



R Systems International Limited

Ready for the TECH TIPPING POINT



ANNUAL REPORT
2020

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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 a 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 2020.





Ready for the TECH TIPPING POINT


What's better than digital transformation? A **faster** digital transformation—that delights customers, develops agile ways of working, and creates enhanced value. We are the “accelerator” for companies that wish to propel themselves through the digital transformation process.

COVID-19 has pushed companies over the technology tipping point and transformed business forever. This crisis has brought forward years of change in the way companies in all sectors and regions do business. In particular, they have significantly accelerated their customer and supply-chain interactions, digitally enhanced offerings, and their internal operations. The crisis has brought about a profound changes in executive mindsets on the role of technology in business. What's more, the marketplace expects most of these changes to be long-lasting and most companies are already making significant investments that will prevail.

To stay competitive in this new business and economic environment requires new strategies and practices. Not surprisingly, digital adoption has taken a quantum leap at both the organizational and industry levels. It's a well-known fact that the organizations that are experimenting with new digital technologies, the executives are twice as likely to report immense revenue growth than those at other companies. But, this is more than just about going “digital” through the simple assimilation of technologies. It's also about fundamentally transforming the company through well-conceived corporate strategies, leadership buy-in, talent development, and strong measurements to define success.

In fact, we believe that for any company today, digital and corporate strategies are one of the same. At R Systems we excel in working closely with businesses to make their digital transformation journey a great success. With proven domain expertise across multiple industries, and risk-mitigated processes for martializing successful transformation, we're in a goldilocks period for delivering augmented growth.

We're Ready for the **Tech Tipping Point** that will make this decade an exciting one for all our stakeholders.



Practising Agility and Resilience

for sustaining growth in uncertain times.

The sudden outbreak of the COVID-19 pandemic has not only tested human vulnerabilities but also forced economies across the world to re-imagine the way they operate. While staying undeterred and unaffected has always been the focus areas for organisations in these ever-evolving times, the adversities caused by the pandemic has pushed companies to fundamentally integrate elements of agility and resilience in their business models.

At R Systems, we were quick to understand the need to be geared up to weather the unexpected disruptions caused by the health crisis. Our belief lies in the critical ability to be able to absorb and adapt to challenges that we may face in times like these. For us, the primary focus was to safeguard our employees from every possible health threat while providing seamless services to our clients. To this end, we adopted the work-from-home model for our people and prepared our workforce to work closely with the clients to understand their evolving business needs and priorities. We achieved this by focusing on frequent communications with our employees and ensuring that they continue to feel empowered. We often emphasise the

value of shared purpose, which is one of the reasons that has encouraged our employees to feel personally invested in the objectives of R Systems. This belief has resulted in the endless commitment that our talent pool of 3,000+ employees have demonstrated during the crisis period. Moreover, the commitment and strategic investments that were made by R Systems towards the upgradation of technological infrastructure has been instrumental during our adaption to the changing scenarios of the 'New Normal'.

We understand that we operate in an ever-evolving world where fluctuating industry dynamics, fierce competition, constantly advancing technologies and consumer demands play a crucial role. These rapid shifts in the

macro-environment are the reasons why we are continuously adapting our business strategies to be able to support our clients and meet their complex business requirements. Going forward, we aim to retain and further strengthen the innovations implemented during the pandemic-led crisis, in a way that ensures long term sustainability, agility and resilience in the DNA of R Systems.

R Systems stood tall in delivering its client commitments, while ensuring the utmost safety of its people.

The current pandemic has proven that digital will be the lifeline for every business. Our strong sales pipeline for digital and technology services is evident of this change in the demand environment and motivated us to hire 300 plus technocrats in H2-2020 to excel the growth momentum in FY2021.



Message from the Managing Director



Dr. Satinder Singh Rekhi
Managing Director and CEO

Dear Shareholders,

While I write this message, the world continues to deal with the unprecedented effects of the COVID-19 crisis that emerged as a major challenge for individuals, businesses, and economies across the world. During this period, at R Systems, our primary focus was to ensure the utmost safety of our employees while providing seamless services to our customers. We are humbled by the valued support received from our customers and the undeterred commitment and dedication of our 3,000+ employees who make us proud of the values that our organization holds. I want to express my deepest thanks to each R Sysians for the innovative and collaborative ways that they have demonstrated to support the Company and our customers during these testing times. I am equally grateful to their families for their immense support.

While the sudden outbreak of the COVID-19 pandemic has tested mankind's vulnerabilities, the global healthcare systems and the fundamental business model of many corporations has also enlightened us to discover different and innovative ways of functioning in this 'New Normal'. Over the past year, we have acutely understood the pressing need for advanced technologies and a stronger digital foundation within all industries. Companies are increasingly willing to fundamentally change the way they work and establish new models to operate while adhering to social distancing requirements in this new pattern of life. As a result, digital transformation has become a prerequisite for most businesses to stay relevant and to operate and collaborate in a rapidly evolving world.

FY2020 in Focus

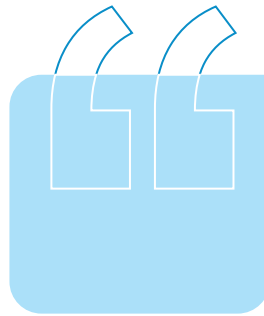
During FY2020, your Company has delivered admirable results by reporting record revenues of ₹ 880 crores with EBITDA of 13.3%. The revenue growth stood at 9% backed by the strong demand of technology and digital services especially towards the second half of FY2020 where the rising need for digital transformation enhanced momentum for our business. The remarkable performance of your Company is a testament to its commitment to deliver despite the uncertainty in our macro environment and increasingly changing dynamics of the global tech industry. Furthermore, the EBITDA margin has soared by 60% due to the improvement in the quality of revenues coupled with efficient operations and cost savings through 'Work-from-Anywhere' operations. In addition to this, we added 28 key customers during the year out of which 8 hold the potential to be USD million

plus accounts. We have served 30 accounts that are worth USD million plus including 5 accounts contributing over USD 3 million plus revenues on a run-rate basis. Moreover, we have strengthened our human capital by onboarding 300+ associates to support a strong sales funnel, especially towards our digital and technology services and solutions. I am delighted to share that your Company has now regained a double-digit EBITDA and is confident to deliver further profitable growth.

Despite the pandemic scenario, our cash generation from business remained robust. We have days sales outstanding (DSO) below 60 days, which stands one of the best in the industry and helps to support liquidity and timely investment for future growth. In addition to this, we continued to invest prudently in strengthening digital competencies, sales, presales, and marketing team across geographic locations along with modernizing our infrastructure and processes to handle the new normal of, Work-from-Anywhere. Further, R Systems IT and Knowledge services operations in India have been adjudged as 'SOC-2 Type 2' compliant by a leading independent service auditors which demonstrate our commitment towards the highest quality and security while providing services to our prestigious clients.

We have a strong balance sheet with a net worth of ₹ 427 crores including a cash and bank balance of ₹ 303 crores to support liquidity and business growth along with rewarding shareholders for their continued support.

We are leveraging our alliances with leading technology companies such as, Microsoft, Salesforce, AWS, Automation Anywhere, and Dell Boomi,



Our performance in FY2020 is a testament to our commitment to deliver despite the uncertainty in our macro environment and changing dynamics of the global tech industry.

amongst others to deliver state-of-the-art products and solutions for our customers in the space of cloud, AI/ML, and intelligent automation. Moreover, we have impressively blended our engineering DNA with these leading technologies to deliver an impactful digital transformation.

We strongly believe that 'Work-from-Anywhere' will become the new norm in a post-COVID world and be a driver for new business models and opportunities. However, we have started to strategically plan another interesting challenge, which is, to manage hybrid working from our offices taking into consideration our business and customer requirements. We will ensure that our employees can come back to work at our offices safely with utmost comfort. At the same time, we will work together with our customers and other business partners in sync with the required government guidelines to plan for what will be a new normal in the post-pandemic future.

Covid-19 has pushed us towards an interesting tech tipping point beyond which the world will surely witness the adaption of technology across all industries more than ever before. Your company has always lived a transformation culture since its humble beginning, and I am confident in R Systems ability to be even more

resilient and agile to convert every challenge into opportunities in another new normal.

While we advance ourselves and prepare R Systems for the future, we are equally focused on driving value for the communities that surround us. We believe that not only can businesses co-exist with society, but they can also uplift each other in times of need. Being a purpose-driven organization, we have continued our efforts to help society by making contributions to medical facilities and helping to provide food arrangements for people in need amid pandemics. Apart from providing support to society to tackle the COVID-19 challenges, your Company has continued to contribute to promote education, welfare, and sports. We believe that education and sports will transform the next generation to handle new challenges and build a happy and agile society.

In closing, I am thankful to all our shareholders, business partners, customers, employees, and various government agencies for their much-needed support and faith in R Systems.

Sincere Regards,

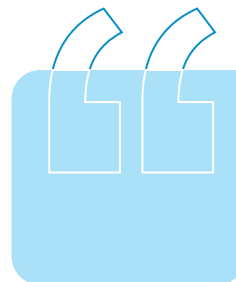
Dr. Satinder Singh Rekhi
Managing Director and CEO

From the desk of Sartaj Rekhi

Dear Shareholders,

The present environment reminds me of the famous quote by Charles Darwin in his "Origin of Species" "It is not the most intellectual of the species that survives; it is not the strongest that survives; but the species that survives is the one that is best able to adapt and adjust to the changing environment in which it finds itself".

FY2020 was another transforming year for R Systems. In the period around Late-March, Early-April of 2020, we started witnessing sluggish global economies, rapidly changing customer demands, and new 'Work-from-Anywhere'. R Systems has seamlessly adapted the 'Work-from-Anywhere' model and worked closely with its customers to understand their changing business requirements and priorities. Moreover, our strategic investments over the last few years in building digital competences and upgrading the infrastructure have been instrumental in our adaption to the new normal.



With transformation in our DNA, I am confident that your Company will continue to offer a unique value proposition by building scalable products for ISVs and businesses

The financial results of FY2020 have been encouraging as R Systems has reported reasonable revenue growth amid the sluggish economic conditions especially in the first half of 2020. However, our recovery was steep in H2-2020 backed by superior quality of revenue which also contributed to the robust EBITDA margins.

The current pandemic has proven that digital will be the lifeline for every business. The pandemic has also accelerated the adaption to the cloud, intelligent automation, and AI/ML with a customer-centric mindset. Our strong sales pipeline for digital and technology services is evident of this change in the demand environment and motivated us to hire 300 plus technocrats in H2-2020 to excel the growth momentum in FY2021.

According to the latest forecast by Gartner, Inc, "Worldwide IT spending is projected to total USD 3.9 trillion in 2021, which is an increase of 6.2% from 2020," With the successful global vaccination programs and other efforts by public health organizations and governments, the world will surely turn the corner and move on from COVID-19. Businesses will witness another new normal having hybrid working models and new social norms for various business collaborations. This new normal will require companies to embrace new ways of conducting sales and services, marketing and commerce and new ways of enhancing customer experiences and business productivities. Every company will be motivated to digitally transform, and R Systems will be there to navigate them in their journey towards a tech-focused future.

With transformation in our DNA, I am confident that your Company will continue to offer a unique value proposition by building scalable products for ISVs and businesses, thereby steering their digital transformation in a challenging, yet, interesting business environment.

Best Regards,

Sartaj Rekhi

Corporate Information

Board of Directors (As on April 20, 2021)

1. Dr. Satinder Singh Rekhi
(Managing Director & Chief Executive Officer)
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

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

Registered Office

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

Corporate Office

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

Statutory Auditors

Deloitte Haskins & Sells LLP
Chartered Accountants
7th Floor, Building 10, Tower B
DLF Cyber City Complex
DLF City Phase II, Gurugram-122002

Registrar & Share Transfer Agent

Link Intime India Private Limited
Noble Heights, 1st 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. HDFC Bank Limited
4. Punjab National Bank
5. California Bank and Trust, U.S.A.
6. Natwest Bank
7. Citibank N.A.
8. DBS Bank Limited
9. BRD Groupe Societe Generale SA

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. R Systems Consulting Services Limited, Singapore
5. R Systems Computaris International Limited, UK
6. RSYS Technologies Ltd., Canada
7. IBIZ Consultancy Services India Pvt. Ltd., India

Subsidiary of R Systems, Inc, U.S.A.

1. Innovizant, LLC, U.S.A.

Subsidiary of R Systems (Singapore) Pte Limited, Singapore

1. R Systems IBIZCS Pte. Ltd., Singapore

Subsidiaries of R Systems IBIZCS Pte. Ltd., Singapore

1. IBIZ Consulting Services Pte. Ltd., Singapore
2. R Systems IBIZCS Sdn. Bhd., Malaysia
3. PT. R Systems IBIZCS International, Indonesia
4. IBIZ Consulting (Thailand) Co. Ltd., Thailand
5. IBIZ Consulting Services Limited, Hong Kong (IBIZ HK)
6. IBIZ Consulting Services (Shanghai) Co. Ltd., People's Republic of China (Wholly owned subsidiary of IBIZ HK)

Subsidiaries of R Systems Consulting Services Limited, Singapore

1. R Systems Consulting Services (M) Sdn. Bhd., Malaysia
2. R Systems Consulting Services (Thailand) Co., Ltd., Thailand
3. R Systems Consulting Services (Shanghai) Co., Ltd., People's Republic of China
4. R Systems Consulting Services (Hong Kong) Ltd., Hong Kong
5. R Systems Consulting Services Kabushiki Kaisha, Japan

Subsidiaries of R Systems Computaris International Limited, UK

1. R Systems Computaris Europe SRL, Romania
2. R Systems Computaris Poland sp z.o.o., Poland
3. R Systems Computaris S.R.L., Moldova
4. R Systems Computaris Malaysia Sdn. Bhd., Malaysia
5. R Systems Computaris Philippines Pte. Ltd. Inc., Philippines
6. R Systems Computaris Suisse Sarl, Switzerland

R Systems at a Glance

At R Systems, we are a global digital transformation leader providing AI-driven solutions to clients across industries, through a broad range of technology and AI/Analytics services. Over 25+ years, we have been empowering organisations with our 16 delivery centres, 25+ offices worldwide and a workforce of 3,000+ professionals ensuring seamless services to our clients across the globe.

25+

Offices worldwide

3,000+

Professionals ensuring seamless services



Narrative

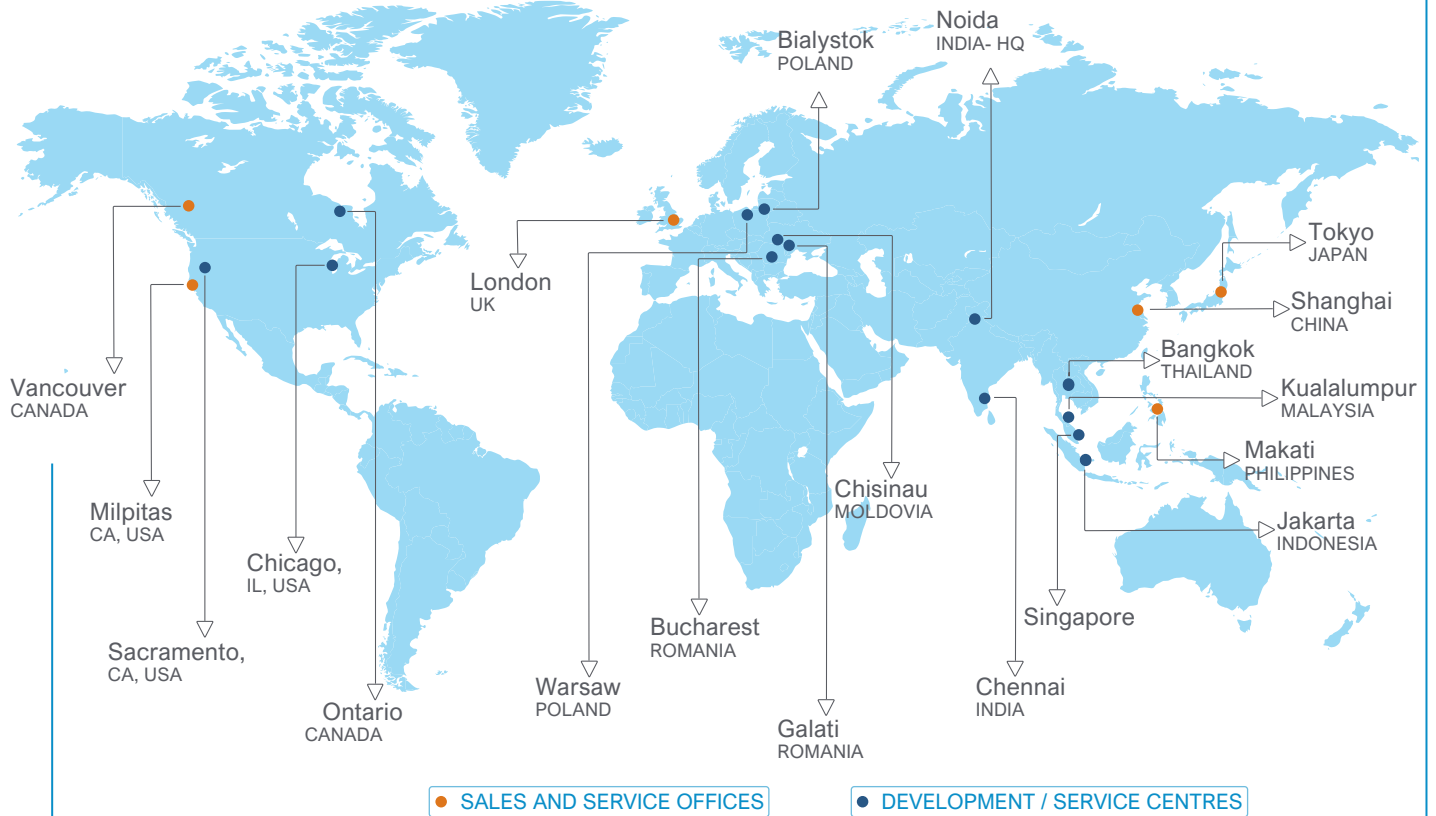
Generate business value for our clients through technology, data/analytics and design.



Mission

Deliver the promise of digital transformation through services driven by new technologies and AI/Analytics.

OUR GLOBAL FOOTPRINT



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 Services & Solutions Portfolio

Technology




R Systems' technology solutions are devised to meet business' technological challenges arising from continuously evolving digital landscape. We ensure that Independent Software Vendors (ISVs) and enterprises keep producing sustainable innovation backed by big data, analytics and cloud.

Automation, AI and Data




Our mission is to help enterprises derive intelligent insights and put their data to work for their business success. We help clients in building AI-driven products and provide machine learning and advanced analytics expertise, to fuel their digital transformation.

Design



At R Systems, we endeavour to break-down bigger issues into smaller and realistic deliverables by applying the fundamentals of Design Thinking to Digital Transformation.

Knowledge Services



R Systems knowledge services support our clients in upgrading their organisational efficiency and effectiveness. It is equipped with multi-lingual prowess, global delivery platform and diversified services.

Our Offerings

- Product Engineering
- Digital Platforms & Solutions
- QA Testing
- Cloud Enablement
- Internet of Things (IoT)

Our Offerings

- Advanced Analytics
- Business Analytics
- Data Monetisation and Modernisation
- AI/Machine Learning
- Intelligent Automation
- Modern Data Management

Our Offerings

- Experience Re-Engineering
- UX Engineering
- Mobile User Experience
- Visual Design

Our Offerings

- Revenue Cycle Management
- Technical Support
- Back Office Service
- Customer Care

Our Certifications

CMMI
Level 5

PCMM
Level 5

ISO
27001:2013

ISO
9001:2015

PCI DSS

HIPAA
Compliant

SOC 2 Type 2
Compliant

Financial Indicators

Not only did we grow our revenue marginally in a pandemic struck year; but most notably, we expanded our EBITDA margin from 9.03% in FY2019, to 13.27% in FY2020 - an improvement of 424 basis points YOY. This is testimony to the Company's ability to scale up the value ladder in its offerings, efficient operations and control costs.

Revenue

FY2020	USD 119.16 Million
FY2019	USD 115.18 Million

Days Sales Outstanding

FY2020	53 days
FY2019	61 days

EBITDA %

FY2020	13.27%
FY2019	9.03%

Net Profit

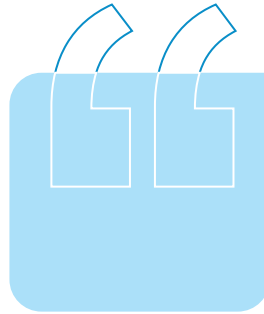
FY2020	USD 11.12 Million
FY2019	USD 08.27 Million

Cash and Bank Balance

FY2020	USD 41.44 Million
FY2019	USD 28.00 Million

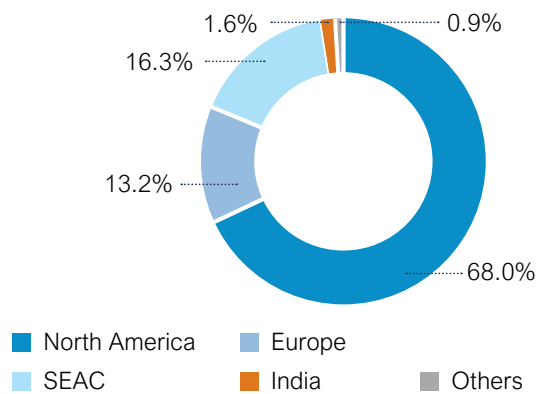
Shareholder's Fund

FY2020	USD 58.38 Million
FY2019	USD 47.38 Million

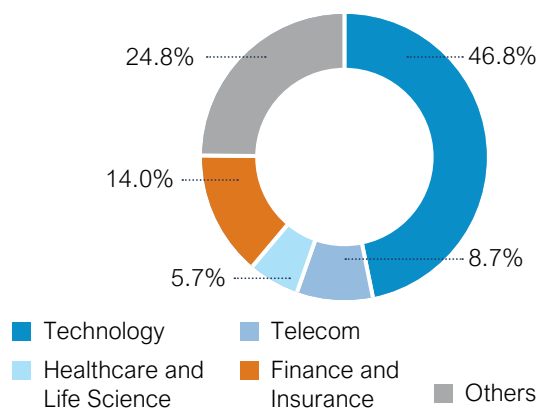


Our strategic investments over the last few years in building digital competences and upgrading the infrastructure have been instrumental in our adaption to the new normal.

Revenue by Geography



Revenue by Industry



220+
Active Clients

5
USD 3+ Mn Clients

30
USD 1+ Mn Clients

Over 85%
Repeat Clients

Empowering Customers Through Digital Transformation

During FY2020, we were able to successfully cater to our clients' complex requirements and have helped them create value by empowering their business models through our services and solutions. Our case studies provide a glimpse into the value generated through R Systems' expertise and advanced portfolio of technology, digital services and solutions.

Digital ecosystem connecting students with academic institutions

1

Requirement:

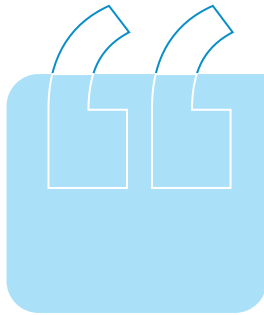
- Develop a new digital ecosystem on roots of Enterprise Content Management system
- Improve brand positioning and increase the user traffic while connecting worldwide students with global academic institution

Drive Digital Transformation for a leading locomotive solutions provider

2

Requirement:

- Digitalize existing manual practices of a leading locomotive modernization and industrial IoT provider
- Deliver an enterprise level automation framework and maintenance of cloud-hosted device management platform



The past year has intensified the importance of digital transformation for companies across all industries. The unprecedented outbreak of the health crisis, COVID-19, has forced even the largest global businesses to re-think their business models to remain agile and resilient in this constantly evolving world.

Our Solutions highlights:

- Designed and developed student assessment portal
- Algorithm-based student school finder program
- A secure repository for managed items
- Implemented event-driven microservices architecture

Value Delivered:

- Empowered the client to bring competitive edge to their brand positioning
- Global accessibility, infinite scalability, geo-replication, and enterprise grade security
- Intuitive, responsive UI and cross browser support
- Provided access to a trusted information source for students
- Optimised page load time, which leads to noticeable improvements in user experience and conversion rates

Our Solutions highlights:

- Switched from existing concept of Datawarehouse to building up Data Lake for humongous IoT data
- Improved Control and Advanced Technology for Aging Locomotives
- Developed a reporting tool to display operational reports for different data sources
- Enriched graphical dashboard for interactive reports for faster decision making

Value Delivered:

- Enabled to view and manage health and performance of locomotives
- Improved efficiency of infrastructure, processes, and User Experience
- Transformed data into actionable business decision
- Improved efficiency providing intelligent remote equipment monitoring for various markets

Empowering Customers Through Digital Transformation

Integrating cloud solution with leading Mobility Platforms

3

Requirement:

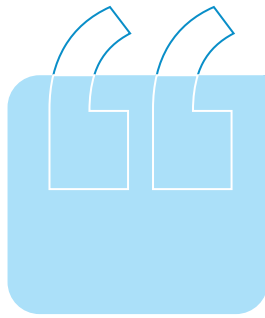
- Integrate the hyper edge Cloud solution
- Provide services such as: Identity Service, Financial Service, and Profile Service on iOS and Android platforms
- Augment the backend solution to make various modules customisable

Specialized IT Services for Data, Cloud and Automation for a leading provider of real estate focused financial services and solutions

4

Requirement:

- Provide IT services in terms of thought leadership and subject matter expertise around Data, Cloud and Automation
- Overcome limitations with the manual processes around customer settlements, underwriting, and reconciliation



At R Systems, we are navigating clients in their digital transformation journey in the present new normal. Despite the disruptions in the macroeconomic environment, the year 2020 puts a focus on the imperative role that R Systems plays in the tech-focused future of all its clients.

Our Solutions highlights:

- Developed hybrid edge cloud computing platform and business enablers for digital transformation
- Gained real-time access to data across various systems and providers
- Prepared new architecture design
- Re-engineered current UI/UX architecture to improve the user experience

Value Delivered:

- Enabled all devices from smartphones to AI-based sensors to discover, connect, communicate locally or through the cloud
- Delivered solution yielded tangible ROI with cost rationalization and enhanced end-user experience
- Reduced infrastructure costs, eliminate latency, and increase data security
- Easy accessibility of the developed application on any network or public/private cloud

Our Solutions highlights:

- Collaborated with client's business and technology teams to educate and identify the areas of improvements with Automation
- Defined the strategy, implementation roadmap on various strategic automation engagements
- Delivered innovative futuristic solutions comprising of state of the art solutions in analytics and cloud
- Defined modernisation areas (including IPaaS, APIs) and implementation

Value Delivered:

- Implemented multi-dimensional modernisation and digital transformation
- Flexible and customer-centric engagement models
- Delivered cost effectiveness by automating manual work flows

Empowering Customers Through Digital Transformation

Navigating digital transformation for Water Data Management Solution Provider

5

Requirement:

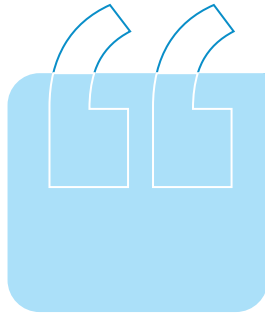
- Effective management of water information across the water cycle to safeguard human health and ease environmental impact
- Migrate existing on-premises applications and databases to cloud along with enabling data driven decision making

Enabling data driven decision making for a leading telecommunication system integrator in South East Asia

6

Requirement:

- Develop a unified & integrated solution to run business operations
- Faster decision-making for retail mechanics to boost sales
- Effective customer support and services handling



We have further strengthened our digital competencies and specialised sales and pre-sales team in the USA and Europe to help our clients thrive by tapping into the immense potential of cloud, intelligent automation, and AI/ML.

Our Solutions highlights:

- Addressed critical water data management, analytics, and compliance challenges
- Digitized channels and updated business models to stay ahead of the competition
- Streamlined regulatory compliance practices and improved data integrity through automated data management

Value Delivered:

- Saving infrastructure costs and improved scalability with cloud and MicroServices
- Empowered the client to generate ROI on their investment
- Stable and scalable products through cloud migration
- Minimal or zero down time for any feature release due to active and passive mode of implementation

Our Solutions highlights:

- Implementation of Microsoft Dynamics 365 Business Central for Sales, Purchase, Finance and Inventory Management
- Microsoft Dynamics 365- Sales (CRM)
- Microsoft Power BI

Value Delivered:

- The executive team is able to furnish reports to Management for faster decision
- Deployment of Power BI to access the data as assigned for better operational efficiencies
- CRM helps streamline the entire sales cycle, which results in monitoring sales team efficiency

Empowering Customers Through Digital Transformation

Intelligent document processing solution for a National Agency in Eastern Europe

7

Requirement:

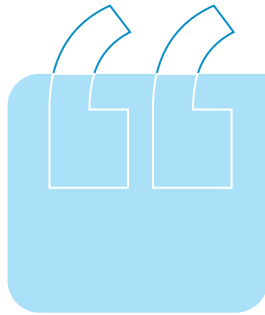
- Empower independent institution, which exercises administrative control to process lots of declarations and other documents in an unstructured format
- Extract data from documents and make entries into internal registration system

Delivering efficiency through integrating various functions of a leading industrial solution provider in Asia

8

Requirement:

- Integrated system to support detailed quotation to sales
- Incorporate detailed costing analysis, integrated planning along with standardization of process across all units in the region
- Create transparency and accountability
- Provide access to real-time data enabling Client to make data driven business decisions



We have been strategically leveraging our alliances with leading technology giants to deliver outstanding products and solutions to our customers. To extract maximum value from these partnerships, we have blended our engineering DNA with advanced technologies to spearhead impactful digital transformation for our clients.

Our Solutions highlights:

- Digitally revamped the existing document management solution
- Transformed physical document into digital format using Robotics
- Used AI platform with cloud technology

Value Delivered:

- Faster processing of document with utmost accuracy
- Unstructured metadata converted into actionable insights

Our Solutions highlights:

- Implemented Infor CloudSuite Industrial ERP to streamline and automate complex business and operational processes
- Designed various reports using BI

Value Delivered:

- Consolidation of Systems
- Enhance user efficiency
- Streamline and standardization of reporting process
- Visibility of business operations
- Detailed costing analysis

Strengthening our People Capital

At R Systems, we recognise our human capital as a pertinent asset and driving force behind our continuous growth and success. Therefore, we are consistently looking forward to cultivating employee skills and capabilities to instil shared organisational objectives in our system. We are determined to ensure and nurture a progressive workplace culture that is focused on the total development of our employees. To achieve this, we focus on our people development practices that help us to generate and strengthen the competencies of our employees to deliver notable results on the trajectories of operational efficiencies and productivity.

The sudden outbreak of the COVID-19 led pandemic imposed several restrictions on the traditional workplace practices. To safeguard our employees, we implemented the work-from-home model in our system and ensured that our people smoothly transition into the new way of working while being readily available to service our clients with utmost dedication. We equipped our employees with digital tools to ensure productivity while having secure and stable environment meeting our customer's expectation.

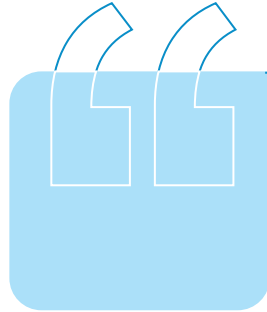
TEAM EXPANSION & RECOGNITION

1. Virtually on-boarded 1000+ new recruits that includes recruitment from prestigious institutes like IIT. In the light of the work-from-home model, we ensured smooth orientation process and provided them with 24*7 support during the lockdown period.
2. Organised recognition of existing employees through congratulatory e-mails for Long Service Awards and virtual felicitation along with gift vouchers for quarterly awards in the categories of Best Trainer, Best Mentor and Best Buddy.

EMPLOYEE WELFARE

1. Implemented an Online Medical Service & Health Talks Programme with a leading online healthcare services provider.
2. Employees were educated with the organisation's policies and guidelines such as Anti-Bribery Policy, Code of Suppliers, Environment Policy, Human Right Policy and Sustainable Sourcing Policy.
3. Planned and hosted POSH session for employees' awareness.
4. Released COVID advisories from time to time and extended full support to affected employees.





We believe that 'hybrid working from home and office' will become the new norm in a post-COVID world and be a driver for new business models and opportunities.

TRAINING & DEVELOPMENT

1. Conducted various internal training sessions for our employees that covered subjects such as Block Chain, EDI HQ, Dot net core, WS, Microsoft, Azure, and Salesforce, amongst others.
2. Organised external training programmes including training sessions for Azure workshop, Design Thinking Workshop, AWS workshop and Farming accounts in COVID-19 times.

EMPLOYEE ENGAGEMENT & INTERACTIONS

1. Organised employee engagement activities virtually such as Game stimulante, Friday Quiz, Trending Series, Kids Day, Diwali Celebration followed by Antakshari. All these activities recorded active participations from our employees.



Towards a Purpose-Driven Future

At R Systems, we recognise social responsibility as an integral part of our organisational objectives. Therefore, we consistently strive to steer social development and upliftment through various initiatives targeted at the underprivileged sections of society. Our inclination towards generating value in the communities that surround us has been encouraged by the undeterred commitment of our visionary Dr. Satinder Singh Rekhi who has been nurturing the 'science of happiness' in the organisation. Dr. Rekhi's belief in the philosophy that businesses can and should bring a positive impact in society has motivated us to take social efforts in the areas of education, sports, and health, amongst others. The year 2020 brought with itself various challenges that



Glimpse from GoSports mental well-being workshop

have emphasised the critical role of organisations in safeguarding and protecting their communities during testing times. To this end, we planned and executed several meaningful initiatives to create value in the lives of people.

