maturities	
	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
<b>Term loans for motor vehicles (secured)</b>				
- From non banking financial corporation (refer note 1 below)	5,239,342	8,424,731	4,326,500	5,017,072
<b>Other loans and advances (unsecured)</b>				
- Finance lease obligation (refer note 2 below)	10,608,385	10,721,641	175,649	158,359
<b>Total</b>	<b>15,847,727</b>	<b>19,146,372</b>	<b>4,502,149</b>	<b>5,175,431</b>
<b>The above amount includes</b>				
Secured borrowings	5,239,342	8,424,731	4,326,500	5,017,072
Amount shown under other current liabilities (refer note 8)			(4,326,500)	(5,017,072)
Unsecured borrowings	10,608,385	10,721,641	175,649	158,359
Amount shown under other current liabilities (refer note 8)			(175,649)	(158,359)
<b>Total</b>	<b>15,847,727</b>	<b>19,146,372</b>	<b>-</b>	<b>-</b>

### Notes:

- (1) Term loans for motor vehicles are secured by hypothecation of underlying motor vehicles and carries interest rate ranging from 8.34% to 11.94% per annum. The term loans are repayable in equated monthly instalments ranging from 35 to 60 months from the date of loan.
- (2) Finance lease obligation is unsecured. The interest rate implicit in aforesaid lease is 11.9% per annum. The lease obligation are repayable in 180 months from the date of lease.

## 6. Other long-term liabilities

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Security deposits received	2,232,357	10,298,158
<b>Total</b>	<b>2,232,357</b>	<b>10,298,158</b>

## 7. Provisions

Particulars	Long-term		Short-term	
	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
<b>Provision for employee benefits</b>				
Gratuity (refer note 35)	91,183,552	89,424,532	3,586,274	2,537,775
Compensated absences	-	-	82,636,953	75,548,377
<b>Sub total (A)</b>	<b>91,183,552</b>	<b>89,424,532</b>	<b>86,223,227</b>	<b>78,086,152</b>
<b>Other provisions</b>				
Income tax [net of advance tax amounting to Rs. 347,173,131 (Previous year Rs. 406,871,190)]	-	-	36,062,845	42,395,749
<b>Sub total (B)</b>	<b>-</b>	<b>-</b>	<b>36,062,845</b>	<b>42,395,749</b>
<b>Total (A+B)</b>	<b>91,183,552</b>	<b>89,424,532</b>	<b>122,286,072</b>	<b>120,481,901</b>

## 8. Other current liabilities

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
<b>Trade payables</b>		
Trade payables dues to micro enterprises and small enterprises (refer note 30)	-	-
Trade payables other than dues to micro enterprises and small enterprises	150,577,235	157,734,337
<b>Sub total (A)</b>	<b>150,577,235</b>	<b>157,734,337</b>
<b>Other liabilities</b>		
Payable to subsidiary companies	14,170,074	16,826,929
Current maturities of long-term borrowing (includes current maturity of finance lease obligation) (refer note 5)	4,502,149	5,175,431
Unearned revenues	181,354,076	61,288,020
Investor education and protection fund (not due) - Unclaimed dividend	2,427,477	2,575,014
Payable for purchase of fixed assets	270,000	10,781,503
Security deposits received	9,878,464	2,327,930
Others		
Tax deducted at source	10,306,643	10,809,360
Service tax	-	1,433,623
GST payable	2,196,027	-
PF payable	5,598,752	5,247,182
Others payables	3,460,944	3,527,826
<b>Sub total (B)</b>	<b>234,164,606</b>	<b>119,992,818</b>
<b>Total (A+B)</b>	<b>384,741,841</b>	<b>277,727,155</b>

## 9. Tangible assets

(Amount in Rs.)

Particulars	Land - leasehold	Building - leasehold <sup>(1)</sup>	Plant & Machinery	Computers	Office equipments	Electrical Installations	Furniture and fittings <sup>(3)</sup>	Vehicles <sup>(2)</sup>	Total
<b>Gross block</b>									
As at January 1, 2016	10,005,968	89,165,701	40,393,559	239,672,538	29,349,857	17,745,207	72,817,717	44,830,019	543,980,566
Additions	-	1,908,014	907,875	46,937,095	3,695,975	349,350	16,239,602	11,962,092	82,000,003
Deletions	-	(762,858)	-	(10,652,776)	(1,158,997)	-	(726,929)	(8,579,975)	(21,881,535)
At December 31, 2016	10,005,968	90,310,857	41,301,434	275,956,857	31,886,835	18,094,557	88,330,390	48,212,136	604,099,034
Additions	-	27,140	19,682,504	51,302,499	2,977,533	1,653,210	742,657	2,746,558	79,132,101
Deletions	-	-	(5,887,798)	(9,265,654)	(970,949)	-	-	(4,155,198)	(20,279,599)
<b>At December 31, 2017</b>	<b>10,005,968</b>	<b>90,337,997</b>	<b>55,096,140</b>	<b>317,993,702</b>	<b>33,893,419</b>	<b>19,747,767</b>	<b>89,073,047</b>	<b>46,803,496</b>	<b>662,951,536</b>
<b>Depreciation</b>									
As at January 1, 2016	1,897,461	18,282,637	20,782,616	163,859,033	19,053,450	13,199,686	59,521,521	15,614,814	312,211,218
Charge for the year	164,594	3,803,200	3,682,211	33,488,819	4,169,093	3,208,458	10,134,628	5,752,318	64,403,321
Deletions	-	(11,881)	-	(10,563,428)	(1,158,967)	-	(597,751)	(6,570,291)	(18,902,318)
At December 31, 2016	2,062,055	22,073,956	24,464,827	186,784,424	22,063,576	16,408,144	69,058,398	14,796,841	357,712,221
Charge for the year	164,594	3,826,021	4,299,619	41,591,247	3,888,497	1,050,088	4,068,349	5,729,258	64,617,673
Deletions	-	-	(5,380,012)	(9,265,349)	(952,082)	-	-	(2,230,767)	(17,828,210)
<b>At December 31, 2017</b>	<b>2,226,649</b>	<b>25,899,977</b>	<b>23,384,434</b>	<b>219,110,322</b>	<b>24,999,991</b>	<b>17,458,232</b>	<b>73,126,747</b>	<b>18,295,332</b>	<b>404,501,684</b>
<b>Net block</b>									
<b>At December 31, 2016</b>	<b>7,943,913</b>	<b>68,236,901</b>	<b>16,836,607</b>	<b>89,172,433</b>	<b>9,823,259</b>	<b>1,686,413</b>	<b>19,271,992</b>	<b>33,415,295</b>	<b>246,386,813</b>
<b>At December 31, 2017</b>	<b>7,779,319</b>	<b>64,438,020</b>	<b>31,711,706</b>	<b>98,883,380</b>	<b>8,893,428</b>	<b>2,289,535</b>	<b>15,946,300</b>	<b>28,508,164</b>	<b>258,449,852</b>

### Notes:

- (1) Includes Rs. 21,155,390 (Previous year Rs. 21,155,390) paid towards land and building under a composite lease taken in earlier year for which no separate values are assignable.
- (2) Vehicles amounting to Rs. 23,772,215 (Previous year Rs. 27,735,119) are hypothecated against terms loans for vehicle finance from non banking financial corporation.
- (3) Furniture and fittings includes assets on finance lease : Gross block as at December 31, 2017 Rs. 11,000,000 (previous year Rs. 11,000,000), Depreciation charge for the year Rs. 1,095,417 (previous year Rs. 45,833), Accumulated depreciation as at December 31, 2017 Rs. 1,141,250 (previous year Rs. 45,833) and Net book value as at December 31, 2017 Rs. 9,858,750 (previous year Rs. 10,954,167).



## 10. Intangible assets

(Amount in Rs.)

Particulars	Softwares
<b>Gross block</b>	
As at January 1, 2016	129,968,325
Additions	3,484,177
Deletions	(5,246,802)
At December 31, 2016	128,205,700
Additions	6,665,727
Deletions	-
<b>At December 31, 2017</b>	<b>134,871,427</b>
<b>Amortisation</b>	
As at January 1, 2016	124,606,713
Charge for the year	3,426,008
Deletions	(5,246,793)
At December 31, 2016	122,785,928
Charge for the year	7,646,024
Deletions	-
<b>At December 31, 2017</b>	<b>130,431,952</b>
<b>Net block</b>	
<b>At December 31, 2016</b>	<b>5,419,772</b>
<b>At December 31, 2017</b>	<b>4,439,475</b>

## 11. Non-current investments

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
<b>Non-trade, unquoted (valued at cost unless stated otherwise)</b>		
(i) 2,500 (Previous year 2,500) equity shares of Rs. 10 each fully paid up in The Saraswat Co-operative Bank Limited	25,000	25,000
(ii) 8,755 (Previous Year 17,512) 8% compulsorily redeemable debentures of Rs. 10,000 each in Indus Software Technologies Private Limited [refer note 31 (a)]	87,550,000	175,120,000
<b>Investment property (at cost less accumulated depreciation)</b>		
Cost of land and building given on operating lease	35,963,972	35,963,972
Less: Accumulated depreciation	(11,179,838)	(9,706,016)
<b>Sub total (A)</b>	<b>112,359,134</b>	<b>201,402,956</b>
<b>In subsidiary companies:</b>		
<b>Trade, unquoted, fully paid up (valued at cost unless stated otherwise)</b>		
(i) Investment in R Systems (Singapore) Pte. Ltd., Singapore 5,780,768 (Previous year 5,570,925) ordinary shares of "no par" value	274,564,210	257,834,210
(ii) Investment in R Systems, Inc., USA 2,150 (Previous year 2,150) shares of "no par" value	281,174,980	281,174,980
(iii) Investment in R Systems Technologies Limited, USA 243,750 (Previous year 243,750) common stock of US\$1 each fully paid up	10,785,738	10,785,738
Less: Provision for diminution in the value of investment	(10,784,738)	(10,784,738)
	1,000	1,000

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
(iv) Investment in ECnet Limited, Singapore 63,891,260 (Previous year 63,891,260) ordinary shares of "no par" value Less: Provision for diminution in the value of investment	36,333,962 (5,525,000) 30,808,962	36,333,962 (5,525,000) 30,808,962
(v) Investment in Computaris International Limited, UK 66,500 (Previous year 66,500) ordinary shares of GBP 0.01 each fully paid up	350,631,695	350,631,695
(vi) Investment in RSYS Technologies Limited, Canada 200 (Previous year 200) Class A common shares of CAD 1 each fully paid up 25 (Previous year 25) Class B preferred shares of CAD 3,992 each fully paid up	5,039,560	5,039,560
<b>Sub total (B)</b>	<b>942,220,407</b>	<b>925,490,407</b>
<b>Total (A+B)</b>	<b>1,054,579,541</b>	<b>1,126,893,363</b>
Aggregate amount of unquoted investments (net of provision)	1,054,579,541	1,126,893,363
Aggregate provision for diminution in value of investments	16,309,738	16,309,738

## 11.2 Current investments

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
<b>A. Current portion of non-current investments</b>		
<b>Non-trade, unquoted (valued at cost unless stated otherwise)</b> 8,757 (Previous year 8,757) 8% compulsorily redeemable debentures of Rs. 10,000 each in Indus Software Technologies Private Limited [refer note 31 (a)]	87,570,000	87,570,000
<b>B. Other current investments</b>		
<b>Non-trade, quoted mutual funds (valued at cost or fair value, which ever is lower)#</b>		
Investment in SBI Premier Liquid Fund [9,237 units (Previous year Nil) of Rs. 2,598.25 each]	24,000,000	-
Investment in HDFC Liquid Fund [7,349 units (Previous year Nil) of Rs. 3,265.75 each]	24,000,000	-
<b>Total</b>	<b>135,570,000</b>	<b>87,570,000</b>

# Aggregate amount of quoted investments [Market value of Rs. 49,306,283 (Previous year Rs. Nil)].

## 12. Deferred tax assets (net)

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
<b>Deferred tax assets</b>		
Provision for gratuity	32,797,941	31,826,315
Provision for compensated absences	28,598,997	26,145,782
Provision for doubtful debts and advances	2,367,622	305,104
Other timing differences	4,697,442	4,697,442
<b>Gross deferred tax assets</b>	<b>68,462,002</b>	<b>62,974,643</b>
<b>Deferred tax liability</b>		
Differences in depreciation / amortisation and other differences in block of fixed assets as per tax books and financial books	15,472,665	19,317,347
<b>Gross deferred tax liability</b>	<b>15,472,665</b>	<b>19,317,347</b>
<b>Deferred tax assets (net)</b>	<b>52,989,337</b>	<b>43,657,296</b>

## 13. Loans and advances

Particulars	Non-current		Current	
	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
<b>Capital advances</b>				
Unsecured, considered good	30,200	10,289,873		
<b>Sub total (A)</b>	<b>30,200</b>	<b>10,289,873</b>		
<b>Advances recoverable in cash or in kind or for value to be received</b>				
Unsecured, considered good	9,390,897	16,328,984	59,375,874	39,191,152
<b>Sub total (B)</b>	<b>9,390,897</b>	<b>16,328,984</b>	<b>59,375,874</b>	<b>39,191,152</b>
<b>Loans and advances to related parties</b>				
Unsecured, considered good				
Advance recoverable from subsidiaries:				
R Systems, Inc., USA			9,891,151	1,470,498
ECnet Limited, Singapore			120,488	67,925
R Systems (Singapore) Pte Ltd, Singapore			94,812	-
RSYS Technologies Limited, Canada			44,486	358,093
IBIZ Consulting Pte Ltd, Singapore			93,856	-
Computaris International Limited, U.K.			233,631	-
<b>Sub total (C)</b>			<b>10,478,424</b>	<b>1,896,516</b>
<b>Security deposits</b>				
Unsecured, considered good	15,314,178	16,060,028	1,789,911	799,676
<b>Sub total (D)</b>	<b>15,314,178</b>	<b>16,060,028</b>	<b>1,789,911</b>	<b>799,676</b>
<b>Other loans and advances</b>				
Unsecured, considered good				
Mark-to-market gain on derivative instruments (refer note 36)	-	-	16,330,171	26,417,667
Balances with indirect tax authorities	-	-	18,546,250	21,879,475
Advance fringe benefit tax [net of provisions amounting to Rs. 7,082,336 (Previous year Rs. 7,082,336)]	167,664	167,664	-	-
Advance income taxes [net of provisions amounting to Rs. 371,132,578 (Previous year Rs. 435,878,188)]	22,305,723	28,759,935	-	-
<b>Sub total (E)</b>	<b>22,473,387</b>	<b>28,927,599</b>	<b>34,876,421</b>	<b>48,297,142</b>
<b>Total (A+B+C+D+E)</b>	<b>47,208,662</b>	<b>71,606,484</b>	<b>106,520,630</b>	<b>90,184,486</b>

## 14. Trade receivables and other assets

### 14.1 Trade receivables

Particulars	Current	
	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
<b>Outstanding for a period exceeding six months from the date they are due for payment</b>		
Unsecured, considered good	11,959,188	135,850
Unsecured, considered doubtful	5,294,982	-
	17,254,170	135,850
Provision for doubtful receivables	(5,294,982)	-
<b>Sub total (A)</b>	<b>11,959,188</b>	<b>135,850</b>
<b>Other trade receivables</b>		
Unsecured, considered good	557,321,861	500,707,128
Unsecured, considered doubtful	1,387,876	881,673
	558,709,737	501,588,801
Provision for doubtful receivables	(1,387,876)	(881,673)
<b>Sub total (B)</b>	<b>557,321,861</b>	<b>500,707,128</b>
<b>Total (A+B)</b>	<b>569,281,049</b>	<b>500,842,978</b>

#### Trade receivables include:

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
From subsidiary companies		
R Systems, Inc., USA	5,422,860	7,569,562
ECnet Limited, Singapore	9,904,551	13,880,797
Computaris International Limited, U.K.	1,914,196	6,394,787
RSYS Technologies Limited, Canada	658,468	-

### 14.2 Other assets

Particulars	Non-current		Current	
	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Non-current bank balances (refer note 15)	44,956,828	48,170,299		
Interest accrued				
Fixed deposits	1,641,055	5,118,737	4,930,243	555,458
Compulsorily redeemable debentures (refer note 11.1 & 11.2)	-	-	3,204,323	4,965,130
Unbilled revenues	-	-	48,063,264	60,792,589
<b>Total</b>	<b>46,597,883</b>	<b>53,289,036</b>	<b>56,197,830</b>	<b>66,313,177</b>

## 15. Cash and bank balances

Particulars	Non-current		Current	
	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
<b>Cash and cash equivalents</b>				
Cash on hand			66,893	118,081
Balances with scheduled banks:				
On current accounts			33,682,638	16,381,515
On EEFC accounts			99,324,522	95,304,632
On deposit accounts with original maturity of less than 3 months			189,708,954	231,371,395
On unclaimed dividend			2,427,477	2,575,014
Balance with other banks:				
On current account with California Bank & Trust			19,867,345	49,129,009
			<b>345,077,829</b>	<b>394,879,646</b>
<b>Other bank balances</b>				
Deposits with original maturity for more than 12 months	-	-	8,261,218	7,200,000
Deposits with original maturity for more than 3 months but less than 12 months	-	-	377,010,577	-
Margin money deposits (refer details below)	44,956,828	48,170,299	-	-
	<b>44,956,828</b>	<b>48,170,299</b>	<b>385,271,795</b>	<b>7,200,000</b>
Amount disclosed under non-current assets (refer note 14.2)	(44,956,828)	(48,170,299)	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>730,349,624</b>	<b>402,079,646</b>

## Detail of margin money deposits

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Margin money deposits against performance guarantees	24,351,822	27,502,698
Margin money deposits against credit / derivative facilities	20,605,006	20,667,601
<b>Total</b>	<b>44,956,828</b>	<b>48,170,299</b>

## 16. Revenue from operations

Particulars	For the year ended	
	December 31, 2017 Rs.	December 31, 2016 Rs.
Sale of services (refer note 23)	2,637,512,996	2,631,768,945
<b>Total</b>	<b>2,637,512,996</b>	<b>2,631,768,945</b>

**Note:** Revenue amounting to Rs. 24,001,962 (previous year Rs. 12,299,968) has been deferred till the time the realisation becomes reasonably certain.

## 17. Other income

Particulars	For the year ended	
	December 31, 2017 Rs.	December 31, 2016 Rs.
Interest income		
- on bank deposits	35,654,507	24,651,372
- on debenture (refer note 11.1 & 11.2)	17,502,993	24,686,191
- on others	6,109,292	7,234,030
Rental income from investment property (refer note 11.1)	6,399,996	6,399,996
Provision for doubtful debts and advances written back (net)	-	2,310,137
Foreign exchange fluctuation (net)	64,822,802	52,383,308
Profit on sale / discard of fixed assets (net)	324,858	-
Liability no longer required written back	2,526,059	5,146,585
Miscellaneous income	405,104	855,542
<b>Total</b>	<b>133,745,611</b>	<b>123,667,161</b>

## 18. Employee benefits expense

Particulars	For the year ended	
	December 31, 2017 Rs.	December 31, 2016 Rs.
Salaries, wages and bonus	1,738,853,306	1,541,007,455
Gratuity (refer note 35)	12,614,224	35,758,695
Contribution to provident fund and other funds	67,758,035	56,421,518
Staff welfare expenses	36,823,275	29,990,874
<b>Total</b>	<b>1,856,048,840</b>	<b>1,663,178,542</b>

## 19. Operational and other expenses

Particulars	For the year ended	
	December 31, 2017 Rs.	December 31, 2016 Rs.
Power and fuel	40,801,081	40,689,672
Rent - premises	31,443,661	23,790,777
Rent - equipments	3,361,055	3,662,365
Rates and taxes	802,324	975,348
Insurance	7,195,746	6,845,699
Repair and maintenance		
- Buildings	1,075,776	1,059,370
- Software	47,524,790	39,415,285
- Others	32,585,271	32,265,029
Advertising and sales promotion	7,064,951	4,191,121
Commission	14,191,894	6,039,509
Traveling and conveyance	140,264,161	145,164,676
Communication costs	56,905,046	53,835,738
Printing and stationery	2,938,347	3,066,766
Legal and professional fees	51,000,461	58,217,743
Directors' sitting fee	825,000	700,000
Auditors' remuneration (refer detail below)	3,704,649	5,146,848
Provision for doubtful debts and advances (net)	6,667,621	-
Bad debts and advances written off [net of Rs. 707,964 (previous year Rs. 11,389,741) utilisation from provision for doubtful debts and advances]	-	2,700
Loss on sale / discard of fixed assets (net)	-	668,634
Recruitment and training expenses	7,915,364	8,942,786
Security expenses	7,497,994	6,873,456
Membership and subscription	9,999,261	7,434,256
Contributions towards corporate social responsibility (refer note 25)	2,460,000	1,500,000
Miscellaneous expenses	2,079,466	1,376,419
<b>Total</b>	<b>478,303,919</b>	<b>451,864,197</b>

**Detail of auditors remuneration**

Particulars	For the year ended	
	December 31, 2017 <sup>#</sup> Rs.	December 31, 2016 Rs.
As auditor:		
- Audit fee		
- Statutory audit fee	1,380,000	1,942,500
- Quarterly audit / limited review fee	2,025,000	1,845,000
- Out-of-pocket expenses	259,649	191,848
In other capacity:		
- Certification	40,000	1,167,500
<b>Total</b>	<b>3,704,649</b>	<b>5,146,848</b>

<sup>#</sup> includes Rs. 728,819 pertaining to erstwhile statutory auditors of the Company.

**20. Depreciation and amortisation expense**

Particulars	For the year ended	
	December 31, 2017 Rs.	December 31, 2016 Rs.
Depreciation on tangible assets	64,617,673	64,403,321
Amortisation on intangible assets	7,646,024	3,426,008
Depreciation on investment property	1,473,822	1,473,822
<b>Total</b>	<b>73,737,519</b>	<b>69,303,151</b>

**21. Finance costs**

Particulars	For the year ended	
	December 31, 2017 Rs.	December 31, 2016 Rs.
Interest expenses	2,378,740	1,341,249
Interest under income tax	382,543	-
Bank charges	3,570,333	2,342,388
<b>Total</b>	<b>6,331,616</b>	<b>3,683,637</b>

**22. Exceptional items**

Particulars	For the year ended	
	December 31, 2017 Rs.	December 31, 2016 Rs.
Profit on sale of investment [refer note 31 (a)]	-	37,174,220
Profit on sale of undertaking [refer note 31 (b)]	-	9,173,022
<b>Total</b>	<b>-</b>	<b>46,347,242</b>

**23. Segment information***Business segments:*

The Company considers business segment as the basis for primary segmental reporting. The Company is organised into two business segments – Information technology services and Business process outsourcing services. Costs and expenses which cannot be allocated to any business segment are reflected in the column 'corporate and others'. Segments have been identified and reported based on the nature of the services, the risks and returns, the organisation structure and the internal financial reporting system.

*Geographical segments:*

The Company reports secondary segment information on the basis of the geographical location of the customers / assets. Although the Company's major operating divisions are managed on a worldwide basis, they operate in five principal geographical areas of the world which are: India, United States of America, South East Asian countries, Europe and Other areas.

The following table provides required information for the primary segments for the year ended December 31, 2017 and December 31, 2016:

Particulars	Information technology services		Business process outsourcing services		Corporate and others		Total	
	Year ended December 31,		Year ended December 31,		Year ended December 31,		Year ended December 31,	
	2017	2016	2017	2016	2017	2016	2017	2016
<b>REVENUE</b>								
External sales	2,153,278,083	2,179,514,470	484,234,913	452,254,475			2,637,512,996	2,631,768,945
<b>Total revenue</b>	<b>2,153,278,083</b>	<b>2,179,514,470</b>	<b>484,234,913</b>	<b>452,254,475</b>			<b>2,637,512,996</b>	<b>2,631,768,945</b>
<b>RESULT</b>								
Segment result	308,750,517	516,357,505	40,198,634	48,843,023			348,949,151	565,200,528
Unallocated corporate expenses					(55,017,943)	(59,424,289)	(55,017,943)	(59,424,289)
<b>Operating profit</b>							<b>293,931,208</b>	<b>505,776,239</b>
Interest expenses					(2,761,283)	(1,341,249)	(2,761,283)	(1,341,249)
Interest income					59,266,792	56,571,593	59,266,792	56,571,593
Other unallocable income					6,399,996	6,399,996	6,399,996	6,399,996
Exceptional items (refer note 22)					-	46,347,242	-	46,347,242
Income taxes					(118,006,739)	(201,615,814)	(118,006,739)	(201,615,814)
<b>Net profit</b>							<b>238,829,974</b>	<b>412,138,007</b>

The following table provides required information for the primary segments As At December 31, 2017 and December 31, 2016:

Particulars	Information technology services		Business process outsourcing services		Elimination		Corporate and others		Total	
	December 31,		December 31,		December 31,		December 31,		December 31,	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
<b>OTHER INFORMATION</b>										
Segment assets	865,545,145	808,211,426	229,455,102	187,688,246	74,749,456	31,675,243			1,020,250,791	964,224,429
Unallocated corporate assets							1,966,470,368	1,683,720,521	1,966,470,368	1,683,720,521
Income tax assets							75,462,724	72,584,895	75,462,724	72,584,895
<b>Total assets</b>	<b>865,545,145</b>	<b>808,211,426</b>	<b>229,455,102</b>	<b>187,688,246</b>	<b>74,749,456</b>	<b>31,675,243</b>	<b>2,041,933,092</b>	<b>1,756,305,416</b>	<b>3,062,183,883</b>	<b>2,720,529,845</b>
Segment liabilities	588,227,609	444,200,636	54,609,679	49,868,567	74,749,456	31,675,243			568,087,832	462,393,960
Unallocated corporate liabilities							12,140,872	12,288,409	12,140,872	12,288,409
Income tax liabilities							36,062,845	42,395,749	36,062,845	42,395,749
<b>Total liabilities</b>	<b>588,227,609</b>	<b>444,200,636</b>	<b>54,609,679</b>	<b>49,868,567</b>	<b>74,749,456</b>	<b>31,675,243</b>	<b>48,203,717</b>	<b>54,684,158</b>	<b>616,291,549</b>	<b>517,078,118</b>
Capital expenditures	48,058,701	120,736,776	1,192,660	808,186					49,251,361	121,544,962
Depreciation and amortisation	67,919,153	62,625,714	5,818,366	6,677,437					73,737,519	69,303,151
Other non-cash expenses / (written back)	9,020,615	950,687	(62,995)	-					8,957,620	950,687



*Geographical segments:*

The Company reports secondary segment information on the basis of the geographical location of the customers / assets. The management views the domestic and export markets as distinct geographical segments.

The following is the distribution of the Company's revenue by geographical area in which customers are located:

	For the year ended December 31,	
	2017 Rs.	2016 Rs.
India	86,498,868	76,185,907
USA	1,823,189,994	1,837,929,751
South East Asia	36,558,594	41,650,328
Europe	635,672,677	551,824,690
Others	55,592,863	124,178,269
<b>Total</b>	<b>2,637,512,996</b>	<b>2,631,768,945</b>

Assets and additions to fixed assets by geographical area:

The following table shows the carrying amount of assets and additions to fixed assets (including capital advances) by geographical area in which assets are located:

	Carrying amount of assets as at December 31,		Additions to fixed assets for the year ended December 31	
	2017 Rs.	2016 Rs.	2017 Rs.	2016 Rs.
India	1,518,565,866	1,222,026,127	49,006,280	121,252,476
USA	702,007,176	712,768,996	245,081	292,486
South East Asia	316,866,608	304,798,051	-	-
Europe	514,565,384	456,327,425	-	-
Others	10,178,849	24,609,246	-	-
<b>Total</b>	<b>3,062,183,883</b>	<b>2,720,529,845</b>	<b>49,251,361</b>	<b>121,544,962</b>

## 24. Related Party Disclosures

(i) Names of related parties:

Names of related parties where control exists:

Subsidiaries	R Systems (Singapore) Pte Ltd, Singapore R Systems, Inc., USA R Systems Technologies Limited, USA ECnet Ltd, Singapore Computaris International Limited, U.K. RSYS Technologies Limited, Canada
	<b>Following are the subsidiaries of ECnet Ltd, Singapore</b> <ul style="list-style-type: none"> <li>• ECnet (M) Sdn Bhd, Malaysia</li> <li>• ECnet Systems (Thailand) Co. Ltd., Thailand</li> <li>• ECnet (Shanghai) Co. Ltd., People's Republic of China</li> <li>• ECnet (Hong Kong) Ltd., Hong Kong</li> <li>• ECnet, Inc., USA</li> <li>• ECnet Kabushiki Kaisha, Japan</li> </ul>
	<b>Following are the subsidiaries of Computaris International Limited, U.K.</b> <ul style="list-style-type: none"> <li>• Computaris Romania Srl, Romania</li> <li>• Computaris Polska sp z o.o., Poland</li> <li>• ICS Computaris International Srl, Moldova</li> <li>• Computaris Malaysia Sdn. Bhd., Malaysia</li> <li>• Computaris USA, Inc., USA</li> <li>• Computaris Philippines Pte. Ltd. Inc., Phillippines (incorporated on May 23, 2016)</li> </ul>
	<b>Following are the subsidiaries of R Systems (Singapore) Pte Ltd, Singapore</b> <ul style="list-style-type: none"> <li>• IBIZ Consulting Pte. Ltd., Singapore (formerly known as IBIZCS Group Pte Ltd) with the following step down subsidiaries <ul style="list-style-type: none"> <li>➢ IBIZ Consulting Services Pte Ltd, Singapore</li> <li>➢ IBIZ Consulting Services Sdn. Bhd., Malaysia</li> <li>➢ PT. IBIZCS Indonesia., Indonesia</li> <li>➢ IBIZ Consultancy Services India Private Limited, India</li> <li>➢ IBIZ Consulting Services Limited, Hong Kong</li> <li>➢ IBIZ Consulting Services (Shanghai) Co., Ltd, People's Republic of China</li> </ul> </li> </ul>
Names of other related parties with whom transactions have taken place during the year:	
Key management personnel	Satinder Singh Rekhi, Managing Director Lt. Gen. Baldev Singh (Retd.), President and Senior Executive Director Avirag Jain*, Director & Chief Technology Officer (appointed as director w.e.f. August 3, 2017) Nand Sardana, Chief Financial Officer Ashish Thakur, Company Secretary & Compliance Officer
* Avirag Jain joined the Company on September 15, 1997.	
Entity having significant influence over the Company	GM Solutions Private Limited* U Infosoft Private Limited* GMU Infosoft Private Limited*
* GMU Infosoft Private Limited and U Infosoft Private Limited have been amalgamated into GM Solutions Pvt. Ltd. with effect from October 01, 2016 (the appointed date) as per scheme of amalgamation approved by the National Company Law Tribunal, New Delhi vide order dated April 24, 2017.	
Relatives of Key management Personnel	Harpreet Rekhi, (related to Satinder Singh Rekhi) Sartaj Singh Rekhi, (related to Satinder Singh Rekhi) Amrita Kaur, (related to Satinder Singh Rekhi), Assistant Manager – Business Development Ramneet Singh Rekhi, (related to Satinder Singh Rekhi) Mandeep Singh Sodhi, [related to Lt. Gen. Baldev Singh (Retd.)], Vice President – Sales
Enterprises where key management personnel or their relatives exercise significant influence	RightMatch Holdings Limited Satinder and Harpreet Rekhi Family Trust

(ii) Details of transactions with related parties for the year ended December 31, 2017 and December 31, 2016:

(Amount in Rs.)

	Year ended December 31,	
	2017	2016
<b>Revenue from information technology and BPO services rendered to</b>		
ECnet Ltd, Singapore	36,558,594	41,206,651
R Systems, Inc., USA	41,009,531	51,656,564
RSYS Technologies Limited, Canada	656,762	-
IBIZ Consulting Services Pte Ltd, Singapore	-	288,061
Computaris International Limited, U.K.	30,354,268	32,590,211
<b>Total</b>	<b>108,579,155</b>	<b>125,741,487</b>
<b>Commission on sales and marketing services received from</b>		
RSYS Technologies Limited, Canada	7,087,808	-
<b>Total</b>	<b>7,087,808</b>	<b>-</b>
<b>Travel and other expenses reimbursed by the Company to</b>		
ECnet Ltd, Singapore	523,220	1,376,972
R Systems, Inc., USA	39,085,426	34,155,370
R Systems (Singapore) Pte Ltd, Singapore	9,764,445	11,339,887
<b>Total</b>	<b>49,373,091</b>	<b>46,872,229</b>
<b>Travel and other expenses reimbursed to the Company by</b>		
ECnet Ltd, Singapore	3,455,382	2,362,175
R Systems, Inc., USA	7,617,786	7,823,606
R Systems (Singapore) Pte Ltd, Singapore	247,582	315,000
RSYS Technologies Limited, Canada	91,388	413,788
IBIZ Consulting Pte Ltd, Singapore	93,835	-
IBIZ Consulting Services Pte Ltd, Singapore	133,139	125,000
Computaris International Limited, U.K.	951,630	2,206,572
<b>Total</b>	<b>12,590,742</b>	<b>13,246,141</b>
<b>Reimbursement to the Company for purchase of assets on behalf of</b>		
R Systems, Inc., USA	190,073	116,745
Computaris International Limited, U.K.	-	354,129
<b>Total</b>	<b>190,073</b>	<b>470,874</b>
<b>Reimbursement by the Company for purchase of assets to</b>		
R Systems, Inc., USA	39,774	219,424
<b>Total</b>	<b>39,774</b>	<b>219,424</b>
<b>Investment in shares of subsidiary</b>		
R Systems (Singapore) Pte Ltd, Singapore	16,730,000	48,155,136
RSYS Technologies Limited, Canada	-	5,027,924
<b>Total</b>	<b>16,730,000</b>	<b>53,183,060</b>
<b>Remuneration*</b>		
Satinder Singh Rekhi	33,838,497	37,027,495
Lt. Gen. Baldev Singh (Retd.)	6,628,424	6,642,053
Avirag Jain (Effective August 03, 2017)	2,871,587	-
Mandeep Singh Sodhi	39,192,138	36,409,934
Nand Sardana	6,744,944	5,219,880
Ashish Thakur	1,155,628	883,124
Amrita Kaur	160,000	480,000
<b>Total</b>	<b>90,591,218</b>	<b>86,662,486</b>

	Year ended December 31,	
	2017	2016
<b>Rent</b>		
Satinder Singh Rekhi	7,742,364	7,968,654
<b>Total</b>	<b>7,742,364</b>	<b>7,968,654</b>
<b>Shares buyback</b>		
Satinder Singh Rekhi	-	1,796,860
Lt. Gen. Baldev Singh (Retd.)	-	189,605
Sartaj Singh Rekhi	-	8,234,460
Ramneet Singh Rekhi	-	6,964,555
Nand Sardana	-	71,630
Mandeep Singh Sodhi	-	962,390
GM Solutions Private Limited	-	40,876,290
RightMatch Holdings Ltd	-	12,725,830
Satinder and Harpreet Rekhi Family Trust	-	17,891,185
<b>Total</b>	<b>-</b>	<b>89,712,805</b>

\* As the future liability for gratuity and long-term compensated absences is provided on an actuarial basis, the amount pertaining to the key management personnel is not ascertainable and, therefore, not included above.

(Amount in Rs)

Balance outstanding	As at December 31,	
	2017	2016
<b>Trade Receivables</b>		
ECnet Ltd, Singapore	9,904,551	13,880,797
R Systems, Inc., USA	5,422,860	7,569,562
RSYS Technologies Limited, Canada	658,468	-
Computaris International Limited, UK	1,914,196	6,394,787
<b>Total</b>	<b>17,900,075</b>	<b>27,845,146</b>
<b>Short-term loans and advances</b>		
ECnet Ltd, Singapore	120,488	67,925
R Systems, Inc., USA	9,891,151	1,470,498
RSYS Technologies Limited, Canada	44,486	358,093
IBIZ Consulting Pte Ltd, Singapore	93,856	-
R Systems (Singapore) Pte Ltd, Singapore	94,812	-
Computaris International Limited, UK	233,631	-
<b>Total</b>	<b>10,478,424</b>	<b>1,896,516</b>
<b>Other current liabilities</b>		
ECnet Ltd, Singapore	261,962	85,798
R Systems, Inc., USA	11,551,779	14,044,305
R Systems (Singapore) Pte Ltd, Singapore	2,356,333	2,696,826
<b>Total</b>	<b>14,170,074</b>	<b>16,826,929</b>
<b>Assets obtained free of cost on returnable basis</b>		
R Systems, Inc., USA	11,273,954	21,558,962
R Systems (Singapore) Pte Ltd, Singapore	137,241	137,241
<b>Total</b>	<b>11,411,195</b>	<b>21,696,203</b>
<b>Balance payable to key management personnel</b>		
Satinder Singh Rekhi	4,964,335	7,038,750
Lt. Gen. Baldev Singh (Retd.)	1,408,122	1,278,448
Avirag Jain	1,083,677	-
<b>Total</b>	<b>7,456,134</b>	<b>8,317,198</b>

**25. Corporate Social Responsibility (CSR)**

As per the requirements of Section 135 of the Companies Act, 2013, the Company is required to spend an amount of Rs. 10,549,638 (Previous year Rs. 10,608,333) on CSR expenditure for the year December 31, 2017. Out of this, the Company has disbursed Rs. 2,460,000 (Previous year Rs. 1,500,000) in accordance with its Corporate Social Responsibility Policy.

**26. Capital and other commitments**

	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
<b>(i) Capital commitments:</b>		
Estimated amount of unexecuted capital contracts [net of advances of Rs. 30,200 (previous year Rs. 10,289,873)]	1,450,015	6,152,320
<b>(ii) Other commitments:</b>		
For commitments relating to lease arrangements, refer note 28.		

**27. Contingent liabilities**

	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Performance guarantees given to Department of Telecommunication for Domestic and International 'Other Service Provider' licenses	20,000,000	20,000,000
<b>Total</b>	<b>20,000,000</b>	<b>20,000,000</b>

**28. Leases****a) Finance Lease - Company as lessee**

The Company has finance leases for furniture and fixture. Each renewal is at the option of the lessee. Future minimum lease payments (MLP) under finance leases together with the present value of the net MLP are as follows:

	Year ended December 31, 2017 Rs.		Year ended December 31, 2016 Rs.	
	MLP	Present value of MLP	MLP	Present value of MLP
Not later than one year	1,440,000	175,649	1,440,000	158,359
After one year but not more than five years	7,567,500	1,690,302	5,775,000	873,187
More than five years	13,905,000	8,918,071	17,077,500	9,848,454
Total minimum lease payments	22,912,500	10,784,022	24,292,500	10,880,000
Less: amounts representing finance charges	12,128,478	-	13,412,500	-
<b>Present value of minimum lease payments</b>	<b>10,784,022</b>	<b>10,784,022</b>	<b>10,880,000</b>	<b>10,880,000</b>

**b) Operating Lease - Company as lessee**

The Company has operating lease for office premises. The future minimum rentals payable under non-cancellable operating leases period as at year-end are as follows:

	Year ended December 31, 2017 Rs.	Year ended December 31, 2016 Rs.
Lease payments for the year	31,443,661	23,790,777
Non-cancellable operating lease obligation:		
Not later than one year	29,170,599	26,573,526
Later than one year but not later than five years	62,396,414	68,617,281
Later than five years	-	-

The operating lease arrangements extend for a maximum period of 5 years from their respective dates of inception. Some of the operating lease arrangements have price escalation and option of renewal clause as mutually agreed between the parties and there are no restrictions imposed on lease arrangements.

### c) Operating Lease - Company as lessor

The Company has entered into an operating lease arrangement for its surplus land and building which has been classified under investment property. The future minimum rentals receivable under non-cancellable operating lease period as at year-end are as follows:

	Year ended December 31, 2017 Rs.	Year ended December 31, 2016 Rs.
Lease payments for the year	6,399,996	6,399,996
Non-cancellable operating lease		
Not later than one year	3,320,440	6,399,996
Later than one year but not later than five years	-	3,320,440

The operating lease arrangement extends for a maximum period of 3 years from their respective dates of inception and has price escalation clause of 5% for every subsequent 3 years of the extended term. There are no restrictions imposed on lease agreements.

## 29. Supplementary statutory information

### 29.1 (a) Directors' remuneration

	Year ended December 31, 2017 Rs.	Year ended December 31, 2016 Rs.
Salaries, wages and bonus	42,984,651	43,391,628
Contribution to provident fund	353,857	277,920
<b>Total</b>	<b>43,338,508</b>	<b>43,669,548</b>

#### Note:

As the future liability for gratuity and long term compensated absences is provided on an actuarial basis for the Company as a whole, the amount pertaining to the directors is not ascertainable and, therefore, not included above.

### 29.1 (b) Computation of net profit under Section 198 of the Companies Act, 2013 for calculation of managerial remuneration under Section 197 of the Companies Act, 2013.

(Amount in Rs.)

Sl. No.	Particulars	Year ended December 31, 2017	Year ended December 31, 2016
	<b>Profit after tax and before appropriation</b>	238,829,974	412,138,007
	<b>Add:</b>		
(i)	Loss on fixed assets sold / discarded	-	668,634
(ii)	Provision for doubtful debts / advances (net)	6,667,621	-
(iii)	Tax for the year	118,006,739	201,615,814
(iv)	Depreciation and amortisation as per books of accounts	73,737,519	69,303,151
	<b>Less:</b>		
(i)	Depreciation and amortisation	73,737,519	69,303,151
(ii)	Provision for doubtful debts / advances written back (net)	-	2,310,137
(iii)	Profit on sale of undertaking	-	9,173,022
(iv)	Profit on sale of Investment	-	37,174,220
(v)	Bad debts and advances written off	707,964	11,392,441
(vi)	Profit on fixed assets sold / discarded	324,858	-
	Net Profit for the year	362,471,512	554,372,635
	<b>Add:</b>		
	Remuneration paid to the whole time directors	43,338,508	43,669,548
	<b>Net Profit for the purpose of managerial remuneration</b>	<b>405,810,020</b>	<b>598,042,183</b>
	Overall maximum remuneration to all managerial personnel at 10% of the net profits as calculated above	40,581,002	59,804,218
	Overall maximum remuneration to individual managerial personnel at 5% of the net profits as calculated above	20,290,501	29,902,109

#### Notes:

- Figures for the year ended December 31, 2017 and December 31, 2016 are as per provisions of the Companies Act, 2013.
- The remuneration paid during the year ended December 31, 2017 and December 31, 2016, in excess of the limits specified in 29.1 (b) above has been approved by the Central Government.

**29.2 Earnings in foreign currency (on accrual basis)**

Particulars	Year ended December 31, 2017 Rs.	Year ended December 31, 2016 Rs.
Sale of product and services	2,551,014,127	2,555,583,038
Interest income	-	6,300,600
Reimbursement of travel, communication and other costs*	35,021,891	33,010,310
<b>Total</b>	<b>2,586,036,018</b>	<b>2,594,893,948</b>

\* Out of this Rs. 34,819,456 (previous year Rs. 29,746,845) is reimbursement for expenses and balance Rs. 202,435 (previous year Rs. 3,263,465) is reimbursement for purchase of fixed assets.

**29.3 Expenditure in foreign currency (on accrual basis)**

Particulars	Year ended December 31, 2017 Rs.	Year ended December 31, 2016 Rs.
Traveling and conveyance	75,011,171	100,028,281
Commission-others	14,191,894	4,691,519
Employee benefits expense	176,692,052	174,700,539
Communication expenses	18,578,779	18,580,504
Income tax	13,545,346	15,429,453
Cost of reimbursable capital assets	-	642,927
Other miscellaneous expenses	45,959,174	42,249,451
<b>Total</b>	<b>343,978,416</b>	<b>356,322,674</b>

**29.4 Value of imports calculated on CIF basis**

Particulars	Year ended December 31, 2017 Rs.	Year ended December 31, 2016 Rs.
Capital goods	25,603,039	62,281,965
Equipment received free of cost on returnable basis	1,077,621	4,246,878
<b>Total</b>	<b>26,680,660</b>	<b>66,528,843</b>

30. During the year ended December 31, 2006, Government of India has promulgated an Act namely The Micro, Small and Medium Enterprises Development Act, 2006 which comes into force with effect from October 2, 2006. As per the Act, the Company is required to identify the Micro, Small and Medium suppliers and pay interest to micro and small enterprises on overdue beyond the specified period irrespective of the terms agreed with the suppliers. For the purpose of identification of such suppliers, the Company has sent confirmations to all its suppliers. Based upon the confirmations received so far and the supplier profile available with the Company, the management believes that there are no dues to such suppliers.

Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	Nil	Nil
The amount of interest paid by the buyer in terms of Section 16 of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	Nil	Nil
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	Nil	Nil
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro Small and Medium Enterprise Development Act, 2006	Nil	Nil

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

The Company had entered into 'Business Transfer Agreement' (BTA) with RSPTPL on June 27, 2015 for the aforesaid transfer on a going concern basis by way of slump sale, for consideration of Rs. 783,900,000 to be discharged by RSPTPL through issuance of 60,000,003 equity shares of Re. 1/- each at a premium of Rs. 6.227333 per share and 35,026 compulsorily redeemable debentures of Rs. 10,000 each to be redeemed over a period of 4 years, on the terms and conditions agreed in BTA and Debenture Subscription Agreement.

The Company had also entered into 'Share Purchase Agreement' (SPA) with BD Capital Partners Ltd. ("BDC"), a Mauritius based company on June 27, 2015 to sell 93% of its equity share in RSPTPL to BDC for a consideration of Rs. 443,170,000 (USD 7 million). The closing (as defined in the agreements) under the BTA and SPA occurred on July 07, 2015. The name of RSPTPL was changed to Indus Software Technologies Private Limited (ISPTPL) w.e.f. August 19, 2015.

Subject to the satisfaction of certain conditions, BDC had also agreed to purchase the balance 7% equity shares for a consideration up to USD 1 million. During the year ended December 31, 2016, the Company had received consideration for the sale of balance 7% share in ISPTPL. The gain on sale of aforesaid equity shares amounts to Rs. 37,174,220 is disclosed as 'Exceptional items' in the financial statements for the year ended December 31, 2016.

- (b)** The Company had realized additional amounts of Rs. 9,173,022 towards the sale of Indus Business unit and disclosed as 'Exceptional items' in the financial statements for the year ended December 31, 2016.
- (c)** The consequent tax expense of aforesaid 'Exceptional items' amounting to Rs. 14,800,621 is included in the 'Current tax' in the financial statements for the year ended December 31, 2016.

- 32. (a)** R Systems International Limited Employees Stock Option Plan – Year 2001 ('the plan')

Indus Software Private Limited ('Indus') had outstanding options aggregating 21,967 equity shares as on March 31, 2002, to be issued to the eligible employees under the R Systems International Limited Employees Stock Option Plan – Year 2001 under various vesting periods as specified in the said Plan, duly approved by the erstwhile shareholders. Indus had established "R Systems Employees Welfare Trust" ('the R Systems Trust') (formerly known as Indus Software Employees Welfare Trust") to administer the plan, as approved by the members, for the benefits of the Company's employees and had provided an interest free loan of Rs. 3,382,792. Consequently, Indus had allotted 21,967 equity shares of Rs. 10 each at a premium of Rs. 144 per equity share to the R Systems Trust to be further issued to the Indus' eligible employees on the exercise of the underlying options granted to them.

As a result of the merger of Indus with the Company, all employees had surrendered their options in favour of the R Systems Trust to enable them to obtain options for shares in R Systems International Limited after the merger. Also, the Company had issued 206,822 equity shares of Rs. 2 each at a premium of Rs. 113.42 per share to the R Systems Trust in exchange of 21,967 equity shares of Indus, apropos to the agreed swap ratio. During the earlier years out of the said 206,822 shares 22,079 shares were issued to the employees on exercise of options.

The Company had consolidated each of its five equity shares of Rs. 2 each into one equity share of Rs. 10 each on January 30, 2006 and then issued 1:1 bonus share to each of the then existing shareholder by utilisation of Securities Premium Account in terms of the provisions of Section 78 of the Companies Act, 1956 and further sub-division of each of the equity shares of Rs. 10 each into 10 equity shares of Re. 1 each as per record date of February 28, 2014, consequently the total number of shares issued are now 738,980 equity shares of Re. 1 each. Accordingly an amount of Rs. 738,980 and Rs. 2,282,728 is shown as deduction from Issued, subscribed and paid-up capital and Securities Premium Account respectively as suggested by the "Guidance Note on Accounting for Employee Share-based Payments" issued by The Institute of Chartered Accountants of India.



The movement in the options (in equivalent number of shares of the Company) held by the Trust during the year ended December 31, 2017 and the year ended December 31, 2016 is set out below:

	Year ended December 31, 2017 (Nos.)	Year ended December 31, 2016 (Nos.)
<u>At the beginning</u>		
- Grants outstanding under the plan (Re. 1 per share)	-	-
- Grants pending determination by the Compensation Committee (Re. 1 per share)	738,980	738,980
<u>During the year</u>		
- Options granted (Re. 1 per share)	-	-
- Options exercised (Re. 1 per share)	-	-
- Options/grants lapsed or surrendered (Re. 1 per share)	-	-
<u>At the end</u>		
- Grants outstanding under the plan (Re. 1 per share)	-	-
- Grants pending determination by the Compensation Committee (Re.1 per share)	738,980	738,980

The Board of Directors at their meeting held on May 04, 2017, subject to the approval of National Company Law Tribunal, Delhi, have approved a Scheme of Arrangement for capital reduction of shares held by the R Systems Trust. The Scheme is under consideration before the relevant authorities.

**(b) R Systems International Limited Employee Stock Option Scheme 2007 ('the plan')**

During the year 2007, the Company had instituted the plan for all eligible employees as specified in the rules in pursuance of the special resolution duly approved by the shareholders. The plan provides for the issuance of 650,000 options to eligible employees as recommended by the Compensation Committee constituted for this purpose.

The plan is administered by a Compensation Committee and exercise price in respect of 632,500 options granted on July 11, 2007 is Rs. 120.70 being the latest available closing price, prior to the date of the meeting of the Board of Directors / Compensation Committee, on the stock exchange on which the shares of the Company are listed. Accordingly, the intrinsic value of Employee Stock Option is taken as Rs. Nil. Further, during the year ended December 31, 2014, the Company had sub-divided equity shares of Rs. 10 each into 10 equity shares of Re. 1 each, the exercise price is accordingly adjusted from Rs. 120.70 per share to Rs. 12.07 per share.

On the recommendation of the Compensation Committee and Nomination and Remuneration Committee, the Board of Directors at its meeting held on April 30, 2016, had further granted 150,000 options at an exercise price of Rs. 12.07/- per option under R Systems International Limited Employee Stock Option Scheme 2007.

The vesting period is 4 years (25% in each year) commencing from the date of grant under the plan. The eligible employees have an option to exercise it over a period of 10 years from the date of grant under the plan. The movement in the options during the year ended December 31, 2017 and year ended December 31, 2016 is set out below:

	Year ended December 31, 2017 (Nos.)	Year ended December 31, 2016 (Nos.)
<u>At the beginning</u>		
- Grants outstanding under the plan (Re. 1 per share)	195,280	80,280
- Grants pending determination by the Compensation Committee (Re. 1 per share)	1,925,000	2,040,000
<u>During the year</u>		
- Options granted (Re. 1 per share)	-	150,000
- Options exercised (Re. 1 per share)	(82,500)	-
- Options/grants lapsed or surrendered (Re. 1 per share)	-	(35,000)
- Option lapsed for determination by the Compensation Committee on expiry of the effective date	(1,925,280)	-
<u>At the end</u>		
- Grants outstanding under the plan (Re. 1 per share)	112,500	195,280
- Grants pending determination by the Compensation Committee (Re.1 per share)	-	1,925,000

For options exercised during the year 2017, the weighted average share price at the exercise date was Rs. 50.40.

The weighted average remaining contractual life for the stock options as at December 31, 2017 is 100 months (Previous year 13 months).

- (c) For the purpose of valuation of the options granted before year ended December 31, 2004, the management obtained fair value of the options at the date of grant under respective schemes from a firm of Chartered Accountants to determine accounting impact, if any, of options granted over the periods. In the considered opinion of the valuer, the fair value of option determined using 'Black Scholes Valuation Model' under each of above schemes [except R Systems International Limited Employee Stock Option Scheme 2007 refer 32 (b) above] is "Nil" and thus no accounting thereof is required.

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

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

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

The details given above for plan are before making the required adjustments in relation to consolidation of each of the 5 equity shares of Rs. 2 each into 1 equity share of Rs. 10 each as approved by the shareholders in the year ended December 31, 2006 and further sub-division of each of the equity shares of Rs. 10 each into 10 equity shares of Re. 1 each as per record date of February 28, 2014.

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

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

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

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

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

- (e) For the purpose of valuation of the options granted during the year ended December 31, 2016 under R Systems International Limited Employee Stock Option Scheme – 2007, the current year compensation cost relating to Employee Stock Options, calculated as per the intrinsic value method is Rs. 2,614,858 (Previous year Rs. 2,589,490).

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

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

Assumptions	Unit	Scheme	Comments by the valuer
Strike price	Rs.	12.07	
Current share price	Rs.	61.45	Price on the date of grant by Board of Directors i.e. closing price on April 30, 2016
Expected option life	No. of Years	4 years i.e. 25% vesting at the end of each year from the date of grant	Being the vesting period.
Volatility	%	55.32-55.83	On the basis of industry average.
Risk free return	%	7.84	The yield on a Treasury bond by Government of India (Source: RBI) on the valuation date with the tenor matching the remaining term of the stock options.
Expected dividend Yield	%	1.32	Assuming that Company will continue declaring at similar rate, consistent with the past years.

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

In March 2005 the ICAI has issued a guidance note on "Accounting for Employees Share Based Payments" applicable to 'employee share based plan' the grant date in respect of which falls on or after April 1, 2005. The said guidance note requires the Proforma disclosures of the impact of the fair value method of accounting of employee stock compensation in the financial statements. Since the Company used the intrinsic value method the impact on the reported net profit and earnings per share by applying the fair value based method is as follows:

(Amount in Rs.)

Particulars	Year ended December 31, 2017	Year ended December 31, 2016
Profit after tax	238,829,974	412,138,007
Add: Intrinsic Value Compensation Cost	2,614,858	2,589,490
Less: Fair Value Compensation Cost	2,642,059	2,617,180
<b>Adjusted Pro-forma Profit after tax</b>	<b>238,802,773</b>	<b>412,110,317</b>
Weighted average number of equity shares for calculating Basic EPS	123,924,898	126,616,327
Weighted average number of equity shares for calculating Diluted EPS	123,949,330	126,653,124
<b>Earnings Per Share</b>		
<b>Basic [Nominal value of shares Re. 1 (Previous year: Re. 1)]</b>		
- As reported	1.93	3.26
- Pro-forma	1.93	3.25
<b>Diluted [Nominal value of shares Re. 1 (Previous year: Re. 1)]</b>		
- As reported	1.93	3.25
- Pro-forma	1.93	3.25

### 33. Earnings per share (EPS)

Particulars	Year ended December 31, 2017	Year ended December 31, 2016
Net profit after tax (Rs.)	238,829,974	412,138,007
Weighted average number of equity shares for calculating Basic EPS	123,924,898	126,616,327
Weighted average number of equity shares for calculating Diluted EPS	123,949,330	126,653,124
Basic [Nominal value of shares Re. 1 (Previous year: Re. 1)] (Rs.)	1.93	3.26
Diluted [Nominal value of shares Re. 1 (Previous year: Re. 1)] (Rs.)	1.93	3.25

34. During the year company has Specified Bank Notes (SBNs) or other denomination notes as defined in the MCA Notification, G.S.R. 308(E) dated 31st March 2017. The details of SBNs held and transacted during the period from November 8, 2016 to December 30, 2016, the denomination-wise SBNs and other notes as per the notification are as follows:

(Amount in Rs.)

Particulars	SBNs*	Other denomination notes	Total
Closing Cash on Hand as on November 8, 2016	534,500	2,047	536,547
Add: Permitted Receipts	-	1,439,299	1,439,299
Less: Permitted Payments	-	1,323,265	1,323,265
Less: Amount Deposited in Banks	534,500	-	534,500
Closing Cash in Hand as on December 30, 2016	-	118,081	118,081

\* For the purpose of this note, the term "Specified Bank Notes" shall have the same meaning provided in the notification of the Government of India, in Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated November 8, 2016.

### 35. Post-employment benefits

The Company has funded defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on separation equal to 15 days salary (last drawn salary) for each completed year of continuous service or part thereof in excess of six months subject to a maximum of Rs. 1,000,000.

The following table summarizes the components of net employee benefits expense recognised in the statement of profit and loss.

(Amount in Rs.)

Particulars	Year ended December 31, 2017	Year ended December 31, 2016
Current service cost	18,873,611	12,414,237
Interest cost on benefit obligation	6,064,527	4,627,859
Expected return on plan assets	(232,622)	(234,942)
Net actuarial (gain) / loss recognised in the year	(12,091,292)	18,951,541
Net employee benefits expense (refer note 18)	12,614,224	35,758,695
Actual return on plan assets	1,390,744	224,202

Details of defined benefit gratuity plan

(Amount in Rs.)

Particulars	As at December 31, 2017	As at December 31, 2016
Defined benefit obligation	99,095,728	94,598,935
Fair value of plan assets	4,325,902	2,636,628
<b>Plan liability / (asset)</b>	<b>94,769,826</b>	<b>91,962,307</b>

Changes in the present value of the defined benefit gratuity plan are as follows:

(Amount in Rs.)

Particulars	Year ended December 31, 2017	Year ended December 31, 2016
Opening defined benefit obligation	94,598,935	68,174,622
Interest cost	6,064,527	4,627,859
Current service cost	18,873,611	12,414,237
Benefits paid	(9,508,175)	(9,558,584)
Actuarial (gains) / losses on obligation	(10,933,170)	18,940,801
<b>Closing defined benefit obligation</b>	<b>99,095,728</b>	<b>94,598,935</b>

Changes in the fair value of plan assets are as follows:

(Amount in Rs.)

Particulars	Year ended December 31, 2017	Year ended December 31, 2016
Opening fair value of plan assets	2,636,628	2,957,688
Expected return	232,622	234,942
Contributions by the employer	9,806,705	8,000,000
Benefits paid	(9,508,175)	(8,545,262)
Actuarial gains / (losses) on obligation	1,158,122	(10,740)
<b>Closing fair value of plan assets</b>	<b>4,325,902</b>	<b>2,636,628</b>

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	Year ended December 31, 2017	Year ended December 31, 2016
Investments with Life Insurance Corporation of India	100%	100%

The principal assumptions used in determining defined benefit gratuity plan obligations is shown below:

Particulars	Year ended December 31, 2017	Year ended December 31, 2016
Discount rate	7.70% p.a.	6.75% p.a.
Expected rate of return on plan assets	8.35% p.a.	8.35% p.a.
Salary Escalation Rate	10% for 1st year & 7% thereafter	10% for 1st year & 7% thereafter
Attrition rate:	As per table below	As per table below

Attrition rate used for the year ended December 31, 2017 and year ended December 31, 2016 are as per the table below:

Age (Years)	Rates
Below Age 30	15%
Age 30 to 34	10%
Age 35 to 44	5%
Age 45 to 50	3%
Age 51 to 54	2%
Age above 54	1%

The estimates of future salary increases takes into account the inflation, seniority, promotion and other relevant factors.

Amounts for the current and previous four years are as follows:

(Amount in Rs.)

	Gratuity				
	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014	December 31, 2013
Defined benefit obligation	99,095,728	94,598,935	68,174,622	102,262,322	81,424,215
Plan assets	4,325,902	2,636,628	2,957,688	3,681,619	4,549,747
Surplus / (deficit)	(94,769,826)	(91,962,307)	(65,216,934)	(98,580,703)	(76,874,468)
Experience (Gains)/Losses adjustments on plan liabilities	885,862	3,555,113	(3,130,164)	(4,196,352)	(3,130,879)
Experience adjustments on plan assets	1,158,122	(10,740)	(570,122)	16,304	14,859

### 36. Particulars of Derivative Instruments and Unhedged Foreign Currency Exposure as at December 31, 2017 and December 31, 2016

As of December 31, 2017, the Company has derivative financial instruments to sell USD 10,250,000 (Previous year USD 14,700,000), EURO 2,950,000 (Previous year EURO 1,400,000). The Company has not applied hedge accounting as these instruments do not qualify for hedge accounting. The Company has recognised mark-to-market gain of Rs. 16,330,171 (Previous year gain of Rs. 26,417,667) relating to such derivative financial instruments in the statement of profit and loss for the year ended December 31, 2017.

The particulars of Unhedged Foreign Currency Exposure as at December 31, 2017 and December 31, 2016 are as below:

	Currency	Foreign Currency amount		Closing foreign exchange rate		Amount (in Rs.)	
		December 31,		December 31,		December 31,	
		2017	2016	2017	2016	2017	2016
<b>Liabilities</b>							
Trade payables	USD	424,624	663,976	63.88	67.93	27,122,887	45,100,586
	SGD	54,762	59,195	47.81	47.01	2,618,295	2,782,624
	NZD	350	1,025	45.48	47.29	15,919	48,487
<b>Assets</b>							
Trade receivables (Gross)	USD	5,581,724	4,948,562	63.88	67.93	356,532,628	336,541,733
	EURO	2,015,436	1,028,568	76.53	71.66	154,231,211	73,704,618
	GBP	77,826	257,315	86.28	83.46	6,715,005	21,476,115
	SGD	207,154	295,289	47.81	47.01	9,904,551	13,880,798
	CAD	12,920	254,128	50.97	50.39	658,468	12,805,510
Loans and advances	USD	156,266	26,993	63.88	67.93	9,981,512	1,833,512
	SGD	35,195	26,777	47.81	47.01	1,682,741	1,258,719
	GBP	-	942	86.28	83.46	-	78,655
	EURO	3,053	-	76.53	71.66	233,631	-
	CAD	873	7,106	50.97	50.39	44,486	358,093
	NZD	512	244	45.48	47.29	23,294	11,522
Bank balances	USD	1,811,876	2,016,595	63.88	67.93	115,733,552	136,977,244
	EURO	31,985	93,221	76.53	71.66	2,447,677	6,680,014
	GBP	10,511	5,488	86.28	83.46	906,915	458,042
	CAD	2,035	6,318	50.97	50.39	103,724	318,341
	NZD	8,092	10,271	45.48	47.29	368,012	485,647

The below table shows the detail of different currencies:

Sl. No.	Currency Abbreviation	Name of Currency	Country
1	GBP	Great Britain Pound	United Kingdom
2	EURO	Euro	European Union
3	USD	US Dollar	United States
4	SGD	Singapore Dollar	Singapore
5	CAD	Canadian Dollar	Canada
6	NZD	New Zealand Dollar	New Zealand

## 37. Cash and bank balances

(Amount in Rs.)

Sl.No.	Particulars	As at December 31, 2017	As at December 31, 2016
	<b>Cash on hand (A)</b>	<b>66,893</b>	<b>118,081</b>
	<b>Balance with scheduled banks</b>		
	<b>On current accounts</b>		
1	Axis Bank Limited	20,396,221	8,242,997
2	ICICI Bank Limited	6,859,303	3,240,748
3	HDFC Bank Limited	2,998,927	1,456,410
4	Oriental Bank of Commerce	1,112,700	531,873
5	State Bank of India	1,134,801	2,115,306
6	Kotak Mahindra Bank Limited	812,674	308,534
7	Bank of Baroda	368,012	485,647
	<b>Total (B)</b>	<b>33,682,638</b>	<b>16,381,515</b>
	<b>On cash credit / overdraft accounts*</b>		
1	Axis Bank Limited	-	-
	<b>Total (C)</b>	<b>-</b>	<b>-</b>
	<b>On EEFC accounts</b>		
1	ICICI Bank Limited- USD	24,759,990	14,538,630
2	State Bank of India - USD	319	340
3	Kotak Mahindra Bank Limited - USD	6	10,576,352
4	Axis Bank Limited-USD	71,105,891	62,732,913
5	Axis Bank Limited-EURO	2,447,677	6,680,014
6	Axis Bank Limited-GBP	906,915	458,042
7	Axis Bank Limited-CAD	103,724	318,341
	<b>Total (D)</b>	<b>99,324,522</b>	<b>95,304,632</b>
	<b>On deposit accounts</b>		
1	State Bank of India	24,048,609	34,399,485
2	ICICI Bank Limited	147,503,213	303,213
3	Axis Bank Limited	298,794,488	153,038,996
4	Kotak Mahindra Bank Limited	149,591,267	88,000,000
5	HDFC Bank Limited	-	11,000,000
	<b>Total (E)</b>	<b>619,937,577</b>	<b>286,741,694</b>
	<b>On unclaimed dividend accounts</b>		
1	HDFC Bank Limited	2,320,088	2,466,715
2	Kotak Mahindra Bank Limited	107,389	108,299
	<b>Total (F)</b>	<b>2,427,477</b>	<b>2,575,014</b>
	<b>Balance with other banks on current accounts</b>		
1	California Bank & Trust, USA	19,867,345	49,129,009
	<b>Total (G)</b>	<b>19,867,345</b>	<b>49,129,009</b>
	<b>Less: Margin money deposits (refer note 15)</b>	<b>44,956,828</b>	<b>48,170,299</b>
	<b>Total cash and bank balances (refer note 15)</b>	<b>730,349,624</b>	<b>402,079,646</b>

\* Cash credit limit / Bank guarantee / Loan equivalent risk / Letter of credit is secured by first charge by way of hypothecation of entire current assets and collateral over an immovable property situated in Noida.

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

## For and on behalf of the Board of Directors of R SYSTEMS INTERNATIONAL LIMITED

**Sd/-**  
**SATINDER SINGH REKHI**  
Managing Director  
DIN: 00006955

Place : Singapore  
Date : February 09, 2018

**Sd/-**  
**LT. GEN. BALDEV SINGH (RETD.)**  
President & Senior Executive Director  
DIN: 00006966

Place : NOIDA  
Date : February 09, 2018

**Sd/-**  
**NAND SARDANA**  
Chief Financial Officer

Place : NOIDA  
Date : February 09, 2018

**Sd/-**  
**ASHISH THAKUR**  
Company Secretary &  
Compliance Officer

Place : NOIDA  
Date : February 09, 2018



Caring - Innovating - Transforming

# FINANCIAL STATEMENTS (CONSOLIDATED)



## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF R SYSTEMS INTERNATIONAL LIMITED

#### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **R SYSTEMS INTERNATIONAL LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at December 31, 2017, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

#### Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated

financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by other auditors in terms of their reports referred to in Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of the subsidiaries referred to in the Other Matters paragraph below, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at December 31, 2017, and their consolidated profit and their consolidated cash flows for the year ended on that date.

#### Other Matter

We did not audit the financial information of 23 subsidiaries, whose financial statements reflect total assets of Rs. 1,134.63 Million as at December 31, 2017, total revenues of Rs. 2,219.12 Millions, net cash flows amounting to Rs. 17.38 Million for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management. The financial results of these 23 subsidiaries have been prepared under generally accepted auditing standards applicable in their respective countries. The Holding Company's Management has converted the financials information of these subsidiaries, from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited the adjustments that were applied to prepare the consolidated financial results for the year ended December 31, 2017 made by the Holding Company's Management to convert the financials information of these subsidiaries, from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of subsection (3) of Section 143 of the Act, in

so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors and the financial statements and other financial information certified by the Management.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below is not modified in respect of the above matter with respect to our reliance on the work done and the reports of other auditors and the financial statements and other financial information certified by the Management.

#### Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of other auditors on separate financial statements and the other financial information of subsidiaries, referred in the Other Matters paragraph above, we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards prescribed under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors of the Holding Company as on December 31, 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on December 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of

such controls, refer to our separate Report in "Annexure A", which is based on the auditors' reports of the Holding company and subsidiary companies, incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial controls over financial reporting of the Holding company and its subsidiary companies incorporated in India.

- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
  - i. There were no pending litigations which would impact the consolidated financial position of the Group.
  - ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company;
  - iv. The Holding Company has provided requisite disclosures in the consolidated financial statements as regards the holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the November 8, 2016 of the Ministry of Finance, during the period from November 8, 2016 to December 30, 2016 of the Group entities as applicable. Based on the audit procedures performed and the representations provided to us by the management, we report that the disclosures are in accordance with the relevant books of accounts maintained by the Group entities (Refer Note 33 of the consolidated financial statements)

**For DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

**Sd/-**  
**RASHIM TANDON**

Noida  
February 09, 2018

Partner  
(Membership No. 095540)

## ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

**(Referred to in paragraph 1 (f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)**

**Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended December 31, 2017, we have audited the internal financial controls over financial reporting of **R SYSTEMS INTERNATIONAL LIMITED** (hereinafter referred to as “the Holding Company”) and its subsidiary company which are companies incorporated in India, as of that date.

### Management’s Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company and its subsidiary company which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### Auditor’s Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Holding Company and its subsidiary company, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by other auditors of the subsidiary company, which are companies incorporated in India, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls

system over financial reporting of the Holding Company and its subsidiary company, which are companies incorporated in India.

### Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion to the best of our information and according to the explanations given to us, the Holding Company and its subsidiary company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at December 31, 2017, based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

### Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting, in so far as it relates to the subsidiary company, which are companies incorporated in India, is based solely on the corresponding report of the auditors of such companies incorporated in India.

**For DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

(Firm’s Registration No. 117366W/W-100018)

**Sd/-**

**RASHIM TANDON**

Partner

(Membership No. 095540)

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Noida

February 09, 2018

## CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2017

	Note No.	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	123,213,945	123,131,445
Reserves and surplus	4	2,909,915,856	2,656,598,493
		<b>3,033,129,801</b>	<b>2,779,729,938</b>
<b>Minority Interest</b>			
	5	-	-
<b>Non-current liabilities</b>			
Long-term borrowings	6	15,847,727	19,146,372
Deferred tax liabilities (net)	7.1	256,586	-
Other long-term liabilities	8	2,524,048	54,876,549
Long-term provisions	9	91,183,552	89,424,532
		<b>109,811,913</b>	<b>163,447,453</b>
<b>Current liabilities</b>			
Trade payables	10	-	-
- Total outstanding dues of micro enterprises and small enterprises		-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises		461,444,910	438,940,026
Other current liabilities	10	447,534,366	272,590,429
Short-term provisions	9	186,845,271	174,904,575
		<b>1,095,824,547</b>	<b>886,435,030</b>
<b>TOTAL</b>		<b>4,238,766,261</b>	<b>3,829,612,421</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Fixed assets</b>			
Tangible assets	11	300,378,767	289,520,717
Intangible assets	12	17,032,360	32,136,167
Capital work in progress		584,417	26,286,794
Goodwill on consolidation		467,603,708	452,207,042
Non-current investments	13.1	112,359,134	201,402,956
Deferred tax assets (net)	7.2	58,916,763	46,138,925
Long-term loans and advances	14	72,088,229	89,105,959
Other non-current assets	15.2	60,197,942	61,577,008
		<b>1,089,161,320</b>	<b>1,198,375,568</b>
<b>Current assets</b>			
Current investments	13.2	135,570,000	87,570,000
Trade receivables	15.1	1,208,074,039	1,082,220,270
Cash and bank balances	16	1,500,657,915	1,143,245,150
Short-term loans and advances	14	147,352,746	151,578,763
Other current assets	15.2	157,950,241	166,622,670
		<b>3,149,604,941</b>	<b>2,631,236,853</b>
<b>TOTAL</b>		<b>4,238,766,261</b>	<b>3,829,612,421</b>
Summary of significant accounting policies	1.1		
See accompanying notes forming part of the consolidated financial statements.	1-38		

In terms of our report attached.

For DELOITTE HASKINS & SELLS LLP  
Chartered Accountants

For and on behalf of the Board of Directors of R SYSTEMS INTERNATIONAL LIMITED

Sd/-  
**RASHIM TANDON**  
Partner

Sd/-  
**SATINDER SINGH REKHI**  
Managing Director  
DIN: 00006955

Sd/-  
**LT. GEN. BALDEV SINGH (RETD.)**  
President & Senior  
Executive Director  
DIN: 00006966

Sd/-  
**NAND SARDANA**  
Chief Financial Officer

Sd/-  
**ASHISH THAKUR**  
Company Secretary &  
Compliance Officer

Place : NOIDA  
Date : February 09, 2018

Place : Singapore  
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Date : February 09, 2018  
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**CONSOLIDATED STATEMENT OF PROFIT AND LOSS** FOR THE YEAR ENDED DECEMBER 31, 2017

	Note No.	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
<b>Revenue</b>			
Revenue from operations	17	5,926,356,074	5,882,372,553
Other income	18	152,491,378	127,068,314
<b>Total revenue</b>		<b>6,078,847,452</b>	<b>6,009,440,867</b>
<b>Expenses</b>			
Employee benefits expense	19	4,160,830,821	3,797,891,930
Operational and other expenses	20	1,410,967,162	1,377,984,741
Depreciation and amortisation expense	21	119,668,751	115,119,736
Finance costs	22	10,869,052	7,917,445
<b>Total expenses</b>		<b>5,702,335,786</b>	<b>5,298,913,852</b>
<b>Profit before tax and exceptional items</b>		376,511,666	710,527,015
Exceptional items	23	-	46,347,242
<b>Profit before tax</b>		<b>376,511,666</b>	<b>756,874,257</b>
<b>Tax expense</b>			
Current tax [includes provision of Rs. 7,464,889 (Previous year credit of Rs. 3,842,921) related to earlier years]	30 (d)	143,821,650	244,027,930
MAT credit entitlement (related to earlier years)		-	(15,127,231)
Deferred tax credit		(12,119,454)	(8,910,306)
<b>Total tax expense</b>		<b>131,702,196</b>	<b>219,990,393</b>
<b>Profit for the year</b>		<b>244,809,470</b>	<b>536,883,864</b>
<b>Earnings per equity share:</b>			
Basic [Nominal value of shares Re. 1 (Previous year: Re. 1)]	32	1.98	4.24
Diluted [Nominal value of shares Re. 1 (Previous year: Re. 1)]		1.98	4.24
Summary of significant accounting policies	1.1		
See accompanying notes forming part of the consolidated financial statements.	1-38		

In terms of our report attached.

**For DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants

**For and on behalf of the Board of Directors of R SYSTEMS INTERNATIONAL LIMITED**

**Sd/-**  
**RASHIM TANDON**  
Partner

**Sd/-**  
**SATINDER SINGH REKHI**  
Managing Director  
DIN: 00006955

**Sd/-**  
**LT. GEN. BALDEV SINGH**  
**(RETD.)**  
President & Senior  
Executive Director  
DIN: 00006966

**Sd/-**  
**NAND SARDANA**  
Chief Financial Officer

**Sd/-**  
**ASHISH THAKUR**  
Company Secretary &  
Compliance Officer

Place : NOIDA  
Date : February 09, 2018

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Date : February 09, 2018  
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## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2017

	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
<b>A. Cash flows from operating activities</b>		
<b>Net profit before taxation</b>	376,511,666	756,874,257
<b>Adjustments for:</b>		
Depreciation and amortisation expense	119,668,751	115,119,736
Debts and advances provided / written off (net)	9,659,074	(3,660,273)
Employee stock compensation expenses	2,614,858	2,589,490
Profit on sale of subsidiaries [refer note 30 (c)]	-	(9,173,022)
Profit on sale of investment [refer note 30 (b)]	-	(37,174,220)
Rental income from investment property	(6,399,996)	(6,399,996)
(Profit) / Loss on sale / discard of fixed assets (net)	(359,872)	585,136
Unrealised foreign exchange loss / (gain)	(12,639,727)	(731,518)
Unrealised loss / (gain) on derivative instruments	10,087,496	(10,771,846)
Interest income	(59,844,602)	(56,810,860)
Excess provisions written back	(2,526,059)	(5,146,585)
Interest under income tax	382,543	-
Interest on loans	2,702,232	1,363,266
<b>Operating profit before working capital changes</b>	439,856,364	746,663,565
Movements in working capital :		
(Increase) / Decrease in trade receivables	(118,412,422)	(40,527,012)
(Increase) / Decrease in other current assets	15,426,267	(37,497,173)
(Increase) / Decrease in loans and advances	(19,094,952)	(20,187,056)
(Increase) / Decrease in other non-current assets	1,944,719	15,419,982
Increase / (Decrease) in short-term and long-term provision	22,585,992	45,380,568
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	178,362,342	(50,499,686)
Cash generated from operations	520,668,310	658,753,188
Direct taxes paid, net of refunds	(152,434,157)	(222,517,887)
Interest on income-tax refund	6,109,292	-
<b>Net cash flows from operating activities (A)</b>	<b>374,343,445</b>	<b>436,235,301</b>
<b>B. Cash flows from investing activities</b>		
Purchase of fixed assets	(89,966,649)	(140,076,018)
Proceeds from sale of fixed assets	2,961,067	2,534,056
Proceeds from redemption of debentures	87,570,000	87,570,000
Proceeds from sale of Investment [refer note 30 (b)]	-	67,613,026
Investment in mutual fund	(48,000,000)	-
Payment of deferred consideration to erstwhile shareholders of subsidiary	(18,398,640)	(37,104,511)
Rental income from investment property	6,399,996	6,399,996
Interest received	49,727,325	56,453,518
Investment in long term fixed deposits with banks	(932,163,906)	(7,200,000)
Proceeds from long term fixed deposits with banks	365,000,000	65,300,000
<b>Net cash from investing activities (B)</b>	<b>(576,870,807)</b>	<b>101,490,067</b>

	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
<b>C. Cash flows used in financing activities</b>		
Proceeds from long-term borrowings	1,721,000	6,264,000
Repayment of long-term borrowings - current maturities	(5,692,927)	(4,397,386)
Proceeds from other non-current assets	62,595	43,856
Proceeds from issuance of equity share	995,775	-
Amount used in buy back of equity shares	-	(195,000,000)
Interest paid	(2,723,946)	(1,281,096)
Dividends paid	(147,537)	(204,137)
<b>Net cash used in financing activities (C)</b>	<b>(5,785,040)</b>	<b>(194,574,763)</b>
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>	<b>(208,312,402)</b>	<b>343,150,605</b>
Add: Cash and cash equivalents at the beginning of the year	1,136,045,150	786,166,867
Add : Effect of exchange rate changes on cash and cash equivalents	(2,310,878)	6,727,678
<b>Cash and cash equivalents at the end of the year (also refer note 16)</b>	<b>925,421,870</b>	<b>1,136,045,150</b>

**Notes:**

- Figures in brackets indicate cash out flow.
- Cash and cash equivalents includes unclaimed dividend liabilities of Rs. 2,427,477 (Previous year Rs. 2,575,014). The aforesaid amounts are not available for use by the Company.

See accompanying notes forming part of the consolidated financial statements. 1-38

In terms of our report attached.

**For DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants

**For and on behalf of the Board of Directors of R SYSTEMS INTERNATIONAL LIMITED**

**Sd/-**  
**RASHIM TANDON**  
Partner

**Sd/-**  
**SATINDER SINGH REKHI**  
Managing Director  
DIN: 00006955

**Sd/-**  
**LT. GEN. BALDEV SINGH (RETD.)**  
President & Senior  
Executive Director  
DIN: 00006966

**Sd/-**  
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Chief Financial Officer

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**ASHISH THAKUR**  
Company Secretary &  
Compliance Officer

Place : NOIDA  
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Place : Singapore  
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Place : NOIDA  
Date : February 09, 2018

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

### 1. Basic of Preparation

The consolidated financial statements of R Systems International Limited (the 'Company') and its subsidiaries (collectively referred to as 'R Systems Group' or the 'Group') have been prepared to comply in all material respects with the accounting standards notified under Section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India. The financial statements have been prepared on an accrual basis and under the historical cost convention except for certain financial instruments which are measured at fair value. The accounting policies have been consistently applied by the Company and are consistent with those used in previous year.

Based on the nature of activities of the Group and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Group has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

Further, the Company continues to follow calendar year i.e. 1st day of January to 31st day of December as its financial year vide the Company Law Board approval dated November 18, 2015 under the proviso to Section 2(41) of the Companies Act, 2013.

The previous year financial statements were audited by erstwhile statutory auditor, M/s S.R. Batliboi & Associates LLP, Chartered accountants.

All figures are in Rupees except where expressly stated.

#### 1.1. Summary of significant accounting policies

##### (a) Principles of consolidation

The consolidated financial statements are prepared in accordance with the principles and procedures for the preparation and presentation of consolidated financial statements as laid down under Accounting Standard 21 "Consolidated Financial Statements".

The consolidated financial statements include the financial statements of R Systems International Limited and its subsidiaries (as explained in note 2 below). These accounts do not include enterprises, which are set-up for the benefit of employees like ESOP trusts (explained in note 31 (a) below) as not required to be consolidated as per Accounting Standard 21 "Consolidated Financial Statements".

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Company's standalone financial statements. The Group follows uniform accounting year i.e. January to December.

The financial statements of the Company and its subsidiaries have been consolidated on a line-by-line basis by adding together the book values of like items of

assets, liabilities, income and expenses after eliminating intra-group balances / transactions.

Minority Interest's share in the net income of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company. In case the losses applicable to consolidated minority are in excess of minority interest in the equity of the subsidiary, the excess, and any further losses applicable to the minority are adjusted against majority interest except to the extent minority has a binding obligation to, and is able to, make good losses. If the subsidiary subsequently reports profit, all such profits are allocated to the majority interest until the minority's share of losses previously absorbed by the majority has been recovered.

##### (b) Use of estimates

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

##### (c) Tangible fixed assets

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

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the assets and are recognised in the statement of profit and loss when the asset is derecognised.

Fixed assets under construction and cost of assets not ready to use before the year end, are disclosed as capital work-in-progress.

##### (d) Depreciation on tangible fixed assets

Depreciation on tangible assets including investment property is provided on the straight line method based on useful lives of respective assets as estimated by the management. The assets residual values and useful lives are reviewed at each financial year end or whenever there are indicators for review, and adjusted prospectively.

The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of fixed assets and are in align with Part C of Schedule II of the Companies Act 2013.



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

Category of tangible fixed assets	Estimated useful life
Land leasehold	Lease period
Building	30 years
Leasehold improvements	Lower of lease period or useful life
Plant and machinery - other than air conditioners	15 years
Air conditioners	5 years
Office Equipment (other than end user devices)	5 years
Computer hardware and network installations (other than end user devices)	6 years
End-user devices such as desktop, laptop, mobile phones etc.	3 years
Furniture and fittings	10 years
Vehicles	8 years
Electrical Installations	10 years

#### (e) Intangibles assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Intangible assets are amortised on a straight line basis over the estimated useful economic life and are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortisation period and the amortisation method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortisation method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.

#### *Research and development costs*

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognised as an intangible asset when the company can demonstrate all the following:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- Its intention to complete the intangible asset
- Its ability to use or sell the intangible asset
- How the intangible asset will generate future economic benefits
- The availability of adequate resources to complete the development and to use or sell the intangible 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 intangible asset, the cost model is applied requiring the intangible asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the intangible asset begins when development is complete and the intangible 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 intangible asset is tested for impairment annually.

A summary of amortisation policies applied to intangible assets are as below:

Category of intangible fixed assets	Estimated useful life
Computer software	Lower of license period or 3 to 5 Years
Customer contract	Over the period of contract

#### (f) Goodwill / capital reserve

Goodwill / capital reserve represents the cost to the parent of its investment in subsidiaries over / under the parent's portion of equity of the subsidiary, at the date on which the investment in the subsidiaries is made.

#### (g) Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

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

The Group evaluates the carrying value of its goodwill whenever events or changes in circumstances indicate that its carrying value may be impaired. Impairment is recognised in the year / period of such determination. Management also ascertains the future revenue and earnings of the acquired entities and analyses sustainability thereof to determine impairment. For ascertaining impairment, consideration is given to fair value of the acquired entities.

**(h) Leases**

*Where the Group is the lessee*

Finance leases, which effectively transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the lower of the fair value of lease property and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are recognised as finance cost in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs are capitalised.

A leased asset is depreciated on a straight-line basis over the useful life of the asset. However, if there is no reasonable certainty that the group will obtain the ownership by the end of the lease term, the capitalized asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset or the lease term.

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

*Where the Group is the lessor*

Leases in which the company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets comprising land or building which are subject to operating leases are included under non-current investments as investment property and are carried at cost less accumulated depreciation. Lease income on an operating lease is recognized in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the statement of profit and loss.

**(i) Investments**

Investments that are readily realizable and intended to be held for not more than 12 months from the date on which

such investments are made, are classified as current investments. All other investments are classified as non-current investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Non-current investments are carried at cost except for investment property which is carried at cost less accumulated depreciation. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the non-current investments.

**(j) Revenue recognition**

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Group, there is no uncertainty as to the ultimate collection and the revenue can be reliably measured.

*Rendering of services*

Revenue from software development and maintenance services projects comprise income from time-and-material and fixed-price contracts.

Revenue with respect to time and material basis is recognised when services are rendered. The same is calculated based on man-hours incurred for rendering services.

Fixed-price contracts vary in duration depending on the terms of the work being performed. Revenue from fixed price contracts (including maintenance and support contracts) is recognised using the percentage of completion method, when reasonable progress has been made on the milestones achieved as specified in the contracts. The stage of completion of project is determined by the proportion that contract efforts incurred for work performed up to the balance sheet date bear to the estimated total contract effort. Changes in contract performance, estimated profitability and final contract settlements may result in revision to costs and revenue and are recognised in the period in which the revisions are determined. If a loss is projected on any contract in process, the entire projected loss is recognised immediately.

Revenue from business process outsourcing services is derived from both time based and unit-price contracts. Revenue is recognized as the related services are performed in accordance with the specific terms of the contracts with the customers.

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

*Sale of products*

Revenue from the sale of product (software and hardware) is recognised when the significant risks and rewards associated with the ownership is transferred to the buyer.

*Interest*

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

**(k) Foreign currency translation***Foreign currency transactions*

## (i) Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

## (ii) Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

## (iii) Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting Group monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expense in the year in which they arise except those arising from investments in non-integral operations.

## (iv) Forward exchange contracts not intended for trading or speculation purposes

The premium or discount arising at the inception of forward exchange contracts (except outstanding against firm commitments and highly probable forecast transaction) is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

## (v) Translation of non-integral foreign operations

In translating the financial statements of a non-integral foreign operation for incorporation in consolidated financial statements, the assets and liabilities, both monetary and non-monetary, of the non-integral foreign operation are translated at the closing rate; income and expense items of the non-integral foreign operations are translated at yearly average exchange rates; and all resulting exchange differences are accumulated in a foreign

currency translation reserve until the disposal of net investment. On the disposal of a non-integral foreign operation, the cumulative amount of the exchange differences which have been deferred and which relate to that operation are recognised as income or as expenses in the same period in which the gain or loss on disposal is recognised.

For translating income, expense and cash flows items, during the year ended December 31, 2017, the rates used were US \$ 1= Rs. 65.12, Euro 1= Rs. 73.55, Singapore \$ 1 = Rs. 47.18 and Canadian \$ 1 = Rs. 50.20. For translating assets and liabilities at the year-end, the rates used were US \$ 1= Rs. 63.88, Euro 1= Rs. 76.53, Singapore \$ 1 = Rs. 47.81 and Canadian \$ 1 = Rs. 50.97.

For translating income, expense and cash flows items, during the year ended December 31, 2016, the rates used were US \$ 1= Rs. 67.19, Euro 1= Rs. 74.36, Singapore \$ 1 = Rs. 48.68 and Canadian \$ 1 = Rs. 50.75. For translating assets and liabilities at the year-end, the rates used were US \$ 1= Rs. 67.93, Euro 1= Rs. 71.66, Singapore \$ 1 = Rs. 47.01 and Canadian \$ 1 = Rs. 50.39.

## (vi) Translation of Integral foreign operation

The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation have been those of the Company itself.

**(l) Employee benefits**

(i) Employee benefits include provident fund, employee state insurance scheme, gratuity and compensated absences.

(ii) The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include bonus and performance incentive which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

(iii) Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation made at the end of each financial year on projected unit credit method. The gratuity plan is funded. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation, as reduced by the fair value of scheme assets, if any.

(iv) Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method. The Group presents the entire leave as a current liability

in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

- (v) Actuarial gains / losses are immediately taken to statement of profit and loss and are not deferred.

**(m) Income taxes**

Tax expense comprises of current and deferred tax.

Current income tax expense comprises of taxes on income from operations in India and in foreign jurisdictions. Income tax payable in India is determined in accordance with the provisions of the Income Tax Act, 1961. Tax expense relating to overseas operations is determined in accordance with tax laws applicable in countries where such operations are domiciled.

Deferred income tax reflects the impact of current year timing differences between taxable income and accounting income and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities across various countries of operation are not set off against each other as the Group does not have a legal right to do so. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

If the Group has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

At each balance sheet date the Group re-assesses unrecognised deferred tax assets. It recognises the unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Group writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain, that sufficient future taxable income will be available.

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified year. In the year in which the Minimum Alternate Tax (MAT)

credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

The companies in the Group are subject to tax legislation as applicable in the respective country of incorporation. Accordingly, the calculations do not represent tax liability / income attributable to Group results, if these were to be analysed under the local legislation of the Company.

**(n) Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs incurred in connection with the borrowing of funds.

**(o) Cash and cash equivalents**

Cash and cash equivalents for the purpose of cash flow statement on balance sheet date comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

**(p) Cash flow statement**

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

**(q) 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.

**(r) Provision**

A provision is recognised when the Group has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value

and are determined based on the best estimate required to settle the obligation at each balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the management's current estimates.

**(s) 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. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented.

**(t) Segment reporting**

*Identification of segments :*

The Group's operating businesses are organised and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which the major customers of the Group operate and / or the area in which the assets are located

*Inter segment transfers :*

The Group generally accounts for inter segment sales and transfers as if the sales or transfers were to third parties at current market prices.

*Allocation of common costs :*

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

*Unallocated items :*

The corporate and other segment includes general corporate income and expense items which are not allocated to any business segment.

*Segment Policies :*

The Group prepares its segment information in conformity with the accounting policies adopted for preparing and

presenting the financial statements of the Group as a whole.

**(u) Employee stock compensation cost**

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The Company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortised over the vesting period of the option on a straight line basis.

**(v) Accounting for derivatives (Also refer note 35)**

The Group uses foreign exchange forward contracts (derivative financial instrument) to hedge its exposure to movements in foreign exchange rates against firm commitment or highly probable forecast transactions. The use of these foreign exchange forward contracts reduces the risk or cost to the Group and the Group does not use the foreign exchange forward contracts or options for trading or speculation purposes.

Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value on a mark-to-market basis at each balance sheet date. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in fair value on derivatives during the year that do not qualify for hedge accounting and the ineffective portion of an effective hedge, are taken directly to the statement of profit and loss.

The mark-to-market is the difference between the forward exchange rate and the contract rate. The forward exchange rate is referenced to current forward exchange rates for contracts with similar maturity profiles.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment (except for foreign currency risk); or
- cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the

hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

#### *Fair value hedges*

The change in the fair value of a hedging derivative is recognised in the statement of profit and loss. The change in the fair value of the hedged item attributable to the risk hedged is recorded as a part of the carrying value of the hedged item and is also recognised in the Statement of profit and loss.

#### *Cash flow hedges*

The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while any ineffective portion is recognised immediately in the Statement of profit and loss. Amounts taken to equity are transferred to the Statement of profit and loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs.

If the forecast transaction or firm commitment is no longer expected to occur, amounts previously recognised in equity are transferred to the Statement of profit and loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction or firm commitment occurs.

#### **(w) Contingent liabilities**

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

## **2. Description of the Group**

The Company is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956 with its Registered Office at New Delhi. Its shares are listed on National Stock Exchange of India Limited and BSE Limited. R Systems Group is a leading global provider of IT services and Business Process Outsourcing (BPO) services. The Group's primary focus is to provide IT services and solutions, software engineering services, technical support, customer care and other IT enabled services to independent software vendors (ISV's), telecom and digital media technology companies, banking and financial services companies, health care sector, manufacturing and logistics companies and other high technology sectors. R Systems' Subsidiary Computaris provides software development, system integration and technical consultancy services for the telecommunication industry.

Further, R Systems Group through its subsidiary ECnet develops and markets its proprietary supply chain solution under the brand name "ECnet", primarily to the high technology sector. ECnet also operates as Infor channel partner for reselling and implementing several enterprise solutions. R Systems' subsidiary IBIZ is also a channel partner for reselling and implementing Microsoft enterprise solutions.

The Company has following subsidiaries during the year ended December 31, 2017:-

Subsidiary	Holding	Country of incorporation and other particulars
R Systems, Inc., USA	100% (Previous year 100%)	A company registered under the laws of California, USA in 1993 and subsidiary of the Company since January 2, 2001.
R Systems (Singapore) Pte Limited, Singapore	100% (Previous year 100%)	A company registered under the laws of Singapore in 1997 and subsidiary of the Company since September 19, 2000.
R Systems Technologies Limited, USA	100% (Previous year 100%)	A company registered under the laws of Delaware, USA in 1996 and subsidiary of the Company since April 1, 2002.
ECnet Limited, Singapore *	99.75% (Previous year 99.75%)	A company registered under the laws of Singapore in 1996. The Company has acquired majority share on January 8, 2004. ECnet Limited, Singapore has subsidiaries in Malaysia, Thailand, China, Hong Kong, USA and Japan.
Computaris International Limited, U.K.	100% (Previous year 100%)	A company registered under the laws of U.K in 2006. The Company has acquired the entire share on January 26, 2011. Computaris International Limited, U.K. has subsidiaries in Romania, Poland, Moldova, Malaysia, Philippines and USA.
RSYS Technologies Ltd., Canada	100% (Previous year 100%)	A company registered under the laws of Canada in 2012 and subsidiary of the Company since October 29, 2012.

\* The shareholding by the Company and R Systems (Singapore) Pte Limited is 69.37% and 30.38% respectively.