OUR FOCUS AREAS FOR FY2020

EDUCATION

SPORTS



COMMUNITY WELFARE

EDUCATION

Collaboration with Army Public School:

With the help of Army Public School, Beas, we have continued to facilitate the education and welfare of children who belong to the weaker sections of the society.

Dream a Dream:

We collaborated with a registered charitable trust, Dream a Dream, to encourage teachers to deepen the impact on young people and unlock the potential of their students. This was executed by arranging the Life Skills Facilitation workshops for teachers to nurture empathy, expand

their creativity, develop listening and validation skills, and the ability to share with authenticity while also learning facilitation skills. Furthermore, we have also supported Dream a Dream to help young ones (within the age group of 14-23 years) with information, skills and access to opportunities to make a healthy transition to adulthood. This was achieved by conducting career awareness workshops, run short-term modules in English, communication skills, money management, and career guidance and provide access to internships, scholarships, vocational training and jobs.

Endowed Professor in Happiness:

R Systems has extended its support to the University Foundation at Sacramento State, an auxiliary of California State University, Sacramento to establish 'Endowed Professor in Happiness', an endowed professorship within the Department of Psychology in the College of Social Sciences and Interdisciplinary Studies and for internships of the students. The initiative is intended to support the science of happiness through academic research, curriculum development, and cross divisional partnerships.

SPORTS

Pullela Gopichand Badminton Academy and Prakash Padukone Badminton Academy:

R Systems is working with Pullela Gopichand Badminton Academy and Prakash Padukone Badminton Academy to encourage budding aspirants by providing them with their badminton related coaching and training expenses to excel their performance at various national and international level.

GoSports Foundation:

R Systems joined hands to support GoSports Foundation 'Long Term Athlete Development Programme', an initiative that focuses on creating a pathway to excellence for emerging athletes, supporting scientific long-term athlete development and honing them to realize their full potential.



COMMUNITY WELFARE

SaveLIFE Foundation:

The Company has supported the SaveLIFE Foundation for arranging personal protection equipment kits for doctors, nurses and other health workers during the outbreak of the COVID-19 pandemic.

Missionary of Charity:

During the year, the Company has continued to provide support to special and underprivileged children in association with the Missionary of Charity.



Directors' Report

Dear Shareholders,

Your directors take great pleasure in presenting the Twenty Seventh 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, 2020.

1. Financial Results

a. Standalone financial results of R Systems

(₹ in Million)

Particulars	Financial Year ended	
	31.12.2020	31.12.2019
Total revenue	4,387.15	3,917.69
Profit before depreciation and tax	954.31	717.49
Less: Depreciation and amortisation expense [#]	134.61	85.91
Profit before tax	819.70	631.58
Less: Current tax	149.86	104.22
Less: Deferred tax expense/(credit)	(31.13)	12.41
Profit after tax	700.97	514.95
Other comprehensive income	(11.19)	(8.33)
Total comprehensive income for the year	689.78	506.62
Statement of change in Retained Earnings		
Opening balance	2,423.29	2,124.85
Adjustment for adoption of Ind As 116	(10.49)	-
Adjusted opening balance	2,412.80	2,124.85
Add: Profit for the year	700.97	514.95
Less: Dividend paid	-	216.51
Closing balance	3,113.77	2,423.29
EPS-Basic	5.86	4.27

[#] Depreciation and Amortisation expense for the year 2019 were Pre- Ind As 116 Adoption.

b. Consolidated financial results of R Systems and its Subsidiaries

(₹ in Million)

Particulars	Financial Year ended	
	31.12.2020	31.12.2019
Total revenue	8,805.91	8,093.75
Profit before depreciation, exceptional items and tax	1,240.80	868.21
Less: Depreciation and amortisation expense [#]	256.04	148.86
Less: Exceptional Items	18.65	-
Profit before tax	966.11	719.35
Less: Current tax	206.17	134.84
Less: Deferred tax expense/(credit)	(61.95)	3.27
Profit after tax	821.89	581.24
Other comprehensive income	75.74	27.29
Total comprehensive income for the year	897.63	608.53
Statement of change in Retained Earnings		
Opening balance	2,796.95	2,432.21
Adjustment on adoption of Ind-As 116	(14.43)	-
Adjusted opening balance	2,782.52	2,432.21
Add: Profit for the year	821.89	581.24
Less: Dividend paid	-	216.50
Closing balance	3,604.41	2,796.95
EPS-Basic	6.87	4.82

[#] Depreciation and Amortisation expense for the year 2019 were Pre- Ind As 116 Adoption.

2. Results of Operations

Standalone Accounts

- » Total revenue during the year 2020 was ₹ 4,387.15 mn. as compared to ₹ 3,917.69 mn. during the year 2019, an increase of 11.98%.
- » Profit after tax was ₹ 700.97 mn. during the year 2020 as compared to ₹ 514.95 mn. during 2019, an increase of 36.12%.
- » Basic earnings per share (of face value of ₹ 1/- each) was ₹ 5.86 for the year 2020 as compared to ₹ 4.27 for the year 2019, an increase of 37.24%.

Consolidated Accounts

- » Total revenue during the year 2020 was ₹ 8,805.91 mn. as compared to ₹ 8,093.75 mn. during the year 2019, an increase of 8.80%.
- » Profit after tax was ₹ 821.89 mn. during the year 2020 as compared to ₹ 581.24 mn. during 2019, an increase of 41.40%.
- » Basic earnings per share (of face value of ₹ 1/- each) was ₹ 6.87 for the year 2020 as compared to ₹ 4.82 for the year 2019, an increase of 42.53%.

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, 2020.

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 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.

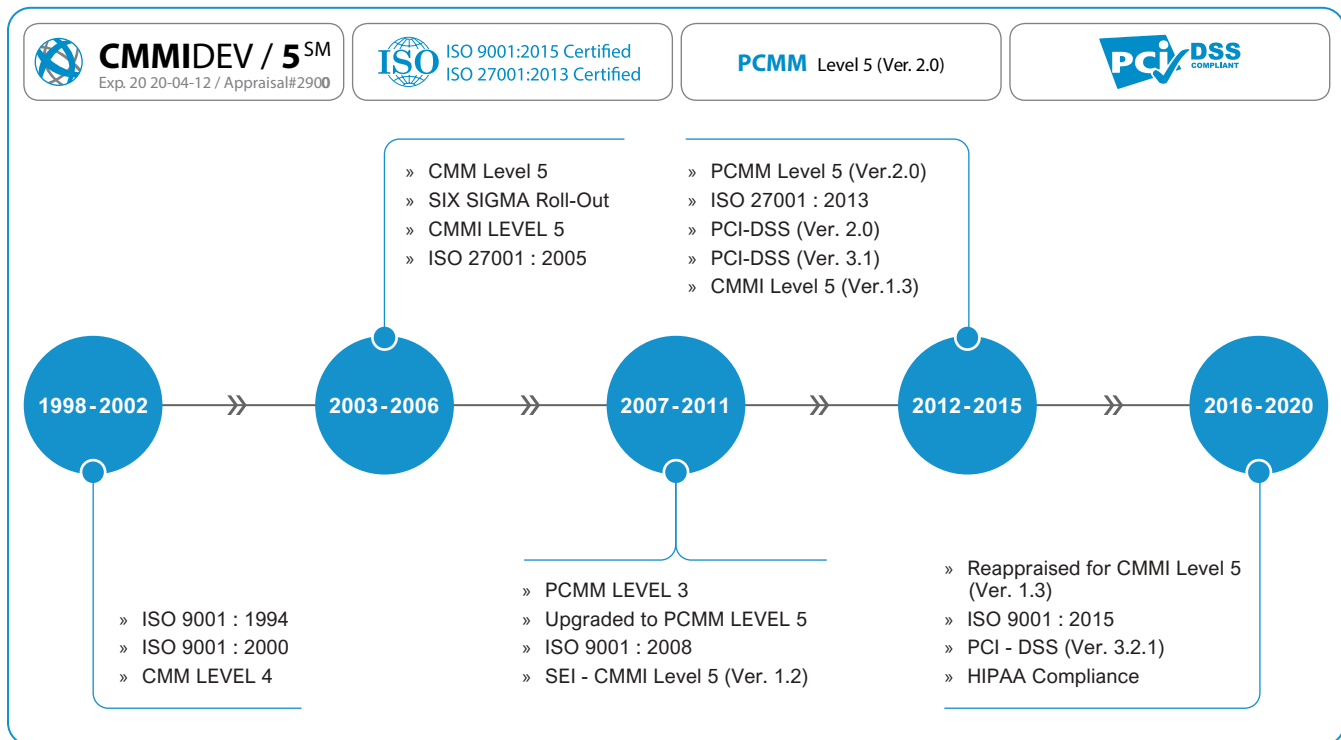
R Systems maintains sixteen development and service centres to serve customers in North America, Europe and the Far East. There were no changes in the nature of the Company's business and generally in the classes of business in which the Company has an interest and in the business carried on by the subsidiaries during the year under review. For details of Company's subsidiaries please refer note number 13 relating to subsidiaries.

The outbreak of COVID-19 was clearly an unprecedented event, the likes of which we have not experienced before. Some industries have experienced the worst impact due to social distances and travel restrictions under lock downs and the new normal. To handle these challenges, the businesses have accelerated the digitization of their customer, supply-chain interactions and of their internal operations to function and transact in this new normal. This acceleration in digital transformation has led to increase in demand for technology products and services.

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:

Directors' Report



During the year 2020, HIPAA compliance test was done with zero non-compliance in one of the major clients in Healthcare Domain for Knowledge Services division. Apart from that, R Systems IT Infrastructure along with the projects/ process/ applications in scope was recertified on PCI DSS 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 Knowledge Services Division is PCMM Level 5, ISO 27001:2013, ISO 9001:2015 certified and also for specific client(s) it is 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 for enhancing its competencies around latest technologies for flawless execution and consistent delivery of state of art Product and solutions for our customers.

The product engineering offerings include 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. Ensuring Employee Safety and Business Continuity during COVID 19 Outbreak

COVID-19 has impacted every country and caused immense challenges for the humanity. Towards the start of the pandemic, R Systems also faced various challenges like slowdown in global economy, taking care of health & safety of our employees while ensuring the continuity of services to our customers.

In accordance with the applicable Government directives in respective countries where we operate, starting from mid of March 2020, the Company assessed the situation and timely initiated the Business Continuity Plan (BCP). Under the BCP all the employees (except very few employees providing essential services) are Working From Home (WFH). As a part of BCP, R Systems has commissioned a taskforce with representatives from various functions like IT, HR, Admin etc. to monitor the situation and to take timely actions to safeguard the health & safety of employees while maintaining seamless services to our customers which includes:

- » Ensuring business productivity and client satisfaction under WFH environment.
- » Upgradation of network Infrastructure to have safe and seamless connectivity.
- » Frequent sanitization and disinfection of office spaces.

- » Adhering to Government guidelines for domestic and international travel.
- » Compliance with the guidelines of the Governments across the globe.

Because of the efforts made by the task force and the support of each employee, more than 95% of your Company's workforce has been Working From Home since the Lockdown was imposed with achieving almost 100% of client satisfaction and is also able to meet all the committed deliverables to the clients.

7. Directors & Key Managerial Personnel's (KMP)

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

Lt. Gen. Baldev Singh (Retd.) was re-appointed as director liable to retire by rotation at the Annual General Meeting held on June 30, 2020.

Mr. Avirag Jain was re-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, 2020 at the Annual General Meeting held on June 30, 2020.

During the period under review, shareholders vide special resolution at the Annual General Meeting held on June 30, 2020, approved the continuation of Mr. Satinder Singh Rekhi as Managing Director of the Company.

Further, the Board of Directors at their meeting held on November 03, 2020 has appointed, Mr. Satinder Singh Rekhi as Chief Executive Officer of the Company and re-designated him as Managing Director & Chief Executive Officer of the Company w.e.f. November 03, 2020.

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

- a. At the ensuing Annual General Meeting, Mr. Avirag Jain, Director & Chief Technology Officer of the Company is liable to retire by rotation in accordance with the provisions of Section 152 of the Companies Act, 2013, read with the Articles of Association of the Company and being eligible, offers himself for re-appointment as director of the Company.
- b. Mrs. Ruchica Gupta, Mr. Kapil Dhameja and Mr. Aditya Wadhwa, Non- Executive Independent Directors of the Company are proposed to be re-appointed as Non-Executive Independent Directors

of the Company, pursuant to the provisions of Section 149 of the Companies Act, 2013 and rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Hereinafter referred as "Listing Regulations") at the ensuing Annual General Meeting for the second term of five years commencing from June 28, 2021.

- c. On the recommendation of the Nomination & Remuneration Committee, the Board of Director of the Company, has re-appointed Lt. Gen Baldev Singh (Retd.) as President and Senior Executive Director of the Company for a period of two years i.e. w.e.f. April 01, 2021 to March 31, 2023, subject to the approval of the shareholders at the ensuing Annual General Meeting of the Company.

The brief profiles of Lt. Gen. Baldev Singh (Retd.), Mr. Avirag Jain, Mrs. Ruchica Gupta, Mr. Kapil Dhameja and Mr. Aditya Wadhwa forms part of the Corporate Governance Report and the notice of the ensuing Annual General Meeting of the Company.

No director 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 (Hereinafter referred as "the Act") and the Listing Regulations.

On the basis of the declarations submitted by all the Independent Directors of the Company, the Board of Directors have opined that all the Independent Directors of the Company fulfil the required criteria as defined under Section 149(6) of the Act and the Listing Regulations.

8. Employees Stock Option Plans / Schemes

The industry in which R Systems operates is people intensive and R Systems believes that human resources play a pivotal role in the sustainability and growth of the Company. R Systems has always believed in rewarding its employees with competitive compensation packages for their dedication, hard work, loyalty and contribution towards better performance of the Company. To enable more and more employees to be a part of the financial success of the Company, retain them for future growth and attract new employees to pursue growth, R Systems had set up employees stock option plans/ schemes from time to time for its employees and for the employees of its subsidiaries. As on December 31, 2020, the Company does not have any stock option plan in force.

Directors' Report

During the year under review, following ESOP/ ESOS plans of the Company have been completed/ lapsed:

- » R Systems International Ltd. Employees Stock Option Plan Year 2001 (Formerly known as Indus Software Employees Stock Option Plan - Year 2001).

Hon'ble National Company Law Tribunal, New Delhi, ("NCLT") vide order dated January 28, 2020, has approved the reduction in share capital of the Company under Section 66 of the Act, whereby 738,980 equity shares of the Company as held by R Systems Employees Welfare Trust have been cancelled and extinguished. Therefore, R Systems International Ltd. Employees Stock Option Plan Year 2001 (Formerly known as Indus Software Employees Stock Option Plan - Year 2001) has been lapsed completely as there are no shares left for allotment.

- » R Systems International Limited Employee Stock Option Scheme 2007: For the employees of R Systems and its subsidiaries.

During the year under review, all the options granted under the R Systems International Limited Employee Stock Option Scheme 2007 have been exercised and there is no stock option in force.

The summary information of aforesaid Employee Stock Option Plans/ Schemes of the Company is provided under Notes to Accounts of Standalone Financial Statements for the financial year ended December 31, 2020. Refer to Notes to accounts of the Standalone Financial Statements for the financial year ended December 31, 2020 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 of the Company was granted options under the aforesaid plans/ schemes, during the year, equal to or exceeding 1% of the issued capital.

9. Liquidity and Borrowings - Consolidated Financial Statement

The consolidated cash and cash equivalents as at December 31, 2020 were ₹ 2,132.21 mn. as against ₹ 1,103.11 mn. as on December 31, 2019.

Net cash generated from operating activities was ₹ 1,243.59 mn. for the year ended December 31, 2020 compared to ₹ 642.90 mn. for the year ended December 31, 2019.

Cash used in investing activities was ₹ 382.52 mn. for the year ended December 31, 2020 and mainly comprised of

investment in long term deposit of ₹ 465.64 mn. (net) with bank, purchase of fixed assets of ₹ 179.56 mn., as offset by redemption of liquid mutual fund of ₹ 226.86 mn. along with interest income of ₹ 28.61 mn.

Cash from financing activities was ₹ 110.31 mn. for the year ended December 31, 2020, mainly comprised of receipt of Paycheck Protection Program (PPP) forgivable Loan of ₹ 225.19 mn. as offset by payment of lease liabilities of ₹ 117.52 mn.

R Systems' policy is to maintain sufficient liquidity to fund the anticipated capital expenditures, operational expenses and investments for strategic initiatives.

R Systems has a credit facility from the Axis Bank Limited amounting to ₹ 380 mn. (including non-fund-based credit limit of ₹ 180 mn. for currency derivatives). As at December 31, 2020, the total credit balance was nil under fund based line of credit. Loan payable as at December 31, 2020 comprises of loan for motor vehicles purchased amounting to ₹ 8.12 mn. and PPP forgivable Loan of ₹ 222.05 mn.

10. 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, 2020, the share capital structure of the Company was as follows:

Particulars	Equity Shares of ₹ 1/- each
Authorised Share Capital	206,000,000
Issued, Subscribed and Paid up share Capital	120,337,925

During the year under review, NCLT, vide order dated January 28, 2020, has approved reduction in share capital of the Company under Section 66 of the Act. Pursuant to the said capital reduction, the paid up share capital of the Company was reduced to ₹ 119,598,945/- divided into 119,598,945 equity shares of face value of ₹ 1/- each.

Further, during the year under review, the Company issued 37,500 equity shares of ₹ 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 ₹ 119,636,445/- divided into 119,636,445 equity shares of face value of ₹ 1/- each.

At the end of the financial year ended December 31, 2020, the share capital structure of the Company was as follows:

Particulars	Equity Shares of ₹ 1/- each
Authorised Share Capital	206,000,000
Issued, Subscribed and Paid up share Capital	119,636,445

During the financial year ended December 31, 2020, 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.

11. Scheme of Amalgamations and Arrangements

- The NCLT vide order dated January 28, 2020, has approved the reduction in share capital of the Company under Section 66 of the Act, whereby 738,980 equity shares of the Company as held by R Systems Employees Welfare Trust were cancelled and extinguished.
- Subject to necessary approvals of Shareholders, creditors, Stock Exchanges, NCLT or any other appropriate authority, the Board of Directors of your Company at its meeting held on October 25, 2019, has approved the Scheme of Amalgamation under Section 230-232, 234 and other applicable provisions of the Act between RightMatch Holdings Limited ("RightMatch") and R Systems International Limited and their respective shareholders and creditors ("Scheme"). RightMatch forms part of the promoter and promoter group of R Systems. RightMatch holds 8,828,489 equity shares of ₹ 1/- each constituting about 7.38% 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 shall be issued equivalent shares in R Systems which are held by RightMatch in the proportion of their respective shareholding in RightMatch. All the cost, charges or expense related to the said Amalgamation, shall be borne by the Promoters of R Systems

and/ or RightMatch. As on date of this report, NCLT has approved the Scheme vide order dated February 01, 2021 and the approval of Statutory Authorities in Mauritius is awaited.

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 Act read with Rule 8 of Companies (Accounts) Rules, 2014 for the year ended December 31, 2020 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, 2020, 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. The Company is endeavoring to convert its Diesel generators to GAS based generators.

R Systems is always in search of innovative and efficient energy conservation technologies and applies them prudently. Being in the software industry, R Systems's 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 centre of excellence in specific digital technologies like Cloud, Mobility, IOT, Analytics, RPA and Intelligent Automation etc. to further strengthen competencies and enhance offerings across focused verticals i.e. Technology, Telecom, Healthcare & Life Science, Banking & Insurance and Retail & e-Commerce.

Directors' Report

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. Further, the pandemic has shown the value of digital initiatives in e-commerce, deliveries, supply chain virtualization, process automation and other activities, especially where physical activities are restrictive. Organizations across industries are adapting new technology to operate in this new normal.

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 R Systems partner with businesses to make them competitive and successful in today's hyper-changing environment. Over the year ended December 31, 2020, your Company has invested in research and development around all leading digital technologies. Further, R Systems has also strengthened its proprietary solutions and frameworks optimizing the integration with digital technologies.

C. Foreign Exchange Earnings and Outgo

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:

Particulars	Financial Year ended	
	31.12.2020	31.12.2019
(a) Earnings (Accrual Basis)	4,272.28	3,837.70
(b) Expenditure (Accrual Basis)	515.27	537.80
(c) CIF value of imports	61.78	84.90

(₹ in Millions)

13. Subsidiaries

As on December 31, 2020, R Systems has twenty six subsidiaries. The name and country of incorporation of those subsidiaries are as follows:

S. No.	Name of Subsidiaries	Country of Incorporation
1.	R Systems, Inc.	U.S.A.
2.	Innovizant LLC ⁵	U.S.A.
3.	R Systems Technologies Ltd.	U.S.A.
4.	RSYS Technologies Limited	Canada
5.	R Systems Consulting Services Limited (Formerly known as ECnet Limited)	Singapore
6.	R Systems Consulting Services (M) Sdn. Bhd. (Formerly known as ECnet (M) Sdn. Bhd.) [#]	Malaysia
7.	R Systems Consulting Services (HongKong) Limited (Formerly known as ECnet (Hong Kong) Limited) [#]	Hong Kong
8.	R Systems Consulting Services (Thailand) Co., Ltd. (Formerly known as ECnet Systems (Thailand) Co. Ltd.) [#]	Thailand
9.	R Systems Consulting Services Kabushiki Kaisha (Formerly known as ECnet Kabushiki Kaisha) [#]	Japan
10.	ECnet (Shanghai) Co. Ltd. [#]	People's Republic of China
11.	R Systems Computaris International Limited (Formerly known as Computaris International Limited)	U.K.
12.	R Systems Computaris S.R.L (Formerly known as ICS Computaris International Srl) [@]	Moldova
13.	R Systems Computaris Malaysia Sdn. Bhd. (formerly known as Computaris Malaysia Sdn. Bhd.) [@]	Malaysia
14.	R Systems Computaris Poland Sp. Z o.o. (Formerly known as Computaris Polska sp zo.o.) [@]	Poland
15.	R Systems Computaris Europe S.R.L. (Formerly known as Computaris Romania SRL) [@]	Romania
16.	R Systems Computaris Philippines Pte. Ltd. Inc. (Formerly known as Computaris Philippines Pte. Ltd. Inc.) [@]	Philippines
17.	R Systems Computaris Suisse Sàrl (Formerly known as Computaris Suisse Sarl) [@]	Switzerland

S. No.	Name of the Subsidiaries	Country of Incorporation
18.	R Systems (Singapore) Pte. Ltd	Singapore
19.	R Systems IBIZCS Pte. Ltd. (Formerly known as IBIZ Consulting Pte. Ltd.)*	Singapore
20.	IBIZ Consulting Services Pte Ltd.^	Singapore
21.	R Systems IBIZCS Sdn. Bhd. (Formerly kown as IBIZ Consulting Services Sdn. Bhd.)^	Malaysia
22.	PT RSystems IBIZCS International (Formerly known as PT. IBIZCS Indonesia)^	Indonesia
23.	IBIZ Consulting Services Limited^	Hong Kong
24.	IBIZ Consulting Services (Shanghai) Co., Ltd.^	People's Republic of China
25.	IBIZ Consulting (Thailand) Co Ltd.^	Thailand
26.	IBIZ Consultancy Services India Private Limited	India

[§] wholly owned subsidiary of R Systems, Inc.

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

[@] wholly owned subsidiaries of R Systems 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 R Systems IBIZCS Pte. Ltd. being 100% Subsidiary of R Systems (Singapore) Pte Limited.

[^] wholly owned subsidiary of IBIZ Consulting Services Limited being 100% Subsidiary of IBIZ Consulting Pte. Ltd.

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

During the year under review, the name of subsidiaries as mentioned above has been changed to operationalise various synergies across the group Companies.

During the year, no other corporate restructuring activity was done by the Company except as stated in this report.

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/>. During the year 2020, the Company had 2 unlisted material subsidiaries namely, R Systems, Inc., U.S.A. and R Systems (Singapore) Pte. Ltd., Singapore, both incorporated and based outside India.

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, wherever 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 the shareholders at Registered Office of R Systems i.e. GF-1-A, 6, Devika Tower, Nehru Place, New Delhi-110019, Corporate Office of R Systems i.e. C-40, Sector 59, Noida (U.P.) – 201307 and Registered Offices of the respective subsidiary companies during business hours. The same has been hosted on R Systems' website i.e. www.rsystems.com.

14. 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.

15. 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, 2020, the applicable accounting standards had been followed along with proper explanation relating to material departures;

Directors' Report

- 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 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 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, 2020 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 and Audit Report

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 Annual General Meeting 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 has 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 2020, the Statutory Auditor has not reported any matter under Section 143(12) of the Act.

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 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.

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, 2020, there was no case reported to ICC regarding sexual harassment.

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 M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, [Firm's Registration No. 117366W/ W-100018], Statutory Auditors of the Company, regarding compliance of the conditions of corporate governance as stipulated in the Listing Regulations 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 Act and the Rules made thereunder, no amount of principal or interest was outstanding as on the date of this report.

21. Customer Relations

R Systems recognizes 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. Business Responsibility Report

The Business Responsibility Report of the Company for the financial year ended December 31, 2020 as required under Regulation 34(2)(f) of the Listing forms part of this Report as **Annexure F**.

25. Secretarial Audit Report

M/s. Sanjay Grover & Associates, Company Secretaries in Practice, was 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, 2020. The Secretarial Audit report for financial year ended on December 31, 2020 is enclosed as **Annexure G**.

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, 2020.

During the year under review, the Company has complied with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

26. Maintenance of Cost Records

The Company is not required to maintain Cost records under Section 148(1) of the Act.

27. 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.

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

As per the provisions of Section 178 of the 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, Senior Management Personnel and other employees. The Criteria for selection of candidates for Membership on the Board of Directors and the remuneration policy are stated in the Corporate Governance Report.

29. Meetings of the Board

The Board 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 five times. The details of the meeting of the Board and its Committees are given in Corporate Governance Report. The intervening gap between two Board Meetings did not exceed 120 days.

30. Board Evaluation

Pursuant to the provisions of the Act and the Listing Regulations, the Board has carried out an annual

Directors' Report

performance evaluation of its own performance, its committees and the individual directors. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

31. Particulars of Loans, Guarantees or Investments

During the year under review, the Company has invested CAD 500,000 in RSYS Technologies Limited, Canada, by way of equity contribution. Details of loan, guarantees and investments covered under section 186 of the Act are provided in the notes to accounts of the financial statements.

32. Related Party Disclosure

All the Related Party Transactions entered during the year were in the ordinary course of business and on arm's length basis and in compliance with the applicable provisions of the Act and Listing Regulations. There are no materially significant related party transactions made by the Company with its 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 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 web link 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 H**.

33. Risk Management

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

34. Extract of Annual Return

The extract of annual return in Form MGT 9 as required under Section 92(3) of the Act read with Rule 12 of the Companies (Management and Administration) Rules, 2014 is enclosed as **Annexure I** to this Report and is also available on the website of the Company at the following link:

<https://www.rsystems.com/investors-info/annual-reports/>

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 J** and forms part of this report.

36. 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. 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 for the financial year ended December 31, 2020 and has issued unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

37. Material Changes affecting the Financial Position of the Company

There were no significant events subsequent to the financial year ended December 31, 2020 till the date of this report which would materially affect the financial position of the Company.

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 its 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, the Central Government, State Government of Delhi, Uttar Pradesh and 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 & Chief Executive Officer)

Place: Singapore

Date: February 16, 2021

Sd/-

Lt. Gen. Baldev Singh (Retd.)

(DIN: 00006966)

(President & Senior Executive Director)

Place: NOIDA

Date: February 16, 2021

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:

S. No.	Name of the Director	Category	Ratio of the remuneration to the median remuneration of the employees
1.	Mr. Satinder Singh Rekhi	Managing Director & Chief Executive Officer	38.12
2.	Lt. Gen. Baldev Singh (Retd.)	Executive Director	7.55
3.	Mr. Avirag Jain	Executive Director	8.37
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.

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:

S. No.	Name of the Director/CFO/ CEO/CS/Manager	Category	% increase in remuneration in the financial year
1.	Mr. Satinder Singh Rekhi	Managing Director & Chief Executive Officer	4.80
2.	Lt. Gen. Baldev Singh (Retd.)	Executive Director	2.85
3.	Mr. Avirag Jain	Executive Director	18.61
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.
7.	Mr. Nand Sardana	Chief Financial Officer	55.93
8.	Mr. Bhasker Dubey	Company Secretary & Compliance Officer	34.97

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 16.98%.

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, 2020 was 2,247.

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 6.44%.

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 & Chief Executive Officer)

Place: Singapore

Date: February 16, 2021

Sd/-

Lt. Gen. Baldev Singh (Retd.)

(DIN: 00006966)

(President & Senior Executive Director)

Place: NOIDA

Date: February 16, 2021

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, 2020

Name of the Top 10 employees and employees drawing a remuneration of ₹ 1.02 crore or above per annum or drawing average remuneration of ₹ 8.5 lakhs or above per month.*

a. Employed throughout the year

S. No.	Name	Designation / nature of duties	Qualification	Age (Years)	Date of Joining	Experience (Years)	Gross Remuneration (₹)	Previous employment & designation
1	Mandeep Singh Sodhi [§]	Chief Operating Officer - R Systems USA Operations	Bachelors degree in Electronics Engineering from Marathwada University and MBA from University of California, Davis	53	May 14, 1993	28	46,613,006	Sark Synertek Senior Marketing Engineer
2	Satinder Singh Rekhi	Managing Director & Chief Executive Officer	Bachelor of Technology from IIT, Kharagpur; MBA California State University, Sacramento; Senior Management programs from University of Berkeley and Harvard Business School	70	May 14, 1993	38	42,521,049	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 (₹)	Previous employment & designation
1	Ramneet Singh Rekhi [^]	President - Digital	MBA in Finance & Strategy from Carnegie Mellon University, Tepper School of business, and Masters of Arts in Economics from New York University.	37	July 1, 2020	9	6,058,279	R Systems, Inc., USA Vice President

[§] Mr. Mandeep Singh Sodhi is related to Lt. Gen. Baldev Singh (Retd.), President & Sr. Executive Director of the Company.

[^] Mr. Ramneet Singh Rekhi is related to Mr. Satinder Singh Rekhi, Managing Director & Chief Executive Officer. Prior to joining R Systems International Limited, he was working with R Systems, Inc., USA, wholly owned subsidiary of the Company and the total gross remuneration during the year was ₹ 10,522,689.

* Particulars of employees posted and working outside India, not being directors or their relatives, drawing more than Rupees One Crore and Two Lakh Rupees per annum or Rupees Eight Lakh and Fifty Thousand per month, as the case may be, have not been included in the above statement. Any shareholder interested in obtaining full statement may write to the Company Secretary.

Notes:

- None of the employee owns more than 2% of the outstanding shares of the Company as on December 31, 2020 except Mr. Satinder Singh Rekhi, Managing Director & Chief Executive Officer of the Company, who holds 3,062,207 equity shares in the Company being 2.56% of the total equity share capital of the Company and Mr. Ramneet Singh Rekhi, President-Digital of the Company, who holds 16,396,505 equity shares in the Company being 13.71% of the total equity share capital of the Company.
- Nature of employment is contractual in all the above cases.
- The above employees were employed at USA Branch of the Company. The remuneration in USD has been converted into INR using USD / INR exchange rates.

On behalf of the Board
For **R Systems International Limited**

Sd/-

Satinder Singh Rekhi

(DIN: 00006955)

(Managing Director & Chief Executive Officer)

Place: Singapore

Date: February 16, 2021

Sd/-

Lt. Gen. Baldev Singh (Retd.)

(DIN: 00006966)

(President & Senior Executive Director)

Place: NOIDA

Date: February 16, 2021

Annexure 'C' to the Directors' Report

Corporate Governance Report

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. Board Structure

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, 2020, the Board comprised of six directors, i.e. three executive directors out of which one is promoter director, designated as Managing Director and Chief Executive Officer (MD & CEO) and three Non-Executive Independent Directors including one Woman Independent Director. In the opinion of the Board, the Independent Directors fulfil the conditions specified in Listing Regulations and the Act and are independent from the management of the Company.

The total number of Independent Directors has been 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, 2020 have been made by the directors. Except the MD & CEO and the Independent Directors, other directors are liable to retire by rotation as per Articles of Association of the Company and the provisions of the Act.

The composition of the Board, the number of outside directorship and committee positions held by Directors of the Company as on December 31, 2020 are as follows:

Name of the Director	Category of Director	Designation	Directorships Held of Other Companies*		Committee positions held**	
			Indian Companies	Body Corporates ^{@s}	Chairperson	Member
Mr. Satinder Singh Rekhi (DIN- 00006955)	Promoter & Executive Director	Managing Director & Chief Executive Officer	0	11 ^s	0	0
Lt. Gen. Baldev Singh (Retd.) (DIN- 00006966)	Executive Director	President & Senior Executive Director	0	0	0	2
Mr. Avirag Jain (DIN- 00004801)	Executive Director	Director & Chief Technology Officer	0	0	0	0
Mrs. Ruchica Gupta (DIN- 06912329)	Non- Executive Independent Director	Non-Executive & Independent Director	1 [#]	1	1	1
Mr. Kapil Dhameja (DIN- 02889310)	Non- Executive Independent Director	Non-Executive & Independent Director	1 [#]	0	1	1
Mr. Aditya Wadhwa (DIN- 07556408)	Non- Executive Independent Director	Non-Executive & Independent Director	0	0	0	1

* Excluding directorship in R Systems International Limited.