ECnet Limited, Singapore has following wholly owned subsidiaries:

Name	Holding	Country of incorporation
ECnet (M) Sdn Bhd	100 % (Previous year 100%)	Malaysia
ECnet Systems (Thailand) Co. Ltd.	100 % (Previous year 100%)	Thailand
ECnet (Shanghai) Co. Ltd.	100 % (Previous year 100%)	People's Republic of China
ECnet (Hong Kong) Ltd.	100 % (Previous year 100%)	Hong Kong
ECnet, Inc.	100 % (Previous year 100%)	United States of America
ECnet Kabushiki Kaisha	100 % (Previous year 100%)	Japan

Computaris International Limited, UK has following wholly owned subsidiaries:

Name	Holding	Country of incorporation
Computaris Romania SRL	100% (Previous year 100%)	Romania
Computaris Polska sp z o.o.	100% (Previous year 100%)	Poland
Computaris USA, Inc.	100% (Previous year 100%)	United States of America
ICS Computaris International Srl	100% (Previous year 100%)	Moldova
Computaris Malaysia Sdn. Bhd.	100 % (Previous year 100%)	Malaysia
Computaris Philippines Pte. Ltd. Inc.	100% (Previous year 100%)	Philippines (incorporated on May 23, 2016)

IBIZ Consulting Pte Ltd, Singapore (Formerly known as IBIZCS Group Pte Limited) is a wholly owned subsidiary of R Systems (Singapore) Pte Limited, Singapore w.e.f. April 30, 2015 and has following wholly owned subsidiaries [refer note 30 (a)]:

Name	Holding	Country of incorporation
IBIZ Consulting Services Pte Ltd	100 % (Previous year 100%)	Singapore
IBIZ Consulting Services Sdn. Bhd.	100 % (Previous year 100%)	Malaysia
PT. IBIZCS Indonesia	100 % (Previous year 100%)	Indonesia
IBIZ Consultancy Services India Private Limited	100 % (Previous year 100%)	India
IBIZ Consulting Service Limited (IBIZ HK)	100 % (Previous year 100%)	Hong Kong
IBIZ Consulting Service Shanghai Co., Ltd	100% by IBIZ HK (Previous Year 100% by IBIZ HK)	People's Republic of China

### 3. Share capital

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
<b>Authorised shares</b>		
200,000,000 (Previous year 200,000,000) equity shares of Re. 1 each	<b>200,000,000</b>	<b>200,000,000</b>
<b>Issued, subscribed and fully paid up- shares</b>		
123,952,925 (Previous year 123,870,425) equity shares of Re. 1 each	123,952,925	123,870,425
Less: Advance to R Systems Employees Welfare Trust [refer note 31 (a)]	738,980	738,980
<b>Total</b>	<b>123,213,945</b>	<b>123,131,445</b>

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

Particulars	As at December 31, 2017		As at December 31, 2016	
	No.	Rs.	No.	Rs.
Shares outstanding at the beginning of the year	123,870,425	123,870,425	126,870,425	126,870,425
Add: Shares issued during the year #	82,500	82,500	-	-
Less: Shares bought back during the year	-	-	3,000,000	3,000,000
<b>Shares outstanding at the end of the year</b>	<b>123,952,925</b>	<b>123,952,925</b>	<b>123,870,425</b>	<b>123,870,425</b>

# The Company has issued 82,500 (previous year Nil) equity shares of Re. 1 each at an exercise price of Rs. 12.07 per share pursuant to exercise of employee stock options under the R Systems International Limited Employee Stock Option Scheme 2007 [Refer note 31 (b)].

#### b. Terms / rights attached to the equity share

The Company has only one class of equity shares having a par value of Re. 1 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupee. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

#### c. Shares held by holding / ultimate holding company and / or their subsidiaries / associates

The Company does not have any holding / ultimate holding company.

#### d. Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Aggregate number of shares bought back	3,678,155	3,678,155

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

Particulars	As at December 31, 2017		As at December 31, 2016	
	No.	% holding in the class	No.	% holding in the class
GM Solutions Private Limited*	29,746,353	24.00	29,746,353	24.01
Rightmatch Holdings Limited	9,076,218	7.32	9,076,218	7.33
Satinder & Harpreet Rekhi Family Trust (Trustee: Satinder Singh Rekhi & Harpreet Rekhi)	12,150,731	9.80	12,150,731	9.81
Bhavook Tripathi	43,861,539	35.39	44,330,059	35.79

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.

\* GMU Infosoft Private Limited and U Infosoft Private Limited have been amalgamated into GM Solutions Pvt. Ltd. with effect from October 01, 2016 (the appointed date) as per scheme of amalgamation approved by the National Company Law Tribunal, New Delhi vide order dated April 24, 2017.



**f. Shares reserved for issue under options**

For details of shares reserved for issue under the employee stock option plans (ESOP) of the Company, please refer note 31 (a) to 31 (e).

**4. Reserves and surplus**

Particulars	As at December 31, 2017 Rs	As at December 31, 2016 Rs
<b>Capital redemption reserve</b>	16,336,355	13,336,355
Add: Amount transferred from general reserve towards shares buy back [refer note 1 below]	-	3,000,000
<b>Closing balance</b>	<b>16,336,355</b>	<b>16,336,355</b>
<b>Securities premium account</b>	711,933,674	903,933,674
Add: Addition on exercise of vested options as per ESOP plan [refer note 31 (b)]	2,765,024	-
Less: Utilisation of securities premium on buy back of shares [refer note 1 below]	-	192,000,000
	714,698,698	711,933,674
Less: Advance to R Systems Employees Welfare Trust [refer note 31 (a)]	2,282,728	2,282,728
<b>Closing balance</b>	<b>712,415,970</b>	<b>709,650,946</b>
<b>Capital reserve</b>	<b>31,726</b>	<b>31,726</b>
<b>Stock Options Outstanding</b>		
Balance as per last financial statements	2,589,490	-
Add: Compensation for option granted during the year [refer note 31 (e)]	2,614,858	2,589,490
Less : Amount transferred to securities premium account on issue of shares against ESOP	1,851,750	-
<b>Closing balance</b>	<b>3,352,598</b>	<b>2,589,490</b>
<b>General reserve</b>		
Balance as per last financial statements	153,803,868	156,803,868
Less: Amount transferred to capital redemption reserve towards shares buy back [refer note 1 below]	-	3,000,000
<b>Closing balance</b>	<b>153,803,868</b>	<b>153,803,868</b>
<b>Surplus in the statement of profit and loss</b>		
Balance as per last financial statements	1,559,495,318	1,022,611,454
Add: Profit for the current year	244,809,470	536,883,864
<b>Net surplus in the statement of profit and loss</b>	<b>1,804,304,788</b>	<b>1,559,495,318</b>
<b>Foreign currency translation reserve</b>		
Balance as per last account	214,690,790	207,999,108
Add: Current year translation differences	4,979,761	6,691,682
<b>Closing balance</b>	<b>219,670,551</b>	<b>214,690,790</b>
<b>Total</b>	<b>2,909,915,856</b>	<b>2,656,598,493</b>

**Note:**

- (1) The Company had issued Public Announcement dated September 15, 2016, for buy-back of equity shares of face value of Re. 1/- each from its existing shareholders as on the record date September 30, 2016 on a proportionate basis through "Tender Offer" route in accordance with the applicable provisions of the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998 and the Companies Act, 2013 at a price of Rs. 65/- per equity share, payable in cash for a total consideration not exceeding Rs. 195,000,000. Under the Buy-back offer, the Company had bought back 3,000,000 equity shares for an aggregate amount of Rs. 195,000,000 by utilising the Securities Premium Account to the extent of Rs. 192,000,000 and General Reserve to the extent of Rs. 3,000,000. The Capital Redemption Reserve was created out of General Reserve for Rs. 3,000,000 being the nominal value of equity shares bought back in terms of Section 68 of the Companies Act, 2013. The aforesaid buy-back was completed on November 29, 2016.

## 5. Minority interest

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Minority interest in ECnet Limited at the time of acquisition	149,585	149,585
Less: Minority interest in post acquisition losses to the extent allocable	149,585	149,585
<b>Total</b>	-	-

## 6. Long-term borrowings

Particulars	Non-current portion		Current maturities	
	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
<b>Term loans for motor vehicles (secured)</b>				
- From non banking financial corporation (refer note 1 below)	5,239,342	8,424,731	4,326,500	5,017,072
<b>Other loans and advances (unsecured)</b>				
- Finance lease obligation (refer note 2 below)	10,608,385	10,721,641	175,649	158,359
<b>Total</b>	<b>15,847,727</b>	<b>19,146,372</b>	<b>4,502,149</b>	<b>5,175,431</b>
<b>The above amount includes</b>				
Secured borrowings	5,239,342	8,424,731	4,326,500	5,017,072
Amount shown under other current liabilities (refer note 10)			(4,326,500)	(5,017,072)
Unsecured borrowings	10,608,385	10,721,641	175,649	158,359
Amount shown under other current liabilities (refer note 10)			(175,649)	(158,359)
<b>Total</b>	<b>15,847,727</b>	<b>19,146,372</b>	-	-

### Notes:

- Term loans for motor vehicles are secured by hypothecation of underlying motor vehicles and carries interest rate ranging from 8.34% to 11.94% per annum. The term loans are repayable in equated monthly instalments ranging from 35 to 60 months from the date of loan.
- Finance lease obligation is unsecured. The interest rate implicit in aforesaid lease is 11.9% per annum. The lease obligation are repayable in 180 months from the date of lease.

## 7.1 Deferred tax liability (net)

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
<b>Deferred tax liability</b>		
Timing differences on unrealised foreign exchange	256,586	-
<b>Deferred tax liability (net)</b>	<b>256,586</b>	-

## 7.2 Deferred tax assets (net)

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
<b>Deferred tax assets</b>		
Provision for gratuity	32,797,941	31,826,315
Provision for compensated absences	28,598,997	26,145,782
Provision for doubtful debts and advances	2,367,622	305,104
Other timing differences	4,697,442	4,697,442
Other timing differences of subsidiaries	6,184,044	5,260,202
<b>Gross deferred tax assets</b>	<b>74,646,046</b>	<b>68,234,845</b>
<b>Deferred tax liability</b>		
Differences in depreciation / amortisation and other differences in block of fixed assets as per tax books and financial books	15,472,665	19,317,347
Other timing differences of subsidiaries	256,618	2,778,573
<b>Gross deferred tax liability</b>	<b>15,729,283</b>	<b>22,095,920</b>
<b>Deferred tax assets (net)</b>	<b>58,916,763</b>	<b>46,138,925</b>

## 8. Other long-term liabilities

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Security deposits received	2,232,357	10,298,158
Deferred payment compensation to the erstwhile shareholders of subsidiary [refer note 30 (a)]	-	43,999,488
Deferred payable others	291,691	578,903
<b>Total</b>	<b>2,524,048</b>	<b>54,876,549</b>

## 9. Provisions

Particulars	Long-term		Short-term	
	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
<b>Provision for employee benefits</b>				
Gratuity (refer note 34)	91,183,552	89,424,532	3,586,274	2,537,775
Compensated absences	-	-	135,986,102	113,593,595
<b>Sub total (A)</b>	<b>91,183,552</b>	<b>89,424,532</b>	<b>139,572,376</b>	<b>116,131,370</b>
<b>Other provisions</b>				
Income tax [net of advance tax amounting to Rs. 349,994,077 (Previous year Rs. 410,834,644)]	-	-	47,272,895	58,773,205
<b>Sub total (B)</b>	<b>-</b>	<b>-</b>	<b>47,272,895</b>	<b>58,773,205</b>
<b>Total (A+B)</b>	<b>91,183,552</b>	<b>89,424,532</b>	<b>186,845,271</b>	<b>174,904,575</b>

## 10. Other current liabilities

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
<b>Trade payables</b>		
Trade payables dues to micro enterprises and small enterprises	-	-
Trade payables other than dues to micro enterprises and small enterprises	461,444,910	438,940,026
<b>Sub total (A)</b>	<b>461,444,910</b>	<b>438,940,026</b>
<b>Other liabilities</b>		
Current maturities of long-term borrowing (includes current maturity of finance lease obligation) (refer note 6)	4,502,149	5,175,431
Deferred payment compensation to the erstwhile shareholders of subsidiary [refer note 30 (a)]	45,470,163	25,384,320
Unearned revenues	321,180,451	167,267,970
Investor education and protection fund (not due) - Unclaimed dividend	2,427,477	2,575,014
Payable for purchase of fixed assets	270,000	10,781,503
Security deposits received	9,878,464	2,327,930
Others:		
Tax deducted at source	10,306,643	10,809,360
Service tax / GST / VAT	18,142,555	15,335,257
PF / 401 K / other payables	22,332,341	20,738,726
Others payables	13,024,123	12,194,918
<b>Sub total (B)</b>	<b>447,534,366</b>	<b>272,590,429</b>
<b>Total (A+B)</b>	<b>908,979,276</b>	<b>711,530,455</b>

11. Tangible assets

(Amount in Rs.)

Particulars	Land - leasehold	Building - leasehold <sup>(1)</sup>	Leasehold improvements	Plant & Machinery	Computers	Office equipments	Electrical Installation	Furniture and fittings <sup>(3)</sup>	Vehicles <sup>(2)</sup>	Total
<b>Gross block</b>										
As at January 1, 2016	10,005,968	89,165,701	15,655,658	40,393,558	400,499,966	54,835,353	17,989,540	94,401,388	64,236,663	787,183,795
Additions	-	1,908,014	314,967	907,875	69,868,059	3,847,673	349,350	17,225,327	11,962,092	106,383,357
Deletions	-	(762,858)	(215,820)	-	(44,338,545)	(1,540,361)	-	(1,520,540)	(8,579,975)	(56,958,099)
Adjustments	-	-	184,083	-	1,224,737	355,092	(2,485)	259,611	520,383	2,541,421
At December 31, 2016	10,005,968	90,310,857	15,938,888	41,301,433	427,254,217	57,497,757	18,336,405	110,365,786	68,139,163	839,150,474
Additions	-	27,140	2,778,978	19,682,504	69,736,411	6,695,829	1,653,210	1,579,550	2,746,558	104,900,180
Deletions	-	-	-	(5,887,798)	(49,062,514)	(3,508,597)	(103,457)	(2,454,093)	(8,563,707)	(69,580,166)
Adjustments	-	-	(259,655)	-	(1,805,346)	(678,245)	6,458	(424,261)	(1,188,452)	(4,349,501)
<b>At December 31, 2017</b>	<b>10,005,968</b>	<b>90,337,997</b>	<b>18,458,211</b>	<b>55,096,139</b>	<b>446,122,768</b>	<b>60,006,744</b>	<b>19,892,616</b>	<b>109,066,982</b>	<b>61,133,562</b>	<b>870,120,987</b>
<b>Depreciation</b>										
As at January 1, 2016	1,897,461	18,282,637	10,641,337	20,949,956	305,189,287	34,815,949	13,209,216	74,601,876	34,280,362	513,868,081
Charge for the year	164,594	3,803,200	1,846,467	3,682,211	48,480,555	8,378,137	3,222,558	11,880,988	6,280,247	87,738,957
Deletions	-	(11,881)	(215,820)	-	(44,118,667)	(1,540,331)	-	(1,386,828)	(6,570,291)	(53,843,818)
Adjustments	-	-	122,525	-	938,127	170,142	(2,425)	131,844	506,324	1,866,537
At December 31, 2016	2,062,055	22,073,956	12,394,509	24,632,167	310,489,302	41,823,897	16,429,349	85,227,880	34,496,642	549,629,757
Charge for the year	164,594	3,826,021	1,878,838	4,299,619	59,797,377	8,150,588	1,050,088	5,808,659	5,947,080	90,922,864
Deletions	-	-	-	(5,380,012)	(49,017,685)	(3,489,729)	(59,522)	(2,370,714)	(6,639,276)	(66,956,938)
Adjustments	-	-	(246,004)	-	(1,621,153)	(558,847)	5,929	(254,320)	(1,179,068)	(3,853,463)
<b>At December 31, 2017</b>	<b>2,226,649</b>	<b>25,899,977</b>	<b>14,027,343</b>	<b>23,551,774</b>	<b>319,647,841</b>	<b>45,925,909</b>	<b>17,425,844</b>	<b>88,411,505</b>	<b>32,625,378</b>	<b>569,742,220</b>
<b>Net block</b>										
<b>At December 31, 2016</b>	<b>7,943,913</b>	<b>68,236,901</b>	<b>3,544,379</b>	<b>16,669,266</b>	<b>116,764,915</b>	<b>15,673,860</b>	<b>1,907,056</b>	<b>25,137,906</b>	<b>33,642,521</b>	<b>289,520,717</b>
<b>At December 31, 2017</b>	<b>7,779,319</b>	<b>64,438,020</b>	<b>4,430,868</b>	<b>31,544,365</b>	<b>126,474,927</b>	<b>14,080,835</b>	<b>2,466,772</b>	<b>20,655,477</b>	<b>28,508,184</b>	<b>300,378,767</b>

Notes:

- (1) Includes Rs. 21,155,390 (Previous year Rs. 21,155,390) paid towards land and building under a composite lease taken in earlier year for which no separate values are assignable.
- (2) Vehicles amounting to Rs. 23,772,215 (Previous year Rs. 27,735,119) are hypothecated against terms loans for vehicle finance from non banking financial corporation.
- (3) Furniture and fittings includes assets on finance lease : Gross block as at December 31, 2017 Rs. 11,000,000 (previous year Rs. 11,000,000), Depreciation charge for the year Rs. 10,95,417 (previous year Rs. 45,833), Accumulated depreciation as at December 31, 2017 Rs. 11,41,250 (previous year Rs. 45,833) and Net book value as at December 31, 2017 Rs. 9,858,750 (previous year Rs. 10,954,167).

## 12. Intangible assets

(Amount in Rs.)

Particulars	Softwares	Customer contract	Non compete fee	Goodwill on business acquisition	Total
<b>Gross block</b>					
As at January 1, 2016	219,707,295	24,647,892	8,055,445	19,283,144	271,693,776
Additions	10,119,733	-	-	-	10,119,733
Deletions	(9,452,919)	(7,961,936)	(8,055,445)	(19,283,144)	(44,753,444)
Adjustments	573,633	99,931	-	-	673,564
At December 31, 2016	220,947,742	16,785,887	-	-	237,733,629
Additions	11,363,210	-	-	-	11,363,210
Deletions	(2,976,426)	-	-	-	(2,976,426)
Adjustments	1,717,988	1,140,095	-	-	2,858,083
<b>At December 31, 2017</b>	<b>231,052,514</b>	<b>17,925,982</b>	-	-	<b>248,978,496</b>
<b>Amortisation</b>					
As at January 1, 2016	183,186,886	14,302,819	8,055,445	19,283,144	224,828,294
Charge for the year	19,186,757	6,720,200	-	-	25,906,957
Deletions	(9,452,910)	(7,961,936)	(8,055,445)	(19,283,144)	(44,753,435)
Adjustments	(86,458)	(297,896)	-	-	(384,354)
At December 31, 2016	192,834,275	12,763,187	-	-	205,597,462
Charge for the year	25,207,730	2,064,335	-	-	27,272,065
Deletions	(2,976,426)	-	-	-	(2,976,426)
Adjustments	1,102,552	950,483	-	-	2,053,035
<b>At December 31, 2017</b>	<b>216,168,131</b>	<b>15,778,005</b>	-	-	<b>231,946,136</b>
<b>Net block</b>					
<b>At December 31, 2016</b>	<b>28,113,467</b>	<b>4,022,700</b>	-	-	<b>32,136,167</b>
<b>At December 31, 2017</b>	<b>14,884,383</b>	<b>2,147,977</b>	-	-	<b>17,032,360</b>

## 13.1 Non-current investments

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
<b>Non-trade, unquoted (valued at cost unless stated otherwise)</b>		
(i) 2,500 (Previous year 2,500) equity shares of Rs. 10 each fully paid up in The Saraswat Co-operative Bank Limited	25,000	25,000
(ii) 8,755 (Previous Year 17,512) 8% compulsorily redeemable debentures of Rs. 10,000 each in Indus Software Technologies Private Limited [refer note 30 (b)]	87,550,000	175,120,000
<b>Investment property (at cost less accumulated depreciation)</b>		
Cost of land and building given on operating lease	35,963,972	35,963,972
Less: Accumulated depreciation	(11,179,838)	(9,706,016)
<b>Total</b>	<b>112,359,134</b>	<b>201,402,956</b>
Aggregate amount of unquoted investments	112,359,134	201,402,956

## 13.2 Current investments

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
<b>A. Current portion of non-current investments</b>		
<b>Non-trade, unquoted (valued at cost unless stated otherwise)</b>		
8,757 (Previous year 8,757) 8% compulsorily redeemable debentures of Rs. 10,000 each in Indus Software Technologies Private Limited [refer note 30 (b)]	87,570,000	87,570,000
<b>B. Other current investments</b>		
<b>Non-trade, quoted mutual funds (valued at cost or fair value, which ever is lower)#</b>		
Investment in SBI Premier Liquid Fund [9,237 units (Previous year Nil) of Rs.2,598.25 each ]	24,000,000	-
Investment in HDFC Liquid Fund [7,349 units (Previous year Nil) of Rs.3,265.75 each ]	24,000,000	-
<b>Total</b>	<b>135,570,000</b>	<b>87,570,000</b>

# Aggregate amount of quoted investments [Market value of Rs. 49,306,283 (Previous year Rs. Nil)].

## 14. Loans and advances

Particulars	Non-current		Current	
	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
<b>Capital advances</b>				
Unsecured, considered good	30,200	10,289,873		
<b>Sub total (A)</b>	<b>30,200</b>	<b>10,289,873</b>		
<b>Advances recoverable in cash or in kind or for value to be received</b>				
Unsecured, considered good	9,503,871	16,678,791	110,464,186	102,475,085
Unsecured, considered doubtful	-	-	-	3,296,352
	9,503,871	16,678,791	110,464,186	105,771,437
Provision for doubtful advances	-	-	-	(3,296,352)
<b>Sub total (B)</b>	<b>9,503,871</b>	<b>16,678,791</b>	<b>110,464,186</b>	<b>102,475,085</b>
<b>Security deposit</b>				
Unsecured, considered good	28,444,836	27,340,672	2,012,139	806,536
<b>Sub total (C)</b>	<b>28,444,836</b>	<b>27,340,672</b>	<b>2,012,139</b>	<b>806,536</b>
<b>Other loans and advances</b>				
Unsecured, considered good				
Mark-to-market gain on derivative instruments (refer note 35)	-	-	16,330,171	26,417,667
Balances with indirect tax authorities	-	-	18,546,250	21,879,475
Advance fringe benefit tax [net of provisions amounting to Rs. 7,082,336 (Previous year Rs. 7,082,336)]	167,664	167,664	-	-
Advance income taxes [net of provisions amounting to Rs. 373,911,714 (Previous year Rs. 436,206,720)]	33,941,658	34,628,959	-	-
<b>Sub total (D)</b>	<b>34,109,322</b>	<b>34,796,623</b>	<b>34,876,421</b>	<b>48,297,142</b>
<b>Total (A+B+C+D)</b>	<b>72,088,229</b>	<b>89,105,959</b>	<b>147,352,746</b>	<b>151,578,763</b>

## 15. Trade receivables and other assets

## 15.1 Trade receivables

Particulars	Current	
	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
<b>Outstanding for a period exceeding six months from the date they are due for payment</b>		
Unsecured, considered good	21,739,895	4,142,449
Unsecured, considered doubtful	32,033,925	61,957,339
	53,773,820	66,099,788
Provision for doubtful receivables	(32,033,925)	(61,957,339)
<b>Sub total (A)</b>	<b>21,739,895</b>	<b>4,142,449</b>
<b>Other trade receivables</b>		
Unsecured, considered good	1,186,334,144	1,078,077,821
Unsecured, considered doubtful	13,829,962	2,920,019
	1,200,164,106	1,080,997,840
Provision for doubtful receivables	(13,829,962)	(2,920,019)
<b>Sub total (B)</b>	<b>1,186,334,144</b>	<b>1,078,077,821</b>
<b>Total (A+B)</b>	<b>1,208,074,039</b>	<b>1,082,220,270</b>

## 15.2 Other assets

Particulars	Non-current		Current	
	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Non-current bank balances (refer note 16)	58,556,887	56,458,271		
Interest accrued				
Fixed deposits	1,641,055	5,118,737	5,247,901	555,458
Compulsorily redeemable debentures (refer note 13.1 & 13.2)	-	-	3,204,323	4,965,130
Unbilled revenues	-	-	149,498,017	161,102,082
<b>Total</b>	<b>60,197,942</b>	<b>61,577,008</b>	<b>157,950,241</b>	<b>166,622,670</b>

## 16. Cash and bank balances

Particulars	Non-current		Current	
	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
<b>Cash and cash equivalents</b>				
Cash on hand			702,490	765,905
Balances with scheduled banks:				
On current accounts			39,042,441	18,160,450
On EEFC accounts			99,324,522	95,304,632
On deposit accounts with original maturity of less than 3 months			189,708,954	231,371,395
On unclaimed dividend			2,427,477	2,575,014
Balance with other banks:				
On current accounts			580,212,729	771,480,403
On deposit accounts			14,003,257	16,387,351
			<b>925,421,870</b>	<b>1,136,045,150</b>
<b>Other bank balances</b>				
Deposits with original maturity for more than 12 months	-	-	8,261,218	7,200,000
Deposits with original maturity for more than 3 months but less than 12 months	-	-	566,974,827	-
Margin money deposits (refer detail below)	58,556,887	56,458,271	-	-
	<b>58,556,887</b>	<b>56,458,271</b>	<b>575,236,045</b>	<b>7,200,000</b>
Amount disclosed under non-current assets (refer note 15.2)	(58,556,887)	(56,458,271)	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>1,500,657,915</b>	<b>1,143,245,150</b>

### Detail of margin money deposits

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Margin money deposits against performance guarantees	37,951,881	35,790,670
Margin money deposits against credit / derivative facilities	20,605,006	20,667,601
<b>Total</b>	<b>58,556,887</b>	<b>56,458,271</b>



**17. Revenue from operations**

Particulars	For the year ended	
	December 31, 2017 Rs.	December 31, 2016 Rs.
Sale of services (refer note 24)	5,926,356,074	5,882,372,553
<b>Total</b>	<b>5,926,356,074</b>	<b>5,882,372,553</b>

**Note:** Revenue amounting to Rs. 24,001,962 (previous year Rs. 12,299,968) has been deferred till the time the realisation becomes reasonably certain.

**18. Other income**

Particulars	For the year ended	
	December 31, 2017 Rs.	December 31, 2016 Rs.
Interest income		
- on bank deposits	36,232,317	24,890,639
- on debenture (refer note 13.1 & 13.2)	17,502,993	24,686,191
- on others	6,109,292	7,234,030
Rental income from investment property (refer note 13.1)	6,399,996	6,399,996
Provision for doubtful debts and advances written back (net)	-	4,389,228
Profit on sale / discard of fixed assets (net)	359,872	-
Foreign exchange fluctuation (net)	56,711,165	41,941,667
Excess provisions written back	2,526,059	5,146,585
Liability no longer required written back	11,016,236	1,142,247
Government grant	5,316,429	7,497,920
Miscellaneous income	10,317,019	3,739,811
<b>Total</b>	<b>152,491,378</b>	<b>127,068,314</b>

**19. Employee benefits expense**

Particulars	For the year ended	
	December 31, 2017 Rs.	December 31, 2016 Rs.
Salaries, wages and bonus	3,843,379,025	3,498,637,692
Gratuity (refer note 34)	12,614,224	35,758,695
Contribution to provident fund and other funds	252,484,092	225,476,479
Staff welfare expenses	52,353,480	38,019,064
<b>Total</b>	<b>4,160,830,821</b>	<b>3,797,891,930</b>

## 20. Operational and other expenses

Particulars	For the year ended	
	December 31, 2017 Rs.	December 31, 2016 Rs.
Contract cost	-	2,968,710
Power and fuel	44,834,506	45,003,727
Rent - premises	108,100,251	85,447,065
Rent - equipments	4,350,684	4,994,222
Rates and taxes	6,129,343	6,811,665
Insurance	16,095,858	23,953,446
Repair and maintenance	101,636,190	90,377,480
Advertising and sales promotion	30,689,900	18,894,380
Commission	7,127,453	6,039,509
Traveling and conveyance	235,818,682	243,333,642
Communication costs	74,849,621	72,187,879
Printing and stationery	8,220,888	10,233,814
Legal and professional fees	526,894,067	588,626,113
Cost of third party items	156,655,014	110,792,992
Directors' sitting fee	870,977	700,000
Auditors' remuneration (refer detail below)	3,704,649	5,146,848
Provision for doubtful debts and advances (net)	8,748,578	-
Bad debts and advances written off [net of Rs. 28,863,631 (previous year Rs. 12,694,473) utilisation from provision for doubtful debts and advances]	910,496	728,955
Loss on sale / discard of fixed assets (net)	-	585,136
Recruitment and training expenses	29,146,364	24,816,017
Security expenses	7,744,787	7,127,612
Membership and subscription	17,528,159	12,027,381
Contributions towards corporate social responsibility (refer note 26)	2,460,000	1,500,000
Miscellaneous expenses	18,450,695	15,688,148
<b>Total</b>	<b>1,410,967,162</b>	<b>1,377,984,741</b>

### Detail of auditors remuneration (excluding remuneration of subsidiaries' auditors)

Particulars	For the year ended	
	December 31, 2017 <sup>#</sup> Rs.	December 31, 2016 Rs.
As auditor:		
- Audit fee		
- Statutory audit fee	1,380,000	1,942,500
- Quarterly audit / limited review fee	2,025,000	1,845,000
- Out-of-pocket expenses	259,649	191,848
In other capacity:		
- Certification	40,000	1,167,500
<b>Total</b>	<b>3,704,649</b>	<b>5,146,848</b>

<sup>#</sup> includes Rs. 728,819 pertains to erstwhile statutory auditors of the Company.

**21. Depreciation and amortisation expense**

Particulars	For the year ended	
	December 31, 2017 Rs.	December 31, 2016 Rs.
Depreciation on tangible assets	90,922,864	87,738,957
Amortisation on intangible assets	27,272,065	25,906,957
Depreciation on investment property	1,473,822	1,473,822
<b>Total</b>	<b>119,668,751</b>	<b>115,119,736</b>

**22. Finance costs**

Particulars	For the year ended	
	December 31, 2017 Rs.	December 31, 2016 Rs.
Interest expenses	2,702,232	1,363,266
Interest under income tax	382,543	-
Bank charges	7,784,277	6,554,179
<b>Total</b>	<b>10,869,052</b>	<b>7,917,445</b>

**23. Exceptional items**

Particulars	For the year ended	
	December 31, 2017 Rs.	December 31, 2016 Rs.
Profit on sale of investment [refer note 30 (b)]	-	37,174,220
Profit on sale of subsidiaries [refer note 30 (c)]	-	9,173,022
<b>Total</b>	<b>-</b>	<b>46,347,242</b>

**24. Segment information**

Business segments:

R Systems Group is a leading global provider of IT solutions and Business Process Outsourcing (BPO) services. The Group considers business segment as the basis for primary segmental reporting. The Group is organised into two business segments – Information technology services and Business process outsourcing services. Costs and expenses which cannot be allocated to any business segment are reflected in the column 'corporate and others'. Segments have been identified and reported based on the nature of the services, the risks and returns, the organisation structure and the internal financial reporting system.

Geographical segments:

The Group reports secondary segment information on the basis of the geographical location of the customers / assets. Although the Group's major operating divisions are managed on a worldwide basis, they operate in five principal geographical areas of the world which are: India, United States of America, South East Asian countries, Europe and Other areas.

The following table provides required information for the primary segments for the year ended December 31, 2017 and December 31, 2016:

Particulars	Information technology services		Business process outsourcing services		Eliminations		Corporate and others		Total	
	Year ended December 31,		Year ended December 31,		Year ended December 31,		Year ended December 31,		Year ended December 31,	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
<b>REVENUE</b>										
External sales	5,461,672,767	5,449,120,272	464,683,307	433,252,281					5,926,356,074	5,882,372,553
Inter-segment sales	-	-	19,551,606	19,002,194	19,551,606	19,002,194			-	-
<b>Total revenue</b>	<b>5,461,672,767</b>	<b>5,449,120,272</b>	<b>484,234,913</b>	<b>452,254,475</b>	<b>19,551,606</b>	<b>19,002,194</b>			<b>5,926,356,074</b>	<b>5,882,372,553</b>
<b>RESULT</b>										
Segment result	340,782,440	677,481,089	40,198,634	48,843,023					380,981,074	726,324,112
Unallocated corporate expenses							(77,644,687)		(67,629,231)	(77,644,687)
<b>Operating profit</b>									<b>313,351,843</b>	<b>648,679,425</b>
Interest expenses							(3,084,775)	(1,363,266)	(3,084,775)	(1,363,266)
Interest income							59,844,602	56,810,860	59,844,602	56,810,860
Other Unallocable income							6,399,996	6,399,996	6,399,996	6,399,996
Exceptional items (refer note 23)							-	46,347,242	-	46,347,242
Income taxes expense							(131,702,196)	(219,990,393)	(131,702,196)	(219,990,393)
<b>Net profit</b>									<b>244,809,470</b>	<b>536,883,864</b>

The following table provides required information for the primary segments as at December 31, 2017 and December 31, 2016:

Particulars	Information technology services		Business process outsourcing services		Eliminations		Corporate and others		Total	
	Year ended December 31,		Year ended December 31,		Year ended December 31,		Year ended December 31,		Year ended December 31,	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
<b>OTHER INFORMATION</b>										
Segment assets	2,124,991,938	2,202,721,084	376,247,102	334,480,246	78,537,117	34,870,436			2,422,701,923	2,502,330,894
Unallocated corporate assets							1,723,038,253	1,246,345,979	1,723,038,253	1,246,345,979
Income tax assets							93,026,085	80,935,548	93,026,085	80,935,548
<b>Total assets</b>	<b>2,124,991,938</b>	<b>2,202,721,084</b>	<b>376,247,102</b>	<b>334,480,246</b>	<b>78,537,117</b>	<b>34,870,436</b>	<b>1,816,463,230</b>	<b>1,327,281,527</b>	<b>4,238,766,261</b>	<b>3,829,612,421</b>
Segment liabilities	1,124,423,385	900,838,930	54,609,679	49,868,567	78,537,117	34,870,436			1,100,495,947	915,837,061
Unallocated corporate liabilities							57,611,032	75,272,217	57,611,032	75,272,217
Income tax liabilities							47,529,481	58,773,205	47,529,481	58,773,205
<b>Total liabilities</b>	<b>1,124,423,385</b>	<b>900,838,930</b>	<b>54,609,679</b>	<b>49,868,567</b>	<b>78,537,117</b>	<b>34,870,436</b>	<b>105,539,405</b>	<b>134,045,422</b>	<b>1,205,636,460</b>	<b>1,049,882,483</b>
Capital expenditures	79,108,680	151,743,164	1,192,660	808,186					80,301,340	152,551,350
Depreciation and amortization	113,850,385	108,442,299	5,818,366	6,677,437					119,668,751	115,119,736
Other non-cash expenses / (written back)	11,977,055	(485,647)	(62,995)	-					11,914,060	(485,647)

*Geographical segments:*

The Group reports secondary segment information on the basis of the geographical location of the customers / assets. The management views the domestic and export markets as distinct geographical segments.

The following is the distribution of the Group's revenue by geographical area in which customers are located:

	For the year ended December 31,	
	2017 Rs.	2016 Rs.
India	102,902,045	94,525,830
USA	3,325,981,194	3,480,641,540
South East Asia	1,197,954,036	1,040,190,056
Europe	1,150,928,765	1,057,514,573
Others	148,590,034	209,500,554
<b>Total</b>	<b>5,926,356,074</b>	<b>5,882,372,553</b>

Assets and additions to fixed assets by geographical area:

The following table shows the carrying amount of assets and additions to fixed assets (including capital advances) by geographical area in which assets are located:

	Carrying amount of assets as at December 31,		Additions to fixed assets for the year ended December 31	
	2017 Rs.	2016 Rs.	2017 Rs.	2016 Rs.
India	1,531,984,871	1,230,432,767	49,006,279	121,786,761
USA	1,097,385,040	1,068,704,456	5,418,210	8,384,825
South East Asia	727,659,151	543,112,730	5,344,615	4,888,170
Europe	808,627,592	916,920,470	20,532,236	17,324,454
Others	73,109,607	70,441,998	-	167,140
<b>Total</b>	<b>4,238,766,261</b>	<b>3,829,612,421</b>	<b>80,301,340</b>	<b>152,551,350</b>

## 25. Related Party Disclosures

Names of related parties (refer note 2 for 'R Systems Group')

(i) Key management personnel

Sl. No.	Name of person	Designation	Company
1	Satinder Singh Rekhi	Managing Director	R Systems International Limited, India
		Director	R Systems, Inc., USA (RSI)
		Director	R Systems (Singapore) Pte Ltd, Singapore
		Director	R Systems Technologies Ltd. USA
		Director	Computaris International Limited, UK
		Director	RSYS Technologies Ltd., Canada
		Director	IBIZ Consulting Pte. Ltd, Singapore (Formerly known as IBIZCS Group Pte. Ltd, Singapore)
2	Lt. Gen. Baldev Singh (Retd.)	President and Senior Executive Director	R Systems International Limited, India
3	Avirag Jain @	Director & CTO (Appointed on August 03, 2017)	R Systems International Limited, India
4	Sartaj Singh Rekhi	Director	R Systems, Inc., USA
		Director	ECnet Ltd, Singapore
		Director	R Systems Technologies Ltd. USA
		Director	RSYS Technologies Ltd., Canada
5	Chan Kum Ming	Director	ECnet Limited, Singapore
		Director	R Systems (Singapore) Pte Ltd, Singapore
6	Raluca Marina Rusu	Director	Computaris International Limited, UK
7	Joydeep Sen Chaudhuri	Director	R Systems (Singapore) Pte Ltd, Singapore
8	Ramasubramanian Balasubramanian	Director	IBIZ Consulting Pte. Ltd, Singapore (Formerly known as IBIZCS Group Pte. Ltd, Singapore)
9	Ramneet Singh Rekhi	Vice President	R Systems, Inc., USA
10	Nand Sardana #	Chief Financial Officer	R Systems International Limited, India
11	Ashish Thakur #	Company Secretary & Compliance Officer	R Systems International Limited, India

# Pursuant to the Companies Act, 2013

@ Avirag Jain joined R Systems International Limited on Sep 15, 1997.

(ii) Entities which have significant influence over the Holding Company:

U Infosoft Private Limited\*

GM Solutions Private Limited\*

GMU Infosoft Private Limited\*

\* GMU Infosoft Private Limited and U Infosoft Private Limited have been amalgamated into GM Solutions Pvt. Ltd. with effect from October 01, 2016 (the appointed date) as per scheme of amalgamation approved by the National Company Law Tribunal, New Delhi vide order dated April 24, 2017.

(iii) Relatives of Key management personnel

Mandeep Singh Sodhi (related to Lt. Gen. Baldev Singh (Retd.)), Vice President – Sales

Harpreet Rekhi (related to Satinder Singh Rekhi)

Amrita Kaur (related to Satinder Singh Rekhi), Assistant Manager – Business Development

(iv) Enterprises where key management personnel or their relatives exercise significant influence

RightMatch Holdings Limited

Satinder and Harpreet Rekhi Family Trust

Details of transactions with related parties for the year ended December 31, 2017 and December 31, 2016:

(Amount in Rs.)

	For the year ended December 31, 2017	For the year ended December 31, 2016
<b>Remuneration*</b>		
Satinder Singh Rekhi	33,838,497	37,027,495
Lt. Gen. Baldev Singh (Retd.)	6,628,424	6,642,053
Avirag Jain (Effective August 03, 2017)	2,871,587	-
Sartaj Singh Rekhi	10,341,510	9,547,113
Mandeep Singh Sodhi	39,192,138	36,409,934
Chan Kum Ming	9,035,767	9,308,354
Raluca Marina Rusu	8,150,330	7,933,375
Ramasubramanian Balasubramanian	11,899,674	12,280,052
Amrita Kaur	160,000	480,000
Ramneet Singh Rekhi	5,038,784	5,715,847
Joydeep Sen Chaudhuri	9,043,975	8,168,980
Nand Sardana	6,744,944	5,219,880
Ashish Thakur	1,155,628	883,124
<b>Total</b>	<b>144,101,258</b>	<b>139,616,207</b>
<b>Rent</b>		
Satinder Singh Rekhi	12,899,789	13,290,181
<b>Total</b>	<b>12,899,789</b>	<b>13,290,181</b>
<b>Share buyback</b>		
Satinder Singh Rekhi	-	1,796,860
Lt. Gen. Baldev Singh (Retd.)	-	189,605
Sartaj Singh Rekhi	-	8,234,460
Ramneet Singh Rekhi	-	6,964,555
Nand Sardana	-	71,630
Mandeep Singh Sodhi	-	962,390
GM Solutions Private Limited	-	40,876,290
RightMatch Holdings Ltd	-	12,725,830
Satinder and Harpreet Rekhi Family Trust	-	17,891,185
<b>Total</b>	<b>-</b>	<b>89,712,805</b>

\* As the future liability for gratuity and long term compensated absences is provided on an actuarial basis, the amount pertaining to the key management personnel is not ascertainable and, therefore, not included above.

(Amount in Rs.)

Balance payable to key management personnel	As at December 31,	
	2017	2016
Satinder Singh Rekhi	4,964,335	7,038,750
Lt. Gen. Baldev Singh (Retd.)	1,408,122	1,278,448
Avirag Jain	1,083,677	-
Raluca Marina Rusu	-	1,017,544
Joydeep Sen Chaudhuri	339,472	-
<b>Total</b>	<b>7,795,606</b>	<b>9,334,742</b>

## 26. Corporate Social Responsibility (CSR)

As per the requirements of Section 135 of the Companies Act, 2013, the Company is required to spend an amount of Rs. 10,549,638 (Previous year Rs. 10,608,333) on CSR expenditure for the year December 31, 2017. Out of this, the Company has disbursed Rs. 2,460,000 (Previous year Rs. 1,500,000) in accordance with its Corporate Social Responsibility Policy.

## 27. Capital and other commitments

	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
<b>(i) Capital commitments:</b>		
Estimated amount of unexecuted capital contracts [net of advances Rs. 30,200 (previous year Rs. 10,289,873)]	1,450,015	6,152,320
<b>(ii) Other commitments:</b>		
For commitments relating to lease arrangements, refer note 29.		

## 28. Contingent liabilities

	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Performance guarantees given to Department of Telecommunication for Domestic and International 'Other Service Provider' licenses	20,000,000	20,000,000
<b>Total</b>	<b>20,000,000</b>	<b>20,000,000</b>

## 29. Leases

### a) Finance Lease - Company as lessee

The Group has finance leases for furniture and fixture. Each renewal is at the option of the lessee. Future minimum lease payments (MLP) under finance leases together with the present value of the net MLP are as follows:

	Year ended December 31, 2017 Rs.		Year ended December 31, 2016 Rs.	
	MLP	Present value of MLP	MLP	Present value of MLP
Not later than one year	1,440,000	175,649	1,440,000	158,359
After one year but not more than five years	7,567,500	1,690,302	5,775,000	873,187
More than five years	13,905,000	8,918,071	17,077,500	9,848,454
Total minimum lease payments	22,912,500	10,784,022	24,292,500	10,880,000
Less: amounts representing finance charges	12,128,478	-	13,412,500	-
<b>Present value of minimum lease payments</b>	<b>10,784,022</b>	<b>10,784,022</b>	<b>10,880,000</b>	<b>10,880,000</b>

### b) Operating Lease- Company as lessee

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

	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Lease payments for the year	110,764,332	103,078,517
Non-cancellable operating lease obligation :		
Not later than one year	89,270,150	71,829,281
Later than one year but not later than five years	136,136,903	118,672,114
Later than five years	1,322,582	2,645,193



The operating lease arrangements extend for a maximum of 7 years from their respective dates of inception. Some of the operating lease arrangements have price escalation and option of renewal clause as mutually agreed between the parties and there are no restrictions imposed on lease arrangements.

**c) Operating Lease - Company as lessor**

The Company has entered into an operating lease arrangement for its surplus land and building which has been classified under investment property. The future minimum rentals receivable under non-cancellable operating lease period as at year-end are as follows:

	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Lease payments for the year	6,399,996	6,399,996
Non-cancellable operating lease :		
Not later than one year	3,320,440	6,399,996
Later than one year but not later than five years	-	3,320,440

The operating lease arrangement extends for a maximum period of 3 years from their respective dates of inception and has price escalation clause of 5% for every subsequent 3 years of the extended term. There are no restrictions imposed on lease agreements.

- 30. (a)** On April 30, 2015, R Systems (Singapore) Pte. Limited, a wholly owned subsidiary of the Company, had acquired 100% share of IBIZ Consulting Pte Ltd, Singapore (Formerly known as IBIZCS Group Pte Limited) (IBIZ) for maximum consideration of SGD 7.50 million including the earn-outs over the next three years on fulfilment of certain conditions by the erstwhile shareholder of IBIZ. IBIZ is a Microsoft Gold-certified partner specialized in Microsoft Business Management Solution suites, including Enterprise Resource Planning (ERP), Customer Relationship Management (CRM), Point of Sales (POS), Mobility, Business Intelligence (BI) and Portals having subsidiaries in Singapore, Malaysia, Indonesia, India, Hong Kong and China.

Basis the conditions specified in the Share Purchase Agreement and subsequent amendment thereof, the management has assessed the investment value at Rs. 157,710,346 which represents the consideration assessed as probable to be paid over the period and consequently the goodwill arising on acquisition is Rs. 198,475,020.

As at December 31, 2016, the management had re-assessed the investment value at Rs. 141,172,075 which represents the consideration assessed as probable to be paid over the period and the goodwill arising on acquisition is Rs. 174,473,718 (reinstated as at December 31, 2016).

During year ended December 31, 2017, the management, basis the conditions specified in the Share Purchase Agreement and subsequent amendment thereof has re-assessed the aforesaid investment value at Rs. 137,134,856 which represents the consideration assessed as probable to be paid over the period and the goodwill arising on acquisition is Rs. 171,006,780.

As at December 31, 2017 amount payable within one year from the year-end is shown under 'other current liabilities' of Rs. 45,470,163.

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

The Company had entered into 'Business Transfer Agreement' (BTA) with RSPTPL on June 27, 2015 for the aforesaid transfer on a going concern basis by way of slump sale, for consideration of Rs. 783,900,000 to be discharged by RSPTPL through issuance of 60,000,003 equity shares of Re. 1/- each at a premium of Rs. 6.227333 per share and 35,026 compulsorily redeemable debentures of Rs. 10,000 each to be redeemed over a period of 4 years, on the terms and conditions agreed in BTA and Debenture Subscription Agreement.

The Company had also entered into 'Share Purchase Agreement' (SPA) with BD Capital Partners Ltd. ("BDC"), a Mauritius based company on June 27, 2015 to sell 93% of its equity share in RSPTPL to BDC for a consideration of Rs. 443,170,000 (USD 7 million). The closing (as defined in the agreements) under the BTA and SPA occurred on July 07, 2015. The name of RSPTPL was changed to Indus Software Technologies Private Limited (ISPTPL) w.e.f. August 19, 2015.

Subject to the satisfaction of certain conditions, BDC had also agreed to purchase the balance 7% equity shares for a consideration up to USD 1 million. During the year ended December 31, 2016, the Company had received consideration for the sale of balance 7% share in ISPTPL. The gain on sale of aforesaid equity share amounts to Rs. 37,174,220 is disclosed as 'Exceptional items' in the consolidated financial statements for the year ended December 31, 2016.

- (c) The Company had realized additional amounts of Rs. 9,173,022 towards the sale of Indus Business unit and disclosed as 'Exceptional items' in the consolidated financial statements for the year ended December 31, 2016.
- (d) The consequent tax expense of aforesaid 'Exceptional items' amounting to Rs. 14,800,621 is included in the 'Current tax' in the consolidated financial statements for the year ended December 31, 2016.

**31. (a) R Systems International Limited Employees Stock Option Plan – Year 2001 ('the plan')**

Indus Software Private Limited ('Indus') had outstanding options aggregating 21,967 equity shares as on March 31, 2002, to be issued to the eligible employees under the R Systems International Limited Employees Stock Option Plan – Year 2001 under various vesting periods as specified in the said Plan, duly approved by the erstwhile shareholders. Indus had established "R Systems Employees Welfare Trust" ('the R Systems Trust') (formerly known as Indus Software Employees Welfare Trust") to administer the plan, as approved by the members, for the benefits of the Company's employees and had provided an interest free loan of Rs. 3,382,792. Consequently, Indus had allotted 21,967 equity shares of Rs. 10 each at a premium of Rs. 144 per equity share to the R Systems Trust to be further issued to the Indus' eligible employees on the exercise of the underlying options granted to them.

As a result of the merger of Indus with the Company, all employees had surrendered their options in favour of the R Systems Trust to enable them to obtain options for shares in R Systems International Limited after the merger. Also, the Company had issued 206,822 equity shares of Rs. 2 each at a premium of Rs. 113.42 per share to the R Systems Trust in exchange of 21,967 equity shares of Indus, apropos to the agreed swap ratio. During the earlier years out of the said 206,822 shares 22,079 shares were issued to the employees on exercise of options.

The Company had consolidated each of its five equity shares of Rs. 2 each into one equity share of Rs. 10 each on January 30, 2006 and then issued 1:1 bonus share to each of the then existing shareholder by utilisation of Securities Premium Account in terms of the provisions of Section 78 of the Companies Act, 1956 and further sub-division of each of the equity shares of Rs. 10 each into 10 equity shares of Re. 1 each as per record date of February 28, 2014, consequently the total number of shares issued are now 738,980 equity shares of Re. 1 each. Accordingly an amount of Rs. 738,980 and Rs. 2,282,728 is shown as deduction from Issued, subscribed and paid-up capital and Securities Premium Account respectively as suggested by the "Guidance Note on Accounting for Employee Share-based Payments" issued by The Institute of Chartered Accountants of India.

The movement in the options (in equivalent number of shares of the Company) held by the Trust during the year ended December 31, 2017 and the year ended December 31, 2016 is set out below:

	Year ended December 31, 2017 (Nos.)	Year ended December 31, 2016 (Nos.)
<u>At the beginning</u>		
- Grants outstanding under the plan (Re. 1 per share)	-	-
- Grants pending determination by the Compensation Committee (Re. 1 per share)	738,980	738,980
<u>During the year</u>		
- Options granted (Re. 1 per share)	-	-
- Options exercised (Re. 1 per share)	-	-
- Options/grants lapsed or surrendered (Re. 1 per share)	-	-
<u>At the end</u>		
- Grants outstanding under the plan (Re. 1 per share)	-	-
- Grants pending determination by the Compensation Committee (Re.1 per share)	738,980	738,980

The Board of Directors at their meeting held on May 04, 2017, subject to the approval of National Company Law Tribunal, Delhi, has approved a Scheme of Arrangement for capital reduction of shares held by the R Systems Trust. The Scheme is under consideration before the relevant authorities.

**(b) R Systems International Limited Employee Stock Option Scheme 2007 ('the plan')**

During the year 2007, the Company had instituted the plan for all eligible employees as specified in the rules in pursuance of the special resolution duly approved by the shareholders. The plan provides for the issuance of 650,000 options to eligible employees as recommended by the Compensation Committee constituted for this purpose.

The plan is administered by a Compensation Committee and exercise price in respect of 632,500 options granted on July 11, 2007 is Rs. 120.70 being the latest available closing price, prior to the date of the meeting of the Board of Directors / Compensation Committee, on the stock exchange on which the shares of the Company are listed. Accordingly, the intrinsic value of Employee Stock Option is taken as Rs. Nil. Further, during the year ended December 31, 2014, the Company had sub-divided equity shares of Rs. 10 each into 10 equity shares of Re. 1 each, the exercise price is accordingly adjusted from Rs. 120.70 per share to Rs. 12.07 per share.

On the recommendation of the Compensation Committee and Nomination and Remuneration Committee, the Board of Director at its meeting held on April 30, 2016, had further granted 150,000 options at an exercise price of Rs. 12.07 /- per option under R Systems International Limited Employee Stock Option Scheme 2007.

The vesting period is 4 years (25% in each year) commencing from the date of grant under the plan. The eligible employees have an option to exercise it over a period of 10 years from the date of grant under the plan. The movement in the options during the year ended December 31, 2017 and year ended December 31, 2016 is set out below :

	Year ended December 31, 2017 (Nos.)	Year ended December 31, 2016 (Nos.)
<u>At the beginning</u>		
- Grants outstanding under the plan (Re. 1 per share)	195,280	80,280
- Grants pending determination by the Compensation Committee (Re. 1 per share)	1,925,000	2,040,000
<u>During the year</u>		
- Options granted (Re. 1 per share)	-	150,000
- Options exercised (Re. 1 per share)	(82,500)	-
- Options/grants lapsed or surrendered (Re. 1 per share)	-	(35,000)
- Option lapsed for determination by the Compensation Committee on expiry of the effective date	(1,925,280)	-
<u>At the end</u>		
- Grants outstanding under the plan (Re. 1 per share)	112,500	195,280
- Grants pending determination by the Compensation Committee (Re.1 per share)	-	1,925,000

For options exercised during the year 2017, the weighted average share price at the exercise date was Rs. 50.40.

The weighted average remaining contractual life for the stock options as at December 31, 2017 is 100 months (Previous year 13 months).

- (c)** For the purpose of valuation of the options granted before year ended December 31, 2004, the management obtained fair value of the options at the date of grant under respective schemes from a firm of Chartered Accountants to determine accounting impact, if any, of options granted over the periods. In the considered opinion of the valuer, the fair value of option determined using 'Black Scholes Valuation Model' under each of above schemes [except R Systems International Limited Employee Stock Option Scheme 2007 refer 31 (b) above] is "Nil" and thus no accounting thereof is required.

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

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

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

The details given above for plan are before making the required adjustments in relation to consolidation of each of the 5 equity shares of Rs. 2 each into 1 equity share of Rs. 10 each as approved by the shareholders in the year ended December 31, 2006 and further sub-division of each of the equity shares of Rs. 10 each into 10 equity shares of Re. 1 each as per record date of February 28, 2014.

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

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

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

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

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

- (e) For the purpose of valuation of the options granted during the year ended December 31, 2016 under R Systems International Limited Employee Stock Option Scheme – 2007, the current year compensation cost relating to Employee Stock Options, calculated as per the intrinsic value method is Rs. 2,614,858 (Previous year Rs. 2,589,490).

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

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

Assumptions	Unit	Scheme	Comments by the valuer
Strike price	Rs.	12.07	
Current share price	Rs.	61.45	Price on the date of grant by Board of Directors i.e. closing price on April 30, 2016
Expected option life	No. of Years	4 years i.e. 25% vesting at the end of each year from the date of grant	Being the vesting period.
Volatility	%	55.32-55.83	On the basis of industry average.
Risk free return	%	7.84	The yield on a Treasury bond by Government of India (Source: RBI) on the valuation date with the tenor matching the remaining term of the stock options.
Expected dividend Yield	%	1.32	Assuming that Company will continue declaring at similar rate, consistent with the past years.

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

In March 2005 the ICAI has issued a guidance note on "Accounting for Employees Share Based Payments" applicable to 'employee share based plan' the grant date in respect of which falls on or after April 1, 2005. The said guidance note requires the Proforma disclosures of the impact of the fair value method of accounting of employee stock compensation in the financial statements. Since the Company used the intrinsic value method the impact on the reported net profit and earnings per share by applying the fair value based method is as follows:

(Amount in Rs.)

Particulars	Year ended December 31, 2017	Year ended December 31, 2016
Profit after tax	244,809,470	536,883,864
Add: Intrinsic Value Compensation Cost	2,614,858	2,589,490
Less: Fair Value Compensation Cost	2,642,059	2,617,180
<b>Adjusted Pro-forma Profit after tax</b>	<b>244,782,269</b>	<b>536,856,174</b>
Weighted average number of equity shares for calculating Basic EPS	123,924,898	126,616,327
Weighted average number of equity shares for calculating Diluted EPS	123,949,330	126,653,124
<b>Earnings Per Share</b>		
<b>Basic [Nominal value of shares Re. 1 (Previous year: Re. 1)]</b>		
- As reported	1.98	4.24
- Pro-forma	1.98	4.24
<b>Diluted [Nominal value of shares Re. 1 (Previous year: Re. 1)]</b>		
- As reported	1.98	4.24
- Pro-forma	1.98	4.24

### 32. Earnings per share (EPS)

Particulars	Year ended December 31, 2017	Year ended December 31, 2016
Net profit after tax (Rs.)	244,809,470	536,883,864
Weighted average number of equity shares for calculating Basic EPS	123,924,898	126,616,327
Weighted average number of equity shares for calculating Diluted EPS	123,949,330	126,653,124
Basic [Nominal value of shares Re. 1 (Previous year: Re. 1)] (Rs.)	1.98	4.24
Diluted [Nominal value of shares Re. 1 (Previous year: Re. 1)] (Rs.)	1.98	4.24

33. During the year Indian entities of the Group has Specified Bank Notes (SBNs) or other denomination notes as defined in the MCA Notification, G.S.R. 308(E) dated 31st March 2017. The details of SBNs held and transacted during the period from November 8, 2016 to December 30, 2016, the denomination-wise SBNs and other notes as per the notification are as follows:

(Amount in Rs.)

Particulars	SBNs*	Other denomination notes	Total
Closing Cash in Hand as on November 8, 2016	534,500	10,174	544,674
Add: Permitted Receipts	-	1,464,299	1,464,299
Less: Permitted Payments	-	1,350,369	1,350,369
Less: Amount Deposited in Banks	534,500	-	534,500
Closing Cash in Hand as on December 30, 2016	-	124,104	124,104

\* For the purpose of this note, the term "Specified Bank Notes" shall have the same meaning provided in the notification of the Government of India, in Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated November 8, 2016.

### 34. Post-employment benefits

The Company has funded defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on separation equal to 15 days salary (last drawn salary) for each completed year of continuous service or part thereof in excess of six months subject to a maximum of Rs. 1,000,000.

The following table summarizes the components of net employee benefits expense recognised in the statement of profit and loss.

(Amount in Rs.)

Particulars	Year ended December 31, 2017	Year ended December 31, 2016
Current service cost	18,873,611	12,414,237
Interest cost on benefit obligation	6,064,527	4,627,859
Expected return on plan assets	(232,622)	(234,942)
Net actuarial (gain) / loss recognised in the year	(12,091,292)	18,951,541
Net employee benefits expense (refer note 19)	12,614,224	35,758,695
Actual return on plan assets	1,390,744	224,202

Details of defined benefit gratuity plan

(Amount in Rs.)

Particulars	Year ended December 31, 2017	Year ended December 31, 2016
Defined benefit obligation	99,095,728	94,598,935
Fair value of plan assets	4,325,902	2,636,628
<b>Plan liability / (asset)</b>	<b>94,769,826</b>	<b>91,962,307</b>

Changes in the present value of the defined benefit gratuity plan are as follows:

(Amount in Rs.)

Particulars	Year ended December 31, 2017	Year ended December 31, 2016
Opening defined benefit obligation	94,598,935	68,174,622
Interest cost	6,064,527	4,627,859
Current service cost	18,873,611	12,414,237
Benefits paid	(9,508,175)	(9,558,584)
Actuarial (gains) / losses on obligation	(10,933,170)	18,940,801
<b>Closing defined benefit obligation</b>	<b>99,095,728</b>	<b>94,598,935</b>

Changes in the fair value of plan assets are as follows:

(Amount in Rs.)

Particulars	Year ended December 31, 2017	Year ended December 31, 2016
Opening fair value of plan assets	2,636,628	2,957,688
Expected return	232,622	234,942
Contributions by the employer	9,806,705	8,000,000
Benefits paid	(9,508,175)	(8,545,262)
Actuarial gains / (losses) on obligation	1,158,122	(10,740)
<b>Closing fair value of plan assets</b>	<b>4,325,902</b>	<b>2,636,628</b>

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	Year ended December 31, 2017	Year ended December 31, 2016
Investments with Life Insurance Corporation of India	100%	100%

The principal assumptions used in determining defined benefit gratuity plan obligations is shown below:

Particulars	Year ended December 31, 2017	Year ended December 31, 2016
Discount rate	7.70% p.a.	6.75% p.a.
Expected rate of return on plan assets	8.35% p.a.	8.35% p.a.
Salary Escalation Rate	10% for 1st year & 7% thereafter	10% for 1st year & 7% thereafter
Attrition rate:	As per table below	As per table below

Attrition rate used for the year ended December 31, 2017 and year ended December 31, 2016 are as per the table below:

Age (Years)	Rates
Below Age 30	15%
Age 30 to 34	10%
Age 35 to 44	5%
Age 45 to 50	3%
Age 51 to 54	2%
Age above 54	1%

The estimates of future salary increases takes into account the inflation, seniority, promotion and other relevant factors.

Amounts for the current and previous four years are as follows:

(Amount in Rs.)

	Gratuity				
	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014	December 31, 2013
Defined benefit obligation	99,095,728	94,598,935	68,174,622	102,262,322	81,424,215
Plan assets	4,325,902	2,636,628	2,957,688	3,681,619	4,549,747
Surplus / (deficit)	(94,769,826)	(91,962,307)	(65,216,934)	(98,580,703)	(76,874,468)
Experience (Gains)/Losses adjustments on plan liabilities	885,862	3,555,113	(3,130,164)	(4,196,352)	(3,130,879)
Experience adjustments on plan assets	1,158,122	(10,740)	(570,122)	16,304	14,859

### 35. Particulars of Derivative Instruments and Unhedged Foreign Currency Exposure as at December 31, 2017 and December 31, 2016

As of December 31, 2017, the Company has derivative financial instruments to sell USD 10,250,000 (Previous year USD 14,700,000), EURO 2,950,000 (Previous year EURO 1,400,000). The Company has not applied hedge accounting as these instruments do not qualify for hedge accounting. The Company has recognised mark-to-market gain of Rs. 16,330,171 (Previous year gain of Rs. 26,417,667) relating to such derivative financial instruments in the statement of profit and loss for the year ended December 31, 2017.

The particulars of Unhedged Foreign Currency Exposure as at December 31, 2017 and December 31, 2016 are as below :

	Currency	Foreign Currency amount		Closing foreign exchange rate		Amount (in Rs.)	
		December 31,		December 31,		December 31,	
		2017	2016	2017	2016	2017	2016
<b>Liabilities</b>							
Trade payables	USD	969,649	1,060,647	63.88	67.93	61,936,348	72,044,424
	EURO	977,708	977,863	76.53	71.66	74,819,092	70,071,718
	NZD	350	1,025	45.48	47.29	15,919	48,487
	INR	84,000	84,000	1.00	1.00	84,000	84,000
	GBP	18,775	80,886	86.28	83.46	1,619,963	6,750,988
	SGD	500	-	47.81	-	23,900	-
	RON	34,595	-	16.43	-	568,327	-
	BGN	-	1,713	-	36.37	-	62,308
<b>Assets</b>							
Trade receivables (Gross)	USD	6,559,074	5,786,604	63.88	67.93	418,960,870	393,055,065
	EURO	2,378,352	1,371,679	76.53	71.66	182,003,350	98,291,791
	GBP	77,826	325,570	86.28	83.46	6,715,044	27,173,011
	SGD	-	10,253	-	47.01	-	481,980
	MYR	5,886	19,600	15.77	15.15	92,840	296,920
	CAD	-	254,128	-	50.39	-	12,805,510
	RON	-	15,830	-	15.71	-	248,673
Loans and advances	USD	4,370	5,344	63.88	67.93	279,113	363,014
	SGD	28,729	25,332	47.81	47.01	1,373,603	1,190,807
	NZD	512	244	45.48	47.29	23,294	11,522
	GBP	49,128	942	86.28	83.46	4,238,911	78,656
	EURO	755	-	76.53	-	57,747	-
Cash and bank balances	USD	2,339,513	2,599,745	63.88	67.93	149,436,370	176,587,671
	EURO	685,115	378,939	76.53	71.66	52,428,417	27,153,990
	GBP	58,613	56,581	86.28	83.46	5,057,305	4,722,420
	CHF	2,313	3,103	65.50	66.67	151,520	206,856
	CAD	2,035	6,318	50.97	50.39	103,724	318,341
	NZD	8,092	10,271	45.48	47.29	368,012	485,647

Above is on the basis of unhedged foreign currency exposures outstanding as at reporting date in the Company and its subsidiaries

The below table shows the detail of different currencies:

Sl. No.	Currency Abbreviation	Name of Currency	Country
1	GBP	Great Britain Pound	United Kingdom
2	EURO	Euro	European Union
3	CHF	Swiss Franc	Switzerland
4	USD	US Dollar	United States
5	SGD	Singapore Dollar	Singapore
6	BGN	Bulgarian Lev	Bulgaria
7	MYR	Malaysian Ringgit	Malaysia
8	INR	Indian Rupee	India
9	NZD	New Zealand Dollar	New Zealand
10	CAD	Canadian Dollar	Canada
11	RON	Romanian Leu	Romania



36. Additional Information pursuant to para 2 of general instruction for the preparation of consolidated financial statements

S. No.	Name of the entity	Net Assets, i.e., total assets minus total liabilities as at			Share in profit or loss for the year ended				
		December 31, 2017		December 31, 2016		December 31, 2017		December 31, 2016	
		As % of consolidated net assets	Amount in Rs.	As % of consolidated net assets	Amount in Rs.	As % of consolidated profit or loss	Amount in Rs.	As % of consolidated profit or loss	Amount in Rs.
	<b>Parent Entity</b>								
1	R Systems International Limited, India	70.22	2,445,892,334	67.94	2,203,451,727	110.09	238,829,974	69.23	412,138,007
	<b>Subsidiaries</b>								
	<b>Indian Subsidiaries</b>								
1	IBIZ Consultancy Services India Private Limited., India	(0.10)	(3,509,762)	(0.20)	(6,358,562)	1.31	2,848,800	0.11	678,045
	<b>Foreign Subsidiaries</b>								
1	R Systems (Singapore) Pte Limited, Singapore	10.41	362,535,202	10.26	332,677,146	3.38	7,327,553	2.81	16,715,945
2	R Systems, Inc., USA	15.92	554,549,693	17.07	553,594,894	15.96	34,624,140	10.31	61,367,038
3	R Systems Technologies Ltd., USA	(0.40)	(13,989,550)	(0.50)	(16,350,737)	0.65	1,413,281	0.57	3,418,716
4	ECnet Limited, Singapore	2.75	95,756,514	2.02	65,483,490	13.26	28,763,257	(1.07)	(6,347,909)
5	ECnet (M) Sdn. Bhd., Malaysia	(1.18)	(41,071,745)	(1.21)	(39,094,140)	(0.16)	(355,249)	(2.88)	(17,138,050)
6	ECnet, Inc., USA	(5.82)	(202,644,980)	(6.64)	(215,468,318)	(0.01)	(24,337)	(0.00)	(29,144)
7	ECnet (Hong Kong) Limited, Hong Kong	0.38	13,144,109	0.38	12,324,272	0.63	1,362,444	0.47	2,771,241
8	ECnet Systems (Thailand) Co. Limited, Thailand	(0.41)	(14,416,186)	(0.30)	(9,872,982)	(1.90)	(4,118,744)	(1.44)	(8,600,189)
9	ECnet Kabushiki Kaisha, Japan	(0.93)	(32,245,662)	(1.00)	(32,526,051)	(0.21)	(457,628)	0.39	2,314,689
10	ECnet (Shanghai) Co. Limited, People's Republic of China	(0.97)	(33,757,384)	(0.85)	(27,567,685)	(2.77)	(6,013,574)	(0.33)	(1,965,748)
11	Computaris International limited, UK	6.47	225,421,149	7.93	257,320,008	(21.87)	(47,453,221)	12.96	77,144,913
12	Computaris Romania Srl, Romania	3.49	121,657,291	2.64	85,698,863	14.47	31,384,670	3.93	23,378,658
13	Computaris Polska Sp. z o.o., Poland	(2.62)	(91,352,821)	(0.04)	(1,145,546)	(39.07)	(84,765,495)	0.25	1,483,203
14	ICS Computaris International Srl, Moldova	0.49	17,172,877	0.52	16,931,736	(0.64)	(1,381,586)	(0.26)	(1,549,284)
15	Computaris Malaysia Sdn. Bhd., Malaysia	0.07	2,370,105	0.05	1,755,358	0.24	521,111	0.12	690,124
16	Computaris USA, Inc., USA	0.27	9,391,161	0.45	14,460,280	(1.98)	(4,288,866)	0.06	375,932
17	Computaris Philippines Pte. Ltd. Inc., Philippines (refer note 1 below)	0.39	13,524,794	0.42	13,730,554	0.34	744,291	(0.00)	(18,443)
18	RSYS Technologies Ltd., Canada	(0.73)	(25,554,549)	(0.37)	(11,904,999)	(6.14)	(13,311,908)	(0.95)	(5,676,886)

S. No.	Name of the entity	Net Assets, i.e., total assets minus total liabilities as at				Share in profit or loss for the year ended			
		December 31, 2017		December 31, 2016		December 31, 2017		December 31, 2016	
		As % of consolidated net assets	Amount in Rs.	As % of consolidated net assets	Amount in Rs.	As % of consolidated profit or loss	Amount in Rs.	As % of consolidated profit or loss	Amount in Rs.
19	IBIZ Consulting Pte. Ltd., Singapore (formerly known as IBIZCS Group Pte Limited)	1.54	53,639,367	1.58	51,081,577	0.77	1,660,608	(0.21)	(1,269,019)
20	IBIZ Consulting Services Pte Ltd., Singapore	0.74	25,745,034	0.62	19,964,876	2.47	5,365,809	3.80	22,633,510
21	IBIZ Consulting Services Sdn. Bhd., Malaysia	0.24	8,312,604	0.22	7,231,944	(1.40)	(3,034,947)	1.08	6,439,356
22	PT. IBIZCS Indonesia., Indonesia	1.22	42,616,429	0.96	31,263,541	6.28	13,627,688	1.80	10,742,731
23	IBIZ Consulting Service Limited. Hong Kong	0.02	559,249	0.02	610,759	(0.00)	(10,490)	0.06	344,329
24	IBIZ Consulting Service Shanghai Co., Ltd., People's Republic of China	(1.45)	(50,356,848)	(1.97)	(64,125,114)	6.31	13,678,567	(0.81)	(4,754,210)
	<b>Sub total</b>	<b>100.00</b>	<b>3,483,388,425</b>	<b>100.00</b>	<b>3,243,166,892</b>	<b>100.00</b>	<b>216,936,148</b>	<b>100.00</b>	<b>595,287,555</b>
	Adjustment arising out of consolidation		(450,258,624)		(463,436,954)		27,873,322		(58,403,691)
	<b>Total</b>		<b>3,033,129,801</b>		<b>2,779,729,938</b>		<b>244,809,470</b>		<b>536,883,864</b>

**Note :**

1. Incorporated w.e.f. May 23, 2016

## 37. Cash and bank balances

(Amount in Rs.)

Sl. No.	Particulars	As at December 31, 2017	As at December 31, 2016
	<b>Cash on hand (A)</b>	<b>702,490</b>	<b>765,905</b>
	<b>Balance with scheduled banks</b>		
	<b>On current accounts</b>		
1	ICICI Bank Limited	6,885,352	3,266,774
2	HDFC Bank Limited	8,332,681	3,209,319
3	Oriental Bank of Commerce	1,112,700	531,873
4	State Bank of India	1,134,801	2,115,306
5	Axis Bank Limited	20,396,221	8,242,997
6	Kotak Mahindra Bank Limited	812,674	308,534
7	Bank of Baroda	368,012	485,647
	<b>Total (B)</b>	<b>39,042,441</b>	<b>18,160,450</b>
	<b>On cash credit / overdraft accounts*</b>		
1	Axis Bank Limited	-	-
	<b>Total (C)</b>	<b>-</b>	<b>-</b>
	<b>On EEFC accounts</b>		
1	ICICI Bank Limited- USD	24,759,990	14,538,630
2	State Bank of India – USD	319	340
3	Axis Bank Limited-USD	71,105,891	62,732,913
4	Axis Bank Limited-EURO	2,447,677	6,680,014
5	Axis Bank Limited-GBP	906,915	458,042
6	Axis Bank Limited-CHF	103,724	318,341
7	Kotak Mahindra Bank Limited -USD	6	10,576,352
	<b>Total (D)</b>	<b>99,324,522</b>	<b>95,304,632</b>
	<b>On deposit accounts</b>		
1	State Bank of India	24,048,609	34,399,485
2	ICICI Bank Limited	147,503,213	303,213
3	Axis Bank Limited	298,794,488	153,038,996
4	Kotak Mahindra Bank Limited	149,591,267	88,000,000
5	HDFC Bank Limited	-	11,000,000
6	State Bank of India, New York	15,904,875	-
7	Bank of Baroda, New York	15,904,875	-
8	Bank of India, New York	15,841,000	-
	<b>Total (E)</b>	<b>667,588,327</b>	<b>286,741,694</b>
	<b>On unclaimed dividend accounts</b>		
1	Kotak Mahindra Bank Limited	107,389	108,299
2	HDFC Bank Limited	2,320,088	2,466,715
	<b>Total (F)</b>	<b>2,427,477</b>	<b>2,575,014</b>
	<b>Balance with other banks on current accounts</b>		
1	California Bank & Trust, USA	210,531,975	443,277,739
2	Citibank Singapore Ltd, Singapore	100,519,855	30,646,811
3	DBS Bank Ltd, Singapore	5,131,372	22,595,217
4	Malayan Banking Berhad, Malaysia	22,145,614	16,863,266
5	Hang Seng Bank Limited, Hong Kong	6,859,393	6,419,140
6	Citibank NA, Thailand	3,965,728	2,736,610
7	Bank of China, China	20,534,750	17,899,759
8	Sumitomo Mitsui Banking Corporation, Japan	252,100	307,636
9	Mizuho Bank Ltd, Japan	77,046	207,761
10	The Bank of Tokyo-Mitsubishi UFJ, Ltd., Japan	319,636	412,224
11	Natwest Bank	80,008,475	152,659,720
12	Bank Zachodni WBK SA	15,197,505	27,411,998

(Amount in Rs.)

Sl. No.	Particulars	As at December 31, 2017	As at December 31, 2016
13	Mobiasbanca - Groupe Societe Generale SA	2,472,187	2,110,334
14	BRD Groupe Societe Generale SA	36,575,391	2,307,097
15	CIMB Bank BHD	1,640,084	1,844,553
16	Royal Bank of Canada	4,445,894	6,579,679
17	ING Bank N.V. Amsterdam - Bucharest	865,375	362,646
18	Overseas-Chinese Banking Corporation Limited	-	3,484
19	Standard Chartered Bank, Singapore	10,901,449	-
20	Bank Permata Tbk, PT	25,848,865	23,715,647
21	DBS Bank (China) Ltd.	17,235,081	8,605,260
22	Standard Chartered Bank, Hong Kong	365,985	3,072,165
23	Citibank N.A., USA	1,044,911	1,137,054
24	BDO UNIBANK Inc.	13,274,058	304,603
	<b>Total (G)</b>	<b>580,212,729</b>	<b>771,480,403</b>
	<b>On deposit accounts</b>		
1	Mobiasbanca - Groupe Societe Generale SA	593,535	543,388
2	BRD Groupe Societe Generale SA	15,502,676	6,143,322
3	ING Bank N.V. Amsterdam - Bucharest	1,315,751	-
4	Citibank Singapore Ltd, Singapore	2,393,546	5,172,999
5	BDO UNIBANK Inc.	7,797,808	12,815,614
6	Discover Bank Greenwood, De	15,841,000	-
7	Goldman Sachs Bk Usa New York, Ny	15,841,000	-
8	Bank Of China New York, Ny	15,904,875	-
9	Bmo Harris Bank Na Chicago, Il	15,904,875	-
10	Sallie Mae Bank Salt Lake City, Ut	15,841,000	-
11	Compass Bank (Cd9css)	15,777,125	-
12	Bankunited, National Association	15,777,125	-
13	Beal Bank Usa	15,713,250	-
14	Morgan Stanley Bank, National As	15,713,250	-
	<b>Total (H)</b>	<b>169,916,816</b>	<b>24,675,323</b>
	<b>Less: Margin money deposits (refer note 16)</b>	<b>(58,556,887)</b>	<b>(56,458,271)</b>
	<b>Total cash and bank balance (refer note 16)</b>	<b>1,500,657,915</b>	<b>1,143,245,150</b>

\* Cash credit limit / Bank guarantee / Loan equivalent risk / Letter of credit is secured by first charge by way of hypothecation of entire current assets and collateral over an immovable property situated in Noida

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

**For and on behalf of the Board of Directors of R SYSTEMS INTERNATIONAL LIMITED**

**Sd/-  
SATINDER SINGH REKHI**

Managing Director  
DIN: 00006955

Place : Singapore  
Date : February 09, 2018

**Sd/-  
LT. GEN. BALDEV SINGH (RETD.)**

President & Senior Executive Director  
DIN: 00006966

Place : NOIDA  
Date : February 09, 2018

**Sd/-  
NAND SARDANA**

Chief Financial Officer

Place : NOIDA  
Date : February 09, 2018

**Sd/-  
ASHISH THAKUR**

Company Secretary &  
Compliance Officer

Place : NOIDA  
Date : February 09, 2018

## FORM NO. AOC-1

## Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

List of Subsidiaries															
S. No.	Name of the Subsidiary	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Reporting currency for the relevant Financial year in the case of foreign subsidiaries	Exchange rate as on the last date of the relevant Financial year	Share Capital	Reserves & Surplus	Total assets	Total Liabilities	Investments (other than subsidiary and fellow associates)	Turnover	Profit before taxation	Provision for taxation	Profit after taxation	Proposed Dividend	% of Share-holding
1	R Systems (Singapore) Pte Limited, Singapore	December 31, 2017	Singapore Dollar	47.81	27632	8622	44276	8022	-	363.81	7.87	0.54	7.33	-	100.00%
2	R Systems, Inc, USA	December 31, 2017	US Dollar	63.88	85.62	468.93	660.93	106.38	-	1,354.55	34.70	0.08	34.62	-	100.00%
3	R Systems Technologies Ltd., USA	December 31, 2017	US Dollar	63.88	10.79	(24.78)	12.52	26.51	-	105.97	1.46	0.05	1.41	-	100.00%
4	ECnet Limited, Singapore <sup>(1)</sup>	December 31, 2017	Singapore Dollar	47.81	2,438.89	(2,343.14)	166.95	71.20	-	272.75	28.76	-	28.76	-	99.75%
5	ECnet (M) Sdn. Bhd., Malaysia <sup>(2)</sup>	December 31, 2017	Malaysian Ringgit	15.77	7.35	(48.42)	45.63	86.70	-	100.88	(0.36)	-	(0.36)	-	99.75%
6	ECnet, Inc., USA <sup>(2)</sup>	December 31, 2017	US Dollar	63.88	0.09	(202.73)	1.50	204.14	-	-	(0.02)	-	(0.02)	-	99.75%
7	ECnet (Hong Kong) Limited, Hong Kong <sup>(2)&amp;(4)</sup>	December 31, 2017	Hong Kong Dollar	8.17	0.00	13.14	13.99	0.85	-	7.11	1.44	0.07	1.36	-	99.75%
8	ECnet Systems (Thailand) Co. Limited, Thailand <sup>(2)</sup>	December 31, 2017	Thai Baht	1.96	2.34	(16.76)	11.91	26.33	-	37.84	(4.12)	-	(4.12)	-	99.75%
9	ECnet Kabushiki Kaisha, Japan <sup>(2)</sup>	December 31, 2017	Japanese Yen	0.57	4.29	(36.53)	0.66	32.90	-	1.46	(0.46)	-	(0.46)	-	99.75%
10	ECnet (Shanghai) Co. Limited, People's Republic of China <sup>(2)</sup>	December 31, 2017	Chinese Yuan	9.81	9.12	(42.88)	24.35	58.11	-	26.97	(6.01)	-	(6.01)	-	99.75%
11	Computaris International limited, UK	December 31, 2017	Euro	76.53	0.05	225.37	323.20	97.78	-	632.08	(50.74)	(3.29)	(47.45)	-	100.00%
12	Computaris Romania Srl, Romania <sup>(3)</sup>	December 31, 2017	Romania leu	16.43	0.02	121.63	153.82	32.17	-	502.58	38.03	6.65	31.38	-	100.00%
13	Computaris Polska Sp. z o.o., Poland <sup>(3)</sup>	December 31, 2017	Polish Zloty	18.36	0.80	(92.16)	68.36	159.72	-	214.44	(79.77)	5.00	(84.77)	-	100.00%
14	ICS Computaris International Srl, Moldova <sup>(3)</sup>	December 31, 2017	Moldovan leu	3.74	0.02	17.15	18.44	1.27	-	45.23	(1.38)	-	(1.38)	-	100.00%
15	Computaris Malaysia Sdn. Bhd., Malaysia <sup>(3)</sup>	December 31, 2017	Malaysian Ringgit	15.77	0.01	2.36	3.25	0.88	-	13.42	0.82	0.30	0.52	-	100.00%
16	Computaris USA, Inc., USA <sup>(3)&amp;(5)</sup>	December 31, 2017	US Dollar	63.88	0.00	9.39	36.35	26.96	-	108.71	(8.28)	(3.99)	(4.29)	-	100.00%
17	Computaris Philippines Pte. Ltd. Inc., Philippines <sup>(3)</sup>	December 31, 2017	Philippine Peso	1.28	14.48	(0.96)	64.12	50.60	-	43.20	1.10	0.36	0.74	-	100.00%

S. No.	Name of the Subsidiary	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Reporting currency for the relevant Financial year in the case of foreign subsidiaries	Exchange rate as on the last date of the Financial year	Share Capital	Reserves & Surplus	Total assets	Total Liabilities	Investments (other than subsidiary and fellow associates)	Turnover	Profit before taxation	Provision for taxation	Profit after taxation	Proposed Dividend	% of Share-holding
18	RSYS Technologies Ltd., Canada	December 31, 2017	Canadian Dollar	50.97	5.04	(30.59)	7.59	33.14	-	16.48	(13.31)	-	(13.31)	-	100.00%
19	IBIZ Consulting Pte. Ltd., Singapore (formerly known as IBIZCS Group Pte Limited) <sup>(6)</sup>	December 31, 2017	Singapore Dollar	47.81	54.09	(0.45)	283.96	230.32	-	282.34	4.46	2.80	1.66	-	100.00%
20	IBIZ Consulting Services Pte Ltd., Singapore <sup>(7)</sup>	December 31, 2017	Singapore Dollar	47.81	68.98	(43.24)	25.83	0.09	-	68.28	6.10	0.73	5.37	-	100.00%
21	IBIZ Consulting Services Sdn. Bhd., Malaysia <sup>(7)</sup>	December 31, 2017	Malaysian Ringgit	15.77	7.77	0.54	33.49	25.18	-	60.26	(2.98)	0.05	(3.03)	-	100.00%
22	PT. IBIZCS Indonesia., Indonesia <sup>(7)</sup>	December 31, 2017	Indonesia Rupiah	0.01	11.13	31.49	60.75	18.13	-	52.94	17.19	3.56	13.63	-	100.00%
23	IBIZ Consultancy Services India Private Limited., India <sup>(7) &amp; (9)</sup>	December 31, 2017	Indian Rupee	1.00	0.50	(4.01)	19.55	23.06	-	30.02	3.33	0.48	2.85	-	100.00%
24	IBIZ Consulting Service Limited, Hong Kong <sup>(7)</sup>	December 31, 2017	Hong Kong Dollar	8.17	0.08	0.48	54.04	53.48	-	6.75	(0.01)	-	(0.01)	-	100.00%
25	IBIZ Consulting Service Shanghai Co., Ltd., People's Republic of China <sup>(8)</sup>	December 31, 2017	Chinese Yuan	9.81	4.98	(55.34)	22.39	72.75	-	31.39	13.68	-	13.68	-	100.00%

**Notes :**

- R Systems International Limited holds 69.37% directly in ECnet Limited, Singapore and 30.38% shares through its wholly owned subsidiary i.e. R Systems (Singapore) Pte Limited, Singapore and thus together it holds 99.75% of total capital of ECnet Limited, Singapore.
- Wholly owned subsidiary of ECnet Limited, Singapore which is the subsidiary of R Systems International Limited as explained in note no 1.
- Wholly owned subsidiary of Computaris International Limited, United Kingdom, which is the wholly owned subsidiary of R Systems International Limited.
- The absolute amount of share capital in ECnet (Hong Kong) Limited, Hong Kong is Rs. 12 /- (2 ordinary shares of HKD 1 each).
- The absolute amount of share capital in Computaris USA, Inc., USA is Rs. 4,558 /- (100 ordinary shares of USD 1 each).
- Wholly owned subsidiary of R Systems (Singapore) Pte Ltd., Singapore which is the wholly-owned subsidiary of R Systems International Limited.
- Wholly owned subsidiary of IBIZ Consulting Pte. Ltd., Singapore which is the wholly-owned subsidiary of R Systems (Singapore) Pte Limited, Singapore as explained in note no. 6.
- Wholly owned subsidiary of IBIZ Consulting Service Limited, Hong Kong which is the wholly-owned subsidiary of IBIZ Consulting Pte. Ltd., Singapore as explained in note no. 7
- Reporting period for all the subsidiaries is financial year i.e. January to December except for IBIZ Consultancy Services India Private Limited which follows April to March as its financial year.

**For and on behalf of the Board of Directors of R Systems International Limited**

**Sd/-**  
**SATINDER SINGH REKHI**  
 Managing Director  
 DIN: 00006955

Place : Singapore  
 Date : February 09, 2018

**Sd/-**  
**LT. GEN. BALDEV SINGH (RETD.)**  
 President & Senior Executive Director  
 DIN: 00006966

Place : NOIDA  
 Date : February 09, 2018

**Sd/-**  
**NAND SARDANA**  
 Chief Financial Officer

Place : NOIDA  
 Date : February 09, 2018

**Sd/-**  
**ASHISH THAKUR**  
 Company Secretary & Compliance Officer

Place : NOIDA  
 Date : February 09, 2018

## NOTICE

### R SYSTEMS INTERNATIONAL LIMITED

#### NOTICE OF THE TWENTY FOURTH ANNUAL GENERAL MEETING

[Corporate Identification Number – L74899DL1993PLC053579]

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

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

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

Website: [www.rsystems.com](http://www.rsystems.com); Email: [investors@rsystems.com](mailto:investors@rsystems.com)

NOTICE is hereby given that Twenty Fourth Annual General Meeting of the shareholders of R SYSTEMS INTERNATIONAL LIMITED (the “Company”/ “R Systems”) will be held on Friday, May 25, 2018 at 9:00 A. M. at Air Force Auditorium, Subroto Park, New Delhi - 110 010 for transacting the following business:

#### AS ORDINARY BUSINESS

1. To receive, consider, approve and adopt audited financial statements of the Company for the financial year ended December 31, 2017 and the reports of the Board of Directors and the Auditors thereon and the consolidated financial statements for the year ended on that date together with the reports of Auditors.
2. To appoint a director in place of Lt. Gen. Baldev Singh (Retd.) (DIN: 00006966), who retires by rotation and being eligible, offers himself for re-appointment.
3. Ratification of Appointment of Auditors

To consider and, if thought fit, to pass with or without modification(s) the following resolution as an **ORDINARY RESOLUTION:**

“**RESOLVED THAT** pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, as amended from time to time and the rules made thereunder and resolution passed by the members in their twenty third Annual General Meeting held on May 15, 2017, the Company hereby ratifies the appointment of M/s Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration No. 117366W/W-100018), as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the twenty fifth Annual General Meeting of the Company and that the Board of Directors of the Company on the recommendation of the Audit Committee, be and is hereby authorised to fix the remuneration payable to Statutory Auditors for the financial year ending December 31, 2018.”

#### AS SPECIAL BUSINESS

4. To consider and approve the reappointment and remuneration of Lt. Gen. Baldev Singh (Retd.) (DIN: 00006966) as President and Senior Executive Director

of the Company and if thought fit, to pass with or without modification(s), the following resolution as a **SPECIAL RESOLUTION:**

“**RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 198, Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory amendment, modification or re-enactment thereof for the time being in force) (“the Act”), subject to the approval of the Central Government and other authorities, if applicable, the consent of the Members of the Company be and is hereby granted for the reappointment and remuneration of Lt. Gen. Baldev Singh (Retd.) (DIN: 00006966) as President and Senior Executive Director of the Company liable to retire by rotation for a period of three years i.e. w.e.f April 01, 2018 to March 31, 2021 on the following terms and conditions:

1. Consolidated annual salary of Rs. 4,205,000/- (Rupees Forty Two Lakhs Five Thousand only).
2. Periodic bonus as per the incentive scheme of the Company subject to a maximum of Rs. 30 lakhs (Rupees Thirty Lakhs only) per annum.
3. A chauffeur driven car for official purpose only and reimbursement of fuel and maintenance expenses subject to a maximum of Rs. 150,000 (Rupees one lakh fifty thousand only) per annum.
4. Reimbursement of telephone bills and internet bills for his residence subject to a maximum of Rs. 50,000 (Rupees fifty thousand only) per annum.
5. He will also be eligible for the reimbursement of Medical Expenses incurred, for himself and his family only on actual incurred basis.
6. Leave travel assistance amounting to one ticket to USA once in a year. This may be in the form of one US ticket for any person to either accompany him on a business trip or just independent of his business trip.
7. He will be entitled to participate in Company’s stock options plan approved by the board from time to time.
8. He will be entitled for payment of gratuity as per the policy of the Company.

9. He will be entitled for a bonus up to Rs. 600,000 (Rupees Six lakh only) at the end of the every year subject to overall customer satisfaction, employee motivation & morale, growth in revenue & profitability with approval of the Managing Director.
10. He will be entitled to a maximum annual increment of 15% per annum on his consolidated annual salary of the immediate preceding year at the discretion of the Managing Director.
11. The revised compensation plan replaces all existing compensation plans, benefits and perquisites.

**RESOLVED FURTHER THAT** in the event of absence or inadequacy of profits in any financial year during the tenure of Lt. Gen. Baldev Singh (Retd.) as the President and Senior Executive Director of the Company, the Company shall pay him the remuneration as specified above as minimum remuneration.

**RESOLVED FURTHER THAT** Lt. Gen. Baldev Singh (Retd.) shall work under the superintendence and control of the Board of Directors and shall be responsible for the management of all Noida operations and is also empowered to do all such acts, deeds, matters and things as deemed necessary or expedient for carrying on the business of the Company, including power to appoint, suspend and dismiss any officer, staff or workman of the Company, to incur capital or revenue expenditure on behalf of the Company, to sell any old or used assets of the Company in compliance with the applicable internal checks and control systems, entering into contracts, taking suitable legal actions, operating of bank accounts, making investments and such other subjects as may be assigned to him by the Board of Directors.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary, proper or expedient, to give effect to this resolution and the Board may, by a resolution delegate the aforementioned power to any committee of Directors, Managing Director or any other principal officer of the Company on such conditions as the Board of Directors may prescribe."

5. To consider and approve the appointment and remuneration of Mr. Avirag Jain (DIN: 00004801) as Director & Chief Technology Officer of the Company and if thought fit, to pass with or without modification(s), the following resolution as a **SPECIAL RESOLUTION**:

**RESOLVED THAT** pursuant to applicable provisions of the Companies Act, 2013 and rules made thereunder (including any statutory modification or re-enactment(s) thereof, for the time being in force) (the "Act") and the Articles of Association of the Company, Mr. Avirag Jain (DIN: 00004801) who was appointed as Additional Director and Whole-time Director of the Company by the Board of Directors of the Company for three years w.e.f. August 03, 2017 and who holds the office until the date of the next Annual General Meeting in terms of section 161 of the Act, and in respect of whom the Company has received a notice in writing from a member under section 160 of the Companies

Act, 2013 signifying his intension to propose Mr. Avirag Jain as a candidate for the office of a Director of the Company, be and is hereby appointed as a Director of the Company liable to retire by rotation.

**RESOLVED FURTHER THAT** pursuant to the provisions of Section 196, 197, 198 read with Schedule V, and other applicable provisions, if any, of the Act and applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the Articles of Association of the Company, subject to the approval of the Central Government and other authorities, if applicable, the consent of the Members of the Company be and is hereby accorded for appointment and remuneration of Mr. Avirag Jain (DIN: 00004801) as a Whole-time Director (Designated as Director & Chief Technology Officer) of the Company, for a period of three years w.e.f. August 03, 2017 on the following remuneration:

1. Fixed Gross annual salary of Rs. 5,140,740/- (Rupees Fifty One Lakhs Forty Thousand Seven Hundred Forty Only).
2. He will be entitled for a variable performance incentive up to a maximum of Rs. 2,860,000 (Rupees Twenty Eight Lakhs Sixty Thousand Only) as per laid down criteria by the Company.
3. He will be eligible for Company maintained car, Group Mediclaim, Personal Accident Insurance, Term Insurance and other employment benefits as per the policy of the Company.
4. He will be entitled up to a maximum annual increment of 10% per annum on his gross annual salary of the immediate preceding year with the approval of the Managing Director falling due on January 01, 2018, January 01, 2019 and January 01, 2020.

**RESOLVED FURTHER THAT** in the event of absence or inadequacy of profits in any financial year during the tenure of Mr. Avirag Jain as Director & Chief Technology Officer of the Company, the Company shall pay him the remuneration as specified above as minimum remuneration.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary, proper or expedient, to give effect to this resolution and the Board may, by a resolution delegate the aforementioned power to any committee of Directors, the Managing Director, Director or any other principal officer of the Company on such conditions as the Board of Directors may prescribe."

By Order of the Board  
For R Systems International Limited

Sd/-

**Bhasker Dubey**

Place : NOIDA (U.P.)

Date : April 18, 2018

(Company Secretary & Compliance Officer)



## NOTES

- (i) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY SO APPOINTED NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES IN ORDER TO BE EFFECTIVE SHOULD BE DULY COMPLETED, STAMPED AND SIGNED AND MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE AFORESAID MEETING.**
- (ii) Pursuant to Section 105 of Companies Act, 2013 and rules made thereunder, a person shall not act as a proxy for more than 50 members and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. However, a member holding more than ten percent of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person.
- (iii) Corporate members intending to send their authorised representatives are requested to send a duly certified copy of the board or governing body resolution authorising the representatives to attend and vote at the Annual General Meeting.
- (iv) Members / proxies attending the meeting are requested to:
- bring their copies of annual report sent to the members, as copies of the annual report shall not be distributed at the Annual General Meeting;
  - note that no gift coupons shall be distributed at the Annual General Meeting; and
  - quote their Folio / Client ID and DP ID number in all correspondences.
- (v) The register of members and share transfer books of the Company shall remain closed from May 24, 2018 to May 25, 2018 (both days inclusive) for the purpose of Annual General Meeting.
- (vi) Members holding shares in electronic form are advised to notify the changes, if any, in their address / bank details / mandate to their respective depository participants.
- (vii) Any query proposed to be raised at the Annual General Meeting may be sent to the Company at its registered office or Corporate Office at least seven days prior to the date of the meeting to enable the management to compile the relevant information to respond to the query in the meeting. The envelope may please be superscribed "Attention: Mr. Bhasker Dubey, Company Secretary & Compliance Officer".
- (viii) Members holding shares in physical form, may write to the Company or to the registrar and share transfer agent Link Intime India Private Limited for any change in their addresses and bank mandate. Members holding shares in electronic form may write to their depository participants for immediate updation.
- (ix) The statutory register maintained under Section 189 of the Companies Act, 2013 and Section 170 of the Companies Act, 2013, the certificate of the auditors of the Company certifying the implementation of the Company's stock option plans / schemes in accordance with the SEBI (Share Based Employee Benefits) Regulations, 2014 as amended and the resolutions passed by the members in the general meeting, will be available at the venue of the Annual General Meeting for inspection by members.
- (x) All documents referred to in the Notice and accompanying explanatory statements as well as the annual accounts of the subsidiaries etc., are open for inspection at the registered office/ corporate office of the Company on all working days between 11:00 A.M. to 02:00 P.M. up to the date of the Annual General Meeting.
- (xi) Members / proxies are requested to bring the attendance slips duly filled in and signed for attending the Meeting.
- (xii) Pursuant to the provisions of Section 72 of the Companies Act, 2013, shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in Form SH-13 (which will be made available on request) to the registrar and share transfer agent Link Intime India Private Limited or can be downloaded from the following URL [http://www.rsystems.com/investors/download\\_index.aspx](http://www.rsystems.com/investors/download_index.aspx).
- (xiii) Pursuant to provisions of Section 124 of the Companies Act, 2013, dividend which remains unpaid or unclaimed for a period of seven years from the date of its transfer to unpaid dividend account, is required to be transferred by the Company to Investor Education and Protection Fund ('IEPF'), established by the Central Government under the provisions of Section 125 of the Companies Act, 2013. Shareholders are advised to claim the unclaimed dividend lying in the unpaid dividend account from the Company's registrar and share transfer agent Link Intime India Private Limited or directly from the Company. It may be noted that once the unclaimed dividend is transferred to IEPF of the Central Government as above, no claim shall lie in respect thereof against the Company.
- (xiv) As per Section 124 of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, shares on which dividend remains unpaid / unclaimed for seven consecutive years are required to be compulsorily transferred to IEPF. The Company has individually sent notices to such members whose shares are required to be transferred to the demat Account of IEPF Authority. An advertisement to this effect was also published in leading English and Hindi Newspapers on March 23, 2017. The Company has also uploaded the details of such members and the shares due for transfer to the demat account of IEPF Authority on its website at the following link: [http://www.rsystems.com/investors/InvestorEducation/investoreducation\\_details2010.aspx](http://www.rsystems.com/investors/InvestorEducation/investoreducation_details2010.aspx).
- (xv) As a part of its green initiative in Corporate Governance, the Ministry of Corporate Affairs, Government of India had allowed

companies to send various notices/documents to their Members through electronic mail. In terms of the provisions of the Companies Act, 2013, a company can serve Notice of the General Meeting of Members, Annual Report through electronic mode to the shareholders who have registered their e-mail address either with the Company or with the Depository Participant. Accordingly, the Annual Report of the Company comprising of Directors' Report, Auditors' Reports, Financial Statement, Notice, etc. are being sent on the email addresses of the members made available to the Company by the Depositories (NSDL/CDSL) or as registered by the Members with the Company or RTA of the Company.

(xvi) The Annual Report for the year ended December 31, 2017 and Notice for convening the Twenty Fourth Annual General Meeting of the Company being circulated to the members of the Company is available on the Company's website, viz. [http://www.rsystems.com/investors/Annual\\_reports.aspx](http://www.rsystems.com/investors/Annual_reports.aspx).

(xvii) Members who have not registered their e-mail addresses so far are requested to register their e-mail addresses to their Depository Participant for receiving all communications including Annual Report, Notices etc. from the Company in electronic mode.

(xviii) Additional information, pursuant to Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015 ("Listing Regulations") in respect of directors recommended for approval of appointment/reappointments at the Annual General Meeting and Explanatory Statement as required under Section 102 of the Companies Act, 2013, in respect of special business under item numbers 04 and 05 of the Notice is appended hereto and forms part of this Notice.

(xix) In compliance with the provisions of Regulations 44 of the Listing Regulations and Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 the Company is pleased to provide electronic voting facility to its members for transacting all the businesses as stated in the Notice for the Twenty Fourth Annual General Meeting of the Company through remote e-voting services being provided by Central Depository Services (India) Limited (CDSL).

**The instructions for shareholders for remote e-voting are as under:**

1. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.
2. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
3. The remote e-voting period shall begins on Tuesday, May 22, 2018 at 10:00 a.m. and ends on Thursday, May 24, 2018 at 05:00 p.m. During this period shareholders' of the Company, holding shares either in physical form or

in dematerialized form, as on the cut-off date of Friday May 18, 2018, may cast their vote electronically. The remote e-voting module shall be disabled by CDSL for voting thereafter.

4. The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
5. Click on Shareholders.
6. Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
7. Next enter the Image Verification as displayed and Click on Login.
8. If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
9. If you are a first time user follow the steps given below:

**For Members holding shares in Demat Form and Physical Form**

PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>• Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on the attendance slip indicated in the PAN field.</li> </ul>
Dividend Bank Details or Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the Company records in order to login.</p> <ul style="list-style-type: none"> <li>• if both the details are not recorded with the depository or Company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction 6.</li> </ul>

10. After entering these details appropriately, click on "SUBMIT" tab.
11. Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly

note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for remote e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

12. For Members holding shares in physical form, the details can be used only for remote e-voting on the resolutions contained in this Notice.
  13. Click on the EVSN for the relevant <Company Name> (R Systems International Limited) on which you choose to vote.
  14. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
  15. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
  16. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
  17. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
  18. You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
  19. If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
  20. Note for Non – Individual Shareholders and Custodians
    - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
    - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
    - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
    - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
  21. Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows Phone users can download the app from the APP store and the Windows phone store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
  22. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- (xx) The voting rights of Shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date i.e. Friday, May 18, 2018.
  - (xxi) Members are requested to notify the change in the address, if any, in case of shares held in electronic form to the concerned Depository Participant quoting their Client ID and in case of Physical shares to the Registrar and Transfer Agent.
  - (xxii) Mr. Sanjay Grover, Company Secretary in whole time practice (C.P No. 3850), has been appointed as the Scrutinizer to scrutinize the remote voting process in a fair and transparent manner.
  - (xxiii) The Scrutinizer shall after the conclusion of voting at the AGM, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than forty eight hours of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
  - (xxiv) The results of remote e-voting and poll on the resolutions shall be aggregated and declared on or after the AGM of the Company. Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the AGM.
  - (xxv) The Results shall be declared on or after the AGM of the Company. The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company i.e. [www.rsystems.com](http://www.rsystems.com) and on the website of CDSL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the Stock Exchanges i.e. National Stock Exchange of India Limited and BSE Limited.
  - (xxvi) Route map of the venue of the Twenty Fourth Annual General Meeting is enclosed.

## EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

### **Item No. 04**

Lt. Gen. Baldev Singh (Retd.) aged about 77 years has more than 51 years of experience, including handling top managerial, diplomatic and human resource development related assignments. Mr. Singh has a Masters in Military Sciences from the prestigious Madras University in India and attended two short courses at University of California at Berkeley, in Strategic Account Management and Marketing. Lt. Gen. Baldev Singh (Retd.) joined the Board of R Systems on September 01, 1997. Since then he is continuously providing his guidance and support on the Board. Presently, Mr. Singh is heading the entire Noida IT and BPO Operations and his presence is crucial for the effective and efficient operations of the business. Lt. Gen. Baldev Singh (Retd.) was reappointed as President and Senior Executive Director of the Company for a term of three years i.e. from April 01, 2015 to April 01, 2018. The present term of his appointment has completed and considering continued need of his services for the success of the Company, the Board on the recommendation of the Nomination & Remuneration Committee and subject to the approval of the Members, Central Government and other authorities, if applicable, has reappointed him for a further period of three years i.e. w.e.f. April 01, 2018 to March 31, 2021.

As on the date of this notice, Lt. Gen. Baldev Singh (Retd.) holds 111,498 equity shares of Re. 1/- each being 0.09% of the total paid up share capital of the Company. Apart from the employment benefits as President and Senior Executive Director of R Systems, he does not have any pecuniary or other relationship with the Company. Further, he does not hold any office of director / member in other company's board / committee.

Lt. Gen. Baldev Singh (Retd.) is not disqualified from being re-appointed as a Director in terms of Section 164 of the Act and he has given consent to act as President and Senior Executive Director of the Company.

None of the directors, KMPs and their relatives except Lt. Gen. Baldev Singh (Retd.) being appointee and Mr. Satinder Singh Rekhi being the relative of Lt. Gen. Baldev Singh (Retd.) is concerned or interested, financially or otherwise in the proposed resolution.

A brief profile of Lt. Gen. Baldev Singh (Retd.) including nature of his expertise and other disclosure as required under Regulation 36(3) of the Listing Regulations, is provided at "Annexure A" of this Notice. Terms & conditions of re-appointment of Lt. Gen. Baldev Singh (Retd.) as President and Senior Executive Director are open for inspection without any fee by any member at the registered office of the Company as per the details mentioned in note x.

The Board recommends the resolution at Item No. 04 in relation to the reappointment and remuneration of Lt. Gen. Baldev Singh (Retd.) as President and Senior Executive Director of the Company for the approval by the shareholders by way of Special Resolution.

### **Statement as required under Section II, Part II of the Schedule V of the Companies Act, 2013 with reference to the Resolution at Item No. 04 of the notice for the Twenty Fourth Annual General Meeting of R Systems International Limited**

#### **I. GENERAL INFORMATION**

1) Nature of Industry:

The Company is engaged in the business of providing software engineering, information technology services and business process outsourcing services.

2) Date or expected date of commencement of commercial production:

The Company is already in existence and is in operation since May 14, 1993.

3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:

Not Applicable.

## 4) Financial performance based on given indicators:

Financial performance of the Company for last 3 years is as follows:

(Rs. in million)

Particulars	Financial Year ended		
	31.12.2017	31.12.2016	31.12.2015
<b>Total revenue</b>	<b>2,771.26</b>	<b>2,755.44</b>	<b>2,988.83</b>
Profit before depreciation, exceptional items and tax	430.58	636.71	625.70
Less : Depreciation & amortisation	73.74	69.30	95.81
Add : Exceptional items*	-	46.35	648.07
<b>Profit before tax</b>	<b>356.84</b>	<b>613.76</b>	<b>1,177.96</b>
Less : Current tax (net of MAT credit)	127.34	209.82	262.82
Less : Deferred tax charge / (credit)	(9.33)	(8.20)	8.70
<b>Profit after tax (A)</b>	<b>238.83</b>	<b>412.14</b>	<b>906.44</b>
<b>Balance as per last financial statement</b>	<b>1,197.94</b>	<b>785.80</b>	<b>494.41</b>
<b>Add: Profit for the current year</b>	<b>238.83</b>	<b>412.14</b>	<b>906.44</b>
Less: Appropriation			
Interim Dividend Paid	-	-	501.10
Tax on Interim Dividend	-	-	102.27
Adjustment on account of aligning the useful life of fixed asset in accordance with Schedule II of the Companies Act, 2013 (net of tax)	-	-	12.45
Proposed dividend written back on buy back (including CDT)	-	-	(0.77)
<b>Total Appropriation</b>	<b>-</b>	<b>-</b>	<b>615.05</b>
<b>Net surplus in the statement of profit and loss</b>	<b>1,436.77</b>	<b>1,197.94</b>	<b>785.80</b>

## \* Exceptional Item

(Rs. in million)

Particulars	For the year ended		
	31.12.2017	31.12.2016	31.12.2015
Profit on sale of investment	-	37.18	-
Profit on sale of undertaking	-	9.17	564.43
Profit on sale of subsidiaries	-	-	26.63
Deferred compensation payable written back	-	-	12.61
Provision for diminution in the value of investment written back	-	-	44.40
<b>Total</b>	<b>-</b>	<b>46.35</b>	<b>648.07</b>

## 5) Foreign investments or collaborators, if any:

R Systems has investments from non-residents and foreign bodies corporate and R Systems has made investments outside India. As on date, R Systems has six subsidiaries which are incorporated and based outside India and one step down subsidiary incorporated and based in India. Out of the said six overseas subsidiaries, ECnet Limited, based in Singapore has six subsidiaries, Computaris International Limited, based in United Kingdom has six subsidiaries and R Systems (Singapore) Pte Limited has one subsidiary which further has six down subsidiaries. So, R Systems has in aggregate of twenty four subsidiaries incorporated outside India and one step down subsidiary incorporated and based in India.

6) Export performance and net foreign exchange collaborations:

R Systems has investments from non-residents and foreign bodies corporate. Foreign exchange earnings and outgo of the Company for last 3 years is as follows:

(Rs. in million)

	Financial Year ended		
	31.12.2017	31.12.2016	31.12.2015
Earnings (Accrual Basis)	2,586.04	2,594.89	2,638.34
Expenditure (Accrual Basis)	343.98	356.32	423.67
CIF value of imports	26.68	66.53	39.73

II. INFORMATION ABOUT THE APPOINTEE

1) Background details:

Lt. Gen. Baldev Singh (Retd.) aged about 77 years has more than 51 years of experience, including handling top managerial, diplomatic and human resource development related assignments. Mr. Singh has a Masters in Military Sciences from the prestigious Madras University in India and attended two short courses at University of California at Berkeley, in Strategic Account Management and Marketing.

Lt. Gen. Baldev Singh (Retd.) joined the Board of R Systems on September 01, 1997. Since then he is continuously providing his guidance and support on the Board. Presently, Lt. Gen. Baldev Singh (Retd.) is heading the entire Noida IT and BPO Operations and his presence is crucial for the effective and efficient operations of the business. Lt. Gen. Baldev Singh (Retd.) is related to Mr. Satinder Singh Rekhi.

2) Past remuneration:

Remuneration paid during the last three financial year

(Amount in Rs.)

For the year ended	Total Cost to the Company	Per Month
December 31, 2017	6,628,424	552,369
December 31, 2016	6,642,053	553,504
December 31, 2015	6,265,670	522,140

3) Recognition or awards:

Lt. Gen. Baldev Singh (Retd.) has a Masters in Military Sciences from the prestigious Madras University in India and attended two short courses at University of California at Berkeley, in Strategic Account Management and Marketing.

4) Job profile and his suitability:

Lt. Gen. Baldev Singh (Retd.), being the President and Senior Executive Director of R Systems is heading the entire Noida IT and BPO Operations. Lt. Gen. Baldev Singh (Retd.) aged about 77 years has more than 51 years of experience, including handling top managerial, diplomatic and human resource development related assignments. Mr. Singh has a Masters in Military Sciences from the prestigious Madras University in India and attended two short courses at University of California at Berkeley, in Strategic Account Management and Marketing.

He had joined the Board of R Systems on September 01, 1997. Since then he is continuously providing his guidance and support on the Board and his presence is crucial for the effective and efficient operations of the business. R Systems will benefit from his capabilities and therefore the Board wishes to reappoint him as the President and Senior Executive Director of the Company.

5) Remuneration proposed:

Lt. Gen. Baldev Singh (Retd.) is proposed to be reappointed on the following remuneration:

- Consolidated annual salary of Rs. 4,205,000/- (Rupees Forty Two Lakhs Five Thousand Only).
- Periodic bonus as per the incentive scheme of the Company subject to a maximum of Rs. 30 lakhs (Rupees Thirty Lakhs Only) per annum.
- A chauffeur driven car for official purpose only and reimbursement of fuel and maintenance expenses subject to a maximum of Rs. 150,000 (Rupees One Lakh Fifty Thousand Only) per annum.

- d) Reimbursement of telephone bills and internet bills for his residence subject to a maximum of Rs. 50,000 (Rupees Fifty Thousand Only) per annum.
  - e) He will also be eligible for the reimbursement of Medical Expenses incurred, for himself and his family only on actual incurred basis.
  - f) Leave travel assistance amounting to one ticket to USA once in a year. This may be in the form of one US ticket for any person to either accompany him on a business trip or just independent of his business trip.
  - g) He will be entitled to participate in Company's stock options plan approved by the board from time to time.
  - h) He will be entitled for payment of gratuity as per the policy of the Company.
  - i) He will be entitled for a bonus up to Rs. 600,000 (Six Lakhs Only) at the end of the every year subject to overall customer satisfaction, employee motivation & morale, growth in revenue & profitability with approval of the Managing Director.
  - j) He will be entitled to a maximum annual increment of 15% per annum on his consolidated annual salary of the immediate preceding year at the discretion of the Managing Director.
  - k) The revised compensation plan replaces all existing compensation plans, benefits and perquisites.
- 6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin):

The proposed remuneration is reasonably justified in comparison with the general market trends and remuneration package of top-level managerial persons having comparable qualification and experience.

- 7) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any:

As on the date of this notice, Lt. Gen. Baldev Singh (Retd.) holds 111,498 equity shares of Re. 1/- each being 0.09% of the total paid up share capital in R Systems. Apart from the employment benefits as President and Senior Executive Director of R Systems, he does not have any pecuniary or other relationship with the Company. As on the date of this report, he had no Stock Options in force.

Lt. Gen. Baldev Singh (Retd.) is related to Mr. Satinder Singh Rekhi, Managing Director of the Company.

### III. OTHER INFORMATION

- (1) Reasons of loss or inadequate profits:

The Company has made a reasonable profit during the last financial year ended on December 31, 2017. During the year under review R Systems total income was Rs. 2,771.26 mn. as against Rs. 2,755.44 mn. during the same period in the previous year. Profit after tax for the year ended on December 31, 2017 was Rs. 238.83 mn. as against Rs. 412.14 mn. during the same period in the previous year.

- (2) Steps taken or proposed to be taken for improvement:

R Systems management process involves taking continuous steps to improve performance through growth in revenues, managing costs and improving productivity. The financial strategy involves maintaining a secure financial position, managing risks and ensuring accurate and timely reporting of performance.

- (3) Expected increase in productivity and profits in measurable terms:

Barring unforeseen circumstances, R Systems expects to close the current financial year with improved sales and profitability.

### IV. DISCLOSURES

- (1) Remuneration package of the managerial person: Same is fully described in the respective Resolution and/or Explanatory Statement;
- (2) Following disclosures in the Board of Directors' report under the heading 'Corporate Governance' has been attached to this Annual Report in respect of the:
  - (i) All elements of remuneration package such as salary, benefits, stock options, pension etc. of all the directors;
  - (ii) Details of fixed component and performance linked incentives along with the performance criteria;
  - (iii) Service contracts, notice period, severance fees;
  - (iv) Stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable.

### Item No. 05

The Board, upon recommendation of Nomination & Remuneration Committee, at its meeting held on August 03, 2017 appointed Mr. Avirag Jain, as an Additional Director and subject to shareholders approval appointed him Whole-time Director (Designated as Director & Chief Technology Officer) for a period of three years w.e.f. August 03, 2017.

Mr. Avirag Jain aged about 52 years has more than 25 years of rich experience in managing large on-site, off-site and offshore projects in Banking, Telecom, Healthcare and other domains. He is heading the on-site, off-site and Offshore Delivery of R Systems for more than 20 years. Mr. Jain is a strong technocrat with blend of managerial, people and customer skills. Mr. Avirag Jain is a Graduate in Science and an MBA in Finance and International business from IMT, Ghaziabad. He also has a post-graduate diploma in Cyber Law from the Asian School of Cyber Law, Pune, apart from several certifications on diverse technology and management subjects.

The Company has received notice in writing under the provisions of section 160 of the Companies Act, 2013, from a member proposing the candidature of Mr. Avirag Jain for the office of Director.

As on the date of this notice, Mr. Avirag Jain holds 100 equity shares of Re. 1/- each being negligible percentage of the total paid up share capital of the Company. Apart from the employment benefits as Director & Chief Technology Officer of R Systems, he does not have any pecuniary or other relationship with the Company. Further, he does not hold any office of director / member in other company's board / committee.

Mr. Jain is not disqualified from being appointed as a Director in terms of Section 164 of the Act and he has given consent to act as Director & Chief Technology Officer.

A brief profile of Mr. Avirag Jain including nature of his expertise and other disclosure as required under Regulation 36(3) of the Listing Regulations, is provided at "Annexure A" of this Notice. Terms & conditions of appointment of the Mr. Avirag Jain as Director & Chief Technology Officer are open for inspection without any fee by any member at the registered office of the Company as per the details mentioned in note x.

Except Mr. Jain, being appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolution set out at item No. 05.

The Board recommends the resolution at Item No. 05 in relation to the appointment and remuneration of Mr. Avirag Jain as Director & Chief Technology Officer of the Company for the approval by the shareholders by way of Special Resolution.

### Statement as required under Section II, Part II of the Schedule V of the Companies Act, 2013 with reference to the Resolution at Item No. 05 of the notice for the Twenty Fourth Annual General Meeting of R Systems International Limited

#### I GENERAL INFORMATION

1) Nature of Industry:

The Company is engaged in the business of providing software engineering, information technology services and business process outsourcing services.

2) Date or expected date of commencement of commercial production:

The Company is already in existence and is in operation since May 14, 1993.

3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:

Not Applicable.

4) Financial performance based on given indicators:

Financial performance of the Company for last 3 years is as follows:

(Rs. in million)

Particulars	Financial Year ended		
	31.12.2017	31.12.2016	31.12.2015
<b>Total revenue</b>	<b>2,771.26</b>	<b>2,755.44</b>	<b>2,988.83</b>
Profit before depreciation, exceptional items and tax	430.58	636.71	625.70
Less : Depreciation & amortisation	73.74	69.30	95.81
Add : Exceptional items*	-	46.35	648.07
<b>Profit before tax</b>	<b>356.84</b>	<b>613.76</b>	<b>1,177.96</b>
Less : Current tax (net of MAT credit)	127.34	209.82	262.82



Particulars	Financial Year ended		
	31.12.2017	31.12.2016	31.12.2015
Less : Deferred tax charge / (credit)	(9.33)	(8.20)	8.70
<b>Profit after tax (A)</b>	<b>238.83</b>	<b>412.14</b>	<b>906.44</b>
<b>Balance as per last financial statement</b>	<b>1,197.94</b>	<b>785.80</b>	<b>494.41</b>
<b>Add: Profit for the current year</b>	<b>238.83</b>	<b>412.14</b>	<b>906.44</b>
Less: Appropriation			
Interim Dividend Paid	-	-	501.10
Tax on Interim Dividend	-	-	102.27
Adjustment on account of aligning the useful life of fixed asset in accordance with Schedule II of the Companies Act, 2013 (net of tax)	-	-	12.45
Proposed dividend written back on buy back (including CDT)	-	-	(0.77)
<b>Total Appropriation</b>	<b>-</b>	<b>-</b>	<b>615.05</b>
<b>Net surplus in the statement of profit and loss</b>	<b>1,436.77</b>	<b>1,197.94</b>	<b>785.80</b>

## \* Exceptional Item

(Rs. in million)

Particulars	For the year ended		
	31.12.2017	31.12.2016	31.12.2015
Profit on sale of investment	-	37.18	-
Profit on sale of undertaking	-	9.17	564.43
Profit on sale of subsidiaries	-	-	26.63
Deferrerd compensation payable written back	-	-	12.61
Provision for diminution in the value of investment written back	-	-	44.40
<b>Total</b>	<b>-</b>	<b>46.35</b>	<b>648.07</b>

## 5) Foreign investments or collaborators, if any:

R Systems has investments from non-residents and foreign bodies corporate and R Systems has made investments outside India. As on date, R Systems has six subsidiaries which are incorporated and based outside India and one step down subsidiary incorporated and based in India. Out of the said six overseas subsidiaries, ECnet Limited, based in Singapore has six subsidiaries, Computaris International Limited, based in United Kingdom has six subsidiaries and R Systems (Singapore) Pte Limited has one subsidiary which further has six down subsidiaries. So, R Systems has in aggregate of twenty four subsidiaries incorporated outside India and one step down subsidiary incorporated and based in India.

## 6) Export performance and net foreign exchange collaborations:

R Systems has investments from non-residents and foreign bodies corporate. Foreign exchange earnings and outgo of the Company for last 3 years is as follows:

(Rs. in million)

	Financial Year ended		
	31.12.2017	31.12.2016	31.12.2015
Earnings (Accrual Basis)	2,586.04	2,594.89	2,638.34
Expenditure (Accrual Basis)	343.98	356.32	423.67
CIF value of imports	26.68	66.53	39.73

## II INFORMATION ABOUT THE APPOINTEE

## 1) Background details:

Mr. Avirag Jain has more than 25 years of rich experience in managing large on-site, off-site and offshore projects in Banking, Telecom, Healthcare and other domains. He is heading the on-site off-site and Offshore Delivery of R Systems for more than 20 years. Mr. Jain is a

strong technocrat with blend of managerial, people and customer skills. Mr. Avirag Jain is a Graduate in Science and an MBA in Finance and International business from IMT, Ghaziabad. He also has a post-graduate diploma in Cyber Law from the Asian School of Cyber Law, Pune, apart from several certifications on diverse technology and management subjects.

2) Past remuneration:

Remuneration paid during the last three financial year

(Amount in Rs.)

For the year ended	Total Cost to the Company	Per Month
December 31, 2017	6,722,231	560,186
December 31, 2016	6,104,880	508,740
December 31, 2015	5,678,387	473,199

It may be noted that Mr. Avirag Jain was appointed as Additional Director and subject to shareholders approval was also appointed as Whole-time Director (designated as Director & Chief Technology Officer) w.e.f. August 03, 2017. Therefore, the details of remuneration paid to Mr. Avirag Jain prior to August 03, 2017 was given in the capacity of employee of the Company and not in the capacity of Director.

3) Recognition or awards:

Mr. Avirag Jain is a Graduate in Science and an MBA in Finance and International business from IMT, Ghaziabad. He also has a post-graduate diploma in Cyber Law from the Asian School of Cyber Law, Pune, apart from several certifications on diverse technology and management subjects.

4) Job profile and his suitability:

Mr. Avirag Jain, being the Director & Chief Technology Officer of R Systems is heading the on-site, off-site and Offshore Delivery of R Systems for more than 20 years. Mr. Avirag Jain has more than 25 years of rich experience in managing large on-site, off-site and offshore projects in Banking, Telecom, Healthcare and other domains. Mr. Avirag Jain is a Graduate in Science and an MBA in Finance and International business from IMT, Ghaziabad. He also has a post-graduate diploma in Cyber Law from the Asian School of Cyber Law, Pune, apart from several certifications on diverse technology and management subjects.

He is with R Systems since 1997. Since then he is continuously providing his guidance and support to the Company and his presence is crucial for the effective and efficient operations of the business. R Systems will benefit from his capabilities and therefore the Board wishes to appoint him as the Director & Chief Technology Officer of the Company.

5) Remuneration proposed:

Mr. Avirag Jain is proposed to be appointed on the following remuneration:

- Fixed Gross annual salary of Rs. 5,140,740/- (Rupees Fifty One Lakhs Forty Thousand Seven Hundred Forty Only).
- He will be entitled for a variable performance incentive up to a maximum of Rs. 2,860,000 (Rupees Twenty Eight Lakhs Sixty Thousand Only) as per laid down criteria by the Company.
- He will be eligible for Company maintained car, Group Mediclaim, Personal Accident Insurance, Term Insurance and other employment benefits as per the policy of the Company.
- He will be entitled up to a maximum annual increment of 10% per annum on his gross annual salary of the immediate preceding year with the approval of the Managing Director falling due on January 01, 2018, January 01, 2019 and January 01, 2020.

6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin):

The proposed remuneration is reasonably justified in comparison with the general market trends and remuneration package of top-level managerial persons having comparable qualification and experience.

7) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any:

As on the date of this notice, Mr. Avirag Jain holds 100 equity shares of Re. 1/- each being negligible percentage of the total paid up share capital in R Systems. Apart from the employment benefits as Director & Chief Technology Officer of R Systems, he does not have any pecuniary or other relationship with the Company. As on the date of this report, he has no Stock Options in force.

**III. OTHER INFORMATION**

## (1) Reasons of loss or inadequate profits:

The Company has made a reasonable profit during the last financial year ended on December 31, 2017. During the year under review R Systems total income was Rs. 2,771.26 mn. as against Rs. 2,755.44 mn. during the same period in the previous year. Profit after tax for the year ended on December 31, 2017 was Rs. 238.83 mn. as against Rs. 412.14 mn. during the same period in the previous year.

## (2) Steps taken or proposed to be taken for improvement:

R Systems management process involves taking continuous steps to improve performance through growth in revenues, managing costs and improving productivity. The financial strategy involves maintaining a secure financial position, managing risks and ensuring accurate and timely reporting of performance.

## (3) Expected increase in productivity and profits in measurable terms:

Barring unforeseen circumstances, R Systems expects to close the current financial year with improved sales and profitability.

**IV. DISCLOSURES**

- (1) Remuneration package of the managerial person: Same is fully described in the respective Resolution and/or Explanatory Statement;
- (2) Following disclosures in the Board of Directors' report under the heading 'Corporate Governance' has been attached to this Annual Report in respect of the:
  - (i) All elements of remuneration package such as salary, benefits, stock options, pension etc. of all the directors;
  - (ii) Details of fixed component and performance linked incentives along with the performance criteria;
  - (iii) Service contracts, notice period, severance fees;
  - (iv) Stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable.

By Order of the Board  
For R Systems International Limited

Place : NOIDA (U.P.)  
Date : April 18, 2018

**Sd/-**  
**Bhasker Dubey**  
(Company Secretary & Compliance Officer)

Annexure A

**Details of Directors seeking appointment/ re-appointment at the Annual General Meeting to be held on May 25, 2018**

(Pursuant to Regulation 36(3) of the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015

Name of Director	Lt. Gen. Baldev Singh (Retd.)	Mr. Avirag Jain
Date of Birth	September 21, 1940	March 28, 1966
Date of Appointment	September 1, 1997	August 3, 2017
Qualifications	Masters in Military Sciences- Madras University	Graduate in Science and an MBA in Finance and International business from IMT, Ghaziabad. Post-graduate diploma in Cyber Law from the Asian School of Cyber Law, Pune, apart from several certifications on diverse technology and management subjects.
Expertise in specific functional area	Lt. Gen. Baldev Singh (Retd.) has more than 51 years of experience, including handling top managerial, diplomatic and human resource development related assignments. Mr. Singh has a Masters in Military Sciences from the prestigious Madras University in India and attended two short courses at University of California at Berkeley, in Strategic Account Management and Marketing.	Mr. Avirag Jain has more than 25 years of rich experience in managing large on-site, off-site and Offshore projects in Banking, Telecom, Healthcare and other domains. He is heading the on site, off site and Offshore Delivery of R Systems since 1997. Mr. Jain is a strong technocrat with blend of managerial, people and customer skills.
Directorship held in other Companies as on date	Nil	Nil
Membership/ Chairmanship in Committees of other companies as on date	Nil	Nil
Number of shares held in Company as on December 31, 2017	111,498 equity shares	100 equity shares
Relationships between Directors inter-se	Lt. Gen. Baldev Singh (Retd.) is related to Mr. Satinder Singh Rekhi, Managing Director of the Company	Nil



# R SYSTEMS INTERNATIONAL LIMITED

[Corporate Identification Number – L74899DL1993PLC053579]  
 Registered Office: B-104 A, Greater Kailash – I, New Delhi – 110 048  
 Corporate Office: C-40, Sector -59, NOIDA, Distt. Gautam Budh Nagar, U.P. – 201 307, India  
 Tel.: +91 – 120- 4303500; Fax: +91 – 120 – 2587123  
 Website: [www.rsystems.com](http://www.rsystems.com); Email: [investors@rsystems.com](mailto:investors@rsystems.com)  
 Twenty Fourth Annual General Meeting to be held on Friday, May 25, 2018 at 9:00 A.M. at  
 Air Force Auditorium, Subroto Park, New Delhi - 110 010

## PROXY FORM (Form no. MGT-11)

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies  
(Management and Administration) Rules, 2014]

Name of the member (s).....

Registered address .....

E-mail Id..... Folio No. .... DP ID..... Client Id.....

I/We, being the member (s) of ..... shares of the R Systems International Limited, hereby appoint

1. Name :.....

Address :.....

E-mail Id :.....

Signature :.....or failing him

2. Name :.....

Address :.....

E-mail Id :.....

Signature :.....or failing him

3. Name :.....

Address :.....

E-mail Id :.....

Signature :.....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Twenty Fourth Annual General Meeting of the Company, to be held on Friday, May 25, 2018 at 9:00 A.M. at Air Force Auditorium, Subroto Park, New Delhi - 110 010 and at any adjournment thereof in respect of such resolutions as are indicated below:

### Ordinary business:

1. Adoption of Financial Statements.
2. Re-appointment of Lt. Gen. Baldev Singh (Retd.) (DIN: 00006966) who retires by rotation.
3. Ratification of Appointment of Statutory Auditors.

### Special Business:

4. Re-appointment and remuneration of Lt. Gen. Baldev Singh (Retd.) (DIN: 00006966) as President and Senior Executive Director of the Company.
5. Appointment and remuneration of Mr. Avirag Jain (DIN: 00004801) as Director & Chief Technology Officer of the Company.

Signed this.....day of..... 2018.

Signature of Shareholder

Signature of Proxy Holder(s)

Affix
Revenue
Stamp

**Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.**





# R SYSTEMS INTERNATIONAL LIMITED

[Corporate Identification Number – L74899DL1993PLC053579]  
 Registered Office: B-104 A, Greater Kailash – I, New Delhi – 110 048  
 Corporate Office: C-40, Sector -59, NOIDA, Distt. Gautam Budh Nagar, U.P. – 201 307, India  
 Tel.: +91 – 120- 4303500; Fax: +91 – 120 – 2587123  
 Website: [www.rsystems.com](http://www.rsystems.com); Email: [investors@rsystems.com](mailto:investors@rsystems.com)  
 Twenty Fourth Annual General Meeting to be held on Friday, May 25, 2018 at 9:00 A.M. at  
 Air Force Auditorium, Subroto Park, New Delhi - 110 010

## ATTENDANCE SLIP

Registered Folio No..... (or)

Demat Account No..... D.P. ID. No .....

Name of shareholder(s).....

I / We certify that I am / we are Member(s) / Proxy of the Member(s) of the Company holding..... shares.

I hereby record my presence at the Twenty Fourth Annual General Meeting of the Company to be held on Friday, May 25, 2018 at 9:00 A.M. at Air Force Auditorium, Subroto Park, New Delhi - 110 010

.....  
Signature of Member / Proxy

### Notes:

1. A member or his duly appointed Proxy wishing to attend the meeting must complete this Attendance Slip and hand it over at the entrance.
2. Name of the Proxy in Block letters ..... (in case the Proxy attends the meeting.)
3. Those who hold shares in Demat form to quote their Demat Account No. and Depository Participant (D.P.) ID. No.



### Electronic voting particulars

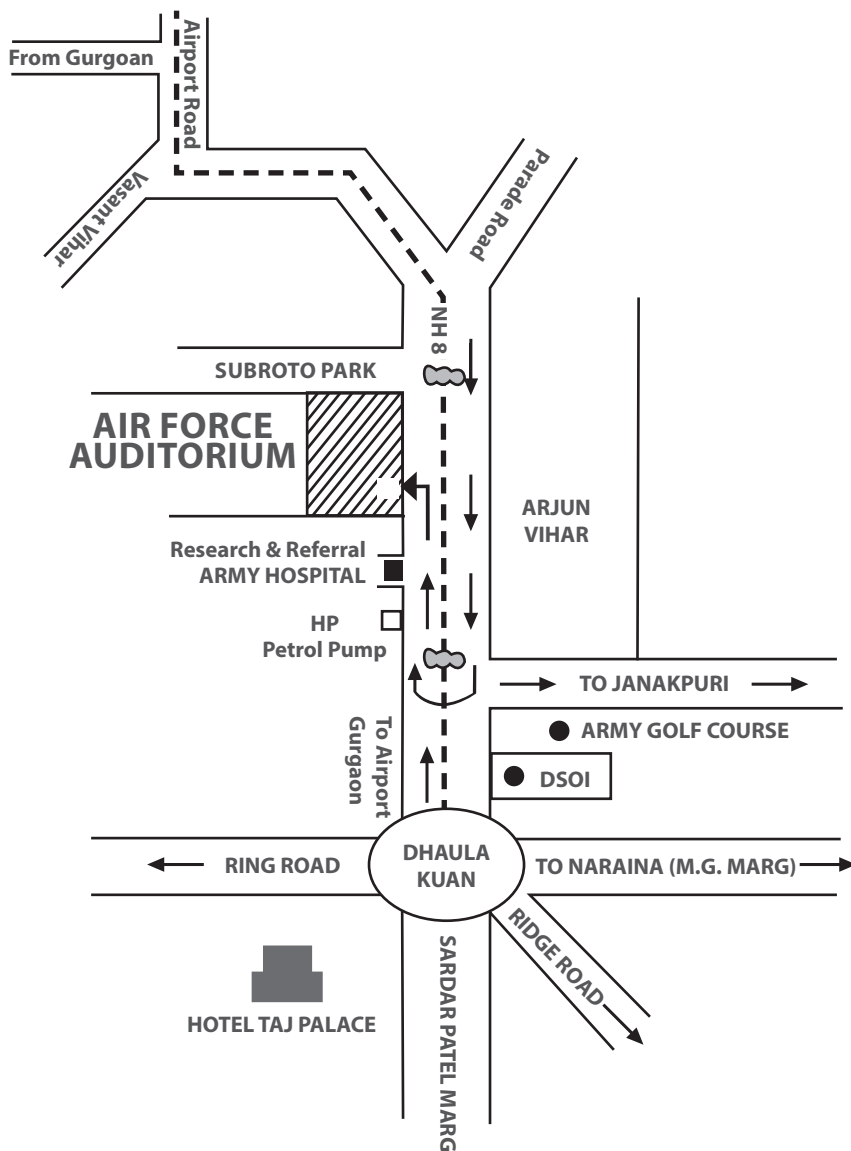
Electronic Voting Sequence No.	User ID	Sequence Number

**Note:** Please read the instructions printed under the Note No. xix to the Notice dated April 18, 2018 of the Twenty Fourth Annual General Meeting. The remote e-voting period starts from 10:00 a.m. (IST) on Tuesday, May 22, 2018 and ends at 05:00 p.m. (IST) on Thursday May 24, 2018. The voting module shall be disabled by CDSL for voting thereafter.





## Route map of the venue of 24<sup>th</sup> Annual General Meeting of R Systems International Limited



**Venue:** Air Force Auditorium, Subroto Park, New Delhi - 110 010

**Landmark:** Adjacent to Research & Referral, Army Hospital





*R Systems' journey of the last 25 years is similar to the journey of an oyster through the oceans of opportunities. An oyster travels across the oceans of opportunities and endures the challenges of the ocean currents in order to deliver value in the form of a pearl.*

*Similarly, we at R Systems, have grown in depth and expanded globally the scale of our operations by overcoming various odds and challenges in the last 25 years. In doing so, we have been delivering exceptional value to each of our stakeholders through our unstinted dedication, diligence and hard work.*



**R SYSTEMS INTERNATIONAL LIMITED**

**Registered Office**

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

**Corporate Office**

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

[www.rsystems.com](http://www.rsystems.com)

# YOUR **DIGITAL** TRANSFORMATION PARTNER



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## Statutory Reports



## Financial Statements



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### Safe Harbor Statement

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



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



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

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

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

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

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





# OUR DIGITAL CAPABILITIES

## ANALYTICS

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



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



### Solutions for Data and Speech Analytics

#### Medley

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

#### Analytics Gym

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

#### Anagram

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

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



## CLOUD COMPUTING

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

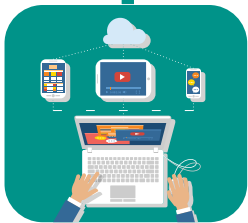
Our prime focus remains on maximizing clients' ROI by ensuring business agility, IT flexibility, and data security. Our cloud competencies have further deepened our project engineering competencies, with product companies opting for cloud route to be more agile and responsive in the evolving digital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

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



### Our Core Competencies in Cloud Computing

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



## MOBILITY

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



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

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



## INTERNET OF THINGS (IoT)

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

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

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

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



### Our IoT Offerings

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

# OUR DIGITAL SUCCESS STORIES

## Innovative Solution for Digital Media

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



## Modern Subscription Management & Provisioning Solution

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



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

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



## Transforming Healthcare

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



## Enabling Smart Banking

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



## Boosting Omnichannel Sales

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



## Optimizing Supply Chain Performance

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



## Automating Business Processes

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



# FINANCIAL HIGHLIGHTS

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

## FINANCIAL PERFORMANCE

(₹ in million)

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

## KEY RATIOS

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

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

\* Excluding exceptional items

## NOTES

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

EBT- Earnings before tax;

EAT - Earnings after tax;

Debt Equity ratio = Long Term Debt / Equity;

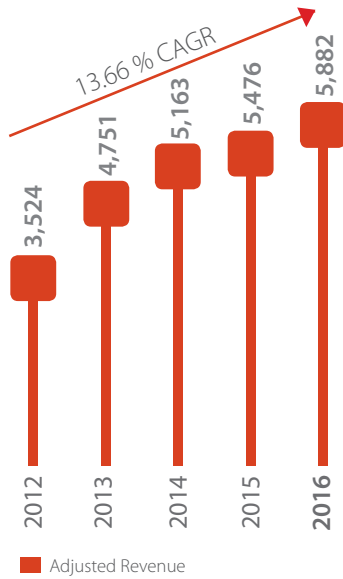
Days Sales Outstanding = Average Trade Receivables / Net Credit Sales\*360;

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

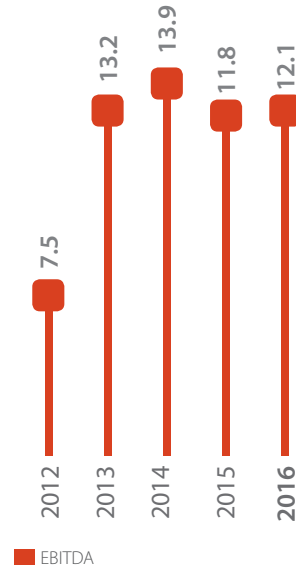
Cash Per Share = Cash and Bank Balances / Closing Outstanding No of Shares.

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

Revenue (₹ in million)

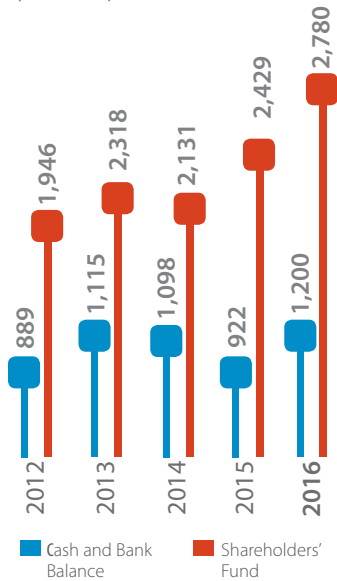


EBITDA (%)

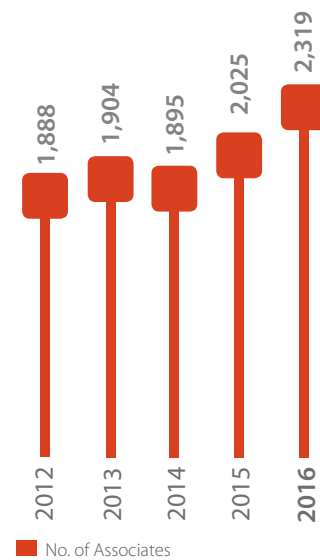


R Systems is a nearly debt-free company

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



Number of Associates\*



\* Excluding associates of businesses hived off

# Graphs not to scale

# FROM THE DESK OF **THE MANAGING DIRECTOR**



**Dear Stakeholders,**

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

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

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

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

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

**R Systems Digital Transformation Partner**

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

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

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

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

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

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

**R Systems in 2016**

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

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

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

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

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

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

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

### To Sum Up

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

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

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

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

Yours Sincerely,  
**Satinder Singh Rekhi**  
Managing Director



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



# FROM THE DESK OF SARTAJ REKHI



## Dear Stakeholders,

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

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

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

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

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

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

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

Yours Truly,  
**Sartaj Rekhi**

# WE ARE R SYSTEMS

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

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

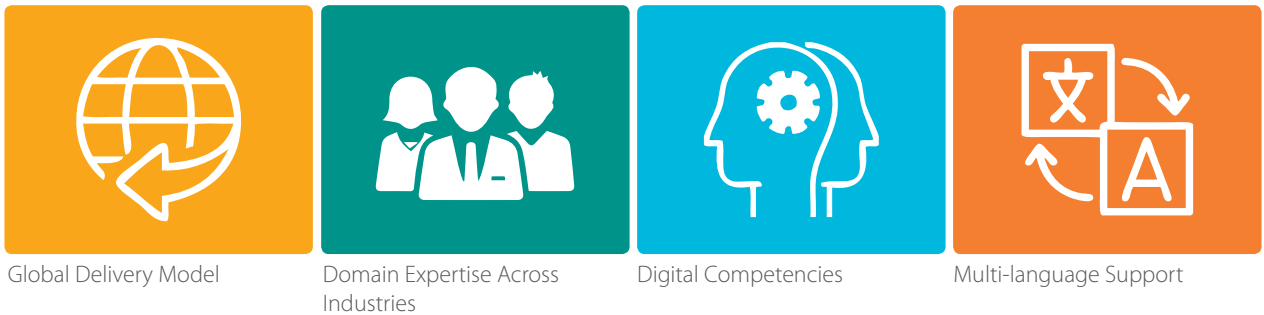
We possess some of the industry's highest

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

## R Systems in Numbers



## Our Edge



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

Our Global Presence



CMMI Level 5

PCMM Level 5

Certificates & Standards

ISO 27001: 2013

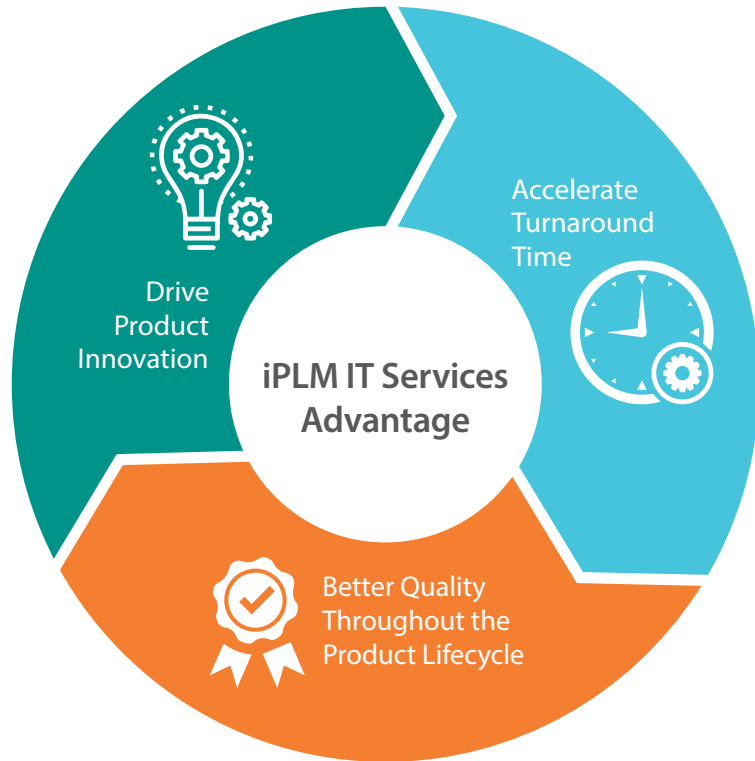
ISO 9001: 2008

# OUR SERVICES

## iPLM IT Services

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

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



**1350+**  
Expert Resources

**110+**  
Key Customers

## iPLM ITeS Services

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

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

**400+**  
Expert Resources

**10+**  
Key Customers

# OUR PACKAGED SOLUTION OFFERINGS

## Our Distinct Features

### ECnet

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

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

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

**100+**  
Expert Resources

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**20+**  
Key Customers

### IBIZ

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

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

**70+**  
Expert Resources

---

**20+**  
Key Customers

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

# OUR INDUSTRY VERTICALS

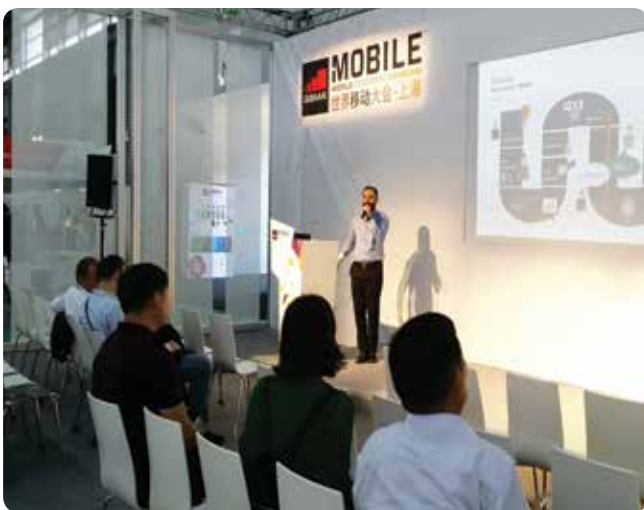
## TELECOM & DIGITAL MEDIA

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

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



Teaming up for Mobile World Congress, Barcelona: 2016



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



R Systems Associates at IBC 2016

## Core Competencies

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

## Services and Solutions in Telecom & Digital Media

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

## Key Highlights of 2016

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

## BANKING & FINANCE

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

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



Standing tall at ATMIA USA



## Core Competencies

### ATM Services

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

### Regulatory Compliance

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

### Retail Banking

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

### Channel Integration

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



## Services & Solutions in Banking and Finance

### Development Services

- Application Development
- Technology Migration
- Product Integration
- Mobile Banking Apps

### Support Services

- Application Testing
- Automated Testing
- Requirement Engineering
- Solution Designs
- Regulatory Compliance Testing

### Maintenance Services

- Application Maintenance
- Customization & Localization
- Client Care Support
- Analysis

## Key Highlights of 2016

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

## HEALTHCARE

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

healthcare players need a robust system and a sustainable delivery model in place.

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

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

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



Our Stand at the Summit



Executives engaged with customer interactions

## Core Services

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

## Services and Solutions in Healthcare

### Healthcare Provider

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

### Healthcare Payer

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

### Regulatory Compliance

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

## Key Highlights of 2016

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

## MANUFACTURING & LOGISTICS

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

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

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

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



Our associate enlightening the USP's of ECnet

### Core Competencies

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

### Services and Solutions in Manufacturing & Logistics

#### Supply Chain Solutions

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

#### Enterprise Solutions

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

#### System Integration

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

### Key Highlights of 2016

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

## RETAIL & E-COMMERCE

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

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

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

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



IBIZ Participants at Singapore Innovation and Productivity Conference 2016



### Core Competencies

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

## Services in Retail & E-Commerce

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

## Solutions in Retail & E-Commerce

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

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

# OUR CUSTOMERS SPEAK

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

**A Leading Provider of Enterprise Solutions to Non-Profit Organizations**



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

**A Leading ISV Providing Data Integration Solutions**

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

**A Leading IT Solution Provider for USA Healthcare Industry**



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

**A Renowned Bank in the USA**

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

A Leading Chain of Acute Care Hospitals in UK



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

A Leading Equipment Manufacturer in Singapore



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

A Leading Telecom Player



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

A Chinese Mining Company



# OUR DIGITAL WORK CULTURE

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

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

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

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

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



Our employees are valued, encouraged, and respected.



A glimpse from our Global Tech Meet



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



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

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

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

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

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



A vibrant workplace environment for everyone.

# TRANSFORMING LIVES THROUGH CSR

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



## Snapshot of our CSR initiatives during 2016:

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



# CORPORATE INFORMATION

## Board of Directors

(As on April 06, 2017)

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

## Chief Financial Officer

**Mr. Nand Sardana**

## Company Secretary and Compliance Officer

**Mr. Ashish Thakur**

## Committees of the Board of Directors Audit Committee

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

## Stakeholders Relationship Committee

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

## Nomination & Remuneration Committee

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

## Compensation Committee

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

## Corporate Social Responsibility Committee

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

## Registered Office

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

## Corporate Office

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

## Statutory Auditors

### S. R. Batliboi & Associates LLP

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

## Registrar & Share Transfer Agent

### Link Intime India Private Limited

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

## Bankers to the Company

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

## Listed At

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

## Subsidiaries of R Systems International Limited

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

## Subsidiary of R Systems (Singapore) Pte Limited

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

## Subsidiaries of IBIZ Consulting Pte. Ltd.

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

## Subsidiaries of ECnet Limited

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

## Subsidiaries of Computaris International Limited

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

## DIRECTORS' REPORT

### Dear Shareholders,

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

### 1. Financial Results

#### a. Standalone financial results of R Systems

(Rs. in Million)

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

\* refer Note No. 22 of standalone financial statements.

<sup>§</sup> refer Note No. 4 of standalone financial statements.

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

#### b. Consolidated financial results of R Systems and its Subsidiaries

(Rs. in Million)

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

\* refer Note No. 23 of consolidated financial statements.

<sup>§</sup> refer Note No. 4 of consolidated financial statements.

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

### 2. Results of Operations

#### Standalone Accounts

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

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

#### Consolidated Accounts

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

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

### 3. Appropriations and Reserves

#### Dividend

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

#### Transfer to Reserves

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

### 4. Business

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

#### iPLM Services Group

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

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

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

#### Solution Offerings

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

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

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

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

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

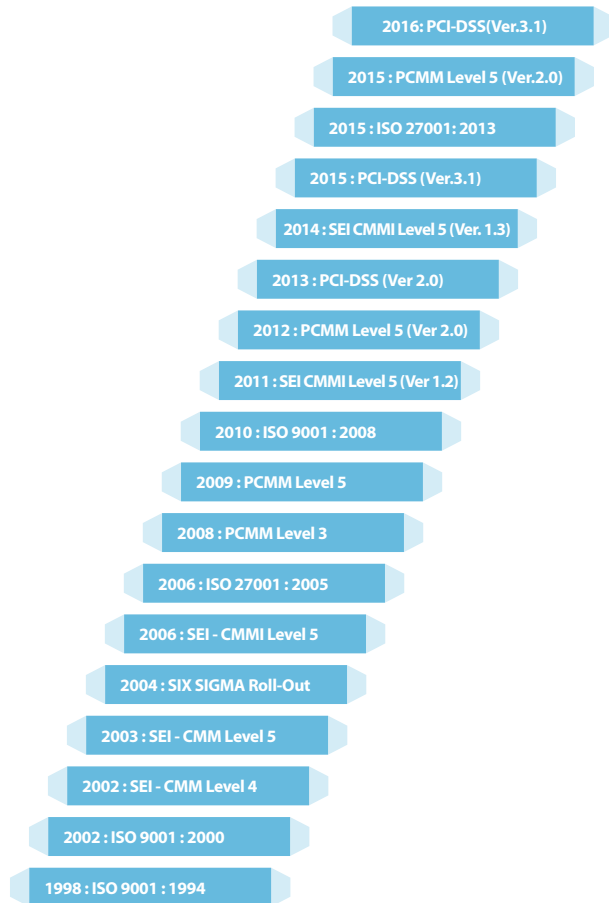
#### Customers and Delivery Centres

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

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


## 5. Quality

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



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

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

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

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

## 6. Directors

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

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

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

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

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

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

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

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

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

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

## 7. Employees Stock Option Plans / Schemes

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### Pro Forma adjusted Net Income and Earnings Per Share

(Amount in Rs.)

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

#### Weighted average exercise price of options granted during the year

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

#### Weighted average fair value of the options granted during the year

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

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

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

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

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

#### 8. Liquidity and Borrowings - Consolidated Financial Statement

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

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

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

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

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

## 9. Changes in the Capital Structure

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

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

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

## 10. BuyBack

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

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

## 11. Material changes affecting the financial position of the Company

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

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

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

### A. Conservation of Energy

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

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

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

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

### B. Technology absorption

#### 1. Efforts made towards technology absorption

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

#### 2. Benefits derived as a result of the above efforts

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

3. Technology imported during the last 3 years

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

4. Expenditure incurred on Research and development

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

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

**C. Foreign Exchange Earnings and Outgo (Accrual Basis)**

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

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

(Rs. in Million)

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

**13. Subsidiaries & other Corporate Restructuring**

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

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

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

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

<sup>®</sup> wholly owned subsidiaries of Computaris International Limited being 100% subsidiary of R Systems.

<sup>\*</sup> Wholly owned subsidiary of R Systems (Singapore) Pte Limited being 100% subsidiary of R Systems.

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

<sup>®</sup> Wholly owned subsidiary of IBIZ Consulting Services Limited - Hong Kong being 100% Subsidiary of IBIZ Consulting Pte. Ltd.

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

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

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

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

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

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

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

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

#### 14. Particulars of employees

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

#### 15 Directors' responsibility statement

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

- In the preparation of the annual accounts for the financial year ended December 31, 2016, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the Company for that period;
- the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

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

## 16. Auditors

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

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

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

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

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

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

## 17. Audit committee

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

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

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

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

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

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

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

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

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

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

## 19. Corporate Governance

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

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

#### 20. Deposits

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

#### 21. Customer relations

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

#### 22. Stakeholder's relations

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

#### 23. Management discussion and analysis report

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

#### 24. Secretarial Audit Report

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

#### 25. Vigil Mechanism / Whistle Blower Policy

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

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

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

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

#### 27. Meetings of the Board

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

#### 28. Board Evaluation

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

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

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

#### 30. Related Party Disclosure

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

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

### 31. Risk Management

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

### 32. Corporate Social Responsibility

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

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

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

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

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

### 33. Internal Control System and Internal Financial Controls

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

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

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

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

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

### 34. Extract of Annual Return

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

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

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

### 36. Acknowledgments

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

On behalf of the Board  
For R Systems International Limited

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

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

Place: Singapore  
Date: April 06, 2017

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



Annexure 'A' to the Directors' Report

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

On behalf of the Board  
For R Systems International Limited

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

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

Place: Singapore  
Date: April 06, 2017

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

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

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

**B. Employed part of the year**

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

\* Resigned during the year.

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

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

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

**Notes:**

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

On behalf of the Board

For R Systems International Limited

**Sd/-**

**Satinder Singh Rekhi**  
(Managing Director)

(DIN: 00006955)

Place : Singapore

Date : April 06, 2017

**Sd/-**  
**Lt. Gen. Baldev Singh (Retd.)**  
[President & Senior Executive Director]  
(DIN: 00006956)

Place : Noida

Date : April 06, 2017

## CORPORATE GOVERNANCE

### Report on Corporate Governance

#### 1. Company's Philosophy on Corporate Governance

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

#### 2. Board of Directors

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

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

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

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

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

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

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

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

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

\* Attendance by teleconference.

^ Attendance by videoconference.

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

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

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

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

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

## ii. Board Functioning & Procedures

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

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

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

## iii. Code of Conduct

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

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

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

### CODE OF CONDUCT DECLARATION

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

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

**Satinder Singh Rekhi**  
(Managing Director)

#### iv. Appointment / Reappointment of Directors

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**3.1. Audit Committee**

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

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

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

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

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

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

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

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

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

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

§ Attendance by teleconference.

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

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

**Powers of the Audit Committee**

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

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

**Terms of reference of the Audit Committee**

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

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

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

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

### 3.2. Nomination & Remuneration Committee

#### Brief description and terms of reference

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

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

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

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

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

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

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

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

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



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

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

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

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

§ Attendance by teleconference.

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

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

###### **General Criteria**

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

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

###### **Specific Criteria**

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

###### **PERFORMANCE EVALUATION**

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

###### **REMUNERATION POLICY**

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

###### **Executive Directors' Remuneration**

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

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

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

**Remuneration policy for the senior management employees**

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

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

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

**Remuneration for Non-Executive Directors**

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

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

(Amount in Rs.)

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

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

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

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

# During the year under review, Lt. Gen. Baldev Singh (Retd.) has no outstanding ESOPs.

The aforementioned directors' remuneration has been approved, by the Nomination & Remuneration Committee, the Board, the shareholders in the General Meeting and by the Central Government, whenever applicable. Further, Central Government approval for payment of remuneration to Mr. Satinder Singh Rekhi has been obtained under the provisions of the Companies Act, 2013.

#### Details of remuneration paid to the non-executive directors during the year ended December 31, 2016

As per the remuneration policy of R Systems, non-executive members of the Board shall be entitled for sitting fees for attending the meetings of the Board or committees thereof. The sitting fee shall be fixed by the Board of Directors from time to time in accordance with the provisions of the Companies Act, 2013 and other applicable provisions, if any. Non-Executive Directors shall not be entitled to any fixed or monthly salary or other remuneration. The sitting fees paid to the non-executive directors during the year ended December 31, 2016 is as follows:

		(Amount in Rs.)
Sl. No.	Name of the Director	Sitting Fees Paid
1.	Mrs. Ruchica Gupta	250,000
2.	Mr. Kapil Dhameja	125,000
3.	Mr. Aditya Wadhwa	75,000
4.	Mr. Raj Kumar Gogia*	125,000
5.	Mr. Suresh Paruthi*	125,000
6.	Mr. Gurbax Singh Bhasin*	NIL
7.	Mr. Amardeep Singh Ranghar*	NIL
<b>Total</b>		<b>7,00,000</b>

\* Ceased to be director of the Company w.e.f. June 13, 2016.

As on December 31, 2016, none of the existing non-executive and independent directors of the Company hold any shares, options or any other convertible instruments in R Systems.

#### 3.3. Compensation Committee

The Compensation Committee is responsible for the formulation, implementation and administration of all the stock option plans, which, inter alia, includes determination of eligibility criteria, maximum number of options or shares to be offered to each employee, the aggregate number of options or shares to be offered during the period covered under each scheme, identification of classes of employees entitled to participate in the scheme, framing a detailed pricing formula, mode or process of exercise of the option, conditions under which the options may lapse etc. for the employees, directors and senior management personnel of R Systems and its subsidiaries.

During the year under review, Mr. Raj Kumar Gogia and Mr. Suresh Paruthi, Non-Executive Independent Directors could not be re-appointed as Independent Directors, therefore, they ceased to be members of the Compensation Committee w.e.f. June 13, 2016. Lt. Gen. Baldev Singh (Retd.) ceased to be member of the Committee w.e.f. June 30, 2016.

Mrs. Ruchica Gupta was re-designated from Non-Executive Director to Non-Executive Independent Director w.e.f. June 29, 2016. Mr. Kapil Dhameja and Mr. Aditya Wadhwa were appointed as Additional Directors in the capacity of Independent Director on June 29, 2016.

Mrs. Ruchica Gupta, Non-Executive Independent Director was appointed as member & chairperson of the Compensation Committee w.e.f. June 30, 2016. Mr. Kapil Dhameja and Mr. Aditya Wadhwa, Non-Executive Independent Directors were appointed as members of the Nomination and Remuneration Committee w.e.f. June 30, 2016.

During the year, the Compensation committee met two times on February 06, 2016 and April 30, 2016.

#### Composition of the Compensation Committee, its meetings and attendance during the year ended December 31, 2016

Composition of the Compensation Committee	Category of Director	Chairperson /Member	No. of meetings attended out of 2 meetings held during the year
Mrs. Ruchica Gupta <sup>*</sup>	Non-Executive Independent Director	Chairperson <sup>*</sup>	-
Mr. Kapil Dhameja <sup>#</sup>	Non-Executive Independent Director	Member	-
Mr. Aditya Wadhwa <sup>#</sup>	Non-Executive Independent Director	Member	-
Mr. Raj Kumar Gogia <sup>@</sup>	Non-Executive Independent Director	Erstwhile Chairman	2
Mr. Suresh Paruthi <sup>@</sup>	Non-Executive Independent Director	Member	2
Lt. Gen. Baldev Singh (Retd.) <sup>@</sup>	President & Senior Executive Director	Member	2

@ Mr. Suresh Paruthi and Mr. Raj Kumar Gogia, Non-Executive Independent Directors ceased to be members of the Compensation Committee w.e.f. June 13, 2016. Lt. Gen. Baldev Singh (Retd.), President & Senior Executive Director also ceased to be a member w.e.f. June 30, 2016. Two meetings of the Committee were held till June 30, 2016.

\* Mrs. Ruchica Gupta was appointed as chairperson of the Compensation Committee w.e.f. June 30, 2016. No meeting of the Committee was held since her appointment as chairperson of the Committee.

# Mr. Kapil Dhameja and Mr. Aditya Wadhwa were appointed as members of the Compensation Committee w.e.f. June 30, 2016. No meeting of the Committee was held since their appointment as members of the Committee.

#### 3.4. Stakeholders' Relationship Committee

As on December 31, 2016, the Stakeholders' Relationship Committee of R Systems comprised of three directors, with non-executive independent director as its Chairman. Stakeholders' Relationship Committee investigates and provides for redressal of shareholders' and Investors' grievances relating to transfer, transmission, dematerialisation and rematerialisation of shares, issue of duplicate share certificates, non-receipt of annual report, dividend and other matters.

During the year under review, Mr. Raj Kumar Gogia and Mr. Suresh Paruthi, Non-Executive Independent Directors could not be re-appointed as Independent Directors, therefore, they ceased to be members of the Stakeholders' Relationship Committee w.e.f. June 13, 2016.

Mrs. Ruchica Gupta was re-designated from Non-Executive Director to Non-Executive Independent Director w.e.f. June 29, 2016. Mr. Kapil Dhameja and Mr. Aditya Wadhwa were appointed as Additional Directors in the capacity of Independent Director on June 29, 2016.

Mr. Kapil Dhameja, Non-Executive Independent Director, was appointed as member & Chairman of the Stakeholders' Relationship Committee w.e.f. June 30, 2016. Mrs. Ruchica Gupta and Mr. Aditya Wadhwa, Non-Executive Independent Directors were appointed as members of the Stakeholders' Relationship Committee w.e.f. June 30, 2016.

During the year, Stakeholders' Relationship Committee met four times i.e. on February 06, 2016, April 30, 2016, July 29, 2016 and October 26, 2016.

#### Composition of the Stakeholders' Relationship Committee its meetings and attendance during the year ended December 31, 2016

Composition of the Stakeholders' Relationship Committee	Category of Director	Chairperson /Member	No. of meetings attended out of 04 meetings held during the year
Mr. Kapil Dhameja <sup>*</sup>	Non-Executive Independent Director	Chairman <sup>*</sup>	2
Mrs. Ruchica Gupta <sup>*</sup>	Non-Executive Independent Director	Member	2
Lt. Gen. Baldev Singh (Retd.)	President & Senior Executive Director	Member	4
Mr. Raj Kumar Gogia <sup>^</sup>	Non-Executive Independent Director	Erstwhile Chairman	2
Mr. Suresh Paruthi <sup>^</sup>	Non-Executive Independent Director	Member	2

\* Mrs. Ruchica Gupta and Mr. Kapil Dhameja were appointed as members of the Stakeholders' Relationship Committee w.e.f. June 30, 2016. Two meetings of the Committee were held after their appointment i.e. June 30, 2016.

# Mr. Kapil Dhameja was appointed as Chairman of the Stakeholders' Relationship Committee w.e.f. June 30, 2016.

^ Mr. Raj Kumar Gogia and Mr. Suresh Paruthi ceased to be members of the Committee w.e.f. June 13, 2016. Two meetings of the Committee were held till the date of their cessation i.e. June 13, 2016.

The Stakeholders Relationship Team has also been constituted and empowered to consider, approve the request for Share transfer, remat, split, consolidation etc. The team conducts its meetings as and when required. During the year under review the team met 15 times.

#### Name and designation of the Compliance Officer

Mr. Ashish Thakur  
Company Secretary & Compliance Officer  
C - 40, Sector - 59, Noida (U.P.) 201 307  
Tel No.: 0120 - 430 3500  
Email: [investors@rsystems.com](mailto:investors@rsystems.com)

#### Shareholders grievances / complaints received and resolved during the year

(i)	Number of shareholders' complaints received during the year ended December 31, 2016	03
(ii)	Number of complaints not resolved to the satisfaction of shareholders	Nil
(iii)	Number of pending complaints	Nil

#### Share Transfers in Physical Mode

The Members of Stakeholders' Relationship Committee endeavour to conduct their meetings more frequently. In order to expedite the process of share transfer in physical mode Stakeholders Relationship Team has been constituted and delegated with the power to process the request of share transfer in physical mode and it conducts its meeting to the extent of weekly meetings, if required.

#### 3.5. Corporate Social Responsibility Committee (CSR Committee)

##### Brief description and terms of reference

At R Systems, it has been our constant endeavor to bring about a positive difference to communities where we exist. Corporate Social Responsibility (CSR) is deeply rooted in our core values. Our CSR activities are planned and well-organized to educate, support and empower less privileged communities and preserve the environment. CSR for us is not merely the means to run our business successfully but the part of our individual responsibilities as global citizens.

During the year under review, Mr. Raj Kumar Gogia and Mr. Suresh Paruthi, Non-Executive Independent Directors could not be re-appointed as Independent Directors, therefore, they ceased to be members of the CSR Committee w.e.f. June 13, 2016.

Mrs. Ruchica Gupta was re-designated from Non-Executive Director to Non-Executive Independent Director w.e.f. June 29, 2016. Mr. Kapil Dhameja and Mr. Aditya Wadhwa were appointed as Additional Directors in the capacity of Independent Director on June 29, 2016.

Mr. Kapil Dhameja, Non-Executive Independent Director, was appointed as member & chairman of the CSR Committee w.e.f. June 30, 2016 and Mr. Aditya Wadhwa, Non-Executive Independent Director was appointed as member of the CSR Committee w.e.f. June 30, 2016.

The Corporate Social Responsibility Committee of the Company shall:

- Formulate and recommend to the Board, Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013 and the Rules made thereunder.
- Recommend the amount of expenditure to be incurred on the activities under Corporate Social Responsibilities.
- Monitor Corporate Social Responsibility Policy of the Company.
- To carry out all other duties as may be required under the Companies Act, 2013 and rules made thereunder.

During the year under review, Corporate Social Responsibility Committee met three times i.e. on February 06, 2016, April 30, 2016 and October 26, 2016.

#### Composition of the Corporate Social Responsibility Committee its meetings and attendance during the year ended December 31, 2016

Composition of the CSR Committee	Category of Director	Chairperson /Member	No. of meetings attended out of 03 meetings held during the year
Mr. Kapil Dhameja*	Non-Executive Independent Director	Chairman*	1
Lt. Gen. Baldev Singh (Retd.)	President & Senior Executive Director	Member	3
Mrs. Ruchica Gupta	Non-Executive Independent Director	Member	3
Mr. Raj Kumar Gogia^	Non-Executive Independent Director	Erstwhile Chairman	2
Mr. Suresh Paruthi^	Non -Executive Independent Director	Member	2

\* Mr. Kapil Dhameja was appointed as a member and chairman of the Corporate Social Responsibility Committee w.e.f. June 30, 2016. One meeting of the Committee was held since the date of his appointment i.e. June 30, 2016.

^ Mr. Raj Kumar Gogia and Mr. Suresh Paruthi, Non-Executive Independent Directors ceased to be member of the Committee w.e.f. June 13, 2016. Two meetings of the Committee were held till the date of their cessation i.e. June 13, 2016.

#### 4. Separate Meeting of Independent Directors

As stipulated under the Provisions of the Companies Act, 2013 and Listing Regulations a separate meeting of the Independent Directors was held on October 26, 2016 to review the performance of Non - Independent Directors and the Board as whole. The Independent Directors reviewed the quality, content and timeliness of the flow of information between the Management, the Board and its Committees which is necessary to effectively and reasonably perform and discharge their duties.

The name of Independent Directors on the Board and their attendance at the meeting of Independent Directors held during the year under review are as follows:

Name of the Independent Director	No. of meeting attended out of 1 meeting held during the year
Mrs. Ruchica Gupta	1
Mr. Kapil Dhameja	1
Mr. Aditya Wadhwa	Nil

## 5. Subsidiary Companies

During the year under review, Computaris International Limited, a wholly subsidiary of R Systems International Limited, incorporated its subsidiary in Philippines namely Computaris Philippines Pte. Ltd. Inc..

The Audit Committee reviewed the financial statements, in particular, the investments made by its unlisted subsidiary bodies corporate. The management periodically brings to the attention of the board of directors of R Systems, a statement of all transactions and arrangements entered into by the unlisted subsidiary bodies corporate.

R Systems does not have any material listed/unlisted Indian subsidiary company as per the policy drafted by the company in compliance with the Listing Regulations. The said policy is available on the website of the Company at the following link: <http://www.rsystems.com/investors/corporategovernance.aspx>

## 6. General Body Meetings

### I. Details for the last three Annual General Meetings ("AGM")

AGM Date and Time	Venue	Special Resolutions passed
20 <sup>th</sup> AGM May 10, 2014 09:00 A.M.	Air Force Auditorium, Subroto Park, New Delhi - 110 010	No Special Resolution was passed.
21 <sup>st</sup> AGM June 09, 2015 09:00 A.M.	Air Force Auditorium, Subroto Park, New Delhi - 110 010	Re-appointment and payment of remuneration to Lt. Gen. Baldev Singh (Retd.) (DIN: 00006966) as President & Senior Executive Director of the Company.
22 <sup>nd</sup> AGM June 13, 2016 09:00 A.M.	Air Force Auditorium, Subroto Park, New Delhi - 110 010	No Special Resolution was Passed

\* Resolutions pertaining to re-appointment of Mr. Raj Kumar Gogia, Mr. Suresh Paruthi, Mr. Gurbax Singh Bhasin and Mr. Amardeep Singh Ranghar as Independent Directors were put to vote as a Special Resolution but were not passed by the requisite majority of members of the Company.

- II. No Extra Ordinary General Meeting of the Company was held during the last three years.
- III. Special resolutions for re-appointment of Mr. Raj Kumar Gogia, Mr. Suresh Paruthi, Mr. Gurbax Singh Bhasin and Mr. Amardeep Singh Ranghar as Independent Directors were put to vote by

way of Special Resolution but were not passed by the members with the requisite majority at the 22<sup>nd</sup> Annual General Meeting held on June 13, 2016.

- IV. The Company has passed necessary resolutions through Postal Ballot on September 09, 2016 for approval of the following businesses as per the Postal Ballot Notice dated July 29, 2016.

Resolution 1:- Payment of remuneration to Mr. Satinder Singh Rekhi (DIN: 00006955) as Managing Director of the Company pursuant to Section 197 read with Schedule V, Section 196 and 198 of the Companies Act, 2013 and the rules made thereunder.

Resolution 2:- Appointment of Mrs. Ruchica Gupta (DIN: 06912329) as an Independent Director of the Company.

Details relating to voting pattern are as follows:

Resolution Number	Total Valid Votes (A)	Votes with assent (B)	Percentage (B/A*100)
1	66,348,345	66,345,169	99.99%
2	66,348,345	66,144,925	99.69%

The Company had appointed Mr. Sanjay Grover, Company Secretary in whole time practice as scrutinizer for the purpose of the Postal Ballot exercise.

- V. The Company has followed the procedure as prescribed under Section 110 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 for conducting the postal ballot as referred hereinbefore.
- VI. No special resolution is proposed to be conducted through Postal Ballot at the forthcoming Annual General Meeting.

## 7. Disclosures

### 7.1 Related Party Transactions

Related Party Transactions are defined as transfer of resources, services or obligations between the company and a related party, regardless of whether a price is charged. As per Listing Regulations, there have been no materially significant related party transactions with Company's subsidiaries, promoters, directors or the management or their relatives or companies controlled by them etc., which may have potential conflict with the interest of the Company at large.

Details on Related Party Transactions are shown in note number 24 in the standalone and in note number 25 in the consolidated financial results for the financial year ended December 31, 2016. The Policy on the Material Subsidiary is available on the website of the Company at the following link: <http://www.rsystems.com/investors/corporategovernance.aspx>

In compliance of the provisions of Listing Regulations the policy on dealing with Related Party Transactions has been uploaded on the website of the Company at the following link: <http://www.rsystems.com/investors/corporategovernance.aspx>

### 7.2 Statutory Compliance, Penalties and Strictures

There were no penalties imposed on R Systems for any non-compliance by Stock Exchanges, SEBI or any other statutory authority on matters related to capital markets during the last three years.

### 7.3 Vigil Mechanism / Whistle Blower Policy

Pursuant to Section 177 of the Companies Act, 2013 and rules made thereunder and the Listing Regulations, R Systems has in place a mechanism for employees to report concerns about unethical behaviour, actual or suspected fraud, violation of Code of Conduct of the Company etc. The mechanism also provides for adequate safeguards against victimisation of employees who avail the mechanism and also provides for direct access to the Whistle Blower to the Chairman of the Audit Committee. We affirm that during the financial year ended December 31, 2016, no employee has been denied access to the Audit Committee. The details of such Whistle Blower policy (also known as Vigil Mechanism) have been available on the website of the Company at the following link: <http://www.rsystems.com/investors/corporategovernance.aspx>

### 7.4 Risk Management Policy

The Company has formulated a risk management policy to identify the present and potential risks involved in the business. The same is periodically reviewed and considered by the Audit Committee and the Board. The Risk Management Report forms part of this Annual Report and is provided elsewhere.

### 7.5 Training to Board Members

The Company follows a structured orientation and training programme for the Independent Directors to understand and get updated on the business and operations of the Company on continuous basis.

The Board has adopted a structured policy for training of new Independent Directors which shall inter-alia provide: (a) business overview and an outline of corporate plan and annual target (b) operations overview (c) overview of Sales & Marketing (d) comprehensive rolling corporate plan etc. The details of the Familiarization Programme are available on the website of the company at the following link: <http://www.rsystems.com/investors/corporategovernance.aspx>

The Company believes that the Board is continuously empowered with the knowledge of the latest developments in the Company's business and the external environment affecting the industry as a whole. Independent Directors are regularly updated on performance of each line of business of the Company, state of the market, business strategy going forward and new initiatives being taken / proposed to be taken by the Company.

### 7.6 Compliance with mandatory requirements and adoption of non-mandatory requirements of Regulation 27(1) read with Part-E of Schedule-II of the Listing Regulations

The Company has complied with all the mandatory requirements of Listing Regulations. As required under Regulation 17(8) of the Listing Regulations, a certificate signed by CEO/ Managing Director and CFO of the Company has been placed before the Board and the same has been provided elsewhere in this report.

Further, pursuant to Regulation 34 (3) read with Part E of Schedule V of the Listing Regulations a certificate obtained from the Practicing Company Secretary, certifying compliance with the conditions of Corporate Governance has been annexed with the Directors' Report.

The Company has complied with Corporate Governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of the Listing Regulations.

Disclosures with respect to demat suspense account/unclaimed suspense account is not applicable on the Company as there are no shares which are lying in demat suspense account/unclaimed suspense account.

Regulation 27(1) also requires disclosures of adoption by the Company of non-mandatory requirements specified in part E of Schedule II of the Listing Regulations the implementation of which is discretionary on the part of the Company. The details of compliance with non-mandatory requirements are as follows:

#### Shareholders Rights

The quarterly and half yearly financial performance are published in the newspapers and are also posted on the Company's website.

#### Audit Qualifications

During the period under review, there is no audit qualification in the financial statements. The Company continues to adopt best practices to ensure unqualified financial statements.

#### Reporting of Internal Auditor

The Internal auditors of the Company reports to the Audit Committee.

## 8. Means of Communication

### Quarterly Results

**8.1.** The quarterly and year to date audited / unaudited financial results have been published in Business Standard (English and Hindi) for the first quarter ended on March 31, 2016, second quarter ended on June 30, 2016, third quarter ended on September 30, 2016 and fourth quarter and year ended on December 31, 2016, as statutorily required.

**8.2.** The financial results and other corporate information are available on R Systems' website i.e. [www.rsystems.com](http://www.rsystems.com). The website also displays official news releases from time to time announced by the Company.

**8.3.** The presentations made to the institutional investors or to the industry analysts are also available on the Company's website i.e. [www.rsystems.com](http://www.rsystems.com).

**8.4.** Financial results updates are also sent to all the shareholders whose email address is registered / made available to us.

## 9. General Shareholder Information

### i) Annual General Meeting

Date and Time : May 15, 2017 at 9.00 A.M.  
 Venue : Air Force Auditorium,  
 Subroto Park,  
 New Delhi - 110 010

### ii) Financial year

Pursuant to the Company Law Board order dated November 18, 2015, R Systems continues to follow January 01 to December 31 as its financial year. The results for every quarter are declared generally in the month following each quarter, except for the last quarter in which case the results are declared along with the annual financial results within sixty days from the end of the financial year.

### vi) Market Price Data: high, Low during each month in last financial year

The monthly high and low quotations of R Systems' equity shares traded on NSE and BSE during each month in the previous financial year ended December 31, 2016, in comparison with NSE Nifty and BSE Sensex, are as follows

Month 2016	NSE				BSE			
	Share Price		Nifty		Share Price		Sensex	
	High (Rs.)	Low (Rs.)	High	Low	High (Rs.)	Low (Rs.)	High	Low
Jan	75.40	65.60	7,963.20	7,276.80	75.55	66.25	26,160.90	23,962.21
Feb	72.95	56.30	7,555.95	6,970.60	72.70	55.55	24,824.83	22,951.83
Mar	62.70	59.00	7,738.40	7,222.30	62.95	59.25	25,341.86	23,779.35
Apr	63.85	60.35	7,979.90	7,546.45	63.85	60.00	26,064.12	24,673.84
May	61.30	55.50	8,178.50	7,706.55	61.45	55.50	26,725.60	25,101.73
Jun	56.65	50.85	8,287.75	8,088.60	56.70	51.05	27,020.66	26,395.71
Jul	57.10	50.35	8,666.30	8,323.20	56.80	50.35	28,208.62	27,126.90
Aug	55.50	52.15	8,786.20	8,544.85	55.55	52.10	28,452.17	27,697.51
Sep	63.10	52.65	8,952.50	8,591.25	63.00	52.85	29,045.28	27,827.53
Oct	59.45	56.85	8,769.15	8,520.40	59.00	56.85	28,334.55	27,529.97
Nov	58.85	53.20	8,626.25	7,929.10	58.80	53.05	27,876.61	25,765.14
Dec	62.35	55.75	8,261.75	7,908.25	62.25	55.55	26,747.18	25,807.10

The aforesaid table is based on the closing price of the shares of R Systems and closing of NSE Nifty and BSE Sensex at NSE and BSE website.

### iii) Date of Book Closure

May 11, 2017 to May 15, 2017 (both days inclusive)

### iv) Dividend Payment Date - N.A

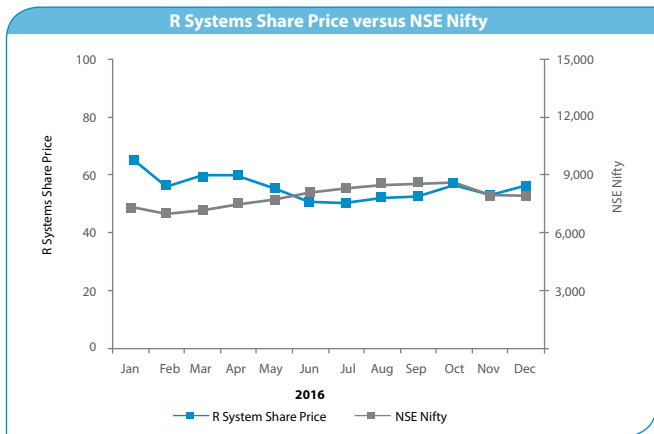
### v) Listing on Stock Exchanges

The equity shares of R Systems are listed and traded on the following Stock Exchanges:

Name of Stock Exchange	Stock / Scrip Code
<b>National Stock Exchange of India Limited ("NSE")</b> Exchange Plaza, Bandra Kurla Complex, Bandra - (E), Mumbai - 400 051	RSYSTEMS
<b>BSE Limited ("BSE")</b> Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001	532735

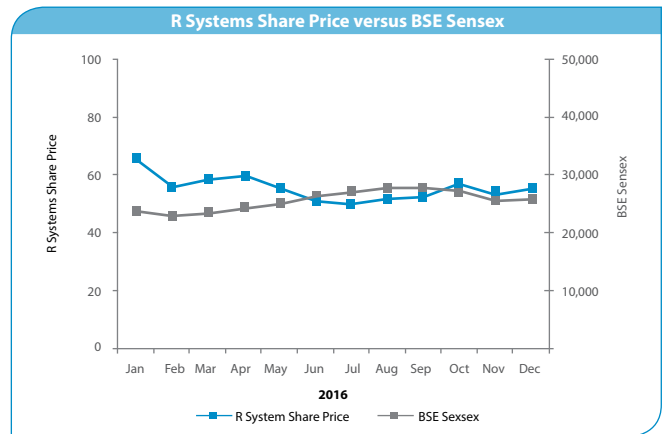
The annual listing fee for the year 2016-17 has been paid within the scheduled time to NSE and BSE. The annual listing fee for the year 2017-18 became due on March 31, 2017 and will be paid in the scheduled time as prescribed under the provision of Listing Regulations.





Graph not to Scale

The aforesaid chart is based on the monthly low of closing price of the shares of R Systems at NSE and monthly low of closing NSE Nifty.



Graph not to Scale

The aforesaid chart is based on the monthly low of closing price of the shares of R Systems at BSE and monthly low of closing BSE Sensex.

**vii) Registrar and Share Transfer Agent**

Link Intime India Private Limited  
44, Community Centre, 2nd Floor,  
Naraina Industrial Area, Phase- I,  
Near PVR Naraina,  
New Delhi-110 028

**viii) Share Transfer System**

Applications for transfer of shares held in physical form are received at the office of the registrar and share transfer agent of the Company, Link Intime India Private Limited. They attend share transfer formalities at least once a week and forward the same to the Company for the approval of Stakeholders Relationship Team which has been delegated with the authority for transfer of shares in Physical form. Stakeholders Relationship Team conducts its meetings more frequently, to the extent of weekly meetings.

Shares held in dematerialized form are electronically traded in the depository and the registrar and share transfer agent of R Systems periodically receives from depositories the details of beneficiary holdings so as to update the records for sending all corporate communications and other matters.

Physical shares received for dematerialization are processed and completed within a period of 15 days from the date of receipt, provided they are duly completed. Bad deliveries are immediately returned to the depository participants under advice to the shareholders.

**ix) Transfer of unclaimed dividend to Investor Education and Protection Fund**

Pursuant to Section 124 and other applicable provisions of the Companies Act, 2013 dividend which remains unpaid or unclaimed for a period of seven years from the date of its transfer to unpaid dividend account, is required to be transferred by the Company to the Investor Education and Protection Fund (‘IEPF’), established by the Central Government under

the provisions of Section 125 of the Companies Act, 2013. Shareholders are advised to claim the unclaimed dividend lying in the unpaid dividend account of the Company before the due date. Given below are the dates of declaration of dividend and corresponding dates when unclaimed dividend is due for transfer to IEPF:

Date of declaration	Dividend for the year	Due date for transfer to IEPF
27-Apr-09	2008	May 27, 2016*
20-May-10	2009	June 19, 2017
25-May-11	2010	June 24, 2018
4-May-12	2011	June 3, 2019
18-May-12	Interim Dividend 2012	June 17, 2019
11-May-13	2012	June 10, 2020
27-Jul-13	1st Interim Dividend 2013	August 26, 2020
25-Oct-13	2nd Interim Dividend 2013	November 24, 2020
10-May-14	2013	June 9, 2021
3-Jun-14	1st Interim Dividend 2014	July 3, 2021
26-Jul-14	2nd Interim Dividend 2014	August 25, 2021
29-Oct-14	3rd Interim Dividend 2014	November 28, 2021
20-Dec-14	4th Interim (Special) Dividend 2014	January 19, 2022
7-Feb-15	2014	March 9, 2022
23-Apr-15	1st Interim Dividend 2015	May 23, 2022
5-Aug-15	2nd Interim (Special) Dividend 2015	September 4, 2022
29-Oct-15	3rd Interim Dividend 2015	November 28, 2022

\* Unpaid dividend for the financial ended December 31, 2008 which was declared on April 27, 2009 has been deposited to the Investor Education and Protection fund on June 10, 2016 i.e. within a period of thirty days of such amounts becoming due to be credited to IEPF.

**x) Distribution of Shareholding as on December 31, 2016<sup>#</sup>**

	Shareholding of nominal value of (Rs.)		Shareholders		Share Capital	
			Number	% to total	Amount in Rs.	% to total
1	-	2,500	14,335	95.49	5,284,165	4.27
2,501	-	5,000	361	2.40	1,372,205	1.11
5,001	-	10,000	155	1.03	1,137,000	0.92
10,001	-	20,000	68	0.45	964,589	0.78
20,001	-	30,000	25	0.17	611,713	0.49
30,001	-	40,000	22	0.15	790,864	0.64
40,001	-	50,000	6	0.04	282,165	0.23
50,001	-	1,00,000	15	0.10	1,102,001	0.89
Above		1,00,000	25	0.17	112,325,723	90.68
<b>TOTAL</b>			<b>15,012</b>	<b>100.00</b>	<b>123,870,425</b>	<b>100.00</b>

# During the year under review, the company has bought back 3,000,000 equity shares of Re. 1/- each through tender offer route.

**xi) Category wise Shareholding as on December 31, 2016**

Category	Category of Shareholder	No. of shares	Percentage
<b>(A)</b>	<b>Promoters &amp; Promoter Group</b>		
1	Indian	29,754,130	24.02
2	Foreign	33,332,904	26.91
	<b>Sub Total (A)</b>	<b>63,087,034</b>	<b>50.93</b>
<b>(B)</b>	<b>Public Shareholding</b>		
1	Institutions		
(a)	Mutual Funds / UTI	0	0
(b)	Financial Institutions / Banks	11,925	0.01
(c)	Foreign Institutional Investors	0	0
	<b>Sub Total (B)(1)</b>	<b>11,925</b>	<b>0.01</b>
2	Non-Institutions		
(a)	Individual shareholders holding nominal share capital up to Rs. 2 lakh	11,553,539	9.33
(b)	Individual shareholders holding nominal share capital in excess of Rs. 2 lakh	47,231,473	38.13
(c)	Bodies Corporate	1,090,919	0.88
(d)	Any Other ( <b>Clearing Member</b> )	156,555	0.13
(e)	Any Other ( <b>Trust</b> )	738,980	0.60
	<b>Sub Total (B)(2)</b>	<b>60,771,466</b>	<b>49.06</b>
	<b>Total Public Shareholding (B)(1) + (B)(2)</b>	<b>60,783,391</b>	<b>49.07</b>
	<b>Grand Total</b>	<b>123,870,425</b>	<b>100.00</b>

**xii) Dematerialisation of shares and liquidity Procedure for dematerialisation of shares**

Shareholders seeking dematerialisation of their shares need to approach their Depository Participants (DP) with whom they maintain a demat account. The DP will generate an electronic request and will send the physical share certificate along with demat request form to the Registrar and Share Transfer Agent (the "Registrar") of the Company. Upon receipt of the request and share certificate, the Registrar will verify the same and approval of the Company is being sought. Thereafter, the Registrar will confirm the demat request. On confirmation, the demat account of the respective shareholder will be credited with equivalent number of shares. In case of rejection of the request, the same shall be communicated to the shareholder through their respective DPs.

About 99.20% of the issued and paid up share capital of the Company has been dematerialised up to December 31, 2016. The International Securities Identification Number (ISIN) of the Company is INE411H01032. The equity shares of the Company are traded on NSE and BSE throughout the year under review and were not suspended from trading at any time during the year.

**xiii) Outstanding GDRs / ADRs / Warrants or any Convertible instruments, conversion date and likely impact on equity**

R Systems has not issued any GDRs / ADRs. There were no outstanding convertible warrants as on December 31, 2016, except stock options granted under the prevailing employee stock option plans / schemes, as detailed elsewhere in the Directors' Report.

**xiv) Commodity Price Risk or foreign exchange risk hedging activities**

A large percentage of revenue of the Company is either from export earnings or denominated in Foreign Currency. The Companies tries to minimize the foreign exchange risk by taking forward contracts. It may be noted that the foreign exchange contracts are not intended to be for trading and Speculations purposed but as a measure to hedge the foreign exchange risk.

**xv) Development Centres**

1. **Noida Office**  
- C - 40 & C - 1, Sector - 59, Noida (U.P.) - 201 307  
- SEZ Unit, Ground Floor, Incubation centre, Tower No. 2, Plot No. 21, Techzone- IV, Greater Noida West- 201306
2. **Chennai Office**  
Block 2, 4th Floor, The LORDS Building No. 1 & 2 Northern Extension Area, Jawaharlal Nehru Road, Thiru Vi Ka Industrial Estate, Ekkatuthangal, Chennai 600032

**Development / Technical Support centres at the offices of R Systems' subsidiaries**

3. R Systems Inc.  
5000, Windplay Drive, Suite # 5, El Dorado Hills, CA 95762, U.S.A.
4. ECnet Limited  
16, Jalan Kilang, #04-01 Hoi Hup Building, Singapore - 159 416
5. Computaris Romania SRL
  - (a) **Bucharest office**  
5 Gheorghe Manu Str, Groundfloor, Room 2, Sector 1, 010442 Bucharest, Romania
  - (b) **Galati office**  
23 Logofat Tautu St., 800009, Galati, Romania
6. Computaris Polska sp z o.o.
  - (a) **Warsaw office**  
Babka Tower, Entrance H, 6th Floor, al.Jana Pawla II 80, 00-175 Warsaw, Poland
  - (b) **Bialystok office**  
ul. Branickiego 17, 15 -085 Bialystok, Poland
7. ICS Computaris International Srl  
63, Vlaicu Picalab Str., Sky Tower Business Center, 8th Floor, Office B, MD-2012, Chisinau, The Republic of Moldova

**Other Offices of R Systems and its subsidiaries**

8. U.S.A. Branch Office  
5000, Windplay Drive, Suite # 5, El Dorado Hills, CA 95762, U.S.A.
9. R Sysems Technologies Ltd.  
(Formerly known as Indus Software, Inc.)  
5000, Windplay Drive, Suite # 5, El Dorado Hills, CA 95762, U.S.A.
10. RSYS Technologies Ltd.  
(Formerly known as Systèmes R. International Ltée)  
1000, Cathedral Place, 925 West Georgia Street, Vancouver BC V6C 3L2, Canada.
11. R Systems (Singapore) Pte Limited  
#04-01, 16 Jalan Kilang, Hoi Hup Building, Singapore 159416
12. ECnet (M) Sdn. Bhd.  
Level 12, Suite 12.05 Menara Summit, Persiaran Kewajipan, USJ1, 47500 UEP Subang Jaya, Malaysia
13. ECnet, Inc.  
5000, Windplay Drive, Suite # 5, El Dorado Hills, CA 95762, U.S.A.
14. ECnet (Hong Kong) Ltd.  
Rm 1903, 19/F, World-Wide House, 19 Des Voeux Road Central, Hong Kong
15. ECnet Systems (Thailand) Co. Ltd.  
2/3 Bangna Tower-A, 2nd Floor, Room No. 205, Moo 14, Bangna-Trad K.M. 6.5, Tambol Bangkaew, Amphoe Bangplee, Samutprakarn Province
16. ECnet Kabushiki Kaisha  
Godo Building 6F, Kaji-cho 1-6-17, Chiyoda-ku, Tokyo, Japan 101-0044.
17. ECnet (Shanghai) Co. Ltd.  
Rm H, 20 Floor, Foresight Mansion, No.768 Xie Tu Rd, Shanghai, China
18. Computaris International Limited  
11 Queens Road, Brentwood Essex, CM 14 4HE, United Kingdom
19. Computaris Malaysia Sdn. Bhd.  
No. 1005 Level 10 Block B Phileo Damansara 1 9 Jalan 16/11, Off Jalan Damansara 46350 Petaling Jaya, Selangor Malaysia.
20. Computaris USA, Inc.  
5000, Windplay Drive, Suite # 5, El Dorado Hills, CA 95762, U.S.A.
21. Computaris Philippines Pte. Ltd. Inc.  
21B Rufino Pacific Tower, 6784 Ayala Avenue, Corner V.A. Rufino Street, Legaspi Village Makati City, 1226 Philippines
22. IBIZ Consusting Pte. Ltd.  
(Formerly known as IBIZCS Group Pte. Ltd.)  
2 Jalan Kilang Barat #04-01, Singapore 159346
23. IBIZ Consulting Services Pte Ltd.  
2 Jalan Kilang Barat #04-01, Singapore 159346

- 
- 24 IBIZ Consulting Services Sdn. Bhd.  
Suite A-13-6, Menara Atlas Plaza  
Pantai, No. 5, Jalan 4/83A  
Off Jalan Pantai Baru 59200 Kuala Lumpur, Malaysia
- 
- 25 PT. IBIZCS Indonesia  
Setiabudi Buidling 2, 2nd Floor, Suite 203  
Jl. H.R. Rasuna Said Kav. 62 Jakarta Selatan 12920, Indonesia
- 
- 26 IBIZ Consultancy Services India Private Limited  
Block 2, 4th Floor, The LORDS Building No. 1 & 2  
Northern Extension Area, Jawaharlal Nehru Road,  
Thiru Vi Ka Industrial Estate, Ekkatuthangal,  
Chennai 600032
- 
- 27 IBIZ Consulting Services Limited  
Room 1804-5 The Centre Mark 287-29  
Queen's Road, Central Hong Kong
- 
- 28 IBIZ Consulting Services (Shanghai) Co., Ltd  
Rm 700 Jindu Center, No 277 Wu Xing Road,  
Xuhui, Shanghai, China
- 

**xvi) Address for correspondence**

For any assistance regarding dematerialisation of shares, share transfers, transmissions, change of address, non-receipt of

On Behalf of the Board  
For R Systems International Limited

Sd/-  
**Satinder Singh Rekhi**  
(DIN: 00006955)  
(Managing Director)

Place: Singapore  
Date: April 06, 2017

Sd/-  
**Lt. Gen. Baldev Singh (Retd.)**  
(DIN: 00006966)  
(President & Senior Executive Director)

Place: Noida, U.P.  
Date: April 06, 2017

dividend or any other query relating to shares:

**Registrar and Share Transfer Agent  
Link Intime India Private Limited**

44, Community Centre, 2nd Floor,  
Naraina Industrial Area, Phase- I  
Near PVR Naraina,  
New Delhi 110 028  
Phone : 011 - 414 10592, 93, 94 Fax : 011 - 414 10591  
Email: [delhi@linkintime.co.in](mailto:delhi@linkintime.co.in)

**For general correspondence:  
R Systems International Limited**

Corporate Office  
C - 40, Sector - 59,  
Noida (U.P.) - 201 307, India  
Phone : 0120 - 430 3500,  
Fax : 0120 - 258 7123  
Email : [investors@rsystems.com](mailto:investors@rsystems.com)

**CERTIFICATION BY THE CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER  
OF R SYSTEMS INTERNATIONAL LIMITED**

We, Satinder Singh Rekhi, Managing Director/Chief Executive Officer and Nand Sardana, Chief Financial Officer, hereby certify that:

- A. We have reviewed the financial statements and the cash flow statement for the year ended December 31, 2016 and that to the best of our knowledge and belief:
1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  2. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the auditors and the Audit Committee:
1. significant changes in internal control over financial reporting during the year;
  2. significant changes in accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements; and
  3. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Sd/-

**Satinder Singh Rekhi**

(Managing Director/ Chief Executive Officer)

Place : Singapore

Date : February 08, 2017

Sd/-

**Nand Sardana**

(Chief Financial Officer)

Place : NOIDA, U.P.