As on December 31, 2020, Mr. Kapil Dhameja and Mrs. Ruchica Gupta are holding directorship in Private Limited Companies.

@ Foreign Body Corporates that are incorporated and having place of business outside India.

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

**Disclosure includes Chairmanship/ Membership of Committees as required for computation of maximum number of Committees of which a Director can be Chairman or Member in terms of Regulation 26 of Listing Regulations (i.e. Chairmanship/ Membership of Audit Committee and Stakeholders' Relationship Committee in all Indian public companies including R Systems International Limited).

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 the financial year ended on December 31, 2020, out of total six directors, two directors namely, Mr. Satinder Singh Rekhi, MD & CEO and Lt. Gen. Baldev Singh (Retd.), President & Senior Executive Director are relatives of each other as latter is former's sister's husband.

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. During the period under review, the Board has accepted all the recommendations of the Committees.

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. However, during the COVID-19 situation, the Board of Directors & its committee meetings were majorly held through video conferencing mode. 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

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. The necessary quorum was present at all meetings. 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. Following are the details of attendance at the five Board Meetings held during the financial year ended on December 31, 2020 and the last Annual General Meeting:

Name of the Director	Date of Board Meetings					Annual General Meeting held on June 30, 2020 [#]
	February 09, 2020	May 08, 2020 [*]	June 01, 2020 [*]	August 05, 2020 [*]	November 03, 2020 [*]	
Mr. Satinder Singh Rekhi	ACC	A	P	A	A	P
Lt. Gen. Baldev Singh (Retd.)	P	P	P	P	P	P
Mr. Avirag Jain	P	P	P	P	P	P
Mrs. Ruchica Gupta	P	P	P	P	P	P
Mr. Kapil Dhameja	P	P	P	P	P	P
Mr. Aditya Wadhwa	P	P	P	P	P	P

* Board Meetings held through Video Conferencing as per MCA Rules.

AGM held through Video Conferencing (VC)/Other Audio Visual Means (OAVM) as per MCA Rules.

Note: P - Present.

A - Absent.

ACC- Attended through Tele-Conference (not counted for the purpose of quorum).

Annexure 'C' to the Directors' Report

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, 2020.

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

CODE OF CONDUCT DECLARATION

I, Satinder Singh Rekhi, Managing Director & Chief Executive Officer 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, 2020.

Sd/-

Satinder Singh Rekhi

(Managing Director &
Chief Executive Officer)

Place: Singapore

Date: February 08, 2021

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 80 years, has more than 54 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.
- » Lt. Gen. Baldev Singh (Retd.) holds 8,322 equity shares of ₹ 1/- each being 0.01% of the total paid up share capital of the Company.
- » Lt. Gen. Baldev Singh (Retd.) is related to Mr. Satinder Singh Rekhi, Managing Director & Chief Executive Officer of the Company.

B. Mr. Avirag Jain (Director & Chief Technology Officer)

Mr. Avirag Jain (DIN: 00004801), aged about 55 years, has more than 28 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 Laws from the Asian School of Cyber Laws, Pune, apart from several certifications on diverse technology and management subjects.

Mr. Avirag 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 23 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.
- » Mr. Avirag Jain holds 100 equity shares of ₹ 1/- each (negligible percentage of the total paid up share capital of the Company).
- » Mr. Avirag Jain is not related to other directors of the Company.

C. Mrs. Ruchica Gupta (Non-Executive Independent Director)

Mrs. Ruchica Gupta (DIN: 06912329), aged about 50 years, has done M. Phil. from the University of Delhi and a graduate from the Lady Shri Ram College. Mrs. Ruchica Gupta has been a lecturer in University of Delhi for more than 15 years. As a part of the Expert Committee Board at IGNOU, she was instrumental in launching various programs in the university. She has authored nearly 40 articles on various management topics. She joined the Board of R Systems on July 07, 2014. As on date of this report:-

- » Mrs. Ruchica Gupta holds the office of Director in Bizbox Publishing Private Limited and R Systems Inc., wholly owned subsidiary of the Company.
- » Mrs. Ruchica Gupta has not been granted any ESOP's or other share based incentive schemes under the prevailing stock option plans of the Company.
- » Mrs. Ruchica Gupta doesn't hold any share in R Systems.
- » Mrs. Ruchica Gupta is not related to any other director of the Company.

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

Mr. Kapil Dhameja (DIN: 02889310), aged about 44 years, has done B. Tech. from the Indian Institute of Technology, Delhi & PGDM (MBA) from the Indian Institute of Management, Kolkata. Mr. Kapil 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.
- » Mr. Kapil Dhameja has not been granted any ESOP's or other share based incentive schemes

under the prevailing stock option plans of the Company.

- » Mr. Kapil Dhameja doesn't hold any share in R Systems.
- » Mr. Kapil Dhameja is not related to any other director of the Company.

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

Mr. Aditya Wadhwa (DIN: 07556408) aged about 34 years is a Law Graduate from NALSAR University. He is a member of Delhi State Bar Council. Mr. Aditya 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.
- » Mr. Aditya Wadhwa has not been granted any ESOP's or other share based incentive schemes under the prevailing stock option plans of the Company.
- » Mr. Aditya Wadhwa doesn't hold any share in R Systems.
- » Mr. Aditya Wadhwa is not related to any other director of the Company.

V. Core skills/ expertise/ competencies of the Board

The Board comprises qualified members who bring in the required skills, competence and expertise that allow them to make effective contributions to the Board and its committees.

The Board of Directors has identified following skills/ expertise/ competencies fundamental for the effective functioning of the Company:

1.	Management and Leadership Skill	Management and leadership experience in practical understanding in business development, processes, strategic planning, risk management etc.
2.	Information Technology	Knowledge or experience in information technology business with an ability to foresee technological trends and emerging areas of technology such as digital, artificial intelligence, cloud and cyber security.
3.	Strategy and Planning	Strategic choices and experience in guiding and leading management teams to make decisions in uncertain environments.
4.	Functional and managerial experience	Knowledge and skills in accounting and finance, business judgment, general management practices and processes, crisis response and management, industry knowledge, human resources, Indian laws, international markets, sales and marketing, and risk management.
5.	Governance and Compliance	Experience in developing governance practices, serving the best interests of all stakeholders, maintaining board and management accountability and driving corporate ethics and values.

Annexure 'C' to the Directors' Report

Following is the list of core skills, expertise and competencies of each Director:

Name of the Director	Skills/Expertise/Competencies				
	Management and Leadership Skill	Information Technology	Strategy and Planning	Functional and Managerial Experience	Governance and Compliance
Mr. Satinder Singh Rekhi	✓	✓	✓	✓	✓
Lt. Gen. Baldev Singh (Retd.)	✓	✓	✓	✓	✓
Mr. Avirag Jain	✓	✓	✓	✓	✓
Mrs. Ruchica Gupta	✓	-	✓	✓	✓
Mr. Kapil Dhameja	✓	-	✓	✓	✓
Mr. Aditya Wadhwa	✓	-	✓	✓	✓

Note: Above skills/ competencies are broad-based, encompassing several areas of expertise/experience. Each Director may possess varied combinations of skills/experience within the described set of parameters, and it is not necessary that all Directors possess all skills/ experience listed therein.

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 composition of the Audit Committee.

Composition of the Audit Committee as at December 31, 2020 is as follows:

Name of Member	Category of Director	Chairperson/ Member
Mrs. Ruchica Gupta	Non-Executive Independent Director	Chairperson
Lt. Gen. Baldev Singh (Retd.)	Executive Director	Member
Mr. Kapil Dhameja	Non-Executive Independent Director	Member
Mr. Aditya Wadhwa	Non-Executive Independent Director	Member

Details of the attendance at the five Audit Committee meetings held during the financial year 2020 are as follows:

Name of the Member	Date of Meetings of Audit Committee				
	February 09, 2020	May 08, 2020*	June 01, 2020*	August 05, 2020*	November 03, 2020*
Mrs. Ruchica Gupta	P	P	P	P	P
Lt. Gen. Baldev Singh (Retd.)	P	P	P	P	P
Mr. Kapil Dhameja	P	P	P	P	P
Mr. Aditya Wadhwa	P	P	P	P	P

* Meeting held through Video Conferencing as per MCA rules.

Note: P-Present.

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 the 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

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013
 - b. Changes, if any, in accounting policies and practices and reasons for the same.
 - c. Major accounting entries involving estimates based on the exercise of judgment by management
 - d. Significant adjustments made in the financial statements arising out of audit findings
 - e. Compliance with listing and other legal requirements relating to financial statements

- f. Disclosure of any related party transactions
 - g. Qualifications in the draft audit report
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
 6. Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
 7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
 8. Approval or any subsequent modification of transactions of the Company with related parties;
 9. Scrutiny of inter-corporate loans and investments;
 10. Valuation of undertakings or assets of the Company, wherever it is necessary;
 11. Evaluation of internal financial controls and risk management systems;
 12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
 13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, if any, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
 14. 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;
 15. 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;
 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;

Annexure ‘C’ to the Directors’ Report

17. To review the functioning of the Whistle Blower mechanism;
18. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
19. 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.
20. 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.
21. To carry any other duties as may be required under the SEBI (Listing Obligations & Disclosure Requirements) 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 it 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 Listing Regulations.

Composition of the Nomination & Remuneration Committee as at December 31, 2020 is as follows:

Name of Member	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

Details of the attendance at the three Nomination & Remuneration Committee meetings held during the financial year 2020 are as follows:

Name of the Member	Date of Meetings of Nomination & Remuneration Committee		
	February 09, 2020	June 01, 2020*	November 03, 2020*
Mrs. Ruchica Gupta	P	P	P
Mr. Kapil Dhameja	P	P	P
Mr. Aditya Wadhwa	P	P	P

* Meeting held through Video Conferencing as per MCA rules.

Note: P-Present.

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 and 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 Obligations and Disclosure Requirements) Regulations, 2015 and Companies Act, 2013 and delegated by the Board of Directors from time to time.

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 Obligations 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 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 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 Obligations &

Annexure 'C' to the Directors' Report

Disclosure Requirements) Regulations, 2015 and Companies Act, 2013 and rules made thereunder 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 fit 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 web link: <https://www.rsystems.com/investors-info/corporate-governance/>.

Annexure 'C' to the Directors' Report

Brief terms of employment and details of remuneration paid to the executive directors during the year ended December 31, 2020

(Amount in ₹)

1.	Name of the Director	Mr. Satinder Singh Rekhi
(a)	Salary, benefits and allowances (fixed)	31,560,549
(b)	Incentive (fixed)*	10,960,500
(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, 2020	3,062,207 equity shares of ₹ 1/- each in his own name and 11,818,061 equity shares of ₹ 1/- each jointly with Mrs. Harpreet Rekhi as a trustee of The Satinder & Harpreet Rekhi Family Trust.

* Incentive is based on the fixed percentage of Profit After Tax.

(Amount in ₹)

2.	Name of the Director	Lt. Gen. Baldev Singh (Retd.)
(a)	Salary, benefits and allowances (fixed)	4,519,340
(b)	Incentive (fixed)*	3,600,000
(c)	Provident fund	306,720
(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, 2020	8,322 equity shares of ₹ 1/- each

* Incentive is based on the fixed percentage of qualifying revenue.

(Amount in ₹)

3.	Name of the Director	Mr. Avirag Jain
(a)	Salary, benefits and allowances (fixed)	5,019,309
(b)	Incentive (fixed)*	4,050,000
(c)	Provident fund	272,052
(d)	Stock options granted	Nil
(e)	Pension	As per the applicable policy for employees
(f)	Service contract	3 years
(g)	Notice period	3 months
(h)	Severance fees	Compensation in lieu of notice
(i)	Shareholding in R Systems as on December 31, 2020	100 equity shares of ₹ 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, approval of the Board and shareholders in compliance with the provisions of the Act and Listing Regulations.

Details of remuneration paid to the non-executive directors during the year ended December 31, 2020

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 Independent Directors during the year ended December 31, 2020 is as follows:

(Amount in ₹)

Sl. No.	Name of the Director	Sitting Fees Paid
1.	Mrs. Ruchica Gupta	225,000
2.	Mr. Kapil Dhameja	225,000
3.	Mr. Aditya Wadhwa	225,000
	Total	675,000

As on December 31, 2020, none of the existing Non-Executive Independent Director of the Company holds any shares, options or any other convertible instruments in the Company.

Apart from the sitting paid, the Company has no other pecuniary relationship with any of its Non-Executive Independent Director.

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.

Composition of the Compensation Committee:

Name of Member	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

During the year under review, there was no change in the composition of the Compensation Committee and no meeting was held.

3.4 Stakeholders' Relationship Committee

As on December 31, 2020, 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.

Composition of the Stakeholders' Relationship Committee during the financial year ended December 31, 2020 is as follows:

Name of Member	Category of Director	Chairperson/ Member
Mr. Kapil Dhameja	Non-Executive Independent Director	Chairperson
Lt. Gen. Baldev Singh (Retd.)	Executive Director	Member
Mrs. Ruchica Gupta	Non-Executive Independent Director	Member

Annexure ‘C’ to the Directors’ Report

Details of the attendance at four meetings of Stakeholders’ Relationship Committee held during the financial year 2020 are as follows:

Name of the Member	Meeting of Stakeholders’ Relationship Committee			
	February 09, 2020	May 08, 2020*	August 05, 2020*	November 03, 2020*
Mr. Kapil Dhameja	P	P	P	P
Lt. Gen. Baldev Singh (Retd.)	P	P	P	P
Mrs. Ruchica Gupta	P	P	P	P

* Meeting held through Video Conferencing as per MCA rules.

Note: P-Present.

The Stakeholders Relationship Team (“the Team”) has also been constituted and empowered to consider, approve the request for share transfer, remat, split, consolidation etc. During the period under review, no meeting of the Team was required to be held.

Terms of reference of the Stakeholders Relationship Committee

1. Consider and resolve the grievances of shareholders of the Company including redressal of investor complaints such as transfer or credit of securities, non-receipt of dividend/ notice/ annual reports, etc. and all other shareholders related matters;
2. Consider and approve issue of share certificates (including issue of renewed or duplicate share certificates, Rematerialisation, Split of Shares certificate), transfer and transmission of shares etc.
3. To carry any other duties as may be required under the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and Companies Act, 2013 and rules made thereunder and delegated by the Board of Directors from time to time.

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

Shareholders grievances/ complaints received and resolved during the year:

(i)	Number of shareholders’ complaints received during the year ended December 31, 2020	02
(ii)	Number of complaints not resolved to the satisfaction of shareholders	Nil
(iii)	Number of pending complaints	Nil

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 indicating 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.

Composition of the CSR Committee as at December 31, 2020 is as follows:

Name of Member	Category of Director	Chairperson/ Member
Mr. Kapil Dhameja	Non-Executive Independent Director	Chairperson
Lt. Gen. Baldev Singh (Retd.)	Executive Director	Member
Mrs. Ruchica Gupta	Non-Executive Independent Director	Member

Details of the attendance at two meetings of the CSR Committee held during the financial year 2020 are as follows:

Name of the Member	Meeting of Corporate Social Responsibility Committee	
	February 09, 2020	May 08, 2020*
Mr. Kapil Dhameja	P	P
Lt. Gen. Baldev Singh (Retd.)	P	P
Mrs. Ruchica Gupta	P	P

* Meeting held through Video Conferencing as per MCA rules.

Note: P-Present.

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 December 24, 2020 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	Meeting held on December 24, 2020
Mrs. Ruchica Gupta	P
Mr. Kapil Dhameja	P
Mr. Aditya Wadhwa	P

Note: P-Present

5. Subsidiary Companies

As at December 31, 2020, the Company has twenty six subsidiaries including step down subsidiaries.

During the year under review, the name of some of the subsidiaries of the Company has been changed to operationalise various synergies across the group Companies. Please refer Directors Report for further details.

The Audit Committee reviewed the financial statements, in particular, the investments made by unlisted subsidiaries of the Company. 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 subsidiaries. The copies of minutes of Board meetings of subsidiaries of the Company are also presented at the meeting of the Board of Directors of the Company.

During the year under review, 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 R Systems (Singapore) Pte. Ltd. Both the material subsidiaries are incorporated and based outside India. In compliance with Listing Regulations, Mrs. Ruchica Gupta, Non- Executive and Independent Director of the Company, has been appointed as Director in R Systems Inc., material subsidiary of the Company.

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/>.

Annexure ‘C’ to the Directors’ Report

6. General Body Meetings

I. Details for the last three Annual General Meetings (“AGM”)

AGM Date and Time	Venue	Special Resolutions passed
24 th AGM May 25, 2018 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 President and Senior Executive Director. (2) Appointment of Mr. Avirag Jain (DIN: 00004801) as Director & Chief Technology Officer w.e.f. August 03, 2017.
25 th AGM May 28, 2019 09:00 A.M.	Air Force Auditorium, Subroto Park, New Delhi- 110010	Reduction of share capital of the Company.
26 th AGM June 30, 2020 09:00 A.M.	Through Video Conferencing (“VC”) / Other Audio Visual Means (“OAVM”)	(1) Continuation of Mr. Satinder Singh Rekhi (DIN: 00006955), as Managing Director of the Company. (2) Re-appointment and remuneration of Mr. Avirag Jain (DIN: 00004801) as Director & Chief Technology Officer.

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, except resolutions passed on July 07, 2020, pursuant to Order dated May 22, 2020 as amended on May 29, 2020 issued by the Hon’ble National Company Law Tribunal (“NCLT”). The NCLT had appointed Mr. S.P Singh Chawla and Mr. Gursat Singh Vachhar as Chairman and Alternate Chairman, respectively to overview the process of postal ballot and e-voting. The NCLT had also appointed Mr. Abhishek Mittal as Scrutiner for the aforesaid postal ballot and e-voting process. The Shareholders, Secured Creditors and Unsecured Creditors of the Company have passed resolutions through postal ballot and e-voting for approving the Scheme of Amalgamation between RightMatch Holdings Limited and the Company and their respective shareholders and creditors under Section 230-232, 234 of the Act and the rules made thereunder.

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 31 in the standalone and in note number 32 in the consolidated financial results for the financial year ended December 31, 2020.

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

During the year under review, 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, 2020, no employee has been denied access to the Audit Committee. The details of such Whistle Blower policy (also known as Vigil Mechanism) is 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 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 Programmes 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 MD & CEO 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 M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, [Firm's Registration No. 117366W/W-100018], Statutory Auditors of the Company, 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 12,746 equity shares to the Demat account of the Investor Education and Protection Fund Authority. As on the date of this report a total of 22,367 equity shares of the Company are lying in the Investor Education and Protection Fund 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 discretionary 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. However, there is no permanent chairperson of the Board.

Annexure ‘C’ to the Directors’ Report

Shareholders Rights

The quarterly and half yearly financial performance of the Company are published in the newspapers and are also posted on the Company’s website. Further financial performance are also sent on quarterly basis to the e-mails of the shareholders of the Company who have valid e-mail ids registered with their Depository Participants (DP) / Company.

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, 2020, there was no case reported to ICC regarding sexual harassment.

7.8 Certificate from Company Secretary in practice on no disqualification of Directors

M/s. Sanjay Grover & Associates has issued a certificate as required under the Listing Regulations, confirming that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as Director of Company by SEBI, Ministry of Corporate Affairs or any such statutory authority. The said certificate is enclosed as **Annexure-1** to this report.

7.9 Details of total fees paid to Statutory Auditors

M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, [Firm’s Registration No. 117366W/ W-100018], have been appointed as the Statutory Auditors of the Company. The particulars of payment made to the statutory auditor and all entities in its network for the Financial Year ended December 31, 2020 are as follows:

	(Amount in ₹)
Total Fees paid by the Company for the audit and related services to M/s. Deloitte Haskins & Sells LLP.	4,600,800
Total Fees paid by the Subsidiary Companies for the audit and related services to M/s. Deloitte Haskins & Sells LLP and all entities in its network.	1,781,520
Other fees paid by the Company and its subsidiaries to M/s. Deloitte Haskins & Sells LLP and to all entities in its network.*	2,400,187

* Including out of pocket expenses.

8. Means of Communication

- 8.1 The quarterly and year to date audited/ unaudited financial results are published in the leading newspaper of India namely Business Standard.
- 8.2 The financial results and other corporate information are available on R Systems’ website www.rsystems.com. The website also displays important events such as AGM(s), Buyback(s), Arrangement(s) etc. and 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.
- 8.4 Financial results are also sent to all the shareholders whose email address is registered with their Depository Participants (DP) / Company.

9. General Shareholder Information

I) Annual General Meeting

Date and Time : May 19, 2021 at 10.00 A.M.

Venue : Through Video Conferencing (VC) / Other Audio Visual Means (OAVM).

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 15, 2021 to May 19, 2021 (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, C-1, Block G, 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 2020-21 has been paid within the scheduled time to NSE and BSE. The annual listing fee for the year 2021-22 will become due on March 31, 2021 and will be paid within the scheduled time as prescribed under the provision of Listing Regulations.

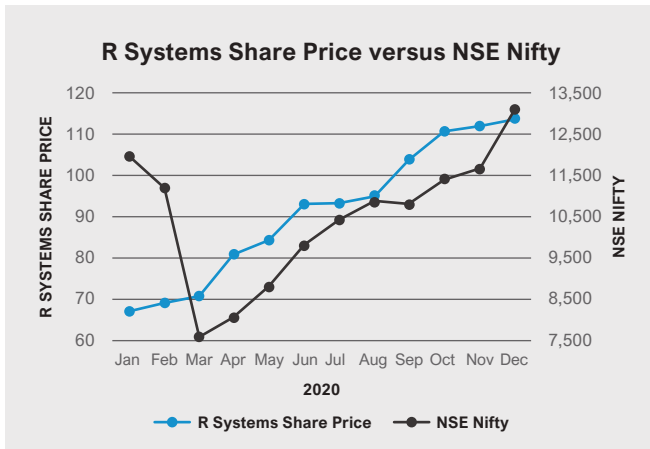
VI) Market Price Data: High, Low during each month in financial year ended December 31, 2020

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, 2020, in comparison with NSE Nifty and BSE Sensex, are as follows:

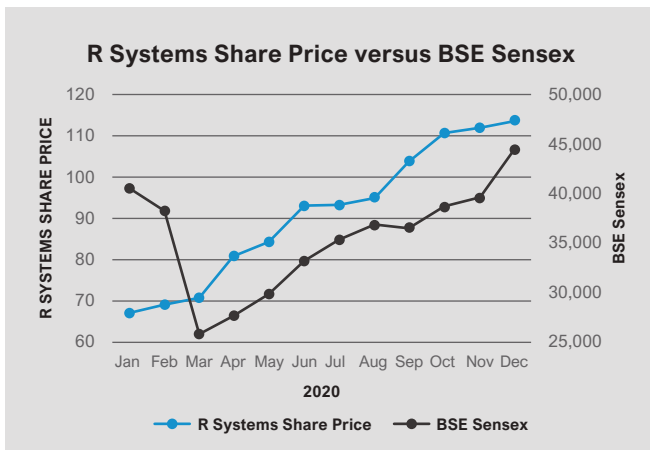
Month	NSE				BSE			
	SHARE PRICE		NIFTY		SHARE PRICE		SENSEX	
	High (₹)	Low (₹)	High	Low	High (₹)	Low (₹)	High	Low
2020								
Jan	74.10	67.05	12,362.30	11,962.10	74.10	66.70	41,952.63	40,676.63
Feb	98.00	69.10	12,201.20	11,201.75	98.00	69.20	41,565.90	38,297.29
Mar	93.05	70.90	11,303.30	7,610.25	94.90	70.55	38,623.70	25,981.24
Apr	90.15	81.05	9,859.90	8,083.80	93.00	81.40	33,717.62	27,590.95
May	92.00	84.30	9,580.30	8,823.25	92.00	84.40	32,424.10	30,028.98
Jun	111.40	93.15	10,471.00	9,813.70	111.75	93.50	35,430.43	33,228.80
Jul	108.30	93.20	11,300.55	10,430.05	108.00	93.00	38,492.95	35,414.45
Aug	115.30	95.05	11,647.60	10,891.60	115.65	95.00	39,467.31	36,939.60
Sep	114.40	103.90	11,604.55	10,805.55	114.05	103.55	39,302.85	36,553.60
Oct	130.65	110.80	11,971.05	11,416.95	131.40	111.40	40,794.74	38,697.05
Nov	122.85	112.15	13,055.15	11,669.15	122.25	112.15	44,523.02	39,757.58
Dec	125.60	113.85	13,981.95	13,109.05	125.90	113.55	47,751.33	44,618.04

The aforesaid table is based on the closing price of the shares of R Systems and closing of NSE Nifty and BSE Sensex as available at NSE and BSE website.

Annexure 'C' to the Directors' Report



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, 1st Floor,
Plot NH 2, C-1, Block LSC, Near Savitri Market,
Janakpuri, New Delhi – 110058

VIII) Share Transfer System

The registrar and share transfer agent of the Company, Link Intime India Private Limited attends the share transfer, transmission, transposition, dematerialization and re-materialization of shares, issue of duplicate share certificates, split and consolidation of shares formalities and forward the same to the Company for the approval of stakeholders relationship team which has been delegated with the authority to approve the same. However, as per provisions of Listing Regulations and SEBI press releases, effective from April 01, 2019, securities of listed companies can only be transferred in dematerialised form except where the claim is lodged for transmission or transposition of shares or where the transfer deed(s) was lodged prior April 01, 2019 and returned due to deficiency in the document. Shareholders are advised to dematerialise their shares held by them in physical form.

Shares held in dematerialized form are electronically traded in the depository and the registrar and share transfer agent of R Systems periodically receives the details of beneficiary holdings from depositories.

Shareholders are requested to update their Bank details and other details as and when required with the Depository Participant through which they hold a Demat Account or by updating the details at the following link:

https://linkintime.co.in/EmailReg/Email_Register.html

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
May 11, 2013	Final Dividend 2012	June 10, 2020*
July 27, 2013	1 st Interim Dividend 2013	August 26, 2020*
October 25, 2013	2 nd Interim Dividend 2013	November 24, 2020*
May 10, 2014	Final Dividend 2013	June 9, 2021

Date of declaration	Dividend for the year	Due date for transfer to IEPF
June 3, 2014	1 st Interim Dividend 2014	July 3, 2021
July 26, 2014	2 nd Interim Dividend 2014	August 25, 2021
October 29, 2014	3 rd Interim Dividend 2014	November 28, 2021
December 20, 2014	4 th Interim (Special) Dividend 2014	January 19, 2022
June 9, 2015	Final Dividend 2014	July 9, 2022
April 23, 2015	1 st Interim Dividend 2015	May 23, 2022
August 5, 2015	2 nd Interim (Special) Dividend 2015	September 4, 2022
October 29, 2015	3 rd Interim Dividend 2015	November 28, 2022
May 4, 2018	Interim Dividend 2018	June 3, 2025
December 14, 2019	Interim Dividend 2019	January 13, 2027

* Unpaid dividend for the financial year ended December 31, 2012, 1st Interim Dividend 2013 and 11th Interim Dividend 2013 which were declared on May 11, 2013, July 27, 2013 and October 25, 2013, respectively has been deposited to the Investor Education and Protection fund on July 07, 2020, September 05, 2020 and December 01, 2020 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, 2020

Number of shares (nominal value of ₹ 1/- each)			Shareholders		Share Capital	
			Number	%	Amount in ₹	%
1	-	2,500	12,071	96.94	3,848,811	3.22
2,501	-	5,000	214	1.71	816,234	0.68
5,001	-	10,000	96	0.77	718,539	0.60
10,001	-	20,000	48	0.38	677,978	0.57
20,001	-	30,000	13	0.10	316,054	0.26
30,001	-	40,000	12	0.10	426,736	0.36
40,001	-	50,000	8	0.06	370,872	0.31
50,001	-	1,00,000	5	0.04	371,206	0.31
Above	-	1,00,000	24	0.19	112,090,015	93.69
TOTAL			12,491	100.00	119,636,445	100.00

XI) Category wise Shareholding as on December 31, 2020

Category	Category of Shareholder	No. of shares	Percentage
(A)	Promoters & Promoter Group		
1	Indian	2,011,822	1.68
2	Foreign	59,701,252	49.90
	Sub Total (A)	61,713,074	51.58
(B)	Public Shareholding		
1	Institutions		
(a)	Mutual Funds / UTI	-	-
(b)	Financial Institutions / Banks	-	-
(c)	Foreign Institutional Investors/ Foreign Portfolio Investors	-	-
	Sub Total (B)(1)	-	-

Annexure 'C' to the Directors' Report

Category	Category of Shareholder	No. of shares	Percentage
2	Non-institutions		
(a)	Individual shareholders holding nominal share capital up to ₹ 2 lakh	8,048,427	6.73
(b)	Individual shareholders holding nominal share capital in excess of ₹ 2 lakh	47,300,498	39.54
(c)	NBFCs registered with RBI	-	-
(d)	Any Other (Clearing Members)	68,431	0.06
(e)	Any Other (Bodies Corporate)	2,483,648	2.08
(f)	Any Other (Investor Education and Protection Fund)	22,367	0.02
	Sub Total (B)(2)	57,923,371	48.42
	Total Public Shareholding (B)(1)+(B)(2)=B	57,923,371	48.42
	Grand Total (A+B)	119,636,445	100.00

XII) 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 99.81% of the issued and paid up share capital of the Company has been dematerialised up to financial year ended December 31, 2020. 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, 2020, 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>Noida Offices C - 40 & C - 1, Sector - 59, Noida (U.P.) - 201307</p> <p>- SEZ Units,</p> <p>1) Ground Floor, 1, Incubation Centre, Tower 2, Plot No. 21, Sector Techzone IV, Greater Noida West (NCR) - 201 306, (U.P.) India</p> <p>2) 1st & 2nd Floor, Tower 1, Plot No. 21, Sector Techzone IV, Greater Noida West- 201 306 (U.P.) India</p>
2.	<p>Chennai Office Plot# NP 1 & 2, Industrial Estate, Sidco Industrial Estate, Guindy, Chennai -600032</p>
3.	<p>U.S.A. Branch Office</p> <p>1) 5000, Windplay Drive, Suite #5, El Dorado Hills, CA 95762, U.S.A.</p> <p>2) 1551 McCarthy Blvd, Suite # 117, Milpitas CA 95035, U.S.A.</p>

4.	R Systems Inc. 5000, Windplay Drive, Suite #5, El Dorado Hills, CA 95762, U.S.A.	13.	R Systems Computaris Philippines Pte. Ltd. Inc. (Formerly known as Computaris Philippines Pte. Ltd. Inc.) Level 16 Tower 6789, Ayala Avenue 1206 Makati City, Philippines.
5.	Innovizant LLC 1431, Opus Place, Suite 630, Downers Grove, IL 60515, U.S.A.	14.	R Systems Computaris Suisse Sàrl (Formerly known as Computaris Suisse Sarl) Rue du Trésor 9, c/o Me Madalina Diaconu, Etudes SPLC Avocats & Notaires, 2000 Neuchâtel, Switzerland
6.	R Systems Technologies Ltd. 5000, Windplay Drive, Suite #5, El Dorado Hills, CA 95762, U.S.A.	15.	R Systems Consulting Services Limited (Formerly Known as ECnet Limited) 16, Jalan Kilang, #04-01 Hoi Hup Building, Singapore – 159 416
7.	RSYS Technologies Ltd. Vancouver office 1000, Cathedral Place, 925 West Georgia Street, Vancouver BC V6C 3L2, Canada Ontario office 2425 Matheson Blvd East Unit 778, Mississauga, Ontario L4W 5K4 Canada	16.	R Systems Consulting Services (M) Sdn. Bhd. (Formerly Known as ECnet (M) Sdn. Bhd.) Suite 5F-1, 5 th Floor, Tower 5, Puchong Financial Corporate Centre (PFCC) Jalan Puteri ½, Bandar Puteri, 47100 Puchong Selangor, Malaysia
8.	R Systems Computaris International Limited (Formerly known as Computaris International Limited) Swan House, 9 Queens Road, Brentwood CM14 4HE, United Kingdom	17.	R Systems Consulting Services (Hong Kong) Limited (Formerly Known as ECnet (Hong Kong) Limited) Rm 2808 28/F Wu Chung House 213 Queen's Road East, Wan Chai, Hong Kong
9.	R Systems Computaris Europe S.R.L. (Formerly known as Computaris Romania SRL) Bucharest office 5 Gheorghe Manu Str, Groundfloor, 1 st Floor, District 1, Bucharest, 010442, Romania Galati office 23 Logofat Tautu Str., 800009, Galati, Romania	18.	R Systems Consulting Services (Thailand) Co., Ltd. (Formerly Known as ECnet Systems (Thailand) Company Limited) 2/3 Bangna Tower-A, 2 nd Floor, Room No. 205-206, Moo 14, Bangna-Trad K.M. 6.5, Tambol Bangkaew, Amphoe Bangplee, Samutprakarn Province 10540, Thailand
10.	R Systems Computaris Poland Sp.Z.O.O. (Formerly known as Computaris Polska sp z o.o.) Warsaw office al. Jana Pawla II 80, 00-175 Warsaw, Poland Bialystok office ul. Branickiego 17, 15 -085 Bialystok, Poland	19.	R Systems Consulting Services Kabushiki Kaisha (Formerly Known as ECnet Kabushiki Kaisha) Godo Building 6F, Kaji-cho 1-6-17, Chiyoda-ku, Tokyo, Japan 101-0044
11.	R Systems Computaris S.R.L. (Formerly known as ICS Computaris International Srl) Vlaicu Pircealab Street, No 63, Et. 8, Oficiu B, MD – 2012, Sky Tower Business Center, Chisinau, Republica Moldova	20.	ECnet (Shanghai) Co. Ltd. Rm H, 20 Floor, Foresight Mansion, No. 768 Xie Tu Rd, Shanghai, People's Republic of China
12.	R Systems Computaris Malaysia Sdn. Bhd. (Formerly known as Computaris Malaysia Sdn. Bhd.) Lot. No. 5F-1, 5 th Floor Tower 5 Puchong Financial Corporate Center Jalan Puteri ½, Bandar Puteri 47100 Puchong, Selangor, Malaysia	21.	R Systems (Singapore) Pte Limited #04-01, 16 Jalan Kilang, Hoi Hup Building, Singapore 159416
		22.	R Systems IBIZCS Pte. Ltd. (Formerly known as IBIZ Consulting Pte. Ltd.) 2 Jalan Kilang Barat #04-01, Singapore 159346

Annexure 'C' to the Directors' Report

23.	IBIZ Consulting Services Pte Ltd. 2 Jalan Kilang Barat #04-01, Singapore 159346
24.	R Systems IBIZCS Sdn. Bhd. (Formerly known as IBIZ Consulting Services Sdn. Bhd.) Suite 5F-1, 5 th Floor, Tower 5, Puchong Financial Corporate Centre (PFCC) Jalan Puteri ½, Bandar Puteri, 47100 Puchong Selangor, Malaysia
25.	PT Rsystems IBIZCS International (Formerly known as PT. IBIZCS Indonesia) Setiabudi Buidling 2, 2 nd 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 (Thailand) Co Ltd. 2/3 Bangna Tower-A, 2 nd Floor, Room No. 205-206, Moo14, Bangna-Trad K.M.6.5 Road, Bangkaew Sub-district, Bangplee District, Samutprakarn Province, Thailand
28.	IBIZ Consulting Services Limited Units 1901-3, 19/F, Strand 50, 50 Bonham Strand, Sheung Wan, Hong Kong
29.	IBIZ Consulting Services (Shanghai) Co., Ltd Room 1721, 17F, Building A, CCIG International Plaza, No. 331, North Caoxi Road, Xuhui District, Shanghai, People's Republic of 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, 1st 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

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

On behalf of the Board

For **R Systems International Limited**

Sd/-
Satinder Singh Rekhi
(DIN: 00006955)
(Managing Director &
Chief Executive Officer)

Place: Singapore
Date: February 16, 2021

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

Place: NOIDA
Date: February 16, 2021

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, 2020 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, wherever applicable,
- 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: Singapore

Date: February 08, 2021

Sd/-

Nand Sardana

(Chief Financial Officer)

Place: NOIDA

Date: February 08, 2021

Annexure 1

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C Clause (10)(i) of the
SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members of
R Systems International Limited
GF-1-A, 6, Devika Tower,
Nehru Place, New Delhi- 110019.