Date : February 08, 2017

Annexure 'D' to the Directors' Report

## CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To,  
The Members,  
R Systems International Limited,  
B - 104A, Greater Kailash - I,  
New Delhi - 110 048

I have examined the compliance of conditions of Corporate Governance by R Systems International Limited ('the Company') for the financial year ended on December 31, 2016, as stipulated under the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Regulations").

The compliance of conditions of Corporate Governance is the responsibility of the management. My examination was limited to procedures and implementation thereof, adopted by the Company, for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the applicable provisions of the Regulations and that no investor complaints and grievances remained unattended for a period exceeding 21 days against the Company.

I further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Sd/-  
**CS Jitender Singh**  
Practicing Company Secretary  
Membership No. 33610  
Certificate of Practice No. 12463

Place: Delhi  
Date: March 29, 2017

Annexure 'E' to the Directors' Report

## MANAGEMENT DISCUSSION AND ANALYSIS

### Overview

The financial statements of the Company have been prepared to comply in all material respects with the accounting standards notified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014, and other accounting principles generally accepted in India. The management accepts responsibility for the integrity and objectivity of these financial statements, as well as for various estimates and judgments used therein. The estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, so that the financial statements reflect in a true and fair manner the form and substance of transactions, and reasonably present the state of affairs, profits and cash flows for the year.

### A. Industry Structure and Developments

Changing competitive landscapes and consumer preferences are disrupting businesses and creating an imperative to invest in digital transformation. International Data Corporation (IDC)

### B. Company Overview

R Systems International Limited (the 'Company') and its subsidiaries (collectively referred to as 'R Systems') is a leading global provider of IT services and Business Process Outsourcing ("BPO") services. The Parent Company is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956, with its Registered Office at New Delhi and has following subsidiaries:

Name of subsidiary	Year of incorporation	Location	Subsidiary since	Holding
R Systems (Singapore) Pte Limited #	1997	Singapore	September 19, 2000	100%
R Systems, Inc.	1993	USA	January 2, 2001	100%
R Systems Technologies Limited, USA	1996	USA	April 1, 2002	100%
ECnet Limited* #	1996	Singapore	January 8, 2004	99.75%
Computaris International Limited #	2006	UK	January 26, 2011	100%
RSYS Technologies Ltd.	2012	Canada	October 29, 2012	100%

\* The shareholding by the Company and R Systems (Singapore) Pte Limited is 69.37% and 30.38%, respectively.

# The aforesaid subsidiary have down subsidiaries:

defines digital transformation as the continuous process by which enterprises adapt to or drive disruptive changes in their customers and markets (external ecosystem) by leveraging digital competencies to innovate new business models, products and services that seamlessly blend digital and physical, and business and customer experiences while improving operational efficiencies and organizational performance.

As per NASSCOM Perspective 2025 – Shaping the Digital Revolution, the digital innovators are disrupting the traditional business models across industries and may capture up to 25 percent of revenue pools by 2025. The enterprises are investing on digital technologies that support operating model innovations.

Further, IT industry is also witnessing challenges from the change in geopolitical scenario like Brexit and recent USA election. However, digital transformation is providing once-in-generation opportunity to product engineering companies to partner businesses to maximize their potential with technology.

- (a) ECnet Limited, Singapore, has the following wholly-owned subsidiaries:

Name	Holding	Country of incorporation
ECnet (M) Sdn. Bhd.	100%	Malaysia
ECnet Systems (Thailand) Co. Ltd.	100%	Thailand
ECnet (Shanghai) Co. Ltd.	100%	People's Republic of China
ECnet (Hong Kong) Ltd.	100%	Hong Kong
ECnet, Inc.	100%	USA
ECnet Kabushiki Kaisha	100%	Japan

- (b) Computaris International Limited, UK, has the following wholly-owned subsidiaries:

Name	Holding	Country of incorporation
Computaris Romania SRL	100%	Romania
Computaris Polska sp z.o.o.	100%	Poland
Computaris USA Inc.	100%	USA
ICS Computaris International Srl	100%	Moldova
Computaris Malaysia Sdn. Bhd.	100%	Malaysia
Computaris Philippines Pte Ltd. Inc.	100%	Philippines

- (c) IBIZ Consulting Pte. Ltd., Singapore (formerly known as IBIZCS Group Pte. Limited, Singapore) is a wholly-owned subsidiary of R Systems (Singapore) Pte Limited, Singapore w.e.f. April 30, 2015 and has following wholly owned subsidiaries:

Name	Holding	Country of incorporation
IBIZ Consulting Services Pte Ltd	100%	Singapore
IBIZ Consulting Services Sdn. Bhd.	100%	Malaysia
PT. IBIZCS Indonesia	100%	Indonesia
IBIZ Consultancy Services India Private Limited	100%	India
IBIZ Consulting Service Limited (IBIZ HK)	100%	Hong Kong
IBIZ Consulting Service Shanghai Co., Ltd	100% by IBIZ HK	People's Republic of China

As at December 31, 2016, R Systems is maintaining fifteen global development and service centres in India, USA, Romania, Poland, Moldova, Singapore, Malaysia, Indonesia and Thailand. R Systems diversified offering includes:

#### **iPLM Service**

R Systems defines its product engineering business as Integrated Product Life Cycle Management (iPLM) services where R Systems help ISV and other companies to accelerate the speed to market

for their products and services with a high degree of time and cost predictability by using our proprietary pSuite framework and global delivery model.

Under iPLM Services, R Systems delivers services and solutions in the area of Information Technology and Information Technology enabled services (ITeS). The IT services cover product development, systems integration and support and maintenance. Under the ITeS, we cover technical support, customer care, analytics service, back office services, business process transformation and revenue and claims management.

R Systems competitive advantage in iPLM Services is further enhanced by its industry specific domain expertise, global delivery capabilities, multi-language support capabilities, industry best quality and security certification and agile development methodologies supported by R Systems' proprietary pSuite framework.

#### **Solution Offerings**

**ECnet Supply Chain** provide solutions for holistic management of the complex interaction between an organisation and its trading partners. The integrated solution aims to reduce all supply chain costs through improved collaboration and optimisation. The solutions are robust and scalable and give measurable ROI to clients that meet the clients' strategic business goals.

ECnet also operates as a Gold Channel Partner for one of the largest business software companies in the world to resell, implement and support enterprise solutions of ERP, WMS, Service Management, BI and Performance Management. It mainly serves small to medium-sized businesses in the manufacturing and distribution industries. These products present an opportunity to cross and up sell these solutions since these are adjunct to ECnet's own product offerings. Further, ECnet has signed a Master Alliance Agreement with JDA to offer the category management solution suite to retail customers in Singapore, Malaysia and Thailand.

Our subsidiary IBIZ, is a Microsoft Gold Channel Partner and is specialized in deploying Microsoft business management solution suites, including enterprise resource planning, customer relationship management, point of sales, mobility, business intelligence and portals. IBIZ addresses industry vertical like retail, manufacturing and supply chain.

R Systems focused on key verticals i.e. Telecom & Digital Media, Banking and Finance, Healthcare, Manufacturing & Logistics and Retail & E-Commerce. Telecom and Digital Media is the largest industry vertical which contributes ~29 percent of the total consolidated revenue for the year ended December 31, 2016.

Further with the deep expertise in the key vertical like Telecom & Digital Media, Banking and Finance, Healthcare, Retail and E-Commerce, R Systems have horizontally embraced digital technologies like analytics, cloud computing, mobility, IoT etc to further strengthen its product engineering capabilities.



R Systems’ rapidly growing customer list includes a variety of Fortune 1000, government and mid-sized organizations across a wide range of industry verticals and has served twenty one, mn USD + customer during the year 2016.

**C. Opportunities and Threats**

IDC forecasts worldwide spending on digital transformation technologies to be more than USD 1.2 trillion in 2017, an increase of 17.8% over 2016. IDC expects digital spending to maintain this pace with a compound annual growth rate (CAGR) of 17.9% over the 2015-2020 forecast period and reaching USD 2.0 trillion in 2020.

IDC also anticipates that more than half of all digital investments in 2017 will go toward technologies that support operating model innovations. These investments will focus on making business operations more responsive and effective by leveraging digitally-connected products/services, assets, people, and trading partners. Investments in operating model help businesses redefine how work gets done by integrating external market connections with internal digital processes and projects. The second largest investment area will be technologies supporting omni-experience innovations that transform how customers, partners, employees, and things communicate with each other and the products and services created to meet unique and individualized demand.

R Systems has been constantly investing in building digital competencies like analytics, cloud, mobility and IoT. Leveraging product engineering DNA and deep industry competencies, R Systems is well positioned to be a technology partner navigating ISVs and businesses in their digital transformation.

Every opportunity comes up with inherent risk and challenges. However, over the years, R Systems has learnt to reckon with as

well as address such risks and challenges including threats from competitors including their disruptive tactics, new technologies, intensifying demand for global talent, retention of employees and stringent governing norms regarding restrictions on outsourcing services. At R Systems, these threat and uncertainties are managed proactively through our risk mitigation processes and strategies.

**D. Segment-wise Performance**

Detailed information about segment-wise performance has been given in the Consolidated Financial Statements and Standalone Financial Statements.

**E. Performance and Outlook**

R Systems’ reported consolidated revenue of Rs. 5,882.37 mn during the year 2016 as against revenue of Rs. 6,050.32 mn for the year 2015. During 2015, we realigned our focus to IT services business and divested Indus Business Division. The revenue grew by 7.5% during the year 2016 excluding the impact of this divestment.

Consolidated profit after tax during the year 2016 was Rs. 536.88 mn as against net profit for year 2015 of Rs. 978.29 mn. Excluding exceptional items, the profit grew by 15.3%.

The basic earnings per share (based on consolidated financial statement) during the year 2016 was Rs. 4.24 per share as against Rs. 7.70 per share in 2015 of face value of Re. 1 each.

R Systems maintains a strong financial position with shareholders’ fund of Rs. 2,779.73 mn including cash and bank balance of Rs. 1,199.70 mn as at December 31, 2016 to invest for future growth of business.

**R Systems is well positioned to leverage the following factors which are key to its differentiated strategy for growth in the marketplace:**



## F. Risk and Concerns

At R Systems risk management is a dynamic process with an attempt to constantly identify all the emerging risks and propose solutions to manage these. This is further explained in detail in Risk Management Report.

## G. Internal Control Systems and Their Adequacy

Internal control systems are a set of policies, processes and procedures put in place to help achieve the strategic objectives of an organization. The Company has an Internal Control System commensurate with the size, scale and complexity of its operations. This has been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorised use, executing transactions with proper authorisation and ensuring compliance of corporate policies.

The CEO/CFO certification provided in this report places responsibility on the CEO and CFO to continuously ensure adequacy of our internal control systems and procedures.

S.R. Batliboi & Associates LLP, the statutory auditors of the Company, have audited the financial statements included in this annual report and have issued an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

## H. Material Development in Human Resources / Industrial Relations Front, including Number of People Employed

Our employees are most precious assets and we value their commitment in building R Systems. In the IT and ITeS industry attracting, developing, deploying and retaining talent is critical. R Systems has also defined and implemented a People Management Initiative which is in line with industry best practices and People CMM. It effectively manages the employee life cycle so that the individuals are committed, have pride and show pro-activeness on the job.

## 2. Reserve and Surplus

Particulars	Consolidated		Standalone	
	2016	2015	2016	2015
Capital redemption reserve	16.34	13.34	16.34	13.34
Securities premium account	709.65	901.65	709.65	901.65
General reserve	153.80	156.80	153.80	156.80
Stock Options Outstanding	2.59	-	2.59	-
Surplus in the statement of profit and loss	1,559.50	1,022.61	1,197.94	785.80
Capital reserve	0.03	0.03	-	-
Foreign currency translation reserve	214.69	208.00	-	-
<b>Total</b>	<b>2,656.60</b>	<b>2,302.43</b>	<b>2,080.32</b>	<b>1,857.59</b>

During the year ended December 31, 2016, the Company has bought back 3,000,000 equity shares for an aggregate amount of Rs. 195.00 mn by utilising the Securities Premium Account to the extent of Rs. 192.00 mn and General Reserve to the extent of Rs. 3.00 mn. The Capital Redemption Reserve has been created out of General Reserve for Rs. 3.00 mn being the nominal value of equity shares bought back in terms of Section 68 of the Companies Act, 2013.

R Systems added 294 net associates over financial year 2016 with 2,319 associates including 345 sales and support staff as at December 31, 2016.

## I. Discussion on Financial Position and Financial Performance with respect to Operational Performance

### Analysis and Discussions of Financial Position as at December 31, 2016

#### 1. Share Capital

Particulars	As at December 31,	
	2016	2015
Authorised share capital	200.00	200.00
Issued, subscribed and paid up capital	126.87	127.46
Less: Buyback of shares	3.00	0.68
Add: Shares Issued under ESOP Scheme, 2007	-	0.09
	123.87	126.87
Less: Advance to R Systems Employee Welfare Trust	0.74	0.74
<b>Total Share Capital</b>	<b>123.13</b>	<b>126.13</b>

The issued, subscribed and paid up capital is Rs. 123.13 mn as at December 31, 2016 and Rs. 126.13 mn as at December 31, 2015. This is after adjusting Rs. 0.74 mn advance to R Systems Employee Welfare Trust in compliance with guidance note issued by the Institute of Chartered Accountants of India.

During the year ended December 31, 2016, the Company has bought back 3,000,000 fully paid-up equity shares of Re. 1 each on a proportionate basis through tender offer. The aforesaid buyback was completed on November 29, 2016.

Detailed information about the movements in ESOP plan has been given in Note no. 31 of notes to the Consolidated Financial Statements.

**3. Minority Interest**

During the year, there is no change in the minority interest in the Consolidated Financial Statement.

**4. Long-term borrowings (non-current portion)**

(Rs. in million)

Particulars	As at December 31,	
	2016	2015
Against Motor Vehicles	8.43	7.77
Against Finance Lease Obligation	10.72	-
<b>Total</b>	<b>19.15</b>	<b>7.77</b>

Finance lease obligation represents furniture and fixtures taken for SEZ unit.

**5. Deferred Tax Assets / Liability (net)**

Deferred tax reflects the timing differences between financials and tax books arising mainly from provision for gratuity, compensated absence, doubtful debts and advances (results into deferred tax assets) and differences in books base and tax base of fixed assets (results into deferred tax liability).

Deferred tax assets and deferred tax liabilities across various tax jurisdictions cannot be offset against each other therefore has been presented separately.

(Rs. in million)

Particulars	Consolidated		Standalone	
	2016	2015	2016	2015
Deferred Tax Assets (net)	46.14	37.03	43.66	35.46

**6. Other long-term liabilities**

The liabilities which are due for payment after 12 months from reporting date are considered under the other long-term liabilities.

(Rs. in million)

Particulars	Consolidated		Standalone	
	2016	2015	2016	2015
Security deposits	12.63	12.36	12.63	12.36
Deferred payment compensation to the erstwhile shareholders of subsidiary	43.99	88.10	-	-
Deferred payable others	0.58	0.15	-	-
<b>Total</b>	<b>57.20</b>	<b>100.61</b>	<b>12.63</b>	<b>12.36</b>

Deferred payment compensation to the erstwhile shareholders of subsidiary represents the amount payable after 12 months from the reporting date for the acquisition of IBIZ Consulting Pte. Ltd., Singapore (formerly known as IBIZCS Group Pte. Ltd., Singapore).

For detailed information about the deferred payment compensation refer Note no. 30(c) of notes to the Consolidated Financial Statements.

**7. Long-term provisions**

Long-term provisions represent the provision towards the gratuity liability due after 12 months from the reporting date based on actuarial valuation. The provision amounts to Rs. 89.42 mn as at December 31, 2016 as against Rs. 63.46 mn as at December 31, 2015.

## 8. Other current liabilities

The liabilities which are due for payment within next 12 months from reporting date are considered under other current liabilities.

(Rs. in million)

Particulars	Consolidated		Standalone	
	2016	2015	2016	2015
Trade payables	438.94	485.38	157.73	173.43
Payable to subsidiary companies	-	-	16.83	15.48
Current maturities of long-term borrowing	5.18	4.79	5.18	3.81
Deferred payment compensation to the erstwhile shareholders of subsidiary	25.38	33.80	-	-
Unearned revenues	167.27	187.73	61.29	91.19
Book overdraft	-	5.53	-	-
Investor education and protection fund (not due) - Unclaimed dividend	2.58	2.78	2.58	2.78
Payable for purchase of fixed assets	10.78	20.77	10.78	8.42
Other payables	59.07	48.03	21.01	18.42
<b>Total</b>	<b>709.20</b>	<b>788.81</b>	<b>275.40</b>	<b>313.53</b>

For detailed information about the deferred payment compensation refer Note no. 30(c) of notes to the Consolidated Financial Statements.

## 9. Short-term provisions

(Rs. in million)

Particulars	Consolidated		Standalone	
	2016	2015	2016	2015
Provision for employee benefits				
- Gratuity	2.54	1.75	2.54	1.75
- Compensated absence	113.59	94.51	75.55	61.32
Provision for Income tax	58.77	69.77	42.39	54.12
<b>Total</b>	<b>174.90</b>	<b>166.03</b>	<b>120.48</b>	<b>117.19</b>

## 10. Fixed Assets

Fixed assets includes tangible fixed assets such as land, building, lease hold improvement, computer hardware, furniture & fixture, vehicle, office and electrical equipment etc, intangible assets covering computer software and customer contracts.

(Rs. in million)

Particulars	Consolidated		Standalone	
	2016	2015	2016	2015
Net tangible assets	289.52	273.31	246.39	231.77
Net intangible assets	32.14	46.87	5.42	5.36
Capital work in progress	26.28	0.01	26.28	-
<b>Total</b>	<b>347.94</b>	<b>320.19</b>	<b>278.09</b>	<b>237.13</b>

Details of additions during the year in fixed assets:

(Rs. in million)

Particulars	Consolidated		Standalone	
	2016	2015	2016	2015
Total addition to gross block- tangible assets	106.38	136.04	82.00	77.32
Total addition to gross block-intangible assets	10.12	57.32	3.48	5.76

The additions in gross block - tangible assets were mainly on account of purchases of computer hardware, office equipment, vehicles, furniture & fittings etc.

**11. Goodwill on consolidation**

(Rs. in million)

Particulars	As at December 31,	
	2016	2015
Goodwill on Computaris International Ltd acquisition	277.74	279.50
Goodwill on IBIZ Consulting Pte. Ltd., Singapore (formerly known as IBIZCS Group Pte. Limited, Singapore) acquisition	174.47	198.47
<b>Total</b>	<b>452.21</b>	<b>477.97</b>

For Detailed information about goodwill computation on IBIZ Consulting Pte. Ltd., Singapore (formerly known as IBIZCS Group Pte. Limited, Singapore), refer Note no. 30(c) of notes to the Consolidated Financial Statements.

**12. Non-current investments**

(Rs. in million)

Particulars	Consolidated		Standalone	
	2016	2015	2016	2015
Investment in subsidiaries	-	-	925.49	872.30
Other investment	0.03	0.03	0.03	0.03
8% Redeemable Debentures in Indus Software Technologies Private Limited	175.12	262.69	175.12	262.69
Investment Property – Land and Building in Pune	26.25	27.73	26.25	27.73
<b>Total</b>	<b>201.40</b>	<b>290.45</b>	<b>1,126.89</b>	<b>1,162.75</b>

For detailed information about the non-current investment refer Note no. 11.1 of notes to the Standalone Financial Statements and Note no. 12.1 of notes to the Consolidated Financial Statements.

**13. Long-term loans and advances**

(Rs. in million)

Particulars	Consolidated		Standalone	
	2016	2015	2016	2015
Capital advances	10.29	0.52	10.29	0.52
Advances recoverable in cash or in kind or for value to be received	16.68	1.25	16.33	0.85
Security deposit	27.34	20.66	16.06	9.95
Income tax recoverable	34.80	40.84	28.93	35.00
<b>Total</b>	<b>89.11</b>	<b>63.27</b>	<b>71.61</b>	<b>46.32</b>

**14. Other non-current assets**

Other non-current assets includes the long term fixed deposits with banks due for maturity after twelve months from reporting date, margin money deposits and accrued interest thereon.

(Rs. in million)

Particulars	Consolidated		Standalone	
	2016	2015	2016	2015
Non-current bank deposits	56.46	70.49	48.17	47.16
Interest accrued on deposits	5.12	4.00	5.12	4.00
<b>Total</b>	<b>61.58</b>	<b>74.49</b>	<b>53.29</b>	<b>51.16</b>

**15. Current investment**

(Rs. in million)

Particulars	As at December 31,	
	2016	2015
Investment in Indus Software Technologies Private Limited		
-Fully paid-up equity shares	-	30.44
-8% Redeemable Debentures	87.57	87.57
<b>Total</b>	<b>87.57</b>	<b>118.01</b>

For detailed information about current investment, refer Note no. 30(g) of notes to the Consolidated Financial Statements.

**16. Trade receivables**

(Rs. in million)

Particulars	Consolidated		Standalone	
	2016	2015	2016	2015
Trade receivables (Gross)	1,147.10	1,143.58	501.72	519.05
Less : Provision for doubtful debts	64.88	97.27	0.88	14.44
<b>Trade receivables (net)</b>	<b>1,082.22</b>	1,046.31	<b>500.84</b>	504.61
Days Sales Outstanding (DSO) in days	55	57	59	55

**17. Cash and Bank Balance**

(Rs. in million)

Particulars	Consolidated		Standalone	
	2016	2015	2016	2015
Cash on Hand	0.77	0.90	0.12	0.26
<b>Balances with scheduled banks</b>				
On current accounts	18.16	23.44	16.38	20.44
On EEFC accounts	95.30	12.61	95.30	12.61
On deposit accounts	286.74	192.17	286.74	192.17
On unclaimed dividend accounts #	2.58	2.78	2.58	2.78
<b>Balances with other banks</b>				
On current accounts	771.48	659.11	49.13	30.28
On deposit accounts	24.68	30.95	-	-
	1,199.71	921.96	450.25	258.54
Less : Non-current bank balances	56.46	70.49	48.17	47.16
<b>Total</b>	<b>1,143.25</b>	851.47	<b>402.08</b>	211.38

# the Company can utilise these balances for respective dividend.

For detailed movement in cash and bank balance, refer Consolidated and Standalone Cash Flow Statement.

**18. Short-term loans and advances**

Short-term loans and advances include the amount recoverable in cash and kind or for value to be received within twelve months from reporting date.

(Rs. in million)

Particulars	Consolidated		Standalone	
	2016	2015	2016	2015
Advances recoverable in cash or in kind or for value to be received	102.47	82.72	39.19	32.63
Advances to related parties	-	-	1.89	0.08
Security deposit	0.81	1.01	0.80	0.51
Mark-to-market gains on derivative instruments	26.42	15.65	26.42	15.65
Balances with customs, excise, etc.	21.88	44.37	21.88	44.37
<b>Total</b>	<b>151.58</b>	143.75	<b>90.18</b>	93.24

**19. Other current assets**

(Rs. in million)

Particulars	Consolidated		Standalone	
	2016	2015	2016	2015
Interest accrued	5.52	7.22	5.52	7.22
Unbilled revenue	161.10	125.08	60.79	30.76
<b>Total</b>	<b>166.62</b>	<b>132.30</b>	<b>66.31</b>	<b>37.98</b>

Unbilled revenue constitutes amounts not billed to customers at year end which is expected to be billed in due course in accordance with the contract with the respective customers.

**20. Liquidity**

The consolidated cash and cash equivalent as at December 31, 2016 were Rs. 1,136.05 mn as against Rs. 786.17 mn as on December 31, 2015.

Net cash generated from operating activities were Rs. 436.24 mn for the year ended December 31, 2016, compared to Rs. 448.53 mn for the year ended December 31, 2015.

Cash generated from investing activities were Rs. 101.49 mn for the year ended December 31, 2016, comprised of proceeds from redemption of debenture Rs. 87.57 mn, proceeds from sale of balance 7% share in Indus Software Technologies Private Limited Rs. 67.61 mn, proceeds from long term fixed deposits with banks Rs. 58.10 mn (net), interest income Rs. 56.45 mn, rental income from investment property Rs. 6.40 mn, sale of fixed assets Rs. 2.53 mn as offset by purchase of fixed assets of Rs. 140.07 mn and earn out payment for IBIZ Rs. 37.10 mn (net).

Cash used in financing activities were Rs. 194.57 mn for the year ended December 31, 2016 mainly consist of Rs. 195.00 mn for buyback of equity shares.

R Systems' policy is to maintain sufficient liquidity to fund the anticipated capital expenditures, operational expenses and investments for strategic initiatives.

**Analysis and Discussions of Operating Performance for the Year Ended December 31, 2016**

The following section discusses in detail the composition of different items in the Consolidated and Standalone Statement of Profit and Loss.

**Consolidated Statement of Profit and Loss for the year:**

(Rs. in million)

Particulars	2016	% of Total income	2015	% of Total income	Change %
<b>Income</b>					
Revenue from operations	5,882.37	97.89	6,050.32	98.40	(2.78)
Other income	127.07	2.11	98.13	1.60	29.49
<b>Total income</b>	<b>6,009.44</b>	<b>100.00</b>	<b>6,148.45</b>	<b>100.00</b>	<b>(2.26)</b>
<b>Expenses</b>					
Employee benefits expense	3,797.89	63.20	3,648.80	59.35	4.09
Operational and other expense	1,377.98	22.93	1,678.00	27.29	(17.88)
Depreciation and amortisation expense	115.12	1.92	140.23	2.27	(17.91)
Finance cost	7.92	0.13	9.59	0.16	(17.41)
<b>Total expenses</b>	<b>5,298.91</b>	<b>88.18</b>	<b>5,476.62</b>	<b>89.07</b>	<b>(3.24)</b>
<b>Net profit before tax and exceptional items</b>	<b>710.53</b>	<b>11.82</b>	<b>671.83</b>	<b>10.93</b>	<b>5.76</b>
Exceptional items	46.35	0.77	603.10	9.81	(92.31)
<b>Net profit before tax</b>	<b>756.87</b>	<b>12.59</b>	<b>1,274.93</b>	<b>20.74</b>	<b>(40.63)</b>
Tax expense	219.99	3.66	296.63	4.83	(25.84)
<b>Net profit after tax</b>	<b>536.88</b>	<b>8.93</b>	<b>978.30</b>	<b>15.91</b>	<b>(45.12)</b>

**Standalone Statement of Profit and Loss for the year:**

(Rs. in million)

Particulars	2016	% of Total income	2015	% of Total income	Change %
<b>Income</b>					
Revenue from operations	2,631.77	95.51	2,892.60	96.78	(9.02)
Other income	123.67	4.49	96.23	3.22	28.50
<b>Total income</b>	<b>2,755.44</b>	<b>100.00</b>	<b>2,988.83</b>	<b>100.00</b>	<b>(7.81)</b>
<b>Expenses</b>					
Employee benefits expense	1,663.18	60.36	1,734.61	58.04	(4.12)
Operational and other expense	451.86	16.40	624.25	20.89	(27.62)
Depreciation and amortisation expense	69.30	2.52	95.80	3.20	(27.67)
Finance cost	3.68	0.13	4.28	0.14	(14.02)
<b>Total expenses</b>	<b>2,188.03</b>	<b>79.41</b>	<b>2,458.94</b>	<b>82.27</b>	<b>(11.02)</b>
<b>Net profit before tax and exceptional items</b>	<b>567.41</b>	<b>20.59</b>	<b>529.89</b>	<b>17.73</b>	<b>7.08</b>
Exceptional items	46.35	1.68	648.07	21.68	(92.85)
<b>Net profit before tax</b>	<b>613.75</b>	<b>22.27</b>	<b>1,177.96</b>	<b>39.41</b>	<b>(47.90)</b>
Tax expense	201.62	7.32	271.52	9.08	(25.74)
<b>Net profit after tax</b>	<b>412.14</b>	<b>14.96</b>	<b>906.44</b>	<b>30.33</b>	<b>(54.53)</b>

**1. Income**
**1.1 Revenue from Operations**

R Systems derives revenue primarily from Information Technology services and product and Business Process Outsourcing services. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

**1.1.1 Based on Consolidated Financial Statement**

(Rs. in million)

Particulars	2016	%	2015	%	change %
Information technology services and products	5,449.12	92.63	5,564.27	91.97	(2.07)
Business process outsourcing services	433.25	7.37	486.05	8.03	(10.86)
<b>Total</b>	<b>5,882.37</b>	<b>100.00</b>	<b>6,050.32</b>	<b>100.00</b>	<b>(2.78)</b>

The decline in Information Technology services and products is mainly on account of divestment of Indus business division w.e.f. July 7, 2015.

The decline in Business Process Outsourcing services is mainly on account of liquidation of R Systems USA BPO due to client loss.

**1.1.2 Based on Standalone Financial Statement**

(Rs. in million)

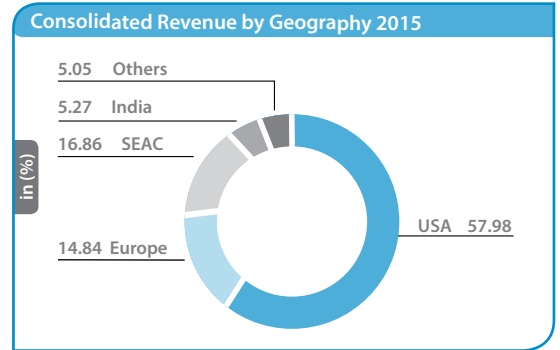
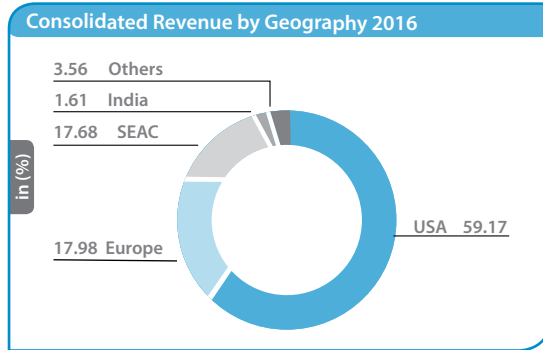
Particulars	2016	%	2015	%	change %
Information technology services and products	2,179.51	82.82	2,482.31	85.82	(12.20)
Business process outsourcing services	452.25	17.18	410.29	14.18	10.23
<b>Total</b>	<b>2,631.77</b>	<b>100.00</b>	<b>2,892.60</b>	<b>100.00</b>	<b>(9.02)</b>

The decline in Information technology services and products is mainly on account of divestment of Indus business division w.e.f. July 7, 2015.



**1.1.3 Consolidated Revenue by Geography**

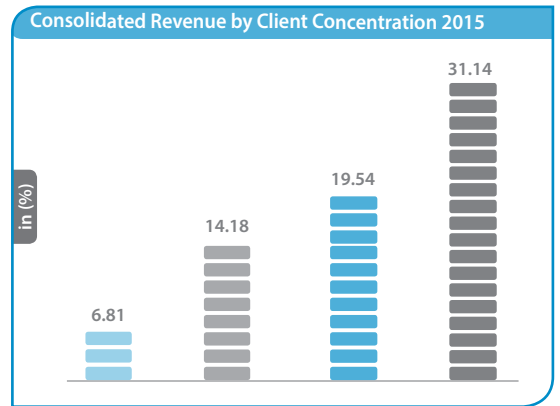
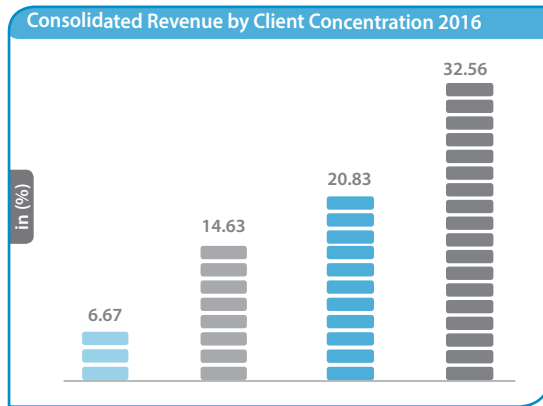
R Systems earns income from five principal geographic territories, namely the United States of America, Europe, South East Asian countries ("SEAC"), India and others. A significant proportion of the revenues were derived from clients located in the United States of America. The geographic break-down is given below:



\* Graphs not to scale

**1.1.4 Consolidated Revenue by Client Concentration**

The breakdown of R Systems consolidated revenue on the basis of client concentration for the year ended December 31, 2016 and 2015 is as follows:



Legend: The Largest Clients (light blue), Top 3 Clients (grey), Top 5 Clients (medium blue), Top 10 Clients (dark blue)

\* Graphs not to scale

**1.2 Other Income**

(Rs. in million)

Particulars	Consolidated		Standalone	
	2016	2015	2016	2015
Interest income	56.81	46.33	56.57	46.08
Rental income from investment property	6.40	3.08	6.40	3.08
Provision for doubtful debts and advances written back (net)	4.39	-	2.31	-
Foreign exchange fluctuation (net)	41.94	31.18	52.38	43.60
Profit on redemption of mutual fund	-	1.77	-	1.77
Liability no longer required written back	5.15	0.05	5.15	0.03
Miscellaneous income	12.38	15.72	0.86	1.67
<b>Total</b>	<b>127.07</b>	<b>98.13</b>	<b>123.67</b>	<b>96.23</b>

## 2. Expenditures

### 2.1 Personnel Expenses

Personnel expenses primarily consist of salaries, bonus, commissions, provision for compensated absence, gratuity benefits, contribution towards provident and other funds and staff welfare expenses.

#### 2.1.1 Based on Consolidated Financial Statement:

(Rs. in million)

Particulars	2016	% of Total income	2015	% of Total income	Change %
Salaries wages and bonus	3,498.64	58.22	3,379.86	54.97	3.51
Gratuity	35.76	0.60	18.02	0.29	98.44
Contribution to provident fund and other payments	225.48	3.75	212.27	3.45	6.22
Staff welfare expenses	38.02	0.63	38.65	0.64	(1.66)
<b>Total</b>	<b>3,797.89</b>	<b>63.20</b>	<b>3,648.80</b>	<b>59.35</b>	<b>4.09</b>

#### 2.1.2 Based on Standalone Financial Statement:

(Rs. in million)

Particulars	2016	% of Total income	2015	% of Total income	Change %
Salaries, wages and bonus	1,541.01	55.93	1,627.02	54.44	(5.29)
Gratuity	35.76	1.30	18.02	0.60	98.44
Contribution to provident fund and other payments	56.42	2.05	56.11	1.88	0.56
Staff welfare expenses	29.99	1.08	33.46	1.12	(10.36)
<b>Total</b>	<b>1,663.18</b>	<b>60.36</b>	<b>1,734.61</b>	<b>58.04</b>	<b>(4.12)</b>

### 2.2 Operational and other expenses

Operational and other expenses includes expenses on travelling and conveyance, legal and professional expenses including sub-contractors costs, cost of third party hardware and software, recruitment and training, communication, provision for doubtful debts and advances (net), rent of premises, equipment rental, audit fees, repairs and maintenance, commission, insurance premium and other miscellaneous items.

#### 2.2.1 Based on Consolidated Financial Statement:

(Rs. In million)

Particulars	2016	% of Total income	2015	% of Total income	Change %
Travelling and conveyance	243.33	4.05	340.62	5.54	(28.56)
Legal and professional expenses including audit fees and subcontracting expenses	593.77	9.88	650.10	10.57	(8.66)
Communication costs	72.19	1.20	77.71	1.26	(7.10)
Repair and maintenance	90.38	1.50	97.47	1.59	(7.28)
Recruitment and training expenses	24.82	0.41	27.91	0.45	(11.08)
Power and fuel	45.00	0.75	54.87	0.89	(17.98)
Rent - premises and equipments	90.44	1.50	108.98	1.77	(17.01)
Advertising and sales promotion	18.89	0.31	29.75	0.48	(36.49)
Provision for doubtful debts and advances (net)	-	-	8.22	0.13	(100.00)
Bad debts and advances written off (net)	0.73	0.01	0.06	0.00	1,064.52
Contract cost	2.97	0.05	49.28	0.80	(93.98)
Cost of third party items	110.79	1.84	135.48	2.20	(18.22)
Others	84.67	1.41	97.55	1.59	(13.21)
<b>Total</b>	<b>1,377.98</b>	<b>22.93</b>	<b>1,678.00</b>	<b>27.29</b>	<b>(17.88)</b>

**2.2.2 Based on Standalone Financial Statement:**

(Rs. in million)

Particulars	2016	% of Total income	2015	% of Total income	Change %
	Travelling and conveyance	145.16	5.27	238.64	7.98
Legal and professional expenses including audit fees and subcontracting expenses	63.36	2.30	90.97	3.04	(30.34)
Communication costs	53.84	1.95	55.49	1.86	(2.98)
Repair and maintenance	72.74	2.64	71.75	2.40	1.38
Recruitment and training expenses	8.94	0.32	11.07	0.37	(19.20)
Power and fuel	40.69	1.48	50.14	1.68	(18.85)
Rent - premises and equipments	27.45	1.00	32.75	1.10	(16.17)
Advertising and sales promotion	4.19	0.15	15.32	0.51	(72.64)
Provision for doubtful debts and advances (net)	-	-	2.39	0.08	(100.00)
Others	35.49	1.29	55.73	1.86	(36.32)
<b>Total</b>	<b>451.86</b>	<b>16.40</b>	<b>624.25</b>	<b>20.89</b>	<b>(27.62)</b>

**2.3 Depreciation and Amortisation Expense**

(Rs. in million)

Particulars	Consolidated		Standalone	
	2016	2015	2016	2015
Depreciation on tangible assets	87.74	97.84	64.40	72.34
Amortisation of intangible assets	25.91	41.69	3.43	22.75
Depreciation on Investment Property	1.47	0.71	1.47	0.71
<b>Total</b>	<b>115.12</b>	<b>140.23</b>	<b>69.30</b>	<b>95.80</b>

**2.4 Finance cost**

(Rs. in million)

Particulars	Consolidated		Standalone	
	2016	2015	2016	2015
Interest	1.36	2.30	1.34	2.13
Bank charges	6.55	7.29	2.34	2.15
<b>Total</b>	<b>7.92</b>	<b>9.59</b>	<b>3.68</b>	<b>4.28</b>

**2.5 Exceptional items****2.5.1 Exceptional items in Consolidated Financial Statement**

(Rs. in million)

Particulars	2016	2015
Profit on sale of investment	37.18	-
Profit on sale of subsidiaries	9.17	592.77
Currency translation reserve released	-	9.68
Deferred Compensation payable written back	-	12.61
Impairment loss on intangible assets earlier acquired from business acquisition	-	(11.96)
<b>Total</b>	<b>46.35</b>	<b>603.10</b>

For detailed information about exceptional items refer Note no. 30 of notes to the Consolidated Financial Statements.

## 2.5.2 Exceptional items in Standalone Financial Statement

Particulars	(Rs. in million)	
	2016	2015
Profit on sale of investment	37.18	-
Profit on sale of undertaking	9.17	564.43
Profit on sale of subsidiaries	-	26.63
Deferred compensation payable written back	-	12.61
Provision for diminution in the value of investment written back	-	44.40
<b>Total</b>	<b>46.35</b>	<b>648.07</b>

For detailed information about exceptional items refer Note no. 31 of notes to the Standalone Financial Statements.

## 2.6 Tax expense

Tax expense comprises current tax and deferred tax.

Particulars	Consolidated		Standalone	
	2016	2015	2016	2015
<b>Profit Before Tax</b>	<b>756.87</b>	1,274.93	<b>613.75</b>	1,177.96
Current tax	244.03	290.08	224.95	262.82
MAT credit entitlement	(15.13)	-	(15.13)	-
Deferred tax charge / (credit)	(8.91)	6.55	(8.20)	8.70
<b>Total Tax Expense</b>	<b>219.99</b>	296.63	<b>201.62</b>	271.52
<b>Effective Tax Rate (%)</b>	<b>29.07</b>	23.27	<b>32.85</b>	23.05

During 2016 effective tax rate is higher as compared to 2015 as profit before tax during 2015 includes capital gain on divestment of Indus business division which attract tax at lower rates.

## 2.7 Comparatives

As specified in Note 2 of notes to the Consolidated Financial Statements, there were certain changes in the group structure. Therefore, the current year's figures are not strictly comparable with previous year's figures.

Annexure 'F' to the Directors Report

## SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON DECEMBER 31, 2016

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,

R Systems International Limited,  
CIN: L74899DL1993PLC053579  
B - 104A, Greater Kailash, Part - I,  
New Delhi - 110 048

I have conducted the secretarial audit of the compliance of the applicable statutory provisions and the adherence to good corporate practices by R Systems International Limited (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the statutory registers, books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on December 31, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on December 31, 2016 according to the provisions of:

- (i) The Companies Act, 2013 ('the Act') and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') viz.: -
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008: - **Not Applicable**;
  - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009: - **Not Applicable**;
  - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; and
  - i. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (vi) The other laws which are specifically applicable to the Company based on its sector/ industry are:
  - a. The Information Technology Act, 2000;
  - b. Policy relating to Software Technology Parks of India and its regulations;
  - c. Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

I have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, etc. mentioned above.

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at the Board and Committee meetings were carried out unanimously as recorded in the minutes of the meetings of the Board of Directors and Committees thereof, as the case may be.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period the company had the following specific events / actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above: -

1. The Company has bought back 3,000,000 equity shares of Re. 1/- each for an aggregate amount of Rs. 195,000,000 at Rs. 65/- per equity share on proportionate basis through Tender

Offer route pursuant to the provisions of Section 68 of the Act and the Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998. All the shares bought back pursuant to the above buyback had been extinguished within the statutory time limits and the said buy back was completed on November 29, 2016.

**Sd/-**

**CS Jitender Singh**

Practicing Company Secretary

Mem. No. A33610

C.P. No. 12463

Date: April 06, 2017

Place: New Delhi

To,

The Members,  
R Systems International Limited,  
CIN: L74899DL1993PLC053579  
B - 104A, Greater Kailash - I,  
New Delhi - 110 048.

My report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial record and Books of Accounts of the company.
4. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

**Sd/-**

**CS Jitender Singh**

Practicing Company Secretary

Mem. No. A33610

C.P. No. 12463

Date: April 06, 2017

Place: New Delhi

Annexure 'G' to the Directors Report

## FORM NO. AOC-2

**(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)**

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto:

### 1. Details of contracts or arrangements or transactions not at arm's length basis

Sr. No.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts / arrangements/ transaction	Salient terms of the contracts or arrangements including the value, if any	Justification for entering into such contracts or arrangements or transactions	Date(s) of approval by the Board	Amount paid as advances, if any	Date on which the special resolution was passed in general meeting as required under first proviso to section 188
	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

### 2. Details of material contracts or arrangement or transactions at arm's length basis

Sr. No.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts / arrangements/ transactions	Salient terms of the contracts or arrangements including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advances, if any
	Nil	Nil	Nil	Nil	Nil	Nil

#### Note:

- The aforesaid disclosure is based on the materiality threshold defined in Policy for related party transactions.
- For details of other related party transaction, please refer note No. 24 of the Standalone financial statements.

On Behalf of the Board  
For R Systems International Limited

Sd/-  
**Satinder Singh Rekhi**  
(DIN: 00006955)  
(Managing Director)

Place: Singapore  
Date: April 06, 2017

Sd/-  
**Lt. Gen. Baldev Singh (Retd.)**  
(DIN: 00006966)  
(President & Senior Executive Director)

Place: Noida, U.P.  
Date: April 06, 2017



Annexure 'H' to the Directors Report

## ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ("CSR") ACTIVITIES

For the Financial Year ended December 31, 2016

**1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web link to the CSR policy and projects or programs:**

To support and endeavour to bring about positive difference to communities where we exist. Through the CSR initiatives, the Company strives to provide equitable opportunities for sustainable growth, thereby aligning with our goal to build R Systems International Limited into an organization which maximizes Stakeholders Value. The Company would engage in activities whereby business further contributes to make a positive and distinguishing impact on the environment, customers and other stakeholders.

Core areas as per the CSR Policy – Education, Health & Medical Care, Community at large, Environment etc.

The Company's CSR policy can be accessed on:

<http://www.rsystems.com/investors/corporategovernance.aspx>

**2. Composition of the CSR Committee (As on December 31, 2016)**

1. Mr. Kapil Dhameja (Non-Executive Independent Director)– Chairman
2. Mrs. Ruchica Gupta (Non-Executive Independent Director) – Member
3. Lt. Gen. Baldev Singh (Retd.) (President & Senior Executive Director) - Member

**3. Average Net Profit of the Company for last three financial years**

Rs. 530,416,658

**4. Prescribed CSR Expenditure (two percent of the amount as in Item 3 above)**

Rs. 10,608,333

**5. Details of CSR spent during the financial year:**

(a) Total Amount to be spent for the financial year

Rs. 10,608,333

(b) Amount unspent, if any

Rs. 9,108,333

(c) Manner in which the amount spent during the financial year is detailed below:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No.	CSR Project or activity identified	Sector in which the project is covered	Project / Programs (1) Local Area / others (2) Specify the State / District where the Project or program was Undertaken	Amount Outlay (budget) Project / Program wise	Amount spent on the project / programs Subheads: (1) <b>Direct expenditure on project / programs</b> (2) Overheads	Cumulative expenditure up to the reporting period	Amount spent Direct or through implementing agency*
1.	School Education Project	Education	Kapurthala-Punjab (Army Public School, Beas)	15 lakhs	15 lakhs	15 lakhs	Expenses incurred directly

\* Give details of implementing agency – N.A.

**6. Reason for not spending two percent of the average net Profit of the last three financial years or any part thereof on CSR**

The Company has continued with its School Education Project. Further, your Company is in continuous process of exploring and evaluating new opportunities to increase the CSR expenditure to the prescribed levels. As a socially responsible company, your Company stays committed to increase its CSR impact over the coming years with its aim for maximum social bearings.

**7. A Responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in Compliance with the CSR Objectives and Policy of the Company.**

The CSR Committee hereby confirms that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and policy of the Company.

Sd/-

**Satinder Singh Rekhi**

(DIN: 00006955)

(Managing Director)

Place: Singapore

Date: April 06, 2017

Sd/-

**Kapil Dhameja**

(DIN: 02889310)

(Chairman of the CSR Committee)

Place: Noida, U.P.

Date: April 06, 2017

## FORM NO. MGT-9 EXTRACT OF ANNUAL RETURN

as on the financial year ended on December 31, 2016

[Pursuant to section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies  
(Management and Administration) Rules, 2014]

### I. REGISTRATION AND OTHER DETAILS

CIN	:	L74899DL1993PLC053579
Registration Date	:	May 14, 1993
Name of the Company	:	R Systems International Limited
Category / Sub-Category of the Company	:	Company having Share Capital
Address of the Registered office and contact details	:	B -104A, Greater Kailash, Part-I, New Delhi-110048 Tel. No.: +91-011-32596619 E-mail: <a href="mailto:rsystems.india@rsystems.com">rsystems.india@rsystems.com</a>
Address of the Corporate office and contact details	:	C-40, Sector-59, NOIDA, District Gautam Budh Nagar, U.P. India-201307 Tel. No.: +91-120-4303500 Fax: +91-120-2587123
Whether listed company	:	Yes
Name, Address and Contact details of Registrar and Transfer Agent, if any	:	Link Intime India Private Limited 44, Community Center, 2nd Floor, Naraina Industrial Area, Phase- I Near PVR Naraina, New Delhi -110 028 Phone: 011 - 414 10592, 93, 94 Fax : 011 - 414 10591 Email : <a href="mailto:delhi@linkintime.co.in">delhi@linkintime.co.in</a>

### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Information technology services and products	620	82.82%
2	Business process outsourcing services	620	17.18%

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. NO	NAME OF THE COMPANY	Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
1	R Systems (Singapore) Pte Limited	#04-01, 16 Jalan Kilang, Hoi Hup Building, Singapore 159416	Foreign Company	Subsidiary	100%	2(87)
2	R Systems, Inc.	5000, Windplay Drive, Suite #5, El Dorado Hills, CA 95762, U.S.A.	Foreign Company	Subsidiary	100%	2(87)
3	R Systems Technologies Ltd. (Formely known as Indus Software, Inc.)	5000, Windplay Drive, Suite #5, El Dorado Hills, CA 95762, U.S.A.	Foreign Company	Subsidiary	100%	2(87)

SI. NO	NAME OF THE COMPANY	Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
4	ECnet Limited	#04-01, 16 Jalan Kilang, Hoi Hup Building, Singapore 159416	Foreign Company	Subsidiary	99.75%	2(87)
5	RSYS Technologies Ltd. (Formerly known as Systèmes R. International Ltée)	1000 Cathedral Place, 925 West Georgia Street, Vancouver BC V6C 3L2, Canada	Foreign Company	Subsidiary	100%	2(87)
6	Computaris International Limited	11 Queens Road, Brentwood Essex, CM 14 4HE, United Kingdom	Foreign Company	Subsidiary	100%	2(87)
7	ECnet (M) Sdn. Bhd.#	Level 12, Suite 12.05, Menara Summit, Persiaran Kewajipan, USJ 1 47500 UEP Subang Jaya, Malaysia	Foreign Company	Step Down Subsidiary	99.75%	2(87)
8	ECnet Systems (Thailand) Co. Ltd.#	2/3 Bangna Tower-A, 2nd Floor, Room No. 205, Moo 14, Bangna- Trad K.M. 6.5, Tambol Bangkaew, Amphoe Bangplee, Samutprakarn Province	Foreign Company	Step Down Subsidiary	99.75%	2(87)
9	ECnet (Shanghai) Co. Ltd.*	Rm H, 20 Floor, Foresight Mansion, No.768 Xie Tu Rd, Shanghai, China	Foreign Company	Step Down Subsidiary	99.75%	2(87)
10	ECnet (Hong Kong) Ltd#	Rm 1903, 19/F, World Wide House 19 Des Voeux Road Central Hong Kong	Foreign Company	Step Down Subsidiary	99.75%	2(87)
11	ECnet, Inc.#	5000 Wind Play Drive Suite #5, El Dorado Hills, CA 95762, USA	Foreign Company	Step Down Subsidiary	99.75%	2(87)
12	ECnet Kabushiki Kaisha#	Godo Building 6F, Kaji-cho 1-6-17, Chiyoda-ku, Tokyo, Japan 101-0044	Foreign Company	Step Down Subsidiary	99.75%	2(87)
13	Computaris Romania SRL*	<b>Bucharest office</b> 5 Gheorghe Manu Str, Groundfloor, Room 2, Sector 1, 010442 Bucharest, Romania <b>Galati office</b> 23 Logofat Tautu Str., 800009 Galati, Romania	Foreign Company	Step Down Subsidiary	100%	2(87)
14	Computaris Polska sp z o.o.*	<b>Warsaw office</b> Babka Tower, entrance H, 6th floor, al. Jana Pawla II 80, 00-175 Warsaw, Poland <b>Bialystok Office</b> ul. Branickiego 17, 15 -085 Bialystok, Poland	Foreign Company	Step Down Subsidiary	100%	2(87)
15	ICS Computaris International Srl	63, Vlaicu Picalab Str., Sky Tower Business Centre, 8th Floor, Office B, MD-2012, Chisinau, The Republic of Moldova	Foreign Company	Step Down Subsidiary	100%	2(87)
16	Computaris Malaysia Sdn. Bhd.*	1005 Level 10 Block B Phileo Damansara 1, 9 Jalan 16/11, Off Jalan Damansara, 46350 Petaling Jaya, Selangor, Malaysia.	Foreign Company	Step Down Subsidiary	100%	2(87)
17	Computaris USA Inc.*	5000, Windplay Drive, Suite #5, El Dorado Hills, CA 95762, U.S.A.	Foreign Company	Step Down Subsidiary	100%	2(87)

SI. NO	NAME OF THE COMPANY	Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
18	Computaris Philippines Pte. Ltd. Inc.*	21B Rufino Pacific Tower, 6784 Ayala Avenue, Corner V.A. Rufino Street, Legaspi Village Makati City, 1226 Philippines	Foreign Company	Step Down Subsidiary	100%	2(87)
19	IBIZ Consulting Pte. Ltd.® (Formerly known as IBIZCS Group Pte Ltd)	2 Jalan Kilang Barat #04-01 Singapore 159346	Foreign Company	Step Down Subsidiary	100%	2(87)
20	IBIZ Consulting Services Pte Ltd <sup>^</sup>	2, Jalan Kilang Barat #04-01 Singapore 159346	Foreign Company	Step Down Subsidiary	100%	2(87)
21	IBIZ Consulting Services Sdn. Bhd. <sup>^</sup>	Suite A-13-6, Menara Atlas Plaza Pantai, No. 5, Jalan 4/83A Off Jalan Pantai Baru 59200 Kuala Lumpur, Malaysia	Foreign Company	Step Down Subsidiary	100%	2(87)
22	PT. IBIZCS Indonesia <sup>^</sup>	Setiabudi Buidling 2, 2nd Floor, Suite 203 Jl. H.R. Rasuna Said Kav. 62 Jakarta Selatan 12920, Indonesia	Foreign Company	Step Down Subsidiary	100%	2(87)
23	IBIZ Consultancy Services India Private Limited <sup>^</sup>	Block 2, 4th Floor, The LORDS Building No. 1&2 Northern Extension Area, Jawaharlal Nehru Rd, Thiru Vi Ka Industrial Estate, Ekkatuthangal, Chennai 600032	U72200TN2008 PTC070201	Step Down Subsidiary	100%	2(87)
24	IBIZ Consulting Services Limited <sup>^</sup>	Room 1804-5 The Centre Mark 287-29 Queen's Road Central Hong Kong	Foreign Company	Step Down Subsidiary	100%	2(87)
25	IBIZ Consulting Services (Shanghai) Co., Ltd <sup>%</sup>	Rm 700 Jindu Center, No 277 Wu Xing Road, Xuhui, Shanghai, China	Foreign Company	Step Down Subsidiary	100%	2(87)

# Wholly owned subsidiary of ECnet Limited, Singapore being 99.75% subsidiary of R Systems.

\* Wholly owned subsidiaries of Computaris International Limited being 100% subsidiary of R Systems.

@ Wholly owned subsidiary of R Systems (Singapore) Pte. Ltd. being 100% subsidiary of R Systems.

<sup>^</sup> Wholly owned subsidiaries of IBIZ Consulting Pte. Ltd. (Formerly known as IBIZCS Group Pte Ltd) being 100% subsidiary of R Systems (Singapore) Pte Limited being 100% subsidiary of R Systems.

<sup>%</sup> Wholly owned subsidiary of IBIZ Consulting Services Limited - Hong Kong being 100% Subsidiary of IBIZ Consulting Pte. Ltd.

**Note:** Refer Note No. 13 of the Directors' Report for further details of the subsidiaries.

## IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Categorywise shareholding

Category of Shareholders	No. of Shares held at the beginning of the year- January 01, 2016			No. of Shares held at the end of the year- December 31, 2016			% Change during the year
	Physical	Demat	Total	Physical	Demat	Total	
<b>A. Promoter and Promoter Group</b>							
<b>Indian</b>							
Individuals / Hindu Undivided Family	0	7,777	7,777	0	7,777	7,777	0.01
Central Government	0	0	0	0	0	0	0.00
State Government(s)	0	0	0	0	0	0	0.00
Bodies Corporate	0	29,782,219	29,782,219	0	29,746,353	29,746,353	24.01
Financial Institutions / Banks	0	0	0	0	0	0	0.00
Any Other (Specify)	0	0	0	0	0	0	0.00
<b>Sub Total (A)(1)</b>	<b>0</b>	<b>29,789,996</b>	<b>29,789,996</b>	<b>23.48</b>	<b>29,754,130</b>	<b>29,754,130</b>	<b>24.02</b>
<b>Foreign</b>							
NRI Individual	0	12,367,430	12,367,430	9.75	12,105,955	12,105,955	9.77
Other Individual	0	0	0	0.00	0	0	0.00
Bodies Corporate	0	9,272,000	9,272,000	7.31	9,076,218	9,076,218	7.33
Banks/ Financial Institutions	0	0	0	0.00	0	0	0.00
Any Other (Foreign Trust)	0	13,018,980	13,018,980	10.26	12,150,731	12,150,731	9.81
<b>Sub Total (A)(2)</b>	<b>0</b>	<b>34,658,410</b>	<b>34,658,410</b>	<b>27.32</b>	<b>33,332,904</b>	<b>33,332,904</b>	<b>-0.41</b>
<b>Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)</b>	<b>0</b>	<b>64,448,406</b>	<b>64,448,406</b>	<b>50.80</b>	<b>63,087,034</b>	<b>63,087,034</b>	<b>50.93</b>
<b>B. Public shareholding</b>							
<b>Institutions</b>							
Mutual Funds / UTI	0	0	0	0.00	0	0	0.00
Financial Institutions / Banks	0	12,154	12,154	0.01	11,925	11,925	0.01
Central Government	0	0	0	0.00	0	0	0.00
State Government(s)	0	0	0	0.00	0	0	0.00
Venture Capital Funds	0	0	0	0.00	0	0	0.00
Insurance Companies	0	0	0	0.00	0	0	0.00

Category of Shareholders	No. of Shares held at the beginning of the year- January 01, 2016			No. of Shares held at the end of the year- December 31, 2016			% Change during the year
	Physical	Demat	Total	Physical	Demat	Total	
			% of Total Shares			% of Total Shares	
Foreign Institutional Investors	0	0	0.00	0	0	0	0.00
Foreign Venture Capital Investors	0	0	0.00	0	0	0	0.00
Any Other (specify)	0	0	0.00	0	0	0	0.00
<b>Sub-Total (B)(1)</b>	<b>0</b>	<b>12,154</b>	<b>0.01</b>	<b>0</b>	<b>11,925</b>	<b>11,925</b>	<b>0.01</b>
<b>Non-institutions</b>							
Bodies Corporate (Indian and Overseas)	0	981,191	0.77	0	1,090,919	1,090,919	0.88
<b>Individuals -</b>							
i. Individual shareholders holding nominal share capital up to Rs. 1 lakh	143,032	9,529,718	7.62	139,813	10,136,953	10,276,766	8.30
ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	114,000	50,705,545	40.06	114,000	48,394,246	48,508,246	39.16
Any Other (Clearing Member)	0	197,399	0.16	0	156,555	156,555	0.13
Any Other (Trust)	738,980	0	0.58	738,980	0	738,980	0.60
<b>Sub-Total (B)(2)</b>	<b>996,012</b>	<b>61,413,853</b>	<b>49.19</b>	<b>992,793</b>	<b>59,778,673</b>	<b>60,771,466</b>	<b>49.06</b>
<b>Total Public Shareholding (B) = (B)(1)+(B)(2)</b>	<b>996,012</b>	<b>61,426,007</b>	<b>49.20</b>	<b>992,793</b>	<b>59,790,598</b>	<b>60,783,391</b>	<b>49.07</b>
<b>TOTAL (A)+(B)</b>	<b>996,012</b>	<b>125,874,413</b>	<b>100.00</b>	<b>992,793</b>	<b>122,877,632</b>	<b>123,870,425</b>	<b>100.00</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	0	0	0.00	0	0	0	0.00
<b>TOTAL (C)</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>
<b>GRANDTOTAL (A)+(B)+(C)</b>	<b>996,012</b>	<b>125,874,413</b>	<b>100.00</b>	<b>992,793</b>	<b>122,877,632</b>	<b>123,870,425</b>	<b>100.00</b>

**Note:** In addition to changes on account of purchase / sale of shares, evident from the different shareholding positions beginning and end of the year, the change in % of shareholding is consequent to extinguishment of equity shares bought back by the Company during the year.

## ii. Shareholding of Promoters

S. No	Shareholder's Name	Share holding at the beginning of the year - January 01, 2016			Share holding at the end of the year - December 31, 2016			% Change during the year
		Number of shares held	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	Number of shares held	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Mrs. Kuldeep Baldev Singh	6,080	0.00	0.00	6,080	0.00	0.00	0.00
2	Mrs. Anita Behl	1,697	0.00	0.00	1,697	0.00	0.00	0.00
3	GM Solutions Private Limited	10,242,424	8.07	0.00	10,261,150	8.28	0.00	0.21
4	GMU Infosoft Private Limited	9,673,035	7.62	0.00	9,646,784	7.79	0.00	0.16
5	U Infosoft Private Limited	9,866,760	7.78	0.00	9,838,419	7.94	0.00	0.17
6	Mr. Satinder Singh Rekhi	1,309,200	1.03	0.00	1,281,556	1.03	0.00	0.00
7	Mrs. Harpreet Rekhi	760	0.00	0.00	760	0.00	0.00	0.00
8	Mr. Sartaj Singh Rekhi	5,991,340	4.72	0.00	5,864,656	4.73	0.00	0.01
9	Mr. Ramneet Singh Rekhi	5,066,130	3.99	0.00	4,958,983	4.00	0.00	0.01
10	RightMatch Holdings Ltd.	9,272,000	7.31	0.00	9,076,218	7.33	0.00	0.02
11	Satinder & Harpreet Rekhi Family Trust (Trustee: Satinder Singh Rekhi & Harpreet Rekhi)	13,018,980	10.26	0.00	12,150,731	9.81	0.00	-0.45
	<b>TOTAL</b>	<b>64,448,406</b>	<b>50.80</b>	<b>0.00</b>	<b>63,087,034</b>	<b>50.93</b>	<b>0.00</b>	<b>0.13</b>

**Note:** The change in Percentage of shareholding is mainly due to extinguishment of equity shares bought back by the Company during the year.

## iii. Change in Promoter Holding

Sl. No.	Name of the Promoter	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	<b>GM Solutions Private Limited</b>				
	<b>At the beginning of the year -January 01, 2016</b>	10,242,424	8.07	10,242,424	8.07
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):				
	Less: Sale on November 29, 2016 (Buyback)	216,274	0.17	10,026,150	8.09
	Add: Purchase on December 26, 2016	235,000	0.19	10,261,150	8.28
	<b>At the End of the year-December 31, 2016</b>			<b>10,261,150</b>	<b>8.28</b>
2	<b>GMU Infosoft Private Limited</b>				
	<b>At the beginning of the year -January 01, 2016</b>	9,673,035	7.62	9,673,035	7.62
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):				
	Less: Sale on November 29, 2016 (Buyback)	204,251	0.16	9,468,784	7.64
	Add: Purchase on December 26, 2016	178,000	0.14	9,646,784	7.79
	<b>At the End of the year-December 31, 2016</b>			<b>9,646,784</b>	<b>7.79</b>
3	<b>U Infosoft Private Limited</b>				
	<b>At the beginning of the year -January 01, 2016</b>	9,866,760	7.78	9,866,760	7.78
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):				
	Less: Sale on November 29, 2016 (Buyback)	208,341	0.17	9,658,419	7.80
	Add: Purchase on December 26, 2016	180,000	0.15	9,838,419	7.94
	<b>At the End of the year-December 31, 2016</b>			<b>9,838,419</b>	<b>7.94</b>
4	<b>Mr. Satinder Singh Rekhi</b>				
	<b>At the beginning of the year -January 01, 2016</b>	1,309,200	1.03	1,309,200	1.03
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):				
	Less: Sale on November 29, 2016 (Buyback)	27,644	0.02	1,281,556	1.03
	<b>At the End of the year-December 31, 2016</b>			<b>1,281,556</b>	<b>1.03</b>
5	<b>Mr. Sartaj Singh Rekhi</b>				
	<b>At the beginning of the year -January 01, 2016</b>	5,991,340	4.72	5,991,340	4.72
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):				
	Less: Sale on November 29, 2016 (Buyback)	126,684	0.10	5,864,656	4.73
	<b>At the End of the year-December 31, 2016</b>			<b>5,864,656</b>	<b>4.73</b>



Sl. No.	Name of the Promoter	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
6	<b>Mr. Ramneet Singh Rekhi</b>				
	<b>At the beginning of the year -January 01, 2016</b>	5,066,130	3.99	5,066,130	3.99
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):				
	Less: Sale on November 29, 2016 (Buyback)	107,147	0.09	4,958,983	4.00
	<b>At the End of the year-December 31, 2016</b>			<b>4,958,983</b>	<b>4.00</b>
7	<b>RightMatch Holdings Ltd.</b>				
	<b>At the beginning of the year -January 01, 2016</b>	9,272,000	7.31	9,272,000	7.31
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):				
	Less: Sale on November 29, 2016 (Buyback)	195,782	0.16	9,076,218	7.33
	<b>At the End of the year-December 31, 2016</b>			<b>9,076,218</b>	<b>7.33</b>
8	<b>Satinder &amp; Harpreet Rekhi Family Trust (Trustee: Satinder Singh Rekhi &amp; Harpreet Rekhi)</b>				
	<b>At the beginning of the year -January 01, 2016</b>	13,018,980	10.26	13,018,980	10.26
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):				
	Less: Sale on November 29, 2016 (Buyback)	275,249	0.22	12,743,731	10.29
	Less: Sale on December 26, 2016	593,000	0.48	12,150,731	9.81
	<b>At the End of the year-December 31, 2016</b>			<b>12,150,731</b>	<b>9.81</b>

**Note:** The change in percentage of shareholding during the year is mainly consequent to the extinguishment of equity shares bought back by the Company during the year.

(iv) (a) *Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):*

Sl. No	Top Ten Share Holders (For Each of the Top 10 Shareholders)	Shareholding at the beginning of the year -January 01, 2016		Shareholding at the end of the year -December 31, 2016	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Bhavook Tripathi	46,621,804	36.75	44,330,059	35.79
2	R Systems Employee Welfare Trust	738,980	0.58	738,980	0.60
3	K Mohan	717,590	0.57	702,448	0.57
4	Mandeep Sodhi	692,625	0.55	643,263	0.52
5	O'neil Nalavadi	648,770	0.51	648,770	0.52
6	Prabhakar Rao Mahableshwar Bantwal	361,822	0.29	390,878	0.32
7	Juzar Feroz Basrai	300,000	0.24	300,000	0.24
8	Mannige Vikram Rao	221,100	0.17	221,100	0.18
9	Raj Swaminathan	200,000	0.16	135,000	0.11
10	Mohd Farooq Kamal	197,100	0.16	192,941	0.16
11	Deepak Kishan Rao Wagh	190,000	0.15	190,000	0.15

(iv) (b) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	Name of Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
A	<b>Mr. Bhavook Tripathi</b>				
	<b>At the beginning of the year -January 01, 2016</b>				
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)				
	<b>At the End of the year-December 31, 2016</b>				
B	<b>K Mohan</b>				
	<b>At the beginning of the year -January 01, 2016</b>				
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)				
	<b>At the End of the year-December 31, 2016</b>				
C	<b>Mandeep Sodhi</b>				
	<b>At the beginning of the year -January 01, 2016</b>				
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)				
	<b>At the End of the year-December 31, 2016</b>				
D	<b>Prabhakar Rao Mahableshwar Bantwal</b>				
	<b>At the beginning of the year -January 01, 2016</b>				
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)				
	<b>At the End of the year-December 31, 2016</b>				
E	<b>Raj Swaminathan</b>				
	<b>At the beginning of the year -January 01, 2016</b>				
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)				
	<b>At the End of the year-December 31, 2016</b>				
F	<b>Mohd Farooq Kamal</b>				
	<b>At the beginning of the year -January 01, 2016</b>				
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)				
	<b>At the End of the year-December 31, 2016</b>				

As per Annexure - I

## ANNEXURE - I

Sl. No.	Date of Transaction	Nature of Transaction	Shareholding at the beginning of the Year		Cumulative Shareholding during the Year	
			No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
<b>A</b>	<b>Bhavook Tripathi</b>					
	<b>As at January 01, 2016 (Opening Balance)</b>		46,621,804	36.75	46,621,804	36.75
	January 1, 2016	Sale	2,115	0.00	46,619,689	36.75
	January 8, 2016	Sale	15,602	0.01	46,604,087	36.73
	January 15, 2016	Sale	8,720	0.01	46,595,367	36.73
	January 22, 2016	Sale	106	0.00	46,595,261	36.73
	January 29, 2016	Sale	5,218	0.00	46,590,043	36.72
	February 5, 2016	Sale	8,736	0.01	46,581,307	36.72
	February 12, 2016	Sale	2,200	0.00	46,579,107	36.71
	February 19, 2016	Purchase	5,437	0.00	46,584,544	36.72
	February 26, 2016	Purchase	3,108	0.00	46,587,652	36.72
	March 4, 2016	Purchase	468	0.00	46,588,120	36.72
	March 11, 2016	Sale	8,248	0.01	46,579,872	36.71
	March 18, 2016	Sale	18,844	0.01	46,561,028	36.70
	March 25, 2016	Sale	1,455	0.00	46,559,573	36.70
	March 31, 2016	Sale	5,125	0.00	46,554,448	36.69
	April 8, 2016	Sale	29,424	0.02	46,525,024	36.67
	April 15, 2016	Sale	28,022	0.02	46,497,002	36.65
	April 22, 2016	Sale	37,142	0.03	46,459,860	36.62
	April 29, 2016	Sale	26,337	0.02	46,433,523	36.60
	May 6, 2016	Sale	50,105	0.04	46,383,418	36.56
	May 13, 2016	Sale	17,274	0.01	46,366,144	36.55
	May 20, 2016	Sale	96,498	0.08	46,269,646	36.47
	May 27, 2016	Sale	30,914	0.02	46,238,732	36.45
	June 3, 2016	Sale	37,241	0.03	46,201,491	36.42
	June 10, 2016	Sale	30,618	0.02	46,170,873	36.39
	June 17, 2016	Sale	27,978	0.02	46,142,895	36.37
	June 24, 2016	Sale	30,471	0.02	46,112,424	36.35
	June 30, 2016	Sale	29,866	0.02	46,082,558	36.32
	July 7, 2016	Sale	51,043	0.04	46,031,515	36.28
	July 15, 2016	Sale	22,607	0.02	46,008,908	36.26
	July 22, 2016	Sale	22,701	0.02	45,986,207	36.25
	July 29, 2016	Sale	8,340	0.01	45,977,867	36.24
	August 5, 2016	Sale	25,001	0.02	45,952,866	36.22
	August 26, 2016	Sale	2,409	0.00	45,950,457	36.22
	September 2, 2016	Sale	4,128	0.00	45,946,329	36.22
	September 9, 2016	Sale	36,076	0.03	45,910,253	36.19
	September 16, 2016	Sale	92,488	0.07	45,817,765	36.11
	September 23, 2016	Sale	47,051	0.04	45,770,714	36.08
	September 30, 2016	Sale	36,921	0.03	45,733,793	36.05
	October 7, 2016	Sale	11,393	0.01	45,722,400	36.04
	October 14, 2016	Sale	1,327	0.00	45,721,073	36.04

Sl. No.	Date of Transaction	Nature of Transaction	Shareholding at the beginning of the Year		Cumulative Shareholding during the Year	
			No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
	October 21, 2016	Sale	1	0.00	45,721,072	36.04
	October 28, 2016	Sale	14,951	0.01	45,706,121	36.03
	November 4, 2016	Purchase	5	0.00	45,706,126	36.03
	November 29, 2016	Sale (Buyback)	1,120,306	0.90	44,585,820	35.99
	December 16, 2016	Sale	150,416	0.12	44,435,404	35.87
	December 23, 2016	Sale	81,705	0.07	44,353,699	35.81
	December 30, 2016	Sale	23,640	0.02	44,330,059	35.79
	<b>As at December 31, 2016 (Closing Balance)</b>				<b>44,330,059</b>	<b>35.79</b>
<b>B</b>	<b>K Mohan</b>					
	<b>As at January 01, 2016 (Opening Balance)</b>		717,590	0.57	717,590	0.57
	November 29, 2016	Sale (Buyback)	15,142	0.01	702,448	0.57
	<b>As at December 31, 2016 (Closing Balance)</b>				<b>702,448</b>	<b>0.57</b>
<b>C</b>	<b>Mandeep Sodhi</b>					
	<b>As at January 01, 2016 (Opening Balance)</b>		692,625	0.55	692,625	0.55
	November 29, 2016	Sale (Buyback)	14,806	0.01	677,819	0.55
	November 30, 2016	Sale	12,422	0.01	665,397	0.54
	December 1, 2016	Sale	22,134	0.02	643,263	0.52
	<b>As at December 31, 2016 (Closing Balance)</b>				<b>643,263</b>	<b>0.52</b>
<b>D</b>	<b>Prabhakar Rao Mahableshwar Bantwal</b>					
	<b>As at January 01, 2016 (Opening Balance)</b>		361,822	0.29	361,822	0.29
	June 10, 2016	Purchase	29,056	0.02	390,878	0.32
	<b>As at December 31, 2016 (Closing Balance)</b>				<b>390,878</b>	<b>0.32</b>
<b>E</b>	<b>Raj Swaminathan</b>					
	<b>As at January 01, 2016 (Opening Balance)</b>		200,000	0.16	200,000	0.16
	September 16, 2016	Sale	5,000	0.00	195,000	0.15
	November 29, 2016	Sale (Buyback)	4,273	0.00	190,727	0.15
	December 16, 2016	Sale	55,000	0.04	135,727	0.11
	December 23, 2016	Sale	727	0.00	135,000	0.11
	<b>As at December 31, 2016 (Closing Balance)</b>				<b>135,000</b>	<b>0.11</b>
<b>F</b>	<b>Mohd Farooq Kamal</b>					
	<b>As at January 01, 2016 (Opening Balance)</b>		197,100	0.16	197,100	0.16
	November 29, 2016	Sale (Buyback)	4,159	0.00	192,941	0.16
	<b>As at December 31, 2016 (Closing Balance)</b>				<b>192,941</b>	<b>0.16</b>

- Note:**
1. The change in percentage of shareholding during the year is also consequent to the extinguishment of equity shares bought back by the Company during the year.
  2. Except for shares sold in buyback offer of the Company, the above information is based on weekly beneficiary position (net purchase/sale) received from depositories.

## (v) Shareholding of Directors and Key Managerial Personnel:

## Change in Shareholding

Sl. No.	Name of the Director/ Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	<b>Mr. Satinder Singh Rekhi</b>				
	<b>At the beginning of the year -January 01, 2016</b>	1,309,200	1.03	1,309,200	1.03
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):				
	Less: Sale on November 29, 2016 (Buyback)	27,644	0.02	1,281,556	1.03
	<b>At the end of the year-December 31, 2016</b>			<b>1,281,556</b>	<b>1.03</b>
2	<b>Lt. Gen. Baldev Singh (Retd.)</b>				
	<b>At the beginning of the year -January 01, 2016</b>	139,594	0.11	139,594	0.11
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):				
	Less: Sale on June 14, 2016	5,000	0.00	134,594	0.11
	Less: Sale on November 01, 2016	2,704	0.00	131,890	0.10
	Less: Sale on November 02, 2016	5,000	0.00	126,890	0.10
	Less: Sale on November 29, 2016 (Buyback)	2,917	0.00	123,973	0.10
	Less: Sale on November 30, 2016	5,500	0.00	118,473	0.10
	Less: Sale on December 01, 2016	2,737	0.00	115,736	0.09
	Less: Sale on December 02, 2016	4,238	0.00	111,498	0.09
	<b>At the end of the year-December 31, 2016</b>			<b>111,498</b>	<b>0.09</b>
3	<b>Mr. Raj Kumar Gogia</b>				
	<b>At the beginning of the year -January 01, 2016</b>	-	-	-	-
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)				
	<b>At the date of Ceassation-June 13, 2016*</b>			-	-
4	<b>Mr. Gurbax Singh Basin</b>				
	<b>At the beginning of the year -January 01, 2016</b>	-	-	-	-
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)				
	<b>At the date of Ceassation-June 13, 2016*</b>			-	-
5	<b>Mr. Suresh Paruthi</b>				
	<b>At the beginning of the year -January 01, 2016</b>	-	-	-	-
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)				
	<b>At the date of Ceassation-June 13, 2016*</b>			-	-

Sl. No.	Name of the Director/ Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
6	<b>Mr. Amardeep Singh Ranghar</b>				
	<b>At the beginning of the year -January 01, 2016</b>	-	-	-	-
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	-	-	-	-
	<b>At the date of Ceassation-June 13, 2016*</b>			-	-
7	<b>Mrs. Ruchica Gupta</b>				
	<b>At the beginning of the year -January 01, 2016</b>	-	-	-	-
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	-	-	-	-
	<b>At the end of the year-December 31, 2016</b>			-	-
8	<b>Mr. Kapil Dhameja</b>				
	<b>At the date of appointment-June 29, 2016#</b>	-	-	-	-
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	-	-	-	-
	<b>At the end of the year-December 31, 2016</b>			-	-
9	<b>Mr. Aditya Wadhwa</b>				
	<b>At the date of appointment-June 29, 2016#</b>	-	-	-	-
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc)	-	-	-	-
	<b>At the end of the year-December 31, 2016</b>			-	-
10	<b>Mr. Nand Sardana</b>				
	<b>At the beginning of the year -January 01, 2016</b>	52,200	0.04	52,200	0.04
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	-	-	-	-
	Less: Sale on November 29, 2016 (Buyback)	1,102	0.00	51,098	0.04
	<b>At the end of the year-December 31, 2016</b>			<b>51,098</b>	<b>0.04</b>
11	<b>Mr. Ashish Thakur</b>				
	<b>At the beginning of the year -January 01, 2016</b>	-	-	-	-
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	-	-	-	-
	<b>At the end of the year-December 31, 2016</b>			-	-

\* Ceased to be director of the Company w.e.f. June 13, 2016. Therefore, details of their shareholding is provided till their ceassation as diector of the Company.

# Appointed as Director of the Company w.e.f. June 29, 2016. Hence, their shareholding details have been provided since their appointment.

**Note:** The change in percentage of shareholding during the year is also consequent to the extinguishment of equity shares bought back by the Company during the year.

**V. INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but not due for payment

Particulars	Secured Loans excluding deposits	Unsecured Loans <sup>#</sup>	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year- January 01, 2016</b>				
i) Principal Amount	11,575,189	-	-	11,575,189
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	87,812	-	-	87,812
<b>Total (i+ii+iii)</b>	<b>11,663,001</b>	<b>-</b>	<b>-</b>	<b>11,663,001</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	6,264,000	11,000,000	-	17,264,000
Reduction	4,397,386	120,000	-	4,517,386
<b>Net Change</b>	<b>1,866,614</b>	<b>10,880,000</b>	<b>-</b>	<b>12,746,614</b>
<b>Indebtedness at the end of the financial year -December 31, 2016</b>				
i) Principal Amount	13,441,803	10,880,000	-	24,321,803
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	116,229	53,753	-	169,982
<b>Total (i+ii+iii)</b>	<b>13,558,032</b>	<b>10,933,753</b>	<b>-</b>	<b>24,491,785</b>

# Unsecured loan relates to finance lease obligation for furniture and fixture taken on composite lease with respect to SEZ premises.

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Amount in Rs.)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager		
		Mr. Satinder Singh Rekhi (MD)	Lt. Gen. Baldev Singh (Retd.) (WTD)	Total Amount
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	29,988,745	6,365,772	36,354,517
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	-	276,281	276,281
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission - as % of profit	7,038,750	-	7,038,750
	others (Specify)	-	-	-
5	Others (Specify)	-	-	-
	<b>Total (A)</b>	<b>37,027,495</b>	<b>6,642,053</b>	<b>43,669,548</b>
	<b>Ceiling as per the Act ( 10% of Net Profit)</b>			<b>59,804,218</b>

## B. Remuneration to other directors:

## i. Independent Directors

(Amount in Rs.)

Sr. No.	Particulars of Remuneration	Name of Directors							Total Amount
		Mr. Raj Kumar Gogia	Mr. Suresh Paruthi	Mr. Amardeep Singh Ranghar	Mr. Gurbax Singh Bhasin	Mrs. Ruchica Gupta	Mr. Kapil Dhameja	Mr. Aditya Wadhwa	
1	Fee for attending board / committee meetings	125,000	125,000	-	-	250,000	125,000	75,000	700,000
2	Commission	-	-	-	-	-	-	-	-
3	Others, please specify	-	-	-	-	-	-	-	-
	<b>Total (1)</b>	<b>125,000</b>	<b>125,000</b>	<b>-</b>	<b>-</b>	<b>250,000</b>	<b>125,000</b>	<b>75,000</b>	<b>700,000</b>

## ii. Other Non-Executive Directors

1	Fee for attending board / committee meetings	-	-	-	-	-	-	-	-
2	Commission	-	-	-	-	-	-	-	-
3	Others, please specify	-	-	-	-	-	-	-	-
	<b>Total (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total B (1+2)</b>	<b>125,000</b>	<b>125,000</b>	<b>-</b>	<b>-</b>	<b>250,000</b>	<b>125,000</b>	<b>75,000</b>	<b>700,000</b>
	<b>Total Managerial Remuneration (A+B)</b>								<b>44,369,548</b>
	Ceiling as per the Act (10% Net Profit of A and 1% Net Profit of B)								65,784,640

**Note:**

- In terms of Section 197 (2), (5) of the Companies Act, 2013, sitting fees for attending Board/Committee Meeting(s) amounting to Rs. 700,000/- does not form part of overall managerial remuneration.
- Except sitting fees, no other remuneration is paid to Non- Executive and Independent Directors of the Company.
- Mr. Raj Kumar Gogia, Mr. Suresh Paruthi, Mr. Gurbax Singh Bhasin and Mr. Amanrdeep Singh Ranghar ceased to be member of the Board w.e.f. June 13, 2016.
- Mr. Kapil Dhameja and Mr. Aditya Wadhwa were appointed as Additional Directors in the capacity of Independent Director w.e.f. June 29, 2016.
- As per approval of shareholders through Postal Ballot on September 09, 2016, Mrs. Ruchica Gupta (erstwhile Non-Executive Director of the Company) was appointed as an Independent Director w.e.f. June 29, 2016.



## C. Remuneration To Key Managerial Personnel Other Than MD/Manager/WTD

(Amount in Rs.)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Chief Financial Officer	Company Secretary	
		Mr. Nand Sardana	Mr. Ashish Thakur	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	5,219,880	883,124	6,103,004
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	-	-	-
2	Stock Option#	-	-	-
3	Sweat Equity	-	-	-
4	Commission			
	as % of profit	-	-	-
	others, specify.....	-	-	-
5	Others, please specify	-	-	-
	<b>Total</b>	<b>5,219,880</b>	<b>883,124</b>	<b>6,103,004</b>

# Mr. Nand Sardana has been granted 150,000 stock options under existing R Systems International Limited Employee Stock Option Scheme 2007 on April 30, 2016.

**Note:**

- 1 It may be noted that Mr. Satinder Singh Rekhi is the Managing Director and CEO of the Company and the details of the remuneration has already been provided.

## VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

(Amount in Rs.)

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
<b>B. DIRECTORS</b>					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil

On behalf of the Board  
for R Systems International Limited

Sd/-  
**Satinder Singh Rekhi**  
[Managing Director]  
[DIN: 00006955]

Sd/-  
**Lt. Gen. Baldev Singh (Retd.)**  
[President & Senior Executive Director]  
[DIN: 00006966]

Place: Singapore  
Date : April 06, 2017

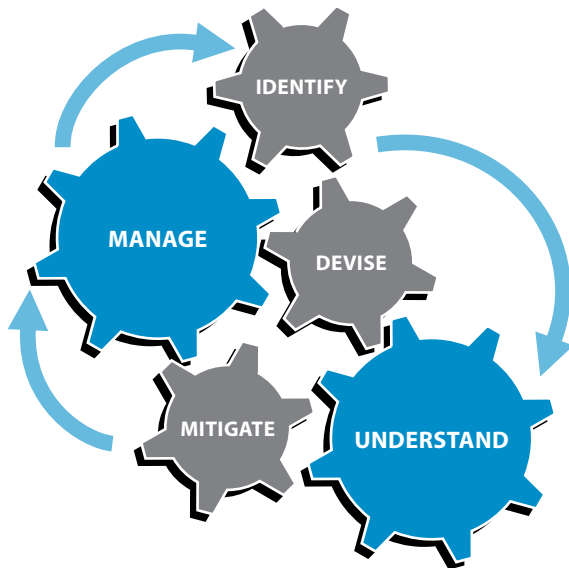
Place: NOIDA  
Date : April 06, 2017

## RISK MANAGEMENT REPORT

The Management cautions readers that the risks outlined in this report are not exhaustive, are for information purposes only and may contain forward looking statements, the results of which may differ materially from those reflected. Investors and readers are requested to exercise their own judgment in assessing various risks associated with the Company.

### OVERVIEW

Risk Management is a dynamic process which should constantly be able to identify all the emerging risks and propose solutions to manage them. The risk perception also constantly varies depending on the size of the business, business segment, location, scale of business. The essence of risk management strategy at R Systems lies in maximising areas of control over outcome and minimising areas where the Company has no control over outcome. R Systems recognizes that business conditions are constantly changing, evolving, and entering into cycles. Following is the model adopted by the Company for managing risk:



### ENTERPRISE RISK MANAGEMENT STRUCTURE

Risk management is an integral part of the charter of the Board of Directors at R Systems. The Board is responsible for monitoring risk levels on various parameters and to suggest measures to address the same. The day to day management of the risk is entrusted to the management team of R Systems. Based on the philosophy of “No risks, No rewards”, our management continuously keeps monitoring the level of our existence on the path of growth and within R Systems

management structure, certain personnel are designated with responsibility of managing risks including ensuring compliance with laws, rules and regulations with the assistance of both internal and external resources. Further, formal reporting, escalation of risk events and control mechanisms ensure timely communication, response and proactive management of the risks.

### RISK MANAGEMENT AT R SYSTEMS

#### 1. Customer Concentration

R Systems revenues are dependent to a considerable extent upon relationships with a limited number of customers and retaining those customers. The percentage of total consolidated revenues during fiscal year 2016 and 2015 that R Systems derived from contracts with its top line customers is as follows:

Customer	Year Ended	
	December 31, 2016	December 31, 2015
	(%)	(%)
Top 10	<b>32.56</b>	31.14
Top 5	<b>20.83</b>	19.54
Top 3	<b>14.63</b>	14.18
The Largest Customer	<b>6.67</b>	6.81

Concentration of revenues from a limited number of customers deepens our relationship with those customers but at the same time imposes a risk of dependence. Customer’s vendor management strategies and business risks radiate on to R Systems through fluctuations in utilization, pricing for services and service level demands. All these factors could potentially impact revenues and profitability of R Systems.

**INITIATIVES:** The business model and strategy followed by R Systems involves serving the customers in a manner that they get measurable tangible benefits. When customers see value in the services / solutions that R Systems provides, we believe that customer’s relationship can be nurtured into the long term. Further, with our proactive strategy of adding new customers, we attempt to reduce our dependency on a smaller number of customer relationships.

#### 2. Geographical Concentration

R Systems has traditionally derived most of its revenues from the US, given the technology focus and specialized outsourced product development services offered by it. The geographic break-up of the revenue is given below:

Revenues by Geographies	Year Ended	
	December 31, 2016	December 31, 2015
	(%)	(%)
U.S.A.	59.17	57.98
Europe	17.98	14.84
SEAC	17.68	16.86
India	1.61	5.27
Others	3.56	5.05
<b>Total</b>	<b>100</b>	<b>100</b>

**INITIATIVES:** In order to mitigate the risk of geographical concentration, R Systems has stepped up its business activities in other geographic areas like Europe, South East Asia etc.

### 3. Risks Associated with Fixed Price Contracts


Under our IPLM services most of our assignments are on the basis of time and material task orders, some proportion of the services provided by us is in the nature of fixed bid assignments. Under fixed bid assignments, in the event of cost overruns, our profitability will be adversely affected.

**INITIATIVES:** We have our internal processes to ensure accuracy in the estimation of the time required to execute fixed price projects, and processes to implement and monitor the progress of such projects. Further, the experience gained from such projects is also used for new projects. However given the very nature of the fixed price projects, cost overruns and delayed deliveries cannot be ruled out.

### 4. Competition

The IT & ITES sector is a highly competitive sector. Our competitors include IT outsourcing firms in India as well as in other countries, national and multinational consulting and technology firms, Indian IT services firms, software firms and in-house IT departments of large companies. The competition in the IT industry is very intense and our competitors are aggressive in winning new business and customers that may drive a harder bargain.

**INITIATIVES:** We believe that R Systems is well positioned and enjoys following competitive advantages:

- Experience in providing end-to-end solutions and services to customers;
- Unique and proprietary  with best practices, tools and methodologies for flawless execution;
- Investment in processes, talent and methodologies;

- Strong customer franchise consisting of large and mid-sized corporations;
- Strong financial position;
- Proven global delivery model;
- Our vertical focus for services and solutions;
- Industry best human resource practices to attract, develop, deploy and retain talent.

### 5. Disaster Prevention and Recovery

The IT industry is very sensitive to security risk and a real or perceived threat of a risk to the security and integrity of information available to us may adversely affect customer perception, give rise to litigation and reduce our customer base, thereby negatively affecting R Systems revenues and profit margins. The contracts entered into by R Systems typically hold us solely responsible for maintaining satisfactory standards of personnel competency, conduct and integrity and for taking required disciplinary action.

**INITIATIVES:** R Systems has adopted industry-standard security precautions such as ensuring that our employees and strategic partners enter into non-disclosure and confidentiality agreements with us, verifying that there is no information leakage through test procedures, carrying out background checks and verifications, creating and maintaining data back-ups, and maintaining an adequate disaster recovery plan.

R Systems makes continual investments in organisation behavior and management processes to ensure that these certified industry standards are continually adhered to.

During the year under review, all QMS artifacts of the Company have been migrated from ISO 9001:2008 to new ISO 9001:2015 standard and process wise risk assessment as per the new standard has been carried out. Noida BPO Center has been certified as PCI-DSS (ver. 3.1) compliant for the call Analytic Services provided to one of the major client.

As of the date of this report, Noida IT centre is CMMi level 5, PCMM Level 5, ISO 9001 : 2008 and ISO 27001 : 2013 certified; Noida BPO centre is PCMM Level 5, ISO 9001 : 2008, ISO 27001 : 2013 certified and PCI-DSS (ver.3.1) certified for call analytics services. The continuing compliance with these standards demonstrates the rigor of R Systems processes and differentiates us to keep our competitive edge in service and product offerings.

Further, our distributed offshore and near shore infrastructure is seamlessly connected through a strong infrastructure design and appropriate bandwidth that provides us the capability to initiate and maintain uninterrupted support across the world.

## 6. Talent Acquisition & Retention

The IT and BPO sector is highly competitive in terms of hiring strategy and incentives. R Systems is highly dependent on its employees at various levels of the organisation to provide leadership, manage the business, to provide services and execute complex projects for the clients. These skilled professionals are in high demand by other organisations and if R Systems is unable to attract and retain the skilled people, it will affect R Systems ability to grow and provide services to its customers.

**INITIATIVES:** At R Systems, we follow industry best human resource practices such as PCMM level 5 to attract, develop, deploy and retain talent. The Company is committed to develop and innovate such programmes that motivates them and develop their potential and also inculcate leadership attributes of the employees, which helps us to retain the best talent in the industry.

## 7. Key Managerial Role & Succession Planning

Succession planning is one of the most critical functions of an organization. This is the process that identifies the critical and core roles of an organization and identifies and assesses the suitable candidates for the same. The process ramps up potential candidates with appropriate skills and experiences in an effort to train them to handle future responsibilities in their respective roles. Succession planning is applicable for all critical roles in any organization. The upper management of each practice or department is responsible for coming up with a suitable succession plan for each core position under his or her department.

**INITIATIVES:** R Systems being a CMMI Level 5 and PCMM Level 5 (ver. 2.0) company has put in practice a well-documented and defined policy on Succession Planning. This applies to all key roles in the organization as agreed upon by the Senior Management. Mission critical and key roles include Chief Executive Officer, Senior Management Team comprising of VPs and other roles critical to business operations continuity. Succession planning at R Systems occurs at least on an annual basis during annual performance appraisal cycle.

Further, R Systems has extensive recruitment teams in the markets that operate to continuously recruit skilled personnel at various levels in the organisation. In addition, R Systems conducts a rigorous training program at the entry level to train new professionals and develop next generation of managers and leaders. R Systems deploys modern HR practices by offering competitive compensation and benefit packages and exciting work environment to attract and retain talent. Further, R Systems tries to mitigate the impact of attrition in the continuity of

services to the clients by using its proprietary pSuite Framework that allows the project teams to seamlessly share knowledge and collaborate on projects.

## 8. Technological Obsolescence

The IT and ITES sector is characterised by technological changes at a rapid rate, evolution of existing products and introduction of new products. R Systems makes investments in R&D with a view to keep pace with the latest developments in the technology space. Further, R Systems regularly hires, trains and nurtures domain and market specialists and continuously evaluates increasing the portfolio of technology alliances and partnerships to enrich our product and service mix. However, this risk cannot be fully mitigated despite the proactive investments made by R Systems.

**INITIATIVES:** While we continuously upgrade our product suite to deliver effectively by keeping our technology up-to-date, in our iPLM business, our technologies are influenced by our client's choice of technology.

## 9. Acquisitions

R Systems' growth strategy involves future strategic acquisitions, partnerships and exploration of mutual interests with other parties. These future acquisitions may not contribute to our profitability, and we may be required to incur or assume debt, or assume contingent liabilities, as part of any acquisition. We could have difficulty in assimilating the personnel, operations, software assets and technology of the acquired company. These difficulties could disrupt our ongoing business, distract our management and employees and increase our expenses.

**INITIATIVES:** R Systems will remain sharply focused on those acquisitions and partnerships that add to the competitive strengths of our business. Specific transactions are evaluated in detail with experienced internal personnel and external advisors, wherever relevant, before consummating any transaction. Deal teams conduct technical, operational, marketing due diligence and build detailed financial model to evaluate the risks and benefits of any transaction. Further, contractual agreements are negotiated with the advice of legal counsel to protect Company's interests.

## 10. Credit Risk

As a matter of business practice, the payment collection process may extend over a period of time. Customers budgeting constraints can impact their ability to make the required payments. In addition, the creditworthiness of our clients may deteriorate and we can be adversely affected by bankruptcies or other business failures of our customers.

**INITIATIVES:** R Systems' credit terms are standard and there is rigorous process in following up with customers for payments as and when the invoices fall due for payment. The Company has suitably streamlined its processes to develop a more focused and aggressive receivables management systems to ensure timely collections as a result of the global liquidity crunch.

### 11. Foreign Currency Rate Fluctuations

Managing an equilibrium state in the light of the unfavourable movements in exchange rates involved in earnings and expenditure in foreign currency continues to be one of the challenges when exposed to global markets. A significantly large percentage of R Systems consolidated revenues are either foreign currency denominated or derived from export earnings. Whereas a major portion of the R Systems expenses in India are incurred in Indian Rupees. As a result, operating profits will be highly impacted by foreign currency rate fluctuations. While depreciation of the Indian Rupee would have a favorable bottom-line impact, an appreciation would affect R Systems profitability adversely.

**INITIATIVES:** R Systems cannot directly influence exchange rates, it is incumbent upon management to follow a well thought out policy to hedge the risk associated with foreign currency without taking speculative positions. R Systems attempts to minimize currency fluctuation risks on export earnings by taking forward covers on Rupee - USD/EURO exchange rate based on anticipated revenues and debtors at periodic intervals. R Systems has laid down appropriate policies and processes for the use of financial derivative instruments consistent with its risk management strategy. The Company does not use the foreign exchange forward contracts for trading or speculation purposes.

### 12. Inflation and Cost Structure

R Systems' cost structure consists of salary and other compensation expenses, overseas travel, and other general selling and administrative costs. Rapid economic development in India and increasing demand for global delivery may have a significant impact on these costs and the rate of inflation as relevant to the IT & ITES services industry. This is compounded by the fact that overseas competitors may treat their India strategy as a cost centre and develop the same regardless of the cost incurred and its impact on their profitability.

**INITIATIVES:** R Systems' major costs are salary and benefit cost that it incurs on employees. These costs may have a tendency to escalate faster than the rate of inflation because of the demand for skilled and experienced professionals. R Systems attempts to mitigate the risks associated with wage inflation by obtaining increased price from clients, increasing bench mark prices for

new business, enhancing productivity, increasing utilisation and inducting fresh graduates and training them. Further, R Systems has implemented robust processes and information systems to enable personnel to make the right decisions for revenue realisation and cost optimisation to minimise the risks of changes in salary cost structure.

### 13. Intellectual Property Rights

As a part of R Systems' business, there are risks associated with intellectual property of the Company, intellectual property of R Systems' customers who may be end users or even the intellectual property of the end user.

**INITIATIVES:** R Systems' information security arrangements are managed under international standard ISO 27001 : 2013 series and are being audited by both internal and experts from third parties assessors who periodically audit and certify R Systems compliance.

R Systems has not registered some of its intellectual property under the relevant intellectual property laws and is in the process of applying for the same. We have applied for the registration of the following marks and their corresponding words as R Systems' trade marks:



PSuite Framework



PRODUCTS FOREMOST



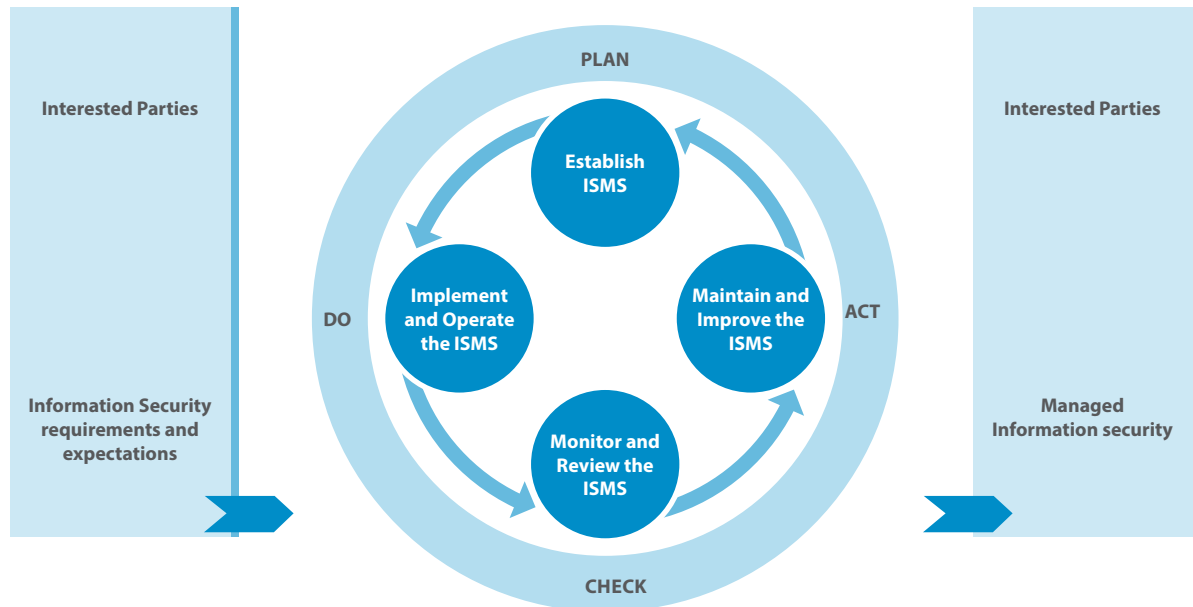
IPLM

Out of the aforesaid trademarks three logo and two words are already registered w.e.f. January 30, 2006 and the word "IPLM" is awaiting approval. Further, the Company has registered the word "R SYSTEMS" and logo  as trademark under certain additional classes. During the year 2014, the Company has also filed application for  registration as its new corporate logo under relevant classes. All these new applications filed in the year 2014 are awaited for the approval.

### 14. Information Security Management

R Systems being an IT and Software service provider company focusses on maintaining the confidentiality, integration and availability of business data and information to the exclusive but optimum use for the accomplishment of organizational objective. The task of maintaining the confidentiality of business data and information not only faces threat from outside the organization but also within the organization where the business data and information are put to use.

**INITIATIVES:** For ensuring the effectiveness of Information security, it is important that information security can be effective only if it is addressed at people, process and technology levels and is integrated in the way an organization operates. R Systems has established, documented and implemented Information Security Management Systems (ISMS) and shall continually improve its effectiveness in accordance with requirements of ISO 27001:2013. The approach applied to the ISMS is given in Figure below:



R Systems security policy provides a framework for protecting confidentiality, integrity and ensuring availability of organization’s Information assets. This is to safeguard the interest of customer, business continuity and continual improvement of ISMS at R Systems. The security policy of R Systems has been designed to safeguard the risk associated with information security management.

**15. Contractual Risk**

The primary contractual risks that R Systems faces pertain to obligations of R Systems to provide services with full adherence to contracted terms of quality, time deadlines, output per hour, protection of confidential information, protection of intellectual property rights, patents and copyrights. R Systems has a rigorous process to evaluate the legal risks involved in a contract, ascertains its legal responsibilities under the applicable law of the contract and tries to restrict its liabilities to the maximum extent possible.

**INITIATIVES:** R Systems attempts to protect itself with “no consequential losses” and “maximum liability” clauses.

R Systems also ensures that risks are protected through various insurances like professional liability, workers compensation, directors’ and officers’ liability insurance. The Company’s past record in this regard has been good and there has been no significant damages awarded against the Company that has

resulted in material adverse impact on our financial position. R Systems also has an escalation process to immediately involve senior management personnel in case R Systems customers or contractors make any assertion of breach of contract.

R Systems has employed professionals with adequate legal expertise who plays handy role in finalizing the various terms under written contracts on behalf of the Company. The experience gained from past contracts and transaction entered into by the Company are also analyzed and implemented for the new contracts envisaged by the Company. As a matter of practice depending upon the criticality of the transactions, contractual agreements are well discussed within the organization in coordination with technical team as well legal professionals and are also negotiated with the advice of legal counsel to protect Company’s interests.

**16. Execution Risk**

A significant number of R Systems clients are software product, large banking and manufacturing companies. These clients need high quality and timely delivery of services with very stringent services level agreements. Any failure in delivery, quality, meeting service level bench agreements, product features and functionalities could adversely affect R Systems relationship with its clients, which could potentially impact R Systems revenues and profitability.

**INITIATIVES:** R Systems has continuously invested in processes, people, training, information systems, quality standards, frameworks, tools and methodologies to mitigate the risks associated with execution of projects. Adoption of quality models and practices such as ISO, Capability Maturity Model (CMM) and Six Sigma have ensured that risks are identified and mitigated at various levels in the planning and execution process. Further, senior management personnel, project managers and process leaders are entrusted with the responsibility to meet the project and service level expectations on various engagements. Planned intervention and escalation systems are further deployed to minimise risks.

#### 17. Directors' and Officers' Liability Risks

The directors and officers of R Systems are required to take material decisions in the best interest of the Company. Such decisions might result in errors and omission and R Systems might be sued by the other counterpart.

**INITIATIVES:** To mitigate this risk, the directors and officers take legal and expert advice when required and have taken various insurance policies outlined earlier including professional liability and directors' and officers' liability insurance. The Company attempts to limit its contractual liability for damages arising from negligent acts, errors, mistakes or omissions by directors and officers in rendering services, there can be no assurance that the limitations of liability set forth in its service contracts will be enforceable in all instances or will otherwise protect the Company from liability for damages. Though the Company maintains general liability insurance coverage, including coverage for errors or omissions, going forward, there can be no assurance that such coverage will be available on reasonable terms and in sufficient amount to cover one or more large claims, or that the insurer will not disclaim coverage as to any future claim. The successful assertion of one or more large claims against the Company could adversely affect the Company's results of operations and financial condition.

#### 18. Statutory Compliance

R Systems has trans-national operations. R Systems operates in various geographies and it has to ensure compliance of various applicable rules and regulations in those countries. R Systems is exposed to penalties and other liabilities related to non-compliance or inadequate compliance in those countries.

**INITIATIVES:** R Systems uses independent legal counsel to advise the Company on compliance issues with respect to the laws of various countries in which the Company has its business activities and to ensure that R Systems is not in violation of the laws applicable. R Systems has a compliance management system with qualified managers entrusted with compliance of various laws including the listing laws and regulations applicable to public companies in India.

#### 19. Visa Regulations / Restrictions

The majority of employees of R Systems are Indian nationals. The ability of R Systems to render its services in the US, Europe and other countries depends on the ability to obtain visas and work permits. Immigration to US, Europe and other countries are subject to legislative changes as well as variations in standards of application and enforcement due to political forces and economic conditions for example, any major change in immigration policy of USA may put the challenge to Indian IT Companies. It is difficult to predict the political and economic events that could affect immigrations laws or the restrictive impact they could have on obtaining or monitoring work visas. The reliance on visas makes R Systems vulnerable to such changes and variations as it affects the ability of the Company to staff projects with employees who are not citizens of the country where the work is to be performed. As a result, R Systems may not be able to get a sufficient number of visas for employees or may encounter delays or additional costs all of which may affect profitability.

**INITIATIVES:** R Systems monitors the status of visa availability and requirements on a regular basis in consultation with external legal counsel. In house legal personnel are entrusted with the responsibility for compliance with the immigrations laws which is validated by periodic independent audit. R Systems may expand its business in other geographies to de-risk from US business meanwhile it may boost US hiring. R Systems may look forward to change its business models so that it can deliver from different locations globally through innovation.

#### 20. Political Risk

The Government of India has been favorably disposed towards the IT and BPO industry in India. Further, we operate in multiple countries of which the US is a major market. While most governments in the countries where we operate are in favor of free trade, we cannot be immune to changes in policies that may discourage off-shoring to protect local employment.



# FINANCIAL STATEMENTS (STANDALONE)



## INDEPENDENT AUDITOR'S REPORT

### To the Members of R Systems International Limited

#### Report on the Financial Statements

We have audited the accompanying standalone financial statements ("financial statements") of R Systems International Limited ("the Company"), which comprise the Balance Sheet as at December 31, 2016, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the

reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at December 31, 2016, its profit and its cash flows for the year ended on that date.

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - e. On the basis of written representations received from the directors as on December 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2016, from being appointed as a director in terms of section 164 (2) of the Act;
  - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
  - g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company does not have pending litigations which would impact its financial position;
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For S.R. Batliboi & Associates LLP**  
**ICAI Firm Registration Number: 101049W/E300004**  
Chartered Accountants

**Sd/-**  
**per Yogender Seth**

Partner

Place: Gurgaon

Date: February 10, 2017

Membership Number: 94524

## ANNEXURE TO THE AUDITOR'S REPORT

**Annexure 1 referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date**

**Re: R Systems International Limited ('the Company')**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) According to the information and explanations given by the management, the title deeds of immovable properties are held in the name of the Company.
- (ii) The Company's business does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits from the public.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the products/services of the Company.
- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, customs duty, excise duty, value added tax, cess and other statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax and cess

on account of any dispute, are as follows:

Name of statute	Nature of dues	Amount (in INR)	Period to which amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax Demand	Nil*	A/Y 2008-09	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax Demand	1,725,570	A/Y 2009-10	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax Demand	163,950	A/Y 2010-11	Income Tax Appellate Tribunal

\* Net of Rs. 1,000,000 deposited and Rs. 8,399,040 adjusted by department against refund for A/Y 2011-12 under protest.

- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders or government.
- (ix) In our opinion and according to the information and explanations given by the management, the Company has utilized the monies raised by way of term loans for the purposes for which they were raised. The Company has not raised any money by way of initial public offer/ further public offer (including debt instruments) during the financial year.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud / material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company

has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.

- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.

- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

**For S.R. Batliboi & Associates LLP**

**ICAI Firm Registration Number: 101049W/E300004**

Chartered Accountants

**Sd/-**

**per Yogender Seth**

Partner

Membership Number: 94524

Place: Gurgaon

Date: February 10, 2017

## ANNEXURE TO THE AUDITOR'S REPORT

### Annexure 2 to the Independent Auditor's Report of Even Date on the Financial Statements of R Systems International Limited

#### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of R Systems International Limited ("the Company") as of December 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

#### Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

#### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at December 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For S.R. Batliboi & Associates LLP**  
**ICAI Firm Registration Number: 101049W/E300004**  
 Chartered Accountants

**Sd/-**  
**per Yogender Seth**

Partner

Place: Gurgaon

Date: February 10, 2017

Membership Number: 94524

## BALANCE SHEET as at December 31, 2016

	Notes	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	123,131,445	126,131,445
Reserves and surplus	4	2,080,320,282	1,857,592,785
		<b>2,203,451,727</b>	1,983,724,230
<b>Non-current liabilities</b>			
Long-term borrowings	5	19,146,372	7,770,174
Other long-term liabilities	6	12,626,088	12,361,422
Long-term provisions	7	89,424,532	63,463,031
		<b>121,196,992</b>	83,594,627
<b>Current liabilities</b>			
Trade payables	8		
- Total outstanding dues of micro enterprises and small enterprises		-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises		157,734,337	173,432,123
Other current liabilities	8	117,664,888	140,096,529
Short-term provisions	7	120,481,901	117,193,376
		<b>395,881,126</b>	430,722,028
<b>TOTAL</b>		<b>2,720,529,845</b>	<b>2,498,040,885</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	9	246,386,813	231,769,348
Intangible assets	10	5,419,772	5,361,612
Capital work in progress		26,286,794	-
Non-current investments	11.1	1,126,893,363	1,162,754,125
Deferred tax assets (net)	12	43,657,296	35,455,970
Long-term loans and advances	13	71,606,484	46,316,070
Other non-current assets	14.2	53,289,036	51,156,002
		<b>1,573,539,558</b>	1,532,813,127
<b>Current assets</b>			
Current investments	11.2	87,570,000	118,008,806
Trade receivables	14.1	500,842,978	504,614,584
Cash and bank balances	15	402,079,646	211,379,570
Short-term loans and advances	13	90,184,486	93,241,189
Other current assets	14.2	66,313,177	37,983,609
		<b>1,146,990,287</b>	965,227,758
<b>TOTAL</b>		<b>2,720,529,845</b>	<b>2,498,040,885</b>
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

**For S.R. Batliboi & Associates LLP**  
ICAI Firm registration number: 101049W/E300004  
Chartered Accountants

**For and on behalf of the Board of Directors of R Systems International Limited**

**Sd/-**  
**per Yogender Seth**  
Partner  
Membership No. 94524

**Sd/-**  
**Satinder Singh Rekhi**  
[Managing Director]  
[DIN: 00006955]

**Sd/-**  
**Lt. Gen. Baldev Singh (Retd.)**  
[President & Senior  
Executive Director]  
[DIN: 00006966]

**Sd/-**  
**Nand Sardana**  
[Chief Financial Officer]

**Sd/-**  
**Ashish Thakur**  
[Company Secretary &  
Compliance Officer]

Place : Gurgaon  
Date : February 10, 2017

Place : Singapore  
Date : February 10, 2017

Place : NOIDA  
Date : February 10, 2017

Place : NOIDA  
Date : February 10, 2017

Place : NOIDA  
Date : February 10, 2017

**STATEMENT OF PROFIT AND LOSS** for the year ended December 31, 2016

	Notes	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
<b>Income</b>			
Revenue from operations	16	2,631,768,945	2,892,597,994
Other income	17	123,667,161	96,235,243
<b>Total revenue</b>		<b>2,755,436,106</b>	2,988,833,237
<b>Expenses</b>			
Employee benefits expense	18	1,663,178,542	1,734,610,046
Operational and other expenses	19	451,864,197	624,246,869
Depreciation and amortisation expense	20	69,303,151	95,812,053
Finance costs	21	3,683,637	4,275,601
<b>Total expenses</b>		<b>2,188,029,527</b>	2,458,944,569
<b>Profit before tax and exceptional items</b>		<b>567,406,579</b>	529,888,668
Exceptional items	22	46,347,242	648,073,626
<b>Profit before tax</b>		<b>613,753,821</b>	1,177,962,294
<b>Profit from continuing operations before tax</b>	31 (d)	<b>613,753,821</b>	1,094,679,986
<b>Tax expense of continuing operations</b>			
Current tax [includes credit of Rs. 3,655,315 (Previous year Nil) related to earlier years]	31 (f)	224,944,371	227,309,600
MAT credit entitlement (related to earlier years)		(15,127,231)	-
Deferred tax charge / (credit)		(8,201,326)	17,498,614
<b>Total tax expense</b>		<b>201,615,814</b>	244,808,214
<b>Profit from continuing operations after tax</b>		<b>412,138,007</b>	849,871,772
<b>Profit from discontinuing operations before tax</b>	31 (d)	-	83,282,308
<b>Tax expense of discontinuing operations</b>			
Current tax		-	35,510,770
Deferred tax credit		-	(8,796,666)
<b>Total tax expense</b>		-	26,714,104
<b>Profit from discontinuing operations after tax</b>		-	56,568,204
<b>Profit for the year / period</b>		<b>412,138,007</b>	906,439,976
<b>Earnings per equity share [Nominal value of shares Re. 1 (Previous year: Re. 1)]:</b>	33		
<b>Basic</b>			
Computed on the basis of profit from continuing operations for the year		3.26	6.69
Computed on the basis of total profit for the year		3.26	7.14
<b>Diluted</b>			
Computed on the basis of profit from continuing operations for the year		3.25	6.69
Computed on the basis of total profit for the year		3.25	7.14
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.R. Batliboi & Associates LLP  
ICAI Firm registration number: 101049W/E300004  
Chartered Accountants

For and on behalf of the Board of Directors of R Systems International Limited

Sd/-  
per Yogender Seth  
Partner  
Membership No. 94524

Sd/-  
Satinder Singh Rekhi  
[Managing Director]  
[DIN: 00006955]

Sd/-  
Lt. Gen. Baldev Singh (Retd.)  
[President & Senior  
Executive Director]  
[DIN: 00006966]

Sd/-  
Nand Sardana  
[Chief Financial Officer]

Sd/-  
Ashish Thakur  
[Company Secretary &  
Compliance Officer]

Place: Gurgaon  
Date: February 10, 2017

Place: Singapore  
Date: February 10, 2017

Place: NOIDA  
Date: February 10, 2017

Place: NOIDA  
Date: February 10, 2017

Place: NOIDA  
Date: February 10, 2017

## CASH FLOW STATEMENT for the year ended December 31, 2016

	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
<b>A. Cash flows from operating activities</b>		
Net profit before tax from continuing operations	613,753,821	1,094,679,986
Net profit before tax from discontinuing operations [refer note 31 (d)]	-	83,282,308
<b>Net profit before tax</b>	<b>613,753,821</b>	<b>1,177,962,294</b>
Adjustments for:		
Depreciation and amortisation expense	69,303,151	95,812,053
Provision for doubtful debts and advances / written back (net)	(2,310,137)	2,388,948
Bad debts and advances written off	2,700	-
Employee stock compensation expenses	2,589,490	-
Provision for diminution in the value of investment written back [refer note 31(c)]	-	(44,401,573)
Profit on redemption of mutual fund	-	(1,774,260)
Profit on sale of undertaking [refer note 31 (d) & (e)]	(9,173,022)	(564,434,748)
Profit on sale of Investment [refer note 31 (d)]	(37,174,220)	-
Profit on sale of subsidiaries [refer note 31 (b)]	-	(26,628,000)
Loss on sale / discard of fixed assets (net)	668,634	2,158,052
Deferred compensation payable written back [refer note 31 (a)]	-	(12,609,305)
Unrealised foreign exchange loss / (gain)	(3,107,191)	4,448,090
Unrealised loss / (gain) on derivative instruments	(10,771,846)	(16,195,362)
Interest income	(56,571,593)	(46,076,768)
Rental income from investment property	(6,399,996)	(3,079,568)
Liability no longer required written back	(5,146,585)	(31,125)
Interest under income tax	-	1,163,929
Interest expenses	1,341,249	962,311
<b>Operating profit before working capital changes</b>	<b>557,004,455</b>	<b>569,664,968</b>
Movements in working capital:		
(Increase) / Decrease in trade receivables	100,134	(81,771,385)
(Increase) / Decrease in other current assets	(30,026,743)	(71,892,994)
(Increase) / Decrease in loans and advances	(7,710,597)	(52,614,866)
(Increase) / Decrease in other non- current assets	(1,055,803)	1,490,208
Increase / (Decrease) in short-term and long-term provision	40,976,774	8,664,264
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	(27,566,471)	162,148,875
Cash generated from operations	531,721,749	535,689,070
Direct taxes paid, net of refunds	(205,418,085)	(286,551,417)
<b>Net cash from operating activities (A)</b>	<b>326,303,664</b>	<b>249,137,653</b>
<b>B. Cash flows from investing activities</b>		
Purchase of fixed assets	(108,308,365)	(56,769,381)
Proceeds from sale of fixed assets	2,310,592	1,415,674
Proceeds from redemption of mutual fund	-	19,774,260
Proceeds from redemption of debentures	87,570,000	-
Investment in subsidiary	(53,183,060)	(106,205,504)



	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Proceeds from sale of subsidiaries [refer note 31 (b) & (d)]	-	245,865,019
Proceeds from sale of Investment [refer note 31 (d)]	<b>67,613,026</b>	-
Interest received	<b>56,214,251</b>	42,322,837
Rental income from investment property	<b>6,399,996</b>	3,079,568
Investment in long term fixed deposits with scheduled banks	<b>(7,200,000)</b>	(67,649,268)
Proceeds from long term fixed deposits with scheduled banks	<b>65,300,000</b>	307,088,096
<b>Net cash from investing activities (B)</b>	<b>116,716,440</b>	388,921,301
<b>C. Cash flows used in financing activities</b>		
Proceeds from long-term borrowings	<b>6,264,000</b>	5,715,000
Repayment of long-term borrowings- current maturities	<b>(4,397,386)</b>	(3,429,337)
Proceeds from other non-current assets	<b>43,856</b>	43,893
Proceeds from issuance of equity shares	-	1,086,300
Amount used in buy back of equity shares	<b>(195,000,000)</b>	(59,573,776)
Interest paid	<b>(1,259,079)</b>	(945,814)
Dividends paid	<b>(204,137)</b>	(945,868,512)
Tax on dividend paid	-	(126,347,296)
<b>Net cash used in financing activities (C)</b>	<b>(194,552,746)</b>	(1,129,319,542)
<b>Net increase / (decrease) in cash and cash equivalents (A + B + C)</b>	<b>248,467,358</b>	(491,260,588)
Cash and cash equivalents at the beginning of the year	<b>146,079,570</b>	636,689,206
Add: Effect of exchange differences on cash and cash equivalents held in foreign currency	<b>332,718</b>	650,952
<b>Cash and cash equivalents at the end of the year (refer note 15)</b>	<b>394,879,646</b>	146,079,570

**Notes:**

- Figures in brackets indicate cash out flow.
- Cash and cash equivalents includes unclaimed dividend liabilities of Rs. 2,575,014 (Previous year Rs. 2,779,151). The aforesaid amounts are not available for use by the Company.

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

**For S.R. Batliboi & Associates LLP**

ICAI Firm registration number: 101049W/E300004

Chartered Accountants

**For and on behalf of the Board of Directors of R Systems International Limited**

**Sd/-**

**per Yogender Seth**

Partner

Membership No. 94524

Place: Gurgaon

Date : February 10, 2017

**Sd/-**

**Satinder Singh Rekhi**

[Managing Director]

[DIN: 00006955]

Place: Singapore

Date : February 10, 2017

**Sd/-**

**Lt. Gen. Baldev Singh (Retd.)**

[President & Senior

Executive Director]

[DIN: 00006966]

Place: NOIDA

Date : February 10, 2017

**Sd/-**

**Nand Sardana**

[Chief Financial Officer]

Place: NOIDA

Date : February 10, 2017

**Sd/-**

**Ashish Thakur**

[Company Secretary &

Compliance Officer]

Place: NOIDA

Date : February 10, 2017

## NOTES to the Financial Statements for the year ended December 31, 2016

### 1. Corporate information

R Systems International Limited (the 'Company') is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on National Stock Exchange of India Limited and BSE Limited. The Company is a leading global provider of IT solutions and Business Process Outsourcing (BPO) services. The Company's primary focus is to provide full service IT solutions, software engineering services, technical support, customer care and other IT enabled services to independent software vendors (ISV's), telecom and digital media technology companies, banking and financial services companies, health care sector, manufacturing and logistics companies and other high technology sectors.

### 2. Basis of preparation

The financial statements comprising of balance sheet, statement of profit and loss, cash flow statement and notes to accounts have been prepared to comply in all material respects with the accounting standards notified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and other accounting principles generally accepted in India. The financial statements have been prepared on an accrual basis and under the historical cost convention except for certain financial instruments which are measured at fair value. The accounting policies have been consistently applied by the Company and are consistent with those used in previous year.

The Company continues to follow calendar year i.e 1st day of January to 31st day of December as its financial year vide the Company Law Board approval dated November 18, 2015 under the proviso to Section 2(41) of the Companies Act, 2013.

All figures are in Rupees except where expressly stated.

### 2.1. Summary of significant accounting policies

#### (a) Use of estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year end. These estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

#### (b) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal

proceeds and the carrying amount of the assets and are recognised in the statement of profit and loss when the asset is derecognised.

#### (c) Depreciation on tangible fixed assets

Depreciation on tangible assets including investment property is provided on the straight line method based on useful lives of respective assets as estimated by the management. The assets residual values and useful lives are reviewed at each financial year end or whenever there are indicators for review, and adjusted prospectively.

Considering the applicability of Schedule II, the management has re-estimated useful lives and residual values of all its fixed assets. The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of fixed assets and are in align with Part C of Schedule II of the Companies Act 2013. (also refer note 34)

The estimated useful lives of the tangible fixed assets followed by the Company in preparing the financial statements are described as below:

Category of tangible fixed assets	Estimated useful life
Buildings	30 years
Land – leasehold	Lease period
Leasehold improvements	Lower of lease period or useful life
Plant and machinery - other than air conditioners	15 years
Air conditioners	5 years
Office Equipment (other than end user devices)	5 years
Computer hardware and network installations (other than end user devices)	6 years
End-user devices such as desktop, laptop, mobile phones etc.	3 years
Furniture and fittings	10 years
Vehicles	8 years
Electrical Installations	10 years

#### (d) Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

After impairment, tangible assets/intangibles are depreciated/amortised on the revised carrying amount over its remaining useful life.

#### (e) Intangibles assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Intangible assets are amortised on a straight line basis over the estimated useful economic life and are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortisation period and the amortisation method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortisation method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.

##### *Research and development costs*

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognised as an intangible asset when the company can demonstrate all the following:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- Its intention to complete the asset
- Its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of adequate resources to complete the development and to use or sell the asset
- The ability to measure reliably the expenditure attributable to the intangible asset during development.

Following the initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised on a straight line basis over the period of expected future benefit from the related project. Amortisation is recognised in the statement of profit and loss. During the period of development, the asset is tested for impairment annually.

A summary of amortisation policies applied to the company's intangible assets are as below:

Category of intangible fixed assets	Estimated useful life
Computer software	Lower of license period or 3 years
Internally generated software	4 years

#### (f) Leases

##### *Where the company is lessee*

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the lower of the fair value of lease property and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are recognised as finance cost in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs are capitalised.

A leased asset is depreciated on a straight-line basis over the useful life of the asset. However, if there is no reasonable certainty that the company will obtain the ownership by the end of the lease term, the capitalized asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset or the lease term.

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

##### *Where the company is the lessor*

Leases in which the company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included under non-current investments as investment property and are carried at cost less accumulated depreciation. Lease income on an operating lease is recognized in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the statement of profit and loss.

#### (g) Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as non-current investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Non-current investments are carried at cost except for investment property which is carried at cost less accumulated depreciation. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the non-current investments.

#### (h) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

### *Rendering of services*

Revenue from software development and maintenance services projects comprise income from time-and-material and fixed-price contracts.

Revenue with respect to time and material basis is recognised when services are rendered. The same is calculated based on man-hours incurred for rendering services.

Fixed-price contracts vary in duration depending on the terms of the work being performed. Revenue from fixed price contracts (including maintenance and support contracts) is recognised using the percentage of completion method, when reasonable progress has been made on the milestones achieved as specified in the contracts. The stage of completion of project is determined by the proportion that contract efforts incurred for work performed up to the balance sheet date bear to the estimated total contract effort. Changes in contract performance, estimated profitability and final contract settlements may result in revision to costs and revenue and are recognised in the period in which the revisions are determined. If a loss is projected on any contract in process, the entire projected loss is recognised immediately.

Revenue from business process outsourcing services is derived from both time based and unit-price contracts. Revenue is recognized as the related services are performed in accordance with the specific terms of the contracts with the customers.

In terms of contracts, excess / shortfall of revenue over the billed as at the year end is carried in financial statement as unbilled revenue / unearned revenue separately.

### *Sale of products*

Revenue from the sale of product (software and hardware) is recognised when the sale has been completed with the transfer of title.

### *Interest*

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

## **(i) Foreign currency translation**

### *Foreign currency transactions*

#### (i) Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

#### (ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

#### (iii) Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expense in the period/year in which they arise.

#### (iv) Forward exchange contracts not intended for trading or speculation purposes.

The premium or discount arising at the inception of forward exchange contracts (except outstanding against firm commitments and highly probable forecast transaction) is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

#### (v) Translation of Integral foreign operation

The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation have been those of the Company itself.

## **(j) Retirement benefits**

(i) Retirement benefits mainly in the form of Provident Fund are a defined contribution scheme and the contributions are charged to the statement of profit and loss of the year when an employee renders related services. There are no other obligations other than the contribution payable to the respective funds.

(ii) Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation made at the end of each financial year on projected unit credit method. The gratuity plan is funded.

(iii) Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method. The Company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

(iv) Actuarial gains / losses are immediately taken to statement of profit and loss and are not deferred.

## **(k) Income taxes**

Tax expense comprises of current and deferred tax.

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the relevant tax regulations applicable to the Company in India and foreign jurisdiction.

Deferred income tax reflects the impact of current year timing differences between taxable income and accounting income and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises the unrecognised deferred tax assets to the extent that it has become reasonably certain that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain, that sufficient future taxable income will be available.

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified year. In the year in which the Minimum Alternate Tax (MAT) credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

**(l) Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs incurred in connection with the borrowing of funds.

**(m) Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average numbers of equity shares outstanding during the year are adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding

during the year are adjusted for the effects of all dilutive potential equity shares.

**(n) Provision**

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on the best estimate required to settle the obligation at each Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the management's current estimates.

**(o) Segment reporting**

*Identification of segments:*

The Company's operating businesses are organised and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which the major customers of the Company operate and / or the area in which the assets are located.

*Inter segment transfers:*

The Company generally accounts for inter segment sales and transfers as if the sales or transfers were to third parties at current market prices.

*Allocation of common costs:*

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

*Unallocated items:*

The corporate and other segment includes general corporate income and expense items which are not allocated to any business segment.

*Segment Policies:*

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

**(p) Accounting for derivatives**

The Company uses foreign exchange forward contracts (derivative financial instrument) to hedge its exposure to movements in foreign exchange rates against firm commitment or highly probable forecast transactions. The use of these foreign exchange forward contracts reduces the risk or cost to the Company and the Company does not use the foreign exchange forward contracts or options for trading or speculation purposes.

Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value on a mark-to-market basis at each balance sheet date. Derivatives are

carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in fair value on derivatives during the year that do not qualify for hedge accounting and the ineffective portion of an effective hedge, are taken directly to the statement of profit and loss.

The mark-to-market is the difference between the forward exchange rate and the contract rate. The forward exchange rate is referenced to current forward exchange rates for contracts with similar maturity profiles.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment (except for foreign currency risk); or
- cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

#### *Fair value hedges*

The change in the fair value of a hedging derivative is recognised in the statement of profit and loss. The change in the fair value of the hedged item attributable to the risk hedged is recorded as a part of the carrying value of the hedged item and is also recognised in the statement of profit and loss.

#### *Cash flow hedges*

The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while any ineffective portion is recognised immediately in the statement of profit and loss. Amounts taken to equity are transferred to the statement of profit and loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs.

If the forecast transaction or firm commitment is no longer expected to occur, amounts previously recognised in equity are transferred to the statement of profit and loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction or firm commitment occurs.

#### **(q) Cash and cash equivalents**

Cash and cash equivalents for the purpose of cash flow statement on balance sheet date comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

#### **(r) Employee stock compensation cost**

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The Company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortised over the vesting period of the option on a straight line basis.

#### **(s) Contingent liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

## 3. Share capital

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
<b>Authorised shares</b>		
200,000,000 (Previous year 200,000,000) equity shares of Re. 1 each	<b>200,000,000</b>	200,000,000
<b>Issued, subscribed and fully paid up- shares</b>		
123,870,425 (Previous year 126,870,425) equity shares of Re. 1 each	<b>123,870,425</b>	126,870,425
Less: Advance to R Systems Employees Welfare Trust [refer note 32 (b)]	<b>738,980</b>	738,980
<b>Total</b>	<b>123,131,445</b>	126,131,445

## a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Particulars	As at December 31, 2016		As at December 31, 2015	
	No.	Rs.	No.	Rs.
Shares outstanding at the beginning of the year	<b>126,870,425</b>	<b>126,870,425</b>	127,458,580	127,458,580
Add: Shares issued during the year #	-	-	90,000	90,000
Less: Shares bought back during the year	<b>3,000,000</b>	<b>3,000,000</b>	678,155	678,155
<b>Shares outstanding at the end of the year</b>	<b>123,870,425</b>	<b>123,870,425</b>	126,870,425	126,870,425

# The Company has issued Nil (previous year 90,000) equity shares of Re. 1 each at an exercise price of Rs. 12.07 per share pursuant to exercise of employee stock options under the R Systems International Limited Employee Stock Option Scheme 2007 [refer note 32 (c)].

## b. Terms / rights attached to the equity share

The Company has only one class of equity shares having a par value of Re. 1 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupee. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

## c. Shares held by holding / ultimate holding company and / or their subsidiaries / associates

The Company does not have any holding / ultimate holding company.

## d. Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

Particulars	As at December 31, 2016	As at December 31, 2015
Aggregate number of shares bought back	<b>3,678,155</b>	678,155

## e. Details of shareholders holding more than 5% shares in the Company

Particulars	As at December 31, 2016		As at December 31, 2015	
	No.	% holding in the class	No.	% holding in the class
GMU Infosoft Private Limited	<b>9,646,784</b>	<b>7.79</b>	9,673,035	7.62
U Infosoft Private Limited	<b>9,838,419</b>	<b>7.94</b>	9,866,760	7.78
GM Solutions Private Limited	<b>10,261,150</b>	<b>8.28</b>	10,242,424	8.07
Rightmatch Holdings Limited	<b>9,076,218</b>	<b>7.33</b>	9,272,000	7.31
Satinder & Harpreet Rekhi Family Trust (Trustee: Satinder Singh Rekhi & Harpreet Rekhi)	<b>12,150,731</b>	<b>9.81</b>	13,018,980	10.26
Bhavook Tripathi	<b>44,330,059</b>	<b>35.79</b>	46,621,804	36.75

As per secretarial records of the Company, including its register of shareholders / members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

**f. Shares reserved for issue under options**

For details of shares reserved for issue under the employee stock option plans (ESOP) of the Company, please refer note 32 (a) to 32 (f).

**4. Reserves and surplus**

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
<b>Capital redemption reserve</b>	<b>13,336,355</b>	12,658,200
Add: Amount transferred from general reserve towards shares buy back [refer note 1 & 2 below]	<b>3,000,000</b>	678,155
<b>Closing balance</b>	<b>16,336,355</b>	13,336,355
<b>Securities premium account</b>	<b>903,933,674</b>	961,832,995
Add: Addition on exercise of vested options as per ESOP plan [refer note 32 (c)]	-	996,300
Less: Utilisation of securities premium on buy back of shares [refer note 1 & 2 below]	<b>192,000,000</b>	58,895,621
	<b>711,933,674</b>	903,933,674
Less: Advance to R Systems Employees Welfare Trust [refer note 32 (b)]	<b>2,282,728</b>	2,282,728
<b>Closing balance</b>	<b>709,650,946</b>	901,650,946
<b>Stock Options Outstanding</b>		
Balance as per last financial statements	-	-
Add: Compensation for option granted during the year [refer note 32 (f)]	<b>2,589,490</b>	-
<b>Closing balance</b>	<b>2,589,490</b>	-
<b>General reserve</b>		
Balance as per last financial statements	<b>156,803,868</b>	157,482,023
Less: Amount transferred to capital redemption reserve towards shares buy back [refer note 1 & 2 below]	<b>3,000,000</b>	678,155
<b>Closing balance</b>	<b>153,803,868</b>	156,803,868
<b>Surplus in the statement of profit and loss</b>		
Balance as per last financial statements	<b>785,801,616</b>	494,411,972
Add: Profit for the current year	<b>412,138,007</b>	906,439,976
Less: Appropriations		
Interim dividend	-	501,102,179
Tax on interim dividend	-	102,266,100
Adjustment on account of aligning the useful life of fixed asset in accordance with Schedule II of the Companies Act, 2013 (refer note 34)	-	18,868,525
Tax impact of above adjustment (refer note 34)	-	(6,413,412)
Proposed dividend written back on buy back (refer note 3 below)	-	(644,248)
Tax on proposed dividend written back on buy back (refer note 3 below)	-	(128,812)
<b>Total appropriations</b>	<b>-</b>	615,050,332
<b>Net surplus in the statement of profit and loss</b>	<b>1,197,939,623</b>	785,801,616
<b>Total</b>	<b>2,080,320,282</b>	1,857,592,785

**Notes:**

- (1) The Company has issued Public Announcement dated September 15, 2016, for buy-back of equity shares of face value of Re. 1/- each from its existing shareholders as on the record date September 30, 2016 on a proportionate basis through "Tender Offer" route in accordance with the applicable provisions of the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998 and the Companies Act, 2013 at a price of Rs. 65/- per equity share, payable in cash for a total consideration not exceeding Rs. 195,000,000. Under the Buy-back offer, the Company has bought back 3,000,000 equity shares for an aggregate amount of Rs. 195,000,000 by utilising the Securities Premium Account to the extent of Rs. 192,000,000 and General Reserve to the extent of Rs. 3,000,000. The Capital Redemption Reserve has been created out of General Reserve for Rs. 3,000,000 being the nominal value of equity shares bought back in terms of Section 68 of the Companies Act, 2013. The aforesaid buy-back has been completed on November 29, 2016.



- (2) The Company had issued Public Announcement dated December 29, 2014, for buy-back of equity shares of face value of Re. 1/- each from the open market at a price not exceeding Rs. 100 per share for an aggregate amount not exceeding Rs. 60,000,000. Under the Buy-back offer, the Company had bought back 678,155 equity shares for an aggregate amount of Rs. 59,573,776 by utilising the Securities Premium Account to the extent of Rs. 58,895,621 and General Reserve to the extent of Rs. 678,155. The Capital Redemption Reserve had been created out of General Reserve for Rs. 678,155 being the nominal value of equity shares bought back in terms of Section 68 of the Companies Act, 2013. The Company had closed the buy-back offer pursuant to approval by the Board of Directors of the Company at its meeting held on April 23, 2015.
- (3) The Company had written back proposed dividend for the year ended December 31, 2014 and tax thereon towards shares bought back under the buy back offer.

#### 5. Long-term borrowings

Particulars	Non - current portion		Current maturities	
	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
<b>Term loans for motor vehicles (secured)</b>				
- From non banking financial corporation (refer note 1 below)	<b>8,424,731</b>	7,770,174	<b>5,017,072</b>	3,805,015
<b>Other loans and advances (unsecured)</b>				
- Finance lease obligation (refer note 2 below)	<b>10,721,641</b>	-	<b>158,359</b>	-
<b>Total</b>	<b>19,146,372</b>	7,770,174	<b>5,175,431</b>	3,805,015
<b>The above amount includes</b>				
Secured borrowings	<b>8,424,731</b>	7,770,174	<b>5,017,072</b>	3,805,015
Amount shown under other current liabilities (refer note 8)			<b>(5,017,072)</b>	(3,805,015)
Unsecured borrowings	<b>10,721,641</b>	-	<b>158,359</b>	-
Amount shown under other current liabilities (refer note 8)			<b>(158,359)</b>	-
<b>Total</b>	<b>19,146,372</b>	7,770,174	<b>-</b>	-

#### Notes:

- (1) Term loans for motor vehicles are secured by hypothecation of underlying motor vehicles and carries interest rate ranging from 9.11% to 11.94% per annum. The term loans are repayable in equated monthly installments ranging from 35 to 60 months from the date of loan.
- (2) Finance lease obligation is unsecured. The interest rate implicit in aforesaid lease is 11.9% per annum. The lease obligation are repayable in 180 months from the date of lease.

#### 6. Other long-term liabilities

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Security deposits	<b>12,626,088</b>	12,361,422
<b>Total</b>	<b>12,626,088</b>	12,361,422

**7. Provisions**

Particulars	Long-term		Short-term	
	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
<b>Provision for employee benefits</b>				
Gratuity	89,424,532	63,463,031	2,537,775	1,753,903
Compensated absences			75,548,377	61,316,976
<b>Sub total (A)</b>	<b>89,424,532</b>	<b>63,463,031</b>	<b>78,086,152</b>	<b>63,070,879</b>
<b>Other provisions</b>				
Income tax [net of advance tax amounting to Rs. 406,871,190 (Previous Year Rs. 370,911,053)]			42,395,749	54,122,497
<b>Sub total (B)</b>	<b>-</b>	<b>-</b>	<b>42,395,749</b>	<b>54,122,497</b>
<b>Total (A+B)</b>	<b>89,424,532</b>	<b>63,463,031</b>	<b>120,481,901</b>	<b>117,193,376</b>

**8. Other current liabilities**

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
<b>Trade payables</b>		
Trade payables dues to micro enterprises and small enterprises (refer note 30)	-	-
Trade payables other than dues to micro enterprises and small enterprises	157,734,337	173,432,123
<b>Sub total (A)</b>	<b>157,734,337</b>	<b>173,432,123</b>
<b>Other liabilities</b>		
Payable to subsidiary companies	16,826,929	15,481,367
Current maturities of long-term borrowing (includes current maturity of finance lease obligation) (refer note 5)	5,175,431	3,805,015
Unearned revenues	61,288,020	91,191,188
Investor education and protection fund (not due) - Unclaimed dividend	2,575,014	2,779,151
Payable for purchase of fixed assets	10,781,503	8,424,905
Others		
Tax deducted at source	10,809,360	8,439,020
Service tax	1,433,623	2,351,348
PF Payable (employers contribution)	5,247,182	4,173,643
Others payables	3,527,826	3,450,892
<b>Sub total (B)</b>	<b>117,664,888</b>	<b>140,096,529</b>
<b>Total (A+B)</b>	<b>275,399,225</b>	<b>313,528,652</b>

(Amount in Rs.)

Particulars	Land - freehold <sup>(3)</sup>	Land - leasehold	Building - freehold <sup>(3)</sup>	Building - leasehold <sup>(1)</sup>	Leasehold improvements	Plant & Machinery	Computers	Office equipments	Electrical Installations	Furniture and fittings <sup>(4)</sup>	Vehicles <sup>(2)</sup>	Total
<b>Gross block</b>												
As at January 1, 2015	4,765,674	10,005,968	31,198,298	89,165,701	2,356,140	49,338,987	268,001,537	32,479,116	17,745,207	83,658,165	37,252,230	625,967,023
Additions	-	-	-	-	293,865	1,316,553	55,041,401	7,550,050	-	1,383,115	11,732,538	77,317,522
Transfer on sale of undertaking [refer note 31 (d)]	-	-	-	-	(2,650,005)	(5,737,606)	(72,748,327)	(10,117,824)	-	(12,223,563)	(2,873,599)	(106,350,924)
Reclassified to investment property	(4,765,674)	-	(31,198,298)	-	-	-	-	-	-	-	-	(35,963,972)
Deletions	-	-	-	-	-	(4,524,375)	(10,622,073)	(561,485)	-	-	(1,281,150)	(16,989,083)
At December 31, 2015	-	10,005,968	-	89,165,701	-	40,393,559	239,672,538	29,349,857	17,745,207	72,817,717	44,830,019	543,980,566
Additions	-	-	-	1,908,014	-	907,875	46,937,095	3,695,975	349,350	16,239,602	11,962,092	82,000,003
Deletions	-	-	-	(762,858)	-	-	(10,652,776)	(1,158,997)	-	(726,929)	(8,579,975)	(21,881,535)
<b>At December 31, 2016</b>	-	<b>10,005,968</b>	-	<b>90,310,857</b>	-	<b>41,301,434</b>	<b>275,956,857</b>	<b>31,886,835</b>	<b>18,094,557</b>	<b>88,330,390</b>	<b>48,212,136</b>	<b>604,099,034</b>
<b>Depreciation</b>												
As at January 1, 2015	-	1,718,887	6,763,151	14,514,239	1,617,268	21,898,594	185,793,803	14,365,514	7,013,252	50,507,877	10,932,972	315,125,557
Charge for the year	-	178,574	758,555	3,768,398	382,099	4,399,531	32,001,386	4,992,538	5,739,118	14,236,739	5,885,245	72,342,183
Transfer to reserve (refer note 34)	-	-	-	-	-	9,880	6,952,082	7,171,496	447,316	3,977,798	309,953	18,868,525
Transfer on sale of undertaking [refer note 31 (d)]	-	-	-	-	(1,999,367)	(3,685,528)	(50,266,304)	(6,914,618)	-	(9,200,893)	(1,121,272)	(73,187,982)
Reclassified to investment property	-	-	(7,521,706)	-	-	-	-	-	-	-	-	(7,521,706)
Deletions	-	-	-	-	-	(1,839,861)	(10,621,934)	(561,480)	-	-	(392,084)	(13,415,359)
At December 31, 2015	-	1,897,461	-	18,282,637	-	20,782,616	163,859,033	19,053,450	13,199,686	59,521,521	15,614,814	312,211,218
Charge for the year	-	164,594	-	3,803,200	-	3,682,211	33,488,819	4,169,093	3,208,458	10,134,628	5,752,318	64,403,321
Deletions	-	-	-	(11,881)	-	-	(10,563,428)	(1,158,967)	-	(597,751)	(6,570,291)	(18,902,318)
<b>At December 31, 2016</b>	-	<b>2,062,055</b>	-	<b>22,073,956</b>	-	<b>24,464,827</b>	<b>186,784,424</b>	<b>22,063,576</b>	<b>16,408,144</b>	<b>69,058,398</b>	<b>14,796,841</b>	<b>357,712,221</b>
<b>Net block</b>												
At December 31, 2015	-	8,108,507	-	70,883,064	-	19,610,943	75,813,505	10,296,407	4,545,521	13,296,196	29,215,205	231,769,348
<b>At December 31, 2016</b>	-	<b>7,943,913</b>	-	<b>68,236,901</b>	-	<b>16,836,607</b>	<b>89,172,433</b>	<b>9,823,259</b>	<b>1,686,413</b>	<b>19,271,992</b>	<b>33,415,295</b>	<b>246,386,813</b>

**Notes:**

- (1) Includes Rs. 21,155,390 (Previous year Rs. 21,155,390) paid towards land and building under a composite lease taken in earlier year for which no separate values are assignable.
- (2) Vehicles amounting to Rs. 27,735,119 (Previous year Rs. 20,855,338) are hypothecated against terms loans for vehicle finance from non banking financial corporation.
- (3) The Company had leased out land and building located at Pune w.e.f. July 7, 2015. Accordingly, the Company had classified land and building as investment property as per Accounting Standard -13 on 'Accounting for Investments'.
- (4) Furniture and fittings includes assets on finance lease : Gross block as at December 31, 2016 Rs. 11,000,000 (previous year Rs. Nil), Depreciation charge for the year Rs. 45,833 (previous year Rs. Nil), Accumulated depreciation as at December 31, 2016 Rs. 45,833 (previous year Rs. Nil) and Net book value as at December 31, 2016 Rs. 10,954,167 (previous year Rs. Nil).

**10. Intangible assets**

(Amount in Rs.)

Particulars	Softwares	Product development costs (Internally generated software)	Total
<b>Gross block</b>			
As at January 1, 2015	148,222,440	68,672,584	<b>216,895,024</b>
Additions	5,756,830	-	<b>5,756,830</b>
Transfer on sale of undertaking [refer note 31 (d)]	(12,805,491)	(68,672,584)	<b>(81,478,075)</b>
Deletions	(11,205,454)	-	<b>(11,205,454)</b>
At December 31, 2015	129,968,325	-	<b>129,968,325</b>
Additions	3,484,177	-	<b>3,484,177</b>
Deletions	(5,246,802)	-	<b>(5,246,802)</b>
<b>At December 31, 2016</b>	<b>128,205,700</b>	-	<b>128,205,700</b>
<b>Amortisation</b>			
As at January 1, 2015	129,019,248	43,998,681	<b>173,017,929</b>
Charge for the year	18,335,786	4,423,596	<b>22,759,382</b>
Transfer on sale of undertaking [refer note 31 (d)]	(11,542,869)	(48,422,277)	<b>(59,965,146)</b>
Deletions	(11,205,452)	-	<b>(11,205,452)</b>
At December 31, 2015	124,606,713	-	<b>124,606,713</b>
Charge for the year	3,426,008	-	<b>3,426,008</b>
Deletions	(5,246,793)	-	<b>(5,246,793)</b>
<b>At December 31, 2016</b>	<b>122,785,928</b>	-	<b>122,785,928</b>
<b>Net block</b>			
At December 31, 2015	5,361,612	-	<b>5,361,612</b>
<b>At December 31, 2016</b>	<b>5,419,772</b>	-	<b>5,419,772</b>

**11.1 Non-current investments**

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
<b>Non-trade, unquoted (valued at cost unless stated otherwise)</b>		
(i) 2,500 (Previous year 2,500) equity shares of Rs. 10 each fully paid up in The Saraswat Co-operative Bank Limited	<b>25,000</b>	25,000
(ii) 17,512 (Previous Year 26,269) 8% compulsorily redeemable debentures of Rs. 10,000 each in Indus Software Technologies Private Limited [refer note 31 (d)]	<b>175,120,000</b>	262,690,000
<b>Investment property (at cost less accumulated depreciation) (refer note 9)</b>		
Cost of land and building given on operating lease	<b>35,963,972</b>	35,963,972
Less: Accumulated depreciation	<b>(9,706,016)</b>	(8,232,194)
<b>Sub total (A)</b>	<b>201,402,956</b>	290,446,778
<b>In subsidiary companies:</b>		
<b>Trade, unquoted, fully paid up (valued at cost unless stated otherwise)</b>		
(i) Investment in R Systems (Singapore) Pte. Ltd., Singapore		
5,570,925 (Previous year 5,122,125) ordinary shares of "no par" value	<b>257,834,210</b>	209,679,074

Particulars	As at December 31, 2016 Rs.		As at December 31, 2015 Rs.	
(ii) Investment in R Systems, Inc., USA				
2,000 (Previous year 2,000) shares of "no par" value	<b>223,358,532</b>		223,358,532	
150 shares (Previous year 150) of "no par" value issued pursuant to merger [refer note 31 (c)]	<b>57,816,448</b>	<b>281,174,980</b>	57,816,448	281,174,980
(iii) Investment in R Systems Technologies Limited (formerly known as Indus Software, Inc., USA)				
243,750 (Previous year 243,750) common stock of US\$1 each fully paid up	<b>10,785,738</b>		10,785,738	
Less: Provision for diminution in the value of investment	<b>(10,784,738)</b>	<b>1,000</b>	(10,784,738)	1,000
(iv) Investment in ECnet Limited, Singapore [refer note 31 (a)]				
17,651,502 (Previous year 17,651,502) ordinary shares of "no par" value	<b>34,938,958</b>		34,938,958	
38,306,451 (Previous year 38,306,451) ordinary shares of "no par" value	-		-	
7,933,307 (Previous year 7,933,307) ordinary shares of "no par" value	<b>36,332,962</b>		36,332,962	
Less : Adjustment with securities premium as per order of High Court	<b>(24,495,721)</b>		(24,495,721)	
	<b>46,776,199</b>		46,776,199	
Less: Amounts adjusted on settlement of liabilities towards certain erstwhile shareholders	<b>(10,442,237)</b>		(10,442,237)	
Less: Provision for diminution in the value of investment	<b>(5,525,000)</b>	<b>30,808,962</b>	(5,525,000)	30,808,962
(v) Investment in Computaris International Limited, UK				
66,500 (Previous year 66,500) ordinary shares of GBP 0.01 each fully paid up		<b>350,631,695</b>		350,631,695
(vi) Investment in RSYS Technologies Limited, Canada (formerly known as Systèmes R. International Ltée)		<b>5,039,560</b>		11,636
200 (Previous year 200) Class A common shares of CAD 1 each fully paid up				
25 (Previous year Nil) Class B preferred shares of CAD 3,992 each fully paid up				
<b>Sub total (B)</b>		<b>925,490,407</b>		872,307,347
<b>Total (A+B)</b>		<b>1,126,893,363</b>		1,162,754,125
Aggregate amount of unquoted investments (net of provision)		<b>1,126,893,363</b>		1,162,754,125
Aggregate provision for diminution in value of investments		<b>16,309,738</b>		16,309,738

**11.2 Current investments**

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
<b>Non-trade, unquoted (valued at cost or fair value, whichever is lower)</b>		
Investment in Indus Software Technologies Private Limited [refer note 31 (d)]		
Nil (Previous year 4,284,000) equity shares of Re.1 each fully paid up	-	30,438,806
8,757 (Previous year 8,757) 8% compulsorily redeemable debentures of Rs. 10,000 each	<b>87,570,000</b>	87,570,000
<b>Total</b>	<b>87,570,000</b>	118,008,806

**12. Deferred tax assets (net)**

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
<b>Deferred tax assets</b>		
Provision for gratuity	<b>31,826,315</b>	22,570,277
Provision for compensated absences	<b>26,145,782</b>	21,220,579
Provision for doubtful debts and advances	<b>305,104</b>	5,046,359
Other timing differences	<b>4,697,442</b>	8,497,405
<b>Gross deferred tax assets</b>	<b>62,974,643</b>	57,334,620
<b>Deferred tax liability</b>		
Differences in depreciation / amortisation and other differences in block of fixed assets as per tax books and financial books	<b>19,317,347</b>	21,878,650
<b>Gross deferred tax liability</b>	<b>19,317,347</b>	21,878,650
<b>Deferred tax assets (net)</b>	<b>43,657,296</b>	35,455,970

## 13. Loans and advances

Particulars	Non-current		Current	
	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
<b>Capital advances</b>				
Unsecured, considered good	10,289,873	515,884		
<b>Sub total (A)</b>	10,289,873	515,884		
<b>Advances recoverable in cash or in kind or for value to be received</b>				
Unsecured, considered good	16,328,984	852,206	39,191,152	32,629,040
<b>Sub total (B)</b>	16,328,984	852,206	39,191,152	32,629,040
<b>Loans and advances to related parties</b>				
Unsecured, considered good				
Advance recoverable from subsidiaries:				
R Systems, Inc., USA			1,470,498	79,313
ECnet Limited, Singapore			67,925	-
RSYS Technologies Limited, Canada			358,093	-
<b>Sub total (C)</b>			1,896,516	79,313
<b>Security deposits</b>				
Unsecured, considered good	16,060,028	9,947,027	799,676	507,664
<b>Sub total (D)</b>	16,060,028	9,947,027	799,676	507,664
<b>Other loans and advances</b>				
Unsecured, considered good				
Mark-to-market gain on derivative instruments (refer note 37)	-	-	26,417,667	15,645,821
Balances with customs, excise, etc.	-	-	21,879,475	44,379,351
Advance fringe benefit tax [net of provisions amounting to Rs. 7,082,336 (Previous year Rs. 7,082,336)]	167,664	167,664	-	-
Advance income taxes [net of provisions amounting to Rs. 435,878,188 (Previous year Rs. 506,126,215)]	28,759,935	34,833,289	-	-
<b>Sub total (E)</b>	28,927,599	35,000,953	48,297,142	60,025,172
<b>Total (A+B+C+D+E)</b>	71,606,484	46,316,070	90,184,486	93,241,189

**14. Trade receivables and other assets**
**14.1 Trade receivables**

Particulars	Current	
	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
<b>Outstanding for a period exceeding six months from the date they are due for payment</b>		
Unsecured, considered good	135,850	301,554
Unsecured, considered doubtful	-	13,620,628
	135,850	13,922,182
Provision for doubtful receivables	-	(13,620,628)
<b>Sub total (A)</b>	135,850	301,554
<b>Other receivables</b>		
Unsecured, considered good	500,707,128	504,313,030
Unsecured, considered doubtful	881,673	819,263
	501,588,801	505,132,293
Provision for doubtful receivables	(881,673)	(819,263)
<b>Sub total (B)</b>	500,707,128	504,313,030
<b>Total (A+B)</b>	500,842,978	504,614,584

**Trade receivables include:**

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
From subsidiary companies		
R Systems, Inc., USA	7,569,562	7,060,459
ECnet Limited, Singapore	13,880,797	10,668,165
Computaris International Limited, U.K.	6,394,787	4,915,116
IBIZ Consulting Services Pte Ltd, Singapore	-	825,994

**14.2 Other assets**

Particulars	Non-current		Current	
	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Non-current bank balances (refer note 15)	48,170,299	47,158,352		
Interest accrued				
Fixed deposits	5,118,737	3,997,650	555,458	669,424
Compulsorily redeemable debentures (refer note 11.1 & 11.2)	-	-	4,965,130	6,548,339
Unbilled revenues	-	-	60,792,589	30,765,846
<b>Total</b>	53,289,036	51,156,002	66,313,177	37,983,609



## 15. Cash and bank balances

Particulars	Non-current		Current	
	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
<b>Cash and cash equivalents</b>				
Cash on hand			118,081	261,763
Balances with scheduled banks:				
On current accounts			16,381,515	20,442,419
On EEFC accounts			95,304,632	12,605,912
On deposit accounts with original maturity of less than 3 months			231,371,395	79,707,767
On unclaimed dividend			2,575,014	2,779,151
Balance with other banks:				
On current account with California Bank & Trust			49,129,009	30,282,558
			<b>394,879,646</b>	<b>146,079,570</b>
<b>Other bank balances</b>				
Deposits with original maturity for more than 12 months	-	-	7,200,000	5,400,000
Deposits with original maturity for more than 3 months but less than 12 months			-	59,900,000
Margin money deposits (refer details below)	48,170,299	47,158,352		
	<b>48,170,299</b>	47,158,352	<b>7,200,000</b>	65,300,000
Amount disclosed under non-current assets (refer note 14.2)	(48,170,299)	(47,158,352)		
<b>Total</b>	-	-	<b>402,079,646</b>	<b>211,379,570</b>

## Detail of margin money deposits

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Margin money deposits against performance guarantees	27,502,698	26,446,895
Margin money deposits against credit / derivative facilities	20,667,601	20,711,457
<b>Total</b>	<b>48,170,299</b>	<b>47,158,352</b>

## 16. Revenue from operations

Particulars	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Sales of services*	2,631,768,945	2,892,567,244
Sale of third party items	-	30,750
<b>Total</b>	<b>2,631,768,945</b>	<b>2,892,597,994</b>

\*includes revenue from Information technology services Rs. 2,179,514,470 (Previous year Rs. 2,482,276,272) and Business process outsourcing services Rs. 452,254,475 (Previous year Rs. 410,290,972).

**17. Other income**

Particulars	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Interest income		
- on bank deposits	24,651,372	32,523,229
- on debenture (refer note 11.1 & 11.2)	24,686,191	13,553,539
- on others	7,234,030	-
Rental income from investment property (refer note 11.1)	6,399,996	3,079,568
Provision for doubtful debts and advances written back (net)	2,310,137	-
Foreign exchange fluctuation (net)	52,383,308	43,599,049
Profit on redemption of mutual fund	-	1,774,260
Liability no longer required written back	5,146,585	31,125
Miscellaneous income	855,542	1,674,473
<b>Total</b>	<b>123,667,161</b>	<b>96,235,243</b>

**18. Employee benefits expense**

Particulars	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Salaries, wages and bonus	1,541,007,455	1,627,023,312
Gratuity (refer note 36)	35,758,695	18,019,855
Contribution to provident fund and other funds	56,421,518	56,108,923
Staff welfare expenses	29,990,874	33,457,956
<b>Total</b>	<b>1,663,178,542</b>	<b>1,734,610,046</b>

**19. Operational and other expenses**

Particulars	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Power and fuel	40,689,672	50,142,319
Rent - premises	23,790,777	30,061,888
Rent - equipments	3,662,365	2,684,748
Rates and taxes	975,348	1,349,559
Insurance	6,845,699	7,153,437
Repair and maintenance		
- Buildings	1,059,370	2,611,250
- Others	71,680,314	69,135,569
Advertising and sales promotion	4,191,121	15,319,533
Commission - others	6,039,509	22,010,770
Travelling and conveyance	145,164,676	238,639,644
Communication costs	53,835,738	55,488,463
Printing and stationery	3,066,766	2,146,070
Legal and professional fees	58,217,743	86,053,248
Cost of third party items	-	30,250
Directors' sitting fee	700,000	1,050,500
Auditors' remuneration (refer detail below)	5,146,848	4,912,250
Provision for doubtful debts and advances (net)	-	2,388,948
Bad debts and advances written off [net of Rs. 11,389,741 (previous year Rs. 3,747,954) utilisation from provision for doubtful debts and advances]	2,700	-
Loss on sale / discard of fixed assets (net)	668,634	2,158,052
Recruitment and training expenses	8,942,786	11,067,488
Security expenses	6,873,456	8,739,813
Membership and subscription	7,434,256	6,307,315
Miscellaneous expenses	2,876,419	4,795,755
<b>Total</b>	<b>451,864,197</b>	<b>624,246,869</b>

**Detail of auditors remuneration**

Particulars	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
As auditor:		
- Audit fee		
- Statutory audit fee	1,942,500	1,350,000
- Quarterly audit fee	1,306,875	1,750,000
- Limited Review	538,125	350,000
- Out-of-pocket expenses	191,848	162,250
In other capacity:		
- Certification	1,167,500	800,000
- Other services	-	500,000
<b>Total</b>	<b>5,146,848</b>	<b>4,912,250</b>

**20. Depreciation and amortisation expense**

Particulars	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Depreciation on tangible assets (refer note 34)	64,403,321	72,342,183
Amortisation on intangible assets	3,426,008	22,759,382
Depreciation on investment property	1,473,822	710,488
<b>Total</b>	<b>69,303,151</b>	<b>95,812,053</b>

**21. Finance costs**

Particulars	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Interest expenses	1,341,249	962,311
Interest under income tax	-	1,163,929
Bank charges	2,342,388	2,149,361
<b>Total</b>	<b>3,683,637</b>	<b>4,275,601</b>

**22. Exceptional items**

Particulars	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Profit on sale of investment [refer note 31 (d)]	37,174,220	-
Profit on sale of undertaking [refer note 31 (d) & (e)]	9,173,022	564,434,748
Profit on sale of subsidiaries [refer note 31 (b)]	-	26,628,000
Deferred compensation payable written back [refer note 31 (a)]	-	12,609,305
Provision for diminution in the value of investment written back [refer note 31 (c)]	-	44,401,573
<b>Total</b>	<b>46,347,242</b>	<b>648,073,626</b>

**23. Segment information***Business segments:*

The Company considers business segment as the basis for primary segmental reporting. The Company is organised into two business segments – Information technology services and products and Business process outsourcing services. Costs and expenses which cannot be allocated to any business segment are reflected in the column 'corporate and others'. Segments have been identified and reported based on the nature of the services, the risks and returns, the organisation structure and the internal financial reporting system.

*Geographical segments:*

The Company reports secondary segment information on the basis of the geographical location of the customers / assets. Although the Company's major operating divisions are managed on a worldwide basis, they operate in five principal geographical areas of the world which are: India, United States of America, South East Asian countries, Europe and Other areas.

The following table provides required information for the primary segments for the year ended December 31, 2016 and December 31, 2015:

(Amount in Rs.)

Particulars	Continuing Operations				Discontinuing operations [refer note 31 (d)]				Total	
	Information technology services and products		Business process outsourcing services		Information technology services and products		Corporate and others			
	Year ended December 31, 2016	2015	Year ended December 31, 2016	2015	Year ended December 31, 2016	2015	Year ended December 31, 2016	2015	Year ended December 31, 2016	2015
<b>REVENUE</b>										
External sales	2,179,514,470	1,908,294,058	452,254,475	410,290,972	-	574,012,964	-	-	2,631,768,945	2,892,597,994
<b>Total revenue</b>	<b>2,179,514,470</b>	<b>1,908,294,058</b>	<b>452,254,475</b>	<b>410,290,972</b>	<b>-</b>	<b>574,012,964</b>	<b>-</b>	<b>-</b>	<b>2,631,768,945</b>	<b>2,892,597,994</b>
<b>RESULT</b>										
Segment result	516,357,505	399,057,956	48,843,023	48,733,063	-	89,231,159	-	(59,424,289)	565,200,528	537,022,178
Unallocated corporate expenses								(55,937,866)	(59,424,289)	(55,937,866)
<b>Operating profit</b>									<b>505,776,239</b>	<b>481,084,312</b>
Interest expenses								(1,341,249)	(1,341,249)	(2,126,240)
Interest income								56,571,593	56,571,593	46,076,768
Other unallocable income								6,399,996	6,399,996	4,853,828
Exceptional items (refer note 2)								46,347,242	46,347,242	648,073,626
Income taxes expense								(201,615,814)	(201,615,814)	(271,522,318)
<b>Net profit</b>									<b>412,138,007</b>	<b>906,439,976</b>

The following table provides required information for the primary segments as at December 31, 2016 and December 31, 2015:

(Amount in Rs.)

Particulars	Continuing Operations				Discontinuing operations [refer note 31 (d)]				Total	
	Information technology services and products		Business process outsourcing services		Information technology services and products		Corporate and others			
	December 31, 2016	2015	December 31, 2016	2015	December 31, 2016	2015	December 31, 2016	2015	December 31, 2016	2015
<b>OTHER INFORMATION</b>										
Segment assets	808,211,426	750,632,586	187,688,246	153,426,945	-	-	-	-	964,224,429	879,198,816
Unallocated corporate assets									1,683,720,521	1,548,385,146
Income tax assets									72,584,895	70,456,923
<b>Total assets</b>	<b>808,211,426</b>	<b>750,632,586</b>	<b>187,688,246</b>	<b>153,426,945</b>	<b>31,675,243</b>	<b>24,860,715</b>	<b>-</b>	<b>-</b>	<b>2,720,529,845</b>	<b>2,498,040,885</b>
Segment liabilities	450,600,636	408,160,594	49,868,567	64,412,533	-	-	-	-	468,793,960	447,712,412
Unallocated corporate liabilities									5,888,409	12,481,746
Income tax liabilities									42,395,749	54,122,497
<b>Total liabilities</b>	<b>450,600,636</b>	<b>408,160,594</b>	<b>49,868,567</b>	<b>64,412,533</b>	<b>31,675,243</b>	<b>24,860,715</b>	<b>-</b>	<b>-</b>	<b>517,078,118</b>	<b>514,316,655</b>
Capital expenditures	120,736,776	45,952,832	808,186	22,409,718	-	-	-	14,769,972	48,284,158	66,604,243
Depreciation and amortisation	62,625,714	74,896,056	6,677,437	8,616,429	-	-	-	12,299,568	-	83,132,522
Other non-cash expenses / (written back)	950,687	(1,652,943)	-	(233,076)	-	-	-	6,433,019	-	950,687
									69,303,151	95,812,053
									950,687	4,547,000

*Geographical segments:*

The Company reports secondary segment information on the basis of the geographical location of the customers / assets. The management views the domestic and export markets as distinct geographical segments.

The following is the distribution of the Company's revenue by geographical area in which customers are located, including for discontinuing operations:

	For the year ended December 31,	
	2016 Rs.	2015 Rs.
India	76,185,907	302,772,060
USA	1,837,929,751	1,731,095,322
South East Asia	41,650,328	121,353,004
Europe	551,824,690	509,177,005
Others	124,178,269	228,200,603
<b>Total</b>	<b>2,631,768,945</b>	<b>2,892,597,994</b>

The following is the distribution of the revenue by geographical area in which customers are located from discontinuing operations [refer note 31 (d)]:

	For the year ended December 31, 2016 Rs.	For the period 01.01.15 to 07.07.15 Rs.
India	-	241,931,477
USA	-	37,493,825
South East Asia	-	73,592,425
Europe	-	116,435,512
Others	-	104,559,725
<b>Total</b>	<b>-</b>	<b>574,012,964</b>

## Assets and additions to fixed assets by geographical area:

The following table shows the carrying amount of assets and additions to fixed assets (including capital advances) by geographical area in which assets are located, including for discontinuing operations:

	Carrying amount of assets as at December 31,		Additions to fixed assets for the year ended December 31,	
	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
India	1,222,026,127	1,086,532,513	121,252,476	82,685,347
USA	712,768,996	705,093,781	292,486	447,175
South East Asia	304,798,051	253,607,022	-	-
Europe	456,327,425	421,910,001	-	-
Others	24,609,246	30,897,568	-	-
<b>Total</b>	<b>2,720,529,845</b>	<b>2,498,040,885</b>	<b>121,544,962</b>	<b>83,132,522</b>

The following table shows the carrying amount of assets and additions to fixed assets (including capital advances) by geographical area in which assets are located for discontinuing operation [refer note 31 (d)]:

	Carrying amount of assets as at December 31,		Additions to fixed assets for the year ended December 31,	
	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
India	-	-	-	14,769,972
USA	-	-	-	-
South East Asia	-	-	-	-
Europe	-	-	-	-
Others	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,769,972</b>

## 24. Related Party Disclosures

(i) Names of related parties:

Names of related parties where control exists:

<b>Subsidiaries</b>	<p>R Systems (Singapore) Pte Ltd, Singapore  R Systems, Inc., USA  ECnet Ltd, Singapore  Computaris International Limited, U.K.  RSYS Technologies Limited, Canada (formerly known as Systèmes R. International Ltée )  R Systems Technologies Limited, USA (formerly known as Indus Software, Inc., USA)  R Systems Product &amp; Technologies Private Limited, India (ceased to be subsidiary w.e.f. July 07, 2015)  R Systems Solutions, Inc., USA (merged with R Systems, Inc., USA w.e.f. December 10, 2015)</p>
	<p><b>Following are the subsidiaries of ECnet Ltd, Singapore</b></p> <ul style="list-style-type: none"> <li>• ECnet (M) Sdn Bhd, Malaysia</li> <li>• ECnet Systems (Thailand) Co. Ltd., Thailand</li> <li>• ECnet (Shanghai) Co. Ltd., People’s Republic of China</li> <li>• ECnet (Hong Kong) Ltd., Hong Kong</li> <li>• ECnet, Inc., USA</li> <li>• ECnet Kabushiki Kaisha, Japan</li> </ul>
	<p><b>Following are the subsidiaries of Computaris International Limited, U.K.</b></p> <ul style="list-style-type: none"> <li>• Computaris Romania Srl, Romania</li> <li>• Computaris Polska sp z o.o., Poland</li> <li>• ICS Computaris International Srl, Moldova</li> <li>• Computaris Malaysia Sdn. Bhd., Malaysia</li> <li>• Computaris USA, Inc., USA</li> <li>• Computaris Philippines Pte. Ltd. Inc., Phillipines (incorporated on May 23, 2016)</li> </ul>
	<p><b>Following are the subsidiaries of R Systems (Singapore) Pte Ltd, Singapore</b></p> <ul style="list-style-type: none"> <li>• IBIZCS Group Pte Ltd- Singapore with the following step down subsidiaries <ul style="list-style-type: none"> <li>➤ IBIZ Consulting Services Pte Ltd, Singapore</li> <li>➤ IBIZ Consulting Services Sdn. Bhd., Malaysia</li> <li>➤ PT. IBIZCS Indonesia., Indonesia</li> <li>➤ IBIZ Consultancy Services India Private Limited, India</li> <li>➤ IBIZ Consulting Services Limited, Hong Kong</li> <li>➤ IBIZ Consulting Services (Shanghai) Co., Ltd, People’s Republic of China</li> </ul> </li> </ul>
Names of other related parties with whom transactions have taken place during the year:	
Key management personnel	<p>Satinder Singh Rekhi, Managing Director  Lt. Gen. Baldev Singh (Retd.), President and Senior Executive Director  Raj Swaminathan, Director (resigned as director on June 27, 2015)  Nand Sardana, Chief Financial Officer  Ashish Thakur, Company Secretary &amp; Compliance Officer</p>
Relatives of Key management personnel	<p>Harpreet Rekhi, (related to Satinder Singh Rekhi)  Sartaj Singh Rekhi, (related to Satinder Singh Rekhi)  Amrita Kaur, (related to Satinder Singh Rekhi)  Ramneet Singh Rekhi, (related to Satinder Singh Rekhi)  Anita Behl, (related to Satinder Singh Rekhi)  Kuldeep Baldev Singh, [related to Lt. Gen. Baldev Singh (Retd.)]  Mandeep Singh Sodhi, [related to Lt. Gen. Baldev Singh (Retd.)], Vice President – Sales</p>
Enterprises where key management personnel or their relatives exercise significant influence	<p>U Infosoft Private Limited  GM Solutions Private Limited  GMU Infosoft Private Limited  Right Match Holdings Limited  Satinder and Harpreet Rekhi Family Trust</p>

(ii) Details of transactions with related parties for the year ended December 31, 2016 and December 31, 2015:

(Amount in Rs.)

	Year ended December 31,	
	2016	2015
<b>Information technology and BPO services rendered to</b>		
ECnet Ltd, Singapore	41,206,651	44,573,934
R Systems, Inc., USA	51,656,564	26,195,635
R Systems (Singapore) Pte Ltd, Singapore	-	951,564
R Systems Solutions, Inc., USA	-	486,870
IBIZ Consulting Services Pte Ltd, Singapore	288,061	819,974
Computaris International Limited, U.K.	32,590,211	36,090,132
<b>Total</b>	<b>125,741,487</b>	<b>109,118,109</b>
<b>Information technology services received from</b>		
R Systems, Inc., USA	-	7,980,900
<b>Total</b>	<b>-</b>	<b>7,980,900</b>
<b>Travel and other expenses reimbursed by the Company to</b>		
ECnet Ltd, Singapore	1,376,972	228,882
R Systems, Inc., USA	34,155,370	33,443,061
R Systems (Singapore) Pte Ltd, Singapore	11,339,887	12,121,187
R Systems Solutions, Inc., USA	-	611,314
<b>Total</b>	<b>46,872,229</b>	<b>46,404,444</b>
<b>Travel and other expenses reimbursed to the Company by</b>		
ECnet Ltd, Singapore	2,362,175	1,478,577
R Systems, Inc., USA	7,823,606	7,601,311
R Systems (Singapore) Pte Ltd, Singapore	315,000	100,577
R Systems Solutions, Inc., USA	-	414,334
RSYS Technologies Limited, Canada	413,788	-
IBIZ Consulting Services Pte Ltd, Singapore	125,000	-
Computaris International Limited, U.K.	2,206,572	2,871,598
<b>Total</b>	<b>13,246,141</b>	<b>12,466,397</b>
<b>Reimbursement to the Company for purchase of assets on behalf of</b>		
R Systems, Inc., USA	116,745	1,778,585
Computaris International Limited, U.K.	354,129	-
<b>Total</b>	<b>470,874</b>	<b>1,778,585</b>
<b>Reimbursement by the Company for purchase of assets to</b>		
R Systems, Inc., USA	219,424	146,123
<b>Total</b>	<b>219,424</b>	<b>146,123</b>
<b>Investment in shares of subsidiary</b>		
R Systems Product & Technologies Private Limited, India	-	700,000
R Systems (Singapore) Pte Ltd, Singapore	48,155,136	105,505,504
R Systems, Inc., USA [refer note 31 (c)]	-	57,816,448
RSYS Technologies Limited, Canada	5,027,924	-
<b>Total</b>	<b>53,183,060</b>	<b>164,021,952</b>

(Amount in Rs.)

	Year ended December 31,	
	2016	2015
<b>Merger of wholly owned subsidiaries</b>		
R Systems Solutions, Inc., USA [refer note 31 (c)]	-	13,414,875
<b>Total</b>	-	13,414,875
<b>Remuneration</b>		
Satinder Singh Rekhi	37,027,495	32,046,605
Lt. Gen. Baldev Singh (Retd.)	6,642,053	6,265,670
Raj Swaminathan	-	3,380,493
Mandeep Singh Sodhi	36,409,934	33,118,711
Nand Sardana	5,219,880	5,225,880
Ashish Thakur	883,124	628,210
Amrita Kaur	480,000	261,333
<b>Total</b>	86,662,486	80,926,902
<b>Rent</b>		
Satinder Singh Rekhi	7,968,654	6,951,784
<b>Total</b>	7,968,654	6,951,784
<b>Shares buyback</b>		
Satinder Singh Rekhi	1,796,860	-
Lt. Gen. Baldev Singh (Retd.)	189,605	-
Sartaj Singh Rekhi	8,234,460	-
Ramneet Singh Rekhi	6,964,555	-
Nand Sardana	71,630	-
Mandeep Singh Sodhi	962,390	-
GMU Infosoft Private Limited	13,276,315	-
U Infosoft Private Limited	13,542,165	-
GM Solutions Private Limited	14,057,810	-
Right Match Holdings Ltd	12,725,830	-
Satinder and Harpreet Rekhi Family Trust	17,891,185	-
<b>Total</b>	89,712,805	-
<b>Dividend paid *</b>		
Satinder Singh Rekhi	-	9,753,540
Lt. Gen. Baldev Singh (Retd.)	-	1,059,675
Raj Swaminathan	-	780,000
Sartaj Singh Rekhi	-	44,635,483
Ramneet Singh Rekhi	-	37,742,669
Harpreet Rekhi	-	5,662
Nand Sardana	-	388,890
Mandeep Singh Sodhi	-	5,160,056
Kuldeep Baldev Singh	-	45,296
Anita Behl	-	59,443
GMU Infosoft Private Limited	-	66,915,061
U Infosoft Private Limited	-	68,236,517
GM Solutions Private Limited	-	70,829,639
Right Match Holdings Limited	-	69,076,400
Satinder and Harpreet Rekhi Family Trust	-	112,887,716
<b>Total</b>	-	487,576,047

\* The amount for the year ended December 31, 2015 includes Rs. 229,416,464 towards dividend declared for the immediately preceding year.



(Amount in Rs.)

Balance outstanding	As at December 31,	
	2016	2015
<b>Trade Receivables</b>		
ECnet Ltd, Singapore	13,880,797	10,668,165
R Systems, Inc., USA	7,569,562	7,060,459
IBIZ Consulting Services Pte. Ltd., Singapore	-	825,994
Computaris International Limited, UK	6,394,787	4,915,116
<b>Total</b>	<b>27,845,146</b>	<b>23,469,734</b>
<b>Short-term loans and advances</b>		
ECnet Ltd, Singapore	67,925	-
R Systems, Inc., USA	1,470,498	79,313
RSYS Technologies Limited, Canada	358,093	-
<b>Total</b>	<b>1,896,516</b>	<b>79,313</b>
<b>Other current liabilities</b>		
ECnet Ltd, Singapore	85,798	574,050
R Systems, Inc., USA	14,044,305	11,889,525
R Systems (Singapore) Pte Ltd, Singapore	2,696,826	3,017,792
<b>Total</b>	<b>16,826,929</b>	<b>15,481,367</b>
<b>Assets obtained free of cost on returnable basis</b>		
R Systems, Inc., USA	21,558,962	18,390,687
R Systems (Singapore) Pte Ltd, Singapore	137,241	137,241
<b>Total</b>	<b>21,696,203</b>	<b>18,527,928</b>
<b>Balance payable to key management personnel</b>		
Satinder Singh Rekhi	7,038,750	4,500,000
Lt. Gen. Baldev Singh (Retd.)	1,278,448	1,082,113
<b>Total</b>	<b>8,317,198</b>	<b>5,582,113</b>

Also refer note 31 (d).

## 25. Corporate Social Responsibility (CSR)

As per the requirements of Section 135 of the Companies Act, 2013, the Company is required to spend an amount of Rs. 10,608,333 on CSR expenditure for the year December 31, 2016. Out of this, the Company has disbursed Rs. 1,500,000 for education of the underprivileged children in accordance with its Corporate Social Responsibility Policy.

Further, during the year the Company was in the process of ascertaining various avenues, projects etc. for fulfilling the requirement of its CSR policy, therefore Company could not utilize the entire amount embarked for its CSR activities.

## 26. Capital and other commitments

	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
<b>(i) Capital commitments:</b>		
Estimated amount of unexecuted capital contracts (net of advances)	6,152,320	3,425,621
<b>(ii) Other commitments:</b>		
For commitments relating to lease arrangements, refer note 28.		

**27. Contingent liabilities**

	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Performance guarantees given to Department of Telecommunication for Domestic and International 'Other Service Provider' licenses	20,000,000	20,000,000
<b>Total</b>	<b>20,000,000</b>	<b>20,000,000</b>

**28. Leases**
**a) Finance Lease - Company as lessee**

The Company has finance leases for furniture and fixture. Each renewal is at the option of the lessee. Future minimum lease payments (MLP) under finance leases together with the present value of the net MLP are as follows:

	Year ended December 31, 2016		Year ended December 31, 2015	
	MLP	Present value of MLP	MLP	Present value of MLP
Not later than one year	1,440,000	158,359	-	-
After one year but not more than five years	5,775,000	873,187	-	-
More than five years	17,077,500	9,848,454	-	-
Total minimum lease payments	24,292,500	10,880,000	-	-
Less: amounts representing finance charges	13,412,500	-	-	-
Present value of minimum lease payments	10,880,000	10,880,000	-	-

**b) Operating Lease - Company as lessee**

The Company has operating lease for office premises. The future minimum rentals payable under non-cancellable operating leases period as at year-end are as follows:

	Year ended December 31, 2016 Rs.	Year ended December 31, 2015 Rs.
Lease payments for the year	23,790,777	30,061,888
Non-cancellable operating lease obligation:		
Not later than one year	26,573,526	16,707,540
Later than one year but not later than five years	68,617,281	31,031,346
Later than five years	-	-

The operating lease arrangements extend for a maximum period of 5 years from their respective dates of inception. Some of the operating lease arrangements have price escalation and option of renewal clause as mutually agreed between the parties and there are no restrictions imposed on lease arrangements.

**c) Operating Lease - Company as lessor**

The Company has entered into an operating lease arrangement for its surplus land and building which has been classified under investment property. The future minimum rentals receivable under non-cancellable operating lease period as at year-end are as follows:

	Year ended December 31, 2016 Rs.	Year ended December 31, 2015 Rs.
Lease payments for the year	6,399,996	3,079,568
Non-cancellable operating lease		
Not later than one year	6,399,996	6,399,996
Later than one year but not later than five years	3,320,440	9,720,436

The operating lease arrangement extends for a maximum period of 3 years from their respective dates of inception and has price escalation clause of 5% for every subsequent 3 years of the extended term. There are no restrictions imposed on lease agreements.

## 29. Supplementary statutory information

## 29.1 (a) Directors' remuneration

	Year ended December 31, 2016 Rs.	Year ended December 31, 2015 Rs.
Salaries, wages and bonus	43,391,628	41,404,048
Contribution to provident fund	277,920	288,720
<b>Total</b>	<b>43,669,548</b>	41,692,768

**Note:**

As the future liability for gratuity and long term compensated absences is provided on an actuarial basis for the Company as a whole, the amount pertaining to the directors is not ascertainable and, therefore, not included above.

## 29.1 (b) Computation of net profit under Section 198 of the Companies Act, 2013 for calculation of managerial remuneration under Section 197 of the Companies Act, 2013.

(Amount in Rs.)

Sl. No.	Particulars	Year ended December 31, 2016	Year ended December 31, 2015
	<b>Profit after tax and before appropriation</b>	<b>412,138,007</b>	906,439,976
	<b>Add:</b>		
(i)	Loss on fixed assets sold / discarded	668,634	2,158,052
(ii)	Provision for doubtful debts / advances (net)	-	2,388,948
(iii)	Tax for the year	201,615,814	271,522,318
(iv)	Depreciation and amortisation as per books of accounts	69,303,151	95,812,053
	<b>Less:</b>		
(i)	Depreciation and amortisation	69,303,151	95,812,053
(ii)	Profit on sale of subsidiaries	-	26,628,000
(iii)	Provision for doubtful debts / advances written back (net)	2,310,137	-
(iv)	Profit on redemption of mutual fund	-	1,774,260
(v)	Profit on merger of wholly owned subsidiaries	-	44,401,573
(vi)	Profit on sale of undertaking	9,173,022	564,434,748
(vii)	Profit on sale of Investment	37,174,220	-
(viii)	Bad debts and advances written off	11,392,441	3,747,954
	Net Profit for the year	554,372,635	541,522,759
	<b>Add:</b>		
	Remuneration paid to the whole time directors	43,669,548	41,692,768
	<b>Net Profit for the purpose of managerial remuneration</b>	<b>598,042,183</b>	583,215,527
	Overall maximum remuneration to all managerial personnel at 10% of the net profits as calculated above	59,804,218	58,321,553
	Overall maximum remuneration to individual managerial personnel at 5% of the net profits as calculated above	29,902,109	29,160,776

**Note:**

- Figures for the year ended December 31, 2016 and December 31, 2015 are as per provisions of the Companies Act, 2013.
- The remuneration paid during the year ended December 31, 2016 and December 31, 2015, in excess of the limits specified in 29.1 (b) above has been approved by the Central Government.

**29.2 Earnings in foreign currency (on accrual basis)**

	Year ended December 31, 2016 Rs.	Year ended December 31, 2015 Rs.
Sale of product and services	2,555,583,038	2,589,825,934
Interest income	6,300,600	-
Proceeds from sale of subsidiaries [refer note 31 (b)]	-	26,628,000
Reimbursement of travel, communication and other costs*	33,010,310	21,883,859
<b>Total</b>	<b>2,594,893,948</b>	<b>2,638,337,793</b>

\* Out of this Rs. 29,746,845 (previous year Rs. 20,673,940) is reimbursement for expenses which have been netted off from the respective expenses in the statement of profit and loss and balance Rs. 3,263,465 (previous year Rs. 1,209,919) is reimbursement for purchase of fixed assets.

**29.3 Expenditure in foreign currency (on accrual basis)**

	Year ended December 31, 2016 Rs.	Year ended December 31, 2015 Rs.
Traveling and conveyance	100,028,281	160,860,248
Commission-others	4,691,519	14,679,451
Employee benefits expense	174,700,539	152,135,346
Communication expenses	18,580,504	16,441,504
Income tax	15,429,453	14,435,780
Cost of reimbursable capital assets	642,927	535,513
Other miscellaneous expenses	42,249,451	64,579,926
<b>Total</b>	<b>356,322,674</b>	<b>423,667,768</b>

**29.4 Value of imports calculated on CIF basis**

	Year ended December 31, 2016 Rs.	Year ended December 31, 2015 Rs.
Capital goods	62,281,965	39,639,588
Equipment received free of cost on returnable basis	4,246,878	88,986
<b>Total</b>	<b>66,528,843</b>	<b>39,728,574</b>

**29.5 Remittance in foreign currency on account of dividend**

Sl. No.	Particulars	Number of non-resident shareholders	Number of equity shares	Amount remitted		Amount remitted	
				Rs.	USD	Rs.	USD
				2016		2015	
(a)	Fourth Interim dividend for the year ended December 31, 2014	12	39,574,220	-	-	100,914,261	1,590,203
(b)	Final Dividend for year ended December 31, 2014	11	38,060,520	-	-	36,157,494	563,728
(c)	First Interim dividend for the year ended December 31, 2015	11	38,288,220	-	-	15,315,288	239,770
(d)	Second Interim dividend for the year ended December 31, 2015	11	37,651,020	-	-	124,248,366	1,900,694
(e)	Third Interim dividend for the year ended December 31, 2015	11	36,341,020	-	-	9,085,255	137,629

30. During the year ended December 31, 2006, Government of India has promulgated an Act namely The Micro, Small and Medium Enterprises Development Act, 2006 which comes into force with effect from October 2, 2006. As per the Act, the Company is required to identify the Micro, Small and Medium suppliers and pay interest to micro and small enterprises on overdue beyond the specified period irrespective of the terms agreed with the suppliers. For the purpose of identification of such suppliers, the Company has sent confirmations to all its suppliers. Based upon the confirmations received so far and the supplier profile available with the Company, the management believes that there are no dues to such suppliers.

Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	Nil	Nil
The amount of interest paid by the buyer in terms of Section 16 of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	Nil	Nil
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	Nil	Nil
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro Small and Medium Enterprise Development Act, 2006	Nil	Nil

31. (a) During earlier years, the Company had acquired shares in ECnet Limited, a company incorporated in Singapore at a total consideration of Rs. 34,938,958. During the year ended December 31, 2005, the Company had based upon an order of High Court of Delhi written down the investment value to Rs. 10,443,237 and adjusted the write off of Rs. 24,495,721 against the Securities Premium Account as this had not been represented by available assets.

During the year ended December 31, 2007, the Company had settled the liabilities towards certain erstwhile shareholders. As a result thereof, the deferred payment compensation of Rs. 14,452,222 was released, as considered appropriate by the management. Out of above, Rs. 10,442,237 had been adjusted against the value of the investment.

During the year ended December 31, 2015, after the expiry of relevant limitation period under applicable laws, the Company had reversed deferred payment compensation amounting to Rs. 12,609,305. This reversal is included under 'Exceptional items' in the financial statements for the year ended December 31, 2015.

- (b) On November 27, 2014, the Company had completed the transfer of Europe BPO Business by way of sale of its 100% holding in R Systems Europe B.V., Netherlands and R Systems S.A.S., France, being wholly owned subsidiaries, by executing the Share Sale Agreement (the "SSA") along with other necessary documents for a sale consideration of Euro 4.70 million (Rs. 357,469,488). Out of the sale consideration, Euro 0.35 million (Rs. 26,628,000) was placed in an escrow account in the Netherlands, the realization of which was subject to certain conditions pursuant to the provision of the SSA.

During the year ended December 31, 2015, on the stipulated conditions under the SSA being completed, the Company had received Euro 0.35 million (Rs. 26,628,000) which was placed in an escrow account. The amount so received, has been included as profit on sale of aforesaid subsidiaries under the 'Exceptional items' in the financial statements for the year ended December 31, 2015.

- (c) On December 10, 2015, R Systems Solution Inc. (RSSI), a wholly owned subsidiary of the Company was merged into R Systems Inc. (RSI), also a wholly owned subsidiary of the Company, as per the applicable laws of India and USA. Pursuant to aforesaid merger, the Company had received incremental 150 common stock of RSI against outstanding common and preferred (series A) stocks held in RSSI. Accordingly the Company had recorded receipt of incremental shares in RSI at Rs. 57,816,448, being the fair value of investments given up. The Company in the earlier years had provided for permanent diminution in value of its investments in RSSI amounting to Rs. 172,676,590 and was carrying these investments at Rs. 13,414,875. Consequent to the above merger, the Company had written back such permanent diminution to the extent of available net assets of Rs. 57,816,448 and accordingly recorded Rs. 44,401,573 as gain under 'Exceptional items' in the financial statements for the year ended December 31, 2015.

- (d) On July 11, 2014, the Company had incorporated a wholly owned subsidiary in India, namely, R Systems Products & Technologies Limited (which was later converted into R Systems Products & Technologies Private Limited ("RSPTPL") on May 28, 2015). The shareholders of the Company by passing special resolution through postal ballot on September 23, 2014 had accorded necessary approval for transfer of the Company's Indus Business Unit operated out of Pune and Chennai to RSPTPL.

The Company had entered into 'Business Transfer Agreement' (BTA) with RSPTPL on June 27, 2015 for the aforesaid transfer on a going concern basis by way of slump sale, for consideration of Rs. 783,900,000 to be discharged by RSPTPL through issuance of 60,000,003 equity shares of Re. 1/- each at a premium of Rs. 6.227333 per share and 35,026 compulsorily redeemable debentures of Rs. 10,000 each to be redeemed over a period of 4 years, on the terms and conditions agreed in BTA and Debenture Subscription Agreement.

The Company also entered into 'Share Purchase Agreement' (SPA) with BD Capital Partners Ltd. ("BDC"), a Mauritius based company on June 27, 2015 to sell 93% of its equity share in RSPTPL to BDC for a consideration of Rs. 443,170,000 (USD 7 million). The closing (as defined in the agreements) under the BTA and SPA occurred on July 07, 2015.

The gain on sale of Indus Business Unit amounting to Rs. 535,713,373 (net of related expenses) and gain on sale of aforesaid equity share in RSPTPL amounting to Rs. 28,721,375 (net of related expenses) is disclosed as 'Exceptional items' in the financial statements for the year ended December 31, 2015. The income tax attributable to aforesaid gains amounting to Rs. 132,635,363 is included in the 'Current Tax' in the financial statements for the year ended December 31, 2015. The name of RSPTPL has been changed to Indus Software Technologies Private Limited (ISPTPL) w.e.f August 19, 2015.