1. That R Systems International Limited (CIN: L74899DL1993PLC053579) is having its registered office at GF-1-A, 6, Devika Tower, Nehru Place, New Delhi- 110019 (hereinafter referred as “the Company”). The equity shares of the Company are listed on BSE Limited and National Stock Exchange of India Limited.
2. We have examined the relevant disclosures received from the Directors, registers, records, forms, and returns maintained by the Company and produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
3. In our opinion and to the best of our information and according to the verifications and examination of the disclosures under section 184/189, 170, 164, 149 of the Companies Act, 2013 (the Act) and DIN status at the portal, www.mca.gov.in, as considered necessary and explanations furnished to us by the Company and its officers, we certify that none of the below named Directors on the Board of the Company as on December 31, 2020 have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such statutory authority:

Sr. No.	Name of Director	Director Identification Number (DIN)	Date of Appointment in Company
1.	Mr. Satinder Singh Rekhi	00006955	14/05/1993
2.	Mr. Baldev Singh	00006966	01/09/1997
3.	Mr. Avirag Jain	00004801	03/08/2017
4.	Mr. Kapil Dhameja	02889310	29/06/2016
5.	Ms. Ruchica Gupta	06912329	07/07/2014
6.	Mr. Aditya Wadhwa	07556408	29/06/2016

4. Ensuring the eligibility of the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.
5. This certificate is based on the information and records available up to this date and we have no responsibility to update this certificate for the events and circumstances occurring after the date of the certificate.

For Sanjay Grover & Associates
Company Secretaries
Firm Registration No.: P2001DE052900

Sd/-
Devesh Kumar Vasisht
Partner

Place: New Delhi
Date: February 15, 2021

CP No.:13700
FCS No. F8488
UDIN.: F008488B002903336

Annexure 'D' to the Directors' Report

To
**The Members of
R Systems International Limited**

INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

1. This certificate is issued in accordance with the terms of our engagement letter dated 13 July, 2020.
2. We, Deloitte Haskins & Sells LLP, Chartered Accountants, the Statutory Auditors of R Systems International Limited ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on December 31, 2020, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations").

Managements' Responsibility

3. The compliance of conditions of Corporate Governance is the responsibility of the management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in the Listing Regulations.

Auditor's Responsibility

4. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
6. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. 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.

Opinion

8. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended December 31, 2020.
9. We 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.

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

Sd/-
Jitendra Agarwal
Partner

(Membership No. 87104)
UDIN.: 21087104AAAABE9434

Place: New Delhi
Date: February 16, 2021

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 the Indian Accounting Standards (Ind-AS) prescribed under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standard) Rules as amended from time to time. 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.

The Group has adopted Ind AS 116 'Leases' with the date of initial application being January 01, 2020. Ind AS 116 replaces Ind AS 17 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings as of January 01, 2020. Due to the adoption of Ind AS 116 lessee is required to recognise assets and liabilities for all the leases with a term of more than 12 months unless the underlying asset is of quite low. Further, due to the adoption lease rent has been classified into depreciation and interest expenses.

A. Industry Structure and Developments

The COVID-19 pandemic has brought years of change in the way companies across different sectors and regions operate and collaborate. The consumers have shifted towards online channels, and businesses were somehow forced to respond in turn. Businesses have rapidly accelerated digital transformation for their customers, supply chain interactions, and internal operations.

Digital transformation has become imperative for some of the businesses to remain relevant in the pandemic-led new normal. The COVID-19 crisis has demonstrated the importance of digital initiatives in the areas of e-commerce, deliveries, supply chain virtualisation, process automation and other activities, especially where physical activities are restrictive.

These changes in consumer behaviour, business paradigm and processes are likely to continue in the long term as well. Additionally, the share of digital or digital enabled products has accelerated multi-fold and has further led to a rise in the investments and returns in the digital transformation projects. An accelerated migration to the cloud, faster roll out of 5G, using big data, AI and ML for data driven decision making and intelligent process automations will bolster digital transformation across industries in the 2020s.

B. Company Overview

R Systems International Limited (the 'Company' or 'the Parent Company') and its subsidiaries (hereinafter collectively referred to as 'the Group') 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 Group is a leading global provider of technology, artificial intelligence, RPA services and solutions along with knowledge services. The Group delivers its services and solutions to leading technology companies and businesses to enable their digital transformation. The Group's services and solutions offerings span over five major business verticals, that is, Technology, Telecom, Healthcare and Life Science, Finance and Insurance, and Retail and e-commerce.

The Company has following subsidiaries:

Name of Subsidiary	Holding as of December 31, 2020	Holding as of December 31, 2019	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.

Name of Subsidiary	Holding as of December 31, 2020	Holding as of December 31, 2019	Country of incorporation and other particulars
R Systems Consulting Services Limited (formerly known as 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. R Systems Consulting Services Limited, Singapore has subsidiaries in Malaysia, Thailand, China, Hong Kong and Japan.
R Systems Computaris International Limited (formerly known as Computaris International Limited), UK	100%	100%	A company registered under the laws of U.K in 2006. The Company has acquired the entire share on January 26, 2011. R Systems Computaris International Limited, U.K. has subsidiaries in Romania, Poland, Moldova, Malaysia, Switzerland and Philippines.
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.
IBIZ Consultancy Services India Private Limited, India	100%	100%	A company registered under the laws of India in 2008 and subsidiary of the Company since April 30, 2015.

* The shareholding by the Company and R Systems (Singapore) Pte Limited is 69.37% and 30.38% respectively.

Innovizant LLC, USA, (100% membership interest held by RSI) is a wholly owned subsidiary of R Systems, Inc., USA, w.e.f. January 1, 2019.

R Systems Consulting Services Limited, Singapore has following wholly owned subsidiaries:

Name of Subsidiary	Holding as of December 31, 2020	Holding as of December 31, 2019	Country of incorporation
R Systems Consulting Services (M) Sdn. Bhd. (formerly known as ECnet (M) Sdn. Bhd.)	100 %	100 %	Malaysia
R Systems Consulting Services (Thailand) Co., Ltd. (formerly known as ECnet Systems (Thailand) Co. Ltd.)	100 %	100 %	Thailand
ECnet (Shanghai) Co. Ltd.	100 %	100 %	People's Republic of China
R Systems Consulting Services (Hong Kong) Ltd.(formerly known as ECnet (Hong Kong) Ltd.)	100 %	100 %	Hong Kong
R Systems Consulting Services Kabushiki Kaisha (formerly known as ECnet Kabushiki Kaisha)	100 %	100 %	Japan

Annexure ‘E’ to the Directors’ Report

R Systems Computaris International Limited, UK has following wholly owned subsidiaries:

Name of Subsidiary	Holding as of December 31, 2020	Holding as of December 31, 2019	Country of incorporation
R Systems Computaris Europe SRL (formerly known as Computaris Romania SRL)	100 %	100 %	Romania
R Systems Computaris Poland sp z o.o (formerly known as Computaris Polska sp z o.o.)	100 %	100 %	Poland
R Systems Computaris S.R.L (formerly known as ICS Computaris International Srl)	100 %	100 %	Moldova
R Systems Computaris Malaysia Sdn. Bhd. (formerly known as Computaris Malaysia Sdn. Bhd.)	100 %	100 %	Malaysia
R Systems Computaris Philippines Pte. Ltd. Inc. (formerly known as Computaris Philippines Pte. Ltd. Inc.)	100 %	100 %	Philippines
R Systems Computaris Suisse Sarl, (formerly known as Computaris Suisse Sarl)	100 %	100 %	Switzerland

R Systems IBIZCS Pte. Ltd., Singapore (Formerly known as IBIZ Consulting Pte Ltd) 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 of Subsidiary	Holding as of December 31, 2020	Holding as of December 31, 2019	Country of incorporation
IBIZ Consulting Services Pte Ltd	100 %	100 %	Singapore
R Systems IBIZCS Sdn. Bhd. (formerly known as IBIZ Consulting Services Sdn. Bhd.)	100 %	100 %	Malaysia
PT. R Systems IBIZCS International (formerly known as PT. IBIZCS Indonesia)	100 %	100 %	Indonesia
IBIZ Consulting (Thailand) Co. Ltd. (incorporated w.e.f. June 21, 2019)	100 %	100 %	Thailand
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

C. Opportunities and Threats

R Systems has truly lived a transformation culture since its beginning. Towards the start of pandemic, the Company has taken timely decisions to ensure safety and welfare of its employees while closely working with customers towards their rapidly changing business needs. Year after year, we have been focusing and investing in strengthening our digital competencies and building a robust infrastructure, which has enabled us to accelerate

the digital transformation for our customer to tackle near term challenges as well as meeting the long term objectives.

The rapidly evolving economic and social environment has made digital transformation an imperative strategy for businesses within all the industries. Every organisation needs reliable partners who can navigate and stimulate their tech-focused transformation with an innovative, agile and customer-centric philosophy. Therefore, At

R Systems, we have structured and positioned ourselves to partner with global ISVs and enterprise customers to speed-up their transformation journey.

As every opportunity comes up with inherent risks and challenges, R Systems has geared itself to reckon with as well as address such risks and challenges including threats from competitors such as their disruptive tactics, new technologies, cyber security, 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 monitored and managed proactively through well-planned 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

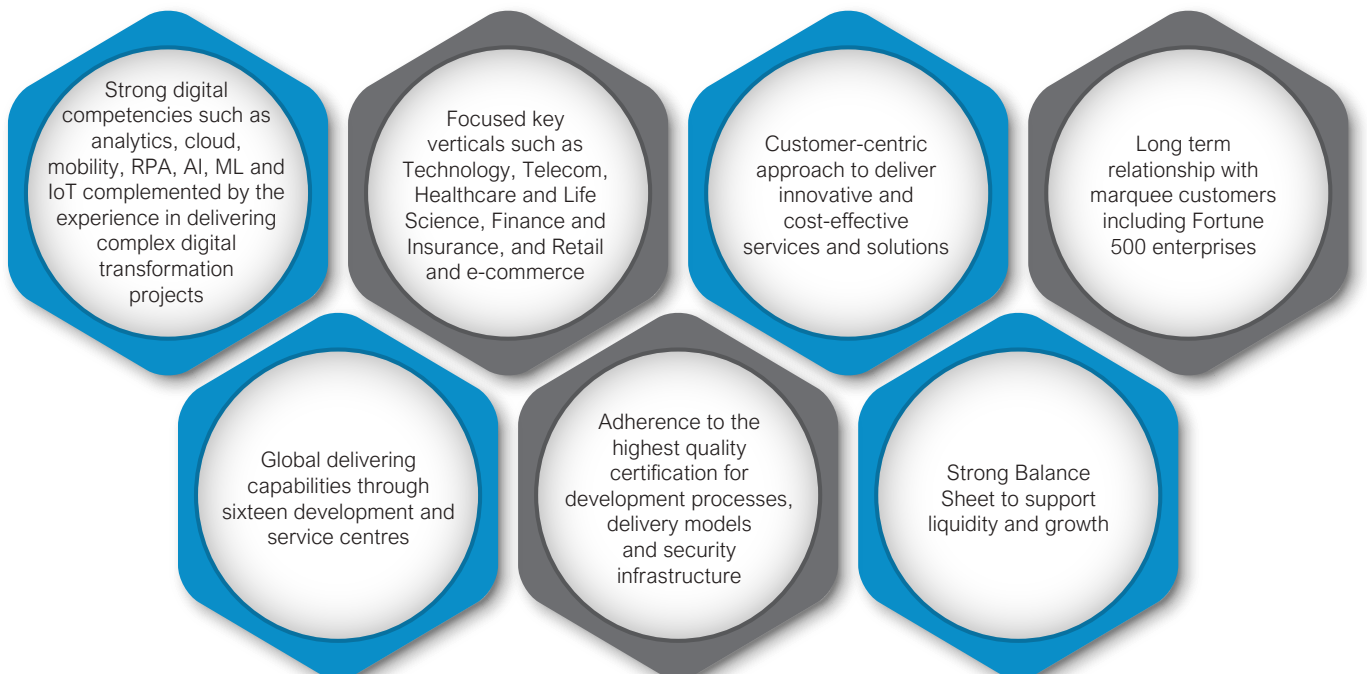
R Systems reported consolidated revenue of ₹ 8,805.91 million during the year 2020 as against revenue of ₹ 8,093.75 million during the year 2019. The revenue grew by 8.80% during the year 2020.

Consolidated profit after tax during the year 2020 was ₹ 821.89 million as against net profit for year 2019 of ₹ 581.24 million.

The basic earnings per share (based on consolidated financial statement) during the year 2020 was ₹ 6.87 per share as against ₹ 4.82 per share in 2019 of face value of ₹ 1 each.

R Systems maintains a strong financial position with shareholder funds of ₹ 4,266.15 million including net cash and bank balance of ₹ 3,027.84 million as of December 31, 2020 to invest towards the future growth of the business.

R Systems is well positioned to leverage the following factors, which are pertinent to its differentiated strategy for growth in the marketplace:



Annexure 'E' to the Directors' Report

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 meticulously manage them. 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 organisation. 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 the Company's internal control systems and procedures.

I. Discussion on financial performance with respect to operational performance

Financial Position as of December 31, 2020

1. Property, Plant and Equipment (PPE), Right-to use Assets (ROU) and Intangible Assets

PPE includes land, building, lease hold improvement, computer hardware, furniture & fittings, vehicle, office, and electrical equipment. ROU includes land, building, computer hardware, computer software, vehicle, and furniture & fittings. Intangible assets includes Goodwill on consolidation, computer software, non-compete and customer contracts.

(₹ in million)

Particulars	Consolidated		Standalone	
	2020	2019	2020	2019
Property, plant and equipment (net)	471.67	435.98	359.14	344.72
Right-to-use assets	470.42	-	364.74	-
Intangible assets				
- Goodwill on Consolidation	97.24	195.94	-	-
- Other intangible assets (net)	49.12	66.56	3.97	1.11
Capital work in progress	0.21	19.63	-	17.94
Total	1,088.66	718.11	727.85	363.77

Deloitte Haskins & Sells LLP, the statutory auditors of the Company, have audited the financial statements and reviewed the other information included in this annual report and have also 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

At R Systems, we identify our employees as our most valued asset and we recognise their commitment in the growth journey of our organisation. In the IT and ITES industry, attracting, developing, deploying and retaining talent is critical. Therefore, R Systems has also defined and implemented a people management initiative, which is in line with the industry best practices and People Capability Maturity Model (People CMM). It effectively manages the employee life cycle to ensure that individuals are committed to the broader organisational goals and show pro-activeness at work-place.

As of FY2020, R Systems has a talent pool of 3,103 associates including 431 sales and support associates.

Details of total additions to gross block during the year in :

(₹ in million)

Particulars	Consolidated		Standalone	
	2020	2019	2020	2019
Property, plant and equipment	205.34	243.75	140.59	180.93
Right-to-use assets	224.16	-	167.01	-
Intangible assets				
- Goodwill	-	100.73	-	-
- Other intangible assets (net)	7.52	79.86	5.08	0.90

Note: Refer Consolidated Financial Statements and Standalone Financial Statements for head wise details.

2. Investment Property

Investment Property represents the land and building in Pune given on rent. Investment Property value (net) as of December 31, 2020 was ₹ 20.37 million as against ₹ 21.84 million as of December 31, 2019.

3. Non-Current Investment

(₹ in million)

Particulars	Consolidated		Standalone	
	2020	2019	2020	2019
Investment in subsidiaries	-	-	1,023.50	995.83
Other investment	0.03	0.03	0.03	0.03
Total	0.03	0.03	1,023.53	995.86

4. Other Non-Current Financial Assets

(₹ in million)

Particulars	Consolidated		Standalone	
	2020	2019	2020	2019
Security deposits	32.72	33.04	15.75	23.00
Margin money deposits	46.05	53.95	25.16	46.55
Bank deposits to be matured after 12 months from reporting date	-	51.40	-	-
Interest accrued on bank deposits	0.75	1.84	0.75	1.83
Staff advance	0.01	0.14	0.01	0.13
Total	79.53	140.37	41.67	71.51

5. Deferred Tax Liability / Assets (Net)

Deferred tax reflects the timing differences between financials and tax books arising mainly from employees benefit provisions, Impact of Ind AS 116 (Leases), Provision for doubtful debts and advances, tax losses (results into deferred tax assets) and differences between accounting base and tax base for depreciable assets, M2M impact on financial instruments, Adjustment for change in the tax accounting (results into deferred tax liability).

Annexure 'E' to the Directors' Report

Deferred tax assets and deferred tax liabilities across various tax jurisdictions, which cannot offset against each other are presented separately.

(₹ in million)

Particulars	Consolidated		Standalone	
	2020	2019	2020	2019
Deferred Tax Assets (net)	133.44	62.53	89.07	48.86
Deferred Tax Liability (net)	-	1.32	-	-

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 months from reporting date.

(₹ in million)

Particulars	Consolidated		Standalone	
	2020	2019	2020	2019
Income tax assets (net)	67.13	49.26	32.17	32.20
Income tax liability (net)	67.14	50.95	47.78	41.27

Income tax assets / liabilities across various tax jurisdictions which cannot offset against each other are presented separately.

7. Other Non-Current Assets

(₹ in million)

Particulars	Consolidated		Standalone	
	2020	2019	2020	2019
Capital advances	-	10.75	-	9.92
Prepaid expenses	18.48	28.78	18.48	27.44
Total	18.48	39.53	18.48	37.36

In last year, capital advance represents mainly advance given to vendor for procurement of capital assets for expansion of SEZ operations.

8. Current Investments

Current investments as of December 31, 2020 was ₹ 128.02 million as against ₹ 342.45 million as of December 31, 2019, represent the surplus fund invested in Debt Liquid Mutual Fund to optimise the net tax yield based on the treasury management policy.

9. Trade Receivables

(₹ in million)

Particulars	Consolidated		Standalone	
	2020	2019	2020	2019
Trade receivables (gross)	1,341.47	1356.72	665.86	575.98
Less : Allowance for doubtful debts (expected credit loss allowance)	28.93	32.75	7.66	2.41
Trade receivables (net)	1,312.54	1,323.97	658.20	573.57

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.

(₹ in million)

Particulars	Consolidated		Standalone	
	2020	2019	2020	2019
Cash and cash equivalents				
Cash on hand	1.07	0.95	0.51	0.51
Balances with scheduled banks	681.34	379.76	654.74	371.97
Balances with other banks	1,449.80	722.40	56.60	74.61
Cash and cash equivalents (A)	2,132.21	1103.11	711.85	447.09
Other bank balances				
Deposit with original maturity of more than 3 months but less than 12 months	368.48	183.18	283.35	-
Balances in unclaimed dividend account	2.14	2.39	2.14	2.39
Bank balance towards interim dividend	-	180.51	-	180.51
Other bank balances (B)	370.62	366.08	285.49	182.90
Total Cash and Bank Balance (A+B)	2,502.83	1469.19	997.34	629.99

Note: For detailed movement in cash and cash equivalent, please refer the Consolidated Cash Flow Statement and Standalone Cash Flow Statement.

11. Other Current Financial Assets

(₹ in million)

Particulars	Consolidated		Standalone	
	2020	2019	2020	2019
Staff advance	8.85	7.40	1.80	2.91
Recoverable from related parties	-	0.54	0.68	2.56
Unbilled revenue other than from fixed bid contract	162.55	200.59	99.66	136.89
Securities deposit	11.20	6.32	5.89	1.92
Bank deposits with original maturity of more than 12 months	626.36	265.11	591.28	229.77
Mark-to-market gain on derivative instruments	54.66	13.29	54.66	13.29
Interest accrued on bank deposits	8.95	4.75	7.88	2.17
Other	16.94	3.93	6.84	0.22
Total	889.51	501.93	768.69	389.73

Unbilled revenue constitutes of amounts that is 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

(₹ in million)

Particulars	Consolidated		Standalone	
	2020	2019	2020	2019
Balances with indirect tax authorities	44.00	41.98	43.59	41.89
VAT recoverable	7.15	7.67	-	-
Unbilled revenue from fixed bid contract	59.59	82.74	1.25	13.29
Prepaid expenses	130.33	111.38	77.72	70.93
Advance to vendors	10.51	10.24	3.62	0.73
Tour and travel advance	0.04	5.30	0.04	5.30
Total	251.62	259.31	126.22	132.14

Annexure 'E' to the Directors' Report

13. Share Capital

(₹ in million)

Particulars	As of December 31,	
	2020	2019
Authorised share capital	206.00	206.00
Issued, subscribed and paid up capital	120.34	123.99
Add: Shares Issued under ESOP Scheme, 2007	0.04	0.04
Less Buy-back of shares	-	(3.69)
Less Shares cancelled pursuant to capital reduction scheme *	(0.74)	
	119.64	120.34
Less: advance to R Systems employee welfare trust	-	(0.74)
Total	119.64	119.60

During the year ended December 31, 2020, the Company has issued 37,500 (previous year 37,500) fully paid-up equity shares of ₹ 1 each under ESOP Scheme, 2007.

* Hon'ble National Company Law Tribunal, New Delhi, vide order dated January 28, 2020, has approved the reduction in share capital of the Company under Section 66 of the Companies Act, 2013. Pursuant to the said order, 738,980 fully paid up equity shares of ₹ 1/- each of the Company as held by R Systems Employees Welfare Trust have been cancelled and extinguished.

Note: 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

(₹ in million)

Particulars	Consolidated		Standalone	
	2020	2019	2020	2019
Reserve and Surplus				
Securities premium account	46.66	44.37	46.66	44.37
Capital redemption reserve	3.69	3.69	3.69	3.69
Stock options outstanding	-	1.72	-	1.72
General Reserve	155.04	155.04	155.04	155.04
Capital Reserve	0.03	0.03	-	-
Retained earnings	3,604.41	2,796.95	3,113.77	2423.29
Other Comprehensive Income				
Re-measurement of defined benefit plans	(11.98)	(0.79)	(11.98)	(0.79)
Foreign currency translation reserve	348.66	261.73	-	-
Total Other Equity	4,146.51	3,262.74	3,307.18	2,627.32

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)

(₹ in million)

Particulars	Consolidated		Standalone	
	2020	2019	2020	2019
Term loans				
- Motor vehicles Loan from non-banking financial corporation (secured)	8.12	13.20	8.12	13.20
- PPP forgivable Loan	222.05		31.76	

(₹ in million)

Particulars	Consolidated		Standalone	
	2020	2019	2020	2019
Finance lease obligation (Unsecured)	-	48.88	-	31.99
	230.17	62.08	39.88	45.19
Less : Amount shown under other current liabilities	(146.55)	(9.00)	(24.64)	(5.72)
Total	83.62	53.08	15.24	39.47

PPP forgivable loan has been taken under the Paycheck Protection Program (PPP) by Small Business Administration, United States of America ("SBA"). The aforesaid PPP loan is forgivable subject to certain condition.

Further, the Company has applied for the forgiveness and will account for forgiveness post its confirmation from SBA.

17. Other Non-Current Financial Liabilities

(₹ in million)

Particulars	Consolidated		Standalone	
	2020	2019	2020	2019
Contingent consideration for business acquisition	44.27	116.23	-	-
Security deposit	2.42	3.99	2.42	3.99
Lease liabilities *	425.36	-	359.88	-
Total	472.05	120.22	362.30	3.99

Contingent consideration represents the fair value of the amount payable to ex-members of Innovizant LLC on fulfilment of certain conditions. Detailed information about the Innovizant LLC acquisition has been given in Note no. 34 of notes to the Consolidated Financial Statements.

* During the year Company has adopted Ind As 116 Leases, which requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

18. Provisions (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 ₹ 174.94 million as of December 31, 2020 as against ₹ 133.20 million as of December 31, 2019.

19. Trade Payables

(₹ in million)

Particulars	Consolidated		Standalone	
	2020	2019	2020	2019
Trade Payable	215.97	253.39	38.30	46.24

20. Other Current Financial Liabilities

(₹ in million)

Particulars	Consolidated		Standalone	
	2020	2019	2020	2019
Current maturities of term loan:				
- Motor vehicles	4.30	5.08	4.30	5.08
- PPP forgivable Loan	142.25	-	20.34	-
Current maturity of Finance lease obligation	-	3.92	-	0.64
Payable to subsidiary company	-	-	20.79	21.74
Security deposits received	10.13	9.08	10.14	9.08

Annexure 'E' to the Directors' Report

(₹ in million)

Particulars	Consolidated		Standalone	
	2020	2019	2020	2019
Lease Liability Payable	62.80	-	15.62	-
Liability for interim dividend payable	-	179.40	-	179.40
Investor education and protection fund (not due) - Unclaimed dividend	2.14	2.39	2.14	2.39
Employee benefits payable	225.23	174.92	151.00	127.01
Capital creditors	3.92	-	3.92	-
JSS benefit payable*	26.50	-	-	-
Advance from Customers	5.44	4.14	-	-
Other financial liabilities	7.32	4.56	3.37	-
Total	490.03	383.49	231.62	348.75

* JSS benefit payable is related to government grant under Job Support Scheme (JSS) received in Singapore for IT consulting operations, which is required to be passed on to the end customers.

21. Provisions (Short Term)

(₹ in million)

Particulars	Consolidated		Standalone	
	2020	2019	2020	2019
Provision for employee benefits				
- Gratuity	5.07	-	5.07	-
- Compensated absences	218.94	166.60	123.88	96.79
Total	224.01	166.60	128.95	96.79

22. Other Current Liabilities

(₹ in million)

Particulars	Consolidated		Standalone	
	2020	2019	2020	2019
Statutory dues payable				
Tax deducted at source / Withholding tax	26.53	24.03	19.83	15.83
PF / 401 K / other payables	62.29	44.62	21.01	16.85
GST / Service tax / VAT	33.45	28.58	3.47	3.15
Others	0.43	0.34	0.43	0.34
Unearned revenues	360.46	286.13	160.92	146.48
Deferred grant from Government	15.09	0.23	-	-
Total	498.25	383.93	205.66	182.65

23. Liquidity

The consolidated cash and cash equivalents as of December 31, 2020 were ₹ 2,132.21 million as against ₹ 1,103.11 million as of December 31, 2019.

Net cash generated from operating activities was ₹ 1,243.59 million for the year ended December 31, 2020 compared to ₹ 642.90 million for the year ended December 31, 2019.

Cash used in investing activities was ₹ 382.52 million for the year ended December 31, 2020 and mainly comprised of investment in long term deposit with bank ₹ 465.64 million (net), purchase of fixed assets of ₹ 179.56 million, as offset by redemption of liquid mutual fund ₹ 226.86 million along with interest income of ₹ 28.61 million.

Cash in from financing activities was ₹ 110.31 million for the year ended December 31, 2020 mainly comprised of receipt of PPP forgivable Loan of ₹ 225.19 million as offset by payment of lease liabilities of ₹ 117.52 million.

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 ₹ 380 million (including non-fund-based credit limit of ₹ 180 million for currency derivatives). As of December 31, 2020, the total credit balance was nil under fund based line of credit. Loan payable as of December 31, 2020 comprises of loan for motor vehicles purchased amounting to ₹ 8.12 million and PPP forgivable Loan of ₹ 222.05 million.