Subject to the satisfaction of certain conditions, BDC had also agreed to purchase the balance 7% equity shares for a consideration up to Rs. 66,510,000 (USD 1 million). These conditions were under evaluation and yet to be concluded as at the year ended December 31, 2015. During the year ended December 31, 2016, the Company has fulfilled the conditions specified in the SPA for the sale of balance 7% share in ISPTPL. The gain on sale of aforesaid equity share amounts to Rs. 37,174,220 is disclosed as 'Exceptional items' in the financial statements. The income tax attributable to aforesaid gains amounting to Rs. 12,684,221 is included in the 'Current Tax' in the financial statements for the year ended December 31, 2016.

Accordingly, the aforesaid Indus Business Unit, being part of Information technology services and products segment, is considered as "Discontinuing Operations" till July 07, 2015. The net assets attributable to the aforesaid operations are as follows:

	As at July 07, 2015 Rs.
Total Assets	567,943,845
Total Liabilities	325,371,698
<b>Net Assets</b>	<b>242,572,147</b>

The revenue and expenses attributable to the discontinuing operations included in the financial statements are as follows:

Particulars	(Amount in Rs.)
	For the period January 01, 2015 to July 07, 2015
<b>Income</b>	
Revenue from operations	574,012,964
Other income	2,457,983
<b>Total revenue</b>	<b>576,470,947</b>
<b>Expenses</b>	
Employee benefits expense	311,709,004
Operational and other expenses	168,770,713
Depreciation and amortisation expense	12,299,568
Finance costs	409,354
<b>Total expenses</b>	<b>493,188,639</b>
<b>Profit before tax</b>	<b>83,282,308</b>
<b>Tax expense</b>	
Current tax	35,510,770
Deferred tax charge / (credit)	(8,796,666)
<b>Total tax expense</b>	<b>26,714,104</b>
<b>Profit after tax</b>	<b>56,568,204</b>

The revenue and expenses attributable to the continuing operations included in the financial statements are as follows:

(Amount in Rs.)

Particulars	Year Ended December 31, 2015
<b>Income</b>	
Revenue from operations	2,318,585,030
Other income	93,777,260
<b>Total revenue</b>	2,412,362,290
<b>Expenses</b>	
Employee benefits expense	1,422,901,042
Operational and other expenses	455,476,156
Depreciation and amortisation expense	83,512,485
Finance costs	3,866,247
<b>Total expenses</b>	1,965,755,930
<b>Profit before tax and exceptional items</b>	446,606,360
<b>Exceptional items</b>	648,073,626
<b>Profit before tax</b>	1,094,679,986
<b>Tax expense</b>	
Current tax	227,309,600
Deferred tax charge	17,498,614
<b>Total tax expense</b>	244,808,214
<b>Profit after tax</b>	849,871,772

Net cash flow attributable to the discontinuing operations included in the financial statements is as follows:

(Amount in Rs.)

Particulars	For the period January 01, 2015 to July 07, 2015
A. Cash flows from / (used in) operating activities	(11,863,375)
B. Cash flows from / (used in) investing activities	(7,339,125)
C. Cash flows from / (used in) financing activities	-

Inter unit transactions between continuing and discontinuing operations have been excluded.

- (e) The Company has realized additional amounts of Rs. 9,173,022 towards the sale of Indus Business unit and disclosed as 'Exceptional items' in the financial statements for the year ended December 31, 2016.
- (f) The consequent tax expense of aforesaid 'Exceptional items' amounting to Rs. 14,800,621 for the year ended December 31, 2016 and Rs. 63,017,987 for year ended December 31, 2015, is included in the 'Current tax' in the financial statements for the respective year.

**32. (a) R Systems International Limited - Year 2004 Employee Stock Option Plan ('the plan')**

The Company had instituted the plan for all eligible employees as specified in the rules in pursuance of the special resolution duly approved by the shareholders. The plan provides for the issuance of 997,500 options for equity shares of face value of Rs. 10 each, to eligible employees as recommended by the Compensation Committee constituted for this purpose.

The plan is administered by a Compensation Committee and exercise price is "1.60 times the Book Value of the Share as per the audited balance sheet as on December 31, 2003 i.e. Rs. 42 per Share or 1.60 times of the book value as per immediate previous accounting year audited balance sheet rounded off to nearest rupee as on the date of Exercise whichever is higher", till the time equity shares of the Company are not listed. Once the equity shares are listed, the exercise price is prevailing price or stock price i.e. the latest available closing price, prior to the date of the meeting of the Board of Directors in which options are granted / shares are issued, on the stock exchange on which the shares of the Company are listed.

During the year ended December 31, 2006, the Company had consolidated each of its five equity shares of Rs. 2 each into one equity share of Rs. 10 each and then issued 1:1 bonus share to each of the then existing shareholder (excluding the option holders) by

utilisation of Securities Premium Account in terms of the provisions of Section 78 of the Companies Act, 1956. Considering these changes in the capital structure, the management had adjusted the number of options vesting to its employees and exercise price to preserve the benefits intended to be made available under the plan i.e. instead of five options of Rs. 2 per share, the employees' entitlement had been adjusted to one option of Rs. 10 per share and instead of earlier exercise price of Rs. 42 per share for each Rs. 2 share, the exercise price had been accordingly adjusted to Rs. 105 per equity share. During the year ended December 31, 2008, the Company had obtained a legal opinion confirming that the adjustments undertaken to the number of options vesting to its employees and exercise price, pursuant to the consolidation and subsequent bonus issue during the year ended December 31, 2006, does not tantamount to modification and no additional benefit was offered to the existing option holders. Further, during the year ended December 31, 2014, the Company had sub-divided equity shares of Rs. 10 each into 10 equity shares of Re. 1 each, the exercise price is accordingly adjusted from Rs. 105 per share to Rs. 10.50 per share.

The vesting period is 4 years (25% in each year) commencing from the date of grant under the plan. The eligible employees have an option to exercise it over a period of 10 years from the date of grant under the plan. As per the plan, the Compensation Committee cannot grant any outstanding options after August 31, 2014, therefore there are no grants outstanding for determination by the Compensation Committee.

During the year ended December 31, 2015 the scheme has been lapsed therefore all the grants outstanding has been lapsed. The movement in the options during the year ended December 31, 2015 is set out below:

	Year ended December 31, 2015 (Nos.)
<b>At the beginning</b>	
- Grants outstanding under the plan (Re. 1 per share)	102,150
- Grants pending determination by the Compensation Committee (Re. 1 per share)	-
<b>During the year</b>	
- Options granted (Re. 1 per share)	
- Options exercised (Re. 1 per share)	
- Options/grants lapsed or surrendered (Re. 1 per share)	102,150
<b>At the end</b>	
- Grants outstanding under the plan (Re. 1 per share)	-
- Grants pending determination by the Compensation Committee (Re.1 per share)	-

The weighted average remaining contractual life for the stock options as at December 31, 2015 is Nil months.

**(b) R Systems International Limited Employees Stock Option Plan – Year 2001 ('the plan')**

Indus Software Private Limited ('Indus') had outstanding options aggregating 21,967 equity shares as on March 31, 2002, to be issued to the eligible employees under the R Systems International Limited Employees Stock Option Plan – Year 2001 under various vesting periods as specified in the said Plan, duly approved by the erstwhile shareholders. Indus had established "R Systems Employees Welfare Trust" ('the R Systems Trust') (formerly known as Indus Software Employees Welfare Trust") to administer the plan, as approved by the members, for the benefits of the Company's employees and had provided an interest free loan of Rs. 3,382,792. Consequently, Indus had allotted 21,967 equity shares of Rs. 10 each at a premium of Rs. 144 per equity share to the R Systems Trust to be further issued to the Indus' eligible employees on the exercise of the underlying options granted to them.

As a result of the merger of Indus with the Company, all employees had surrendered their options in favour of the R Systems Trust to enable them to obtain options for shares in R Systems International Limited after the merger. Also, the Company had issued 206,822 equity shares of Rs. 2 each at a premium of Rs. 113.42 per share to the R Systems Trust in exchange of 21,967 equity shares of Indus, apropos to the agreed swap ratio. During the earlier years out of the said 206,822 shares 22,079 shares were issued to the employees on exercise of options.

The Company had consolidated each of its five equity shares of Rs. 2 each into one equity share of Rs. 10 each on January 30, 2006 and then issued 1:1 bonus share to each of the then existing shareholder by utilisation of Securities Premium Account in terms of the provisions of Section 78 of the Companies Act, 1956 and further sub-division of each of the equity shares of Rs. 10 each into 10 equity shares of Re. 1 each as per record date of February 28, 2014, consequently the total number of shares issued are now 738,980 equity shares of Re. 1 each. Accordingly an amount of Rs. 738,980 and Rs. 2,282,728 is shown as deduction from Issued, subscribed and paid-up capital and Securities Premium Account respectively as suggested by the "Guidance Note on Accounting for Employee Share-based Payments" issued by The Institute of Chartered Accountants of India.



The movement in the options (in equivalent number of shares of the Company) held by the Trust during the year ended December 31, 2016 and the year ended December 31, 2015 is set out below:

	Year ended December 31, 2016	Year ended December 31, 2015
	(Nos.)	(Nos.)
<u>At the beginning</u>		
- Grants outstanding under the plan (Re. 1 per share)		
- Grants pending determination by the Compensation Committee (Re. 1 per share)	738,980	738,980
<u>During the year</u>		
- Options granted (Re. 1 per share)	-	-
- Options exercised (Re. 1 per share)	-	-
- Options/grants lapsed or surrendered (Re. 1 per share)	-	-
<u>At the end</u>		
- Grants outstanding under the plan (Re. 1 per share)		
- Grants pending determination by the Compensation Committee (Re.1 per share)	738,980	738,980

(c) R Systems International Limited Employee Stock Option Scheme 2007 ('the plan')

During the year 2007, the Company had instituted the plan for all eligible employees as specified in the rules in pursuance of the special resolution duly approved by the shareholders. The plan provides for the issuance of 650,000 options to eligible employees as recommended by the Compensation Committee constituted for this purpose.

The plan is administered by a Compensation Committee and exercise price in respect of 632,500 options granted on July 11, 2007 is Rs. 120.70 being the latest available closing price, prior to the date of the meeting of the Board of Directors / Compensation Committee, on the stock exchange on which the shares of the Company are listed. Accordingly, the intrinsic value of Employee Stock Option is taken as Rs. Nil. Further, during the year ended December 31, 2014, the Company had sub-divided equity shares of Rs. 10 each into 10 equity shares of Re. 1 each, the exercise price is accordingly adjusted from Rs. 120.70 per share to Rs. 12.07 per share.

On the recommendation of the Compensation Committee and Nomination and Remuneration Committee, the Board of Director at its meeting held on April 30, 2016, had further granted 150,000 options at an exercise price of Rs. 12.07 /- per option under R Systems International Limited Employee Stock Option Scheme 2007.

The vesting period is 4 years (25% in each year) commencing from the date of grant under the plan. The eligible employees have an option to exercise it over a period of 10 years from the date of grant under the plan. The movement in the options during the year ended December 31, 2016 and year ended December 31, 2015 is set out below:

	Year ended December 31, 2016	Year ended December 31, 2015
	(Nos.)	(Nos.)
<u>At the beginning</u>		
- Grants outstanding under the plan (Re. 1 per share)	80,280	245,280
- Grants pending determination by the Compensation Committee (Re. 1 per share)	2,040,000	1,965,000
<u>During the year</u>		
- Options granted (Re. 1 per share)	150,000	-
- Options exercised (Re. 1 per share)	-	90,000
- Options/grants lapsed or surrendered (Re. 1 per share)	35,000	75,000
<u>At the end</u>		
- Grants outstanding under the plan (Re. 1 per share)	195,280	80,280
- Grants pending determination by the Compensation Committee (Re.1 per share)	1,925,000	2,040,000

For options exercised during the year 2015, the weighted average share price at the exercise date was Rs. 68.71.

The weighted average remaining contractual life for the stock options as at December 31, 2016 is 13 months (Previous year 19 months).

- (d) For the purpose of valuation of the options granted before year ended December 31, 2004, the management obtained fair value of the options at the date of grant under respective schemes from a firm of Chartered Accountants to determine accounting impact, if any, of options granted over the periods. In the considered opinion of the valuer, the fair value of option determined using 'Black Scholes Valuation Model' under each of above schemes [except R Systems International Limited Employee Stock Option Scheme 2007 refer 32 (c) above] is "Nil" and thus no accounting thereof is required.

The assumptions used for the purpose of determination of fair value are stated below:

Assumptions	Unit	Scheme (a) *	Scheme (b) **	Comments by the valuer
Strike price	Rs.	42	154	
Current share price	Rs.	16	140	Taken on the basis of NAV and PECV method of valuation.
Expected option life	No. of Year	5	2.5	Being half of the maximum option life.
Volatility	%	1	0.5	In case of unlisted shares, the volatility may be taken as zero. Verma committee also recommends this.
Risk free return	%	7	11.3	Zero coupon rate estimated from trading government securities for a maturity corresponding to expected life of option - taken from sites of NSE and / or BSE.
Expected dividend yield	%	-	15	Company has no set policy so dividend taken as zero. In case of Scheme (b), as the dividend had been paid by the erstwhile company, it has been assumed at 15%.

\* R Systems International Ltd. - Year 2004 Employee Stock Option Plan under which the price was based on Rs. 2 per share.

\*\* R Systems International Limited Employees Stock Option Plan – Year 2001 under which originally the price was based on Rs. 10 per share for 21,967 shares. As a result of amalgamation of Indus Software Private Limited into R Systems, R Systems had issued 206,822 equity shares of Rs. 2 each pursuant to the swap ratio approved by Hon'ble High Courts of Delhi and Mumbai.

The details given above for plan (a) and (b) are before making the required adjustments in relation to consolidation of each of the 5 equity shares of Rs. 2 each into 1 equity share of Rs. 10 each as approved by the shareholders in the year ended December 31, 2006 and further sub-division of each of the equity shares of Rs. 10 each into 10 equity shares of Re. 1 each as per record date of February 28, 2014.

Further, for the purpose of valuation of the options granted during the year 2005 under R Systems International Limited- Year 2004 Employee Stock Option Plan, the management obtained fair value of the options at the date of grant from a firm of Chartered Accountants, to determine accounting impact, if any, of options granted. In the considered opinion of the valuer, the fair value of these option determined using 'Black Scholes Valuation Model' is "Nil" and thus no accounting thereof is required.

The assumptions used by the valuer for the purpose of determination of fair value are stated below:

Assumptions	Unit	Scheme	Comments by the valuer
Strike price	Rs.	42	
Current share price	Rs.	13.58	Taken on the basis of NAV and PECV method of valuation.
Expected option life	No. of Years	5	Being half of the maximum option life.
Volatility	%	1	In case of unlisted shares, the volatility may be taken as zero. Verma committee also recommends this.
Risk free return	%	7.42	Zero coupon rate estimated from trading government securities for a maturity corresponding to expected life of option - taken from sites of NSE.
Expected dividend yield	%	-	Company has no set policy so dividend taken as zero.

The above information is based on Rs. 2 per share prior to consolidation of 5 equity shares of Rs. 2 each into one equity share of Rs. 10 each and subsequent allotment of bonus shares in the ratio of 1 : 1 and further sub-division of each of the equity shares of Rs. 10 each into 10 equity shares of Re. 1 each as per record date of February 28, 2014.

- (e) For the purpose of valuation of the options granted during the year ended December 31, 2007 under R Systems International Limited Employee Stock Option Scheme – 2007, the compensation cost relating to Employee Stock Options, calculated as per the intrinsic value method is Nil.

The management obtained fair value of the options at the date of grant from a firm of Chartered Accountants. In the considered opinion of the valuer, the fair value of these options determined using 'Black Scholes Valuation Model' is "Rs. 50.73" per option.

The assumptions used by the valuer for the purpose of determination of fair value are stated below:

Assumptions	Unit	Scheme	Comments by the valuer
Strike price	Rs.	120.70	
Current share price	Rs.	118.50	Price on the date of grant by Board of Directors i.e. closing price on July 11, 2007
Expected option life	No. of Years	4	Being the vesting period.
Volatility	%	44	On the basis of industry average.
Risk free return	%	7	Zero coupon rate estimated from trading government securities for a maturity corresponding to expected life of option – taken from sites of NSE.
Expected dividend yield	%	0.86	Company has declared Dividends of 12% in the past. Assuming that it will continue declaring similar dividends in future.

The above information is based on Rs.10 per share before sub-division of each of the equity shares of Rs. 10 each into 10 equity shares of Re. 1 each as per record date of February 28, 2014.

- (f) For the purpose of valuation of the options granted during the year ended December 31, 2016 under R Systems International Limited Employee Stock Option Scheme – 2007, the year to date compensation cost relating to Employee Stock Options, calculated as per the intrinsic value method is Rs. 2,589,490.

The management obtained fair value of the options at the date of grant i.e. April 30, 2016 from a firm of Chartered Accountants. In the considered opinion of the valuer, the weighted average fair value of these options determined using 'Black Scholes Valuation Model' is "Rs. 49.89" per option.

The assumptions used by the valuer for the purpose of determination of fair value are stated below:

Assumptions	Unit	Scheme	Comments by the valuer
Strike price	Rs.	12.07	
Current share price	Rs.	61.45	Price on the date of grant by Board of Directors i.e. closing price on April 30, 2016
Expected option life	No. of Years	4 years i.e. 25% vesting at the end of each year from the date of grant	Being the vesting period.
Volatility	%	55.32- 55.83	On the basis of industry average.
Risk free return	%	7.84	The yield on a Treasury bond by Government of India (Source: RBI) on the valuation date with the tenor matching the remaining term of the stock options.
Expected dividend yield	%	1.32	Assuming that Company will continue declaring at similar rate, consistent with the past years.

The above information is based on per equity share having face value of Re. 1 each.

In March 2005 the ICAI has issued a guidance note on "Accounting for Employees Share Based Payments" applicable to 'employee share based plan' the grant date in respect of which falls on or after April 1, 2005. The said guidance note requires the Proforma disclosures of the impact of the fair value method of accounting of employee stock compensation in the financial statements. Since the Company used the intrinsic value method the impact on the reported net profit and earnings per share by applying the fair value based method is as follows:

(Amount in Rs.)

Particulars	Year ended December 31, 2016	Year ended December 31, 2015
Profit after tax	412,138,007	906,439,976
Add: Intrinsic Value Compensation Cost	2,589,490	-
Less: Fair Value Compensation Cost	2,617,180	-
<b>Adjusted Pro-forma Profit after tax</b>	<b>412,110,317</b>	906,439,976
Weighted average number of equity shares for calculating Basic EPS	126,616,327	126,983,064
Weighted average number of equity shares for calculating Diluted EPS	126,653,124	126,983,064
<b>Earnings Per Share</b>		
<b>Basic [Nominal value of shares Re. 1 (Previous year: Re. 1)]</b>		
- As reported	3.26	7.14
- Pro-forma	3.25	7.14
<b>Diluted [Nominal value of shares Re. 1 (Previous year: Re. 1)]</b>		
- As reported	3.25	7.14
- Pro-forma	3.25	7.14

### 33. Earnings per share (EPS)

Particulars	Year ended December 31, 2016	Year ended December 31, 2015
Net profit after tax (Rs.)	412,138,007	906,439,976
Weighted average number of equity shares for calculating Basic EPS	126,616,327	126,983,064
Weighted average number of equity shares for calculating Diluted EPS	126,653,124	126,983,064
Basic [Nominal value of shares Re. 1 (Previous year: Re. 1)] (Rs.)	3.26	7.14
Diluted [Nominal value of shares Re. 1 (Previous year: Re. 1)] (Rs.)	3.25	7.14

### Continuing Operations

Particulars	Year ended December 31, 2016	Year ended December 31, 2015
Net profit after tax (Rs.)	412,138,007	849,871,772
Weighted average number of equity shares for calculating Basic EPS	126,616,327	126,983,064
Weighted average number of equity shares for calculating Diluted EPS	126,653,124	126,983,064
Basic [Nominal value of shares Re. 1 (Previous year: Re. 1)] (Rs.)	3.26	6.69
Diluted [Nominal value of shares Re. 1 (Previous year: Re. 1)] (Rs.)	3.25	6.69

34. As at January 01, 2015, the Company, based on technical assessment, reassessed the useful life of tangible assets and accordingly changed the useful lives of certain assets on the basis the transitional provision under Schedule II of the Companies Act, 2013. Consequently, the Company had transferred Rs. 12,455,113 (net of tax) to reserves during the year ended December 31, 2015.
35. The Company has received the 'Letter of Approval' (LOA) from Department of Commerce, Ministry of Commerce & Industry, Government of India on October 19, 2016 for setting up 'Special Economic Zone' (SEZ) unit measuring approx. 15,000 sq. ft. located at Greater Noida West (NCR). Subsequent to the year end, the Company has commenced its operation in SEZ premises on January 25, 2017.

**36. Post-employment benefits**

The Company has funded defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on separation equal to 15 days salary (last drawn salary) for each completed year of continuous service or part thereof in excess of six months subject to a maximum of Rs. 1,000,000.

The following table summarizes the components of net employee benefits expense recognised in the statement of profit and loss.

(Amount in Rs.)

Particulars	Year ended December 31, 2016	Year ended December 31, 2015
Current service cost	12,414,237	16,192,727
Interest cost on benefit obligation	4,627,859	7,518,452
Expected return on plan assets	(234,942)	(302,192)
Net actuarial (gain) / loss recognised in the year	18,951,541	(5,389,132)
Net employee benefits expense (refer note 18)	35,758,695	18,019,855
Actual return on plan assets	224,202	(267,931)

Details of defined benefit gratuity plan:

(Amount in Rs.)

Particulars	As at December 31, 2016	As at December 31, 2015
Defined benefit obligation	94,598,935	68,174,622
Fair value of plan assets	2,636,628	2,957,688
Plan liability / (asset)	91,962,307	65,216,934

Changes in the present value of the defined benefit gratuity plan are as follows:

(Amount in Rs.)

Particulars	As at December 31, 2016	As at December 31, 2015
Opening defined benefit obligation	68,174,622	102,262,323
Interest cost	4,627,859	7,518,452
Current service cost	12,414,237	16,192,727
Acquisition/Business Combination/Divestiture	-	(37,655,542)
Benefits paid	(9,558,584)	(14,184,084)
Actuarial (gains) / losses on obligation	18,940,801	(5,959,254)
Closing defined benefit obligation	94,598,935	68,174,622

Changes in the fair value of plan assets are as follows:

(Amount in Rs.)

Particulars	Year ended December 31, 2016	Year ended December 31, 2015
Opening fair value of plan assets	2,957,688	3,681,619
Expected return	234,942	302,192
Contributions by the employer	8,000,000	5,000,000
Benefits paid	(8,545,262)	(5,456,001)
Actuarial gains / (losses) on obligation	(10,740)	(570,122)
Closing fair value of plan assets	2,636,628	2,957,688

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	Year ended December 31, 2016	Year ended December 31, 2015
Investments with insurer	100%	100%

The principal assumptions used in determining defined benefit gratuity plan obligations is shown below:

Particulars	Year ended December 31, 2016	Year ended December 31, 2015
Discount rate	6.75% p.a.	8.25% p.a.
Expected rate of return on plan assets	8.35% p.a.	8.75% p.a.
Salary Escalation Rate	10% for 1st year & 7% thereafter	10% for 1st year & 7% thereafter
Attrition rate:	As per table below	As per table below

Attrition rate used for the year ended December 31, 2016 and year ended December 31, 2015 are as per the table below:

Age (Years)	Rates
Below Age 30	15%
Age 30 to 34	10%
Age 35 to 44	5%
Age 45 to 50	3%
Age 51 to 54	2%
Age above 54	1%

The estimates of future salary increases takes into account the inflation, seniority, promotion and other relevant factors.

Amounts for the current and previous four years are as follows:

(Amount in Rs.)

	Gratuity				
	December 31, 2016	December 31, 2015	December 31, 2014	December 31, 2013	December 31, 2012
Defined benefit obligation	94,598,935	68,174,622	102,262,322	81,424,215	78,143,622
Plan assets	2,636,628	2,957,688	3,681,619	4,549,747	-
Surplus / (deficit)	(91,962,307)	(65,216,934)	(98,580,703)	(76,874,468)	(78,143,622)
Experience (Gains)/ Losses adjustments on plan liabilities	3,555,113	(3,130,164)	(4,196,352)	(3,130,879)	2,63,983
Experience adjustments on plan assets	(10,740)	(570,122)	16,304	14,859	-

**37. Particulars of Derivative Instruments and Unhedged Foreign Currency Exposure as at December 31, 2016 and December 31, 2015**

As of December 31, 2016, the Company has derivative financial instruments to sell USD 14,700,000 (Previous year USD 15,300,000), EURO 1,400,000 (Previous year EURO 1,850,000). The Company has not applied hedge accounting as these instruments do not qualify for hedge accounting. The Company has recognised mark-to-market gain of Rs. 26,417,667 (Previous year gain of Rs. 15,645,821) relating to such derivative financial instruments in the statement of profit and loss for the year ended December 31, 2016.

The particulars of Unhedged Foreign Currency Exposure as at December 31, 2016 and December 31, 2015 are as below:

	Currency	Foreign Currency amount		Closing foreign exchange rate		Amount in Rs.	
		December 31,		December 31,		December 31,	
		2016	2015	2016	2015	2016	2015
<b>Liabilities</b>							
Trade payables	USD	663,976	914,306	67.93	66.16	45,100,586	60,485,885
	SGD	59,195	76,708	47.01	46.83	2,782,624	3,591,841
	NZD	1,025	29,065	47.29	45.31	48,487	1,316,914
<b>Assets</b>							
Trade receivables (Gross)	USD	4,948,562	5,730,448	67.93	66.16	336,541,733	379,097,784
	EURO	1,028,568	783,610	71.66	72.11	73,704,618	56,508,051
	GBP	257,315	161,406	83.46	98.07	21,476,115	15,828,279
	SGD	295,289	245,471	47.01	46.83	13,880,798	11,494,159
	NZD	-	89,506	-	45.31	-	4,055,501
	CAD	254,128	223,678	50.39	47.67	12,805,510	10,661,627
Loans and advances	USD	26,993	10,428	67.93	66.16	1,833,512	689,860
	SGD	26,777	34,700	47.01	46.83	1,258,719	1,624,828
	GBP	942	-	83.46	-	78,655	-
	CAD	7,106	-	50.39	-	358,093	-
	NZD	244	4,877	47.29	45.31	11,522	220,991
Bank balances	USD	2,016,595	631,804	67.93	66.16	136,977,244	41,797,004
	EURO	93,221	11,351	71.66	72.11	6,680,014	818,540
	GBP	5,488	2,726	83.46	98.07	458,042	267,349
	CAD	6,318	117	50.39	47.67	318,341	5,577
	NZD	10,271	146,319	47.29	45.31	485,647	6,629,719

The below table shows the detail of different currencies:

Sl. No.	Currency Abbreviation	Name of Currency	Country
1	GBP	Great Britain Pound	United Kingdom
2	EURO	Euro	European Union
3	USD	US Dollar	United States
4	SGD	Singapore Dollar	Singapore
5	CAD	Canadian Dollar	Canada
6	NZD	New Zealand Dollar	New Zealand

**38. Cash and bank balances**

		(Amount in Rs.)	
Sl. No.	Particulars	As at December 31, 2016	As at December 31, 2015
	<b>Cash on hand (A)</b>	<b>118,081</b>	261,763
	<b>Balance with scheduled banks</b>		
	<b>On current accounts</b>		
1	Axis Bank Limited	<b>8,242,997</b>	8,519,878
2	ICICI Bank Limited	<b>3,240,748</b>	1,480,022
3	HDFC Bank Limited	<b>1,456,410</b>	1,761,829
4	Oriental Bank of Commerce	<b>531,873</b>	685,947
5	State Bank of India	<b>1,835,409</b>	1,054,484
6	State Bank of Bikaner & Jaipur	<b>279,897</b>	42,097
7	Kotak Mahindra Bank Limited	<b>308,534</b>	243,443
8	Bank of Baroda	<b>485,647</b>	6,654,719
	<b>Total (B)</b>	<b>16,381,515</b>	20,442,419
	<b>On cash credit / overdraft accounts*</b>		
1	Axis Bank Limited	-	-
	<b>Total (C)</b>	-	-
	<b>On EEFC accounts</b>		
1	ICICI Bank Limited- USD	<b>14,538,630</b>	10,012,753
2	State Bank of India - USD	<b>340</b>	331
3	Kotak Mahindra Bank Limited - USD	<b>10,576,352</b>	-
4	Axis Bank Limited-USD	<b>62,732,913</b>	1,501,362
5	Axis Bank Limited-EURO	<b>6,680,014</b>	818,540
6	Axis Bank Limited-GBP	<b>458,042</b>	267,349
7	Axis Bank Limited-CAD	<b>318,341</b>	5,577
	<b>Total (D)</b>	<b>95,304,632</b>	12,605,912
	<b>On deposit accounts</b>		
1	State Bank of India	<b>7,199,485</b>	6,163,941
2	ICICI Bank Limited	<b>303,213</b>	282,954
3	State Bank of Bikaner & Jaipur	<b>27,200,000</b>	26,900,000
4	Axis Bank Limited	<b>153,038,996</b>	38,219,224
5	Kotak Mahindra Bank Limited	<b>88,000,000</b>	110,400,000
6	HDFC Bank Limited	<b>11,000,000</b>	10,200,000
	<b>Total (E)</b>	<b>286,741,694</b>	192,166,119
	<b>On unclaimed dividend accounts</b>		
1	HDFC Bank Limited	<b>2,466,715</b>	2,670,852
2	Kotak Mahindra Bank Limited	<b>108,299</b>	108,299
	<b>Total (F)</b>	<b>2,575,014</b>	2,779,151



(Amount in Rs.)

Sl. No.	Particulars	As at December 31, 2016	As at December 31, 2015
	<b>Balance with other banks</b>		
	<b>On current accounts</b>		
1	California Bank & Trust, USA	49,129,009	30,282,558
	<b>Total (G)</b>	<b>49,129,009</b>	30,282,558
	<b>Less: Amount disclosed under other non- current assets (refer note 14.2)</b>	<b>48,170,299</b>	47,158,352
	<b>Total cash and bank balances (refer note 15)</b>	<b>402,079,646</b>	211,379,570

\* Cash credit limit / Bank guarantee / Loan equivalent risk / Letter of credit is secured by first charge by way of hypothecation of entire current assets and collateral over an immovable property situated in Noida.

39. Previous year figures have been regrouped / reclassified where necessary to make them comparable to the current year classification.

As per our report of even date.

For S.R. Batliboi & Associates LLP

ICAI Firm registration number: 101049W/E300004

Chartered Accountants

For and on behalf of the Board of Directors of R Systems International Limited

Sd/-

per Yogender Seth

Partner

Membership No. 94524

Place: Gurgaon

Date : February 10, 2017

Sd/-

Satinder Singh Rekhi

[Managing Director]

[DIN: 00006955]

Place: Singapore

Date : February 10, 2017

Sd/-

Lt. Gen. Baldev Singh (Retd.)

[President & Senior

Executive Director]

[DIN: 00006966]

Place: NOIDA

Date : February 10, 2017

Sd/-

Nand Sardana

[Chief Financial Officer]

Place: NOIDA

Date : February 10, 2017

Sd/-

Ashish Thakur

[Company Secretary &

Compliance Officer]

Place: NOIDA

Date : February 10, 2017



# FINANCIAL STATEMENTS (CONSOLIDATED)

## INDEPENDENT AUDITOR'S REPORT

### To the Members of R Systems International Limited

#### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of R Systems International Limited (hereinafter referred to as "the Holding Company") and its subsidiaries namely; R Systems Inc., USA, R Systems Technologies Limited, USA (formerly known as Indus Software Inc., USA), R Systems (Singapore) Pte Limited, Singapore and its subsidiaries, ECnet Limited, Singapore and its subsidiaries, Computaris International Limited, U.K. and its subsidiaries and R SYS Technologies Limited, Canada (formerly known as Systèmes R. International Ltée, Canada), (the Holding Company and its subsidiaries together referred to as "the Group"), comprising the consolidated Balance Sheet as at December 31, 2016, the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the consolidated financial statements').

#### Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms with the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the

audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group as at December 31, 2016, their consolidated profit, and their consolidated cash flows for the year ended on that date.

#### Report on Other Legal and Regulatory Requirements

As required by section 143 (3) of the Act, we report, to the extent applicable, that:

- (a) We/the other auditors whose reports we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
- (b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
- (c) The consolidated Balance Sheet, consolidated Statement of Profit and Loss, and consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

- (e) On the basis of the written representations received from the directors of the Holding Company as on December 31, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the auditors who are appointed under Section 139 of the Act, of its subsidiary companies incorporated in India, none of the directors of the Group's companies incorporated in India is disqualified as on December 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Holding Company and its subsidiary companies incorporated in India, refer to our separate report in "Annexure" to this report;
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Group does not have any pending litigations which would impact its consolidated financial position;
  - ii. The Group did not have any material foreseeable losses in long-term contracts including derivative contracts.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiaries incorporated in India.

#### Other Matter

The accompanying consolidated financial statements include total assets of Rs. 20,662.96 lakhs as at December 31, 2016, and total revenues and net cash inflows of Rs. 33,763.45 lakhs and Rs. 857.90 lakhs for the year ended on that date, in respect of twenty five subsidiaries, which have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. The financial statements and other financial information of these subsidiaries have

been prepared in accordance with accounting policies generally accepted in their respective countries and have been audited by other auditors who have submitted their audit opinions, prepared under generally accepted auditing standards of their respective countries, to the shareholder of the respective companies. The Company's management has converted the financial statements of these subsidiaries to accounting principles generally accepted in India. We audited the adjustments that were applied to prepare the 2016 consolidated financial statements made by the Company's management to convert these subsidiaries financial statements and information from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. In our opinion, such adjustments have been properly applied. We did not audit the 2016 financial statements of these subsidiaries and accordingly, our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the report(s) of such auditors and information provided by the Company's management. Our opinion is not qualified in this regard.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements above, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management

**For S.R. Batliboi & Associates LLP**

**ICAI Firm Registration Number: 101049W/E300004**

Chartered Accountants

**Sd/-**

**per Yogender Seth**

Partner

Membership Number: 94524

Place: Gurgaon

Date: February 10, 2017

## ANNEXURE TO THE AUDITOR'S REPORT

### ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF R SYSTEMS INTERNATIONAL LIMITED

#### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of R Systems International Limited (hereinafter referred to as the "Holding Company") as of and for the year ended December 31, 2016, we have audited the internal financial controls over financial reporting of the Holding Company and its subsidiary company, which is company incorporated in India, as of that date.

#### Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the of the Holding Company and its subsidiary company, which is company incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

#### Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

#### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### Opinion

In our opinion, the Holding Company and its subsidiary company, which is company incorporated in India, have, maintained in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at December 31, 2016, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

#### Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting of the Holding Company, insofar as it relates to subsidiary, which is company incorporated in India, is based on the corresponding reports of the auditors of such subsidiary incorporated in India.

**For S.R. Batliboi & Associates LLP**  
**ICAI Firm Registration Number: 101049W/E300004**  
 Chartered Accountants

**Sd/-**  
**per Yogender Seth**  
 Partner

Place: Gurgaon  
 Date: February 10, 2017

Membership Number: 94524

## CONSOLIDATED BALANCE SHEET as at December 31, 2016

	Notes	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	123,131,445	126,131,445
Reserves and surplus	4	2,656,598,493	2,302,433,457
		<b>2,779,729,938</b>	2,428,564,902
<b>Minority Interest</b>			
	5	-	-
<b>Non-current liabilities</b>			
Long-term borrowings	6	19,146,372	7,770,174
Other long-term liabilities	7	57,204,479	100,607,021
Long-term provisions	8	89,424,532	63,463,031
		<b>165,775,383</b>	171,840,226
<b>Current liabilities</b>			
Trade payables	9		
- Total outstanding dues of micro enterprises and small enterprises		-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises		438,940,026	485,385,254
Other current liabilities	9	270,262,499	303,425,800
Short-term provisions	8	174,904,575	166,029,363
		<b>884,107,100</b>	954,840,417
<b>TOTAL</b>		<b>3,829,612,421</b>	3,555,245,545
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Fixed assets</b>			
Tangible assets	10	289,520,717	273,315,714
Intangible assets	11	32,136,167	46,865,482
Capital work in progress		26,286,794	12,522
Goodwill on consolidation	30 (c)	452,207,042	477,971,842
Non-current investments	12.1	201,402,956	290,446,778
Deferred tax assets (net)	13	46,138,925	37,034,304
Long-term loans and advances	14	89,105,959	63,270,017
Other non-current assets	15.2	61,577,008	74,484,166
		<b>1,198,375,568</b>	1,263,400,825
<b>Current assets</b>			
Current investments	12.2	87,570,000	118,008,806
Trade receivables	15.1	1,082,220,270	1,046,312,266
Cash and bank balances	16	1,143,245,150	851,466,867
Short-term loans and advances	14	151,578,763	143,753,659
Other current assets	15.2	166,622,670	132,303,122
		<b>2,631,236,853</b>	2,291,844,720
<b>TOTAL</b>		<b>3,829,612,421</b>	3,555,245,545
Summary of significant accounting policies	1.1		

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date.

For S.R. Batliboi & Associates LLP  
ICAI Firm registration number: 101049W/E300004  
Chartered Accountants

For and on behalf of the Board of Directors of R Systems International Limited

Sd/-  
per Yogender Seth  
Partner  
Membership No. 94524

Place: Gurgaon  
Date : February 10, 2017

Sd/-  
Satinder Singh Rekhi  
[Managing Director]  
[DIN: 00006955]

Place: Singapore  
Date : February 10, 2017

Sd/-  
Lt. Gen. Baldev Singh (Retd.)  
[President & Senior  
Executive Director]  
[DIN: 00006966]

Place: NOIDA  
Date : February 10, 2017

Sd/-  
Nand Sardana  
[Chief Financial Officer]

Place: NOIDA  
Date : February 10, 2017

Sd/-  
Ashish Thakur  
[Company Secretary &  
Compliance Officer]

Place: NOIDA  
Date : February 10, 2017

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS** for the year ended December 31, 2016

	Notes	For the Year ended December 31, 2016 Rs.	For the Year ended December 31, 2015 Rs.
<b>Income</b>			
Revenue from operations	17	5,882,372,553	6,050,318,613
Other income	18	127,068,314	98,128,187
<b>Total revenue</b>		<b>6,009,440,867</b>	6,148,446,800
<b>Expenses</b>			
Employee benefits expense	19	3,797,891,930	3,648,803,495
Operational and other expenses	20	1,377,984,741	1,677,995,747
Depreciation and amortisation expense	21	115,119,736	140,233,722
Finance costs	22	7,917,445	9,588,019
<b>Total expenses</b>		<b>5,298,913,852</b>	5,476,620,983
<b>Profit before tax and exceptional items</b>			
Exceptional items	23	46,347,242	603,101,758
<b>Profit before tax</b>		<b>756,874,257</b>	1,274,927,575
<b>Tax expense</b>			
Current tax [includes credit of Rs. 3,842,921 (Previous year Nil) related to earlier years]	30 (i)	244,027,930	290,075,504
MAT credit entitlement (related to earlier years)		(15,127,231)	-
Deferred tax charge / (credit)		(8,910,306)	6,553,696
<b>Total tax expense</b>		<b>219,990,393</b>	296,629,200
<b>Profit for the year</b>		<b>536,883,864</b>	978,298,375
<b>Earnings per equity share [Nominal value of shares Re. 1 (Previous year: Re. 1)]:</b>			
Basic	32	4.24	7.70
Diluted		4.24	7.70
Summary of significant accounting policies	1.1		

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date.

For S.R. Batliboi & Associates LLP  
ICAI Firm registration number: 101049W/E300004  
Chartered Accountants

For and on behalf of the Board of Directors of R Systems International Limited

Sd/-  
per Yogender Seth  
Partner  
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Sd/-  
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[Chief Financial Officer]

Place: NOIDA  
Date : February 10, 2017

Sd/-  
Ashish Thakur  
[Company Secretary &  
Compliance Officer]

Place: NOIDA  
Date : February 10, 2017

## CONSOLIDATED CASH FLOW STATEMENT for the year ended December 31, 2016

	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
<b>A. Cash flows from operating activities</b>		
<b>Net profit before taxation</b>	<b>756,874,257</b>	1,274,927,575
Adjustments for:		
Depreciation and amortisation expense	<b>115,119,736</b>	140,233,722
Impairment loss on intangible assets earlier acquired from business acquisition [refer note 30 (d)]	-	11,959,025
Debts and advances provided / written off (net)	<b>(3,660,273)</b>	8,277,682
Employee stock compensation expenses	<b>2,589,490</b>	-
Deferred compensation payable written back	-	(12,609,305)
Profit on redemption of mutual fund	-	(1,774,260)
Currency translation reserve released	-	(9,681,040)
Profit on sale of subsidiaries [refer note 30 (e), (g) & (h)]	<b>(9,173,022)</b>	(592,770,438)
Profit on sale of investment [refer note 30 (g)]	<b>(37,174,220)</b>	-
Rental income from investment property	<b>(6,399,996)</b>	(3,079,568)
Loss on sale / discard of fixed assets (net)	<b>585,136</b>	1,457,687
Unrealised foreign exchange loss / (gain)	<b>(731,518)</b>	(5,458,894)
Unrealised loss / (gain) on derivative instruments	<b>(10,771,846)</b>	(16,195,362)
Interest income	<b>(56,810,860)</b>	(46,320,723)
Liability no longer required written back	<b>(5,146,585)</b>	(50,882)
Interest under income tax	-	1,163,929
Interest on loans	<b>1,363,266</b>	1,130,175
<b>Operating profit before working capital changes</b>	<b>746,663,565</b>	751,209,323
Movements in working capital :		
(Increase) / Decrease in trade receivables	<b>(40,527,012)</b>	75,332,916
(Increase) / Decrease in other current assets	<b>(37,497,173)</b>	(74,110,744)
(Increase) / Decrease in loans and advances	<b>(20,187,056)</b>	(51,413,568)
(Increase) / Decrease in other non-current assets	<b>15,419,982</b>	(14,193,795)
Increase / (Decrease) in short-term and long-term provision	<b>45,380,568</b>	(2,006,331)
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	<b>(50,499,686)</b>	121,246,125
Cash generated from operations	<b>658,753,188</b>	806,063,926
Direct taxes paid, net of refunds	<b>(222,517,887)</b>	(357,530,572)
<b>Net cash flows from operating activities (A)</b>	<b>436,235,301</b>	448,533,354
<b>B. Cash flows from investing activities</b>		
Purchase of fixed assets	<b>(140,076,018)</b>	(162,577,426)
Proceeds from sale of fixed assets	<b>2,534,056</b>	2,792,080
Proceeds from redemption of debentures	<b>87,570,000</b>	-
Proceeds from sale of Investment	<b>67,613,026</b>	-
Acquisition of subsidiary (net of cash and cash equivalents acquired amounting to Rs. 14,574,097)	-	(21,127,688)



	For the year ended December 31, 2016 Rs.	For the year ended December 31, 2015 Rs.
Proceeds from redemption of mutual fund	-	19,774,260
Amount received on sale of subsidiaries [refer note 30 (g)]	-	274,005,252
Payment of deferred consideration to erstwhile shareholders of subsidiary	(37,104,511)	-
Rental income from investment property	6,399,996	3,079,568
Interest received	56,453,518	42,566,792
Investment in long term fixed deposits with banks	(7,200,000)	(67,649,268)
Proceeds from long term fixed deposits with banks	65,300,000	307,088,096
<b>Net cash from investing activities (B)</b>	<b>101,490,067</b>	<b>397,951,666</b>
<b>C. Cash flows used in financing activities</b>		
Proceeds from long-term borrowings	6,264,000	5,715,000
Repayment of long-term borrowings - current maturities	(4,397,386)	(5,401,860)
Proceeds from other non-current assets	43,856	43,893
Proceeds from issuance of equity share	-	1,086,300
Amount used in buy back of equity shares	(195,000,000)	(59,573,776)
Interest paid	(1,281,096)	(1,113,678)
Dividends paid	(204,137)	(945,868,512)
Tax on dividend paid	-	(126,347,296)
<b>Net cash used in financing activities (C)</b>	<b>(194,574,763)</b>	<b>(1,131,459,929)</b>
<b>Net increase / (decrease) in cash and cash equivalents during the year (A + B + C)</b>	<b>343,150,605</b>	<b>(284,974,909)</b>
Add: Cash and cash equivalents at the beginning of the year	786,166,867	1,059,095,722
Add : Effect of exchange rate changes on cash and cash equivalents	6,727,678	12,046,054
<b>Cash and cash equivalents at the end of the year (also refer note 16)</b>	<b>1,136,045,150</b>	<b>786,166,867</b>

**Notes:**

(1) Figures in brackets indicate cash out flow.

(2) Cash and cash equivalents includes unclaimed dividend liabilities of Rs. 2,575,014 (Previous year Rs. 2,779,151). The aforesaid amounts are not available for use by the Company.

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date.

**For S.R. Batliboi & Associates LLP**  
ICAI Firm registration number: 101049W/E300004  
Chartered Accountants

**For and on behalf of the Board of Directors of R Systems International Limited**

**Sd/-**  
**per Yogender Seth**  
Partner  
Membership No. 94524

**Sd/-**  
**Satinder Singh Rekhi**  
[Managing Director]  
[DIN: 00006955]

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**Sd/-**  
**Nand Sardana**  
[Chief Financial Officer]

**Sd/-**  
**Ashish Thakur**  
[Company Secretary &  
Compliance Officer]

Place: Gurgaon  
Date : February 10, 2017

Place: Singapore  
Date : February 10, 2017

Place: NOIDA  
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Place: NOIDA  
Date : February 10, 2017

Place: NOIDA  
Date : February 10, 2017

## NOTES to the Consolidated Financial Statements for the year ended December 31, 2016

### 1 Basis of preparation

The consolidated financial statements of R Systems International Limited (the 'Company') and its subsidiaries (collectively referred to as 'R Systems Group' or the 'Group') have been prepared to comply in all material respects with the accounting standards notified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and other accounting principles generally accepted in India. The financial statements have been prepared on an accrual basis and under the historical cost convention except for certain financial instruments which are measured at fair value. The accounting policies have been consistently applied by the Company and are consistent with those used in previous year.

Further, the Company continues to follow calendar year i.e 1st day of January to 31st day of December as its financial year vide the Company Law Board approval dated November 18, 2015 under the proviso to Section 2(41) of the Companies Act, 2013.

All figures are in Rupees except where expressly stated.

#### 1.1 Summary of significant accounting policies

##### (a) Principles of consolidation

The consolidated financial statements are prepared in accordance with the principles and procedures for the preparation and presentation of consolidated financial statements as laid down under Accounting Standard 21 "Consolidated Financial Statements".

The consolidated financial statements include the financial statements of R Systems International Limited and its subsidiaries (as explained in note 2 below). These accounts do not include enterprises, which are set-up for the benefit of employees like ESOP trusts (explained in note 31 (b) below) as not required to be consolidated as per Accounting Standard 21 "Consolidated Financial Statements".

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Company's standalone financial statements. The Group follows uniform accounting year i.e. January to December.

The financial statements of the Company and its subsidiaries have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances / transactions.

Minority Interest's share in the net income of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company. In case the losses applicable to consolidated minority are in excess of minority interest in the equity of the subsidiary, the excess, and any further losses applicable to the minority are adjusted against

majority interest except to the extent minority has a binding obligation to, and is able to, make good losses. If the subsidiary subsequently reports profit, all such profits are allocated to the majority interest until the minority's share of losses previously absorbed by the majority has been recovered.

##### (b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year end. These estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

##### (c) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the assets and are recognised in the statement of profit and loss when the asset is derecognised.

##### (d) Depreciation on tangible fixed assets

Depreciation on tangible assets including investment property is provided on the straight line method based on useful lives of respective assets as estimated by the management. The assets residual values and useful lives are reviewed at each financial year end or whenever there are indicators for review, and adjusted prospectively.

Considering the applicability of Schedule II, the management has re-estimated useful lives and residual values of all its fixed assets. The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of fixed assets and are in align with Part C of Schedule II of the Companies Act 2013 (also refer note 33).

The estimated useful lives of the tangible fixed assets followed by the Group in preparing the consolidated financial statements are described as below:

Category of tangible fixed assets	Estimated useful life
Land leasehold	Lease period
Building	30 years
Leasehold improvements	Lower of lease period or useful life
Plant and machinery - other than air conditioners	15 years

Category of tangible fixed assets	Estimated useful life
Air conditioners	5 years
Office Equipment (other than end user devices)	5 years
Computer hardware and network installations (other than end user devices)	6 years
End-user devices such as desktop, laptop, mobile phones etc.	3 years
Furniture and fittings	10 years
Vehicles	8 years
Electrical Installations	10 years

**(e) Intangibles assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Intangible assets are amortised on a straight line basis over the estimated useful economic life and are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortisation period and the amortisation method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortisation method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.

*Research and development costs*

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognised as an intangible asset when the company can demonstrate all the following:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- Its intention to complete the asset
- Its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of adequate resources to complete the development and to use or sell the asset
- The ability to measure reliably the expenditure attributable to the intangible asset during development.

Following the initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised on a straight line basis over the period of expected future benefit from the related project. Amortisation is recognised in the statement of profit and loss. During the period of development, the asset is tested for impairment annually.

A summary of amortisation policies applied to intangible assets are as below:

Category of intangible fixed assets	Estimated useful life
Computer software	Lower of license period or 3 to 5 Years
Customer contract	Over the period of contract
Internally generated software	4 years

**(f) Goodwill / capital reserve**

Goodwill / capital reserve represents the cost to the parent of its investment in subsidiaries over / under the parent's portion of equity of the subsidiary, at the date on which the investment in the subsidiaries is made.

**(g) Impairment**

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

After impairment, tangible assets / intangibles are depreciated/ amortised on the revised carrying amount over its remaining useful life.

The Group evaluates the carrying value of its goodwill whenever events or changes in circumstances indicate that its carrying value may be impaired. Impairment is recognised in the year/ period of such determination. Management also ascertains the future revenue and earnings of the acquired entities and analyses sustainability thereof to determine impairment. For ascertaining impairment, consideration is given to fair value of the acquired entities.

**(h) Leases***Where the Group is the lessee*

Finance leases, which effectively transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the lower of the fair value of lease property and present value of the minimum lease payments at the inception of the lease term and disclosed as

leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are recognised as finance cost in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs are capitalised.

A leased asset is depreciated on a straight-line basis over the useful life of the asset. However, if there is no reasonable certainty that the group will obtain the ownership by the end of the lease term, the capitalized asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

*Where the Group is the lessor*

Leases in which the company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included under non-current investments as investment property and are carried at cost less accumulated depreciation. Lease income on an operating lease is recognized in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the statement of profit and loss.

**(i) Investments**

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as non-current investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Non-current investments are carried at cost except for investment property which is carried at cost less accumulated depreciation. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the non-current investments.

**(j) Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

*Rendering of services*

Revenue from software development and maintenance services projects comprise income from time-and-material and fixed-price contracts.

Revenue with respect to time and material basis is recognised when services are rendered. The same is calculated based on man-hours incurred for rendering services.

Fixed-price contracts vary in duration depending on the terms of the work being performed. Revenue from fixed price contracts (including maintenance and support contracts) is

recognised using the percentage of completion method, when reasonable progress has been made on the milestones achieved as specified in the contracts. The stage of completion of project is determined by the proportion that contract efforts incurred for work performed up to the balance sheet date bear to the estimated total contract effort. Changes in contract performance, estimated profitability and final contract settlements may result in revision to costs and revenue and are recognised in the period in which the revisions are determined. If a loss is projected on any contract in process, the entire projected loss is recognised immediately.

Revenue from business process outsourcing services is derived from both time based and unit-price contracts. Revenue is recognized as the related services are performed in accordance with the specific terms of the contracts with the customers.

In terms of contracts excess / shortfall of revenue over the billed as at the year-end is carried in financial statement as unbilled revenue / unearned revenue separately.

*Sale of products*

Revenue from the sale of product (software and hardware) is recognised when the sale has been completed with the transfer of title.

*Interest*

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

**(k) Foreign currency translation**

*Foreign currency transactions*

**(i) Initial recognition**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

**(ii) Conversion**

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

**(iii) Exchange differences**

Exchange differences arising on the settlement of monetary items or on reporting Group monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expense in the year in which they arise except those arising from investments in non-integral operations.

**(iv) Forward exchange contracts not intended for trading or speculation purposes**

The premium or discount arising at the inception of forward exchange contracts (except outstanding against firm

commitments and highly probable forecast transaction) is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

(v) Translation of non-integral foreign operations

In translating the financial statements of a non-integral foreign operation for incorporation in consolidated financial statements, the assets and liabilities, both monetary and non-monetary, of the non-integral foreign operation are translated at the closing rate; income and expense items of the non-integral foreign operations are translated at yearly average exchange rates; and all resulting exchange differences are accumulated in a foreign currency translation reserve until the disposal of net investment. On the disposal of a non-integral foreign operation, the cumulative amount of the exchange differences which have been deferred and which relate to that operation are recognised as income or as expenses in the same period in which the gain or loss on disposal is recognised.

For translating income, expense and cash flows items, during the year ended December 31, 2016, the rates used were US \$ 1 = Rs. 67.19, Euro 1 = Rs. 74.36, GBP 1 = Rs. 91.07, Singapore \$ 1 = Rs. 48.68 and Canadian \$ 1 = Rs. 50.75. For translating assets and liabilities at the year-end, the rates used were US \$ 1 = Rs. 67.93, Euro 1 = Rs. 71.66, GBP 1 = Rs. 83.46, Singapore \$ 1 = Rs. 47.01 and Canadian \$ 1 = Rs. 50.39.

For translating income, expense and cash flows items, during the year ended December 31, 2015, the rates used were US \$ 1 = Rs. 64.15, Euro 1 = Rs. 71.21, GBP 1 = Rs. 98.06, Singapore \$ 1 = Rs. 46.67 and Canadian \$ 1 = Rs. 50.20. For translating assets and liabilities at the year-end, the rates used were US \$ 1 = Rs. 66.16, Euro 1 = Rs. 72.11, GBP 1 = Rs. 98.07, Singapore \$ 1 = Rs. 46.83 and Canadian \$ 1 = Rs. 47.67.

(vi) Translation of Integral foreign operation

The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation have been those of the Company itself.

**(I) Retirement benefits**

- (i) Retirement benefits in the form of defined contribution schemes are charged to the statement of profit and loss of the year when an employee renders related services. There are no other obligations other than the contribution payable to the respective funds.
- (ii) Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation made at the end of each financial year for the employees of the Company on projected unit credit method. The gratuity

plan of the Company is funded.

- (iii) Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method. The Group presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.
- (iv) Actuarial gains / losses are immediately taken to statement of profit and loss and are not deferred.

**(m) Income taxes**

Tax expense comprises of current and deferred tax.

Current income tax expense comprises of taxes on income from operations in India and in foreign jurisdictions. Income tax payable in India is determined in accordance with the provisions of the Income Tax Act, 1961. Tax expense relating to overseas operations is determined in accordance with tax laws applicable in countries where such operations are domiciled.

Deferred income tax reflects the impact of current year timing differences between taxable income and accounting income and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities across various countries of operation are not set off against each other as the Group does not have a legal right to do so. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

If the Group has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

At each balance sheet date the Group re-assesses unrecognised deferred tax assets. It recognises the unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Group writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed

to the extent that it becomes reasonably certain, that sufficient future taxable income will be available.

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified year. In the year in which the Minimum Alternate Tax (MAT) credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

The companies in the Group are subject to tax legislation as applicable in the respective country of incorporation. Accordingly, the calculations do not represent tax liability / income attributable to Group results, if these were to be analysed under the local legislation of the Company.

**(n) Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs incurred in connection with the borrowing of funds.

**(o) Cash and cash equivalents**

Cash and cash equivalents for the purpose of cash flow statement on balance sheet date comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

**(p) Government grants and subsidies**

Grants and subsidies from the government are recognised when there is reasonable assurance that the grant / subsidy will be received and all attaching conditions will be complied with.

When the grant or subsidy relates to an expense item, it is deducted in reporting the related expenses over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate.

**(q) Provision**

A provision is recognised when the Group has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on the best estimate required to settle the obligation at each balance sheet date. These are

reviewed at each balance sheet date and adjusted to reflect the management's current estimates.

**(r) Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average numbers of equity shares outstanding during the year are adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

**(s) Segment reporting**

*Identification of segments :*

The Group's operating businesses are organised and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which the major customers of the Group operate and / or the area in which the assets are located

*Inter segment transfers :*

The Group generally accounts for inter segment sales and transfers as if the sales or transfers were to third parties at current market prices.

*Allocation of common costs :*

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

*Unallocated items :*

The corporate and other segment includes general corporate income and expense items which are not allocated to any business segment.

*Segment Policies :*

The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Group as a whole.

**(t) Employee stock compensation cost**

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The Company measures compensation cost relating to

employee stock options using the intrinsic value method. Compensation expense is amortised over the vesting period of the option on a straight line basis.

**(u) Accounting for derivatives**

The Group uses foreign exchange forward contracts (derivative financial instrument) to hedge its exposure to movements in foreign exchange rates against firm commitment or highly probable forecast transactions. The use of these foreign exchange forward contracts reduces the risk or cost to the Group and the Group does not use the foreign exchange forward contracts or options for trading or speculation purposes.

Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value on a mark-to-market basis at each balance sheet date. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in fair value on derivatives during the year that do not qualify for hedge accounting and the ineffective portion of an effective hedge, are taken directly to the statement of profit and loss.

The mark-to-market is the difference between the forward exchange rate and the contract rate. The forward exchange rate is referenced to current forward exchange rates for contracts with similar maturity profiles.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment (except for foreign currency risk); or
- cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they

were designated.

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

*Fair value hedges*

The change in the fair value of a hedging derivative is recognised in the statement of profit and loss. The change in the fair value of the hedged item attributable to the risk hedged is recorded as a part of the carrying value of the hedged item and is also recognised in the Statement of profit and loss.

*Cash flow hedges*

The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while any ineffective portion is recognised immediately in the Statement of profit and loss. Amounts taken to equity are transferred to the Statement of profit and loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs.

If the forecast transaction or firm commitment is no longer expected to occur, amounts previously recognised in equity are transferred to the Statement of profit and loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction or firm commitment occurs.

**(v) Contingent liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements.

**2. Description of the Group**

The Company is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956 with its Registered Office at New Delhi. Its shares are listed on National Stock Exchange of India Limited and BSE Limited. R Systems Group is a leading global provider of IT services and Business Process Outsourcing (BPO) services. The Group's primary focus is to provide IT services and solutions, software engineering services, technical support, customer care and other IT enabled services to independent software vendors (ISV's), telecom and digital media technology companies, banking and financial services

companies, health care sector, manufacturing and logistics companies and other high technology sectors. R Systems' Subsidiary Computaris provides software development, system integration and technical consultancy services for the telecommunication industry.

Further, R Systems Group through its subsidiary ECnet develops and markets its proprietary supply chain solution under the brand name "ECnet", primarily to the high technology sector. ECnet also operates as Infor channel partner for reselling and implementing several enterprise solutions. R Systems' subsidiary IBIZ is also a channel partner for reselling and implementing Microsoft enterprise solutions.

The Company has following subsidiaries during the year ended December 31, 2016:-

Subsidiary	Holding	Country of incorporation and other particulars
R Systems, Inc., USA	100% (Previous year 100%)	A company registered under the laws of California, USA in 1993 and subsidiary of the Company since January 2, 2001.
R Systems (Singapore) Pte Limited, Singapore	100% (Previous year 100%)	A company registered under the laws of Singapore in 1997 and subsidiary of the Company since September 19, 2000.
R Systems Technologies Limited, USA (formerly known as Indus Software, Inc.)	100% (Previous year 100%)	A company registered under the laws of Delaware, USA in 1996 and subsidiary of the Company since April 1, 2002.
ECnet Limited, Singapore *	99.75% (Previous year 99.75%)	A company registered under the laws of Singapore in 1996. The Company has acquired majority share on January 8, 2004. ECnet Limited, Singapore has subsidiaries in Malaysia, Thailand, China, Hong Kong, USA and Japan.
Computaris International Limited, U.K.	100% (Previous year 100%)	A company registered under the laws of U.K in 2006. The Company has acquired the entire share on January 26, 2011. Computaris International Limited, U.K. has subsidiaries in Romania, Poland, Moldova, Malaysia, Philippines and USA.
RSYS Technologies Ltd., Canada (Formerly known as Systèmes R. International Ltée, Canada)	100% (Previous year 100%)	A company registered under the laws of Canada in 2012 and subsidiary of the Company since October 29, 2012.
R Systems Solution, Inc., USA [refer note 30 (f)]	Nil (Previous year 100%)	A company registered under the laws of California, USA in 2000 and subsidiary of the Company since August 24, 2006. (merged into R Systems, Inc., USA w.e.f. December 10, 2015)
R Systems Product & Technologies Private Limited, India (formerly known as R Systems Product & Technologies Limited) [refer note 30 (g)]	Nil (Previous year 100%)	A company incorporated under the provision of Companies Act, 2013 in India on July 11, 2014. (Ceased to be subsidiary of the Company w.e.f. July 7, 2015)

\*The shareholding by the Company and R Systems (Singapore) Pte Limited is 69.37% and 30.38% respectively.

ECnet Limited, Singapore has following wholly owned subsidiaries:

Name	Holding	Country of incorporation
ECnet (M) Sdn Bhd	100 % (Previous year 100%)	Malaysia
ECnet Systems (Thailand) Co. Ltd.	100 % (Previous year 100%)	Thailand
ECnet (Shanghai) Co. Ltd.	100 % (Previous year 100%)	People's Republic of China
ECnet (Hong Kong) Ltd.	100 % (Previous year 100%)	Hong Kong
ECnet, Inc.	100 % (Previous year 100%)	United States of America
ECnet Kabushiki Kaisha	100 % (Previous year 100%)	Japan

Computaris International Limited, UK has following wholly owned subsidiaries:

Name	Holding	Country of incorporation
Computaris Romania SRL	100 % (Previous year 100%)	Romania
Computaris Polska sp z o.o.	100 % (Previous year 100%)	Poland
Computaris USA, Inc.	100 % (Previous year 100%)	United States of America



ICS Computaris International Srl	100 % (Previous year 100%)	Moldova
Computaris Malaysia Sdn. Bhd.	100 % (Previous year 100%)	Malaysia
Computaris Philippines Pte. Ltd. Inc.	100%	Philippines (incorporated on May 23, 2016)

IBIZCS Group Pte Limited, Singapore is a wholly owned subsidiary of R Systems (Singapore) Pte Limited, Singapore w.e.f. April 30, 2015 and has following wholly owned subsidiaries [refer note 30 (c)]:

Name	Holding	Country of incorporation
IBIZ Consulting Services Pte Ltd	100 % (Previous year 100%)	Singapore
IBIZ Consulting Services Sdn. Bhd.	100 % (Previous year 100%)	Malaysia
PT. IBIZCS Indonesia	100 % (Previous year 100%)	Indonesia
IBIZ Consultancy Services India Private Limited	100 % (Previous year 100%)	India
IBIZ Consulting Service Limited (IBIZ HK)	100 % (Previous year 100%)	Hong Kong
IBIZ Consulting Service Shanghai Co., Ltd	100% by IBIZ HK (Previous Year 100% by IBIZ HK)	People's Republic of China

### 3. Share capital

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
<b>Authorised shares</b>		
200,000,000 (Previous year 200,000,000) equity shares of Re. 1 each	200,000,000	200,000,000
<b>Issued, subscribed and fully paid up- shares</b>		
123,870,425 (Previous year 126,870,425) equity shares of Re. 1 each	123,870,425	126,870,425
Less: Advance to R Systems Employees Welfare Trust [refer note 31 (b)]	738,980	738,980
<b>Total</b>	<b>123,131,445</b>	126,131,445

#### a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Particulars	As at December 31, 2016		As at December 31, 2015	
	No.	Rs.	No.	Rs.
Shares outstanding at the beginning of the year	126,870,425	126,870,425	127,458,580	127,458,580
Add: Shares issued during the year #	-	-	90,000	90,000
Less: Shares bought back during the year	3,000,000	3,000,000	678,155	678,155
<b>Shares outstanding at the end of the year</b>	<b>123,870,425</b>	<b>123,870,425</b>	126,870,425	126,870,425

# The Company has issued Nil (previous year 90,000) equity shares of Re. 1 each at an exercise price of Rs. 12.07 per share pursuant to exercise of employee stock options under the R Systems International Limited Employee Stock Option Scheme 2007 [Refer note 31 (c)].

#### b. Terms / rights attached to the equity share

The Company has only one class of equity shares having a par value of Re. 1 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupee. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

#### c. Shares held by holding / ultimate holding company and / or their subsidiaries / associates

The Company does not have any holding / ultimate holding company.

#### d. Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

	As at December 31, 2016	As at December 31, 2015
Aggregate number of shares bought back	3,678,155	678,155

**e. Details of shareholders holding more than 5% shares in the Company**

Particulars	As at December 31, 2016		As at December 31, 2015	
	No.	% holding in the class	No.	% holding in the class
GMU Infosoft Private Limited	9,646,784	7.79	9,673,035	7.62
U Infosoft Private Limited	9,838,419	7.94	9,866,760	7.78
GM Solutions Private Limited	10,261,150	8.28	10,242,424	8.07
Rightmatch Holdings Limited	9,076,218	7.33	9,272,000	7.31
Satinder & Harpreet Rekhi Family Trust (Trustee: Satinder Singh Rekhi & Harpreet Rekhi)	12,150,731	9.81	13,018,980	10.26
Bhavook Tripathi	44,330,059	35.79	46,621,804	36.75

As per secretarial records of the Company, including its register of shareholders / members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

**f. Shares reserved for issue under options**

For details of shares reserved for issue under the employee stock option plans (ESOP) of the Company, please refer note 31 (a) to 31 (f).

**4. Reserves and surplus**

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
<b>Capital redemption reserve</b>	<b>13,336,355</b>	12,658,200
Add: Amount transferred from general reserve towards shares buy back [refer note 1 & 2 below]	3,000,000	678,155
<b>Closing balance</b>	<b>16,336,355</b>	13,336,355
<b>Securities premium account</b>	<b>903,933,674</b>	961,832,995
Add: Addition on exercise of vested options as per ESOP plan [refer note 31 (c)]	-	996,300
Less: Utilisation of securities premium on buy back of shares [refer note 1 & 2 below]	192,000,000	58,895,621
	<b>711,933,674</b>	903,933,674
Less: Advance to R Systems Employees Welfare Trust [refer note 31 (b)]	2,282,728	2,282,728
<b>Closing balance</b>	<b>709,650,946</b>	901,650,946
<b>Capital reserve</b>	<b>31,726</b>	31,726
<b>Stock Options Outstanding</b>		
Balance as per last financial statements	-	-
Add: Compensation for option granted during the year [refer note 31 (f)]	2,589,490	-
<b>Closing balance</b>	<b>2,589,490</b>	-
<b>General reserve</b>		
Balance as per last financial statements	156,803,868	157,482,023
Less: Amount transferred to capital redemption reserve towards shares buy back [refer note 1 & 2 below]	3,000,000	678,155
<b>Closing balance</b>	<b>153,803,868</b>	156,803,868
<b>Surplus in the statement of profit and loss</b>		
Balance as per last financial statements	1,022,611,454	659,363,411
Add: Profit for the current year	536,883,864	978,298,375
Less: Appropriations		
Interim dividend	-	501,102,179
Tax on interim dividend	-	102,266,100

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Adjustment on account of aligning the useful life of fixed asset in accordance with Schedule II of the Companies Act, 2013 (refer note 33)	-	18,868,525
Tax impact of above adjustment (refer note 33)	-	(6,413,412)
Proposed dividend written back on buy back (refer note 3 below)	-	(644,248)
Tax on proposed dividend written back on buy back (refer note 3 below)	-	(128,812)
<b>Total appropriations</b>	-	615,050,332
<b>Net surplus in the statement of profit and loss</b>	<b>1,559,495,318</b>	1,022,611,454
<b>Foreign currency translation reserve</b>		
Balance as per last account	207,999,108	215,246,014
Add: Current year translation differences	6,691,682	2,434,134
Less : Currency translation released to consolidated statement of profit and loss [refer note 30 (f)]	-	9,681,040
<b>Closing balance</b>	<b>214,690,790</b>	207,999,108
<b>Total</b>	<b>2,656,598,493</b>	2,302,433,457

**Notes:**

- The Company has issued Public Announcement dated September 15, 2016, for buy-back of equity shares of face value of Re. 1/- each from its existing shareholders as on the record date September 30, 2016 on a proportionate basis through "Tender Offer" route in accordance with the applicable provisions of the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998 and the Companies Act, 2013 at a price of Rs. 65/- per equity share, payable in cash for a total consideration not exceeding Rs. 195,000,000. Under the Buy-back offer, the Company has bought back 3,000,000 equity shares for an aggregate amount of Rs. 195,000,000 by utilising the Securities Premium Account to the extent of Rs. 192,000,000 and General Reserve to the extent of Rs. 3,000,000. The Capital Redemption Reserve has been created out of General Reserve for Rs. 3,000,000 being the nominal value of equity shares bought back in terms of Section 68 of the Companies Act, 2013. The aforesaid buy-back has been completed on November 29, 2016.
- The Company had issued Public Announcement dated December 29, 2014, for buy-back of equity shares of face value of Re. 1/- each from the open market at a price not exceeding Rs. 100 per share for an aggregate amount not exceeding Rs. 60,000,000. Under the Buy-back offer, the Company had bought back 678,155 equity shares for an aggregate amount of Rs. 59,573,776 by utilising the Securities Premium Account to the extent of Rs. 58,895,621 and General Reserve to the extent of Rs. 678,155. The Capital Redemption Reserve had been created out of General Reserve for Rs. 678,155 being the nominal value of equity shares bought back in terms of Section 68 of the Companies Act, 2013. The Company had closed the buy-back offer pursuant to approval by the Board of Directors of the Company at its meeting held on April 23, 2015.
- The Company had written back proposed dividend for the year ended December 31, 2014 and tax thereon towards shares bought back under the buy back offer.

**5: Minority interest**

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Minority interest in ECnet Limited at the time of acquisition	149,585	149,585
Less: Minority interest in post acquisition losses to the extent allocable	149,585	149,585
<b>Total</b>	-	-

**6. Long-term borrowings**

Particulars	Non-current portion		Current maturities	
	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
<b>Term loans</b>				
<b>a) For motor vehicles (secured)</b>				
- From non banking financial corporation (refer note 1 below)	8,424,731	7,770,174	5,017,072	3,805,015
<b>b) For general corporate purpose (unsecured)</b>				
- From bank (refer note 2 below)	-	-	-	989,147
<b>Other loans and advances (unsecured)</b>				
- Finance lease obligation (refer note 3 below)	10,721,641	-	158,359	-
<b>Total</b>	<b>19,146,372</b>	<b>7,770,174</b>	<b>5,175,431</b>	<b>4,794,162</b>
<b>The above amount includes</b>				
Secured borrowings	8,424,731	7,770,174	5,017,072	3,805,015
Amount shown under other current liabilities (refer note 9)			(5,017,072)	(3,805,015)
Unsecured borrowings	10,721,641	-	158,359	989,147
Amount shown under other current liabilities (refer note 9)			(158,359)	(989,147)
<b>Total</b>	<b>19,146,372</b>	<b>7,770,174</b>	<b>-</b>	<b>-</b>

**Notes:**

- (1) Term loans for motor vehicles are secured by hypothecation of underlying motor vehicles and carries interest rate ranging from 9.11% to 11.94% per annum. The term loans are repayable in equated monthly installments ranging from 35 to 60 months from the date of loan.
- (2) Term loans from banks are unsecured and carries interest rate ranging from 3.99% to 6.02% per annum. The term loans are repayable in equated monthly installments ranging from 36 to 48 months from the date of loan.
- (3) Finance lease obligation is unsecured. The interest rate implicit in aforesaid lease is 11.9% per annum. The lease obligation are repayable in 180 months from the date of lease.

**7. Other long-term liabilities**

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Security deposits	12,626,088	12,361,422
Deferred payment compensation to the erstwhile shareholders of subsidiary [refer note 30 (c)]	43,999,488	88,091,873
Deferred payable others	578,903	153,726
<b>Total</b>	<b>57,204,479</b>	<b>100,607,021</b>

## 8. Provisions

Particulars	Long-term		Short-term	
	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
<b>Provision for employee benefits</b>				
Gratuity	89,424,532	63,463,031	2,537,775	1,753,903
Compensated absences			113,593,595	94,502,539
<b>Sub total (A)</b>	<b>89,424,532</b>	<b>63,463,031</b>	<b>116,131,370</b>	<b>96,256,442</b>
<b>Other provisions</b>				
Income tax [net of advance tax amounting to Rs. 410,834,644 (Previous year Rs. 374,341,957)]			58,773,205	69,772,921
<b>Sub total (B)</b>	<b>-</b>	<b>-</b>	<b>58,773,205</b>	<b>69,772,921</b>
<b>Total (A+B)</b>	<b>89,424,532</b>	<b>63,463,031</b>	<b>174,904,575</b>	<b>166,029,363</b>

## 9. Other current liabilities

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
<b>Trade payables</b>		
Trade payables dues to micro enterprises and small enterprises	-	-
Trade payables other than dues to micro enterprises and small enterprises	438,940,026	485,385,254
<b>Sub total (A)</b>	<b>438,940,026</b>	<b>485,385,254</b>
<b>Other liabilities</b>		
Current maturities of long-term borrowing (includes current maturity of finance lease obligation) (refer note 6)	5,175,431	4,794,162
Deferred payment compensation to the erstwhile shareholders of subsidiary [refer note 30 (c)]	25,384,320	33,797,349
Unearned revenues	167,267,970	187,734,366
Book overdraft	-	5,527,797
Investor education and protection fund (not due) - Unclaimed dividend	2,575,014	2,779,151
Payable for purchase of fixed assets	10,781,503	20,772,898
<b>Others</b>		
Tax deducted at source	10,809,360	8,439,020
Service tax / GST / VAT	15,335,257	13,340,079
PF / 401 K / other payables (employers contribution)	20,738,726	16,226,036
Others payables	12,194,918	10,014,942
<b>Sub total (B)</b>	<b>270,262,499</b>	<b>303,425,800</b>
<b>Total (A+B)</b>	<b>709,202,525</b>	<b>788,811,054</b>

(Amount in Rs.)

**10. Tangible assets**

Particulars	Land - freehold <sup>(b)</sup>	Land - leasehold	Building - freehold <sup>(b)</sup>	Building - leasehold <sup>(1)</sup>	Leasehold improvements	Plant & Machinery	Computers	Office equipments	Electrical Equipment	Furniture and fittings <sup>(4)</sup>	Vehicles	Total
<b>Gross block</b>												
As at January 1, 2015	4,765,674	10,005,968	31,198,298	89,165,701	14,745,309	49,338,986	490,847,747	67,129,201	17,745,207	109,804,835	58,167,141	942,914,067
Acquisition of IBIZCS Group Pte. Ltd [refer note 30 (c)]	-	-	-	-	-	-	22,587,749	3,162,369	260,217	5,027,239	71,773	31,109,347
Additions	-	-	-	-	4,613,144	1,316,553	68,143,440	16,510,611	-	2,614,706	11,732,538	104,930,992
Deletions	-	-	-	-	(197,645)	(4,524,375)	(29,649,044)	(2,789,366)	-	(3,225,956)	(3,896,985)	(44,283,371)
Reclassified to investment property	(4,765,674)	-	(31,198,298)	-	-	-	-	-	-	-	-	(35,963,972)
Foreign currency translation	-	-	-	-	(855,145)	-	(78,681,599)	(19,059,638)	(15,884)	(7,595,873)	1,035,795	(105,172,344)
Transfer on sale of undertaking [refer note 30 (g)]	-	-	-	-	(2,650,005)	(5,737,606)	(72,748,327)	(10,117,824)	-	(12,223,563)	(2,873,599)	(106,350,924)
At December 31, 2015	-	10,005,968	-	89,165,701	15,655,658	40,393,558	400,499,966	54,835,353	17,989,540	94,401,388	64,236,663	787,183,795
Additions	-	-	-	1,908,014	314,967	907,875	69,868,059	3,847,673	349,350	17,225,327	11,962,092	106,383,357
Deletions	-	-	-	(762,858)	(215,820)	-	(44,338,545)	(1,540,361)	-	(1,520,540)	(8,579,975)	(56,958,099)
Foreign currency translation	-	-	-	-	184,083	-	1,224,737	355,092	(2,485)	259,611	520,383	2,541,421
<b>At December 31, 2016</b>	-	<b>10,005,968</b>	-	<b>90,310,857</b>	<b>15,938,888</b>	<b>41,301,433</b>	<b>427,254,217</b>	<b>57,497,757</b>	<b>18,336,405</b>	<b>110,365,786</b>	<b>68,139,163</b>	<b>839,150,474</b>
<b>Depreciation</b>												
As at January 1, 2015	-	1,718,887	6,763,151	14,514,239	11,704,410	21,898,593	385,209,635	43,759,195	7,013,252	70,287,434	30,799,328	593,668,124
Acquisition of IBIZCS Group Pte. Ltd [refer note 30 (c)]	-	-	-	-	-	-	21,573,128	3,051,547	194,749	4,476,258	71,773	29,367,455
Charge for the year	-	178,574	758,555	3,768,398	1,920,474	4,399,531	49,193,621	9,619,374	5,748,648	16,015,661	6,233,708	97,836,544
Transfer to reserve (refer note 33)	-	-	-	-	-	9,880	6,951,648	7,171,930	447,316	3,977,798	309,953	18,868,525
Deletions	-	-	-	-	(145,098)	(1,839,861)	(29,459,215)	(2,747,813)	-	(3,225,956)	(3,007,918)	(40,425,861)
Reclassified to investment property	-	-	(7,521,706)	-	-	-	-	-	-	-	-	(7,521,706)
Foreign currency translation	-	-	-	-	(839,082)	-	(78,023,106)	(19,123,666)	(17,528)	(7,728,426)	994,790	(104,737,018)
Transfer on sale of undertaking [refer note 30 (g)]	-	-	-	-	(1,999,367)	(3,685,528)	(50,266,304)	(6,914,618)	-	(9,200,893)	(1,121,272)	(73,187,982)
At December 31, 2015	-	1,897,461	-	18,282,637	10,641,337	20,782,615	305,179,407	34,815,949	13,386,437	74,601,876	34,280,362	513,868,081
Charge for the year	-	164,594	-	3,803,200	1,846,467	3,682,211	48,480,555	8,378,137	3,222,558	11,880,988	6,280,247	87,738,957
Deletions	-	-	-	(11,881)	(215,820)	-	(44,118,667)	(1,540,331)	-	(1,386,828)	(6,570,291)	(53,843,818)
Foreign currency translation	-	-	-	-	122,525	-	938,127	170,142	(2,425)	131,844	506,324	1,866,537
<b>At December 31, 2016</b>	-	<b>2,062,055</b>	-	<b>22,073,956</b>	<b>12,394,509</b>	<b>24,464,826</b>	<b>310,479,422</b>	<b>41,823,897</b>	<b>16,606,570</b>	<b>85,227,880</b>	<b>34,496,642</b>	<b>549,629,757</b>
<b>Net block</b>												
At December 31, 2015	-	8,108,507	-	70,883,064	5,014,321	19,610,943	95,320,559	20,019,404	4,603,103	19,799,512	29,956,301	273,315,714
<b>At December 31, 2016</b>	-	<b>7,943,913</b>	-	<b>68,236,901</b>	<b>3,544,379</b>	<b>16,836,607</b>	<b>116,774,795</b>	<b>15,673,860</b>	<b>1,729,835</b>	<b>25,137,906</b>	<b>33,642,521</b>	<b>289,520,717</b>

**Notes:**

- (1) Includes Rs. 21,155,390 (Previous year Rs. 21,155,390) paid towards land and building under a composite lease taken in earlier year for which no separate values are assignable.
- (2) Vehicles amounting to Rs. 27,735,119 (Previous year Rs. 20,855,338) are hypothecated against terms loans for vehicle finance from non banking financial corporation.
- (3) The Company had leased out land and building located at Pune w.e.f. July 7, 2015. Accordingly, the Company had classified land and building as investment property as per Accounting Standard -13 on Accounting for Investments.
- (4) Furniture and fittings includes assets on finance lease : Gross block as at December 31, 2016 Rs. 11,000,000 (previous year Rs. Nil), Depreciation charge for the year Rs. 45,833 (previous year Rs. Nil), Accumulated depreciation as at December 31, 2016 Rs. 45,833 (previous year Rs. Nil) and Net book value as at December 31, 2016 Rs. 10,954,167 (previous year Rs. Nil).

## 11. Intangible assets

(Amount in Rs.)

Particulars	Softwares	Product development costs (Internally generated software)	Customer contract	Non compete fee	Goodwill on business acquisition	Total
<b>Gross block</b>						
As at January 1, 2015	209,960,632	68,672,584	8,114,629	8,209,931	19,652,952	314,610,728
Acquisition of IBIZCS Group Pte. Ltd [refer note 30 (c)]	1,115,662	-	-	-	-	1,115,662
Additions	39,518,688	-	16,685,956	-	-	56,204,644
Deletions	(14,109,982)	-	-	-	-	(14,109,982)
Foreign currency translation	(3,972,214)	-	(152,693)	(154,486)	(369,808)	(4,649,201)
Transfer on sale of undertaking [refer note 30 (g)]	(12,805,491)	(68,672,584)	-	-	-	(81,478,075)
At December 31, 2015	219,707,295	-	24,647,892	8,055,445	19,283,144	271,693,776
Additions	10,119,733	-	-	-	-	10,119,733
Deletions	(9,452,919)	-	(7,961,936)	(8,055,445)	(19,283,144)	(44,753,444)
Foreign currency translation	573,633	-	99,931	-	-	673,564
<b>At December 31, 2016</b>	<b>220,947,742</b>	<b>-</b>	<b>16,785,887</b>	<b>-</b>	<b>-</b>	<b>237,733,629</b>
<b>Amortisation</b>						
As at January 1, 2015	186,049,985	43,998,681	8,114,629	2,964,580	7,096,581	248,224,456
Acquisition of IBIZCS Group Pte. Ltd [refer note 30 (c)]	1,105,196	-	-	-	-	1,105,196
Charge for the year	25,472,847	4,423,596	6,340,754	1,605,694	3,843,799	41,686,690
Impairment/loss of intangible assets earlier acquired from business acquisition [refer note 30 (d)]	-	-	-	3,523,790	8,435,235	11,959,025
Deletions	(14,109,980)	-	-	-	-	(14,109,980)
Foreign currency translation	(3,788,293)	-	(152,564)	(38,619)	(92,471)	(4,071,947)
Transfer on sale of undertaking [refer note 30 (g)]	(11,542,869)	(48,422,277)	-	-	-	(59,965,146)
At December 31, 2015	183,186,886	-	14,302,819	8,055,445	19,283,144	224,828,294
Charge for the year	19,186,757	-	6,720,200	-	-	25,906,957
Deletions	(9,452,910)	-	(7,961,936)	(8,055,445)	(19,283,144)	(44,753,435)
Foreign currency translation	(86,458)	-	(297,896)	-	-	(384,354)
<b>At December 31, 2016</b>	<b>192,834,275</b>	<b>-</b>	<b>12,763,187</b>	<b>-</b>	<b>-</b>	<b>205,597,462</b>
<b>Net block</b>						
At December 31, 2015	36,520,409	-	10,345,073	-	-	46,865,482
<b>At December 31, 2016</b>	<b>28,113,467</b>	<b>-</b>	<b>4,022,700</b>	<b>-</b>	<b>-</b>	<b>32,136,167</b>

## 12.1 Non-current investments

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
<b>Non-trade, unquoted (valued at cost unless stated otherwise)</b>		
(i) 2,500 (Previous year 2,500) equity shares of Rs. 10 each fully paid up in The Saraswat Co-operative Bank Limited	25,000	25,000
(ii) 17,512 (Previous Year 26,269) 8% compulsorily redeemable debentures of Rs. 10,000 each in Indus Software Technologies Private Limited [refer note 30 (g)]	175,120,000	262,690,000
<b>Investment property (at cost less accumulated depreciation) (refer note 10)</b>		
Cost of land and building given on operating lease	35,963,972	35,963,972
Less: Accumulated depreciation	(9,706,016)	(8,232,194)
<b>Total</b>	<b>201,402,956</b>	<b>290,446,778</b>
Aggregate amount of unquoted investments	201,402,956	290,446,778

**12.2 Current investments**

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
<b>Non-trade, unquoted (valued at cost or fair value, which ever is lower)</b>		
Investment in Indus Software Technologies Private Limited [refer note 30 (g)]		
Nil (Previous year 4,284,000) equity shares of Re. 1 each fully paid up	-	30,438,806
8,757 (Previous year 8,757) 8% compulsorily redeemable debentures of Rs. 10,000 each	<b>87,570,000</b>	87,570,000
<b>Total</b>	<b>87,570,000</b>	118,008,806

**13 Deferred tax assets (net)**

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
<b>Deferred tax assets</b>		
Provision for gratuity	<b>31,826,315</b>	22,570,277
Provision for compensated absences	<b>26,145,782</b>	21,220,579
Provision for doubtful debts and advances	<b>305,104</b>	5,046,359
Other timing differences	<b>4,697,442</b>	8,497,405
Other timing differences of subsidiaries	<b>5,260,202</b>	2,485,468
<b>Gross deferred tax assets</b>	<b>68,234,845</b>	59,820,088
<b>Deferred tax liability</b>		
Differences in depreciation / amortisation and other differences in block of fixed assets as per tax books and financial books	<b>19,317,347</b>	21,878,650
Other timing differences of subsidiaries	<b>2,778,573</b>	907,134
<b>Gross deferred tax liability</b>	<b>22,095,920</b>	22,785,784
<b>Deferred tax assets (net)</b>	<b>46,138,925</b>	37,034,304



## 14. Loans and advances

Particulars	Non-current		Current	
	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
<b>Capital advances</b>				
Unsecured, considered good	10,289,873	515,884		
<b>Sub total (A)</b>	10,289,873	515,884		
<b>Advances recoverable in cash or in kind or for value to be received</b>				
Unsecured, considered good	16,678,791	1,246,039	102,475,085	82,719,801
Unsecured, considered doubtful	-	-	3,296,352	3,214,397
	16,678,791	1,246,039	105,771,437	85,934,198
Provision for doubtful advances	-	-	(3,296,352)	(3,214,397)
<b>Sub total (B)</b>	16,678,791	1,246,039	102,475,085	82,719,801
<b>Security deposit</b>				
Unsecured, considered good	27,340,672	20,663,754	806,536	1,008,686
<b>Sub total (C)</b>	27,340,672	20,663,754	806,536	1,008,686
<b>Other loans and advances</b>				
Unsecured, considered good				
Mark-to-market gain on derivative instruments (refer note 36)	-	-	26,417,667	15,645,821
Balances with customs, excise, etc.	-	-	21,879,475	44,379,351
Advance fringe benefit tax [net of provisions amounting to Rs. 7,082,336 (Previous year Rs. 7,082,336)]	167,664	167,664	-	-
Advance income taxes [net of provisions amounting to Rs. 436,206,720 (Previous year Rs. 514,751,660)]	34,628,959	40,676,676	-	-
<b>Sub total (D)</b>	34,796,623	40,844,340	48,297,142	60,025,172
<b>Total (A+B+C+D)</b>	89,105,959	63,270,017	151,578,763	143,753,659

## 15. Trade receivables and other assets

## 15.1 Trade receivables

Particulars	Current	
	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
<b>Outstanding for a period exceeding six months from the date they are due for payment</b>		
Unsecured, considered good	4,142,449	6,175,775
Unsecured, considered doubtful	61,957,339	81,062,569
	66,099,788	87,238,344
Provision for doubtful receivables	(61,957,339)	(81,062,569)
<b>Sub total (A)</b>	4,142,449	6,175,775
<b>Other receivables</b>		
Unsecured, considered good	1,078,077,821	1,040,136,491
Unsecured, considered doubtful	2,920,019	16,205,523
	1,080,997,840	1,056,342,014
Provision for doubtful receivables	(2,920,019)	(16,205,523)
<b>Sub total (B)</b>	1,078,077,821	1,040,136,491
<b>Total (A+B)</b>	1,082,220,270	1,046,312,266

**15.2 Other assets**

Particulars	Non-current		Current	
	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Non-current bank balances (refer note 16)	<b>56,458,271</b>	70,486,516		
Interest accrued				
Fixed deposits	<b>5,118,737</b>	3,997,650	<b>555,458</b>	669,424
Compulsorily redeemable debentures (refer note 12.1 & 12.2)	-	-	<b>4,965,130</b>	6,548,339
Unbilled revenues	-	-	<b>161,102,082</b>	125,085,359
<b>Total</b>	<b>61,577,008</b>	74,484,166	<b>166,622,670</b>	132,303,122

**16. Cash and bank balances**

Particulars	Non-current		Current	
	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
<b>Cash and cash equivalents</b>				
Cash on hand			<b>765,905</b>	902,189
Balances with scheduled banks:				
On current accounts			<b>18,160,450</b>	23,440,776
On EEFC accounts			<b>95,304,632</b>	12,605,912
On deposit accounts with original maturity of less than 3 months			<b>231,371,395</b>	79,707,767
On unclaimed dividend			<b>2,575,014</b>	2,779,151
Balance with other banks:				
On current accounts			<b>771,480,403</b>	659,109,694
On deposit accounts			<b>16,387,351</b>	7,621,378
			<b>1,136,045,150</b>	786,166,867
<b>Other bank balances</b>				
Deposits with original maturity for more than 12 months	-	-	<b>7,200,000</b>	5,400,000
Deposits with original maturity for more than 3 months but less than 12 months			-	59,900,000
Margin money deposits (refer detail below)	<b>56,458,271</b>	70,486,516	-	-
	<b>56,458,271</b>	70,486,516	<b>7,200,000</b>	65,300,000
Amount disclosed under non-current assets (refer note 15.2)	<b>(56,458,271)</b>	(70,486,516)		
<b>Total</b>	-	-	<b>1,143,245,150</b>	851,466,867

**Detail of margin money deposits**

Particulars	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Margin money deposits against performance guarantees	<b>35,790,670</b>	49,775,059
Margin money deposits against credit / derivative facilities	<b>20,667,601</b>	20,711,457
<b>Total</b>	<b>56,458,271</b>	70,486,516

**17. Revenue from operations**

Particulars	For the Year ended December 31, 2016 Rs.	For the Year ended December 31, 2015 Rs.
Sale of services*	5,882,372,553	6,050,287,863
Sale of third party items	-	30,750
<b>Total</b>	<b>5,882,372,553</b>	<b>6,050,318,613</b>

\* include revenue from Information Technology services Rs. 5,449,120,272 (Previous year Rs. 5,564,242,817) and Business process outsourcing services Rs. 433,252,281 (Previous year Rs. 486,045,046).

**18. Other income**

Particulars	For the Year ended December 31, 2016 Rs.	For the Year ended December 31, 2015 Rs.
Interest income		
- on bank deposits	24,890,639	32,767,184
- on debenture [refer (refer note 12.1 & 12.2)]	24,686,191	13,553,539
- on others	7,234,030	-
Rental income from investment property (refer note 12.1)	6,399,996	3,079,568
Provision for doubtful debts and advances written back (net)	4,389,228	-
Foreign exchange fluctuation (net)	41,941,667	31,182,112
Profit on redemption of mutual fund	-	1,774,260
Liability no longer required written back	5,146,585	50,882
Miscellaneous income	12,379,978	15,720,642
<b>Total</b>	<b>127,068,314</b>	<b>98,128,187</b>

**19. Employee benefits expense**

Particulars	For the Year ended December 31, 2016 Rs.	For the Year ended December 31, 2015 Rs.
Salaries, wages and bonus	3,498,637,692	3,379,856,346
Gratuity (refer note 35)	35,758,695	18,019,855
Contribution to provident fund and other funds	225,476,479	212,266,968
Staff welfare expenses	38,019,064	38,660,326
<b>Total</b>	<b>3,797,891,930</b>	<b>3,648,803,495</b>

**20. Operational and other expenses**

Particulars	For the Year ended December 31, 2016 Rs.	For the Year ended December 31, 2015 Rs.
Contract cost	2,968,710	49,283,666
Power and fuel	45,003,727	54,869,759
Rent - premises	85,447,065	105,022,998
Rent - equipments	4,994,222	3,954,097
Rates and taxes	6,811,665	6,144,157
Insurance	23,953,446	24,533,208
Repair and maintenance	90,377,480	97,470,327
Advertising and sales promotion	18,894,380	29,749,561
Commission - others	6,039,509	22,010,770
Travelling and conveyance	243,333,642	340,615,958
Communication costs	72,187,879	77,707,844
Printing and stationery	10,233,814	6,683,014
Legal and professional fees	588,626,113	645,190,047
Cost of third party items	110,792,992	135,484,456
Directors' sitting fee	700,000	1,050,500
Auditors' remuneration (refer detail below)	5,146,848	4,912,250
Provision for doubtful debts and advances (net)	-	8,215,085
Bad debts and advances written off [net of Rs. 29,101,305 (previous year Rs. 12,694,473) utilisation from provision for doubtful debts and advances]	728,955	62,597
Loss on sale / discard of fixed assets (net)	585,136	1,457,687
Recruitment and training expenses	24,816,017	27,907,949
Security expenses	7,127,612	8,955,401
Membership and subscription	12,027,381	9,345,487
Miscellaneous expenses	17,188,148	17,368,929
<b>Total</b>	<b>1,377,984,741</b>	<b>1,677,995,747</b>

**Detail of auditors remuneration**

Particulars	For the Year ended December 31, 2016 Rs.	For the Year ended December 31, 2015 Rs.
As auditor:		
- Audit fee		
- Statutory audit fee	1,942,500	1,350,000
- Quarterly audit fee	1,306,875	1,750,000
- Limited Review	538,125	350,000
- Out-of-pocket expenses	191,848	162,250
In other capacity:		
- Certification	1,167,500	800,000
- Other services	-	500,000
<b>Total</b>	<b>5,146,848</b>	<b>4,912,250</b>

**21. Depreciation and amortisation expense**

Particulars	For the Year ended December 31, 2016 Rs.	For the Year ended December 31, 2015 Rs.
Depreciation on tangible assets (refer note 33)	87,738,957	97,836,544
Amortisation on intangible assets	25,906,957	41,686,690
Depreciation on investment property	1,473,822	710,488
<b>Total</b>	<b>115,119,736</b>	<b>140,233,722</b>

**22. Finance costs**

Particulars	For the Year ended December 31, 2016 Rs.	For the Year ended December 31, 2015 Rs.
Interest on loans	1,363,266	1,130,175
Interest under income tax	-	1,163,929
Bank charges	6,554,179	7,293,915
<b>Total</b>	<b>7,917,445</b>	<b>9,588,019</b>

**23. Exceptional items**

Particulars	For the Year ended December 31, 2016 Rs.	For the Year ended December 31, 2015 Rs.
Profit on sale of investment [refer note 30 (g)]	37,174,220	-
Profit on sale of subsidiaries [refer note 30 (e), (g) & (h)]	9,173,022	592,770,438
Currency translation reserve released [refer note 30 (f)]	-	9,681,040
Deferred Compensation payable written back [refer note 30 (a)]	-	12,609,305
Impairment loss on intangible assets earlier acquired from business acquisition [refer note 30 (d)]	-	(11,959,025)
<b>Total</b>	<b>46,347,242</b>	<b>603,101,758</b>

**24. Segment information**

Business segments :

R Systems Group is a leading global provider of IT solutions and Business Process Outsourcing (BPO) services. The Group considers business segment as the basis for primary segmental reporting. The Group is organised into two business segments – Information technology services & products and Business process outsourcing services. Costs and expenses which cannot be allocated to any business segment are reflected in the column 'corporate and others'. Segments have been identified and reported based on the nature of the services, the risks and returns, the organisation structure and the internal financial reporting system.

Geographical segments :

The Group reports secondary segment information on the basis of the geographical location of the customers / assets. Although the Group's major operating divisions are managed on a worldwide basis, they operate in five principal geographical areas of the world which are: India, United States of America, South East Asian countries, Europe and Other areas.

The following table provides required information for the primary segments for the year ended December 31, 2016 and December 31, 2015

Particulars	Information technology services and products		Business process outsourcing services		Eliminations		Corporate and others		Total	
	Year ended December 31,		Year ended December 31,		Year ended December 31,		Year ended December 31,		Year ended December 31,	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
<b>REVENUE</b>										
External sales	5,449,120,272	5,564,273,567	433,252,281	486,045,046					5,882,372,553	6,050,318,613
Inter-segment sales	-	-	19,002,194	18,143,177	19,002,194	18,143,177			-	-
<b>Total revenue</b>	<b>5,449,120,272</b>	<b>5,564,273,567</b>	<b>452,254,475</b>	<b>504,188,223</b>	<b>19,002,194</b>	<b>18,143,177</b>			<b>5,882,372,553</b>	<b>6,050,318,613</b>
<b>RESULT</b>										
Segment result	677,481,089	676,848,993	48,843,023	18,889,700					726,324,112	695,738,693
Unallocated corporate expenses							(77,644,687)	(72,793,323)	(77,644,687)	(72,793,323)
<b>Operating profit</b>									<b>648,679,425</b>	<b>622,945,370</b>
Interest expenses							(1,363,266)	(2,294,104)	(1,363,266)	(2,294,104)
Interest income							56,810,860	46,320,723	56,810,860	46,320,723
Other Unallocable income							6,399,996	4,853,828	6,399,996	4,853,828
Exceptional items (refer note 23)							46,347,242	603,101,758	46,347,242	603,101,758
Income taxes expense							(219,990,393)	(296,629,200)	(219,990,393)	(296,629,200)
<b>Net profit</b>									<b>536,883,864</b>	<b>978,298,375</b>

(Amount in Rs.)

The following table provides required information for the primary segments as at December 31, 2016 and December 31, 2015:

Particulars	Information technology services and products		Business process outsourcing services		Eliminations		Corporate and others		Total	
	December 31,		December 31,		December 31,		December 31,		December 31,	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
<b>OTHER INFORMATION</b>										
Segment assets	2,202,721,084	2,157,251,634	334,480,246	153,426,946	34,870,436	29,528,611			2,502,330,894	2,281,149,969
Unallocated corporate assets									1,246,345,979	1,196,216,933
Income tax assets	2,202,721,084	2,157,251,634	334,480,246	153,426,946	34,870,436	29,528,611	80,935,548	77,878,643	80,935,548	77,878,643
<b>Total assets</b>	<b>900,838,930</b>	<b>897,355,427</b>	<b>49,868,567</b>	<b>64,412,533</b>	<b>34,870,436</b>	<b>29,528,611</b>	<b>1,327,281,527</b>	<b>1,274,095,576</b>	<b>3,829,612,421</b>	<b>3,555,245,545</b>
Segment liabilities									915,837,061	932,239,349
Unallocated corporate liabilities									75,272,217	124,668,373
Income tax liabilities	900,838,930	897,355,427	49,868,567	64,412,533	34,870,436	29,528,611	58,773,205	69,772,921	58,773,205	69,772,921
<b>Total liabilities</b>	<b>151,743,164</b>	<b>138,438,871</b>	<b>808,186</b>	<b>22,592,472</b>	<b>34,870,436</b>	<b>29,528,611</b>	<b>134,045,422</b>	<b>194,441,294</b>	<b>1,049,882,483</b>	<b>1,126,680,643</b>
Capital expenditures	108,442,299	126,432,952	6,677,437	13,800,770					152,551,350	161,031,343
Depreciation and amortization	(485,647)	10,473,868	-	(297,429)					115,119,736	140,233,722
Other non-cash expenses / (written back)									(485,647)	10,176,439

(Amount in Rs.)

*Geographical segments:*

The Group reports secondary segment information on the basis of the geographical location of the customers / assets. The management views the domestic and export markets as distinct geographical segments.

The following is the distribution of the Group's revenue by geographical area in which customers are located:

	For the year ended December 31,	
	2016 Rs.	2015 Rs.
India	94,525,830	318,673,987
USA	3,480,641,540	3,508,135,786
South East Asia	1,040,190,056	1,020,294,470
Europe	1,057,514,573	897,630,212
Others	209,500,554	305,584,158
<b>Total</b>	<b>5,882,372,553</b>	<b>6,050,318,613</b>

## Assets and additions to fixed assets by geographical area:

The following table shows the carrying amount of assets and additions to fixed assets (including capital advances) by geographical area in which assets are located:

	Carrying amount of assets as at December 31,		Additions to fixed assets for the year ended December 31,	
	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
India	1,230,432,767	1,098,627,379	121,786,761	82,838,020
USA	1,068,704,456	999,718,844	8,384,825	9,930,164
South East Asia	543,112,730	506,483,726	4,888,170	10,593,225
Europe	916,920,470	871,409,410	17,324,454	57,609,167
Others	70,441,998	79,006,186	160,140	60,767
<b>Total</b>	<b>3,829,612,421</b>	<b>3,555,245,545</b>	<b>152,551,350</b>	<b>161,031,343</b>

## 25. Related party disclosure

Names of related parties (refer note 2 for 'R Systems Group')

(i) Key management personnel

Sl. No.	Name of person	Designation	Company
1	Satinder Singh Rekhi	Managing Director	R Systems International Limited, India
		Director	R Systems, Inc., USA (RSI)
		Director	R Systems (Singapore) Pte Ltd, Singapore
		Director	R Systems Technologies Ltd. USA (Formerly known as Indus Software, Inc.)
		Director (till December 10, 2015)	R Systems Solutions, Inc. USA ( Merged into RSI w.e.f December 10, 2015)
		Director	Computaris International Limited, UK
		Director	RSYS Technologies Ltd., Canada (Formerly known as Systèmes R. International Ltée, Canada)
		Director	Ibizcs Group Pte. Ltd, Singapore
2	Lt. Gen. Baldev Singh (Retd.)	President and Senior Executive Director	R Systems International Limited, India
		Director (till July 9, 2015)	R Systems Products & Technologies Private Limited, India (ceased to be subsidiary w.e.f. July 7, 2015)
3	Raj Swaminathan	Director (resigned as director on June 27, 2015)	R Systems International Limited, India
		Director	R Systems Products & Technologies Private Limited, India (ceased to be subsidiary w.e.f. July 7, 2015)
4	Sartaj Singh Rekhi	Director	R Systems, Inc., USA
		Director (till December 10, 2015)	R Systems Solutions, Inc. USA ( Merged into RSI w.e.f December 10, 2015)
		Director	ECnet Ltd, Singapore
		Director	R Systems Technologies Ltd. USA (Formerly known as Indus Software, Inc.)
		Director	RSYS Technologies Ltd., Canada (Formerly known as Systèmes R. International Ltée, Canada)
5	Chan Kum Ming	Director	ECnet Limited, Singapore
		Director	R Systems (Singapore) Pte Ltd, Singapore
6	Raluca Marina Rusu	Director	Computaris International Limited, UK
7	Joydeep Sen Chaudhuri	Director	R Systems (Singapore) Pte Ltd, Singapore
8	Harpreet Rekhi	Director	R Systems, Inc., USA
		Director	R Systems Technologies Ltd. USA (Formerly known as Indus Software, Inc.)
		Director (till December 10, 2015)	R Systems Solutions, Inc. USA ( Merged into RSI w.e.f December 10, 2015)
		Director	Ibizcs Group Pte. Ltd, Singapore
		Director	R Systems (Singapore) Pte Ltd, Singapore
9	Ramasubramanian Balasubramanian	Director	Ibizcs Group Pte. Ltd, Singapore



Sl. No.	Name of person	Designation	Company
10	Nand Sardana #	Chief Financial Officer	R Systems International Limited, India
11	Ashish Thakur #	Company Secretary & Compliance Officer	R Systems International Limited, India

# Pursuant to the Companies Act, 2013.

(ii) Relatives of Key management personnel

Anita Behl, (related to Satinder Singh Rekhi)

Kuldeep Baldev Singh [related to Lt. Gen. Baldev Singh (Retd.)]

Mandeep Singh Sodhi [related to Lt. Gen. Baldev Singh (Retd.)], Vice President – Sales

Ramneet Singh Rekhi (related to Satinder Singh Rekhi)

Amrita Kaur (related to Satinder Singh Rekhi)

(iii) Enterprises where key management personnel or their relatives exercise significant influence

U Infosoft Private Limited

GM Solutions Private Limited

GMU Infosoft Private Limited

Right Match Holdings Limited

Satinder and Harpreet Rekhi Family Trust

Details of transactions with related parties for the year ended December 31, 2016 and December 31, 2015:

(Amount in Rs.)

	For the year ended December 31, 2016	For the year ended December 31, 2015
<b>Remuneration</b>		
Satinder Singh Rekhi	37,027,495	32,046,605
Lt. Gen. Baldev Singh (Retd.)	6,642,053	6,265,670
Raj Swaminathan	-	3,380,493
Sartaj Singh Rekhi	9,547,113	9,028,367
Mandeep Singh Sodhi	36,409,934	33,118,711
Chan Kum Ming	9,308,354	8,711,618
Raluca Marina Rusu	7,933,375	6,560,513
Ramasubramanian Balasubramanian	12,280,052	7,835,597
Amrita Kaur	480,000	261,333
Ramneet Singh Rekhi	5,715,847	4,890,155
Joydeep Sen Chaudhuri	8,168,980	7,557,508
Nand Sardana	5,219,880	5,225,880
Ashish Thakur	883,124	628,210
<b>Total</b>	<b>139,616,607</b>	<b>125,510,660</b>
<b>Rent</b>		
Satinder Singh Rekhi	13,290,181	11,108,704
<b>Total</b>	<b>13,290,181</b>	<b>11,108,704</b>
<b>Share buyback</b>		
Satinder Singh Rekhi	1,796,860	-
Lt. Gen. Baldev Singh (Retd.)	189,605	-
Sartaj Singh Rekhi	8,234,460	-
Ramneet Singh Rekhi	6,964,555	-
Nand Sardana	71,630	-
Mandeep Singh Sodhi	962,390	-
GMU Infosoft Private Limited	13,276,315	-
U Infosoft Private Limited	13,542,165	-
GM Solutions Private Limited	14,057,810	-
Right Match Holdings Ltd	12,725,830	-
Satinder and Harpreet Rekhi Family Trust	17,891,185	-
<b>Total</b>	<b>89,712,805</b>	<b>-</b>

(Amount in Rs.)

	For the year ended December 31, 2016	For the year ended December 31, 2015
<b>Dividend paid *</b>		
Satinder Singh Rekhi	-	9,753,540
Lt. Gen. Baldev Singh (Retd.)	-	1,059,675
Raj Swaminathan	-	780,000
Sartaj Singh Rekhi	-	44,635,483
Ramneet Singh Rekhi	-	37,742,669
Chan Kum Ming	-	59,600
Harpreet Rekhi	-	5,662
Nand Sardana	-	388,890
Mandeep Sodhi	-	5,160,056
Kuldeep Baldev Singh	-	45,296
Anita Behl	-	59,443
GMU Infosoft Private Limited	-	66,915,061
U Infosoft Private Limited	-	68,236,517
GM Solutions Private Limited	-	70,829,639
Right Match Holdings Limited	-	69,076,400
Satinder and Harpreet Rekhi Family Trust	-	112,887,716
<b>Total</b>	-	487,635,647

\* The amount for the year ended December 31, 2015 includes Rs. 229,444,464 towards dividend declared for the immediately preceding year.  
(Amount in Rs.)

Balance payable to key management personnel	As at December 31,	
	2016	2015
Satinder Singh Rekhi	7,038,750	4,500,000
Lt. Gen. Baldev Singh (Retd.)	1,278,448	1,082,113
Raluca Marina Rusu	1,017,544	-
<b>Total</b>	<b>9,334,742</b>	5,582,113

## 26. Corporate Social Responsibility (CSR)

As per the requirements of Section 135 of the Companies Act, 2013, the Company is required to spend an amount of Rs. 10,608,333 on CSR expenditure for the year December 31, 2016. Out of this, the Company has disbursed Rs. 1,500,000 for education of the underprivileged children in accordance with its Corporate Social Responsibility Policy.

Further, during the year the Company was in the process of ascertaining various avenues, projects etc. for fulfilling the requirement of its CSR policy, therefore Company could not utilize the entire amount embarked for its CSR activities.

## 27. Capital and other commitments

	As at December 31,	
	2016 Rs.	2015 Rs.
<b>(i) Capital commitments:</b>		
Estimated amount of unexecuted capital contracts (net of advances)	6,152,320	3,425,621
<b>(ii) Other commitments:</b>		
For commitments relating to lease arrangements, refer note 29.		

**28. Contingent liabilities:**

	As at December 31, 2016 Rs.	As at December 31, 2015 Rs.
Performance guarantees given to Department of Telecommunication for Domestic and International 'Other Service Provider' licenses	20,000,000	20,000,000
<b>Total</b>	<b>20,000,000</b>	<b>20,000,000</b>

**29. Leases**
**a) Finance Lease - Company as lessee**

The Group has finance leases for furniture and fixture. Each renewal is at the option of the lessee. Future minimum lease payments (MLP) under finance leases together with the present value of the net MLP are as follows:

	Year ended December 31, 2016		Year ended December 31, 2015	
	MLP	Present value of MLP	MLP	Present value of MLP
Not later than one year	1,440,000	158,359	-	-
After one year but not more than five years	5,775,000	873,187	-	-
More than five years	17,077,500	9,848,454	-	-
Total minimum lease payments	24,292,500	10,880,000	-	-
Less: amounts representing finance charges	13,412,500	-	-	-
Present value of minimum lease payments	10,880,000	10,880,000	-	-

**b) Operating Lease- Company as lessee**

The Group has operating lease for office premises, office equipment, vehicle etc. The future minimum payments required under non-cancelable operating leases period as at year -end are as follows:

	Year ended December 31, 2016 Rs.	Year ended December 31, 2015 Rs.
Lease payments for the year	103,078,517	102,869,151
Non-cancellable operating lease obligation :		
Not later than one year	71,829,281	72,676,493
Later than one year but not later than five years	118,672,114	106,866,329
Later than five years	2,645,193	-

The operating lease arrangements extend for a maximum of 7 years from their respective dates of inception. Some of the operating lease arrangements have price escalation and option of renewal clause as mutually agreed between the parties and there are no restrictions imposed on lease arrangements.

**c) Operating Lease - Company as lessor**

The Company has entered into an operating lease arrangement for its surplus land and building which has been classified under investment property. The future minimum rentals receivable under non-cancellable operating lease period as at year-end are as follows:

	Year ended December 31, 2016 Rs.	Year ended December 31, 2015 Rs.
Lease payments for the year	6,399,996	3,079,568
Non-cancellable operating lease :		
Not later than one year	6,399,996	6,399,996
Later than one year but not later than five years	3,320,440	9,720,436

The operating lease arrangement extends for a maximum period of 3 years from their respective dates of inception and has price escalation clause of 5% for every subsequent 3 years of the extended term. There are no restrictions imposed on lease agreements.

- 30. (a)** During earlier years, the Company had acquired shares in ECnet Limited, a company incorporated in Singapore at a total consideration of Rs. 34,938,958. During the year ended December 31, 2005, the Company had based upon an order of High Court of Delhi written down the goodwill value to Rs. Nil and adjusted the write off of Rs. 24,495,721 against the Securities Premium Account as this had not been represented by available assets.

During the year ended December 31, 2007, the Company had settled the liabilities towards certain erstwhile shareholders. As a result thereof, the deferred payment compensation of Rs. 14,452,222 was released, as considered appropriate by the management. Out of above, Rs. 10,442,237 had been adjusted against the value of the investment.

During the year ended December 31, 2015, after the expiry of relevant limitation period under applicable laws, the Company had reversed deferred payment compensation amounting to Rs. 12,609,305. This reversal is included under 'Exceptional items' in the consolidated financial statements for the year ended December 31, 2015.

- (b)** On August 07, 2015, Computaris International Limited, a UK subsidiary of the Company, has entered into an Assets Purchase Agreement (APA) for acquisition of certain customer contracts and related intellectual property rights from the subsidiary of a leading European telecommunication company for a maximum consideration of Euro 700,000 on fulfilment of certain conditions. The aforesaid assets purchase was completed on October 1, 2015.

The management has assessed Euro 567,382 as the estimated purchase price for the aforesaid assets acquired basis the conditions specified in APA and accordingly recorded the following intangible assets.

	Amount in Euro	Amount in Rs.
Customer contracts	234,250	16,685,956
Intellectual Property Rights (Software)	333,132	23,729,411
<b>Total consideration paid</b>	<b>567,382</b>	<b>40,415,367</b>

The assets acquired are amortized on following basis :-

Intangible assets	Amortisation period
Customer contracts	Over the period of contract
Intellectual Property Rights (Software)	3 years

During the year ended December 31, 2016, the conditions as stipulated in APA have been fulfilled and the purchase consideration has been settled at Euro 567,382 (Rs. 40,415,367).

- (c)** On April 30, 2015, R Systems (Singapore) Pte. Limited, a wholly owned subsidiary of the Company, has acquired 100% share of IBIZCS Group Pte. Ltd, Singapore (IBIZ) for maximum consideration of SGD 7.50 million including the earn-outs over the next three years on fulfilment of certain conditions by the erstwhile shareholder of IBIZ. IBIZ is a Microsoft Gold-certified partner specialized in Microsoft Business Management Solution suites, including Enterprise Resource Planning (ERP), Customer Relationship Management (CRM), Point of Sales (POS), Mobility, Business Intelligence (BI) and Portals having subsidiaries in Singapore, Malaysia, Indonesia, India, Hong Kong and China.

Basis the conditions specified in the Share Purchase Agreement and subsequent amendment thereof, the management has assessed the investment value at Rs. 157,710,346 which represents the consideration assessed as probable to be paid over the period and consequently the goodwill arising on acquisition is Rs. 198,475,020.

Out of this total investment value, Rs. 35,821,125 had been paid during the year ended December 31, 2015 and balance Rs. 121,889,222 was payable based on earn outs as well as fulfillment of certain condition by the erstwhile shareholders of IBIZ over the next two years.

As at December 31, 2016, the management has re-assessed the investment value at Rs. 141,172,075 which represents the consideration assessed as probable to be paid over the period and the goodwill arising on acquisition is Rs. 174,473,718 (reinstated as at December 31, 2016).

As at December 31, 2016 amount payable within one year from the year-end is shown under 'other current liabilities' of Rs. 25,384,320 and balance amount is payable after one year which has been disclosed separately under 'Other long-term liabilities' of Rs. 43,999,488.

All profits / losses relating to IBIZ subsequent to the date of acquisition i.e. April 30, 2015 are included in these consolidated financial statements.

- (d)** During the year ended December 31, 2015, ECnet Limited, a subsidiary of the Company has recorded an impairment loss amounting to Rs. 11,959,025 related to the certain intangible assets acquired in earlier years which is included under 'Exceptional Items' in the consolidated financial statements.

- (e) On November 27, 2014, the Company had completed the transfer of Europe BPO Business by way of sale of its 100% holding in R Systems Europe B.V., Netherlands and R Systems S.A.S., France, being wholly owned subsidiaries, by executing the Share Sale Agreement (the "SSA") along with other necessary documents for a sale consideration of Euro 4.70 million (Rs. 357,469,488). Out of the sale consideration, Euro 0.35 million (Rs. 26,628,000) was placed in an escrow account in the Netherlands, the realization of which was subject to certain conditions pursuant to the provision of the SSA.

During the year ended December 31, 2015, on the stipulated conditions under the SSA being completed, the Company had received Euro 0.35 million (Rs. 26,628,000) which was placed in an escrow account. The amount so received, has been included as profit on sale of aforesaid subsidiaries under the 'Exceptional items' in the consolidated financial statements for the year ended December 31, 2015.

- (f) On December 10, 2015, R Systems Solution Inc. (RSSI), a wholly owned subsidiary of the Company was merged into R Systems Inc. (RSI), also a wholly owned subsidiary of the Company, as per the applicable laws of India and USA. Pursuant to aforesaid merger, the Company had received incremental 150 common stock of RSI against outstanding common and preferred (series A) stocks held in RSSI.

Due to aforesaid merger, the Company had released currency translation reserve of RSSI amounting to Rs. 9,681,040 to the foreign exchange fluctuation which is disclosed as 'Exceptional items' in the consolidated financial statements for the year ended December 31, 2015.

- (g) On July 11, 2014, the Company had incorporated a wholly owned subsidiary in India, namely, R Systems Products & Technologies Limited (which was later converted into R Systems Products & Technologies Private Limited ("RSPTPL") on May 28, 2015). The shareholders of the Company by passing special resolution through postal ballot on September 23, 2014 had accorded necessary approval for transfer of the Company's Indus Business Unit operated out of Pune and Chennai to RSPTPL.

The Company had entered into 'Business Transfer Agreement' (BTA) with RSPTPL on June 27, 2015 for the aforesaid transfer on a going concern basis by way of slump sale, for consideration of Rs. 783,900,000 to be discharged by RSPTPL through issuance of 60,000,003 equity shares of Re. 1/- each at a premium of Rs. 6.227333 per share and 35,026 compulsorily redeemable debentures of Rs. 10,000 each to be redeemed over a period of 4 years, on the terms and conditions agreed in BTA and Debenture Subscription Agreement.

The Company also entered into 'Share Purchase Agreement' (SPA) with BD Capital Partners Ltd. ("BDC"), a Mauritius based company on June 27, 2015 to sell 93% of its equity share in RSPTPL to BDC for a consideration of Rs. 443,170,000 (USD 7 million). The closing (as defined in the agreements) under the BTA and SPA occurred on July 07, 2015.

The gain on sale of Indus Business Unit including the gain on sale of aforesaid equity share in RSPTPL, amounting to Rs. 566,142,438 (net of related expenses) is disclosed as 'Exceptional items' in the consolidated financial statement for the year ended December 31, 2015. The income tax attributable to aforesaid gains amounting to Rs. 132,635,363 is included in the 'Current Tax' in the consolidated financial statements for the year ended December 31, 2015. The name of RSPTPL has been changed to Indus Software Technologies Private Limited (ISPTPL) w.e.f August 19, 2015.

Subject to the satisfaction of certain conditions, BDC had also agreed to purchase the balance 7% equity shares for a consideration up to Rs. 66,510,000 (USD 1 million). These conditions were under evaluation and yet to be concluded as at the year ended December 31, 2015. During the year ended December 31, 2016, the Company has fulfilled the conditions specified in the SPA for the sale of balance 7% share in ISPTPL. The gain on sale of aforesaid equate share amounts to Rs. 37,174,220 is disclosed as 'Exceptional items' in the consolidated financial statements. The income tax attributable to aforesaid gains amounting to Rs. 12,684,221 is included in the 'Current Tax' in the consolidated financial statements for the year ended December 31, 2016.

Accordingly, the aforesaid Indus Business Unit, being part of Information technology services and products segment, is considered as "Discontinuing Operations" till July 07, 2015. The net assets attributable to the aforesaid operations are as follows:

	As at July 07, 2015 Rs.
Total Assets	567,943,845
Total Liabilities	325,371,698
<b>Net Assets</b>	<b>242,572,147</b>

The revenue and expenses attributable to the discontinuing operations included in the consolidated financial statements are as follows:

Particulars	(Amount in Rs.) For the period January 01, 2015 to July 07, 2015
<b>Income</b>	
Revenue from operations	574,012,964
Other income	2,457,983
<b>Total revenue</b>	<b>576,470,947</b>
<b>Expenses</b>	
Employee benefits expense	311,709,004
Operational and other expenses	168,770,713
Depreciation and amortisation expense	12,299,568
Finance costs	409,354
<b>Total expenses</b>	<b>493,188,639</b>
<b>Profit before tax</b>	<b>83,282,308</b>
<b>Tax expense</b>	
Current tax	35,510,770
Deferred tax charge / (credit)	(8,796,666)
<b>Total tax expense</b>	<b>26,714,104</b>
<b>Profit after tax</b>	<b>56,568,204</b>

- (h) The Company has realized additional amounts of Rs. 9,173,022 towards the sale of Indus Business unit and disclosed as 'Exceptional items' in the consolidated financial statements for the year ended December 31, 2016.
- (i) The consequent tax expense of aforesaid 'Exceptional items' amounting to Rs. 14,800,621 for the year ended December 31, 2016 and Rs. 63,017,987 for year ended December 31, 2015, is included in the 'Current tax' in the consolidated financial statements for the respective year.

**31. (a) R Systems International Limited - Year 2004 Employee Stock Option Plan ('the plan')**

The Company had instituted the plan for all eligible employees as specified in the rules in pursuance of the special resolution duly approved by the shareholders. The plan provides for the issuance of 997,500 options for equity shares of face value of Rs. 10 each, to eligible employees as recommended by the Compensation Committee constituted for this purpose.

The plan is administered by a Compensation Committee and exercise price is "1.60 times the Book Value of the Share as per the audited balance sheet as on December 31, 2003 i.e. Rs. 42 per Share or 1.60 times of the book value as per immediate previous accounting year audited balance sheet rounded off to nearest rupee as on the date of Exercise whichever is higher", till the time equity shares of the Company are not listed. Once the equity shares are listed, the exercise price is prevailing price or stock price i.e. the latest available closing price, prior to the date of the meeting of the Board of Directors in which options are granted / shares are issued, on the stock exchange on which the shares of the Company are listed.

During the year ended December 31, 2006, the Company had consolidated each of its five equity shares of Rs. 2 each into one equity share of Rs. 10 each and then issued 1:1 bonus share to each of the then existing shareholder (excluding the option holders) by utilisation of Securities Premium Account in terms of the provisions of Section 78 of the Companies Act, 1956. Considering these changes in the capital structure, the management had adjusted the number of options vesting to its employees and exercise price to preserve the benefits intended to be made available under the plan i.e. instead of five options of Rs. 2 per share, the employees' entitlement had been adjusted to one option of Rs. 10 per share and instead of earlier exercise price of Rs. 42 per share for each Rs. 2 share, the exercise price had been accordingly adjusted to Rs. 105 per equity share. During the year ended December 31, 2008, the Company had obtained a legal opinion confirming that the adjustments undertaken to the number of options vesting to its employees and exercise price, pursuant to the consolidation and subsequent bonus issue during the year ended December 31, 2006, does not tantamount to modification and no additional benefit was offered to the existing option holders. Further, during the year ended December 31, 2014, the Company had sub-divided equity shares of Rs. 10 each into 10 equity shares of Re. 1 each, the exercise price is accordingly adjusted from Rs. 105 per share to Rs. 10.50 per share.

The vesting period is 4 years (25% in each year) commencing from the date of grant under the plan. The eligible employees have an option to exercise it over a period of 10 years from the date of grant under the plan. As per the plan, the Compensation Committee cannot grant any outstanding options after August 31, 2014, therefore there are no grants outstanding for determination by the Compensation Committee.

During the year ended December 31, 2015 the scheme has been lapsed therefore all the grants outstanding has been lapsed. The movement in the options during the year ended December 31, 2015 is set out below:

	Year ended December 31, 2015 (Nos.)
<b>At the beginning</b>	
- Grants outstanding under the plan (Re. 1 per share)	102,150
- Grants pending determination by the Compensation Committee (Re. 1 per share)	-
<b>During the year</b>	
- Options granted (Re. 1 per share)	-
- Options exercised (Re. 1 per share)	-
- Options/grants lapsed or surrendered (Re. 1 per share)	102,150
<b>At the end</b>	
- Grants outstanding under the plan (Re. 1 per share)	-
- Grants pending determination by the Compensation Committee (Re.1 per share)	-

The weighted average remaining contractual life for the stock options as at December 31, 2015 is Nil months.

**(b) R Systems International Limited Employees Stock Option Plan – Year 2001 ('the plan')**

Indus Software Private Limited ('Indus') had outstanding options aggregating 21,967 equity shares as on March 31, 2002, to be issued to the eligible employees under the R Systems International Limited Employees Stock Option Plan – Year 2001 under various vesting periods as specified in the said Plan, duly approved by the erstwhile shareholders. Indus had established "R Systems Employees Welfare Trust" ('the R Systems Trust') (formerly known as Indus Software Employees Welfare Trust) to administer the plan, as approved by the members, for the benefits of the Company's employees and had provided an interest free loan of Rs. 3,382,792. Consequently, Indus had allotted 21,967 equity shares of Rs. 10 each at a premium of Rs. 144 per equity share to the R Systems Trust to be further issued to the Indus' eligible employees on the exercise of the underlying options granted to them.

As a result of the merger of Indus with the Company, all employees had surrendered their options in favour of the R Systems Trust to enable them to obtain options for shares in R Systems International Limited after the merger. Also, the Company had issued 206,822 equity shares of Rs. 2 each at a premium of Rs. 113.42 per share to the R Systems Trust in exchange of 21,967 equity shares of Indus, apropos to the agreed swap ratio. During the earlier years out of the said 206,822 shares 22,079 shares were issued to the employees on exercise of options.

The Company had consolidated each of its five equity shares of Rs. 2 each into one equity share of Rs. 10 each on January 30, 2006 and then issued 1:1 bonus share to each of the then existing shareholder by utilisation of Securities Premium Account in terms of the provisions of Section 78 of the Companies Act, 1956 and further sub-division of each of the equity shares of Rs. 10 each into 10 equity shares of Re. 1 each as per record date of February 28, 2014, consequently the total number of shares issued are now 738,980 equity shares of Re. 1 each. Accordingly an amount of Rs. 738,980 and Rs. 2,282,728 is shown as deduction from Issued, subscribed and paid-up capital and Securities Premium Account respectively as suggested by the "Guidance Note on Accounting for Employee Share-based Payments" issued by The Institute of Chartered Accountants of India.

The movement in the options (in equivalent number of shares of the Company) held by the Trust during the year ended December 31, 2016 and the year ended December 31, 2015 is set out below:



	Year ended December 31, 2016	Year ended December 31, 2015
	(Nos.)	(Nos.)
<u>At the beginning</u>		
- Grants outstanding under the plan (Re. 1 per share)		
- Grants pending determination by the Compensation Committee (Re. 1 per share)	738,980	738,980
<u>During the year</u>		
- Options granted (Re. 1 per share)	-	-
- Options exercised (Re. 1 per share)	-	-
- Options/grants lapsed or surrendered (Re. 1 per share)	-	-
<u>At the end</u>		
- Grants outstanding under the plan (Re. 1 per share)	-	-
- Grants pending determination by the Compensation Committee (Re.1 per share)	738,980	738,980

(c) R Systems International Limited Employee Stock Option Scheme 2007 ('the plan')

During the year 2007, the Company had instituted the plan for all eligible employees as specified in the rules in pursuance of the special resolution duly approved by the shareholders. The plan provides for the issuance of 650,000 options to eligible employees as recommended by the Compensation Committee constituted for this purpose.

The plan is administered by a Compensation Committee and exercise price in respect of 632,500 options granted on July 11, 2007 is Rs. 120.70 being the latest available closing price, prior to the date of the meeting of the Board of Directors / Compensation Committee, on the stock exchange on which the shares of the Company are listed. Accordingly, the intrinsic value of Employee Stock Option is taken as Rs. Nil. Further, during the year ended December 31, 2014, the Company had sub-divided equity shares of Rs. 10 each into 10 equity shares of Re. 1 each, the exercise price is accordingly adjusted from Rs. 120.70 per share to Rs. 12.07 per share.

On the recommendation of the Compensation Committee and Nomination and Remuneration Committee, the Board of Director at its meeting held on April 30, 2016, had further granted 150,000 options at an exercise price of Rs. 12.07 /- per option under R Systems International Limited Employee Stock Option Scheme 2007.

The vesting period is 4 years (25% in each year) commencing from the date of grant under the plan. The eligible employees have an option to exercise it over a period of 10 years from the date of grant under the plan. The movement in the options during the year ended December 31, 2016 and year ended December 31, 2015 is set out below:

	Year ended December 31, 2016	Year ended December 31, 2015
	(Nos.)	(Nos.)
<u>At the beginning</u>		
- Grants outstanding under the plan (Re. 1 per share)	80,280	245,280
- Grants pending determination by the Compensation Committee (Re. 1 per share)	2,040,000	1,965,000
<u>During the year</u>		
- Options granted (Re. 1 per share)	150,000	-
- Options exercised (Re. 1 per share)	-	90,000
- Options/grants lapsed or surrendered (Re. 1 per share)	35,000	75,000
<u>At the end</u>		
- Grants outstanding under the plan (Re. 1 per share)	195,280	80,280
- Grants pending determination by the Compensation Committee (Re.1 per share)	1,925,000	2,040,000

For options exercised during the year 2015, the weighted average share price at the exercise date was Rs. 68.71.

The weighted average remaining contractual life for the stock options as at December 31, 2016 is 13 months (Previous year 19 months).

- (d) For the purpose of valuation of the options granted before year ended December 31, 2004, the management obtained fair value of the options at the date of grant under respective schemes from a firm of Chartered Accountants to determine accounting impact, if any, of options granted over the periods. In the considered opinion of the valuer, the fair value of option determined using 'Black Scholes Valuation Model' under each of above schemes [except R Systems International Limited Employee Stock Option Scheme 2007 refer 31 (c) above] is "Nil" and thus no accounting thereof is required.

The assumptions used for the purpose of determination of fair value are stated below:

Assumptions	Unit	Scheme (a) *	Scheme (b) **	Comments by the valuer
Strike price	Rs.	42	154	
Current share price	Rs.	16	140	Taken on the basis of NAV and PECV method of valuation.
Expected option life	No. of Years	5	2.5	Being half of the maximum option life.
Volatility	%	1	0.5	In case of unlisted shares, the volatility may be taken as zero. Verma committee also recommends this.
Risk free return	%	7	11.3	Zero coupon rate estimated from trading government securities for a maturity corresponding to expected life of option - taken from sites of NSE and / or BSE.
Expected dividend Yield	%	-	15	Company has no set policy so dividend taken as zero. In case of scheme (b), as the dividend had been paid by the erstwhile company, it has been assumed at 15%.

\*: R Systems International Ltd. - Year 2004 Employee Stock Option Plan under which the price was based on Rs. 2 per share.

\*\* : R Systems International Limited Employees Stock Option Plan – Year 2001 under which originally the price was based on Rs. 10 per share for 21,967 shares. As a result of amalgamation of Indus Software Private Limited into R Systems, R Systems had issued 206,822 equity shares of Rs. 2 each pursuant to the swap ratio approved by Hon'ble High Courts of Delhi and Mumbai.

The details given above for plan (a) and (b) are before making the required adjustments in relation to consolidation of each of the 5 equity shares of Rs. 2 each into 1 equity share of Rs. 10 each as approved by the shareholders in the year ended December 31, 2006 and further sub-division of each of the equity shares of Rs. 10 each into 10 equity shares of Re. 1 each as per record date of February 28, 2014.

Further, for the purpose of valuation of the options granted during the year 2005 under R Systems International Limited- Year 2004 Employee Stock Option Plan, the management obtained fair value of the options at the date of grant from a firm of Chartered Accountants, to determine accounting impact, if any, of options granted. In the considered opinion of the valuer, the fair value of these option determined using 'Black Scholes Valuation Model' is "Nil" and thus no accounting thereof is required.

The assumptions used by the valuer for the purpose of determination of fair value are stated below:

Assumptions	Unit	Scheme	Comments by the valuer
Strike price	Rs.	42	
Current share price	Rs.	13.58	Taken on the basis of NAV and PECV method of valuation.
Expected option life	No. of Years	5	Being half of the maximum option life.
Volatility	%	1	In case of unlisted shares, the volatility may be taken as zero. Verma committee also recommends this.
Risk free return	%	7.42	Zero coupon rate estimated from trading government securities for a maturity corresponding to expected life of option - taken from sites of NSE.
Expected dividend yield	%	-	Company has no set policy so dividend taken as zero.

The above information is based on Rs. 2 per share prior to consolidation of 5 equity shares of Rs. 2 each into one equity share of Rs. 10 each and subsequent allotment of bonus shares in the ratio of 1:1 and further sub-division of each of the equity shares of Rs. 10 each into 10 equity shares of Re. 1 each as per record date of February 28, 2014.

- (e) For the purpose of valuation of the options granted during the year ended December 31, 2007 under R Systems International Limited Employee Stock Option Scheme – 2007, the compensation cost relating to Employee Stock Options, calculated as per the intrinsic value method is Nil.

The management obtained fair value of the options at the date of grant from a firm of Chartered Accountants. In the considered opinion of the valuer, the fair value of these options determined using 'Black Scholes Valuation Model' is "Rs. 50.73" per option.

The assumptions used by the valuer for the purpose of determination of fair value are stated below:

Assumptions	Unit	Scheme	Comments by the valuer
Strike price	Rs.	120.70	
Current share price	Rs.	118.50	Price on the date of grant by Board of Directors i.e. closing price on July 11, 2007
Expected option life	No. of Years	4	Being the vesting period.
Volatility	%	44	On the basis of industry average.
Risk free return	%	7	Zero coupon rate estimated from trading government securities for a maturity corresponding to expected life of option – taken from sites of NSE.
Expected dividend Yield	%	0.86	Company has declared Dividends of 12% in the past. Assuming that it will continue declaring similar dividends in future.

The above information is based on Rs.10 per share before sub-division of each of the equity shares of Rs. 10 each into 10 equity shares of Re. 1 each as per record date of February 28, 2014.

- (f) For the purpose of valuation of the options granted during the year ended December 31, 2016 under R Systems International Limited Employee Stock Option Scheme – 2007, the year to date compensation cost relating to Employee Stock Options, calculated as per the intrinsic value method is Rs. 2,589,490.

The management obtained fair value of the options at the date of grant i.e. April 30, 2016 from a firm of Chartered Accountants. In the considered opinion of the valuer, the weighted average fair value of these options determined using 'Black Scholes Valuation Model' is "Rs. 49.89" per option.

The assumptions used by the valuer for the purpose of determination of fair value are stated below:

Assumptions	Unit	Scheme	Comments by the valuer
Strike price	Rs.	12.07	
Current share price	Rs.	61.45	Price on the date of grant by Board of Directors i.e. closing price on April 30, 2016
Expected option life	No. of Years	4 years i.e. 25% vesting at the end of each year from the date of grant	Being the vesting period.
Volatility	%	55.32-55.83	On the basis of industry average.
Risk free return	%	7.84	The yield on a Treasury bond by Government of India (Source: RBI) on the valuation date with the tenor matching the remaining term of the stock options.
Expected dividend Yield	%	1.32	Assuming that Company will continue declaring at similar rate, consistent with the past years.

The above information is based on per equity share having face value of Re. 1 each.

In March 2005 the ICAI has issued a guidance note on “Accounting for Employees Share Based Payments” applicable to ‘employee share based plan’ the grant date in respect of which falls on or after April 1, 2005. The said guidance note requires the Proforma disclosures of the impact of the fair value method of accounting of employee stock compensation in the financial statements. Since the Company used the intrinsic value method the impact on the reported net profit and earnings per share by applying the fair value based method is as follows:

(Amount in Rs.)

Particulars	Year ended December 31, 2016	Year ended December 31, 2015
Profit after tax	536,883,864	978,298,375
Add: Intrinsic Value Compensation Cost	2,589,490	-
Less: Fair Value Compensation Cost	2,617,180	-
<b>Adjusted Pro-forma Profit after tax</b>	<b>536,856,174</b>	978,298,375
Weighted average number of equity shares for calculating Basic EPS	126,616,327	126,983,064
Weighted average number of equity shares for calculating Diluted EPS	126,653,124	126,983,064
<b>Earnings Per Share</b>		
<b>Basic [Nominal value of shares Re. 1 (Previous year: Re. 1)]</b>		
- As reported	4.24	7.70
- Pro-forma	4.24	7.70
<b>Diluted [Nominal value of shares Re. 1 (Previous year: Re. 1)]</b>		
- As reported	4.24	7.70
- Pro-forma	4.24	7.70

### 32. Earnings per share (EPS)

Particulars	Year ended December 31, 2016	Year ended December 31, 2015
Net profit after tax (Rs.)	536,883,864	978,298,375
Weighted average number of equity shares for calculating Basic EPS	126,616,327	126,983,064
Weighted average number of equity shares for calculating Diluted EPS	126,653,124	126,983,064
Basic [Nominal value of shares Re. 1 (Previous year: Re. 1)] (Rs.)	4.24	7.70
Diluted [Nominal value of shares Re. 1 (Previous year: Re. 1)] (Rs.)	4.24	7.70

33. As at January 01, 2015, the Company, based on technical assessment, reassessed the useful life of tangible assets and accordingly changed the useful lives of certain assets on the basis the transitional provision under Schedule II of the Companies Act, 2013. Consequently; the Company had transferred Rs. 12,455,113 (net of tax) to reserves during the year ended December 31, 2015.

34. The Company has received the ‘Letter of Approval’ (LOA) from Department of Commerce, Ministry of Commerce & Industry, Government of India on October 19, 2016 for setting up ‘Special Economic Zone’ (SEZ) unit measuring approx. 15,000 sq. ft. located at Greater Noida West (NCR). Subsequent to the year end, the Company has commenced its operation in SEZ premises on January 25, 2017.

### 35. Post-employment benefits

The Company has funded defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on separation equal to 15 days salary (last drawn salary) for each completed year of continuous service or part thereof in excess of six months subject to a maximum of Rs. 1,000,000.

The following table summarizes the components of net employee benefits expense recognised in the statement of profit and loss.

(Amount in Rs.)

Particulars	Year ended December 31, 2016	Year ended December 31, 2015
Current service cost	12,414,237	16,192,727
Interest cost on benefit obligation	4,627,859	7,518,452
Expected return on plan assets	(234,942)	(302,192)
Net actuarial (gain) / loss recognised in the year	18,951,541	(5,389,132)
Net employee benefits expense (refer note 19)	35,758,695	18,019,855
Actual return on plan assets	224,202	(267,931)

Details of defined benefit gratuity plan:

(Amount in Rs.)

Particulars	As at	As at
	December 31, 2016	December 31, 2015
Defined benefit obligation	94,598,935	68,174,622
Fair value of plan assets	2,636,628	2,957,688
Plan liability / (asset)	91,962,307	65,216,934

Changes in the present value of the defined benefit gratuity plan are as follows:

(Amount in Rs.)

Particulars	As at	As at
	December 31, 2016	December 31, 2015
Opening defined benefit obligation	68,174,622	102,262,323
Interest cost	4,627,859	7,518,452
Current service cost	12,414,237	16,192,727
Acquisition/Business Combination/Divestiture	-	(37,655,542)
Benefits paid	(9,558,584)	(14,184,084)
Actuarial (gains) / losses on obligation	18,940,801	(5,959,254)
Closing defined benefit obligation	94,598,935	68,174,622

Changes in the fair value of plan assets are as follows:

(Amount in Rs.)

Particulars	As at	As at
	December 31, 2016	December 31, 2015
Opening fair value of plan assets	2,957,688	3,681,619
Expected return	234,942	302,192
Contributions by the employer	8,000,000	5,000,000
Benefits paid	(8,545,262)	(5,456,001)
Actuarial gains / (losses) on obligation	(10,740)	(570,122)
Closing fair value of plan assets	2,636,628	2,957,688

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	As at	As at
	December 31, 2016	December 31, 2015
Investments with insurer	100%	100%

The principal assumptions used in determining defined benefit gratuity plan obligations is shown below:

Particulars	As at	As at
	December 31, 2016	December 31, 2015
Discount rate	6.75% p.a.	8.25% p.a.
Expected rate of return on plan assets	8.35% p.a.	8.75% p.a.
Salary Escalation Rate	10% for 1st year & 7% thereafter	10% for 1st year & 7% thereafter
Attrition rate:	As per table below	As per table below

Attrition rate used for the year ended December 31, 2016 and year ended December 31, 2015 are as per the table below:

Age (Years)	Rates
Below Age 30	15%
Age 30 to 34	10%
Age 35 to 44	5%
Age 45 to 50	3%
Age 51 to 54	2%
Age above 54	1%

The estimates of future salary increases takes into account the inflation, seniority, promotion and other relevant factors.

Amounts for the current and previous four years are as follows:

(Amount in Rs.)

	December 31, 2016	Gratuity			
		December 31, 2015	December 31, 2014	December 31, 2013	December 31, 2012
Defined benefit obligation	94,598,935	68,174,622	102,262,322	81,424,215	78,143,622
Plan assets	2,636,628	2,957,688	3,681,619	4,549,747	-
Surplus / (deficit)	(91,962,307)	(65,216,934)	(98,580,703)	(76,874,468)	(78,143,622)
Experience (Gains)/Losses adjustments on plan liabilities	3,555,113	(3,130,164)	(4,196,352)	(3,130,879)	2,63,983
Experience adjustments on plan assets	(10,740)	(570,122)	16,304	14,859	-

### 36. Particulars of Derivative Instruments and Unhedged Foreign Currency Exposure as at December 31, 2016 and December 31, 2015:

As of December 31, 2016, the Company has derivative financial instruments to sell USD 14,700,000 (Previous year USD 15,300,000), EURO 1,400,000 (Previous year EURO 1,850,000). The Company has not applied hedge accounting as these instruments do not qualify for hedge accounting. The Company has recognised mark-to-market gain of Rs. 26,417,667 (Previous year gain of Rs. 15,645,821) relating to such derivative financial instruments in the statement of profit and loss for the year ended December 31, 2016.

The particulars of Unhedged Foreign Currency Exposure as at December 31, 2016 and December 31, 2015 are as below:

	Currency	Foreign Currency amount		Closing foreign exchange rate		Amount in Rs.	
		December 31,		December 31,		December 31,	
		2016	2015	2016	2015	2016	2015
<b>Liabilities</b>							
Trade payables	USD	1,060,647	1,372,125	67.93	66.16	72,044,424	90,772,952
	EURO	977,863	1,205,149	71.66	72.11	70,071,718	86,906,910
	CHF	-	1,286	66.67	66.65	-	85,716
	NZD	1,025	29,065	47.29	45.31	48,487	1,316,914
	INR	84,000	84,000	1.00	1.00	84,000	84,000
	GBP	80,886	-	83.46	-	6,750,988	-
	BGN	1,713	-	36.37	-	62,308	-
<b>Assets</b>							
Trade receivables (Gross)	USD	5,786,604	7,177,302	67.93	66.16	393,055,065	474,814,418
	EURO	1,371,679	2,382,243	71.66	72.11	98,291,791	171,790,669
	GBP	325,570	161,406	83.46	98.07	27,173,011	15,828,279
	SGD	10,253	35,600	47.01	46.83	481,980	1,666,947
	MYR	19,600	14,700	15.15	15.46	296,920	227,233
	CAD	254,128	223,678	50.39	47.67	12,805,510	10,661,627
	NZD	-	89,506	-	45.31	-	4,055,501
	RON	15,830	19,574	15.71	16.01	248,673	313,438
Loans and advances	USD	5,344	9,229	67.93	66.16	363,014	610,547
	SGD	25,332	34,700	47.01	46.83	1,190,807	1,624,828
	NZD	244	4,877	47.29	45.31	11,522	220,991
	GBP	942	-	83.46	-	78,656	-
Cash and bank balances	USD	2,599,745	2,284,432	67.93	66.16	176,587,671	151,126,604
	EURO	378,939	1,007,780	71.66	72.11	27,153,990	72,674,030
	GBP	56,581	2,726	83.46	98.07	4,722,420	267,349
	CHF	3,103	4,974	66.67	66.65	206,856	331,532
	CAD	6,318	117	50.39	47.67	318,341	5,577
	NZD	10,271	146,319	47.29	45.31	485,647	6,629,719

Above is on the basis of unhedged foreign currency exposures outstanding as at reporting date in the Company and its subsidiaries.

The below table shows detail of different currencies:

Sl. No.	Currency Abbreviation	Name of Currency	Country
1	GBP	Great Britain Pound	United Kingdom
2	EURO	Euro	European Union
3	CHF	Swiss Franc	Switzerland
4	USD	US Dollar	United States
5	SGD	Singapore Dollar	Singapore
6	BGN	Bulgarian Lev	Bulgaria
7	MYR	Malaysian Ringgit	Malaysia
8	INR	Indian Rupee	India
9	NZD	New Zealand Dollar	New Zealand
10	CAD	Canadian Dollar	Canada
11	RON	Romanian Leu	Romania

**37. Additional Information pursuant to para 2 of general instruction for the preparation of consolidated financial statements**

S. No.	Name of the entity	Net Assets, i.e., total assets minus total liabilities as at		Share in profit or loss for the year ended			
		December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015		
		As % of consolidated net assets	Amount in Rs.	As % of consolidated profit or loss	Amount in Rs.		
	<b>Parent Entity</b>						
1	R Systems International Limited, India	67.94	2,203,451,727	69.23	412,138,007	95.07	906,439,976
	<b>Subsidiaries</b>						
	<b>Indian Subsidiaries</b>						
1	IBIZ Consultancy Services India Private Limited., India	(0.20)	(6,358,562)	0.11	678,045	0.06	564,070
2	R Systems Products & Technologies Private Limited, India (refer note 1 below)	-	-	-	-	(0.15)	(1,461,547)
	<b>Foreign Subsidiaries</b>						
1	R Systems (Singapore) Pte Limited, Singapore	10.26	332,677,146	2.81	16,715,945	(0.01)	(110,951)
2	R Systems, Inc., USA	17.07	553,594,894	16.98	478,748,398	10.31	61,367,038
3	R Systems Technologies Ltd., USA (formerly known as Indus Software, Inc.)	(0.50)	(16,350,737)	(0.68)	(19,290,671)	0.57	3,418,716
4	ECnet Limited, Singapore	2.02	65,483,490	2.53	71,334,080	(1.07)	(6,347,909)
5	ECnet (M) Sdn. Bhd., Malaysia	(1.21)	(39,094,140)	(0.84)	(23,580,759)	(2.88)	(17,138,050)
6	ECnet, Inc., USA	(6.64)	(215,468,318)	(7.44)	(209,824,916)	(0.00)	(29,144)
7	ECnet (Hong Kong) Limited, Hong Kong	0.38	12,324,272	0.33	9,308,551	0.47	2,771,241
8	ECnet Systems (Thailand) Co. Limited, Thailand	(0.30)	(9,872,982)	(0.05)	(1,273,936)	(1.44)	(8,600,189)
9	ECnet Kabushiki Kaisha, Japan	(1.00)	(32,526,051)	(1.17)	(32,847,252)	0.39	2,314,689
10	ECnet (Shanghai) Co. Limited, People's Republic of China	(0.85)	(27,567,685)	(0.95)	(26,835,101)	(0.33)	(1,965,748)
11	Computaris International limited, UK	7.93	257,320,008	6.55	184,534,892	12.96	77,144,913
12	Computaris Romania Srl, Romania	2.64	85,698,863	3.32	93,599,877	3.93	23,378,658
13	Computaris Polska Sp. z o.o., Poland	(0.04)	(1,145,546)	0.94	26,596,307	0.25	1,483,203
14	ICS Computaris International Srl, Moldova	0.52	16,931,736	1.05	29,547,646	(0.26)	(1,549,284)
15	Computaris Malaysia Sdn. Bhd., Malaysia	0.05	1,755,358	0.04	1,134,324	0.12	690,124
16	Computaris USA, Inc., USA	0.45	14,460,280	0.49	13,713,324	0.06	375,932



S. No.	Name of the entity	Net Assets, i.e., total assets minus total liabilities as at			Share in profit or loss for the year ended			
		December 31, 2016		December 31, 2015		December 31, 2016		December 31, 2015
		As % of consolidated net assets	Amount in Rs.	As % of consolidated net assets	Amount in Rs.	As % of consolidated profit or loss	Amount in Rs.	Amount in Rs.
17	Compartaris Philippines Pte. Ltd. Inc., Philippines (refer note 3 below)	0.42	13,730,554	-	-	(0.00)	(18,443)	-
18	RSYS Technologies Ltd., Canada (formerly known as Systèmes R. International Ltée, Canada)	(0.37)	(11,904,999)	(0.38)	(10,686,782)	(0.95)	(5,676,886)	(7,996,086)
19	IBIZCS Group Pte Limited, Singapore	1.58	51,081,577	1.60	45,079,530	(0.21)	(1,269,019)	(1,804,025)
20	IBIZ Consulting Services Pte Ltd., Singapore	0.62	19,964,876	(0.48)	(13,588,341)	3.80	22,633,510	2,545,993
21	IBIZ Consulting Services Sdn. Bhd., Malaysia	0.22	7,231,944	(0.04)	(1,067,769)	1.08	6,439,356	2,246,858
22	PT. IBIZCS Indonesia, Indonesia	0.96	31,263,541	0.70	19,777,955	1.80	10,742,731	2,513,159
23	IBIZ Consulting Service Limited, Hong Kong	0.02	610,759	0.01	256,305	0.06	344,329	1,305,715
24	IBIZ Consulting Service Shanghai Co., Ltd., People's Republic of China	(1.97)	(64,125,114)	(2.21)	(62,235,432)	(0.81)	(4,754,210)	(2,518,414)
25	R Systems Solutions, Inc., USA (refer note 2 below)	-	-	-	-	-	-	(30,281,850)
	<b>Sub total</b>	<b>100.00</b>	<b>3,243,166,892</b>	<b>100.00</b>	<b>2,819,440,256</b>	<b>100.00</b>	<b>595,287,555</b>	<b>953,441,298</b>
	Adjustment arising out of consolidation		<b>(463,436,954)</b>		<b>(390,875,354)</b>		<b>(58,403,691)</b>	<b>24,857,077</b>
	<b>Total</b>		<b>2,779,729,938</b>		<b>2,428,564,902</b>		<b>536,883,864</b>	<b>978,298,375</b>

**Notes:**

1. Ceased to be subsidiary w.e.f. July 7, 2015 [refer note 30 (g)].
2. Merged with R Systems Inc., USA w.e.f. December 10, 2015 [refer note 30 (f)].
3. Incorporated w.e.f. May 23, 2016.

**38. Cash and bank balances**

(Amount in Rs.)

Sl. No.	Particulars	As at December 31, 2016	As at December 31, 2015
	<b>Cash on hand (A)</b>	<b>765,905</b>	902,189
	<b>Balance with scheduled banks</b>		
	<b>On current accounts</b>		
1	ICICI Bank Limited	3,266,774	1,506,070
2	HDFC Bank Limited	3,209,319	4,734,138
3	Oriental Bank of Commerce	531,873	685,947
4	State Bank of India	1,835,409	1,054,484
5	Axis Bank Limited	8,242,997	8,519,878
6	State Bank of Bikaner & Jaipur	279,897	42,097
7	Kotak Mahindra Bank Limited	308,534	243,443
8	Bank of Baroda	485,647	6,654,719
	<b>Total (B)</b>	<b>18,160,450</b>	23,440,776
	<b>On cash credit / overdraft accounts*</b>		
1	Axis Bank Limited	-	-
	<b>Total (C)</b>	<b>-</b>	-
	<b>On EEFC accounts</b>		
1	ICICI Bank Limited- USD	14,538,630	10,012,753
2	State Bank of India – USD	340	331
3	Axis Bank Limited-USD	62,732,913	1,501,362
4	Axis Bank Limited-EURO	6,680,014	818,540
5	Axis Bank Limited-GBP	458,042	267,349
6	Axis Bank Limited-CHF	318,341	5,577
7	Kotak Mahindra Bank Limited -USD	10,576,352	-
	<b>Total (D)</b>	<b>95,304,632</b>	12,605,912
	<b>On deposit accounts</b>		
1	State Bank of India	7,199,485	6,163,941
2	ICICI Bank Limited	303,213	282,954
3	State Bank of Bikaner & Jaipur	27,200,000	26,900,000
4	Axis Bank Limited	153,038,996	38,219,224
5	Kotak Mahindra Bank Limited	88,000,000	110,400,000
6	HDFC Bank Limited	11,000,000	10,200,000
	<b>Total (E)</b>	<b>286,741,694</b>	192,166,119
	<b>On unclaimed dividend accounts</b>		
1	Kotak Mahindra Bank Limited	108,299	108,299
2	HDFC Bank Limited	2,466,715	2,670,852
	<b>Total (F)</b>	<b>2,575,014</b>	2,779,151
	<b>Balance with other banks</b>		
	<b>On current accounts</b>		
1	California Bank & Trust, USA	443,277,739	353,174,088
2	Citibank Singapore Ltd, Singapore	30,646,811	38,053,077
3	DBS Bank Ltd, Singapore	22,595,217	25,573,469
4	Malayan Banking Berhad, Malaysia	16,863,266	24,993,822
5	Hang Seng Bank Limited, Hong Kong	6,419,140	5,332,952
6	Citibank NA, Thailand	2,736,610	5,955,845
7	Bank of China, China	17,899,759	24,574,162
8	Sumitomo Mitsui Banking Corporation, Japan	307,636	189,889

(Amount in Rs.)

Sl. No.	Particulars	As at December 31, 2016	As at December 31, 2015
9	Mizuho Bank Ltd, Japan	207,761	244,465
10	The Bank of Tokyo-Mitsubishi UFJ, Ltd., Japan	412,224	169,123
11	Natwest Bank	152,659,720	133,877,312
12	Bank Zachodni WBK SA	27,411,998	20,642,314
13	Mobiasbanca - Groupe Societe Generale SA	2,110,334	2,670,706
14	BRD Groupe Societe Generale SA	2,307,097	2,672,995
15	CIMB Bank BHD	1,844,553	834,814
16	Royal Bank of Canada	6,579,679	646,782
17	ING Bank N.V. Amsterdam - Bucharest	362,646	1,948,650
18	Overseas-Chinese Banking Corporation Limited	3,484	210,963
19	Standard Chartered Bank, Singapore	-	118,537
20	Bank Permata Tbk, PT	23,715,647	8,217,988
21	DBS Bank (China) Ltd.	8,605,260	4,142,997
22	Standard Chartered Bank, Hong Kong	3,072,165	4,864,744
23	Citibank N.A., USA	1,137,054	-
24	BDO UNIBANK Inc.	304,603	-
	<b>Total (G)</b>	<b>771,480,403</b>	<b>659,109,694</b>
	<b>On deposit accounts</b>		
1	Mobiasbanca - Groupe Societe Generale SA	543,388	536,889
2	BRD Groupe Societe Generale SA	6,143,322	10,229,826
3	Natwest Bank	-	15,967,164
4	Citibank Singapore Ltd, Singapore	5,172,999	4,215,663
5	BDO UNIBANK Inc.	12,815,614	-
	<b>Total (H)</b>	<b>24,675,323</b>	<b>30,949,542</b>
	<b>Less: Amount disclosed under other non - current assets (refer note 15.2)</b>	<b>(56,458,271)</b>	<b>(70,486,516)</b>
	<b>Total cash and bank balance (refer note 16)</b>	<b>1,143,245,150</b>	<b>851,466,867</b>

\* Cash credit limit / Bank guarantee / Loan equivalent risk / Letter of credit is secured by first charge by way of hypothecation of entire current assets and collateral over an immovable property situated in Noida.

39. Previous year figures have been regrouped / reclassified where necessary to make them comparable to the current year classification. Further, as indicated in note 2 above, certain changes had taken place in the group structure. Accordingly, the current year figures are not strictly comparable with previous year figures.

As per our report of even date.

**For S.R. Batliboi & Associates LLP**  
ICAI Firm registration number: 101049W/E300004  
Chartered Accountants

**For and on behalf of the Board of Directors of R Systems International Limited**

**Sd/-**  
**per Yogender Seth**  
Partner  
Membership No. 94524

**Sd/-**  
**Satinder Singh Rekhi**  
[Managing Director]  
[DIN: 00006955]

**Sd/-**  
**Lt. Gen. Baldev Singh (Retd.)**  
[President & Senior  
Executive Director]  
[DIN: 00006966]

**Sd/-**  
**Nand Sardana**  
[Chief Financial Officer]

**Sd/-**  
**Ashish Thakur**  
[Company Secretary &  
Compliance Officer]

Place: Gurgaon  
Date : February 10, 2017

Place: Singapore  
Date : February 10, 2017

Place: NOIDA  
Date : February 10, 2017

Place: NOIDA  
Date : February 10, 2017

Place: NOIDA  
Date : February 10, 2017

## Form AOC-1 Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

### List of Subsidiaries

S. No.	Name of the Subsidiary	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Reporting currency for the relevant financial year in the case of foreign subsidiaries	Exchange rate as on the last date of the relevant financial year	Share capital	Reserves & surplus	Total assets	Total liabilities	Investments (other than subsidiary and fellow associates)	Turnover	Profit before taxation	Provision for taxation	Profit after taxation	Proposed dividend	% of Shareholding
1	R Systems (Singapore) Pte Limited, Singapore	December 31, 2016	Singapore Dollar	47.01	259.59	73.09	418.99	86.31	-	358.21	17.17	0.45	16.72	-	100.00%
2	R Systems, Inc., USA	December 31, 2016	US Dollar	67.93	85.62	467.98	683.21	129.61	-	1,458.62	64.78	3.41	61.37	-	100.00%
3	R Systems Technologies Ltd., USA (formerly known as Indus Software, Inc.)	December 31, 2016	US Dollar	67.93	10.79	(27.14)	11.54	27.89	-	101.88	2.54	(0.88)	3.42	-	100.00%
4	ECnet Limited, Singapore (1)	December 31, 2016	Singapore Dollar	47.01	2,438.89	(2,373.41)	113.39	47.91	-	183.30	(6.35)	-	(6.35)	-	99.75%
5	ECnet (M) Sdn. Bhd., Malaysia (2)	December 31, 2016	Malaysian Ringgit	15.15	7.35	(46.45)	26.81	65.91	-	74.94	(17.13)	0.01	(17.14)	-	99.75%
6	ECnet, Inc., USA (2)	December 31, 2016	US Dollar	67.93	0.09	(215.56)	1.56	217.03	-	-	(0.03)	-	(0.03)	-	99.75%
7	ECnet (Hong Kong) Limited, Hong Kong (2) & (4)	December 31, 2016	Hong Kong Dollar	8.77	0.00	12.32	13.75	1.43	-	8.55	3.22	0.45	2.77	-	99.75%
8	ECnet Systems (Thailand) Co. Limited, Thailand (2)	December 31, 2016	Thai Baht	1.90	2.34	(12.21)	11.21	21.08	-	30.32	(8.60)	-	(8.60)	-	99.75%
9	ECnet Kabushiki Kaisha, Japan (2)	December 31, 2016	Japanese Yen	0.58	4.29	(36.81)	0.96	33.48	-	1.73	2.31	-	2.31	-	99.75%
10	ECnet (Shanghai) Co. Limited, People's Republic of China (2)	December 31, 2016	Chinese Yuan	9.79	9.12	(36.69)	19.51	47.08	-	33.64	(1.97)	-	(1.97)	-	99.75%
11	Computaris International limited, UK	December 31, 2016	Euro	71.66	0.05	257.27	440.13	182.81	-	828.50	81.04	3.90	77.14	-	100.00%
12	Computaris Romania Srl, Romania (3)	December 31, 2016	Romanian leu	15.71	0.02	85.68	107.81	22.11	-	407.35	28.77	5.39	23.38	-	100.00%
13	Computaris Polska Sp. z o.o., Poland (3)	December 31, 2016	Polish Zloty	16.18	0.80	(1.95)	102.85	104.00	-	234.77	2.99	1.51	1.48	-	100.00%
14	ICS Computaris International Srl, Moldova (3)	December 31, 2016	Moldovan leu	3.40	0.02	16.91	18.05	1.12	-	48.30	(0.74)	0.81	(1.55)	-	100.00%
15	Computaris Malaysia Sdn. Bhd., Malaysia (3)	December 31, 2016	Malaysian Ringgit	15.15	0.01	1.74	2.21	0.46	-	13.90	1.08	0.39	0.69	-	100.00%
16	Computaris USA, Inc., USA (3) & (5)	December 31, 2016	US Dollar	67.93	0.00	14.46	53.67	39.21	-	136.09	0.46	0.09	0.37	-	100.00%
17	Computaris Philippines Pte. Ltd. Inc., Philippines (3) & (10)	December 31, 2016	Philippine Peso	1.37	14.48	(0.75)	35.38	21.65	-	19.03	(0.03)	(0.01)	(0.02)	-	100.00%
18	RSYS Technologies Ltd., Canada (formerly known as Systèmes R. International Ltée)	December 31, 2016	Canadian Dollar	50.39	5.04	(16.94)	13.85	25.75	-	24.43	(5.68)	-	(5.68)	-	100.00%
19	IBIZCS Group Pte Limited, Singapore (6)	December 31, 2016	Singapore Dollar	47.01	54.09	(3.01)	68.46	17.38	-	-	(1.27)	-	(1.27)	-	100.00%

S. No.	Name of the Subsidiary	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Reporting currency for the relevant financial year in the case of foreign subsidiaries	Exchange rate as on the last date of the relevant financial year	Share capital	Reserves & surplus	Total assets	Total liabilities	Investments (other than subsidiary and fellow associates)	Turnover	Profit before taxation	Provision for taxation	Profit after taxation	Proposed dividend	% of Shareholding
20	IBIZ Consulting Services Pte Ltd., Singapore (7)	December 31, 2016	Singapore Dollar	47.01	68.98	(49.02)	92.70	72.74	-	255.05	21.74	(0.89)	22.63	-	100.00%
21	IBIZ Consulting Services Sdn. Bhd., Malaysia (7)	December 31, 2016	Malaysian Ringgit	15.15	4.10	3.13	38.39	31.16	-	66.39	7.25	0.81	6.44	-	100.00%
22	PT. IBIZCS Indonesia, Indonesia (7)	December 31, 2016	Indonesia Rupiah	0.01	11.13	20.13	54.70	23.44	-	47.97	14.01	3.27	10.74	-	100.00%
23	IBIZ Consultancy Services India Private Limited, India (7) & (9)	December 31, 2016	Indian Rupee	1.00	0.50	(6.86)	13.33	19.69	-	23.92	0.31	(0.37)	0.68	-	100.00%
24	IBIZ Consulting Service Limited, Hong Kong (7)	December 31, 2016	Hong Kong Dollar	8.77	0.08	0.53	59.32	58.71	-	8.68	0.34	-	0.34	-	100.00%
25	IBIZ Consulting Service Shanghai Co, Ltd., People's Republic of China (8)	December 31, 2016	Chinese Yuan	9.79	4.98	(69.11)	9.13	73.26	-	15.92	(4.75)	-	(4.75)	-	100.00%

**Notes :**

- R Systems International Limited holds 69.37% directly in ECnet Limited, Singapore and 30.38% shares through its wholly owned subsidiary i.e. R Systems (Singapore) Pte Limited, Singapore and thus together it holds 99.75% of total capital of ECnet Limited, Singapore.
- Wholly owned subsidiary of ECnet Limited, Singapore which is the subsidiary of R Systems International Limited as explained in note no 1.
- Wholly owned subsidiary of Computaris International Limited, United Kingdom, which is the wholly owned subsidiary of R Systems International Limited.
- The absolute amount of share capital in ECnet (Hong Kong) Limited, Hong Kong is Rs. 12 /- (2 ordinary shares of HKD 1 each).
- The absolute amount of share capital in Computaris USA, Inc., USA is Rs. 4,558 /- (100 ordinary shares of USD 1 each).
- Wholly owned subsidiary of R Systems (Singapore) Pte Ltd., Singapore which is the wholly-owned subsidiary of R Systems International Limited.
- Wholly owned subsidiary of IBIZCS Group Pte Limited, Singapore which is the wholly-owned subsidiary of R Systems (Singapore) Pte Limited, Singapore as explained in note no. 7
- Wholly owned subsidiary of IBIZ Consulting Service Limited, Hong Kong which is the wholly-owned subsidiary of IBIZCS Group Pte Limited, Singapore as explained in note no. 7
- Reporting period for all the subsidiaries is financial year i.e. January to December except for IBIZ Consultancy Services India Private Limited which follow April to March as its financial year.
- Computaris Philippines Pte. Ltd. Inc., Philippines is incorporated on May 23, 2016.

**For and on behalf of the Board of Directors of R Systems International Limited**

<b>Sd/-</b>	<b>Sd/-</b>	<b>Sd/-</b>
<b>Satinder Singh Rekhi</b>	<b>Nand Sardana</b>	<b>Ashish Thakur</b>
[Managing Director]	[Chief Financial Officer]	[Company Secretary & Compliance Officer]
[DIN: 00006955]		
Place : Singapore	Place : NOIDA	Place : NOIDA
Date : February 10, 2017	Date : February 10, 2017	Date : February 10, 2017

## NOTICE

### R SYSTEMS INTERNATIONAL LIMITED

#### NOTICE OF THE TWENTY THIRD ANNUAL GENERAL MEETING

[Corporate Identification Number – L74899DL1993PLC053579]

Registered Office: B-104 A, Greater Kailash – I, New Delhi – 110 048

Corporate Office: C-40, Sector -59, NOIDA, Distt. Gautam Budh Nagar, U.P. – 201 307, India

Tel.: +91 – 120 – 4303500; Fax: +91 – 120 – 2587123

Website: [www.rsystems.com](http://www.rsystems.com); Email: [investors@rsystems.com](mailto:investors@rsystems.com)

NOTICE is hereby given that Twenty Third Annual General Meeting of the shareholders of R SYSTEMS INTERNATIONAL LIMITED (the "Company"/ "R Systems") will be held on Monday, May 15, 2017 at 9:00 A.M. at Air Force Auditorium, Subroto Park, New Delhi - 110 010 for transacting the following business:

#### AS ORDINARY BUSINESS

1. To receive, consider, approve and adopt audited financial statements of the Company for the financial year ended December 31, 2016 and the Reports of the Board of Directors and the Auditors thereon and the consolidated financial statements for the year ended on that date together with the reports of auditors.
2. To appoint a director in place of Lt. Gen. Baldev Singh (Retd.) (DIN: 00006966), who retires by rotation and being eligible, offers himself for re-appointment.
3. To consider the appointment of M/s Deloitte Haskins & Sells LLP, Chartered Accountants as Statutory Auditors in place of retiring Auditors, M/s S. R. Batliboi & Associates LLP, Chartered Accountants and, if thought fit, to pass with or without modification(s) the following resolution as an **ORDINARY RESOLUTION**:

**"RESOLVED THAT** pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Audit and Auditors) Rules, 2014, (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), M/s Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration No. 117366W/W-100018) be and is hereby appointed as Statutory Auditors of the Company in place of M/s S. R. Batliboi & Associates LLP, retiring Statutory Auditors, to hold office from the conclusion of this Meeting until the conclusion of the 28<sup>th</sup> Annual General Meeting of the Company, subject to ratification of their appointment by members at every Annual General Meeting, at such remuneration as may be fixed by Board of Directors of the Company."

#### AS SPECIAL BUSINESS

##### APPOINTMENT OF INDEPENDENT DIRECTORS

4. To consider the appointment of Mr. Kapil Dhameja (DIN: 02889310), as an Independent Director and if thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**.

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 150 and 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors), Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), Mr. Kapil Dhameja (DIN: 02889310) who was appointed as an Additional Director on June 29, 2016 in accordance with the provision of Section 161 of the Companies Act, 2013 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term upto June 28, 2021, subject to Mr. Kapil Dhameja satisfying the criteria of independence in terms of the Companies Act, 2013, the Rules made thereunder and the Listing Regulations and shall not be liable to retire by rotation.

5. To consider the appointment of Mr. Aditya Wadhwa (DIN: 07556408) as an Independent Director and if thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**:

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 150 and 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors), Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), Mr. Aditya Wadhwa (DIN: 07556408) who was appointed as an Additional Director on June 29, 2016 in accordance with the provision of Section 161 of the Companies Act, 2013 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term upto June 28, 2021, subject to Mr. Aditya Wadhwa satisfying the criteria of independence in terms of the Companies Act, 2013, the Rules made thereunder and the Listing Regulations, and shall not be liable to retire by rotation.

6. To consider and determine the fees for delivery of any document through a particular mode of delivery to a member and in this regard, to consider and, if thought fit, to pass the following resolution as an **ORDINARY RESOLUTION**:

**“RESOLVED THAT** pursuant to the provisions of Section 20 and other applicable provisions, if any, of the Companies Act, 2013 and relevant rules prescribed thereunder, the consent of the Company be and is hereby accorded to charge from a member in advance, a sum equivalent to the estimated actual expenses of delivery of the documents through a particular mode, if any, request has been made by such member for delivery of such document to him through such mode of service provided such request along with the requisite fee has been duly received by the Company at least one week in advance of the dispatch of the document by the Company.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

By Order of the Board  
For R Systems International Limited

Sd/-

Place : NOIDA

**Ashish Thakur**

Date : April 06, 2017 (Company Secretary & Compliance Officer)

#### NOTES

- (I) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY SO APPOINTED NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES IN ORDER TO BE EFFECTIVE SHOULD BE DULY COMPLETED, STAMPED AND SIGNED AND MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE AFORESAID MEETING.
- (II) Pursuant to Section 105 of Companies Act, 2013 and rules made thereunder, a person shall not act as a proxy for more than 50 members and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. However, a member holding more than ten percent of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person.
- (III) Corporate members intending to send their authorised representatives are requested to send a duly certified copy of the board or governing body resolution authorising the representatives to attend and vote at the Annual General Meeting.
- (IV) Members / proxies attending the meeting are requested to:
- bring their copies of annual report sent to the members, as copies of the annual report shall not be distributed at the Annual General Meeting;
  - note that no gift coupons shall be distributed at the Annual General Meeting; and
- quote their Folio / Client ID and DP ID number in all correspondences.
- (v) The register of members and share transfer books of the Company shall remain closed from May 11, 2017 to May 15, 2017 (both days inclusive) for the purpose of Annual General Meeting.
- (vi) Members holding shares in electronic form are advised to notify the changes, if any, in their address / bank details / mandate to their respective depository participants.
- (vii) Any query proposed to be raised at the Annual General Meeting may be sent to the Company at its registered office or corporate office at least seven days prior to the date of the meeting to enable the management to compile the relevant information to respond to the query in the meeting. The envelope may please be superscribed “Attention: Mr. Ashish Thakur, Company Secretary & Compliance Officer”.
- (viii) Members holding shares in physical form, may write to the Company or to the registrar and share transfer agent Link Intime India Private Limited for any change in their addresses and bank mandate. Members holding shares in electronic form may write to their depository participants for immediate updation.
- (ix) The statutory register maintained under Section 189 of the Companies Act, 2013 and Section 170 of the Companies Act, 2013, the certificate of the auditors of the Company certifying the implementation of the Company’s stock option plans / schemes in accordance with the SEBI (Share Based Employee Benefits) Regulations, 2014 as amended and the resolutions passed by the members in the general meeting, will be available at the venue of the Annual General Meeting for inspection by members.
- (x) All documents referred to in the Notice and accompanying explanatory statements as well as the annual accounts of the subsidiaries etc., are open for inspection at the registered office of the Company on all working days between 11:00 A.M. to 02:00 P.M. up to the date of the Annual General Meeting.
- (xi) Members / proxies are requested to bring the attendance slips duly filled in and signed for attending the Meeting.
- (xii) Pursuant to the provisions of Section 72 of the Companies Act, 2013, shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in Form SH-13 (which will be made available on request) to the registrar and share transfer agent Link Intime India Private Limited or can be downloaded from the following URL [http://www.rsystems.com/investors/download\\_index.aspx](http://www.rsystems.com/investors/download_index.aspx)
- (xiii) Pursuant to the provisions of Section 124 of the Companies Act, 2013, dividend which remains unpaid or unclaimed for a period of seven years from the date of its transfer to unpaid dividend account, is required to be transferred by the Company to Investor Education and Protection Fund (‘IEPF’), established by the Central Government under the provisions of Section 125 of the Companies Act, 2013. Shareholders are advised to claim the unclaimed dividend lying in the unpaid dividend account from

the Company's registrar and share transfer agent Link Intime India Private Limited or directly from the Company. It may be noted that once the unclaimed dividend is transferred to IEPF of the Central Government as above, no claim shall lie in respect thereof against the Company.

- (xiv) As a part of its green initiative in Corporate Governance, the Ministry of Corporate Affairs, Government of India had allowed companies to send various notices/documents to their Members through electronic mail. In terms of the provisions of the Companies Act, 2013, a company can serve Notice of the General Meeting of Members, Annual Report through electronic mode to the shareholders who have registered their e-mail address either with the Company or with the Depository Participant. Accordingly, the Annual Report of the Company comprising of Financial Statements, Directors' Report, Auditors' Reports, Notice etc. are being sent on the email addresses of the members made available to the Company by the Depositories (NSDL/CDSL) or registered by the Members with the Company or RTA of the Company.
- (xv) The Annual Report for the year December 31, 2016 and Notice for convening the Twenty Third Annual General Meeting of the Company being circulated to the members of the Company is available on the Company's website, viz. [http://www.rsystems.com/investors/Annual\\_reports.aspx](http://www.rsystems.com/investors/Annual_reports.aspx)
- (xvi) Members who have not registered their e-mail addresses so far are requested to register their e-mail addresses to their Depository Participant for receiving all communications including Annual Report, Notices etc. from the Company in electronic mode.
- (xvii) Additional information, pursuant to Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 ("Listing Regulations"), in respect of directors recommended for approval of appointment/re-appointment at the Annual General Meeting and Explanatory Statement as required under Section 102 of the Companies Act, 2013, in respect of special business under item numbers 04 to 06 of the Notice is appended hereto and forms part of this Notice.
- (xviii) In compliance with the provisions of Regulation 44 of the Listing Regulations and Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide electronic voting facility to its members for transacting all the businesses as stated in the Notice for the Twenty Third Annual General Meeting of the Company through remote e-voting services being provided by Central Depository Services (India) Limited (CDSL).

**The instructions for shareholders for remote e-voting are as under:**

1. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.

2. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
3. The remote e-voting period begins on Thursday, May 11, 2017 at 10:00 a.m. and ends on Sunday, May 14, 2017 at 05:00 p.m.. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) i.e. Monday, May 08, 2017, may cast their vote electronically. The remote e-voting module shall be disabled by CDSL for voting thereafter.
4. The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
5. Click on Shareholders.
6. Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
7. Next enter the Image Verification as displayed and Click on Login.
8. If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
9. If you are a first time user follow the steps given below:

**For Members holding shares in Demat Form and Physical Form**

PAN	Enter your 10 digit alpha-numeric PAN* issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) *Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Postal Ballot / Attendance Slip indicated in the PAN field.
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. #Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (6).

10. After entering these details appropriately, click on "SUBMIT" tab.
11. Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach



- 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is also to be used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for remote e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
12. For Members holding shares in physical form, the details can be used only for remote e-voting on the resolutions contained in this Notice.
  13. Click on the EVSN for the relevant <Company Name> (R Systems International Limited) on which you choose to vote.
  14. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
  15. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
  16. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
  17. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
  18. You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
  19. If you as Demat account holder have forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
  20. Note for Non – Individual Shareholders and Custodians
    - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
    - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
    - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
    - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
  21. Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Please follow the instructions as prompted by the mobile app while voting on your mobile.
  22. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- (xix) The voting rights of Shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date i.e. Monday, May 08, 2017.
  - (xx) Members are requested to notify the change in the address, if any, in case of shares held in electronic form to the concerned Depository Participant quoting their Client ID and in case of Physical shares to the Registrar and Transfer Agent.
  - (xxi) Mr. Sanjay Grover, Company Secretary in whole time practice (C.P No. 3850), has been appointed as the Scrutinizer to scrutinize the remote e-voting process in a fair and transparent manner.
  - (xxii) The Scrutinizer shall after the conclusion of voting at the AGM, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
  - (xxiii) The results of remote e-voting and poll on the resolutions shall be aggregated and declared on or after the AGM of the Company. Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the AGM.
  - (xxiv) The Results shall be declared on or after the AGM of the Company. The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company i.e. [www.rsystems.com](http://www.rsystems.com) and on the website of CDSL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the Stock Exchanges i.e. National Stock Exchange of India Limited and BSE Limited.
  - (xxv) Route map of the venue of the Twenty Third Annual General Meeting is enclosed.

## EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

### **Item No. 3**

Though not required statutorily, the below statement is provided as an additional information to the members.

M/s. S.R. Batliboi & Associates LLP, Chartered Accountants (ICAI Firm Registration No. 101049W/E300004) has been Associated with the Company as the Statutory Auditors for more than a decade. As per the provisions of Section 139 of the Companies Act, 2013 ("Act"), no listed company can appoint or re-appoint an audit firm as an auditor for more than two terms of five consecutive years. Section 139 of the Act has also provided a time period to comply with the aforesaid requirements i.e. a period which shall not be later than the date of the first annual general meeting of the company held after three years from the date of commencement of this Act.

M/s Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration No. 117366W/W-100018) have consented to the said appointment and confirmed that they are eligible for appointment as Statutory Auditors of the Company under Section 139 of the Act and meet the criteria for appointment specified in Section 141 of the Act .

Further, they have also confirmed that they are not disqualified from being appointed as auditors under the applicable provisions of the Act and the rules or regulations made thereunder and proposed appointment will be as per the terms provided under the provisions of the Act.

In view of the above, M/s Deloitte Haskins & Sells LLP, Chartered Accountants, being eligible for appointment and based on the recommendation of the Audit Committee, the Board of Directors has proposed the appointment of M/s Deloitte Haskins & Sells LLP, Chartered Accountants as the statutory auditors of the Company for a period of five years and to hold the office of Statutory Auditor from the conclusion of this AGM till the conclusion of the twenty-eighth AGM of the Company (subject to ratification of their appointment at every AGM).

None of the Directors or Key Managerial Personnel of the Company and their relatives are in any way concerned or interested, financially or otherwise, in this resolution.

The Board recommends the resolution as set out in Item no. 3 for approval of the Members to be passed as an Ordinary Resolution.

### **Item Nos. 04 and 05**

Pursuant to the provisions of Section 161 of the Companies Act, 2013 and the rules made thereunder ('the Act') read with Articles of Association of the Company, Mr. Kapil Dhameja (DIN: 02889310) and Mr. Aditya Wadhwa (DIN: 07556408) were appointed as Additional Directors in the capacity of Independent Director of the Company w.e.f. June 29, 2016. Accordingly, the above Directors will hold office upto the date of ensuing Annual General Meeting.

The Company has received notice(s) in writing under the provisions of Section 160 of the Act from the member(s) of the Company, alongwith required deposit proposing the candidatures of Mr. Kapil Dhameja and Mr. Aditya Wadhwa for the office of Director(s) of the Company.

Mr. Dhameja and Mr. Wadhwa, have given a declaration to the Board that they meet the criteria of independence as provided under Section 149(6) of the Act and the Securities And Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). In the opinion of the Board, both directors fulfil the conditions specified in the Act and the rules made thereunder and the Listing Regulations for their appointment as Independent Directors of the Company and they are independent of the management. Mr. Dhameja and Mr. Wadhwa are not disqualified from being appointed as a Director in terms of Section 164 of the Act and they have given their consent to act as Director.

A brief profile of Independent Directors to be appointed, including nature of their expertise and other disclosure as required under Regulation 36(3) of the Listing Regulations, is provided at "**Annexure A**" of this Notice.

Terms & conditions of appointment of the aforesaid directors as Independent Directors are open for inspection without any fee by any member at the registered office of the company as per the details mentioned in note x.

Except these Directors, being appointees, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolutions set out at item Nos. 04 and 05.

The Board recommends the resolutions at Item Nos. 04 & 05 in relation to the appointment of Mr. Kapil Dhameja and Mr. Aditya Wadhwa as Independent Directors for the approval by the shareholders of the Company by way of Ordinary Resolutions.

### **Item No. 6**

As per the provisions of Section 20 of the Companies Act, 2013, a document may be served on any member by sending it to him by post or by registered post or by speed post or by courier or by delivery at his office or residence address or by such electronic or other mode as may be prescribed. Further, proviso to sub-section (2) of Section 20 states that a member may request for delivery of any document through a particular mode, for which he shall pay such fees in advance as may be determined by the company in its Annual General Meeting. Accordingly, it is proposed that a sum equivalent to the estimated actual expenses of delivery of the documents through a particular mode, in case a request has been made by any member for delivery of such documents to him through such particular mode of service, be taken to cover the cost of such delivery.

None of the Directors or Key Managerial Personnel of the Company and their relatives are in any way concerned or interested, financially or otherwise, in this resolution.

The Board recommends the resolution as set out in Item no. 6 for approval of the Members to be passed as an Ordinary Resolution.

By Order of the Board  
For R Systems International Limited

Sd/-

**Ashish Thakur**

(Company Secretary & Compliance Officer)

Place : NOIDA  
Date : April 06, 2017

## Annexure A

**Details of Directors as on December 31, 2016 seeking appointment/ re-appointment at the Annual General Meeting to be held on May 15, 2017**

(Pursuant to Regulation 36(3) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015)

<b>Name of Director</b>	<b>Lt. Gen. Baldev Singh (Retd.)</b>	<b>Mr. Kapil Dhameja</b>	<b>Mr. Aditya Wadhwa</b>
Date of Birth	September 21, 1940	November 8, 1976	February 21, 1987
Date of Appointment	September 1, 1997	June 29, 2016	June 29, 2016
Qualifications	Masters in Military Sciences- Madras University	Diploma in Business Management from IIM, Kolkatta and B. Tech., from IIT, Delhi	B.A. LL.B. (Hons.) NALSAR University, Hyderabad
Expertise in specific functional area	Lt. Gen. Baldev Singh (Retd.) has more than 50 years of experience, including handling top managerial, diplomatic and human resource development related assignments. Mr. Singh has a Masters in Military Sciences from the prestigious Madras University in India and attended two short courses at University of California at Berkeley, in Strategic Account Management and Marketing.	Mr. Kapil Dhameja, aged about 40 years, worked for over 10 years in Glaxo SmithKline consumer healthcare across South East Asia in various leadership positions including Country Head. Mr. Dhameja is a Director in Kapsa Wellness Pvt. Ltd. that own one of the largest Spa chain in the country.	Mr. Aditya Wadhwa aged about 30 Years has completed his B.A. LL.B from NALSAR University, Hyderabad. He is a member of Delhi State Bar Council. Mr. Wadhwa is a Partner at Wadhwa Law Chambers, where his practice areas are Business & Commercial laws, Civil & Criminal laws and Arbitration laws.
Directorship held in other Companies as on date	Nil	Kapsa Wellness Private Limited	Nil
Membership/ Chairmanship in Committees of other companies as on date	Nil	Nil	Nil
Number of shares held in the Company as on December 31, 2016	111,498 equity shares	Nil	Nil
Relationships between Directors inter-se	Lt. Gen. Baldev Singh (Retd.) is related to Mr. Satinder Singh Rekhi, Managing Director of the Company	Nil	Nil





# R SYSTEMS INTERNATIONAL LIMITED

[Corporate Identification Number – L74899DL1993PLC053579]  
 Registered Office: B-104 A, Greater Kailash – I, New Delhi – 110 048  
 Corporate Office C-40, Sector -59, NOIDA, Distt. Gautam Budh Nagar, U.P. – 201 307, India  
 Tel.: +91 – 120- 4303500; Fax: +91 – 120 – 2587123  
 Website: [www.rsystems.com](http://www.rsystems.com); Email: [investors@rsystems.com](mailto:investors@rsystems.com)  
 Twenty Third Annual General Meeting to be held on Monday, May 15, 2017 at 9:00 A.M. at  
 Air Force Auditorium, Subroto Park, New Delhi - 110 010

## PROXY FORM (Form no. MGT-11)

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies  
(Management and Administration) Rules, 2014]

Name of the member (s).....

Registered address .....

E-mail Id..... Folio No. .... DP ID..... Client Id.....

I/We, being the member (s) of ..... shares of the R Systems International Limited, hereby appoint

1. Name :.....

Address :.....

E-mail Id :.....

Signature :.....or failing him

2. Name :.....

Address :.....

E-mail Id :.....

Signature :.....or failing him

3. Name :.....

Address :.....

E-mail Id :.....

Signature :.....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Twenty Third Annual General Meeting of the Company, to be held on Monday, May 15, 2017 At 9:00 a.m. at Air Force Auditorium, Subroto Park, New Delhi - 110 010 and at any adjournment thereof in respect of such resolutions as are indicated below:

### Ordinary business:

1. Adoption of Financial Statements.
2. Re-appointment of Lt. Gen. Baldev Singh (Retd.) (DIN: 00006966) who retires by rotation.
3. To Appoint Statutory Auditors.

### Special Business:

4. Appointment of Mr. Kapil Dhameja (DIN: 02889310), as an Independent Director.
5. Appointment of Mr. Aditya Wadhwa (DIN: 07556408) as an Independent Director.
6. Determination of fees for delivery of any document through a particular mode of delivery to a member.

Signed this.....day of..... 2017.

Signature of Shareholder

Signature of Proxy Holder(s)



**Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.**





# R SYSTEMS INTERNATIONAL LIMITED

[Corporate Identification Number – L74899DL1993PLC053579]  
 Registered Office: B-104 A, Greater Kailash – I, New Delhi – 110 048  
 Corporate Office C-40, Sector -59, NOIDA, Distt. Gautam Budh Nagar, U.P. – 201 307, India  
 Tel.: +91 – 120- 4303500; Fax: +91 – 120 – 2587123  
 Website: [www.rsystems.com](http://www.rsystems.com); Email: [investors@rsystems.com](mailto:investors@rsystems.com)  
 Twenty Third Annual General Meeting to be held on Monday, May 15, 2017 at 9:00 A.M. at  
 Air Force Auditorium, Subroto Park, New Delhi - 110 010

## ATTENDANCE SLIP

Registered Folio No..... (or)

Demat Account No..... D.P. ID. No .....

Name of shareholder(s).....

I / We certify that I am / we are Member(s) / Proxy of the Member(s) of the Company holding..... shares.

I hereby record my presence at the Twenty Third Annual General Meeting of the Company to be held on Monday, May 15, 2017 At 09:00 a.m. at Air Force Auditorium, Subroto Park, New Delhi - 110 010.

.....  
Signature of Member / Proxy

Notes:

1. A member or his duly appointed Proxy wishing to attend the meeting must complete this Attendance Slip and hand it over at the entrance.
2. Name of the Proxy in Block letters ..... (in case the Proxy attends the meeting.)
3. Those who hold shares in Demat form shall quote their Demat Account No. and Depository Participant (D.P.) ID. No.



### Electronic voting particulars

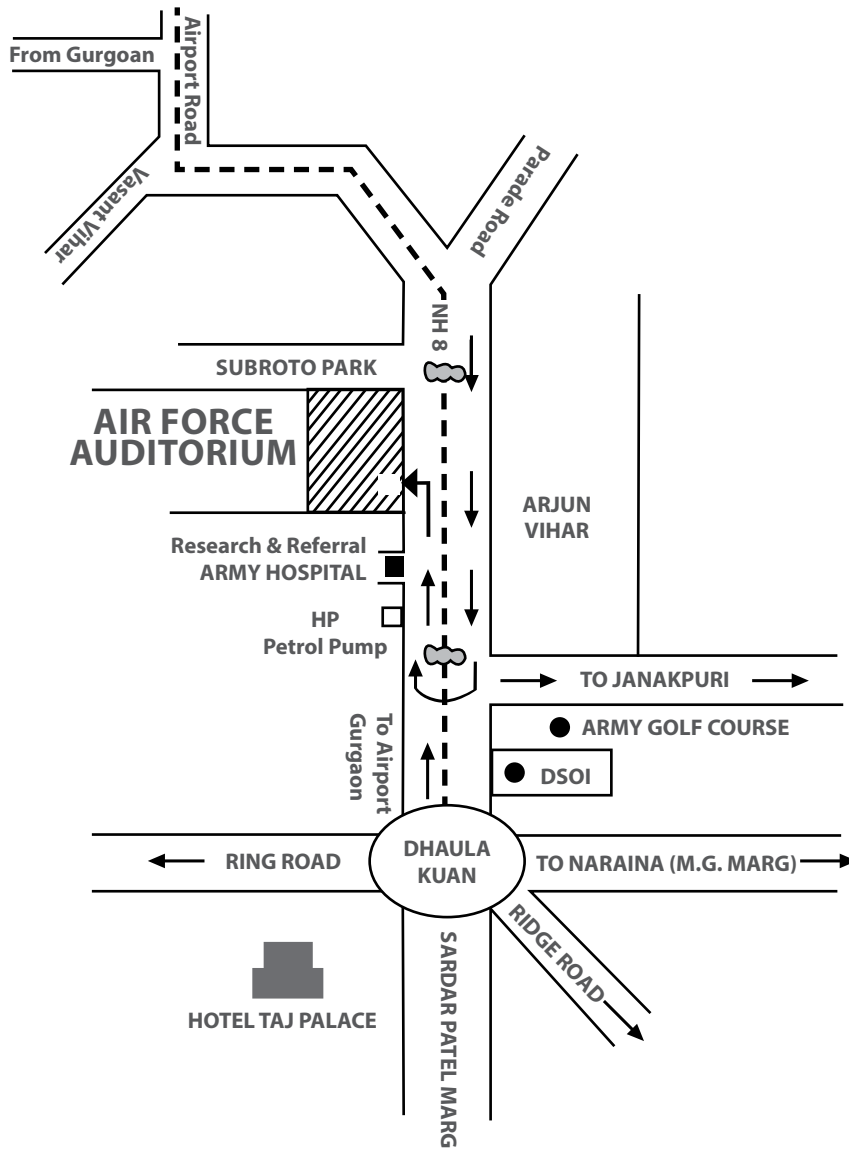
Electronic Voting Sequence No. (EVSN)	User ID	Sequence Number

**Note:** Please read the instructions printed under the Note No. xviii to the Notice dated April 06, 2017 of the Twenty Third Annual General Meeting. The remote e-voting period starts from 10:00 a.m. (IST) on Thursday, May 11, 2017 and ends at 05:00 p.m. (IST) on Sunday, May 14, 2017. The voting module shall be disabled by CDSL for voting thereafter.





## Route map of the venue of 23<sup>rd</sup> Annual General Meeting of R Systems International Limited



**Venue:** Air Force Auditorium, Subroto Park, New Delhi - 110 010

**Landmark:** Adjacent to Research & Referral, Army Hospital





*R Systems' journey of the last 24 years is similar to the journey of an oyster through the oceans of opportunities. An oyster travels across the oceans of opportunities and endures the challenges of the ocean currents in order to deliver value in the form of a pearl.*

*Similarly, we at R Systems, have grown in depth and expanded globally the scale of our operations by overcoming various odds and challenges in the last 24 years. In doing so, we have been delivering exceptional value to each of our stakeholders through our unstinted dedication, diligence and hard work.*



**R SYSTEMS INTERNATIONAL LIMITED**

Registered Office: B - 104A, Greater Kailash - I, New Delhi - 110 048 (INDIA)

Corporate Office: C - 40, Sector - 59, Noida (U.P.) - 201 307 (INDIA)

[www.rsystems.com](http://www.rsystems.com)

**RightMatch Holdings Ltd.**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 December 2018**

RightMatch Holdings Ltd.