Analysis and Discussions of Operating Performance for the Year Ended December 31, 2020

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:

Particulars	(₹ in million)				
	2020	% of Total Income	2019	% of Total Income	Change %
Income					
Revenue from operations	8,805.91	98.55	8,093.75	98.13	8.80
Other income	129.15	1.45	153.85	1.87	(16.05)
Total income	8,935.06	100.00	8,247.60	100.00	8.34
Expenses					
Employee benefits expense	6,116.27	68.45	5,462.13	66.23	11.98
Finance costs	56.66	0.63	15.65	0.19	262.04
Depreciation and amortisation expense	256.04	2.87	148.86	1.80	72.00
Other expenses	1,521.33	17.03	1,901.61	23.06	(20.00)
Total expenses	7,950.30	88.98	7,528.25	91.28	5.61
Profit before tax and exceptional items	984.76	11.02	719.35	8.72	36.90
Exceptional Items	18.65	0.21	-	-	100.00
Profit before tax	966.11	10.81	719.35	8.72	34.30
Tax expense	144.22	1.61	138.11	1.67	4.42
Net profit for the year	821.89	9.20	581.24	7.05	41.40
Other comprehensive income / (loss)	75.74	0.85	27.29	0.33	177.54
Total comprehensive income for the year	897.63	10.05	608.53	7.38	47.51

Annexure 'E' to the Directors' Report

Standalone Statement of Profit and Loss for the year:

(₹ in million)

Particulars	2020	% of Total Income	2019	% of Total Income	Change %
Income					
Revenue from operations	4,387.15	97.21	3,917.69	96.39	11.98
Other income	126.08	2.79	146.71	3.61	(14.06)
Total income	4,513.23	100.00	4,064.40	100.00	11.04
Expenses					
Employee benefits expense	2,972.00	65.85	2,641.84	65.00	12.50
Finance costs	37.02	0.82	4.26	0.10	769.01
Depreciation and amortisation expense	134.61	2.98	85.91	2.11	56.69
Other expenses	549.90	12.19	700.81	17.25	(21.53)
Total expenses	3,693.53	81.84	3,432.82	84.46	7.59
Profit before tax	819.70	18.16	631.58	15.54	29.79
Tax expense	118.73	2.63	116.63	2.87	1.80
Net profit for the year	700.97	15.53	514.95	12.67	36.12
Other comprehensive income / (loss)	(11.19)	(0.25)	(8.33)	(0.20)	34.33
Total comprehensive income for the year	689.78	15.28	506.62	12.47	36.15

1. Revenue

1.1 Revenue from Operations

R Systems derives revenue primarily from Information Technology services and Business Process Outsourcing services. Revenue is recognised when the performance obligations as promised have been satisfied with a transaction price and when there is no uncertainty as to measurement or collectability of the consideration

1.1.1 Based on Consolidated Financial Statement

(₹ in million)

Particulars	Year ended December 31, 2020	%	Year ended December 31, 2019	%	Change %
Information technology services	8,144.49	92.49	7,406.43	91.51	9.97
Business process outsourcing services	661.42	7.51	687.32	8.49	(3.77)
Total	8,805.91	100.00	8,093.75	100.00	8.80

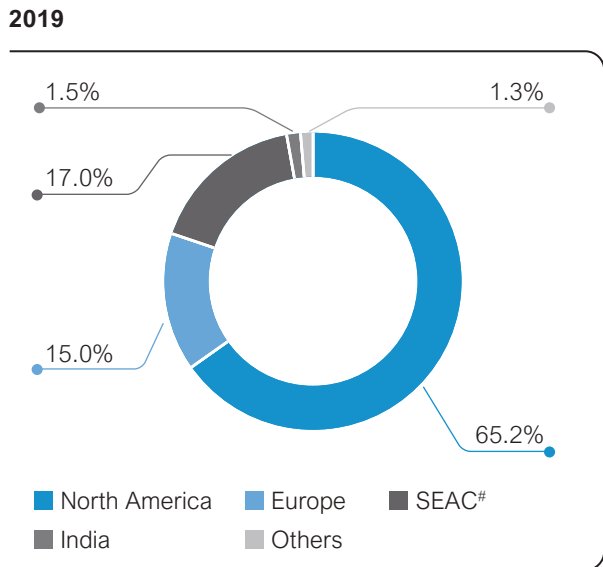
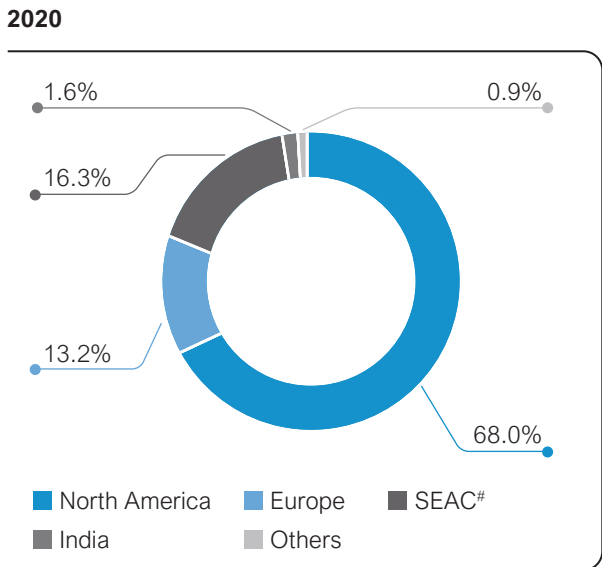
1.1.2 Based on Standalone Financial Statement

(₹ in million)

Particulars	Year ended December 31, 2020	%	Year ended December 31, 2019	%	Change %
Information technology services	3,700.67	84.35	3,199.49	81.67	15.66
Business process outsourcing services	686.48	15.65	718.20	18.33	(4.42)
Total	4,387.15	100.00	3,917.69	100.00	11.98

1.1.3 Consolidated Revenue

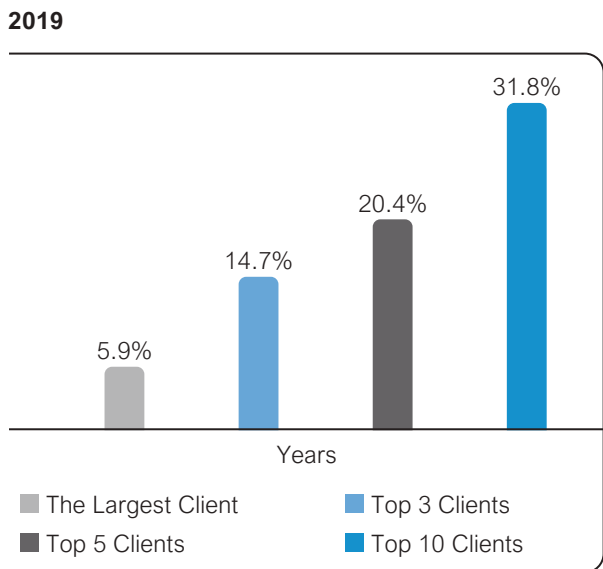
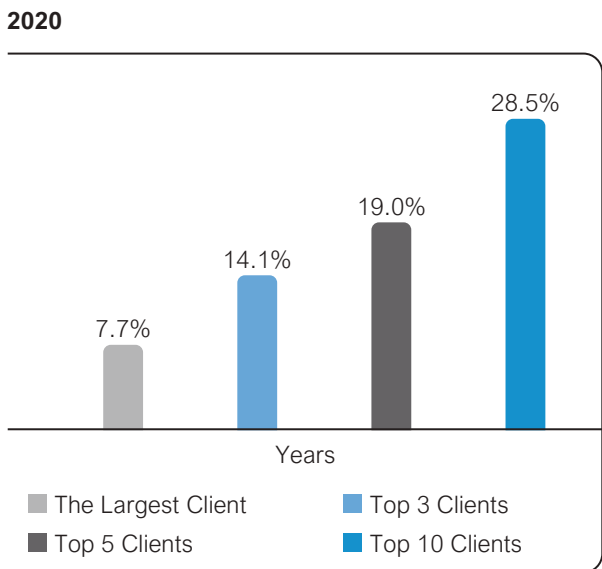
1.1.3.1 by Geography



SEAC: South East Asian Countries

A significant proportion of the revenues were derived from clients located in North America.

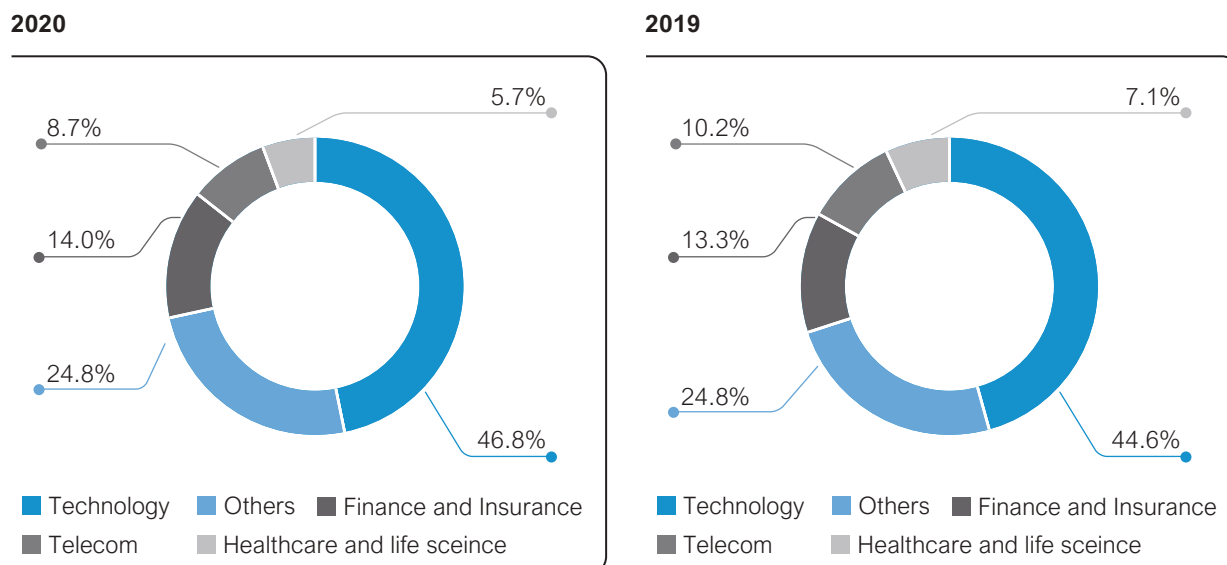
1.1.3.2 by Client Concentration



* Graph not to scale

Annexure 'E' to the Directors' Report

1.1.3.3 by Customer industry type



* Graph not to scale

1.2 Other Income

(₹ in million)

Particulars	Consolidated		Standalone	
	2020	2019	2020	2019
Interest income	53.20	60.46	47.35	50.50
Rental income from investment property	6.44	6.72	6.44	6.72
Foreign exchange fluctuation (net)	33.45	57.08	47.37	59.98
Provision for doubtful debts and advances (net)	-	-	-	9.92
Profit on sale of PPE (net)	-	0.65	0.04	0.46
Profit on discard of Right-to-use assets (net)	2.32	-	-	-
Lease rent concession	15.51	-	11.97	-
Net gain arising on financial assets measured at FVTPL	12.43	17.94	12.43	17.94
Miscellaneous income	5.80	11.00	0.48	1.19
Total other income	129.15	153.85	126.08	146.71

2. Expenditures

2.1 Personnel Expenses

Personnel expenses primarily consist of salaries, bonus, commissions, provision for compensated absences, 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:

(₹ in million)

Particulars	2020	% of Total Income	2019	% of Total Income	Change %
Salaries, wages and bonus	5,640.27	63.13	4,989.61	60.50	13.04
Gratuity expenses	31.63	0.35	26.64	0.32	18.73
Contribution to provident and other funds	285.25	3.19	249.95	3.03	14.12

(₹ in million)

Particulars	2020	% of Total Income	2019	% of Total Income	Change %
Employees' share based payments expense	0.15	0.00	0.67	0.01	(77.61)
Staff welfare expenses	158.97	1.78	195.26	2.37	(18.59)
Total	6,116.27	68.45	5,462.13	66.23	11.98

2.1.2 Based on Standalone Financial Statement:

(₹ in million)

Particulars	2020	% of Total Income	2019	% of Total Income	Change %
Salaries, wages and bonus	2,775.18	61.49	2,442.98	60.11	13.60
Gratuity expenses	31.63	0.70	26.64	0.66	18.73
Contribution to provident and other funds	103.30	2.29	93.22	2.29	10.81
Employees' share based payments expense	0.15	0.00	0.67	0.02	(77.61)
Staff welfare expenses	61.74	1.37	78.33	1.92	(21.18)
Total	2,972.00	65.85	2,641.84	65.00	12.50

2.2 Finance cost (Interest expenses)

(₹ in million)

Particulars	Consolidated		Standalone	
	2020	2019	2020	2019
On term loan	2.76	1.08	1.20	1.08
On Interest expense on lease liabilities	41.37	3.66	35.78	3.18
On fair value of contingent consideration	12.49	10.91	-	-
On income tax	0.04	-	0.04	-
Total	56.66	15.65	37.02	4.26

2.3 Depreciation and Amortisation Expense

(₹ in million)

Particulars	Consolidated		Standalone	
	2020	2019	2020	2019
Depreciation and Amortisation	256.04	148.86	134.61	85.91
% of Total income	2.87	1.80	2.98	2.11

The increase in depreciation and amortization is mainly on account of depreciation of ROU assets recognized due to adoption of Ind AS 116 lease.

2.4 Operational and other expenses

Operational and other expenses include power and fuel, expenses on traveling and conveyance, short term lease rent, 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.

Annexure 'E' to the Directors' Report

2.4.1 Based on Consolidated Financial Statement:

Particulars	(₹ in million)				
	2020	% of Total Income	2019	% of Total Income	Change %
Power and fuel	41.04	0.46	51.56	0.63	(20.40)
Short term lease rent	37.73	0.42	143.20	1.74	(73.65)
Software subscription charges	94.44	1.06	82.86	1.01	13.98
Repair and maintenance	60.31	0.67	63.63	0.77	(5.22)
Commission	15.04	0.17	11.67	0.14	28.88
Travelling and conveyance	120.39	1.35	341.37	4.14	(64.73)
Communication costs	105.22	1.18	82.58	1.00	27.42
Legal and professional fees	682.98	7.65	706.13	8.56	(3.28)
Cost of third party items	133.93	1.50	189.89	2.30	(29.47)
Auditors' remuneration	25.10	0.28	22.99	0.28	9.18
Provision for doubtful debts (net)	2.90	0.03	7.73	0.09	(62.48)
Advances written off	2.60	0.03	1.10	0.01	136.36
Loss on sale / discarding of property, plant and equipment (net)	0.19	0.00	-	-	100.00
Contribution towards corporate social responsibility	5.26	0.06	6.52	0.08	(19.33)
Miscellaneous expenses	194.20	2.17	190.38	2.31	2.01
Total	1,521.33	17.03	1,901.61	23.06	(20.00)

2.4.2 Based on Standalone Financial Statement:

Particulars	(₹ in million)				
	2020	% of Total Income	2019	% of Total Income	Change %
Power and fuel	30.24	0.67	42.22	1.04	(28.38)
Short term lease rent	13.84	0.31	49.27	1.21	(71.91)
Software subscription charges	79.70	1.77	74.88	1.84	6.44
Repair and maintenance	45.67	1.01	46.20	1.14	(1.15)
Commission	15.04	0.33	19.03	0.47	(20.97)
Travelling and conveyance	61.39	1.36	210.90	5.19	(70.89)
Communication costs	76.75	1.70	58.09	1.43	32.12
Legal and professional fees	129.19	2.86	104.52	2.57	23.60
Auditors' remuneration	5.69	0.13	5.11	0.13	11.35
Provision for doubtful debts (net)	6.24	0.14	-	-	100.00
Contribution towards corporate social responsibility	5.26	0.12	6.52	0.16	(19.33)
Miscellaneous expenses	80.89	1.79	84.07	2.07	(3.78)
Total	549.90	12.19	700.81	17.24	(21.53)

During the year Company has adopted Ind As 116 Leases, which requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Due to the adoption lease rent has been classified into depreciation and interest expenses.

2.5 Exceptional Items

Particulars	(₹ in million)			
	Consolidated		Standalone	
	2020	2019	2020	2019
Impairment of Goodwill	106.68	-	-	-
Other fair value gain on contingent consideration	(88.03)	-	-	-
Total	18.65	-	-	-

Refer Note no. 34 of notes to the Consolidated Financial Statements

2.6 Tax expense

Tax expense comprises current and deferred tax.

(₹ in million)

Particulars	Consolidated		Standalone	
	2020	2019	2020	2019
Profit before tax	966.11	719.35	819.70	631.58
Current tax	206.17	134.84	149.86	104.22
Deferred tax charge / (credit)	(61.95)	3.27	(31.13)	12.41
Total Tax Expense	144.22	138.11	118.73	116.63
Effective Tax Rate (%)	14.93	19.20	14.48	18.47

Effective tax rate has decreased due to higher contribution from SEZ operations.

J. Details of significant changes i.e. change of 25% or more as compared to the immediately previous financial year, in key financial ratios, along with detailed explanations therefore, including:

Particulars	Consolidated			Standalone		
	2020	2019	Variance	2020	2019	Variance
Debtors Turnover (in days)	53	61	-12.4%	50	56	-11.7%
Inventory Turnover	NA	NA	NA	NA	NA	NA
Interest Coverage*	16.10	37.13	-56.6%	19.74	114.82	-82.8%
Current Ratio%	3.40	3.15	8.1%	4.11	2.89	42.1%
Debt Equity Ratio@	0.05	0.00	1282.5%	0.01	0.00	142.2%
Operating Profit Margin#	10.4%	7.2%	44.3%	16.7%	12.5%	33.4%
Net Profit Margin#	9.3%	7.2%	30.0%	16.0%	13.1%	21.6%
Return on Net worth#	19.3%	17.2%	12.1%	20.5%	18.7%	9.1%

@ Debt equity ratio has increased due to PPP Forgivable loan which is classified under the term loan as at Dec 31, 2020.

% Current ratio has improved due to operation profit during the year.

* Interest coverage ratio has decreased mainly on account of adoption of Ind AS 116 leases which has classified the lease rent into depreciation and interest expenses.

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

Operating profit = Profit before tax (PBT) less Finance cost, exceptional items and other income

Interest Coverage = Operating profit / Finance cost

Current Ratio = Current Assets / Current Liability

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 & Chief Executive Officer)

Place: Singapore

Date: February 16, 2021

Sd/-

Lt. Gen. Baldev Singh (Retd.)

(DIN: 00006966)

(President & Senior Executive Director)

Place: NOIDA

Date: February 16, 2021

Annexure 'F' to the Directors' Report

Business Responsibility Report

Section A: General Information about the Company

1.	Corporate Identification Number (CIN) of the Company	:	L74899DL1993PLC053579						
2.	Name of the Company	:	R Systems International Limited						
3.	Registered address	:	GF-1-A, 6, Devika Tower, Nehru Place, Delhi-110019						
4.	Website	:	www.rsystems.com						
5.	E-mail id	:	investors@rsystems.com						
6.	Financial Year reported	:	January 1, 2020 to December 31, 2020						
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	:	<table border="1"> <thead> <tr> <th>Product Description</th> <th>NIC Code</th> </tr> </thead> <tbody> <tr> <td>Information technology services and products</td> <td>620</td> </tr> <tr> <td>Business process outsourcing services</td> <td>620</td> </tr> </tbody> </table>	Product Description	NIC Code	Information technology services and products	620	Business process outsourcing services	620
Product Description	NIC Code								
Information technology services and products	620								
Business process outsourcing services	620								
8.	List three key products/services that the Company manufactures/provides (as in balance sheet)	:	IT, ITES and analytics						
9.	Total number of locations where business activity is undertaken by the Company: (a) Number of International Locations (Provide details of major 5) (b) Number of National Locations	:	R Systems Group operates 16 delivery centres and 25+ offices worldwide For more details please refer Point No. 9(XV) of Corporate Governance Report.						
10.	Markets served by the Company – Local/State/National/International	:	North America, Europe, Asia Pacific and India						

Section B: Financial details of the Company:

Sl. No.	Particulars		Financial Year 2020	
			Standalone (₹ in millions)	Consolidated (₹ in millions)
1.	Paid up Capital (INR)	:	119.64	119.64
2.	Total Turnover (INR)	:	4,387.15	8,805.91
3.	Total profit after taxes (INR)	:	700.97	821.89
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	:	During the year, the Company has contributed ₹ 5.26 millions for CSR activities (being 1.23% of the average net profit for the last three financial year.)	
5.	List of activities in which expenditure in 4 above has been incurred	:	Refer to Annexure J of the Directors' Report.	

Section C: Other Details

1.	Does the Company have any Subsidiary Company / Companies?	:	Yes, the Company has 26 subsidiaries as at December 31, 2020.
2.	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s).	:	R Systems International Limited is committed to integrate sustainability related best practices across its operations. The subsidiary companies share our vision, ethics and values and are required to pursue responsible practices as per the laws applicable to them in the country wherein they operate.
3.	Do any other entity / entities (e.g. suppliers, distributors, etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/ entities? [Less than 30%, 30-60%, More than 60%]	:	The Company has multiple business partners, clients, vendors, associates, etc., working and operating globally. They may have their own policies on Business Responsibility. We endeavor to encourage them to follow the concept of being a responsible business organization.

Section D: BR Information**1. Details of Director/Directors responsible for BR****(a) Details of the Director/ Directors responsible for implementation of the BR policy/ policies:**

All Corporate Policies including the Business Responsibility Policies of the Company are engrained in day-to-day business operations of the Company and are implemented by Management at all levels. The responsibility for implementation of BR Policies of the Company is ultimately shouldered by the following official of the Company:

Sr. No.	Particulars	Details
1.	DIN Number	00006955
2.	Name	Mr. Satinder Singh Rekhi
3.	Designation	Managing Director & Chief Executive Officer

(b) Details of the BR head

Sr. No.	Particulars	Details
1.	DIN Number (if applicable)	00006955
2.	Name	Mr. Satinder Singh Rekhi
3.	Designation	Managing Director & Chief Executive Officer
4.	Telephone number	0120-430 3500
5.	e-mail id	rsil@rsystems.com

Annexure 'F' to the Directors' Report

2. Principle-wise (as per NVGs) BR Policy/ policies

The National Voluntary Guidelines on Social, Environment and Economic Responsibilities of Business, released by the Ministry of Corporate Affairs, has adopted following areas of Business Responsibility:

Principle 1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
Principle 2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
Principle 3	Businesses should promote the wellbeing of all employees.
Principle 4	Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.
Principle 5	Businesses should respect and promote human rights.
Principle 6	Businesses should respect, protect, and make efforts to restore the environment.
Principle 7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.
Principle 8	Businesses should support inclusive growth and equitable development.
Principle 9	Businesses should engage with and provide value to their customers and consumers in a responsible manner.

Details of compliance (Reply in Y / N)

S. No.	Particulars	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy/ policies for....	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y*	Y*	Y*	Y*	Y*	Y*	Y*	Y*	Y*
3.	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Y@	Y@	Y@	Y@	Y@	Y@	Y@	Y@	Y@
4.	Has the policy being approved by the Board? If yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5.	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6.	Indicate the link for the policy to be viewed online?	Policies as per the Act and Listing Regulations are available on the website the Company i.e. https://www.rsystems.com/investors-info/corporate-governance/ and all other policies are displayed on our intranet.								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8.	Does the company have in-house structure to implement the policy/ policies.	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10.	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y

* The relevant policies have been developed basis inputs from the concerned internal stakeholders. Further, the Company endeavour to take the feedback from concerned stakeholders which shall help in shaping these policies over a period of time.

@ The policies are framed as per applicable laws and as per industry standards.

- (a) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

S. No.	Particulars	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The company has not understood the Principles	-	-	-	-	-	-	-	-	-
2.	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	-	-	-	-	-	-	-	-	-
3.	The company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
4.	It is planned to be done within next 6 months	-	-	-	-	-	-	-	-	-
5.	It is planned to be done within the next 1 year	-	-	-	-	-	-	-	-	-
6.	Any other reason (please specify)	-	-	-	-	-	-	-	-	-

3. Governance related to BR

- a. Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.

The Board of Directors and the Committee(s) responsible for implementing the BR performance of the Company reviews it annually.

- b. Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

The Company publishes its Annual Report which contains the Report on Business Responsibility and it is available on the Company website i.e. <https://www.rsystems.com/investors-info/annual-reports/>

Section E: Principle-wise performance

Principle 1

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/ Joint Ventures/ Suppliers/ Contractors/NGOs /Others?

The Company considers Corporate Governance as an integral part of its management. The Company has well defined Codes of Conduct for all employees of the Company, Senior Management and Directors of the Company that uphold the standard of ethics, honesty, misconduct etc.

The code of Conduct of Senior Management and Directors is applicable to all the Board members, senior management of the Company and its subsidiaries.

The Company has prepared the Anti-Bribery Policy for the employees of the Company, its subsidiaries and its affiliates. Additionally, the Company has crafted the Supplier Code of Conduct which sets out standards of ethical conduct for our third parties.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

The Company has in place different mechanisms for receiving and dealing with complaints from different stakeholders.

During the year under review, two complaints were received from shareholders, which have been resolved within the statutory time limits. There was no complaint received from other stakeholders during the year 2020.

Principle 2

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and / or opportunities.

The Company is in the business of IT and IT enabled services. Hence, these services do not attract social or environmental concerns, risks and/or opportunities.

Annexure ‘F’ to the Directors’ Report

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):

a. Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?

Not applicable

b. Reduction during usage by consumers (energy, water) has been achieved since the previous year?

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 equipments. The air is conditioned with energy efficient compressors for central air conditioning and with split air conditioning for localized areas.

3. Does the company have procedures in place for sustainable sourcing (including transportation)?

a. If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

The Company maintains a healthy relationship with its service providers, vendors and other suppliers.

The Company has procedures in place for sustainable procurement. Purchase policy of the Company consider various aspects of sustainable sourcing including value for money, price, quality, availability, functionality, environmental, governance and social aspects.

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

a. If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

The Company strive to procure goods and services from local supply chain partners which includes mid-size and small scale industries who meets our quality, delivery, cost and technology expectations. The Company endeavors to interact with the local suppliers, vendors, as and when required, to assist them on improving their capabilities, quality etc.

5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

RO waste water has been reused for several purposes in the Company. The Company strictly follows the guidelines of Re-cycling of the waste items and equipments through authorised agencies.

Principle 3

1. Please indicate the Total number of employees: 2,247

2. Please indicate the Total number of employees hired on temporary/ contractual/ casual basis: 41

3. Please indicate the Number of permanent women employees: 282

4. Please indicate the Number of permanent employees with disabilities: Being an equal opportunity employer, the Company does not mandate disclosure of disability. As on December 31, 2020, five persons with disabilities have voluntarily declared their status.

5. Do you have an employee association that is recognized by management: No

6. What percentage of your permanent employees is members of this recognized employee association?: Not Applicable

7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

S. No.	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
1.	Child labour/ forced labour/ involuntary labour	Nil	Nil
2.	Sexual harassment	Nil	Nil
3.	Discriminatory employment	Nil	Nil

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

- (a) Permanent Employees:- 98%
- (b) Permanent Women Employees: 92%
- (c) Casual/Temporary/Contractual Employees: 94%
- (d) Employees with Disabilities: All employees with Disabilities covered in various skill up-gradation training programs.

Principle 4

- 1. Has the company mapped its internal and external stakeholders? - Yes**
- 2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders. - Yes**
- 3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.**

The Company recognizes the vital role played by the Society at large in its growth and development. The Company has undertaken several programs to indulge with the disadvantaged, vulnerable and marginalized stakeholders. Details of CSR initiatives executed by the Company during the year under review are given in **Annexure J** of the Directors' Report.

Principle 5

- 1. Does the policy of the company on human rights cover only the company or extend to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs/ Others?**

Respect for Human Rights is a fundamental value of the Company. The Company together with its subsidiaries is committed to respect the human rights of its workforce, communities and those affected by its operations. The Company has prepared the Anti-Bribery Policy for the employees of the Company, its subsidiaries. The Company also expects all its employees, consultants, independent contractors and suppliers to observe these principles.

- 2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

Refer to point 7 under principle 3 above.

Principle 6

- 1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/others.**

R Systems International Limited and its subsidiaries understand that protecting and preserving the environment is central to achieving sustainable development and creating a better world for all today and for future generations.

The Company has formally documented the environment policy applicable to the Company and its foreign subsidiaries (to the extent to the applicable laws in their respective Countries). R Systems and its subsidiaries, being engaged in IT and ITES sector, do not cause any major adverse effect on the environment. Further, the Company also expects all its consultants, independent contractors, and suppliers etc. to observe these principles.

- 2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.? Y/N. If yes, please give hyperlink for webpage etc.**

The Company being a software development Company, the impact on the environment as a result of our business operations is minimal. However, the Company has taken many energy initiatives such as:

- » Installation of LED lights & power saving equipment at all locations to reduce the electricity consumption.
- » The air is conditioned with energy efficient compressors for central air conditioning and with split air conditioning for localized areas. Optimum use of air conditioner (AC) at the stores.
- » Endeavouring to convert its Diesel generators to Gas based generators.
- » RO waste water has been reused for several purposes in the Company.
- » Vehicles of the Company used for transportation are emission tested by Government, from time to time.

R Systems is always in search of innovative and efficient energy conservation technologies and applies them prudently, so that the adverse impact on global environment is minimal.

- 3. Does the company identify and assess potential environmental risks? Y/N**

Yes, the Company has formulated an Environment Policy through which it makes an assessment of factors related to the potential environment risks on an ongoing basis.

Annexure 'F' to the Directors' Report

4. **Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?**

The Company is in the business of software development, to have a clean development project is not relevant to the nature of business, hence, not applicable.

5. **Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.**

Please refer answer to point 2 above.

6. **Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

Yes, our emissions and waste generated lie within the permissible limits.

7. **Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

Nil.

Principle 7

1. **Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

The Company is member of Export Promotion Council for EOUs & SEZs and NASSCOM.

2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)**

Nil

Principle 8

1. **Does the company have specified programmes/ initiatives/ projects in pursuit of the policy related to Principle 8? If yes details thereof.**

Corporate Social Responsibility (CSR) is a strategy of a Company to integrate social, environmental and economic

concerns in its values and operations to improve the welfare of society and stakeholders.

Our CSR policy comprises mainly 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 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.

Also, the Company also spends in various other charitable causes, from time to time, apart from its CSR activities.

Further, our subsidiary Companies also undertake various CSR programs, from time to time at their individual level.

2. **Are the programmes/ projects undertaken through in-house team/own foundation/ external NGO/ government structures/ any other organization?**

Our CSR programmes and other projects are handled by our in-house Corporate Social Responsibility team with the help of external agencies/NGOs.

3. **Have you done any impact assessment of your initiative?**

Our CSR team is connected with the ground level realities of our inclusion projects in a direct way, with involvement of our Senior Management at personal levels and we constantly assess, monitor and capture feedback both in formal and informal ways. Currently, no third-party assessments are done.

4. **What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.**

Please refer Annual Report on CSR activities of the Company enclosed as Annexure J of the Director Report for the Financial Year 2020.

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

Yes, the above initiatives undertaken by the Company are assessed through the outcomes achieved.

Our CSR Team, constantly remain in touch with the beneficiaries of our initiatives by way of follow-up field visits, telephonic and email communications.

Principle 9**1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.**

Customer satisfaction is of utmost important for the Company. As at the end of the financial year, no material customer complaints is pending.

2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks(additional information)

Since, the Company is in the business of software development, this requirement does not apply to the Company.

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

There is no such case against the Company.

4. Did your company carry out any consumer survey/ consumer satisfaction trends?

We interact with our clients on a regular basis and across multiple platforms. We believe in continuous improvement of our services to customers worldwide and conducts Customer Satisfaction Survey every year to measure the level of satisfaction of customer and to capture customer feedback on various parameters to Improving internal processes based on the needs and expectations of the customers.

On behalf of the Board

For **R Systems International Limited**

Sd/-
Satinder Singh Rekhi
(DIN: 00006955)
(Managing Director &
Chief Executive Officer)

Place: Singapore
Date: February 16, 2021

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

Place: NOIDA
Date: February 16, 2021

Annexure 'G' to the Directors' Report

Secretarial Audit Report

For the financial year ended December 31, 2020

[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)

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 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.

We report that-

- a) Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- b) 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 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.
- c) We have not verified the correctness and appropriateness of the financial statements of the Company.
- d) Wherever required, we have obtained the Management Representation about the compliances of laws, rules and regulations and happening of events etc.
- e) The compliance of the provisions of the corporate and other applicable laws, rules, regulations and standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
- f) 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.
- g) The auditor adhered to best professional standards and practices as could be possible while carrying out audit

during the conditions due to Covid-19. The Company made due efforts to make available the relevant records and documents which were verified through online means to conduct and complete the audit in the aforesaid conditions.

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, 2020 ("Audit Period") 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, 2020 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, where applicable;
- (v) The following Regulations 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) 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;
- (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;
- (h) *Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018; and
- (i) The Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015;

* No event took place under these regulations during the Audit period.

We have also examined compliance with the applicable clauses of the Secretarial Standards on Meetings of the Board of Directors and on General Meetings issued by the Institute of Company Secretaries of India.

During the Audit Period, the Company has complied with the provisions of the Act, Rules, Regulations, Standards and Guidelines, to the extent applicable, as mentioned above.

- (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 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;
 - d) The Special Economic Zones Act, 2005;

The Company is a leading global provider of technology, artificial intelligence, RPA services and solutions along with business process outsourcing services. The Company delivers its services and solutions to technology companies and businesses to enable their digital transformation. The Company's services and solutions span over five major business verticals i.e. Technology, Telecom, Healthcare and Life Science, Finance and Insurance, and Retail & e-commerce.

We have checked the Compliance Management System of the Company to obtain reasonable assurance about the adequacy of systems in place to ensure compliance of specifically applicable laws and this verification was done on test basis. We believe that the Audit evidence which we have obtained is sufficient and appropriate to provide a basis for our audit opinion. In our opinion and to the best of our information and

according to explanations given to us, we believe that the Compliance Management System of the Company seems adequate to ensure compliance of laws, specifically applicable to the Company.

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. No changes in the composition of the Board of Directors took place during the audit period.

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 Board decisions are carried out with unanimous consent and therefore, no dissenting views were required to be captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the company had following specific events / actions having a major bearing on the company's affairs in pursuance to the above referred laws, rules, regulations, guidelines, standards, etc.:

1. Hon'ble National Company Law Tribunal, New Delhi vide order dated January 28, 2020 has approved the capital reduction of R Systems International Limited under Section 66 of the Companies Act, 2013. Pursuant to the said capital reduction, 738,980 equity shares of ₹ 1/- each held by R Systems Employees Welfare Trust were cancelled and extinguished.
2. The Company has allotted 37,500 equity shares of ₹ 1/- each at an exercise price of ₹ 12.07 per share, pursuant to the exercise of the stock option granted to the employees of the company under R Systems International Limited Employee Stock Option Scheme 2007.

For Sanjay Grover & Associates

Company Secretaries
Firm Registration No.: P2001DE052900

Sd/-

Kapil Dev Taneja

Partner

FCS No.: F4019

CP No.: 22944

Place: New Delhi

Date: February 15, 2021

UDIN: F004019B002899362

Annexure 'H' to the Directors' Report

Form No. AOC-2

[Pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act, 2013 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 transaction, please refer note No. 31 of the Standalone financial statements.

On behalf of the Board

For **R Systems International Limited**

Sd/-

Satinder Singh Rekhi

(DIN: 00006955)

(Managing Director & Chief Executive Officer)

Place: Singapore

Date: February 16, 2021

Sd/-

Lt. Gen. Baldev Singh (Retd.)

(DIN: 00006966)

(President & Senior Executive Director)

Place: NOIDA

Date: February 16, 2021

Annexure 'I' to the Directors' Report

Form No. MGT-9

Extract of Annual Return

As on the financial year ended on December 31, 2020

[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.: 011-47510532 E-mail: rsil@rsystems.com
Address of the Corporate office and contact details	:	C-40, Sector-59, NOIDA, District Gautam Budh Nagar, U.P. India-201307 Tel. No.: +91-120-4303500 Fax: +91-120-4082699
Whether listed company	:	Yes
Name, Address and Contact details of Registrar and Transfer Agent, if any	:	Link Intime India Private Limited Noble Heights, 1 st 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

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	84.35%
2	Business process outsourcing services	620	15.65%

Annexure 'I' to the Directors' Report

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.	5000, Windplay Drive, Suite #5, El Dorado Hills, CA 95762, U.S.A.	Foreign Company	Subsidiary	100%	2(87)
4	R Systems Consulting Services Limited (Formerly known as ECnet Limited)	16, Jalan Kilang, #04-01 Hoi Hup Building, Singapore – 159 416	Foreign Company	Subsidiary	99.75%	2(87)
5	RSYS Technologies Ltd.	Vancouver- Registered Office 1000, Cathedral Place, 925 West Georgia Street, Vancouver BC V6C 3L2, Canada Ontario- Corporate Office 2425 Matheson Blvg East Unit 778 Mississauga, Ontario, L4W 5k4 Canada	Foreign Company	Subsidiary	100%	2(87)
6	R Systems Computaris International Limited (Formerly known as Computaris International Limited)	Swan House, 9 Queens Road, Brentwood CM14 4HE, United Kingdom	Foreign Company	Subsidiary	100%	2(87)
7	IBIZ Consultancy Services India Private Limited	Plot No NP 1 And 2 , Industrial Estate, Sidco Industrial Estate, Guindy Chennai -600032	U72200TN2008PTC070201	Subsidiary	100%	2(87)
8	R Systems Consulting Services (M) Sdn. Bhd. (Formerly known as ECnet (M) Sdn. Bhd.) [#]	Suite 5F-1, 5 th Floor, Tower 5, Puchong Financial Corporate Centre (PFCC) Jalan Puteri ½, Bandar Puteri, 47100 Puchong Selangor, Malaysia	Foreign Company	Step Down Subsidiary	99.75%	2(87)
9	R Systems Consulting Services (Thailand) Co., Ltd. (Formerly known as ECnet Systems (Thailand) Co. Ltd.) [#]	2/3 Bangna Tower-A, 2 nd Floor, Room No. 205-206, Moo 14, Bangna-Trad K.M. 6.5, Tambol Bangkaew, Amphoe Bangplee, Samutprakarn Province 10540 , Thailand	Foreign Company	Step Down Subsidiary	99.75%	2(87)
10	ECnet (Shanghai) Co. Ltd. [#]	Rm H, 20 Floor, Foresight Mansion, No.768 Xie Tu Rd, Shanghai, People's Republic of China	Foreign Company	Step Down Subsidiary	99.75%	2(87)
11	R Systems Consulting Services (HongKong) Limited (Formerly known as ECnet (Hong Kong) Limited) [#]	Rm 2808 28/F Wu Chung House 213 Queen's Road East Wan Chai, Hong Kong	Foreign Company	Step Down Subsidiary	99.75%	2(87)
12	R Systems Consulting Services Kabushiki Kaisha (Formerly known as 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	R Systems Computaris Europe S.R.L. (Formerly known as Computaris Romania SRL)*	Bucharest office 5 Gheorghe Manu Str, Groundfloor, 1 st Floor, District 1, Bucharest, 010442, Romania Galati office 23 Logofat Tautu Str., 800009, Galati, Romania	Foreign Company	Step Down Subsidiary	100%	2(87)
14	R Systems Computaris Poland Sp. Z o.o. (Formerly known as Computaris Polska sp zo.o.)*	Warsaw office al. Jana Pawla II 80, 00-175 Warsaw, Poland Bialystok Office ul. Branickiego 17, 15 -085 Bialystok, Poland.	Foreign Company	Step Down Subsidiary	100%	2(87)

Sl. No.	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% Of Shares Held	Applicable Section
15	R Systems Computaris S.R.L (Formerly known as 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)
16	R Systems Computaris Malaysia Sdn. Bhd. (formerly known as Computaris Malaysia Sdn. Bhd.)*	Lot. No. 5F-1, 5 th 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	R Systems Computaris Philippines Pte. Ltd. Inc. (Formerly known as Computaris Philippines Pte. Ltd. Inc.)*	Level 16 Tower 6789, Ayala Avenue 1206 Makati City, Philippines.	Foreign Company	Step Down Subsidiary	100%	2(87)
18	R Systems Computaris Suisse Sàrl (Formerly known as Computaris Suisse Sarl)*	Rue du Trésor 9, c/o Me Madalina Diaconu, Etudes SPLC Avocats & Notaires, 2000 Neuchâtel	Foreign Company	Step Down Subsidiary	100%	2(87)
19	R Systems IBIZCS Pte. Ltd. (Formerly known as IBIZ Consulting Pte. Ltd.) [®]	2 Jalan Kilang Barat #04-01 Singapore 159346	Foreign Company	Step Down Subsidiary	100%	2(87)
20	IBIZ Consulting Services Pte Ltd [^]	2 Jalan Kilang Barat #04-01 Singapore 159346	Foreign Company	Step Down Subsidiary	100%	2(87)
21	R Systems IBIZCS Pte. Ltd. (Formerly known as IBIZ Consulting Pte. Ltd.) [^]	Suite 5F-1, 5 th Floor, Tower 5, Puchong Financial Corporate Centre (PFCC) Jalan Puteri ½, Bandar Puteri, 47100 Puchong Selangor, Malaysia	Foreign Company	Step Down Subsidiary	100%	2(87)
22	PT RSystems IBIZCS International (Formerly known as PT. IBIZCS Indonesia) [^]	Setiabudi Buidling 2, 2 nd Floor, Suite 203 Jl. H.R. Rasuna Said Kav. 62 Jakarta Selatan 12920, Indonesia	Foreign Company	Step Down Subsidiary	100%	2(87)
23	IBIZ Consulting (Thailand) Co. Limited [^]	2/3 Bangna Tower-A, 2 nd Floor, Room No. 205-206, Moo14, Bangna-Trad K.M.6.5 Road, Bangkaew Sub-district, Bangplee District, Samutprakarn Province, Thailand	Foreign Company	Step Down Subsidiary	100%	2(87)
24	IBIZ Consulting Services Limited [^]	Units 1901-3, 19/F, Strand 50, 50 Bonham Strand, Sheung Wan, Hong Kong	Foreign Company	Step Down Subsidiary	100%	2(87)
25	IBIZ Consulting Services (Shanghai) Co., Ltd [®]	Room 1721, 17F, Building A, CCIG International Plaza, No. 331, North Caoxi Road, Xuhui District, Shanghai, People's Republic of China, 200030	Foreign Company	Step Down Subsidiary	100%	2(87)
26	Innovizant LLC ^{&}	1431 Opus Place, Suite #630, Downers Grove, IL 60515, U.S.A.	Foreign Company	Step Down Subsidiary	100%	2(87)

Wholly owned subsidiary of R Systems Consulting Services Limited (Formerly known as ECnet Limited), Singapore being 99.75% subsidiary of R Systems.

* wholly owned subsidiaries of R Systems Computaris International Limited (Formerly known as Computaris International Limited) being 100% subsidiary of R Systems.

@ Wholly owned subsidiary of R Systems (Singapore) Pte. Ltd. being 100% subsidiary of R Systems.

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

[®] Wholly owned subsidiary of IBIZ Consulting Services Limited - Hong Kong being 100% Subsidiary of R Systems IBIZCS Pte. Ltd. (Formerly known as IBIZ Consulting Pte. Ltd.)

[&] Wholly owned subsidiary of R Systems, Inc., U.S.A. being 100% subsidiary of R Systems.

Note: Refer to Note No. 13 of the Directors' Report for further details of the subsidiaries.

Annexure 'I' to the Directors' Report

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, 2020				No. of Shares held at the end of the year - December 31, 2020				% Change during the year
	Physical	Demat	Total	% of Total Shares	Physical	Demat	Total	% of Total Shares	
A. Promoter and Promoter Group									
Indian									
Individuals / Hindu Undivided Family	-	7,777	7,777	0.01	-	2,011,822	2,011,822	1.68	1.68
Central Government	-	-	-	0.00	-	-	-	0.00	-
State Government(s)	-	-	-	0.00	-	-	-	0.00	-
Bodies Corporate	-	-	-	0.00	-	-	-	0.00	-
Financial Institutions / Banks	-	-	-	0.00	-	-	-	0.00	-
Any Other (Specify)	-	-	-	0.00	-	-	-	0.00	-
Sub Total(A)(1)	-	7,777	7,777	0.01	-	2,011,822	2,011,822	1.68	1.68
Foreign									
NRI Individual	-	41,058,247	41,058,247	34.12	-	39,054,702	39,054,702	32.64	(1.47)
Other Individual	-	-	-	0.00	-	-	-	0.00	-
Bodies Corporate	-	8,828,489	8,828,489	7.34	-	8,828,489	8,828,489	7.38	(0.04)
Banks/ Financial Institutions	-	-	-	0.00	-	-	-	0.00	-
Any Other (Foreign Trust)	-	11,818,061	11,818,061	9.82	-	11,818,061	11,818,061	9.88	(0.06)
Sub Total(A)(2)	-	61,704,797	61,704,797	51.28	-	59,701,252	59,701,252	49.90	(1.37)
Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	-	61,712,574	61,712,574	51.28	-	61,713,074	61,713,074	51.58	0.30
B. Public shareholding									
Institutions									
Mutual Funds / UTI	-	-	-	0.00	-	-	-	0.00	-
Financial Institutions / Banks	-	510	510	0.00	-	-	-	0.00	(0.00)
Central Government	-	-	-	0.00	-	-	-	0.00	-
State Government(s)	-	-	-	0.00	-	-	-	0.00	-
Venture Capital Funds	-	-	-	0.00	-	-	-	0.00	-
Insurance Companies	-	-	-	0.00	-	-	-	0.00	-
Foreign Institutional Investors	-	-	-	0.00	-	-	-	0.00	-
Foreign Venture Capital Investors	-	-	-	0.00	-	-	-	0.00	-
Any Other (specify)	-	-	-	0.00	-	-	-	0.00	-
Sub-Total (B)(1)	-	510	510	0	-	-	-	0	(0.00)
Non-institutions									
Bodies Corporate (Indian and Overseas)	-	1,048,934	1,048,934	0.87	-	2,483,648	2,483,648	2.08	1.20
Individuals -									
i. Individual shareholders holding nominal share capital up to ₹ 1 lakh	116,750	8,284,026	8,400,776	6.98	112,750	6,978,592	7,091,342	5.93	(1.05)

Category of Shareholders	No. of Shares held at the beginning of the year - January 01, 2020				No. of Shares held at the end of the year - December 31, 2020				% Change during the year
	Physical	Demat	Total	% of Total Shares	Physical	Demat	Total	% of Total Shares	
ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh.	114,000	48,277,101	48,391,101	40.21	114,000	48,143,583	48,257,583	40.34	0.12
Any Other (Clearing Member)	-	35,429	35,429	0.03	-	68,431	68,431	0.06	0.03
Any Other (Trust)	738,980	-	738,980	0.61	-	-	-	0.00	(0.61)
Any Other (IEPF)	-	9,621	9,621	0.01	-	22,367	22,367	0.02	0.01
Sub-Total (B)(2)	969,730	57,655,111	58,624,841	48.72	226,750	57,696,621	57,923,371	48.42	(0.30)
Total Public Shareholding (B) = (B)(1)+(B)(2)	969,730	57,655,621	58,625,351	48.72	226,750	57,696,621	57,923,371	48.42	(0.30)
TOTAL (A)+(B)	969,730	119,368,195	120,337,925	100.00	226,750	119,409,695	119,636,445	100.00	0.00
C. Shares held by Custodian for GDRs & ADRs	-	-	-	0.00	-	-	-	0.00	0.00
TOTAL (C)	-	-	-	0.00	-	-	-	0.00	0.00
TOTAL (A+B+C)	969,730	119,368,195	120,337,925	100.00	226,750	119,409,695	119,636,445	100.00	0.00

Note: In addition to changes on account of purchase/ sale of shares, evident from the different shareholding positions beginning and end of the year, the change in % of shareholding is consequent to extinguishment of 738,980 fully paid-up equity shares of face value of ₹ 1/- each pursuant to National Company Law Tribunal, New Delhi Order dated January 28, 2020, transfer of shares between promoter and promoter group and to the allotment of equity shares pursuant to exercise of options granted under R Systems International Ltd. Employees Stock Option Scheme, 2007.

ii. Shareholding of Promoters

Sl. No.	Category of Shareholders	Share holding at the beginning of the year - January 01, 2020			Share holding at the end of the year - December 31, 2020			% 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)	11,818,061	9.82	0.00	11,818,061	9.88	0.00	0.06
2	Mr. Satinder Singh Rekhi	3,062,207	2.54	0.00	3,062,207	2.56	0.00	0.01
3	RightMatch Holdings Ltd.	8,828,489	7.34	0.00	8,828,489	7.38	0.00	0.04
4	Mrs. Harpreet Rekhi	1,467,277	1.22	0.00	735,621	0.61	0.00	(0.60)
5	Mr. Sartaj Singh Rekhi	19,260,269	16.01	0.00	18,860,269	15.76	0.00	(0.24)
6	Mr. Ramneet Singh Rekhi	16,396,505	13.63	0.00	16,396,505	13.71	0.00	0.08
7	Mrs. Amrita Rekhi	871,989	0.72	0.00	100	0.00	0.00	(0.72)
8	Mrs. Kuldeep Baldev Singh	6,080	0.01	0.00	371,908	0.31	0.00	0.31
9	Mrs. Anita Behl	1,697	0.00	0.00	367,525	0.31	0.00	0.31
10	Mr. Jagmohan Singh Walia	-*	0.00	0.00	1,272,389	1.06	0.00	1.06
	TOTAL	61,712,574	51.28	0.00	61,713,074	51.58	0.00	0.30

* Mr. Jagmohan Singh Walia held 500 shares under public category.

Note: The change in % of shareholding is consequent to extinguishment of 738,980 fully paid-up equity shares of face value of ₹ 1/- each pursuant to National Company Law Tribunal, New Delhi Order dated January 28, 2020, transfer of shares between promoter and promoter group and to the allotment of equity shares pursuant to exercise of options granted under R Systems International Ltd. Employees Stock Option Scheme, 2007.

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iii. Change in Promoter Holding

Sl. No.	Name of the Promoter	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Mrs. Harpreet Rekhi				
	At the beginning of the year -January 01, 2020	1,467,277	1.22	1,467,277	1.22
	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 of shares to Mrs. Kuldeep Baldev Singh by way of Gift on March 03, 2020	365,828	0.31	1,101,449	0.92
	Less: Transfer of shares to Mrs. Anita Behl by way of Gift on March 03, 2020	365,828	0.31	735,621	0.62
	At the end of the year-December 31, 2020			735,621	0.61
2	Mr. Sartaj Singh Rekhi				
	At the beginning of the year -January 01, 2020	19,260,269	16.01	19,260,269	16.01
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):				
	Less: Transfer of shares to Mr. Jagmohan Singh Walia by way of Gift on August 22, 2020	400,000	0.33	18,860,269	15.76
		At the end of the year-December 31, 2020			18,860,269
3	Ms. Amrita Rekhi				
	At the beginning of the year -January 01, 2020	871,989	0.72	871,989	0.72
	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: Transfer of shares to Mr. Jagmohan Singh Walia by way of Gift on August 25, 2020	871,889	0.73	100	0.00
		At the end of the year-December 31, 2020			100
4	Mrs. Kuldeep Baldev Singh				
	At the beginning of the year -January 01, 2020	6,080	0.01	6,080	0.01
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):				
	Add: Transfer of shares from Mrs. Harpreet Rekhi by way of Gift on March 03, 2020	365,828	0.31	371,908	0.31
		At the end of the year-December 31, 2020			371,908
5	Mrs. Anita Behl				
	At the beginning of the year -January 01, 2020	1,697	0.00	1,697	0.00
	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 of shares from Mrs. Harpreet Rekhi by way of Gift on March 03, 2020	365,828	0.31	367,525	0.31
		At the end of the year-December 31, 2020			367,525
6	Mr. Jagmohan Singh Walia				
	At the beginning of the year -January 01, 2020	500*	0.00	500	0.00
	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 of shares from Mr. Sartaj Singh Rekhi by way of Gift on August 22, 2020	400,000	0.33	400,500	0.33
	Add: Transfer of shares from Mrs. Amrita Rekhi by way of Gift on August 25, 2020	871,889	0.73	1,272,389	1.06
	At the end of the year-December 31, 2020			1,272,389	1.06

* Mr. Jagmohan Singh Walia held 500 shares of the Company under public Category and become part of Promoter and Promoter Group on transfer of shares as mentioned above.

Note:

The change in % of shareholding is consequent to extinguishment of 738,980 fully paid-up equity shares of face value of ₹ 1/- each pursuant to National Company Law Tribunal Order dated January 28, 2020, transfer of shares between promoter and promoter group and to the allotment of equity shares pursuant to exercise of options granted under R Systems International Ltd. Employees Stock Option Scheme, 2007.

(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, 2020		Shareholding at the end of the year - December 31, 2020	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Bhavook Tripathi	44,091,982	36.64	44,091,982	36.85
2	Brahm Precision Materials Pvt Ltd	34,117	0.03	1,960,326	1.64
3	Prabhakarrrao Mahableshwar Bantwal	926,833	0.77	1,341,420	1.12
4	O'Neil Nalavadi	648,770	0.54	648,770	0.54
5	Mandeep Sodhi	586,153	0.49	475,801	0.40
6	Chandraprakash Tripathi	298,966	0.25	335,412	0.28
7	Sunita Kantilal Vardhan	-	0.00	207,138	0.17
8	Juzar Feroz Basrai	210,000	0.17	205,000	0.17
9	Nand Sardana	160,224	0.13	197,724	0.17
10	Mannige Vikram Rao	191,881	0.16	191,881	0.16
11	Kantilal M. Vardhan (H.U.F.)	208,315	0.17	1,136	0.00
12	Smita Sachindanand Das	224,200	0.19	1,000	0.00
13	R Systems Employees Welfare Trust	738,980	0.61	-	0.00

(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	Brahm Precision Materials Pvt Ltd At the beginning of the year - January 01, 2020 Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc) At the end of the year - December 31, 2020	As per Annexure -1			
B	Prabhakarrrao Mahableshwar Bantwal At the beginning of the year - January 01, 2020 Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc) At the end of the year - December 31, 2020				

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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
C	<p>Mandeep Sodhi</p> <p>At the beginning of the year - January 01, 2020</p> <p>Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc)</p> <p>At the end of the year - December 31, 2020</p>	As per Annexure -1			
D	<p>Chandraprakash Tripathi</p> <p>At the beginning of the year - January 01, 2020</p> <p>Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc)</p> <p>At the end of the year - December 31, 2020</p>				
E	<p>Sunita Kantilal Vardhan</p> <p>At the beginning of the year - January 01, 2020</p> <p>Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc)</p> <p>At the end of the year - December 31, 2020</p>				
F	<p>Juzar Feroz Basrai</p> <p>At the beginning of the year -January 01, 2020</p> <p>Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc)</p> <p>At the end of the year - December 31, 2020</p>				
G	<p>Nand Sardana</p> <p>At the beginning of the year -January 01, 2020</p> <p>Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc)</p> <p>At the end of the year - December 31, 2020</p>				
H	<p>Kantilal M. Vardhan (H.U.F.)</p> <p>At the beginning of the year -January 01, 2020</p> <p>Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc)</p> <p>At the end of the year - December 31, 2020</p>				

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
I	Smita Sachindanand Das At the beginning of the year -January 01, 2020 Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc) At the end of the year - December 31, 2020	As per Annexure -1			
J	R Systems Employees Welfare Trust At the beginning of the year -January 01, 2020 Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc) At the end of the year - December 31, 2020				

Annexure - 1

Sl. No.	Date of Transaction	Nature of Transaction	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
A	Brahm Precision Materials Pvt Ltd As at January 01, 2020 (Opening Balance)		34,117	0.03	34,117	0.03
	February 7, 2020	Purchase	6,598	0.01	40,715	0.03
	February 14, 2020	Purchase	114,589	0.10	155,304	0.13
	February 21, 2020	Purchase	169,212	0.14	324,516	0.27
	February 28, 2020	Purchase	157,359	0.13	481,875	0.40
	March 6, 2020	Purchase	304,004	0.25	785,879	0.66
	March 13, 2020	Purchase	191,642	0.16	977,521	0.82
	March 27, 2020	Purchase	499,617	0.42	1,477,138	1.24
	April 3, 2020	Purchase	25,004	0.02	1,502,142	1.26
	April 10, 2020	Purchase	44,236	0.04	1,546,378	1.29
	April 17, 2020	Purchase	110,625	0.09	1,657,003	1.39
	April 24, 2020	Purchase	38,923	0.03	1,695,926	1.42
	May 1, 2020	Purchase	10,680	0.01	1,706,606	1.43
	May 8, 2020	Purchase	10,067	0.01	1,716,673	1.44
	May 15, 2020	Purchase	8,396	0.01	1,725,069	1.44
	May 22, 2020	Purchase	28,171	0.02	1,753,240	1.47
	May 29, 2020	Purchase	8,512	0.01	1,761,752	1.47
	June 5, 2020	Purchase	4,154	0.00	1,765,906	1.48
	June 12, 2020	Purchase	3,441	0.00	1,769,347	1.48
	June 19, 2020	Purchase	26,416	0.02	1,795,763	1.50
	June 26, 2020	Purchase	18,864	0.02	1,814,627	1.52
	July 3, 2020	Purchase	25,333	0.02	1,839,960	1.54
	July 10, 2020	Purchase	21,791	0.02	1,861,751	1.56

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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
	July 17, 2020	Purchase	9,594	0.01	1,871,345	1.56
	July 24, 2020	Purchase	1,200	0.00	1,872,545	1.57
	July 31, 2020	Purchase	12,013	0.01	1,884,558	1.58
	August 7, 2020	Purchase	22,787	0.02	1,907,345	1.59
	August 14, 2020	Sale	50,730	0.04	1,856,615	1.55
	August 21, 2020	Purchase	2,046	0.00	1,858,661	1.55
	September 4, 2020	Purchase	69,342	0.06	1,928,003	1.61
	September 11, 2020	Purchase	25,974	0.02	1,953,977	1.63
	September 18, 2020	Sale	10,569	0.01	1,943,408	1.62
	September 25, 2020	Purchase	16,125	0.01	1,959,533	1.64
	October 2, 2020	Purchase	2,464	0.00	1,961,997	1.64
	October 9, 2020	Sale	100,570	0.08	1,861,427	1.56
	October 23, 2020	Purchase	14,522	0.01	1,875,949	1.57
	October 30, 2020	Purchase	3,431	0.00	1,879,380	1.57
	November 6, 2020	Purchase	18,440	0.02	1,897,820	1.59
	November 13, 2020	Purchase	29,081	0.02	1,926,901	1.61
	November 20, 2020	Purchase	6,773	0.01	1,933,674	1.62
	November 27, 2020	Purchase	8,997	0.01	1,942,671	1.62
	December 4, 2020	Purchase	8,453	0.01	1,951,124	1.63
	December 11, 2020	Purchase	9,202	0.01	1,960,326	1.64
	As At December 31, 2020 (Closing Balance)				1,960,326	1.64
B	Prabhakar Rao Mahableshwar Bantwal					
	As at January 01, 2020 (Opening Balance)		926,833	0.77	926,833	0.77
	January 10, 2020	Purchase	8,500	0.01	935,333	0.78
	January 17, 2020	Purchase	55,966	0.05	991,299	0.83
	January 24, 2020	Purchase	72	0.00	991,371	0.83
	January 31, 2020	Purchase	69,741	0.06	1,061,112	0.89
	February 7, 2020	Purchase	51,800	0.04	1,112,912	0.93
	February 14, 2020	Purchase	214,831	0.18	1,327,743	1.11
	March 13, 2020	Purchase	3,140	0.00	1,330,883	1.11
	March 27, 2020	Purchase	10,537	0.01	1,341,420	1.12
	As At December 31, 2020 (Closing Balance)				1,341,420	1.12
C	Mandeep Sodhi					
	As at January 01, 2020 (Opening Balance)		586,153	0.49	586,153	0.49
	February 12, 2020	Sale	35,352	0.03	550,801	0.46
	February 13, 2020	Sale	10,000	0.01	540,801	0.45
	February 18, 2020	Sale	45,000	0.04	495,801	0.41
	February 26, 2020	Sale	20,000	0.02	475,801	0.40
	As At December 31, 2020 (Closing Balance)				475,801	0.40
D	Chandraprakash Tripathi					
	As at January 01, 2020 (Opening Balance)		298,966	0.25	298,966	0.25
	January 17, 2020	Purchase	6,614	0.01	305,580	0.25
	January 24, 2020	Purchase	570	0.00	306,150	0.25
	February 28, 2020	Purchase	19,262	0.02	325,412	0.27
	March 6, 2020	Purchase	5,000	0.00	330,412	0.28
	March 27, 2020	Purchase	5,000	0.00	335,412	0.28
	As At December 31, 2020 (Closing Balance)				335,412	0.28

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
E	Sunita Kantilal Vardhan					
	As at January 01, 2020 (Opening Balance)		-	-	-	-
	January 3, 2020	Purchase	207,179	0.17	207,179	0.17
	February 14, 2020	Sale	41	0.00	207,138	0.17
	As At December 31, 2020 (Closing Balance)			207,138	0.17	
F	Juzar Feroz Basrai					
	As at January 01, 2020 (Opening Balance)		210,000	0.17	210,000	0.17
	February 14, 2020	Sale	5,000	0.00	205,000	0.17
	As At December 31, 2020 (Closing Balance)				205,000	0.17
G	Nand Sardana					
	As at January 01, 2020 (Opening Balance)		160,224	0.13	160,224	0.13
	May 8, 2020	Allotment	15,000	0.01	175,224	0.15
	August 5, 2020	Allotment	22,500	0.02	197,724	0.17
	As At December 31, 2020 (Closing Balance)			197,724	0.17	
H	Kantilal M. Vardhan (H.U.F.)					
	As at January 01, 2020 (Opening Balance)		208,315	0.17	208,315	0.17
	January 3, 2020	Sale	207,179	0.17	1,136	0.00
	As At December 31, 2020 (Closing Balance)				1,136	0.00
I	Smita Sachindanand Das					
	As at January 01, 2020 (Opening Balance)		224,200	0.19	224,200	0.19
	March 6, 2020	Sale	223,200	0.19	1,000	0.00
	As At December 31, 2020 (Closing Balance)				1,000	0.00
J	R Systems Employees Welfare Trust					
	As at January 01, 2020 (Opening Balance)		738,980	0.61	738,980	0.61
	February 9, 2020	Extinguished	738,980	0.61	-	-
	As At December 31, 2020 (Closing Balance)				-	-

Note:

1. The change in % of shareholding is consequent to extinguishment of 738,980 fully paid-up equity shares of face value of ₹ 1/- each pursuant to National Company Law Tribunal Order dated January 28, 2020 and to the 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.

Annexure 'I' to the Directors' Report

(v) Shareholding of Directors and Key Managerial Personnel:

Change in Shareholding

Sl. No.	Name of the Director/ Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Mr. Satinder Singh Rekhi				
	At the beginning of the year -January 01, 2020	3,062,207	2.54	3,062,207	2.54
	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.):				
	At the end of the year-December 31, 2020			3,062,207	2.56
2	Lt. Gen. Baldev Singh (Retd.)				
	At the beginning of the year -January 01, 2020	101,322	0.08	101,322	0.08
	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: Sold on February 19, 2020 [#]	35,000	0.03	66,322	0.06
	Less: Sold on February 20, 2020 [#]	7,795	0.01	58,527	0.05
	Less: Sold on February 26, 2020 [#]	10,000	0.01	48,527	0.04
	Less: Sold on August 10, 2020 [#]	9,867	0.01	38,660	0.03
	Less: Sold on August 11, 2020 [#]	20,000	0.02	18,660	0.02
	Less: Sold on November 26, 2020 [#]	2,500	0.00	16,160	0.01
	Less: Sold on November 27, 2020 [#]	3,000	0.00	13,160	0.01
	Less: Sold on December 1, 2020 [#]	4,838	0.00	8,322	0.01
	At the end of the year-December 31, 2020			8,322	0.01
3	Mr. Avirag Jain				
	At the beginning of the year -January 01, 2020	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.)	-	-	-	-
	At the end of the year-December 31, 2020			100	0.00
4	Mrs. Ruchica Gupta				
	At the beginning of the year -January 01, 2020	-	-	-	-
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	-	-	-	-
	At the end of the year-December 31, 2020			-	-

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
5	Mr. Kapil Dhameja				
	At the beginning of the year -January 01, 2020	-	-	-	-
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	-	-	-	-
	At the end of the year-December 31, 2020			-	-
6	Mr. Aditya Wadhwa				
	At the beginning of the year -January 01, 2020	-	-	-	-
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	-	-	-	-
	At the end of the year-December 31, 2020			-	-
7	Mr. Nand Sardana				
	At the beginning of the year -January 01, 2020	160,224	0.13	160,224	0.13
	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 08, 2020	15,000	0.01	175,224	0.15
	Add: Allotment pursuant to exercise of options granted under Employees Stock Option Scheme, 2007 on August 05, 2020	22,500	0.02	197,724	0.17
	At the end of the year-December 31, 2020			197,724	0.17
8	Mr. Bhasker Dubey				
	At the beginning of the year -January 01, 2020	-	-	-	-
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	-	-		
	At the end of the year-December 31, 2020			-	-

Sold on Stock Exchanges.

Note: The change in Percentage of shareholding during the year is consequent to extinguishment of 738,980 fully paid-up equity shares of face value of ₹ 1/- each pursuant to National Company Law Tribunal, New Delhi Order dated January 28, 2020 and allotment of equity shares pursuant to exercise of options granted under R Systems International Ltd. Employees Stock Option Scheme, 2007.

Annexure 'I' to the Directors' Report

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Amount in ₹)

Particulars	Secured Loans excluding deposits	Unsecured Loans [#]	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year-January 01, 2020				
i) Principal Amount	13,196,646	-	-	13,196,646
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	96,328	-	-	96,328
Total (i+ii+iii)	13,292,974	-	-	13,292,974
Change in Indebtedness during the financial year				
Addition*	-	31,755,199	-	31,755,199
Reduction	5,081,068	-	-	5,081,068
Transferred to other financial liabilities	-	-	-	-
Net Change	(5,081,068)	31,755,199	-	26,674,131
Indebtedness at the end of the financial year -December 31, 2020				
i) Principal Amount	8,115,578	31,755,199	-	39,870,777
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	59,605	-	-	59,605
Total (i+ii+iii)	8,175,183	31,755,199	-	39,930,382

[#] Unsecured loan relates to finance lease obligation for furniture and fixture taken on composite lease with respect to SEZ premises.

* PPP Forgivable loan is unsecured and carry interest @ 1% per annum. The loan has been taken under the Paycheck Protection Program by Small Business Administration, United States of America ("SBA"). The aforesaid PPP loan is forgivable subject to certain conditions. Further, the Company has applied for the forgiveness and will account for forgiveness as per Ind AS-20 "Accounting for Government Grants and Disclosure of Government Assistance" post its confirmation from SBA.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Name of MD/ WTD/ Manager			Total Amount
		Mr. Satinder Singh Rekhi (MD & CEO)	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	31,560,549	4,826,060	5,258,961	41,645,570
	b) Value of perquisites u/s 17(2) of Income-tax Act, 1961	-	-	32,400	32,400
	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	10,960,500 [#]	-	-	10,960,500
	others (Specify)	-	-	-	-
5	Others (Specify)	-	3,600,000*	4,050,000*	7,650,000
	Total (A)	42,521,049	8,426,060	9,341,361	60,288,470
	Ceiling as per the Act (10% of Net Profit)				84,600,532

Incentive is based on fixed percentage of Profit After Tax.

* Incentive is based on fixed percentage of qualifying revenue.

Note: Necessary approval of the shareholders has been obtained for appointment and payment of remuneration to the Managing Director & Chief Executive Officer and Whole Time Directors.

B. Remuneration to other Directors

i. Independent Directors

(Amount in ₹)

Sr. No.	Particulars of Remuneration	Name of Directors			Total Amount
		Mrs. Ruchica Gupta	Mr. Kapil Dhamej	Mr. Aditya Wadhwa	
1	Fee for attending board / committee meetings	225,000	225,000	225,000	675,000
2	Commission	-	-	-	-
3	Others, please specify	-	-	-	-
	Total(1)	225,000	225,000	225,000	675,000

ii. Other Non-Executive Directors

Sr. No.	Particulars of Remuneration	Name of Directors			Total Amount
1	Fee for attending board / committee meetings	-	-	-	-
2	Commission	-	-	-	-
3	Others, please specify	-	-	-	-
	Total(2)	-	-	-	-
	Total B (1+2)	225,000	225,000	225,000	675,000
	Total Managerial Remuneration (A+B)				60,963,470
	Ceiling as per the Act (11% of Net Profit)				93,060,585

Note: 1 In terms of Section 197(2), (5) of the Companies Act, 2013, sitting fees for attending Board/Committee Meeting(s) amounting to ₹ 675,000/- does not form part of overall managerial remuneration.

2 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 ₹)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Mr. Nand Sardana (CFO)	Mr. Bhasker Dubey (CS)	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	7,107,345	1,516,785	8,624,130
	(b) Value of perquisites u/s 17(2) of Income-tax Act, 1961	32,400	-	32,400
	(c) Profits in lieu of salary under section 17(3) of Income-tax Act, 1961	-	-	-
2	Stock Option*	3,053,063	-	3,053,063
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	as % of profit	-	-	-
	others, specify	-	-	-
5	Others, please specify	-	-	-
	Total	10,192,808	1,516,785	11,709,593

*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.

Note: Details of Remuneration to CEO is given under Remuneration to Managing Director, Whole-time Directors and/or Manager.

Annexure 'I' to the Directors' Report

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)
A. COMPANY					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
B. DIRECTORS					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
C. OTHER OFFICERS IN DEFAULT					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil

On behalf of the Board

For **R Systems International Limited**

Sd/-

Satinder Singh Rekhi

(DIN: 00006955)

(Managing Director & Chief Executive Officer)

Place: Singapore

Date: February 16, 2021

Sd/-

Lt. Gen. Baldev Singh (Retd.)