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**RightMatch Holdings Ltd.**

**CORPORATE INFORMATION**

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		<b>Date of Appointment</b>
<b>DIRECTORS:</b>	Harpreet Rekhi	10 April 2000
	Satinder S Rekhi	10 April 2000
	Sartaj S Rekhi	10 April 2000
	Ramneet Singh Rekhi	27 February 2006
	Sangeeta Bissessur	19 February 2013
	Zakir Niamut	30 August 2013

**ADMINISTRATOR,  
SECRETARY &  
TAX AGENT:**

**SANNE Mauritius**  
IFS Court, Bank Street  
TwentyEight, Cybercity  
Ebene 72201  
Mauritius

**REGISTERED OFFICE:** IFS Court, Bank Street  
TwentyEight, Cybercity  
Ebene 72201  
Mauritius

**AUDITORS:**

**Crowe ATA**  
(Formerly known as Crowe Horwath ATA)  
2<sup>nd</sup> Floor, Ebene Esplanade  
24, Bank Street, Cybercity  
Ebene 72201  
Mauritius

**BANKER:**

**AfrAsia Bank Limited**  
3rd Floor, Nexteracom Tower III  
Ebene  
Mauritius

**RightMatch Holdings Ltd.**

**COMMENTARY OF THE DIRECTORS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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The directors present the audited financial statements of **RightMatch Holdings Ltd.** (the “Company”) for the year ended 31 December 2018.

**PRINCIPAL ACTIVITY**

The principal activity of the Company is that of investment holding.

**RESULTS AND DIVIDEND**

The results for the year are shown in the statement of profit or loss and other comprehensive income and related notes.

The directors have not paid any dividend for the year under review (2017: USD Nil).

**DIRECTORS**

The present membership of the Board is set out on page 2.

**STATEMENT OF THE DIRECTORS’ RESPONSIBILITIES IN RESPECT OF THE  
FINANCIAL STATEMENTS**

Company law requires the directors to prepare financial statements for each financial year, which present fairly the financial position, financial performance and cash flows of the Company. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors have confirmed that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Mauritius Companies Act 2001. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**AUDITORS**


The auditors, **Crowe ATA**, have indicated their willingness to continue in office until the next annual meeting.



**CERTIFICATE FROM THE SECRETARY UNDER SECTION 166 (D) OF THE MAURITIUS COMPANIES ACT 2001**

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We certify to the best of our knowledge and belief that we have filed with the Registrar of Companies all such returns as are required of **RightMatch Holdings Ltd.** under the Mauritius Companies Act 2001, during the financial year ended 31 December 2018.



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**For SANNE Mauritius  
Secretary**

**Registered office:**  
IFS Court, Bank Street  
TwentyEight, Cybercity  
Ebene 72201  
Mauritius

**Date: 20 May 2019**

**Independent auditors' report  
TO THE SHAREHOLDERS OF RightMatch Holdings Ltd.**

**Report on the audit of the financial statements**

---

**Opinion**

We have audited the accompanying financial statements of **RightMatch Holdings Ltd.** ('The Company') set out on pages 9 to 31, which comprise the statement of financial position as at 31 December 2018, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2018 and its performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Mauritius Companies Act 2001.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Mauritius and we have fulfilled other ethical responsibilities in accordance with the code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Other information**

Directors are responsible for the other information. The other information comprises the commentary of the directors, the certificate from Secretary, which we obtained prior to the date of this auditors' report. Other information does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Independent auditors' report (Continued)**  
**TO THE SHAREHOLDERS OF RightMatch Holdings Ltd.**

**Report on the audit of the financial statements (Continued)**

---

**Responsibilities of the directors and those charged with governance for the financial statements**

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of the Mauritius Companies Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

**Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;

**Independent auditors' report (Continued)**  
**TO THE SHAREHOLDERS OF RightMatch Holdings Ltd.**

**Report on the audit of the financial statements (Continued)**

---

**Auditors' responsibilities for the audit of the financial statements (Continued)**

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Report on legal matters and other regulatory requirements**

In accordance with the requirements of the Mauritius Companies Act 2001, we report as follows:

- We have no relationship with, or any interests in, the Company other than in our capacity as auditors;
- We have obtained all the information and explanations that we required; and
- In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

**Independent auditors' report (Continued)**  
**TO THE SHAREHOLDERS OF RightMatch Holdings Ltd.**

**Report on the audit of the financial statements (Continued)**

---

**Use of this report**

This report is made solely for the Company's shareholders in accordance with section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in our auditors' report and no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders for our audit work, for this report, or for opinion we have formed.

*Crowe ATA*  
**Crowe ATA**  
Public Accountants



**Vijay Bohorun, FCCA**  
Signing Partner  
Licensed by FRC

Date: 20 May 2019  
Ebene, Mauritius

RightMatch Holdings Ltd.

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Notes	2018 USD	2017 USD
<b>Income</b>			
Dividend income	9(a)	81,038	-
<b>Expenses</b>			
Professional fees		13,036	15,148
Licence fees		2,300	2,300
Audit fee		1,400	1,151
Bank charges		395	315
<b>Total expenses</b>		<b>17,131</b>	<b>18,914</b>
<b>Profit / (loss) before taxation</b>		<b>63,907</b>	<b>(18,914)</b>
Taxation	8	-	-
<b>Profit / (loss) for the year</b>		<b>63,907</b>	<b>(18,914)</b>
<b>Other comprehensive income:</b>			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Net change in the fair value of investments	9(a)	(355,343)	(913,751)
<b>Total comprehensive loss for the year</b>		<b>(291,436)</b>	<b>(932,665)</b>

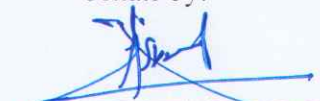
The notes as set out on pages 13 to 31 form an integral part of these financial statements.


RightMatch Holdings Ltd.

STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2018

	Notes	2018 USD	2017 USD
<b>ASSETS</b>			
<b>Non-current assets</b>			
Financial assets at fair value through other comprehensive income	9(a)	6,387,534	-
Available-for-sale investments	9(b)	-	6,742,877
		<u>6,387,534</u>	<u>6,742,877</u>
<b>Current assets</b>			
Advance to shareholders	13	196,693	138,443
Prepayments		4,425	4,425
Cash and cash equivalents		3,626	1,092
<b>Total current assets</b>		<u>204,744</u>	<u>143,960</u>
<b>TOTAL ASSETS</b>		<u>6,592,278</u>	<u>6,886,837</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Stated capital	10	5,500	5,500
Accumulated losses		(16,349)	(80,256)
Revaluation reserve		6,601,300	6,956,643
<b>Total equity</b>		<u>6,590,451</u>	<u>6,881,887</u>
<b>Non-current liability</b>			
Amount due to related party	13	-	1,750
<b>Total non-current liability</b>		<u>-</u>	<u>1,750</u>
<b>Current liability</b>			
Accruals		1,827	3,200
<b>Total liabilities</b>		<u>1,827</u>	<u>4,950</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>6,592,278</u>	<u>6,886,837</u>

Approved and authorised for issue by the board of directors on 20 May 2019 and signed on its behalf by:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

The notes as set out on pages 13 to 31 form an integral part of these financial statements.

RightMatch Holdings Ltd.

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Stated Capital	Accumulated Losses	Fair valuation reserve	Total equity
	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>
At 1 January 2017	5,500	(61,342)	7,870,394	7,814,552
Total comprehensive loss for the year	-	(18,914)	(913,751)	(932,665)
At 31 December 2017	<u>5,500</u>	<u>(80,256)</u>	<u>6,956,643</u>	<u>6,881,887</u>
Total comprehensive profit for the year	<u>-</u>	<u>63,907</u>	<u>(355,343)</u>	<u>(291,436)</u>
<b>At 31 December 2018</b>	<b><u>5,500</u></b>	<b><u>(16,349)</u></b>	<b><u>6,601,300</u></b>	<b><u>6,590,451</u></b>

The notes as set out on pages 13 to 31 form an integral part of these financial statements.



RightMatch Holdings Ltd.

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 USD	2017 USD
<b>Cash flows from operating activities</b>		
Profit / (loss) before taxation	63,907	(18,914)
<i>Changes in working capital:</i>		
(Decrease) / increase in accruals	(1,373)	26
<b>Net cash generated from / (used in) operating activities</b>	<b>62,534</b>	<b>(18,888)</b>
<b>Cash flows from investing activities</b>		
Loan refunded to shareholders	-	(26,557)
Advance to shareholders	(60,000)	(138,443)
<b>Net cash used in investing activities</b>	<b>(60,000)</b>	<b>(165,000)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>2,534</b>	<b>(183,888)</b>
Cash and cash equivalents at beginning of the year	1,092	184,980
<b>Cash and cash equivalents at end of the year</b>	<b>3,626</b>	<b>1,092</b>

The notes as set out on pages 13 to 31 form an integral part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**1. GENERAL INFORMATION**

RightMatch Holdings Ltd., the “Company”, was incorporated in Mauritius on 10 April 2000 as a private company limited by shares and holds a Category 1 Global Business Licence issued by the Financial Services Commission. The Company has its registered office at IFS Court, Bank Street, TwentyEight, Cybercity, Ebene 72201, Mauritius.

The principal activity of the Company is to act as an investment holding company.

**2. STATEMENT OF COMPLIANCE**

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), which comprise of standards and interpretations approved by the International Accounting Standards Board (IASB), and International Accounting Standards and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee (IASC) that remain in effect.

**3. BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The financial statements are prepared in accordance with International Financial Reporting Standard (“IFRS”). A summary of the more important accounting policies which have been applied consistently, is set out below. The preparation of the financial statements in accordance with IFRS requires the directors to make estimates and assumptions that could affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

**4. CHANGES IN ACCOUNTING STANDARDS AND DISCLOSURES**

**(i) New standards and interpretation that are effective for the current year**

The following new standards and interpretation apply for the first time to financial reporting periods commencing on or after 1 January 2018:

**IFRS 9 Financial Instruments and associated amendments to various other standards**

IFRS 9 replaces the multiple classification and measurement models in IAS 39 Financial instruments: Recognition and measurement with a single model that has initially only two classification categories: amortised cost and fair value.

Classification of debt assets will be driven by the entity’s business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. A debt instrument is measured at amortised cost if: a) the objective of the business model is to hold the financial asset for the collection of the contractual cash flows, and b) the contractual cash flows under the instrument solely represent payments of principal and interest.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**4. CHANGES IN ACCOUNTING STANDARDS AND DISCLOSURES (CONTINUED)**

**(i) New standards and interpretation that are effective for the current year (Continued)**

**IFRS 9 Financial Instruments and associated amendments to various other standards (Continued)**

All other debt and equity instruments, including investments in complex debt instruments and equity investments, must be recognised at fair value.

All fair value movements on financial assets are taken through the statement of profit or loss, except for equity investments that are not held for trading, which may be recorded in the statement of profit or loss or in reserves (without subsequent recycling to profit or loss).

For financial liabilities that are measured under the fair value option entities will need to recognise the part of the fair value change that is due to changes in their own credit risk in other comprehensive income rather than profit or loss.

The new hedge accounting rules (released in December 2013) align hedge accounting more closely with common risk management practices. As a general rule, it will be easier to apply hedge accounting going forward. The new standard also introduces expanded disclosure requirements and changes in presentation.

In July 2014, the IASB made further changes to the classification and measurement rules and also introduced a new impairment model. With these amendments, IFRS 9 is now complete. The changes introduce:

- a third measurement category (FVTOCI) for certain financial assets that are debt instruments
- a new expected credit loss (ECL) model which involves a three stage approach whereby financial assets move through the three stages as their credit quality changes. The stage dictates how an entity measures impairment losses and applies the effective interest rate method. A simplified approach is permitted for financial assets that do not have a significant financing component (eg trade receivables). On initial recognition, entities will record a day-1 loss equal to the 12 month ECL (or lifetime ECL for trade receivables), unless the assets are considered credit impaired.

For financial years commencing before 1 February 2015, entities could elect to apply IFRS 9 early for any of the following:

- the own credit risk requirements for financial liabilities
- classification and measurement (C&M) requirements for financial assets
- C&M requirements for financial assets and financial liabilities, or
- C&M requirements for financial assets and liabilities and hedge accounting.

After 1 February 2015, the new rules must be adopted in their entirety.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**4. CHANGES IN ACCOUNTING STANDARDS AND DISCLOSURES (CONTINUED)**

**(i) New standards and interpretation that are effective for the current year (Continued)**

The Company elected to present the changes in the fair value of its equity investment previously classified as available-for-sale, which are subsequently measured at fair value in other comprehensive income.

**Annual improvements 2014-2016 cycle**

The following improvements were finalised in December 2016:

- IFRS 1 - deleted short-term exemptions covering transition provisions of IFRS 7, IAS 19 and IFRS 10 which are no longer relevant.
- IAS 28 - clarifies that the election by venture capital organisations, mutual funds, unit trusts and similar entities to measure investments in associates or joint ventures at fair value through profit or loss should be made separately for each associate or joint venture at initial recognition.

**IFRIC 22 Foreign Currency Transactions and Advance Consideration**

The interpretation clarifies how to determine the date of transaction for the exchange rate to be used on initial recognition of a related asset, expense or income where an entity pays or receives consideration in advance for foreign currency-denominated contracts.

For a single payment or receipt, the date of the transaction should be the date on which the entity initially recognises the non-monetary asset or liability arising from the advance consideration (the prepayment or deferred income/contract liability).

If there are multiple payments or receipts for one item, a date of transaction should be determined as above for each payment or receipt.

Entities can choose to apply the interpretation:

- retrospectively for each period presented
- prospectively to items in scope that are initially recognised on or after the beginning of the reporting period in which the interpretation is first applied, or
- prospectively from the beginning of a prior reporting period presented as comparative information.

The above interpretation had no impact on the financial statements for the year under review.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**4. CHANGES IN ACCOUNTING STANDARDS AND DISCLOSURES (CONTINUED)**

**(ii) New and revised standards and interpretations issued but not yet effective**

The following standards and interpretations had been issued but were not mandatory for annual reporting periods beginning on or after 1 January 2018.

**Interpretation 23 Uncertainty over Income Tax Treatments**

The interpretation explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses:

- how to determine the appropriate unit of account, and that each uncertain tax treatment should be considered separately or together as a group, depending on which approach better predicts the resolution of the uncertainty;
- that the entity should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, ie that detection risk should be ignored;
- that the entity should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment;
- that the impact of the uncertainty should be measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty, and
- that the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements.

While there are no new disclosure requirements, entities are reminded of the general requirement to provide information about judgements and estimates made in preparing the financial statements.

**Prepayment Features with Negative Compensation – Amendments to IFRS 9**

The narrow-scope amendments made to IFRS 9 Financial Instruments in December 2017 enable entities to measure certain prepayable financial assets with negative compensation at amortised cost. These assets, which include some loan and debt securities, would otherwise have to be measured at fair value through profit or loss.

To qualify for amortised cost measurement, the negative compensation must be ‘reasonable compensation for early termination of the contract’ and the asset must be held within a ‘held to collect’ business model.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**4. CHANGES IN ACCOUNTING STANDARDS AND DISCLOSURES (CONTINUED)**

**(ii) New and revised standards and interpretations issued but not yet effective  
(Continued)**

**Annual Improvements to IFRS Standards 2015-2017 Cycle**

The following improvements were finalised in December 2017:

- IAS 12 - clarified that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised.
- IAS 23 - clarified that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

**5. SUMMARY OF ACCOUNTING POLICIES**

The principal accounting policies set out below have been consistently applied in dealing with items which are considered material in relation to the Company's financial statements.

**(a) Revenue recognition**

Dividend income is recognised when the shareholders' right to receive payment is established.

Interest income is recognised as it accrues unless collectability is in doubt.

**(b) Expense recognition**

All expenses are accounted for in the profit or loss on an accrual basis.

**(c) Foreign currency translation**

*(i) Functional and presentation currency*

Items included in the financial statements of each of the Company entities are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The Company's financial statements are presented in USD which is the Company's functional and presentation currency.

*(ii) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**5. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)**

*(c) Foreign currency translation (Continued)*

*(ii) Transactions and balances (Continued)*

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit or loss within 'finance income or cost'. All other foreign exchange gains and losses are presented in the profit or loss within 'other (losses)/gains – net'.

Translation differences arising on non-monetary assets and liabilities are included in the translation reserve in equity.

*(d) Financial instruments*

Financial instruments carried on the statement of financial position include available-for-sale investments, advance to shareholders, cash and cash equivalents, amount due to shareholders, amount due to related party and accruals. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Disclosures about financial instruments to which the Company is a party are provided in Note 12.

*Classification and initial measurement of financial assets*

The classification of financial instruments at initial recognition depends on the purpose and management's intention for which the financial instruments were acquired and their characteristics.

Financial assets within the scope of IFRS 9 are classified as financial assets at fair value through profit and loss (FVTPL), amortised cost, or fair value through other comprehensive income (FVTOCI) (in terms of the Company's business model and contractual cash flows or designated as such), as appropriate. In the periods presented, the Company does not have any financial assets categorised as FVTPL. Financial assets carried on the statement of financial position include financial assets at FVTOCI, dividend receivable and cash and cash equivalents.

Financial liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through profit and loss or amortised cost, as appropriate. All financial liabilities are recognized initially at fair value. Financial liabilities carried on the statement of financial position include accruals.

*(i) Equity investments*

-Classification and measurement prior to 1 January 2018 (as per IAS 39)

The Company had classified its investments as available-for-sale financial assets.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**5. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)**

*(d) Financial instruments (Continued)*

*(i) Equity investments (Continued)*

Investments that the Company intended to hold for an indefinite period of time were classified as available-for-sale. These were included in non-current assets unless management has expressed its intention of holding the investment for less than twelve months from the reporting date, in which case they would have been included in current assets.

Classification and measurement prior to 1 January 2018 (as per IAS 39)

All purchases and sales of investments were recognised on the trade date, which is the date that the Company commits to purchase or sell the assets. Cost of purchase included transaction costs. Available-for-sale investments were subsequently re-measured at fair value based on quoted bid prices. From time to time, the directors might adjust the basis of the valuation of these investments if they considered such adjustments are required to reflect more fairly the value of the investments.

Gains and losses arising from changes in the fair valuation of available-for-sale investments were recognised in other comprehensive income and dealt under 'revaluation reserve'.

Classification and measurement as from 1 January 2018 (as per IFRS 9)

As from 1 January 2018, the Company classifies its equity investments as financial assets at fair value through other comprehensive income (FVTOCI)

Financial assets at fair value through other comprehensive income (FVTOCI)

The Company elected to present in other comprehensive income changes in the fair value of its equity investment previously classified as available-for-sale, which are subsequently measured at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following derecognition of the investment. Dividend from such investments continue to be recognized in profit or loss.

The Company's equity assets are listed investments on the Indian Stock Exchange market and they are fair valued at the reporting date based on the last traded price at close of business of the Indian stock exchange market.

*(ii) Cash and cash equivalents*

Cash and cash equivalents consist of balance with bank.

*(iii) Accruals*

Accruals are stated at their nominal value.

*(iv) Loan from shareholders and related party*

The amount payable to shareholders and related parties are stated at amount disbursed



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**5. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)**

*(e) Equity*

Stated capital is determined using the nominal values of shares that have been issued.

Retained earnings include all current and prior period results as disclosed in the statement of profit or loss and other comprehensive income.

*(f) Taxation*

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 at the reporting date, and any adjustment to tax payable in respect of prior years.

Deferred tax is recognised using the liability method, providing on all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit and differences relating to investments in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

*(g) Provisions*

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

*(h) Related parties*

Related parties are individuals and companies where the individuals or companies have the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions.

**6. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of financial statements in conformity with IFRS requires the directors to make use of certain critical accounting estimates. It also requires directors to exercise its judgement in the process of applying the Company's accounting policies.

The following are the management's judgements made in applying the accounting policies of the Company that have the most significant effect on the financial statements. Critical estimation uncertainties are described in Note 7.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**6. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)**

*(a) Determination of functional currency*

The determination of functional currency of the Company is critical since recording of transactions and exchange differences arising there are dependent on the functional currency selected. As described in note 5(c), the directors have considered those factors therein and have determined that the functional currency of the Company is the USD.

*(b) Impairment of financial assets*

IFRS 9 effectively incorporates an impairment review for financial assets that are measured at fair value, as any fall in fair value is taken to profit or loss or other comprehensive income for the year, depending upon the classification of the financial asset.

For financial assets designated to be measured at amortised cost, an entity must make an assessment at each reporting date whether there is evidence of possible impairment; if there is, then an impairment review should be performed. If impairment is identified, it is charged to profit or loss immediately. Quantification of the recoverable amount would normally be based upon the present value of the expected future cash flows estimated at the date of the impairment review and discounted to their present value based on the original effective rate of return at the date the financial asset was issued.

There are no such indications of events having impact on future cash flows of the Company. Therefore, no impairment provision is required to be made by the Company.

**7. ESTIMATION UNCERTAINTY**

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses.

The actual result may differ from the judgements, estimates and assumptions made by management and will seldom equal the estimated results.

**8. TAXATION**

*Income tax*

The Company holds a Category 1 Global Business License for the purpose of the Financial Services Act 2007 of Mauritius. Pursuant to the enactment of the Finance Act 2018, with effect as from 1 January 2019, the deemed tax credit has been phased out, through the implementation of a new tax regime. Companies which had obtained their Category 1 Global Business Licence on or before 16 October 2017, including the Company, have been grandfathered and would benefit from the deemed tax credit regime up to 30 June 2021.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**8. TAXATION (CONTINUED)**

Accordingly, the Company is entitled to a foreign tax credit equivalent to the higher of the actual foreign tax suffered or 80% of the Mauritian tax (“Deemed tax credit”) on its foreign source income resulting in an effective tax rate on net income of up to 3%, up to 30 June 2021. Further, the Company is exempted from income tax in Mauritius on profits or gains arising from sale of securities. In addition, there is no withholding tax payable in Mauritius in respect of payments of dividends to shareholders or in respect of redemptions or exchanges of shares.

Post 30 June 2021 and under the new tax regime and subject to meeting the necessary substance requirements as required under the Financial Services Act 2007 (as amended by the Finance Act 2018) and such guidelines issued by the Financial Services Commission, the Company is entitled to either (a) a foreign tax credit equivalent to the actual foreign tax suffered on its foreign income against the Company’s tax liability computed at 15% on such income, or (b) a partial exemption of 80% of some of the income derived, including but not limited to foreign source dividends or interest income.

The foregoing is based on the taxation laws and practices currently in force in Mauritius and may be subject to change.

For the year under review, the Company did not have any tax liability and therefore, no provision has been made.

Tax reconciliation	<b>2018</b>	2017
	<b>USD</b>	USD
Profit / (loss) before taxation	<u>63,907</u>	(18,914)
Dividend grossed up	<b>16,687</b>	-
Tax losses brought forward from previous years	<u>(40,682)</u>	(21,768)
	<u>39,912</u>	<u>(40,682)</u>
Income tax at 15 %	<b>5,987</b>	-
Actual foreign tax suffered (maximum claimed)	<u>5,987</u>	-
Tax liability	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

9. INVESTMENTS

(a) Financial assets at fair value through other comprehensive income (FVTOCI)

	2018 USD	2017 USD
At beginning of the year	-	-
Transferred from AFS (note 9(b) )	6,742,877	-
Fair value adjustment for the year	(355,343)	-
At end of the year	<u>6,387,534</u>	<u>-</u>

Financial assets at FVTOCI comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognise changes in other comprehensive income rather than profit or loss as these are strategic investments and the management considered this to be more relevant.

The details of the investment as at 31 December 2018 are as follows:

Name of company	Number of shares	% holding	Fair Value USD	Cost USD
R Systems International Limited	9,076,218 ordinary shares	7.32%	6,387,534	10,488

The Company has invested to the extent of 7.32% (2017:7.33%) representing 9,076,218 equity shares of face value of INR1 each (2017: 9,076,218 equity shares of face value of INR1 each), in R Systems International Limited, a company quoted on the Bombay Stock Exchange (BSE) and National Stock Exchange of India (NSE). The investments have been valued based on quoted market prices available on the BSE which was INR49.10 per share as at 31 December 2018 (2017: INR46.45). The market value of the investment has been converted into USD at the exchange rate of USD1: INR69.7675 (2017: USD1: INR63.8725).

During the year under review, the Company had received an interim dividend of INR0.60 per equity share from R Systems International Limited, amounting to USD81,038.

(b) Available-for-sale investments (AFS)

	2018 USD	2017 USD
At beginning of year	6,742,877	7,656,628
Fair value adjustment	-	(913,751)
Transferred to Financial assets at FVTOCI (note 9(a))	(6,742,877)	-
At 31 December	<u>-</u>	<u>6,742,877</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

10. STATED CAPITAL

	<u>2018</u> <u>USD</u>	<u>2017</u> <u>USD</u>
<i>Issued and fully paid:</i>		
5,500 ordinary shares of USD1 each	<u>5,500</u>	<u>5,500</u>

The issued share capital of the Company comprises of 5,500 ordinary shares with a par value of USD1 per share. These shares are entitled to voting rights and to dividends. Shareholders have various rights under the Company's constitution, including the rights to income distributions subject to solvency test and other legal requirements. They are also required to attend and vote at meeting of shareholders.

11. FAIR VALUE ESTIMATION

*(a) Values of financial instruments*

The Company's available-for-sale investments are valued as described in Note 9.

The Company's other financial assets and liabilities include advance to shareholders, cash and cash equivalents, amount due to shareholders, amount due to related party and accruals.

- Fair valuation hierarchy

Fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

Level 1: inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2: inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly.

Level 3: inputs are unobservable inputs for the assets or liability.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**11. FAIR VALUE ESTIMATION (CONTINUED)**

*(a) Values of financial instruments (Continued)*

The following tables set out the fair values of financial instruments that are analysed by the level in the fair value hierarchy into which each fair value measurement is categorised:

<b>Assets</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>At 31 December 2018</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>
Financial assets at FVTOCI	6,387,534	-	-	6,387,534
Advance to shareholders	-	-	196,693	196,693
Cash and cash equivalents	-	-	3,626	3,626
	<u>6,387,534</u>	<u>-</u>	<u>200,319</u>	<u>6,587,853</u>

<b>Liabilities</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>At 31 December 2018</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>
Amount due to related party	-	-	-	-
Payables	-	-	1,827	1,827
	<u>-</u>	<u>-</u>	<u>1,827</u>	<u>1,827</u>

<b>Assets</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>At 31 December 2017</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>
Available for sale investments	6,742,877	-	-	6,742,877
Advance to shareholders	-	-	138,443	138,443
Cash and cash equivalents	-	-	1,092	1,092
	<u>6,742,877</u>	<u>-</u>	<u>139,535</u>	<u>6,882,412</u>

<b>Liabilities</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>At 31 December 2017</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>
Amount due to related party	-	-	1,750	1,750
Payables	-	-	3,200	3,200
	<u>-</u>	<u>-</u>	<u>4,950</u>	<u>4,950</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**11. FAIR VALUE ESTIMATION (CONTINUED)**

*(a) Values of financial instruments (Continued)*

- Fair valuation hierarchy (Continued)

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price.

The financial instruments not measured at fair value through profit or loss are short-term financial assets and financial liabilities whose carrying amounts approximate fair value.

The fair values of cash and cash equivalents and accruals approximate their carrying values to their short term nature.

**12. FINANCIAL RISK MANAGEMENT**

*Financial risks*

The Company's investment activities expose it to the various types of risks, which are associated with the financial instruments and markets in which it invests. The following is a summary of the main risks:

*(i) Currency risk*

The Company invests in shares denominated in currencies other than its reporting currency, the United States dollar. Consequently, the Company is exposed to the risks that the exchange rate of the United States dollar relative to those currencies may change in a manner which has an adverse effect on the reported value of that portion of the Company's assets which are denominated in those currencies.

*(ii) Concentration risk*

At 31 December 2018, a significant portion of the Company's net assets consisted of investment in an Indian company which involves certain considerations and risks not typically associated with investments in other more developed countries. Further economic and political developments in India could adversely affect the liquidity or value, or both, of securities in which the Company has invested.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**12. FINANCIAL RISK MANAGEMENT (CONTINUED)**

*(iii) Credit risk*

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the loan to related party and shareholders.

The Company's investment and operational transactions are carefully allocated to counterparties reflecting the credit worthiness of financial institutions.

At 31 December 2018, the Company is not exposed to such risk.

*(iv) Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The table below summarises the maturity profile of the Company financial liabilities on contractual undiscounted payments.

<i>Financial liabilities</i>	<b>Due &lt; 1 year</b>	<b>Due &gt; 1 year</b>	<b>Total</b>
<b>2018</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>
Amount due to related party	-	-	-
Accruals	<u>1,827</u>	<u>-</u>	<u>1,827</u>
	<u>1,827</u>	<u>-</u>	<u>1,827</u>
<b>2017</b>			
Amount due to related party	-	1,750	1,750
Accruals	<u>3,200</u>	<u>-</u>	<u>3,200</u>
	<u>3,200</u>	<u>1,750</u>	<u>4,950</u>



RightMatch Holdings Ltd.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

12. FINANCIAL RISK MANAGEMENT (CONTINUED)

(v) *Sensitivity analysis*

A 10% strengthening of United States dollar against the Indian rupee at the reporting date would decrease equity and profit or loss by the amounts shown below. The analysis assumes that all other variables remain constant.

	<b>Effect on Equity 2018 USD</b>	Effect on Equity 2017 USD
Indian rupee (INR)	<b>580,685</b>	600,045

A 10% weakening of United States dollar against the Indian rupee at the reporting date would increase equity and profit or loss by the amounts shown below. The analysis assumes that all other variables remain constant.

	<b>Effect on Equity 2018 USD</b>	Effect on Equity 2017 USD
Indian rupee (INR)	<b>(709,726)</b>	(733,389)

(vi) *Capital risk management*

The Company's objectives when managing capital are to raise sufficient funds for the initial investment and to safeguard the Company's ability to pay its debts as they fall due in order to continue as a going concern and provide returns for the shareholder. Capital comprises equity.

In order to maintain or adjust the capital structure, the Company may issue new shares or have recourse to its parent for funding or sell its investment and vary the amount of dividends or return capital to the shareholder.

## RightMatch Holdings Ltd.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

#### 12. FINANCIAL RISK MANAGEMENT (CONTINUED)

##### *(vii) Price risk*

Price risk is the risk that the value of the financial instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to the instrument or all factors affecting all similar instruments.

The Company has investment in R Systems International Limited, an Indian Company whose shares are listed on Indian stock exchanges. The market price of the shares constantly changes due to market forces or other specific trading factors. Hence, the Company is exposed to the risk that the reported value of its investment may be adversely affected due to fluctuations in the market price of the shares.

##### *(viii) Market risk*

The Company takes on exposure to market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates and foreign exchange rates.

##### *(ix) Currency profile*

The currency profile of the Company's financial assets and liabilities is summarised as follows:

	<b>Financial assets 2018 USD</b>	<b>Financial liabilities 2018 USD</b>	Financial assets 2017 USD	Financial liabilities 2017 USD
Indian rupee	<b>6,387,534</b>	-	6,742,877	-
United States dollar	<b>200,319</b>	<b>1,827</b>	139,535	4,950
	<b><u>6,587,853</u></b>	<b><u>1,827</u></b>	<u>6,882,412</u>	<u>4,950</u>

Prepayments amounting to **USD4,425** (2017: USD4,425) have not been included in the financial assets.

## RightMatch Holdings Ltd.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 13. RELATED PARTY TRANSACTIONS

During the year under review, the Company had transactions with the related parties. Details of the nature, volume of transactions and balances for related party transactions are as follows:

Related parties	Relationship	Nature of transaction	Movement during the year USD	Debit / (credit) Balances 2018 USD	Debit / (credit) Balances 2017 USD
Mr. & Mrs. Rekhi	Shareholders	Advance	58,250	196,693	138,443
R Systems International Limited	Related party	Financing	1,750	-	(1,750)
SANNE Mauritius	Administrator Secretary and Tax Agent	Services	13,036	(677)	(2,050)

- (a) The advance to shareholders is unsecured, interest free and repayable on demand.
- (b) The amount due to related party is unsecured, interest free and repayable after more than 1 year.
- (c) The amount due to related party of USD1,750 has been adjusted against the advance to shareholders during the year ended 31 December 2018.

#### 14. CAPITAL MANAGEMENT

##### *Internally imposed capital requirements*

The Company's objectives when managing capital are:

- to provide an adequate return to shareholders by pricing services commensurate with the level of risk;
- to comply with the capital requirements set out by the regulators;
- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders;
- to maintain a strong asset base to support the development of business; and
- to maintain an optimal capital structure to reduce the cost of capital.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**14. CAPITAL MANAGEMENT (CONTINUED)**

*Internally imposed capital requirements (continued)*

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt and therefore, consistently with others in the industry, the Company does not have any external debts and therefore, consistently with others in the industry, the Company is not required to monitor its capital on the basis of the gearing ratio. There have not been any changes in the way the Company manages its capital.

*Externally imposed capital requirements*

The Company is not exposed to any externally imposed capital requirements.

**15. EVENTS AFTER THE REPORTING PERIOD**

There have been no material events after the reporting date which would require disclosure or adjustment to the financial statements for the year ended 31 December 2018.

**RightMatch Holdings Ltd.**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 DECEMBER 2017**

**RightMatch Holdings Ltd.**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**RightMatch Holdings Ltd.**

**CORPORATE INFORMATION**

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		<b>Date of Appointment</b>
<b>DIRECTORS:</b>	Harpreet Rekhi	10 April 2000
	Satinder S Rekhi	10 April 2000
	Sartaj S Rekhi	10 April 2000
	Ramneet Singh Rekhi	27 February 2006
	Sangeeta Bissessur	19 February 2013
	Zakir Niamut	30 August 2013
<b>ADMINISTRATOR, SECRETARY &amp; TAX AGENT:</b>	<b>SANNE Mauritius</b> <i>(Formerly known as International Financial Services Limited)</i> IFS Court, Bank Street TwentyEight, Cybercity Ebene 72201 Mauritius	
<b>REGISTERED OFFICE:</b>	IFS Court, Bank Street TwentyEight, Cybercity Ebene 72201 Mauritius	
<b>AUDITORS:</b>	<b>Crowe Horwath ATA</b> Member Crowe Horwath International 2 <sup>nd</sup> Floor, Ebene Esplanade 24, Bank Street, Cybercity Ebene 72201 Mauritius	
<b>BANKER:</b>	<b>AfrAsia Bank Limited</b> 3rd Floor, Nexteracom Tower III Ebene Mauritius	

## **RightMatch Holdings Ltd.**

### **COMMENTARY OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2017**

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The directors present the audited financial statements of **RightMatch Holdings Ltd.** (the “Company”) for the year ended 31 December 2017.

#### **PRINCIPAL ACTIVITY**

The principal activity of the Company is that of investment holding.

#### **RESULTS AND DIVIDEND**

The results for the year are shown in the statement of profit or loss and other comprehensive income and related notes.

The directors have not paid any dividend for the year under review (2016: USD Nil).

#### **DIRECTORS**

The present membership of the Board is set out on page 2.

#### **STATEMENT OF THE DIRECTORS’ RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

Company law requires the directors to prepare financial statements for each financial year, which present fairly the financial position, financial performance and cash flows of the Company. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors have confirmed that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Mauritius Companies Act 2001. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **AUDITORS**

The auditors, **Crowe Horwath ATA**, have indicated their willingness to continue in office until the next annual meeting.



**CERTIFICATE FROM THE SECRETARY UNDER SECTION 166 (D) OF THE MAURITIUS COMPANIES ACT 2001**

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We certify to the best of our knowledge and belief that we have filed with the Registrar of Companies all such returns as are required of **RightMatch Holdings Ltd.** under the Mauritius Companies Act 2001, during the financial year ended 31 December 2017.



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**For SANNE Mauritius  
Secretary**

**Registered office:**  
IFS Court, Bank Street  
TwentyEight, Cybercity  
Ebene 72201  
Mauritius

**Date: 27 April 2018**



**Crowe Horwath ATA**  
Member Crowe Horwath International

2nd Floor, Ebene Esplanade  
24, Bank Street, Cybercity  
Ebene 72201, Mauritius  
Telephone : (230) 467 8684 / 466 2992  
Telefax : (230) 467 7478  
[www.crowehorwath.mu](http://www.crowehorwath.mu)

**Independent auditors' report  
TO THE SHAREHOLDERS OF RightMatch Holdings Ltd.**

**Report on the audit of the financial statements**

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**Opinion**

We have audited the accompanying financial statements of **RightMatch Holdings Ltd.** set out on pages 9 to 30, which comprise the statement of financial position as at 31 December 2017, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2017 and its performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Mauritius Companies Act 2001.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Mauritius and we have fulfilled other ethical responsibilities in accordance with the code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Other information**

Directors are responsible for the other information. The other information comprises the directors' commentary, the Company Secretary's certificate, which we obtained prior to the date of this auditors' report. Other information does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



**Independent auditors' report (Continued)**  
**TO THE SHAREHOLDERS OF RightMatch Holdings Ltd.**

**Report on the audit of the financial statements (Continued)**

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**Responsibilities of the directors and those charged with governance for the financial statements**

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of the Mauritius Companies Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

**Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISA, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;

**Independent auditors' report (Continued)**  
**TO THE SHAREHOLDERS OF RightMatch Holdings Ltd.**

**Report on the audit of the financial statements (Continued)**

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**Auditors' responsibilities for the audit of the financial statements (Continued)**

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Report on legal matters and other regulatory requirements**

In accordance with the requirements of the Mauritius Companies Act 2001, we report as follows:

- We have no relationship with, or any interests in, the Company other than in our capacity as auditors;
- We have obtained all the information and explanations that we required; and
- In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.



**Independent auditors' report (Continued)**  
**TO THE SHAREHOLDERS OF RightMatch Holdings Ltd.**

**Report on the audit of the financial statements (Continued)**

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**Use of this report**

This report is made solely for the Company's shareholders in accordance with section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in our auditors' report and no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders for our audit work, for this report, or for opinion we have formed.

*Crowe Horwath ATA*

**Crowe Horwath ATA**  
Public Accountants

A handwritten signature in blue ink, appearing to read "K.S. Sewraz".

**K.S Sewraz, FCCA**  
Signing Partner  
Licensed by FRC

Date: 27 April 2018

Ebene, Mauritius

**RightMatch Holdings Ltd.**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Notes	2017 USD	2016 USD
<b>Expenses</b>			
Professional fees		15,148	15,729
Licence fees		2,300	2,300
Audit fee		1,151	1,149
Bank charges and fees		315	2,590
Realised loss on buy back of available for sale investment	9	-	39,915
<b>Total expenses</b>		<b>18,914</b>	<b>61,683</b>
<b>Loss before taxation</b>		<b>(18,914)</b>	<b>(61,683)</b>
Taxation	8	-	-
<b>Loss for the year</b>		<b>(18,914)</b>	<b>(61,683)</b>
<b>Other comprehensive income:</b>			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
-			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Net change in the fair value of the available-for-sale investments	9	(913,751)	(2,750,012)
<b>Total comprehensive loss for the year</b>		<b>(932,665)</b>	<b>(2,811,695)</b>

The notes as set out on pages 13 to 30 form an integral part of these financial statements.

RightMatch Holdings Ltd.

STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2017

	Notes	2017 USD	2016 USD
<b>ASSETS</b>			
<b>Non-current asset</b>			
Available-for-sale investments	9	6,742,877	7,656,628
<b>Current assets</b>			
Advance to shareholders	13	138,443	-
Prepayments		4,425	4,425
Cash and cash equivalents		1,092	184,980
<b>Total current assets</b>		<b>143,960</b>	<b>189,405</b>
<b>TOTAL ASSETS</b>		<b>6,886,837</b>	<b>7,846,033</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Stated capital	10	5,500	5,500
Accumulated losses		(80,256)	(61,342)
Revaluation reserve		6,956,643	7,870,394
<b>Total equity</b>		<b>6,881,887</b>	<b>7,814,552</b>
<b>Non-current liabilities</b>			
Amount due to shareholders	13	-	26,557
Amount due to related party		1,750	1,750
<b>Total non-current liabilities</b>		<b>1,750</b>	<b>28,307</b>
<b>Current liability</b>			
Accruals		3,200	3,174
<b>Total liabilities</b>		<b>4,950</b>	<b>31,481</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>6,886,837</b>	<b>7,846,033</b>

Approved and authorised for issue by the board of directors on 27 April 2018 and signed on its behalf by:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

The notes as set out on pages 13 to 30 form an integral part of these financial statements.

RightMatch Holdings Ltd.

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	<b>Stated Capital USD</b>	<b>Accumulated Losses USD</b>	<b>Revaluation reserve USD</b>	<b>Total equity USD</b>
At 1 January 2016	5,500	341	10,620,406	10,626,247
Total comprehensive loss for the year	-	(61,683)	(2,750,012)	(2,811,695)
At 31 December 2016	<b>5,500</b>	<b>(61,342)</b>	<b>7,870,394</b>	<b>7,814,552</b>
Total comprehensive loss for the year	-	<b>(18,914)</b>	<b>(913,751)</b>	<b>(932,665)</b>
<b>At 31 December 2017</b>	<b>5,500</b>	<b>(80,256)</b>	<b>6,956,643</b>	<b>6,881,887</b>

The notes as set out on pages 13 to 30 form an integral part of these financial statements.



RightMatch Holdings Ltd.

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 USD	2016 USD
<b>Cash flows from operating activities</b>		
Loss before taxation	(18,914)	(61,683)
<i>Adjustment for:</i>		
Loss on buy back of available for sale investment	-	39,915
Operating loss before working capital changes	(18,914)	(21,768)
<i>Changes in working capital:</i>		
Decrease in accruals	26	2
<b>Net cash used in operating activities</b>	(18,888)	(21,766)
<b>Cash flows from investing activities</b>		
Proceeds from buy back of available for sale investments	-	184,565
Loan (refunded to) / received from shareholders	(26,557)	10,000
Advance to shareholders	(138,443)	-
<b>Net cash (used in) / from investing activities</b>	(165,000)	194,565
<b>Net (decrease) / increase in cash and cash equivalents</b>	(183,888)	172,799
Cash and cash equivalents at beginning of the year	184,980	12,181
<b>Cash and cash equivalents at end of the year</b>	1,092	184,980

The notes as set out on pages 13 to 30 form an integral part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**1. GENERAL INFORMATION**

RightMatch Holdings Ltd., the “Company”, was incorporated in Mauritius on 10 April 2000 as a private company limited by shares and holds a Category 1 Global Business Licence issued by the Financial Services Commission. The Company has its registered office at IFS Court, Bank Street, TwentyEight, Cybercity, Ebene 72201, Mauritius.

The principal activity of the Company is to act as an investment holding company.

**2. STATEMENT OF COMPLIANCE**

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), which comprise of standards and interpretations approved by the International Accounting Standards Board (IASB), and International Accounting Standards and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee (IASC) that remain in effect.

**3. BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The financial statements are prepared in accordance with International Financial Reporting Standard (“IFRS”). A summary of the more important accounting policies which have been applied consistently, is set out below. The preparation of the financial statements in accordance with IFRS requires the directors to make estimates and assumptions that could affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

**4. CHANGES IN ACCOUNTING STANDARDS AND DISCLOSURES**

**(i) New and amended standards that are effective for the current year**

The following standards and amendments to standards were issued and are effective for annual periods beginning on or after 1 January 2017.

**Amendments to IAS 7 Disclosure Initiative**

The Company has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**4. CHANGES IN ACCOUNTING STANDARDS AND DISCLOSURES (CONTINUED)**

**(i) New and amended standards that are effective for the current year (continued)**

**Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealised losses**

The Company has applied these amendments for the first time in the current year. The amendments clarify how an entity should evaluate whether there will be sufficient future taxable profits against which it can utilise a deductible temporary difference.

The application of these amendments has had no impact on the Company's financial statements as the Company already assesses the sufficiency of future taxable profits in a way that is consistent with these amendments.

**(ii) New and revised standards and interpretations issued but not yet effective**

The following new standards and amendments to standards and interpretations were issued and are not yet effective for annual periods beginning after 1 January 2017. Earlier application is permitted. However, the Company has not early adopted them in preparing these financial statements.

**IFRS 9 Financial Instruments**

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the now requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include (a) impairment requirements for financial assets and (b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9:

- All recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flow, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting period. Debt instrument that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specific dates to cash flows that are solely of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent changes in the fair value of an entity investment (that is not held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies) in other comprehensive income, with only dividend income generally recognised in profit or loss.

4. CHANGES IN ACCOUNTING STANDARDS AND DISCLOSURES (CONTINUED)

(ii) New and revised standards and interpretations issued but not yet effective  
(Continued)

**IFRS 9 Financial Instruments (Continued)**

Key requirements of IFRS 9 (Continued):

- With regard to the measurement of financial liabilities designated at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of a financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount to the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.
- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

**IFRS 15 Revenue from Contracts with Customers**

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-Step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer;
- Step 2: Identify the performance obligations in the contract;
- Step 3: Determine the transaction price;
- Step 4: Allocate the transaction price to the performance obligations in the contract;
- and
- Step 5: Recognise revenue (or as) the entity satisfies a performance obligation.

**NOTES TO THE FINANCIAL STATEMENTS  
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**4. CHANGES IN ACCOUNTING STANDARDS AND DISCLOSURES (CONTINUED)**

**(ii) New and revised standards and interpretations issued but not yet effective  
(Continued)**

**IFRS 15 Revenue from Contracts with Customers (Continued)**

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

Far more prescriptive guidance has been added in IFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

**IFRIC 22 Foreign Currency Transactions and Advance Consideration**

IFRIC 22 addresses how to determine the 'date of transaction' for the purpose of determining the exchange rate to use on initial recognition of an asset, expense or income, when consideration for that item has been paid or received in advance in a foreign currency which resulted in the recognition of a non-monetary asset or liability (e.g. a non-refundable deposit or deferred revenue).

The interpretation specifies that the date of transaction is the date on which the entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the interpretation requires an entity to determine the date of transaction for each payment or receipt of advance consideration.

The interpretation is effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. Entities can apply the interpretation either retrospectively or prospectively. Specific transition provisions apply to prospectively application.

The directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Company's financial statements. This is because the Company already accounts for transactions involving the payment or receipt of advance consideration in a foreign currency in a way that is consistent with amendments.

**IFRIC 23 Uncertainty Over Income Tax Treatments**

IFRIC 23 clarifies the accounting for uncertainties in income taxes. The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12.

An entity is required to use judgement to determine whether each tax treatment should be considered independently or whether some tax treatments should be considered together.

**NOTES TO THE FINANCIAL STATEMENTS  
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**4. CHANGES IN ACCOUNTING STANDARDS AND DISCLOSURES (CONTINUED)**

**(ii) New and revised standards and interpretations issued but not yet effective  
(Continued)**

**IFRIC 23 Uncertainty Over Income Tax Treatments (Continued)**

The decision should be based on which approach provides better predictions of the resolution of the uncertainty.

An entity is to assume that a taxation authority with the right to examine any amounts reported to it will examine those amounts and will have full knowledge of all relevant information when doing so.

If the entity concludes that it is probable that a particular tax treatment is accepted, the entity has to determine taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment included in its income tax filings.

If the entity concludes that it is not probable that a particular tax treatment is accepted, the entity has to use the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The decision should be based on which method provides better predictions of the resolution of the uncertainty.

An entity has to reassess its judgements and estimates if facts and circumstances change. IFRIC 23 is effective for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted.

**Annual Improvements to IFRS 2015 – 2017 Cycle**

IAS 12 Income Taxes — The amendments clarify that all income tax consequences of dividends (i.e. distribution of profits) should be recognised in profit or loss, regardless of how the tax arises.

IAS 23 Borrowing Costs — The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**5. SUMMARY OF ACCOUNTING POLICIES**

The principal accounting policies set out below have been consistently applied in dealing with items which are considered material in relation to the Company's financial statements.

*(a) Revenue recognition*

Dividend income is recognised when the shareholders' right to receive payment is established. Interest income is recognised as it accrues unless collectability is in doubt.

*(b) Expense recognition*

All expenses are accounted for in the profit or loss on an accrual basis.

*(c) Foreign currency translation*

*(i) Functional and presentation currency*

Items included in the financial statements of each of the Company entities are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The Company's financial statements are presented in USD which is the Company's functional and presentation currency.

*(ii) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit or loss within 'finance income or cost'. All other foreign exchange gains and losses are presented in the profit or loss within 'other (losses)/gains – net'.

Translation differences arising on non-monetary assets and liabilities are included in the translation reserve in equity.

NOTES TO THE FINANCIAL STATEMENTS  
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5. SUMMARY OF ACCOUNTING POLICIES (Continued)

(d) *Financial instruments*

Financial instruments carried on the statement of financial position include available-for-sale investments, advance to shareholders, cash and cash equivalents, amount due to shareholders, amount due to related party and accruals. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Disclosures about financial instruments to which the Company is a party are provided in Note 12.

(i) *Available-for-sale investments*

The Company has classified all its investments as available-for-sale.

Available-for-sale investments are valued at fair value and the resulting temporary unrealised gains/ (losses) (including unrealised foreign exchange gains/ (losses) on retranslation at the closing rate, if any) are reported in other comprehensive income, till the underlying investment is sold or permanently written off, when the total realised gains/ (losses) are included in the profit or loss.

Available-for-sale investments are measured at fair value based on quoted bid prices for quoted securities.

Available-for-sale investments whose fair value cannot be measured reliably are carried at cost, less impairment.

The valuation of investment may not necessarily represent the amounts that may eventually be realised from sales or other dispositions.

(ii) *Cash and cash equivalents*

Cash and cash equivalents consist of balance with bank.

(iii) *Accruals*

Accruals are stated at their nominal value.

(iv) *Loan from shareholders and related party*

The amount payable to shareholders and related parties are stated at amount disbursed

(e) *Equity*

Stated capital is determined using the nominal values of shares that have been issued.

Retained earnings include all current and prior period results as disclosed in the statement of profit or loss and other comprehensive income.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**5. SUMMARY OF ACCOUNTING POLICIES (Continued)**

*(f) Taxation*

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 at the reporting date, and any adjustment to tax payable in respect of prior years.

Deferred tax is recognised using the liability method, providing on all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit and differences relating to investments in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

*(g) Provisions*

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

*(h) Related parties*

Related parties are individuals and companies where the individuals or companies have the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions.

**6. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of financial statements in conformity with IFRS requires the directors to make use of certain critical accounting estimates. It also requires directors to exercise its judgement in the process of applying the Company's accounting policies.

The following are the management's judgements made in applying the accounting policies of the Company that have the most significant effect on the financial statements. Critical estimation uncertainties are described in Note 7.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**6. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)**

*(a) Determination of functional currency*

The determination of functional currency of the Company is critical since recording of transactions and exchange differences arising there are dependent on the functional currency selected. As described in note 5(c), the directors have considered those factors therein and have determined that the functional currency of the Company is the USD.

*(b) Impairment of financial assets*

Management assesses at each reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial assets that can be reliably estimated. There are no such indications of events having impact on future cash flows of the Company. Therefore, no impairment provision is required to be made by the Company.

**7. ESTIMATION UNCERTAINTY**

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses.

The actual result may differ from the judgements, estimates and assumptions made by management and will seldom equal the estimated results.

**8. TAXATION**

*Income tax*

The Company is liable to pay tax in Mauritius on its chargeable income at the rate of 15%. As a holder of a Category 1 Global Business Licence, it is entitled to a credit in respect of foreign tax equivalent to the higher of actual foreign tax suffered or a deemed credit equivalent to 80% of the Mauritius income tax liability on foreign source income. The maximum effective tax rate is 3%. Gains or profits arising from sale of units or securities are tax-exempt in the hands of the Company in Mauritius. Dividends and redemption proceeds paid by the Company to its shareholders do not attract withholding tax.

The Company monitors proposed and issued tax laws, regulations and cases to determine the impact on uncertain tax positions. At 31 December 2017, there are no potential subsequent events, other than those described below, that would have a material impact on unrecognized income tax benefits within the next twelve months.

**NOTES TO THE FINANCIAL STATEMENTS  
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**8. TAXATION (CONTINUED)**

As a tax resident of Mauritius, the Company expects to obtain benefits under the double taxation treaty between India and Mauritius (“DTAA”). In 2016, the governments of India and Mauritius revised the existing DTAA where certain changes have been brought to the existing tax benefits.

The revised DTAA provides for capital gains arising on disposal of shares acquired by a Mauritius company on or after 1 April 2017 to be taxed in India. However, investments in shares acquired up to 31 March 2017 will remain exempted from capital gains tax in India irrespective of the date of disposal. In addition, shares acquired as from 1 April 2017 and disposed of by 31 March 2019 will be taxed at a concessionary rate equivalent to 50% of the domestic tax rate prevailing in India provided the Mauritius company meets the prescribed limitation of benefits clause, which includes a minimum expenditure level in Mauritius.

Disposal of investments made by a Mauritius company in Indian financial instruments other than shares (such as limited partnerships, options, futures, warrants, debentures, and other debt instruments) are not impacted by the change and will continue to be exempted from capital gains tax in India. As per the revised DTAA, interest arising in India to Mauritian residents will be subject to withholding tax in India at the rate of 7.5% in respect of debt claims or loans made after 31 March 2017.

The foregoing is based on the taxation laws and practices currently in force in Mauritius and may be subject to change.

For the year under review, the Company has accumulated tax losses of **USD40,682** and therefore, no provision has been made (2016: USD21,768). The accumulated tax losses are carried forward and available for set off against future taxable profit as follows:

	<b>2017</b>	2016
	<b>USD</b>	USD
Up to the year ending 31 December 2021	<b>21,768</b>	21,768
Up to the year ending 31 December 2022	<b>18,914</b>	-
	<b>40,682</b>	21,768

*Deferred tax*

A deferred tax asset of **USD1,220** (2016: USD653) has not been recognised in respect of the tax losses carried forward as the directors consider that it is not probable that future taxable profit will be available against which the unused tax losses can be utilised.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**8. TAXATION (CONTINUED)**

*Tax reconciliation*

The reconciliation between the actual tax expense and the tax calculated at the applicable rate of 15% for the year under review is as follows:

	<b>2017</b>	2016
	<b>USD</b>	USD
Loss before taxation	<b>(18,914)</b>	(61,683)
Unallowable expenditure	-	39,915
	<b>(18,914)</b>	(21,768)
Income tax at 15 %	-	-
Tax losses brought forward from previous years	<b>(21,768)</b>	-
Tax losses carried forward	<b>(40,682)</b>	(21,768)

**9. AVAILABLE-FOR-SALE INVESTMENTS**

	<b>2017</b>	2016
	<b>USD</b>	USD
<i>Fair value</i>		
At beginning of the year	<b>7,656,628</b>	10,631,120
Buy back during the year	-	(224,480)
Fair value adjustment for the year	<b>(913,751)</b>	(2,750,012)
At end of the year	<b>6,742,877</b>	7,656,628

The details of the investment as at 31 December 2017 are as follows:

<b>Name of company</b>	<b>Number of shares</b>	<b>% holding</b>	<b>Fair Value USD</b>	<b>Cost USD</b>
R Systems International Limited	9,076,218 ordinary shares	7.33%	6,742,877	10,488

The Company has invested to the extent of **7.33%** (2016:7.33%) representing 9,076,218 equity shares of face value of INR1 each (2016: 9,076,218 equity shares of face value of INR1 each), in R Systems International Limited, a company quoted on the Bombay Stock Exchange (BSE) and National Stock Exchange of India (NSE). The investments have been valued based on quoted market prices available on the BSE which was INR46.45 per share as at 31 December 2017 (2016: INR57.30). The market value of the investment has been converted into USD at the exchange rate of USD1: INR63.8725 (2016: USD1: INR66.3275).

During last year, R Systems International Limited had bought back 195,782 equity shares held by the Company for a consideration of USD184,565, thus resulting in a loss on the buy-back of USD39,915.

**RightMatch Holdings Ltd.**

**NOTES TO THE FINANCIAL STATEMENTS  
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**10. STATED CAPITAL**

	<u>2017</u>	<u>2016</u>
	<u>USD</u>	<u>USD</u>
<i>Issued and fully paid:</i>		
5,500 ordinary shares of USD1 each	<u>5,500</u>	<u>5,500</u>

The issued share capital of the Company comprises of 5,500 ordinary shares with a par value of USD1 per share. These shares are entitled to voting rights and to dividends. Shareholders have various rights under the Company's constitution, including the rights to income distributions subject to solvency test and other legal requirements. They are also required to attend and vote at meeting of shareholders.

**11. FAIR VALUE ESTIMATION**

*(a) Values of financial instruments*

The Company's available-for-sale investments are valued as described in Note 9.

The Company's other financial assets and liabilities include advance to shareholders, cash and cash equivalents, amount due to shareholders, amount due to related party and accruals.

- Fair valuation hierarchy

Fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

Level 1: inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2: inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly.

Level 3: inputs are unobservable inputs for the assets or liability.

**NOTES TO THE FINANCIAL STATEMENTS  
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**11. FAIR VALUE ESTIMATION (CONTINUED)**

*(a) Values of financial instruments (continued)*

• Fair valuation hierarchy (Continued)

The following tables set out the fair values of financial instruments that are analysed by the level in the fair value hierarchy into which each fair value measurement is categorised:

<b>Assets At 31 December 2017</b>	<b>Level 1 USD</b>	<b>Level 2 USD</b>	<b>Level 3 USD</b>	<b>Total USD</b>
Available for sale investments	6,742,877	-	-	6,742,877
Advance to shareholders	-	-	138,443	138,443
Cash and cash equivalents	-	-	1,092	1,092
	<u>6,742,877</u>	<u>-</u>	<u>139,535</u>	<u>6,882,412</u>

<b>Liabilities At 31 December 2017</b>	<b>Level 1 USD</b>	<b>Level 2 USD</b>	<b>Level 3 USD</b>	<b>Total USD</b>
Amount due to shareholders	-	-	-	-
Amount due to related party Payables	-	-	1,750	1,750
	-	-	3,200	3,200
	<u>-</u>	<u>-</u>	<u>4,950</u>	<u>4,950</u>

<b>Assets At 31 December 2016</b>	<b>Level 1 USD</b>	<b>Level 2 USD</b>	<b>Level 3 USD</b>	<b>Total USD</b>
Available for sale investments	7,656,628	-	-	7,656,628
Cash and cash equivalents	-	-	184,980	184,980
	<u>7,656,628</u>	<u>-</u>	<u>184,980</u>	<u>7,841,608</u>

<b>Liabilities At 31 December 2016</b>	<b>Level 1 USD</b>	<b>Level 2 USD</b>	<b>Level 3 USD</b>	<b>Total USD</b>
Amount due to shareholders	-	-	26,557	26,557
Amount due to related party Payables	-	-	1,750	1,750
	-	-	3,174	3,174
	<u>-</u>	<u>-</u>	<u>31,481</u>	<u>31,481</u>

**11. FAIR VALUE ESTIMATION (CONTINUED)**

*(b) Values of financial instruments (continued)*

- Fair valuation hierarchy (Continued)

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price.

The financial instruments not measured at fair value through profit or loss are short-term financial assets and financial liabilities whose carrying amounts approximate fair value.

The fair values of cash and cash equivalents and accruals approximate their carrying values to their short term nature.

**12. FINANCIAL RISK MANAGEMENT**

*Financial risks*

The Company's investment activities expose it to the various types of risks, which are associated with the financial instruments and markets in which it invests. The following is a summary of the main risks:

*(i) Currency risk*

The Company invests in shares denominated in currencies other than its reporting currency, the United States dollar. Consequently, the Company is exposed to the risks that the exchange rate of the United States dollar relative to those currencies may change in a manner which has an adverse effect on the reported value of that portion of the Company's assets which are denominated in those currencies.

*(ii) Concentration risk*

At 31 December 2017, a significant portion of the Company's net assets consisted of investment in an Indian company which involves certain considerations and risks not typically associated with investments in other more developed countries. Further economic and political developments in India could adversely affect the liquidity or value, or both, of securities in which the Company has invested.

**RightMatch Holdings Ltd.**

**NOTES TO THE FINANCIAL STATEMENTS  
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**12. FINANCIAL RISK MANAGEMENT (Continued)**

*(iii) Credit risk*

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the loan to related party and shareholders.

The Company's investment and operational transactions are carefully allocated to counterparties reflecting the credit worthiness of financial institutions.

At 31 December 2017, the Company is not exposed to such risk.

*(iv) Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The table below summarises the maturity profile of the Company financial liabilities on contractual undiscounted payments.

<i>Financial liabilities</i>	<b>Due &lt; 1 year</b>	<b>Due &gt; 1 year</b>	<b>Total</b>
<b>2017</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>
Amount due to related party	-	1,750	1,750
Accruals	3,200	-	3,200
	<u>3,200</u>	<u>1,750</u>	<u>4,950</u>
<b>2016</b>			
Amount due to related party	-	1,750	1,750
Amount due to shareholders	-	26,557	26,557
Accruals	3,174	-	3,174
	<u>3,174</u>	<u>28,307</u>	<u>31,481</u>

*(v) Sensitivity analysis*

A 10% strengthening of United States dollar against the Indian rupee at the reporting date would decrease equity and profit or loss by the amounts shown below. The analysis assumes that all other variables remain constant.

	<b>Effect on</b>	<b>Effect on</b>
	<b>Equity</b>	<b>Equity</b>
	<b>2017</b>	<b>2016</b>
	<b>USD</b>	<b>USD</b>
Indian rupee (INR)	<u>600,045</u>	<u>712,809</u>



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FOR THE YEAR ENDED 31 DECEMBER 2017**

**12. FINANCIAL RISK MANAGEMENT (Continued)**

*(v) Sensitivity analysis (Continued)*

A 10% weakening of United States dollar against the Indian rupee at the reporting date would increase equity and profit or loss by the amounts shown below. The analysis assumes that all other variables remain constant.

	<b>Effect on Equity 2017 USD</b>	Effect on Equity 2016 USD
Indian rupee (INR)	<u><b>(733,389)</b></u>	<u>(871,211)</u>

*(vi) Capital risk management*

The Company's objectives when managing capital are to raise sufficient funds for the initial investment and to safeguard the Company's ability to pay its debts as they fall due in order to continue as a going concern and provide returns for the shareholder. Capital comprises equity.

In order to maintain or adjust the capital structure, the Company may issue new shares or have recourse to its parent for funding or sell its investment and vary the amount of dividends or return capital to the shareholder.

*(v) Price risk*

Price risk is the risk that the value of the financial instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to the instrument or all factors affecting all similar instruments.

The Company has investment in R Systems International Limited, an Indian Company whose shares are listed on Indian stock exchanges. The market price of the shares constantly changes due to market forces or other specific trading factors. Hence, the Company is exposed to the risk that the reported value of its investment may be adversely affected due to fluctuations in the market price of the shares.

*(vi) Market risk*

The Company takes on exposure to market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates and foreign exchange rates.

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**12. FINANCIAL RISK MANAGEMENT (Continued)**

*(c) Currency profile*

The currency profile of the Company's financial assets and liabilities is summarised as follows:

	<b>Financial assets 2017 USD</b>	<b>Financial liabilities 2017 USD</b>	<b>Financial assets 2016 USD</b>	<b>Financial liabilities 2016 USD</b>
Indian rupee	<b>6,742,877</b>	-	7,656,628	-
United States dollar	<b>139,535</b>	<b>4,950</b>	184,980	31,481
	<b>6,882,412</b>	<b>4,950</b>	7,841,608	31,481

Prepayments amounting to **USD4,425** (2016: USD4,425) have not been included in the financial assets.

**13. RELATED PARTY TRANSACTIONS**

During the year, the Company had transactions with the related parties. Details of the nature, volume of transactions and balances for related party transactions are as follows:

<b>Related parties</b>	<b>Relationship</b>	<b>Nature of transaction</b>	<b>Movement during the year USD</b>	<b>Debit / (credit) Balances 2017 USD</b>	<b>Debit / (credit) Balances 2016 USD</b>
Mr. & Mrs. Rekhi	Shareholders	Financing	<b>(26,557)</b>	-	(26,557)
Mr. & Mrs. Rekhi	Shareholders	Advance	<b>138,443</b>	<b>138,443</b>	-
R Systems International Limited	Related party	Financing	-	<b>(1,750)</b>	(1,750)
SANNE Mauritius	Administrator Secretary and Tax Agent	Services	<b>15,148</b>	<b>(2,050)</b>	2,025

(a) The amount due to shareholders and related party are unsecured, interest free and repayable after more than 1 year.

(b) The advance to shareholders is interest free and repayable on demand.

**14. CAPITAL MANAGEMENT**

*Internally imposed capital requirements*

The Company's objectives when managing capital are:

- to provide an adequate return to shareholders by pricing services commensurate with the level of risk;
- to comply with the capital requirements set out by the regulators;
- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders;
- to maintain a strong asset base to support the development of business; and
- to maintain an optimal capital structure to reduce the cost of capital.

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt and therefore, consistently with others in the industry, the Company does not have any external debts and therefore, consistently with others in the industry, the Company is not required to monitor its capital on the basis of the gearing ratio. There has not been any changes in the way the Company manages its capital.

*Externally imposed capital requirements*

The Company is not exposed to any externally imposed capital requirements.

**15. EVENTS AFTER THE REPORTING PERIOD**

There have been no material events after the reporting date which would require disclosure or adjustment to the financial statements for the year ended 31 December 2017.

**RightMatch Holdings Ltd.**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 DECEMBER 2016**

**RightMatch Holdings Ltd.**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**RightMatch Holdings Ltd.**

**CORPORATE INFORMATION**

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	<b>Date of Appointment</b>
<b>DIRECTORS:</b>	
Harpreet Rekhi	10 April 2000
Satinder S Rekhi	10 April 2000
Sartaj S Rekhi	10 April 2000
Ramneet Singh Rekhi	27 February 2006
Sangeeta Bissessur	19 February 2013
Zakir Niamut	30 August 2013
<b>ADMINISTRATOR, SECRETARY &amp; TAX AGENT:</b>	<b>International Financial Services Limited</b> IFS Court, Bank Street TwentyEight, Cybercity Ebene 72201 Mauritius
<b>REGISTERED OFFICE:</b>	IFS Court, Bank Street TwentyEight, Cybercity Ebene 72201 Mauritius
<b>AUDITORS:</b>	<b>Crowe Horwath ATA</b> (Formerly Crowe Horwath (Mur) Co.) Member Crowe Horwath International 2 <sup>nd</sup> Floor, Ebene Esplanade 24, Bank Street, Cybercity Ebene 72201 Mauritius
<b>BANKER:</b>	<b>HSBC Bank (Mauritius) Limited</b> <i>(Closed on 4 May 2016)</i> 6 <sup>th</sup> Floor, HSBC Centre 18 Cybercity Ebene Mauritius
	<b>AfrAsia Bank Limited</b> <i>(Opened on 1 June 2016)</i> 3rd Floor, Nexteracom Tower III Ebene Mauritius

## **RightMatch Holdings Ltd.**

### **COMMENTARY OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2016**

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The directors present the audited financial statements of **RightMatch Holdings Ltd.** (the “Company”) for the year ended 31 December 2016.

#### **PRINCIPAL ACTIVITY**

The principal activity of the Company is that of investment holding.

#### **RESULTS AND DIVIDEND**

The results for the year are shown in the statement of profit or loss and other comprehensive income and related notes.

The directors have not paid any dividend for the year under review (2015: dividend paid USD1,051,500).

#### **DIRECTORS**

The present membership of the Board is set out on page 2.

#### **STATEMENT OF THE DIRECTORS’ RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

Company law requires the directors to prepare financial statements for each financial year, which present fairly the financial position, financial performance and cash flows of the Company. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors have confirmed that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Mauritius Companies Act 2001. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

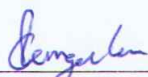
#### **AUDITORS**

The auditors, **Crowe Horwath ATA**, have indicated their willingness to continue in office until the next annual meeting.

**CERTIFICATE FROM THE SECRETARY UNDER SECTION 166 (D) OF THE MAURITIUS COMPANIES ACT 2001**

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We certify to the best of our knowledge and belief that we have filed with the Registrar of Companies all such returns as are required of **RightMatch Holdings Ltd.** under the Mauritius Companies Act 2001, during the financial year ended 31 December 2016.



**For International Financial Services Limited**  
Secretary

**Registered office:**  
IFS Court, Bank Street  
TwentyEight, Cybercity  
Ebene 72201  
Mauritius

**Date: 18 May 2017**



## INDEPENDENT AUDITORS' REPORT

### TO THE SHAREHOLDERS OF RightMatch Holdings Ltd.

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#### Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2016 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Mauritius Companies Act 2001.

We have audited the accompanying financial statements of **RightMatch Holdings Ltd.** (the "Company") which comprise of the statement of financial position as at 31 December 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended as set out on pages 7 to 10, and a summary of significant accounting policies and other explanatory information as set out on pages 11 to 26.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Mauritius and we have fulfilled other ethical responsibilities in accordance with the code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and in compliance with the Mauritius Companies Act 2001 and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

#### Auditors' responsibility for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

**INDEPENDENT AUDITORS' REPORT (Continued)**  
**TO THE SHAREHOLDERS OF RightMatch Holdings Ltd.**

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**Auditors' responsibility for the audit of the financial statements (Continued)**

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

**Report on legal matters and other regulatory requirements**

We report as follows:

- We have no relationship with, or any interests in, the Company other than in our capacity as auditors;
- We have obtained all the information and explanations that we required; and
- In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

**Use of this report**

This report is made solely for the Company's shareholder, as a body. Our audit work has been undertaken so that we might state to the Company's shareholder those matters we are required to state to the shareholder in our auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholder as a body, for our audit work, for this report, or for the opinion we have formed.



**Crowe Horwath ATA**  
Public Accountants



**K.S. Sewraz, FCCA**  
Signing Partner  
Licensed by FRC

Date: 18 May 2017  
Ebene, Mauritius

RightMatch Holdings Ltd.

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Notes	2016 USD	2015 USD
<b>Revenue</b>			
Dividend income		-	1,071,152
<b>Expenses</b>			
Professional fees		15,729	15,822
Licence fees		2,300	2,300
Audit fee		1,149	1,150
Bank charges and fees		2,590	2,670
Realised loss on buy back of available for sale investment	9	39,915	-
<b>Total expenses</b>		<b>61,683</b>	<b>21,942</b>
<b>(Loss)/profit before taxation</b>		<b>(61,683)</b>	<b>1,049,210</b>
Taxation	8	-	-
<b>(Loss) /profit for the year</b>		<b>(61,683)</b>	<b>1,049,210</b>
<b>Other comprehensive income:</b>			
<i>Items that will not be reclassified subsequently to profit or loss</i>		-	-
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Net change in the fair value of the available-for-sale investments	9	(2,750,012)	(2,093,217)
<b>Total comprehensive loss for the year</b>		<b>(2,811,695)</b>	<b>(1,044,007)</b>

The notes as set out on pages 11 to 26 form an integral part of these financial statements.

RightMatch Holdings Ltd.

STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2016

	Notes	2016 USD	2015 USD
<b>ASSETS</b>			
<b>Non-current asset</b>			
Available-for-sale investments	9	<u>7,656,628</u>	<u>10,631,120</u>
<b>Current assets</b>			
Prepayments		4,425	4,425
Cash and cash equivalents		<u>184,980</u>	<u>12,181</u>
<b>Total current assets</b>		<u>189,405</u>	<u>16,606</u>
<b>TOTAL ASSETS</b>		<u>7,846,033</u>	<u>10,647,726</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Stated capital	10	5,500	5,500
(Accumulated losses) / retained earnings		(61,342)	341
Revaluation reserve		<u>7,870,394</u>	<u>10,620,406</u>
<b>Total equity</b>		<u>7,814,552</u>	<u>10,626,247</u>
<b>Non-current liabilities</b>			
Amount due to shareholder	13	26,557	16,557
Amount due to third party		<u>1,750</u>	<u>1,750</u>
<b>Total non-current liabilities</b>		<u>28,307</u>	<u>18,307</u>
<b>Current liability</b>			
Accruals		<u>3,174</u>	<u>3,172</u>
<b>Total liabilities</b>		<u>31,481</u>	<u>21,479</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>7,846,033</u>	<u>10,647,726</u>

Approved and authorised for issue by the board of directors on 18 May 2017 and signed on its behalf by:

Director

Director

The notes as set out on pages 11 to 26 form an integral part of these financial statements.

**RightMatch Holdings Ltd.**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2016**

	<b>Stated Capital USD</b>	<b>Accumulated Losses USD</b>	<b>Revaluation reserve USD</b>	<b>Total equity USD</b>
At 1 January 2015	5,500	2,631	12,713,623	12,721,754
Total comprehensive loss for the year	-	1,049,210	(2,093,217)	(1,044,007)
Dividends	-	(1,051,500)	-	(1,051,500)
At 31 December 2015	<b>5,500</b>	<b>341</b>	<b>10,620,406</b>	<b>10,626,247</b>
Total comprehensive loss for the year	-	(61,683)	(2,750,012)	(2,811,695)
At 31 December 2016	<b>5,500</b>	<b>(61,342)</b>	<b>7,870,394</b>	<b>7,814,552</b>

The notes as set out on pages 11 to 26 form an integral part of these financial statements.

RightMatch Holdings Ltd.

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

	<b>2016</b>	2015
	<b>USD</b>	USD
<b>Cash flows from operating activities</b>		
(Loss) / profit before taxation	<b>(61,683)</b>	1,049,210
<i>Adjustment for:</i>		
Dividend income	-	(1,071,152)
Loss on buy back of available for sale investment	<b>39,915</b>	-
Operating loss before working capital changes	<b>(21,768)</b>	(21,942)
<i>Changes in working capital:</i>		
Increase / (decrease) in accruals	<b>2</b>	(1,400)
<b>Net cash used in operating activities</b>	<b>(21,766)</b>	(23,342)
<b>Cash flows from investing activities</b>		
Proceeds from buy back of available for sale investments	<b>184,565</b>	-
Loan received from shareholder	<b>10,000</b>	-
Dividend received	-	1,071,152
<b>Net cash from investing activities</b>	<b>194,565</b>	1,071,152
<b>Cash flows from financing activities</b>		
Dividend paid	-	(1,051,500)
<b>Net cash used in financing activities</b>	-	(1,051,500)
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>172,799</b>	(3,690)
Cash and cash equivalents at beginning of the year	<b>12,181</b>	15,871
<b>Cash and cash equivalents at end of the year</b>	<b>184,980</b>	12,181

The notes as set out on pages 11 to 26 form an integral part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**1. GENERAL INFORMATION**

RightMatch Holdings Ltd., the “Company”, was incorporated in Mauritius on 10 April 2000 as a private company limited by shares and holds a Category 1 Global Business Licence issued by the Financial Services Commission. The Company has its registered office at IFS Court, Bank Street, TwentyEight, Cybercity, Ebene 72201, Mauritius.

The principal activity of the Company is to act as an investment holding company.

**2. STATEMENT OF COMPLIANCE**

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), which comprise of standards and interpretations approved by the International Accounting Standards Board (IASB), and International Accounting Standards and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee (IASC) that remain in effect.

**3. BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The financial statements are prepared in accordance with International Financial Reporting Standard (“IFRS”). A summary of the more important accounting policies which have been applied consistently, is set out below. The preparation of the financial statements in accordance with IFRS requires the directors to make estimates and assumptions that could affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

**4. CHANGES IN ACCOUNTING STANDARDS AND DISCLOSURES**

**(i) New and amended standards and interpretations**

The following standards and amendments, were issued and are effective for annual periods beginning on or after 1 January 2016.

*Amendment to IAS 1 Disclosure initiative*

The Company has applied these amendments for the first time in the current year. The amendments clarify that an entity need not provide a specific disclosure required by an IFRS if the information resulting from that disclosure is not material, and give guidance on the bases of aggregating and disaggregating information for disclosure purposes. However, the amendments reiterate that an entity should consider providing additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users of financial statements to understand the impact of particular transactions, events and conditions on the entity’s financial position and financial performance.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**4. CHANGES IN ACCOUNTING STANDARDS AND DISCLOSURES (CONTINUED)**

**(i) New and amended standards and interpretations (Continued)**

In addition, the amendments clarify that an entity's share of the other comprehensive income in associates and joint ventures accounted for using the equity method should be presented separately from those arising from the Company and should be separated into the share of items that, in accordance with other IFRSs:

- (i) will not be reclassified subsequently to profit or loss; and
- (ii) will be reclassified subsequently to profit or loss when specific conditions met.

As regards the structure of the financial statements, the amendments provide examples of systematic ordering or grouping of the notes.

The application of these amendments has not resulted in any impact on the financial performance or financial position of the Company.

*Annual improvements 2012-2014 Cycle*

*IFRS 7 Financial Investment: Disclosure*

Servicing contracts

The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in IFRS 7 in order to assess whether the disclosures are required. The assessment of which servicing contracts constitute continuing involvement must be done retrospectively. However, the required disclosures would not need to be provided for any period beginning before the annual period in which the entity first applies the amendments. These amendments are not expected to have any impact on the Company.

**(ii) Standards issued but not yet effective**

The following standards and amendments to standards were issued and are not effective for annual periods beginning after 1 January 2016 and earlier application is permitted. However, the Company has not early applied the following new or amended standards in preparing these financial statements.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**4. CHANGES IN ACCOUNTING STANDARDS AND DISCLOSURES (CONTINUED)**

**(ii) Standards issued but not yet effective (Continued)**

*IFRS 9 Financial Instruments*

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the now requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include (a) impairment requirements for financial assets and (b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9:

- All recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flow, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting period. Debt instrument that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specific dates to cash flows that are solely of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent changes in the fair value of an entity investment (that is not held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value though, IFRS 9 requires that the amount of change in the fair value of a financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount to the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**4. CHANGES IN ACCOUNTING STANDARDS AND DISCLOSURES (CONTINUED)**

**(ii) Standards issued but not yet effective (Continued)**

*IFRS 9 Financial Instruments (Continued)*

- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

*IFRS 15 Revenue from Contracts with Customers*

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-Step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer;
- Step 2: Identify the performance obligations in the contract;
- Step 3: Determine the transaction price;
- Step 4: Allocate the transaction price to the performance obligations in the contract; and
- Step 5: Recognise revenue (or as) the entity satisfies a performance obligation.

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

Far more prescriptive guidance has been added in IFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

*Amendments to IAS 12 Income tax - Recognition of Deferred Tax Assets for Unrealised Losses*

The amendments clarify the following:

- 1 Decreases below cost in the carrying amount of a fixed-rate debt instrument measured at fair value for which the tax base remains at cost give rise to a deductible temporary difference, irrespective of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use, or whether it is probable that the issuer will pay all the contractual cash flows;

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**4. CHANGES IN ACCOUNTING STANDARDS AND DISCLOSURES (CONTINUED)**

**(ii) Standards issued but not yet effective (Continued)**

*Amendments to IAS 12 Income tax - Recognition of Deferred Tax Assets for Unrealised Losses (Continued)*

2. When an entity assessed whether taxable profits will be available against which it can utilise a deductible temporary difference, and the tax law restricts the utilisation of losses to deduction against income of a specific type (e.g. capital losses can only be set off against capital gains), an entity assesses a deductible temporary difference in combination with other deductible temporary differences of that type, but separately from other types of deductible temporary differences;
3. The estimate of probable future taxable profit may include the recovery of some of an entity's assets for more than their carrying amount if there is sufficient evidence that is probable that the entity will achieve this; and
4. In evaluating whether sufficient future taxable profits are available, an entity should compare the deductible temporary differences with future taxable profits excluding tax deductions resulting from the reversal of those deductible temporary differences.

The amendments apply retrospectively for annual periods beginning on or after 1 January 2017 with earlier application permitted. The directors of the Company do not anticipate that the application of these amendments will have a material impact on the interim financial statements

*Amendments to IAS 7 Statement of Cash flows - Disclosure Initiative*

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

**IFRS 16 Leases**

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17 Leases and the related interpretation when it becomes effective.

IFRS 16 distinguishes leases and service contracts on the basis of whether an identified assets is controlled by a customer. Distinctions of operating leases (off balance sheet) and finance leases (on balance sheet) are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees (i.e. all on balance sheet) except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. Furthermore, the classification of cash flows will also be affected as operating lease payments under IAS 17 are presented as operating cash flows; whereas under IFRS 16 model, the lease payments will be split into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**4. CHANGES IN ACCOUNTING STANDARDS AND DISCLOSURES (CONTINUED)**

**(iii) Standards issued but not yet effective (Continued)**

**IFRS 16 Leases (Continued)**

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require lessor to classify a lease either as an operating lease or a finance lease.

The amendments apply prospectively for annual periods beginning on or after 1 January 2017 with earlier application permitted. The directors of the Company do not anticipate that the application of these amendments will have a material impact on the interim financial statements.

**5. SUMMARY OF ACCOUNTING POLICIES**

The principal accounting policies set out below have been consistently applied in dealing with items which are considered material in relation to the Company's financial statements.

*(a) Revenue recognition*

Dividend income is recognised when the shareholders' right to receive payment is established. Interest income is recognised as it accrues unless collectability is in doubt.

*(b) Expense recognition*

All expenses are accounted for in the profit or loss on an accrual basis.

*(c) Foreign currency translation*

*(i) Functional and presentation currency*

Items included in the financial statements of each of the Company entities are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The Company's financial statements are presented in USD which is the Company's functional and presentation currency.

*(ii) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit or loss within 'finance income or cost'. All other foreign exchange gains and losses are presented in the profit or loss within 'other (losses)/gains – net'.

Translation differences arising on non-monetary assets and liabilities are included in the translation reserve in equity.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016

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5. SUMMARY OF ACCOUNTING POLICIES (Continued)

(d) *Financial instruments*

Financial instruments carried on the statement of financial position include available-for-sale investments, cash and cash equivalents, amount due to shareholder, amount due to related party and accruals. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Disclosures about financial instruments to which the Company is a party are provided in Note 13.

(i) *Available-for-sale investments*

The Company has classified all its investments as available-for-sale.

Available-for-sale investments are valued at fair value and the resulting temporary unrealised gains/ (losses) (including unrealised foreign exchange gains/ (losses) on retranslation at the closing rate, if any) are reported in other comprehensive income, till the underlying investment is sold or permanently written off, when the total realised gains/ (losses) are included in the profit or loss.

Available-for-sale investments are measured at fair value based on quoted bid prices for quoted securities.

Available-for-sale investments whose fair value cannot be measured reliably are carried at cost, less impairment.

The valuation of investment may not necessarily represent the amounts that may eventually be realised from sales or other dispositions.

(ii) *Cash and cash equivalents*

Cash and cash equivalents consist of balance with bank.

(iii) *Accruals*

Accruals are stated at their nominal value.

(iv) *Loan from shareholder and related party*

The amount payable to shareholder and related parties are stated at amount disbursed

(e) *Equity*

Stated capital is determined using the nominal values of shares that have been issued.

Retained earnings include all current and prior period results as disclosed in the statement of profit or loss and other comprehensive income.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**5. SUMMARY OF ACCOUNTING POLICIES (Continued)**

*(f) Taxation*

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 at the reporting date, and any adjustment to tax payable in respect of prior years.

Deferred tax is recognised using the liability method, providing on all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit and differences relating to investments in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

*(g) Provisions*

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

*(h) Related parties*

Related parties are individuals and companies where the individuals or companies have the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions.

**6. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of financial statements in conformity with IFRS requires the directors to make use of certain critical accounting estimates. It also requires directors to exercise its judgement in the process of applying the Company's accounting policies.

The following are the management's judgements made in applying the accounting policies of the Company that have the most significant effect on the financial statements. Critical estimation uncertainties are described in Note 7.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**6. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)**

*(a) Determination of functional currency*

The determination of functional currency of the Company is critical since recording of transactions and exchange differences arising there are dependent on the functional currency selected. As described in note 5(c), the directors have considered those factors therein and have determined that the functional currency of the Company is the USD.

*(b) Impairment of financial assets*

Management assesses at each reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial assets that can be reliably estimated. There are no such indications of events having impact on future cash flows of the Company. Therefore, no impairment provision is required to be made by the Company.

**7. ESTIMATION UNCERTAINTY**

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses.

The actual result may differ from the judgements, estimates and assumptions made by management and will seldom equal the estimated results.

**8. TAXATION**

*Income tax*

The Company is liable to pay tax in Mauritius on its chargeable income at the rate of 15%. As a holder of a Category 1 Global Business Licence, it is entitled to a credit in respect of foreign tax equivalent to the higher of actual foreign tax suffered or a deemed credit equivalent to 80% of the Mauritius income tax liability on foreign source income. The maximum effective tax rate is 3%.

Gains or profits arising from sale of units or securities are tax-exempt in the hands of the Company in Mauritius. Dividends and redemption proceeds paid by the Company to its shareholders do not attract withholding tax.

The foregoing is based on the taxation laws and practices currently in force in Mauritius and may be subject to change.

**RightMatch Holdings Ltd.**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**8. TAXATION (CONTINUED)**

For the year under review, the Company has tax losses of **USD21,768** and therefore, no provision has been made (2015: USD nil). The tax losses are available for set off against taxable profits of the Company for the year ending 31 December 2021.

*Tax reconciliation*

	<b>2016</b>	2015
	<b>USD</b>	USD
(Loss) / profit before taxation	<b>(61,683)</b>	1,049,210
Dividend grossed up	-	211,922
Unallowable expenditure	<b>39,915</b>	-
	<b>(21,768)</b>	1,261,132
Income tax at 15 %	-	189,170
Actual foreign tax suffered (maximum claimed)	-	(189,170)
Tax loss carried forward	<b>(21,768)</b>	-

**9. AVAILABLE-FOR-SALE INVESTMENTS**

	<b>2016</b>	2015
	<b>USD</b>	USD
<i>Fair value</i>		
At beginning of the year	<b>10,631,120</b>	12,724,337
Buy back during the year	<b>(224,480)</b>	-
Fair value adjustment for the year	<b>(2,750,012)</b>	(2,093,217)
At end of the year	<b>7,656,628</b>	10,631,120

The details of the investment as at 31 December 2016 are as follows:

<b>Name of company</b>	<b>Number and types of shares</b>	<b>% holding</b>	<b>Fair Value USD</b>	<b>Cost USD</b>
R Systems International Limited	9,076,218 ordinary shares	7.33%	7,656,628	10,488

The Company has invested to the extent of **7.33%** (2015:7.31%) representing 9,076,218 equity shares of face value of INR1 each (2015: 9,272,000 equity shares of face value of INR1 each), in R Systems International Limited, a company quoted on the Bombay Stock Exchange (BSE) and National Stock Exchange of India (NSE). The investments have been valued based on quoted market prices available on the BSE which was INR57.30 per share as at 31 December 2016 (2015: INR76.05). The market value of the investment has been converted into USD at the exchange rate of USD1: INR67.9238 (2015: USD1: INR66.3275).

During the year under review, R Systems International Limited, bought back 195,782 equity shares held by the Company for consideration amounting to USD184, 565 resulting in a loss on the share buy amounting to USD39, 915.



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016

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10. STATED CAPITAL

	<u>2016</u> <u>USD</u>	<u>2015</u> <u>USD</u>
<i>Issued and fully paid:</i>		
5,500 ordinary shares of USD1 each	<u>5,550</u>	<u>5,500</u>

The issued share capital of the Company comprises of 5,500 ordinary shares with a par value of USD1 per share. These shares are entitled to voting rights and to dividends. Shareholders have various rights under the Company's constitution, including the rights to income distributions subject to solvency test and other legal requirements. They are also required to attend and vote at meeting of shareholders.

11. FAIR VALUE ESTIMATION

*(a) Values of financial instruments*

The Company's available-for-sale investments are valued as described in Note 9.

The Company's other financial assets and liabilities include cash and cash equivalents, amount due to shareholder, amount due to related party and accruals.

- Fair valuation hierarchy

Fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

Level 1: inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2: inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly.

Level 3: inputs are unobservable inputs for the assets or liability.

**RightMatch Holdings Ltd.**

**NOTES TO THE FINANCIAL STATEMENTS  
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**11. FAIR VALUE ESTIMATION (CONTINUED)**

*(a) Values of financial instruments (continued)*

Fair valuation hierarchy (Continued)

The following tables set out the fair values of financial instruments that are analysed by the level in the fair value hierarchy into which each fair value measurement is categorised:

<b>Assets At 31 December 2016</b>	<b>Level 1 USD</b>	<b>Level 2 USD</b>	<b>Level 3 USD</b>	<b>Total USD</b>
Available for sale investments	7,656,628	-	-	7,656,628
Cash and cash equivalents	-	-	184,980	184,980
	<u>7,656,628</u>	<u>-</u>	<u>184,980</u>	<u>7,841,608</u>
<b>Liabilities At 31 December 2016</b>	<b>Level 1 USD</b>	<b>Level 2 USD</b>	<b>Level 3 USD</b>	<b>Total USD</b>
Amount due to shareholder	-	-	26,557	26,557
Amount due to related party	-	-	1,750	1,750
Payables	-	-	3,174	3,174
	<u>-</u>	<u>-</u>	<u>31,481</u>	<u>31,481</u>
<b>Assets At 31 December 2015</b>	<b>Level 1 USD</b>	<b>Level 2 USD</b>	<b>Level 3 USD</b>	<b>Total USD</b>
Available for sale investments	10,631,120	-	-	10,631,120
Cash and cash equivalents	-	-	12,181	12,181
	<u>10,631,120</u>	<u>-</u>	<u>12,181</u>	<u>10,643,301</u>
<b>Liabilities At 31 December 2015</b>	<b>Level 1 USD</b>	<b>Level 2 USD</b>	<b>Level 3 USD</b>	<b>Total USD</b>
Amount due to shareholder	-	-	16,557	16,557
Amount due to related party	-	-	1,750	1,750
Payables	-	-	3,172	3,172
	<u>-</u>	<u>-</u>	<u>21,479</u>	<u>21,479</u>

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price.

**11. FAIR VALUE ESTIMATION (CONTINUED)**

*(a) Values of financial instruments (continued)*

Fair valuation hierarchy (Continued)

The financial instruments not measured at fair value through profit or loss are short-term financial assets and financial liabilities whose carrying amounts approximate fair value.

The fair values of cash and cash equivalents and accruals approximate their carrying values to their short term nature.

**12. FINANCIAL RISK MANAGEMENT**

*Financial risks*

The Company's investment activities expose it to the various types of risks, which are associated with the financial instruments and markets in which it invests. The following is a summary of the main risks:

*(i) Currency risk*

The Company invests in shares denominated in currencies other than its reporting currency, the United States dollar. Consequently, the Company is exposed to the risks that the exchange rate of the United States dollar relative to those currencies may change in a manner which has an adverse effect on the reported value of that portion of the Company's assets which are denominated in those currencies.

*(ii) Concentration risk*

At 31 December 2016, a significant portion of the Company's net assets consisted of investment in an Indian company which involves certain considerations and risks not typically associated with investments in other more developed countries. Further economic and political developments in India could adversely affect the liquidity or value, or both, of securities in which the Company has invested.

*(iii) Credit risk*

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the loan to related party and shareholders.

The Company's investment and operational transactions are carefully allocated to counterparties reflecting the credit worthiness of financial institutions.

At 31 December 2016, the Company is not exposed to such risk.

**NOTES TO THE FINANCIAL STATEMENTS  
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**12. FINANCIAL RISK MANAGEMENT (Continued)**

*(iv) Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The table below summarises the maturity profile of the Company financial liabilities on contractual undiscounted payments.

<i>Financial liabilities</i>	<b>Due &lt; 1 year</b>	<b>Due &gt; 1 year</b>	<b>Total</b>
<b>2016</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>
Amount due to related party	-	1,750	1,750
Amount due to shareholder	-	26,557	26,557
Accruals	3,174	-	3,174
	<u>3,174</u>	<u>28,307</u>	<u>31,481</u>
<b>2015</b>			
Amount due to related party	-	1,750	1,750
Amount due to shareholder	-	16,557	16,557
Accruals	3,172	-	3,172
	<u>3,172</u>	<u>18,307</u>	<u>21,479</u>

*(v) Sensitivity analysis*

A 10% strengthening of United States dollar against the Indian rupee at the reporting date would decrease equity and profit or loss by the amounts shown below. The analysis assumes that all other variables remain constant.

	<b>Effect on Equity</b>	<b>Effect on Equity</b>
	<b>2016</b>	<b>2015</b>
	<b>USD</b>	<b>USD</b>
Indian rupee (INR)	<u>825,111</u>	<u>842,909</u>

A 10% weakening of United States dollar against the Indian rupee at the reporting date would increase equity and profit or loss by the amounts shown below. The analysis assumes that all other variables remain constant.

	<b>Effect on Equity</b>	<b>Effect on Equity</b>
	<b>2016</b>	<b>2015</b>
	<b>USD</b>	<b>USD</b>
Indian rupee (INR)	<u>(1,008,469)</u>	<u>(1,030,222)</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**12. FINANCIAL RISK MANAGEMENT (Continued)**

*(vi) Capital risk management*

The Company's objectives when managing capital are to raise sufficient funds for the initial investment and to safeguard the Company's ability to pay its debts as they fall due in order to continue as a going concern and provide returns for the shareholder. Capital comprises equity.

In order to maintain or adjust the capital structure, the Company may issue new shares or have recourse to its parent for funding or sell its investment and vary the amount of dividends or return capital to the shareholder.

*(v) Price risk*

Price risk is the risk that the value of the financial instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to the instrument or all factors affecting all similar instruments.

The Company has investment in R Systems International Limited, an Indian Company whose shares are listed on Indian stock exchanges. The market price of the shares constantly changes due to market forces or other specific trading factors. Hence, the Company is exposed to the risk that the reported value of its investment may be adversely affected due to fluctuations in the market price of the shares.

*(vi) Market risk*

The Company takes on exposure to market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates and foreign exchange rates.

*(c) Currency profile*

The currency profile of the Company's financial assets and liabilities is summarised as follows:

	<b>Financial assets 2016 USD</b>	<b>Financial liabilities 2016 USD</b>	Financial assets 2015 USD	Financial liabilities 2015 USD
Indian rupee	7,656,628	-	10,631,120	-
United States dollar	184,980	31,481	12,181	21,479
	<u>7,841,608</u>	<u>31,481</u>	<u>10,643,301</u>	<u>21,479</u>

Prepayments amounting to **USD4,425** (2015: USD4,425) have not been included in the financial assets.

NOTES TO THE FINANCIAL STATEMENTS  
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13. RELATED PARTY TRANSACTIONS

During the year, the Company had transactions with the related parties. Details of the nature, volume of transactions and balances for related party transactions are as follows:

Related parties	Relationship	Nature of transaction	Movement during the year	Balance at 31 December 2016	Balance at 31 December 2015
			USD	USD	USD
Mr. & Mrs. Rekhi	Shareholder	Financing	10,000	26,557	16,557
International Financial Services Limited	Administrator & Secretary	Services	15,729	2,025	2,022

The amount due to shareholder and related party are interest free and repayable after more than 1 year.

14. CAPITAL MANAGEMENT

*Internally imposed capital requirements*

The Company's objectives when managing capital are:

- to provide an adequate return to shareholders by pricing services commensurate with the level of risk;
- to comply with the capital requirements set out by the regulators;
- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders;
- to maintain a strong asset base to support the development of business; and
- to maintain an optimal capital structure to reduce the cost of capital.

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt and therefore, consistently with others in the industry, the Company does not have any external debts and therefore, consistently with others in the industry, the Company is not required to monitor its capital on the basis of the gearing ratio. There has not been any changes in the way the Company manages its capital.

*Externally imposed capital requirements*

The Company is not exposed to any externally imposed capital requirements.

15. EVENTS AFTER THE REPORTING PERIOD

There have been no material events after the reporting date which would require disclosure or adjustment to the financial statements for the year ended 31 December 2016.