(DIN: 00006966)

(President & Senior Executive Director)

Place: NOIDA

Date: February 16, 2021

Annexure 'J' to the Directors' Report

Annual Report on Corporate Social Responsibility ("CSR") Activities

For the financial year ended December 31, 2020

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:						
	<p>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.</p> <p>Core areas as per the CSR Policy – Education, Sports, Health & Medical Care, Community at large, Environment etc.</p> <p>The Company's CSR policy can be accessed on: https://www.rsystems.com/wp-content/uploads/2021/02/Corporate-Social-Responsibility-Policy.pdf</p>						
2.	Composition of the CSR Committee (As on December 31, 2020)						
	<p>1. Mr. Kapil Dhameja (Non-Executive Independent Director) – Chairman 2. Lt. Gen. Baldev Singh (Retd.) (President & Senior Executive Director) – Member 3. Mrs. Ruchica Gupta (Non-Executive Independent Director) – Member</p>						
3.	Average Net Profit of the Company for last three financial year						₹ 427,673,878/-
4.	Prescribed CSR Expenditure (two percent of the amount as in Item 3 above)						₹ 8,553,478/-
5.	Details of CSR spent during the financial year:						
	(a) Total Amount spent for the financial year						₹ 5,260,000/-
	(b) Amount unspent, if any						₹ 3,293,478/-
	(c) Manner in which the amount spent during the financial year is detailed below:						
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No.	CSR Project or activity identified	Sector in which the project is covered	Project / Programs (1) Local Area / others (2) Specify the State / District where the Project or program was Undertaken	Amount Outlay (budget) Project / Program wise	Amount spent on the project / programs Subheads: (1) Direct expenditure on project / programs (2) Overheads	Cumulative expenditure up to the reporting period	Amount spent Direct or through implementing agency*
1.	School Education Project	Education	Kapurthala-Punjab	16 lakhs	15 lakhs	15 lakhs	Through Army Public School, Beas
2.	Sports Project	Olympic Sports	Bangalore	10 Lakhs	4.10 Lakhs	4.10 Lakhs	Through Prakash Padukone Badminton Academy
3.	Sports Project	Olympic Sports	Hyderabad	10 Lakhs	2.5 Lakhs	2.50 Lakhs	Through Pullela Gopichand Badminton Academy

Annexure 'J' to the Directors' Report

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	CSR Project or activity identified	Sector in which the project is covered	Project / Programs (1) Local Area / others (2) Specify the State / District where the Project or program was Undertaken	Amount Outlay (budget) Project / Program wise	Amount spent on the project / programs Subheads: (1) Direct expenditure on project / programs (2) Overheads	Cumulative expenditure up to the reporting period	Amount spent Direct or through implementing agency*
4.	Sports Project	Olympic Sports	Bangalore	25 Lakhs	12 Lakhs	12 Lakhs	Through GoSport Foundation
5.	Education Project	Education	Delhi	25 Lakhs	12.50 Lakhs	12.50 Lakhs	Dream a Dream Foundation
6.	Community welfare project	Healthcare	Delhi	20 Lakhs	5 Lakhs	5 Lakhs	SaveLife Foundation
7.	Community welfare project	Welfare	Delhi	6 Lakhs	1.5 Lakhs	1.5 Lakhs	Missionary of Charity

* 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 2020, the Company has spent ₹ 5,260,000 (Rupees Fifty Two Lakhs Sixty Thousand only) in various programs as part of its Corporate Social Responsibility. The Company has scaled-up its CSR projects but due to unprecedented situation of COVID-19 the Company was not able to spend its prescribed CSR expenditure.

As a socially responsible entity, the Company is continuously exploring and adding new facilities/ 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.

On behalf of the Board

For R Systems International Limited

Sd/-
Satinder Singh Rekhi
 (DIN: 00006955)
 (Managing Director & Chief Executive Officer)

Place: Singapore
 Date: February 16, 2021

Sd/-
Kapil Dhameja
 (DIN: 02889310)
 (Chairman of CSR Committee)

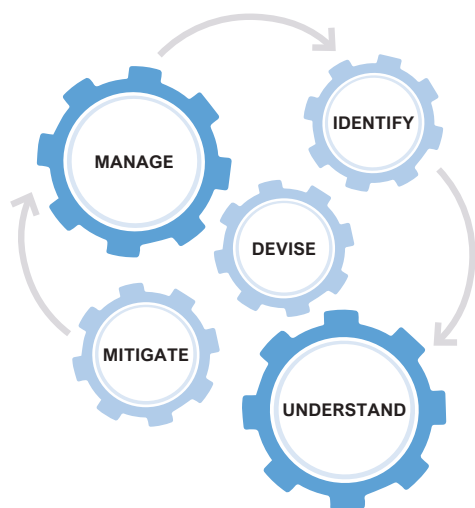
Place: Gurugram
 Date: February 16, 2021

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 2020 and 2019 that R Systems derived from contracts with its top line customers is as follow:

Customer	Year Ended	
	December 31, 2020 (%)	December 31, 2019 (%)
Top 10	28.48	31.77
Top 5	18.96	20.39
Top 3	14.06	14.73
The Largest Customer	7.68	5.94

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 North America, 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, 2020 (%)	December 31, 2019 (%)
North America	68.02	65.21
Europe	13.22	14.98
SEAC*	16.25	16.97
India	1.58	1.50
Others	0.93	1.34
Total	100.00	100.00

* South East Asian Countries

Risk Management Report

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 product engineering and digital offerings 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 processes 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.

R Systems may be vulnerable to risks due to natural or manmade calamities / disasters which may impact business operations, inflicting heavy economic losses and risk to employee safety.

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 behaviour and management processes to ensure that these certified industry standards are continually adhered to.

During the year 2020, HIPAA compliance test was done with zero non-compliance in one of the major clients in Healthcare Domain for Knowledge Services division. Apart from that, R Systems IT Infrastructure along with the projects/ process/ applications in scope was recertified on PCI DSS 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 Knowledge Services Division is PCMM Level 5, ISO 27001:2013, ISO 9001:2015 certified and also for specific client(s) it is 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.

Infrastructure redundancy, intra / inter-city recovery sites, work-from-home, onsite and split-site operations. Further, our distributed offshore and near shore infrastructure is seamlessly connected through a strong infrastructure design and appropriate bandwidth, work from home facility for employees that provides us the capability to initiate and maintain uninterrupted support across the world. Although the Company cannot avoid such risk that could impact the entire Industry, the Company has taken appropriate insurance cover for hazard events.

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 processes and methodologies 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: We continuously enhance our competencies around latest technologies to deliver state of art Product and Solution for our customers.

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

Risk Management Report

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 as per 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' trademarks:



PSuite Framework



PRODUCT FOREMOST



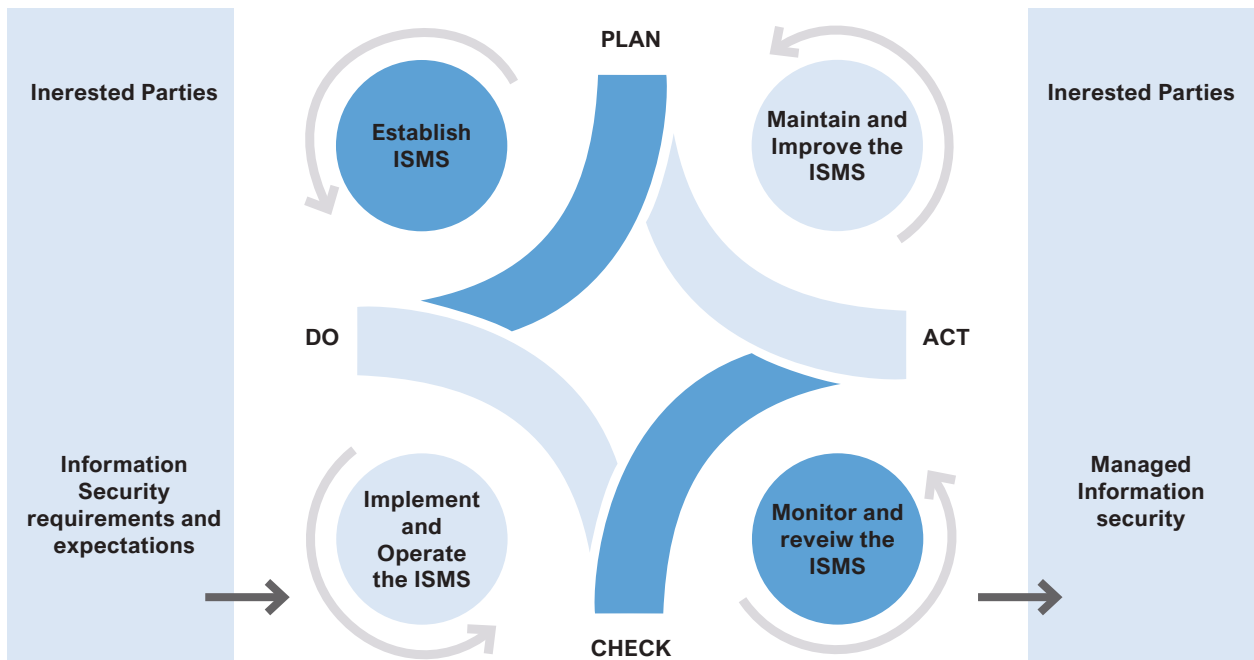
IPLM

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. The Company has also registered logo  under certain appropriate classes. The Company has also registered the Word Mark "R SYSTEMS" in USA and is under process of registering Logo in USA and Europe.

14. Information Security Management

R Systems being an IT and Software service provider company, focusses on maintaining the confidentiality, integrity 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 to the authorized persons. 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 Banking and Finance, Independent Software Vendors, Telecom and Digital Media, Retail & E-commerce, Healthcare,

Risk Management Report

Manufacturing and Logistic 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 omissions 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 regulations applicable to public listed 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.

STANDALONE FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF R SYSTEMS INTERNATIONAL LIMITED REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying standalone financial statements of R Systems International Limited ("the Company"), which comprise the Balance Sheet as at 31 December 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

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 Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 December, 2020, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Standalone Financial Statements 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 statements under the provisions of the Act and the Rules made 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 on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matter described below to be key audit matter to be communicated in our report.

Key audit matter	Auditor's Response
<p>Adoption of Ind AS 116 – Leases:</p> <p>As described in Note 2(a) to the standalone financial statements, the Company has adopted Ind AS 116 “Leases” with effect from January 01, 2020. The standard involves certain key judgements with respect to identification of leases, determination whether there is reasonable certainty that an extension or termination option will be exercised, identification of appropriate discount rate using the interest rate implicit in the lease or lessee’s incremental borrowing rate, as applicable, to calculate the lease obligation, measuring any impairment of the ‘right of use asset’, modification/termination to the leases etc.</p> <p>The new accounting standard additionally requires disclosures together with the information to be provided in the balance sheet, statement of profit and loss, the statement of cash flows and in the explanatory notes (Refer Note 3(b) and 32(a) to the standalone financial statements) which involve information with regard to right of use assets and liabilities.</p> <p>In addition to the above, there is a risk that the lease data which underpin the Ind AS 116 transition calculation is incomplete or inaccurate.</p> <p>Based on the above factors, the implementation of the new accounting standard on leases has been identified as a key audit matter.</p>	<p>We have performed the following procedures:</p> <ol style="list-style-type: none"> i. Evaluated the design and implementation of the relevant controls over the application of the new lease accounting standard in respect of the data used for transition calculation as well as for the current year, and from a sample of existing lease agreements, tested the operating effectiveness of such internal controls. ii. Reviewed the trial balance as at January 1, 2020 and December 31, 2020 to identify the ledger accounts which would have an operating lease included in them. Also, obtained list of active vendor contracts and on a sample basis, obtained contract copies to confirm on the completeness of all the lease contracts considered for computation and also to verify whether the contract contains any embedded lease element. iii. Selected a sample of contracts from such accounts identified and: <ul style="list-style-type: none"> » Tested if such contracts were considered as lease contracts if they met the condition specified in Ind AS 116. » Verified if the terms and conditions of the contracts identified as lease contracts were considered in the quantification of the lease amounts and disclosures. » Verified the discount rate used to determine lease obligation and measure any impairment of the right of use asset, where applicable. » Recomputed and compared the value of the right of use asset and the corresponding liability based on the above lease contracts and the discount rate and reconciled any material differences. iv. Tested the presentation and disclosures with reference to the requirements of Ind AS.

Information Other than the Financial Statements and Auditor's Report Thereon

- » The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's Report including Annexures to Director's Report and Risk Management Report, but does not include the standalone financial statements and our auditor's report thereon.
- » Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

- » In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- » If, based on the work we have performed, 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 AUDITOR'S REPORT

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 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone 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 Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone 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 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 statements.

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 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 financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- » Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- » Conclude on the appropriateness of management's 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 auditor's report to the related disclosures in the standalone 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 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 statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- » Obtain sufficient appropriate audit evidence regarding the financial information of the Company and its branch to express an opinion on the Standalone Financial Statements. We are responsible for the direction, supervision and performance of the audit of financial information of the business activities included in the Standalone Financial Statements.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements 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 statements.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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.
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.
 - d) In our opinion, the aforesaid standalone 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, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2020 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.

For DELOITTE HASKINS & SELLS LLP

Chartered Accountants

(Firm's Registration No. 117366W/W-100018)

sd/-

JITENDRA AGARWAL

Partner

(Membership No. 87104)

Place : New Delhi

Date : February 16, 2021 (UDIN:21087104AAAABA3996)

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, 2020 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 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, 2020, 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)

(UDIN:21087104AAAABA3996)

Place : New Delhi

Date : February 16, 2021

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 property, plant and equipment:
- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
- (b) All property, plant and equipment were physically verified by the management during the 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.
- (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 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:
- (a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees’ State Insurance, Income-Tax, Customs Duty, 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, 2020 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 December 31, 2020 on account of disputes are given below:

Nature of Statute	Nature of Dues	Amount* (₹ in Millions)	Amount Unpaid (₹ in Millions)	Period to which amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax demand	1.61	Nil	A/Y 2008-09	Remanded back to Assessing Officer by Income Tax Appellate Tribunal, New Delhi.
Income Tax Act, 1961	Income Tax demand	0.69	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.
Income Tax Act, 1961	Income Tax demand	0.31	Nil	A/Y 2017-18	Income Tax Appellate Tribunal, New Delhi.

* 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, Goods and Service Tax, Value Added Tax and Customs Duty which have not been deposited as on December 31, 2020 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 loans or borrowings from government and it 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)

(UDIN:21087104AAAABA3996)

Place : New Delhi

Date : February 16, 2021

STANDALONE BALANCE SHEET

AS AT DECEMBER 31, 2020

(₹ in million)

	Notes	As At December 31, 2020	As At December 31, 2019
Assets			
A. Non-current assets			
(a) Property, plant and equipment	3 (a)	359.14	344.72
(b) Right-of-use assets	3 (b)	364.74	-
(c) Capital work in progress	3 (c)	-	17.94
(d) Investment property	3 (d)	20.37	21.84
(e) Intangible assets	3 (e)	3.97	1.11
(f) Financial assets			
(i) Investments	4	1,023.53	995.86
(ii) Other financial assets	5	41.67	71.51
(g) Deferred tax assets (net)	25	89.07	48.86
(h) Non-current tax assets (net)		32.17	32.20
(i) Other non-current assets	6	18.48	37.36
Total non-current assets (A)		1,953.14	1,571.40
B. Current assets			
(a) Financial assets			
(i) Investments	4	128.02	342.45
(ii) Trade receivables	7	658.20	573.57
(iii) Cash and cash equivalents	8a	711.85	447.09
(iv) Other bank balances	8b	285.49	182.90
(v) Other financial assets	9	768.69	389.73
(b) Other current assets	10	126.22	132.14
Total current assets (B)		2,678.47	2,067.88
Total assets (A+B)		4,631.61	3,639.28
EQUITY AND LIABILITIES			
A. Equity			
(a) Equity share capital	11	119.64	119.60
(b) Other equity	12	3,307.18	2,627.32
Total equity (A)		3,426.82	2,746.92
Liabilities			
B. Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	13	15.24	39.47
(ii) Other financial liabilities	14	362.30	3.99
(b) Provisions	15	174.94	133.20
Total non-current liabilities (B)		552.48	176.66
C. Current liabilities			
(a) Financial liabilities			
(i) Trade payables			
- total outstanding dues of micro enterprises and small enterprises	35	-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises		38.30	46.24
(ii) Other financial liabilities	16	231.62	348.75
(b) Provisions	17	128.95	96.79
(c) Current tax liability (net)		47.78	41.27
(d) Other current liabilities	18	205.66	182.65
Total current liabilities (C)		652.31	715.70
Total liabilities (B+C)		1,204.79	892.36
Total equity and liabilities (A+B+C)		4,631.61	3,639.28

Notes forming integral part of 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. 87104

sd/-
SATINDER SINGH REKHI
Managing Director &
Chief Executive Officer
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 : New Delhi
Date : February 16, 2021

Place : Singapore
Date : February 16, 2021

Place : NOIDA
Date : February 16, 2021

Place : New Delhi
Date : February 16, 2021

Place : NOIDA
Date : February 16, 2021

STANDALONE STATEMENT OF PROFIT & LOSS

FOR THE YEAR ENDED DECEMBER 31, 2020

(₹ in million)

	Notes	Year ended December 31, 2020	Year ended December 31, 2019
A. Income			
(i) Revenue from operations	19	4,387.15	3,917.69
(ii) Other income	20	126.08	146.71
Total income		4,513.23	4,064.40
B. Expenses			
(i) Employee benefits expense	21	2,972.00	2,641.84
(ii) Finance costs	22	37.02	4.26
(iii) Depreciation and amortisation expense	23	134.61	85.91
(iv) Other expenses	24	549.90	700.81
Total expenses		3,693.53	3,432.82
C. Profit before tax (A-B)		819.70	631.58
D. Tax expense	25		
(i) Current tax		149.86	104.22
(ii) Deferred tax charge / (credit)		(31.13)	12.41
Total tax expense		118.73	116.63
E. Profit for the year (C-D)		700.97	514.95
F. Other comprehensive income / (Loss)			
Items that will not be reclassified to profit or loss			
Re-measurements of the defined benefit plans		(15.79)	(12.70)
Deferred tax relating to re-measurements of the defined benefit plans		4.60	4.37
Total other comprehensive income / (loss)		(11.19)	(8.33)
G. Total comprehensive income for the year (E+F)		689.78	506.62
H. Earnings per share (EPS)	26		
(Face value of shares ₹ 1/- each)			
Basic		5.86	4.27
Diluted		5.86	4.27

Notes forming integral part of the Standalone financial statements
In terms of our report attached

1-37

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. 87104

sd/-
SATINDER SINGH REKHI
Managing Director &
Chief Executive Officer
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President & Senior Executive
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Chief Financial Officer

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BHASKER DUBEY
Company Secretary &
Compliance Officer

Place : New Delhi
Date : February 16, 2021

Place : Singapore
Date : February 16, 2021

Place : NOIDA
Date : February 16, 2021

Place : New Delhi
Date : February 16, 2021

Place : NOIDA
Date : February 16, 2021

STANDALONE STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2020

A. Equity share capital

(₹ in million)

Balance at January 01, 2019	123.25
Shares issued against ESOP	0.04
Buy-back of shares [refer to Note 11(d)(ii)]	(3.69)
Balance at December 31, 2019	119.60
Balance at January 01, 2020	119.60
Shares issued against ESOP	0.04
Balance at December 31, 2020	119.64

Note:

(1) Equity share capital is net of ₹ Nil (December 31, 2019 : ₹ 0.74 million; January 01, 2019 : ₹ 0.74 million) pertaining to shares held by R Systems Employees Welfare Trust. Also refer to Note 11 (f)(i).

B. Other equity (refer to Note 12)

(₹ in million)

Particulars	Reserves and Surplus					Other Comprehensive Income	Total other equity
	Securities premium	Capital redemption reserve	Stock options outstanding	General Reserve	Retained earnings	Re-measurement of defined benefit plans	
Balance at January 01, 2019	278.24	-	2.92	158.73	2,124.85	7.54	2,572.28
Profit for the year					514.95		514.95
Buy-back of shares [refer to Note 11(d)(ii)]	(236.16)	3.69		(3.69)			(236.16)
ESOP provision for the year			0.67				0.67
Shares issued against ESOP	2.29		(1.87)				0.42
Interim dividend (including CDT) (refer to Note 35)					(216.51)		(216.51)
Other comprehensive income for the year						(8.33)	(8.33)
Balance at December 31, 2019	44.37	3.69	1.72	155.04	2,423.29	(0.79)	2,627.32
Balance at January 01, 2020	44.37	3.69	1.72	155.04	2,423.29	(0.79)	2,627.32
Adjustment on adoption of Ind AS 116 [refer to Note 32(a)]					(10.49)		(10.49)
Adjusted balance at January 01, 2020	44.37	3.69	1.72	155.04	2,412.80	(0.79)	2,616.83
Profit for the year					700.97		700.97
ESOP provision for the year			0.15				0.15
Shares issued against ESOP	2.29		(1.87)				0.42
Other comprehensive income for the year						(11.19)	(11.19)
Balance at December 31, 2020	46.66	3.69	-	155.04	3,113.77	(11.98)	3,307.18

Note:

(1) Securities premium account is net of ₹ Nil (December 31, 2019 : ₹ 2.28 million; January 01, 2019 : ₹ 2.28 million) pertaining to shares held by R Systems Employees Welfare Trust. Also refer to Note 11 (f)(i).

Notes forming integral part of 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. 87104

sd/-
SATINDER SINGH REKHI
Managing Director &
Chief Executive Officer
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 : New Delhi
Date : February 16, 2021

Place : Singapore
Date : February 16, 2021

Place : NOIDA
Date : February 16, 2021

Place : New Delhi
Date : February 16, 2021

Place : NOIDA
Date : February 16, 2021

STANDALONE CASH FLOW STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2020

(₹ in million)

	Year ended December 31, 2020	Year ended December 31, 2019
A. Cash flows from operating activities		
Profit for the year	700.97	514.95
Adjustments for:		
Tax expense	118.73	116.63
Depreciation and amortisation expense	134.61	85.91
Provision / (Reversal) for doubtful debts (net)	6.24	(9.92)
Employees' share based payments expense	0.15	0.67
Unrealised foreign exchange loss / (gain)	7.72	(16.27)
Unrealised loss / (gain) on derivative instruments	(41.37)	9.30
Interest income	(47.35)	(50.50)
Rental income from investment property	(6.44)	(6.72)
Net gain arising on financial assets measured at FVTPL	(12.43)	(17.94)
Profit on sale of property, plant and equipment (net)	(0.04)	(0.46)
Lease rent concession [refer to Note 32(a)]	(11.97)	-
Interest expenses	37.02	4.26
Operating profit before working capital changes	885.84	629.91
Movements in working capital :		
(Increase) / Decrease in trade receivables	(97.67)	70.58
(Increase) / Decrease in other assets	36.14	(82.72)
Increase / (Decrease) in provisions	58.13	22.00
Increase / (Decrease) in trade payables and other liabilities	39.09	(41.56)
Cash generated from operations	921.53	598.21
Direct taxes paid, net of refunds	(143.33)	(88.96)
Net cash from operating activities (A)	778.20	509.25
B. Cash flows from investing activities		
Purchase of property, plant and equipment	(108.80)	(132.51)
Purchase of intangible assets	(5.08)	(0.90)
Proceeds from sale of property, plant and equipment	0.69	1.98
Proceeds from / (investment in) mutual funds	226.86	(125.00)
Investment in subsidiary	(27.67)	(0.47)
Proceeds from / (investment in) fixed deposits with scheduled banks (net)	(623.48)	293.08
Interest received	21.15	49.72
Rental income from investment property	6.44	6.72
Net cash from / (used in) investing activities (B)	(509.89)	92.62

STANDALONE CASH FLOW STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2020

(₹ in million)

	Year ended December 31, 2020	Year ended December 31, 2019
C. Cash flows from financing activities		
Proceeds from long-term borrowings	32.37	8.83
Repayment of long-term borrowings - current maturities	(5.08)	(5.62)
Payment of lease liabilities [refer to Note 32(a)]	(48.92)	-
Proceeds from other non-current assets	20.66	0.01
Amount used in buy-back of equity shares	-	(239.85)
Proceeds from issuance of equity shares	0.45	0.45
Interest paid	(1.07)	(4.23)
Interim dividend (refer to Note 35)	-	(180.51)
CDT on interim dividend	-	(37.10)
Net cash from / (used in) financing activities (C)	(1.59)	(458.02)
Net increase / (decrease) in cash and cash equivalents (A+B+C)	266.72	143.85
Add : Cash and cash equivalents at the beginning of the year	447.09	300.19
Add : Effect of exchange rate changes on cash and cash equivalents held in foreign currency	(1.96)	3.05
Cash and cash equivalents at the end of the year (refer to Note 8a)	711.85	447.09

Note:

(1) Figures in brackets indicate cash outflow.

Notes forming integral part of the Standalone financial statements
In terms of our report attached

1-37

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. 87104

sd/-
SATINDER SINGH REKHI
Managing Director &
Chief Executive Officer
DIN: 00006955

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LT. GEN. BALDEV SINGH (RETD.)
President & Senior Executive
Director
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NAND SARDANA
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BHASKER DUBEY
Company Secretary &
Compliance Officer

Place : New Delhi
Date : February 16, 2021

Place : Singapore
Date : February 16, 2021

Place : NOIDA
Date : February 16, 2021

Place : New Delhi
Date : February 16, 2021

Place : NOIDA
Date : February 16, 2021

NOTES

TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

1. Nature of operations

R Systems International Limited (the 'Company' or 'R Systems') 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 is a leading global provider of technology, artificial intelligence, RPA services and solutions along with knowledge services. The Company delivers its services and solutions to leading technology companies and businesses to enable their digital transformation. The Company's services and solutions span over five major business verticals i.e. Technology, Telecom, Healthcare and Life Science, Finance and Insurance, and Retail & e-commerce.

2. Significant Accounting Policies

(a) Statement of compliance

These standalone financial statements (the 'financial statements') are prepared in accordance with the Indian Accounting Standards ('Ind AS') prescribed under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standard) Rules as amended from time to time.

The Company has consistently applied accounting policies to all periods except for the following changes in Ind AS.

The Company has adopted Ind AS 116 'Leases' with the date of initial application being January 01, 2020. Ind AS 116 replaces Ind AS 17 – Leases and related interpretation and guidance. The standard sets out principles for recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The Company has applied Ind AS 116 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at January 01, 2020. As a result, the comparative information has not been restated. Refer Note 32(a) for details.

For policy and disclosures related to previous year under Ind AS 17 'Leases' refer annual report of the Company for the year ended December 31, 2019.

(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 realisation 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.

NOTES

TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

(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 recognised 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 and Investment Property, less their estimated residual values using the straight line method 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 are as follows:

Category	Useful life up to
Leasehold land	Lease Period
Buildings	30 years
Leasehold improvements	Lower of lease period or useful life
Plant and equipment - 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

(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 amortisation 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 recognised 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 are as follows:

Category	Useful life up to
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 requirements of Ind AS 16 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

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.

(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

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- 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.

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.

(v) Investment in subsidiary companies

Investment in subsidiary companies is measured at cost.

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 amortised cost
Financial liabilities such as loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. The change in measurements is recognised 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 the statement of profit and loss.

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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.

(l) Impairment

i. Financial assets

The Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on financial assets measured at amortised 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 recognises 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 Company's non-financial assets, excluding deferred tax assets, 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.

An impairment loss is recognised 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.

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 capitalised 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*Where the Company is a lessee*

The Company's lease asset classes primarily consist of leases for land, buildings, vehicle and furniture. The Company, at the inception of a contract, assesses whether the contract is a lease or not lease. A contract is, or contains, a lease if the contract

conveys the right to control the use of an identified asset for a time in exchange for a consideration. This policy has been applied to contracts existing and entered into on or after January 01, 2020.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment.

The lease liability is initially measured at the present value of the future lease payments. The lease payments are discounted using the rate implicit in the lease or, if not readily determinable, using the incremental borrowing rate. It is remeasured when there is a change in future lease payments arising from a change in an index or rate or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

On 24 July 2020, the MCA has issued amendments to Ind AS 116, "Leases" under which Para 46A read with Para 46B provides lessee an option not to assess COVID-19-related rent concession as a lease modification. The amendments allowed the expedient to be applied to COVID-19-related rent concessions to payments originally due on or before June 30, 2021 and also require disclosure of the amount recognized in profit or loss to reflect changes in lease payments that arise from COVID-19-related rent concessions. The reporting period in which a lessee first applies the amendment, it is not required to disclose certain quantitative information required under Ind AS 8.

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The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense over the lease term.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing activity under cash flows statements.

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 and building which are subject to operating leases are included under non-current assets as investment property and are carried at cost less accumulated depreciation. Lease income on an operating lease is recognised in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognised as an expense in the statement of profit and loss.

(p) Revenue

The Company derives revenue primarily from software development and related services and business process outsourcing services. The Company recognises revenue when the performance obligations as promised have been satisfied with a transaction price and when there is no uncertainty as to measurement or collectability of the consideration.

The Company has applied the guidance in Ind AS 115, "Revenue from Contracts with Customers", by applying the revenue recognition criteria for each distinct performance obligation. The arrangements with customers generally meet the criteria for considering these services as distinct performance obligations. For allocating the transaction price, the Company has measured the revenue in respect of each performance obligation of a contract at its relative standalone selling price. The Company accounts for volume discounts and pricing incentives to customers as a reduction of revenue based on the ratable allocation of the discounts / incentives to each of the underlying performance obligation that corresponds to the progress by the customer towards earning the discount/ incentive.

Contract modifications are accounted for when additions, deletions or changes are approved either to the contract scope or contract price. The accounting for modifications of contracts involves assessing whether the services added to an existing contract are distinct and whether the pricing is at the standalone selling price. Services added that are not distinct are accounted for on a cumulative catch up basis, while those that are distinct are accounted for prospectively, either as a separate contract, if the additional services are priced at the standalone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the standalone selling price.

The Company collects Goods and Service Tax on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue.

Arrangements with customers for services are either on a fixed-price, fixed-timeframe or on a time-and-material basis.

Revenue on time-and-material contracts are recognised as the related services are performed and revenue from the end of the last invoicing to the reporting date is recognised as unbilled revenue.

Revenue from fixed-price, fixed-timeframe contracts, where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, is recognised as per the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. Maintenance revenue is recognised ratably over the term of the underlying maintenance arrangement.

Revenue from licenses where the customer obtain a right to use are recognised at the time the licenses is made available to the customers.

Revenues in excess of invoicing are classified as contract assets (referred as unbilled revenue) while invoicing in excess of revenues are classified as contract liabilities (referred as unearned revenues).

Unbilled revenue for fixed price contracts are classified as non-financial asset if the contractual right to consideration is dependent on completion

of contractual milestones. Unbilled revenue on contracts other than above is classified as a financial asset.

(q) Other income

Other income is comprised primarily of interest income, net gain on foreign exchange fluctuations, rental income and gain on investments. Interest income is recognised on a time proportion basis taking into account the carrying amount and the effective interest rate. Dividend income is recognised when the Company's right to receive dividend is established.

(r) 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, exchange gain / loss on forward contracts and on foreign currency liabilities relating to Property, Plant and Equipment acquisition are recognised as income or expenses in the statement of profit and loss in the period in which they arise.

(s) 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 recognised 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 recognised 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 recognises accumulated compensated absences based on actuarial valuation. Non-accumulating compensated absences are recognised in the period in which

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the absences occur. The Company recognises 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.

(t) Employee stock compensation expenses

The 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 recognised as employee compensation cost over the vesting period. The cumulative expense recognised 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 recognised in the statement of profit and loss for a year represents the movement in cumulative expense recognised as at the beginning and end of that year and is recognised 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 recognised is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognised 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.

(u) Income taxes

Tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or

to an item recognised directly in equity or in other comprehensive income.

Current 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 tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Deferred tax

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 recognised 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 recognised 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 recognised only to the extent that sufficient future taxable income will be available against which such deferred tax assets can be realised.

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 recognised 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 recognised 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 realised.

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.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. MAT credit available is recognised 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 recognises 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" under deferred tax assets.

(v) 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.

(w) 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.

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.

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.

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(x) Provisions

A provision is recognised 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.

(y) 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 recognised 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 recognised because it cannot be measured reliably.

(z) 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.

(aa) 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.

(ab) 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 recognised 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. Leases

The Company considers all the extension-options under the commercial contract for determining the lease-term which forms the basis for the measurement of right-of-use asset and the corresponding lease-liability.

v. 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, interpretations and amendments not yet adopted

a. Amendments to definition of 'business' under Ind AS 103, Business Combinations

On July 24, 2020, Ministry of Corporate Affairs has notified the amendments to Ind AS 103 – Business Combinations in connection with the definition of 'Business'. As per the amended definition, emphasis is given on goods and services provided to customers and reference to an ability to reduce costs has been removed. It is provided that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. The requirement to assess whether market participants are capable of replacing any missing inputs or processes is removed. The presumption that presence of goodwill is an indicator that an integrated set of activities and assets is a business is removed. An optional fair value concentration test has been introduced for simplified assessment of whether an acquired set of activities and assets is not a business.

The amendments are effective for business combinations for which the acquisition date is on or after beginning of the first annual reporting period beginning on or after the April 01, 2020 and to asset acquisitions that occur on or after beginning of that period.

The Company will adopt the standard on January 1, 2021. The effect of this amendment is expected to be insignificant.

b. Amendments to Ind AS 109 and Ind AS 107 in the context of interest rate benchmark reforms

The amendments deal with pre-replacement issues (issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark). The amendment is applicable to all hedging relationships directly affected by interest rate benchmark reforms.

A hedging relationship is directly affected by interest rate benchmark reform only if the reform gives rise to uncertainties about:

- Interest Rate benchmark designated as a hedged risk; and/or
- Timing or the amount of interest rate benchmark –based cash flows of the hedged item or of the hedging instrument.

The term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark, including the replacement of an interest rate benchmark with an alternative benchmark rate such as that resulting from the recommendations set out in the Financial Stability Board's July 2014 report 'Reforming Major Interest Rate Benchmarks'.

The amendments are effective for annual periods beginning on or after 1 April 2020. As an exception to the general hedge accounting rule, an entity shall apply the amendments retrospectively in relation to:

- Those hedging relationships that existed at the beginning of the reporting period in which the amendments are first applied (or were designated thereafter), and
- Amount accumulated in the cash flow hedge reserve that existed at the beginning of the reporting period in which the amendments are first applied.

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TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

The Company will adopt the standard on January 1, 2021. The effect of this amendment is expected to be insignificant.

c. Amendments to Definition of 'Material'

Amendments Ind AS 1 and consequential amendments to Ind AS 8, Ind AS 10, Ind AS 34, and Ind AS 37. The new definition clarifies that, information is considered material if omitting, misstating, or obscuring such information, could

reasonably be expected to influence the decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The amendments are effective for annual periods beginning on or after 1 April 2020.

The Company will adopt the standard on January 1, 2021. The effect of this amendment is expected to be insignificant.

3 (a). Property, plant and equipment

Particulars	(₹ in million)									
	Leasehold land	Buildings and leasehold improvements	Plant and equipment	Electric installation	Furniture and fittings	Computer hardware	Vehicles ²	Office equipment	Total	
At cost										
Gross Block										
As at January 01, 2019	14.58	85.77	55.08	19.74	91.24	343.92	50.86	36.06		697.25
Additions	-	-	3.50	-	22.07	133.68	18.57	3.11		180.93
Deletions	-	-	-	-	-	(6.15)	(5.46)	(0.31)		(11.92)
As at December 31, 2019	14.58	85.77	58.58	19.74	113.31	471.45	63.97	38.86		866.26
Reclassified on adoption of Ind AS 116 ¹	(14.58)	-	-	-	(33.00)	-	-	-		(47.58)
Additions	-	-	-	0.35	1.37	123.29	9.43	6.15		140.59
Deletions	-	-	(1.33)	-	-	(32.93)	(2.92)	(1.87)		(39.05)
As at December 31, 2020	-	85.77	57.25	20.09	81.68	561.81	70.48	43.14		920.22
Accumulated Depreciation										
As at January 01, 2019	3.31	28.76	27.47	17.95	75.33	248.32	20.63	27.21		448.98
Charge for the year	0.14	3.80	4.24	0.27	4.11	59.18	7.04	4.18		82.96
Deletions	-	-	-	-	-	(6.12)	(4.00)	(0.28)		(10.40)
As at December 31, 2019	3.45	32.56	31.71	18.22	79.44	301.38	23.67	31.11		521.54
Reclassified on adoption of Ind AS 116 ¹	(3.45)	-	-	-	(5.27)	-	-	-		(8.72)
Charge for the year	-	3.56	4.21	0.27	1.08	64.75	8.38	4.40		86.65
Deletions	-	-	(1.33)	-	-	(32.93)	(2.30)	(1.83)		(38.39)
As at December 31, 2020	-	36.12	34.59	18.49	75.25	333.20	29.75	33.68		561.08
Net block										
As at December 31, 2019	11.13	53.21	26.87	1.52	33.87	170.07	40.30	7.75		344.72
As at December 31, 2020	-	49.65	22.66	1.60	6.43	228.61	40.73	9.46		359.14

Notes:

- (1) Refer to Note 32(a).
- (2) Gross block of vehicles amounting to ₹ 22.49 million (as at December 31, 2019 : ₹ 25.78 million) are hypothecated against terms loans for vehicle financed from a non-banking financial corporation.
- (3) Capital commitments:

Particulars	(₹ in million)	
	As at December 31, 2020	As at December 31, 2019
Estimated amount of unexecuted capital contracts (A)	14.32	21.10
Capital Advance (B)	-	9.92
Net Capital Commitment (A-B)	14.32	11.18

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TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

3(b) Right-of-use assets [Also refer to Note 32(a)]

(₹ in million)

Particulars	Land Leasehold	Building	Vehicles	Computer hardware	Furniture and fittings	Total
At cost						
Gross Block						
As at January 01, 2020	19.26	193.91	3.58	0.97	33.00	250.72
Additions	0.73	136.28	-	-	30.00	167.01
Deletions	-	(9.83)	-	-	-	(9.83)
As at December 31, 2020	19.99	320.36	3.58	0.97	63.00	407.90
Accumulated Depreciation						
As at January 01, 2020	3.45	-	-	-	5.27	8.72
Charge for the year	1.91	34.91	1.16	0.22	6.07	44.27
Deletions	-	(9.83)	-	-	-	(9.83)
As at December 31, 2020	5.36	25.08	1.16	0.22	11.34	43.16
Net block						
As at December 31, 2020	14.63	295.28	2.42	0.75	51.66	364.74

3(c) Capital work in progress

(₹ in million)

Particulars	Amount
As at December 31, 2019	17.94
As at December 31, 2020	-

3(d) Investment property

(₹ in million)

Particulars	As at December 31, 2020	As at December 31, 2019
Cost of land and building given on operating lease		
Balance at beginning of the year	35.96	35.96
Additions	-	-
Balance at the end of year	35.96	35.96
Accumulated depreciation		
Balance at beginning of the year	14.12	12.65
Charge for the year	1.47	1.47
Balance at the end of year	15.59	14.12
Net block	20.37	21.84

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, 2020 was ₹ 92.37 million (Previous year: ₹ 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(e) Intangible assets

Particulars	(₹ in million)	
	As at December 31, 2020	As at December 31, 2019
Software (at cost)		
Gross Block		
Balance at beginning of the year	136.23	135.33
Additions	5.08	0.90
Deletions	(86.11)	-
Balance at the end of year	55.20	136.23
Accumulated amortisation		
Balance at beginning of the year	135.12	133.64
Charge for the year	2.22	1.48
Deletions	(86.11)	-
Balance at the end of year	51.23	135.12
Net block	3.97	1.11

4. Investments

Particulars	(₹ in million)			
	As at December 31, 2020		As at December 31, 2019	
A. Non-current investments				
Unquoted investments (fully paid), measured at FVTPL				
Investment in Saraswat Co-operative Bank Ltd				
2,500 (previous year 2,500) shares of ₹ 10 each fully paid up		0.03		0.03
Total Investment measured at FVTPL		0.03		0.03
Investment in subsidiaries, measured at cost				
(i) Investment in R Systems, Inc., USA				
2,150 (previous year 2,150) shares of "no par" value		281.17		281.17
(ii) Investment in R Systems (Singapore) Pte. Ltd., Singapore				
5,780,768 (previous year 5,780,768) ordinary shares of "no par" value		274.56		274.56
(iii) Investment in R Systems Technologies Limited, USA				
243,750 (previous year 243,750) common stock of "no par" value	10.79		10.79	
Less: Provision for diminution in the value of investment	(10.78)	0.01	(10.78)	0.01
(iv) Investment in R Systems Consulting Services Limited, Singapore (formerly known as ECnet Ltd, Singapore)				
63,891,260 (previous year 63,891,260) ordinary shares of "no par" value	36.34		36.34	
Less: Provision for diminution in the value of investment	(5.53)	30.81	(5.53)	30.81

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(₹ in million)

Particulars	As at December 31, 2020	As at December 31, 2019
(v) Investment in R Systems Computaris International Limited, UK (formerly known as Computaris International Limited, UK)	350.63	350.63
66,500 (previous year 66,500) ordinary shares of GBP 0.01 each fully paid up		
(vi) Investment in RSYS Technologies Limited, Canada	85.85	58.18
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		
375 (previous year 250) Class B preferred shares of CAD 4,000 each fully paid up		
(vii) Investment in IBIZ Consultancy Services India Private Limited (refer to note below)	0.47	0.47
50,000 (previous year 50,000) equity shares of ₹ 10 each fully paid		
Total investment measured at cost	1,023.50	995.83
Aggregate carrying value of Non-current unquoted investments	1,023.53	995.86
Provision for investments	16.31	16.31

Note:

During the year ended December 31, 2019, the Company had acquired shares of its step down subsidiary IBIZ Consultancy Services India Private Limited. Consequent to the acquisition, IBIZ Consultancy Services India Private Limited has become a direct subsidiary of the Company.

(₹ in million)

Particulars	As at December 31, 2020	As at December 31, 2019
B. Current Investment		
Quoted investment in mutual funds, measured at FVTPL		
9,139 (previous year 30,223) units of SBI Premier Liquid Fund	29.05	92.38
7,277 (previous year 22,709) units of HDFC Liquid Fund	29.02	87.17
115,669 (previous year 223,226) units of ICICI Prudential Liquid Fund	34.98	64.65
Nil (previous year 205,428) units of Aditya Birla Sunlife Liquid Fund	-	64.73
15,428 (previous year 15,428) units of Axis Liquid Fund	34.97	33.52
Total investment in mutual funds	128.02	342.45
Total current investment (quoted)	128.02	342.45

5. Other non-current financial assets

(₹ in million)

Particulars	As at December 31, 2020	As at December 31, 2019
Unsecured, considered good		
Security deposits	15.75	23.00
Margin money deposits (refer to Note 8b)	25.16	46.55
Interest accrued on bank deposits	0.75	1.83
Staff advance	0.01	0.13
	41.67	71.51

6. Other non-current assets

(₹ in million)

Particulars	As at December 31, 2020	As at December 31, 2019
Unsecured, considered good		
Capital advances	-	9.92
Prepaid expenses	18.48	27.44
	18.48	37.36

7. Trade receivables (Unsecured)

(₹ in million)

Particulars	As at December 31, 2020	As at December 31, 2019
Considered good	658.20	573.57
Credit impaired	7.66	2.41
Less: Allowance for doubtful debts (expected credit loss allowance)	(7.66)	(2.41)
	658.20	573.57

Refer to Note 31 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-90 days	0.01%
90-180 days	0.11%
180-365 days	0.32%
More than 365 days	2.00%

* In case of probability of non-collection, credit loss rate is 100%

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TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

(₹ in million)

Movement in expected credit loss allowance	Year ended December 31, 2020	Year ended December 31, 2019
Balance at the beginning of the year	2.41	18.19
Provision / (Reversal) for doubtful debts (net)	6.24	(9.92)
Bad debts written off	(1.17)	(4.59)
Effect of foreign exchange fluctuation	0.18	(1.27)
Balance at the end of the year	7.66	2.41

8a. Cash and cash equivalents

(₹ in million)

Particulars	As at December 31, 2020	As at December 31, 2019
(a) Cash on hand	0.51	0.51
(b) Balances with scheduled banks		
(i) in current accounts	20.35	19.36
(ii) in EEFC accounts	210.99	147.89
(iii) in deposit accounts with original maturity of less than 3 months	423.40	204.72
(c) Balances with other banks		
(i) in current accounts	56.60	74.61
Cash and cash equivalents	711.85	447.09

8b. Other bank balances

(₹ in million)

Particulars	As at December 31, 2020	As at December 31, 2019
(a) In other deposit accounts		
(i) original maturity more than 12 months	591.28	229.77
(ii) original maturity more than 3 months but less than 12 months	283.35	-
(iii) held as margin money	25.16	46.55
Deposits with banks carried at amortised costs	899.79	276.32
Less: Bank deposits with original maturity of more than 12 months disclosed under Note 9	(591.28)	(229.77)
Less: Margin money deposit disclosed under Note 5	(25.16)	(46.55)
	283.35	-
(b) Balances with scheduled banks		
(i) in unclaimed dividend accounts	2.14	2.39
(ii) Bank balance towards interim dividend (refer to Note 35)	-	180.51
Other bank balances	285.49	182.90

Note:

- (i) For details of bank wise balances, refer to Note 8c.

8c. Cash and bank balances

		(₹ in million)	
S. No.	Particulars	As at December 31, 2020	As at December 31, 2019
A	Cash on Hand	0.51	0.51
	Balances with scheduled banks		
B	In current accounts		
1	ICICI Bank Limited	6.13	8.62
2	HDFC Bank Limited	1.40	4.29
3	Punjab National Bank	0.86	0.55
4	State Bank of India	1.45	1.00
5	Axis Bank Limited	10.46	4.84
6	Kotak Mahindra Bank Limited	0.05	0.06
		20.35	19.36
C	In cash credit / overdraft account*		
1	Axis Bank Limited	-	-
		-	-
D	In EEFC accounts		
1	ICICI Bank Limited	103.43	73.81
2	Axis Bank Limited	107.56	74.08
		210.99	147.89
E	In deposit accounts		
1	State Bank of India	599.04	25.54
2	ICICI Bank Limited	54.29	12.37
3	Axis Bank Limited	289.90	269.38
4	Kotak Mahindra Bank Limited	-	113.75
5	Punjab National Bank	230.41	-
6	HDFC Bank Limited	149.55	60.00
		1,323.19	481.04
F	In unclaimed dividend accounts		
1	HDFC Bank Limited	2.14	2.12
2	Kotak Mahindra Bank Limited	-	0.27
		2.14	2.39
G	Bank balance towards interim dividend		
1	HDFC Bank Limited (refer to Note 35)	-	180.51
		-	180.51
	Balance with other banks		
H	In current accounts		
1	California Bank & Trust	56.60	74.61
		56.60	74.61
	Total cash and bank balances (A+B+C+D+E+F+G+H)	1,613.78	906.31
	Cash and cash equivalents (refer to Note 8a)	711.85	447.09
	Deposits with banks (refer to Note 8b)	899.79	276.32
	Balance in unclaimed dividend accounts (refer to Note 8b)	2.14	2.39
	Bank balance towards interim dividend (refer to Note 8b)	-	180.51
	Total cash and bank balances	1,613.78	906.31

*Cash credit limit / bank guarantee / loan equivalent risk / letter of credit is secured by first charge by way of hypothecation

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of entire current assets and collateral over an immovable property situated in Noida.

9. Other current financial assets

(₹ in million)

Particulars	As at December 31, 2020	As at December 31, 2019
Staff advance	1.80	2.91
Recoverable from related parties (refer to Note 31)	0.68	2.56
Unbilled revenue (refer to Note 19)	99.66	136.89
Security deposits	5.89	1.92
Bank deposits with original maturity of more than 12 months (refer to Note 8b)	591.28	229.77
Mark-to-market gain on derivative instruments (refer to Note 28)	54.66	13.29
Interest accrued on bank deposits	7.88	2.17
Others	6.84	0.22
	768.69	389.73

10. Other current assets

(₹ in million)

Particulars	As at December 31, 2020	As at December 31, 2019
Balance with indirect tax authorities	43.59	41.89
Unbilled revenue (refer to Note 19)	1.25	13.29
Prepaid expenses	77.72	70.93
Advance to vendors	3.62	0.73
Tour and travel advance	0.04	5.30
	126.22	132.14

11. Equity share capital

(₹ in million)

Particulars	As at December 31, 2020	As at December 31, 2019
Authorised		
206,000,000 (December 31 2019: 206,000,000) equity shares of ₹1 each	206.00	206.00
Issued, subscribed and fully paid up		
119,636,445 (December 31 2019: 120,337,925) equity shares of ₹1 each	119.64	120.34
Less: Shares held by R Systems Employees Welfare Trust [refer to Note f(i) below]	-	0.74
	119.64	119.60

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, 2020		Year ended December 31, 2019	
	Number	Amount (₹ in million)	Number	Amount (₹ in million)
At the beginning of the year	120,337,925	120.34	123,990,425	123.99
Buy-back of shares [refer to Note (d)(ii) below]	-	-	(3,690,000)	(3.69)
Shares cancelled pursuant to capital reduction scheme [#]	(738,980)	(0.74)	-	-
Issued during the year [*]	37,500	0.04	37,500	0.04
Outstanding at the closing of the year	119,636,445	119.64	120,337,925	120.34

[#] Hon'ble National Company Law Tribunal, New Delhi, vide order dated January 28, 2020, has approved the reduction in share capital of the Company under Section 66 of the Companies Act, 2013. Pursuant to the said order 738,980 fully paid up equity shares of ₹1/- each of the Company as held by R Systems Employees Welfare Trust have been cancelled and extinguished. Refer to Note f(i) below.

^{*}The Company has issued 37,500(previous year 37,500) equity shares of ₹ 1 each at an exercise price of ₹ 12.07 per share pursuant to exercise of employee stock options under the R Systems International Limited Employee Stock Option Scheme 2007. Refer to Note f(ii) below.

(b) Terms/rights attached to equity shares:

The Company has only one class of equity shares having par value of ₹ 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:**(i) Shares issued pursuant to merger of GM Solutions Private Limited:**

Pursuant to the scheme of amalgamation approved by Hon'ble National Company Law Tribunal, New Delhi dated December 07, 2018 between GM Solutions Private Limited (GM Solutions) and the Company and their respective shareholders and creditors, 29,746,353 fully paid equity shares of the face value of ₹ 1/- each of the Company were issued and allotted to the equity shareholders of GM Solutions in the proportion of their respective equity shareholding in GM Solutions and equivalent number of shares of the Company as held by GM Solutions were cancelled and extinguished.

(ii) Shares bought back:

During the year ended December 31, 2019, the Company bought back 3.69 million equity shares of ₹ 1 each at a price of ₹ 65/- per equity share, payable in cash for a total consideration of ₹ 239.85 million by utilising the Securities Premium Account to the extent of ₹ 236.16 million and General Reserve to the extent of ₹ 3.69 million. The Capital Redemption Reserve was created out of General Reserve for ₹ 3.69 million being the nominal value of equity shares bought back in terms of Section 68 of the Companies Act, 2013. The equity shares bought back were extinguished on April 15, 2019.

NOTES

TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

During the year ended December 31 2016, the Company bought back 3 million equity shares of ₹ 1 each for an aggregate amount of ₹ 195 million. The equity shares bought back were extinguished on December 01, 2016.

(e) Details of shareholders holding more than 5% shares in the Company

Name of Shareholder	As at December 31, 2020		As at December 31, 2019	
	No. of shares held	% of Holding	No. of shares held	% of Holding
RightMatch Holdings Limited*	8,828,489	7.38	8,828,489	7.34
Satinder & Harpreet Rekhi Family Trust (Trustee: Satinder Singh Rekhi & Harpreet Rekhi)	11,818,061	9.88	11,818,061	9.82
Sartaj Singh Rekhi	18,860,269	15.76	19,260,269	16.01
Ramneet Singh Rekhi	16,396,505	13.71	16,396,505	13.63
Bhavook Tripathi#	44,091,982	36.85	44,091,982	36.64

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.

Not having significant influence over the Company.

*The Board of Directors of the Company at its meeting held on October 25, 2019 had approved the Scheme of Amalgamation under Section 230-232, 234 and other applicable provisions of the Companies Act, 2013 between RightMatch Holdings Limited (RightMatch), the company incorporated in Mauritius and the Company and their respective shareholders and creditors ("Scheme"). RightMatch forms part of the promoter and promoter group of the Company. It presently holds 8,828,489 equity shares constituting about 7.38% of total paid-up equity share capital of the Company. As per the proposed Amalgamation, RightMatch will be amalgamated into the Company. 8,828,489 equity shares of the Company as held by RightMatch will get cancelled and equivalent number of equity shares of the Company will be issued and allotted to the equity shareholders of RightMatch in the same proportion of their respective shareholding in RightMatch.

During the year ended December 31, 2020, the scheme has been approved by the shareholders and creditors of the Company through Postal Ballot and E-voting as directed by the National Company Law Tribunal, New Delhi (NCLT). Subsequent to the year end, NCLT has approved the Scheme. However, the approval from the statutory authorities in Mauritius is still awaited.

(f) Employees Stock Option Plan

(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 ₹ 3.38 million. Consequently, Indus had allotted 21,967 equity shares of ₹ 10 each at a premium of ₹ 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 ₹ 2 each at a premium of ₹ 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 ₹ 2 each into one equity share of ₹ 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 ₹ 10 each into 10 equity shares of ₹ 1 each. Consequently, the total number of shares issued are now 738,980 equity shares of ₹ 1 each, which are treated as Treasury Shares.

The account balances 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. As at December 31, 2019, an amount of ₹ 0.74 million and ₹ 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, 2020 and the year ended December 31, 2019 is set out below:

	Year ended December 31, 2020	Year ended December 31, 2019
At the beginning		
- Grants outstanding under the plan (₹ 1 per share)	-	-
- Grants pending determination by the Compensation Committee (₹ 1 per share)	738,980	738,980
During the year		
- Options granted (₹ 1 per share)	-	-
- Options exercised (₹ 1 per share)	-	-
- Options/grants lapsed or surrendered (₹ 1 per share) *	(738,980)	-
At the end		
- Grants outstanding under the plan (₹ 1 per share)	-	-
- Grants pending determination by the Compensation Committee (₹1 per share)	-	738,980

*Consequent to the approval of Hon'ble National Company Law Tribunal, New Delhi vide order dated January 20, 2020, 738,980 fully paid up equity shares of ₹1/- each of the Company as held by R Systems Employees Welfare Trust have been cancelled and extinguished and accordingly issued, subscribed and paid-up capital and securities premium account has been reduced by ₹ 0.74 million and ₹ 2.28 million, respectively.

(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 ₹ 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 ₹ Nil. Further, during the year ended December 31, 2014, the Company had sub-divided equity shares of ₹ 10 each into 10 equity shares of ₹ 1 each, the exercise price is accordingly adjusted from ₹ 120.70 per share to ₹ 12.07 per share.

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TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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 ₹ 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, 2020 and year ended December 31, 2019 is set out below:

	Year ended December 31, 2020	Year ended December 31, 2019
At the beginning		
- Grants outstanding under the plan (₹ 1 per share)	37,500	75,000
- Grants pending determination by the Compensation Committee (₹ 1 per share)	-	-
During the year		
- Options granted (₹ 1 per share)	-	-
- Options exercised (₹ 1 per share)	(37,500)	(37,500)
- Options/grants lapsed or surrendered (₹ 1 per share)	-	-
- Option lapsed for determination by the Compensation Committee on expiry of the effective date	-	-
At the end		
- Grants outstanding under the plan (₹ 1 per share)	-	37,500
- Grants pending determination by the Compensation Committee (₹1 per share)	-	-
Options vested during the year	37,500	37,500

For options exercised during the year, the weighted average share price at the exercise date was ₹ 92.32 (Previous year ₹ 46.68).

The weighted average remaining contractual life for the stock options as at December 31, 2020 is Nil (Previous year : 76 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	Outstanding option under ESOP Plan 2001*	Outstanding option under ESOP Plan 2007
Stock option fair value using Black - Scholes option pricing	Nil	49.89
Exercise price	154.00	12.07
Expected volatility (in %)	0.5	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
Exercise period	1 year from the date of grant	10 years from the date of grant
Dividend yield (in %)	15.00	1.32
Risk-free interest rate (in %)	11.30	7.84

* Originally the price was based on ₹ 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 ₹ 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 ₹ 2 each into 1 equity share of ₹ 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 ₹ 10 each into 10 equity shares of ₹ 1 each as per record date of February 28, 2014.

12. Other equity

Particulars	(₹ in million)	
	As at December 31, 2020	As at December 31, 2019
a. Securities premium Securities premium is used to record premium received on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013.	46.66	44.37
b. Capital redemption reserve The capital redemption reserve was created by transfer from general reserve of an amount equal to the nominal value of equity shares bought back by the Company. It is utilised in accordance with the provisions of the Companies Act, 2013.	3.69	3.69
c. Stock options outstanding 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.	-	1.72
d. General Reserve The General Reserve is used from time to time to transfer profits from retained earnings for appropriation purposes.	155.04	155.04
e. Retained earnings Retained earnings comprises the Company's undistributed earnings after taxes.	3,113.77	2,423.29
f. Other comprehensive income Re-measurement of defined benefit plans Other comprehensive income consists of re-measurements of net defined benefit liability/assets (net of tax).	(11.98)	(0.79)
Other equity	3,307.18	2,627.32

Note:

(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)

Particulars	(₹ in million)	
	As at December 31, 2020	As at December 31, 2019
Term loans		
- Motor vehicle loan from non banking financial corporation (secured)	8.12	13.20
- PPP forgivable loan	31.76	-
Finance lease obligations (Unsecured)	-	31.99
	39.88	45.19

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TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

Particulars	(₹ in million)	
	As at December 31, 2020	As at December 31, 2019
Less:		
Current maturities of term loans (refer to Note 16)		
- Motor vehicle loan	4.30	5.08
- PPP forgivable loan	20.34	-
Current maturities of finance lease obligation (refer to Note 16)	-	0.64
	15.24	39.47

Notes:

- (1) Motor vehicle loans are secured by hypothecation of underlying motor vehicles and carries interest rate ranging from 8.34% to 10.26% per annum. The term loans are repayable in equated monthly instalments ranging from 35 to 60 months from the date of loan.
- (2) PPP forgivable loan is unsecured and carries interest @ 1% per annum. The loan has been obtained under the Paycheck Protection Program (PPP) by Small Business Administration, United States of America ("SBA"). The aforesaid PPP loan is forgivable subject to certain conditions specified in the agreement. The unforgivable amount if any, is repayable by May 2022.

The Company has applied for the forgiveness as specified in the loan agreement and will account for the same post its confirmation from SBA. This accounting treatment is in accordance with Ind AS-20 "Accounting for Government Grants and Disclosure of Government Assistance".

14. Other non-current financial liabilities

Particulars	(₹ in million)	
	As at December 31, 2020	As at December 31, 2019
Security deposits	2.42	3.99
Lease liabilities [refer to Note 32(a)]	359.88	-
	362.30	3.99

15. Provisions

Particulars	(₹ in million)	
	As at December 31, 2020	As at December 31, 2019
Long-term provision for employee benefits		
- Gratuity	174.94	133.20
	174.94	133.20

Refer to Note 21 for detailed disclosures for gratuity.

16. Other current financial liabilities

Particulars	(₹ in million)	
	As at December 31, 2020	As at December 31, 2019
Current maturities of term loans (refer to Note 13)		
- Motor vehicle loans	4.30	5.08
- PPP forgivable loan	20.34	-
Current maturities of finance lease obligations (refer to Note 13)	-	0.64
Payable to subsidiary companies	20.79	21.74
Security deposits received	10.14	9.08

(₹ in million)

Particulars	As at December 31, 2020	As at December 31, 2019
Lease liabilities [refer to Note 32(a)]	15.62	-
Liability for interim dividend (refer to Note 35)	-	179.40
Investor education and protection fund (not due) - Unclaimed dividend	2.14	2.39
Employee benefits payable	151.00	127.01
Capital creditors	3.92	-
Other financial liabilities	3.37	3.41
	231.62	348.75

17. Provisions

(₹ in million)

Particulars	As at December 31, 2020	As at December 31, 2019
Short-term provision for employee benefits		
- Gratuity	5.07	-
- Compensated absence	123.88	96.79
	128.95	96.79

Refer to Note 21 for detailed disclosures for gratuity.

18. Other current liabilities

(₹ in million)

Particulars	As at December 31, 2020	As at December 31, 2019
Statutory dues payable		
Tax deducted at source	19.83	15.83
Provident fund / 401K	21.01	16.85
Goods and Service Tax	3.47	3.15
Others	0.43	0.34
Unearned revenues (refer to Note 19)	160.92	146.48
	205.66	182.65

19. Revenue from operations

(₹ in million)

Particulars	Year ended December 31, 2020	Year ended December 31, 2019
Sale of services	4,387.15	3,917.69
	4,387.15	3,917.69

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TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

Disaggregate revenue information

The table below presents disaggregated revenues from the Company's contracts with customers by geography and customer's industry type. The Company believes this disaggregation best depicts how the nature, amount, timing and uncertainty of its revenues and cash flows are affected by industry, market and other economic factors.

Revenue by geography:

Particulars	(₹ in million)	
	Year ended December 31, 2020	Year ended December 31, 2019
India	133.27	110.42
North America	3,651.54	3,148.94
South East Asia	80.70	56.80
Europe	512.17	596.21
Others	9.47	5.32
	4,387.15	3,917.69

Revenue by customer's industry type :

Particulars	(₹ in million)	
	Year ended December 31, 2020	Year ended December 31, 2019
Technology	2,557.81	2,209.45
Telecom	319.50	391.88
Healthcare and life science	431.76	456.24
Finance and insurance	492.99	401.10
Others	585.09	459.02
	4,387.15	3,917.69

Trade receivables and contract balances

The company classifies the right to consideration in exchange for deliverables as either receivable or as unbilled revenue.

A receivable is right to consideration that is unconditional upon passage of time. Revenue for time and material contracts are recognised as related service are performed. Revenue for fixed price maintenance contracts is recognised on a straight line basis over the period of contract. Revenue in excess of billing is recorded as unbilled revenue and is classified as a financial asset for these cases as right to consideration is unconditional upon passage of time.

Revenue recognition for fixed price development contracts is based on percentage of completion method. Invoicing to clients is based on milestones as defined in the contract. This would result in timing of revenue recognition being different from the timing of billing the customers. Unbilled revenue for fixed price development contracts is classified as non financial assets as the contractual right to consideration is dependent on completion of contractual milestones.

Invoicing in excess of earnings is classified as unearned revenue.

Trade receivables and unbilled revenues are presented net of impairment in Balance Sheet.

Performance obligations and remaining performance obligations

The remaining performance obligation disclosures provide the aggregate amount of transaction price yet to be recognised as of the end of the reporting period and an explanation as to when the Company expects to recognise these amounts as revenue. Applying the practical expedients as given in IND AS 115, the Company has not disclosed the remaining performance obligations related disclosures where the revenue recognised corresponds directly with the value to customer of the entity's performance completed to date, typically those contracts where invoicing is on the basis of time-and-material basis. Remaining performance obligation estimates are subject to change and are affected by several factors, including terminations, changes in the scope of contracts, periodic revalidations, adjustment of revenue that has not materialised and adjustments for currency.

Disclosure relating to remaining performance obligation relating to fixed bid price contracts require the aggregate amounts of transaction price yet to be recognised as revenue at the reporting date and expected timelines to recognise these amounts. In view of the fact that all outstanding contracts have an original expected duration for completion of less than a year no disclosure is warranted.

20. Other income

Particulars	(₹ in million)	
	Year ended December 31, 2020	Year ended December 31, 2019
Interest income on		
- Bank deposits	46.43	49.99
- Financial instruments measured at amortised cost	0.92	0.51
Rental income from investment property	6.44	6.72
Foreign exchange fluctuation (net)	47.37	59.98
Reversal of provision for doubtful debts (net)	-	9.92
Profit on sale of property, plant and equipment (net)	0.04	0.46
Lease rent concession [refer to Note 32(a)]	11.97	-
Net gain arising on financial assets measured at FVTPL	12.43	17.94
Miscellaneous income	0.48	1.19
	126.08	146.71

21. Employee benefits expense

Particulars	(₹ in million)	
	Year ended December 31, 2020	Year ended December 31, 2019
Salaries, wages and bonus	2,775.18	2,442.98
Gratuity expenses	31.63	26.64
Contribution to provident and other funds	103.30	93.22
Employees' share based payments expense	0.15	0.67
Staff welfare expenses	61.74	78.33
	2,972.00	2,641.84

(a) The Code on Social Security, 2020 (the 'Code')

The Code relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

(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 ₹ 2 million (previous year ₹ 2 million).

Amount recognised in the statement of profit and loss in respect of gratuity cost (defined benefit plan) is as follows:

Particulars	(₹ in million)	
	Year ended December 31, 2020	Year ended December 31, 2019
Service cost	23.52	19.00
Net interest cost	8.11	7.64
Net gratuity expense recognised in profit and loss	31.63	26.64
Re-measurement loss / (gain) recognised in OCI	15.79	12.70
Total Cost Recognised in Comprehensive Income	47.42	39.34

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TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

Details of defined benefit gratuity plan:

Particulars	(₹ in million)	
	As at December 31, 2020	As at December 31, 2019
Defined benefit obligation	200.13	158.81
Fair value of plan assets	20.12	25.61
Net defined benefit obligation	180.01	133.20

Changes in the defined benefit obligation are as follows:

Particulars	(₹ in million)	
	Year ended December 31, 2020	Year ended December 31, 2019
Opening defined benefit obligation	158.81	130.56
Service cost	23.52	19.00
Interest cost	9.81	8.83
Benefits paid	(7.64)	(12.70)
Actuarial (gains) / losses on obligation	15.63	13.12
Closing defined benefit obligation	200.13	158.81

Changes in the fair value of plan assets are as follows:

Particulars	(₹ in million)	
	Year ended December 31, 2020	Year ended December 31, 2019
Opening fair value of plan assets	25.61	16.16
Expected return	1.70	1.19
Contributions by the employer	0.61	20.54
Benefits paid	(7.64)	(12.70)
Actuarial gains / (losses) on plan assets	(0.16)	0.42
Closing fair value of plan assets	20.12	25.61

Sensitivity Analysis

Sensitivity analysis for each significant actuarial assumptions namely discount rate and salary assumptions is given below:

Defined Benefit Obligations	(₹ in million)	
	As at December 31, 2020	As at December 31, 2019
Discount rate		
a. Discount rate - 100 basis points	216.77	172.06
b. Discount rate + 100 basis points	185.72	147.32
Salary increase rate		
a. Rate - 100 basis points	186.97	148.27
b. Rate + 100 basis points	213.80	169.70

Maturity Profile of Defined Benefit Obligation

(₹ in million)

Expected Future Cash flows (undiscounted)	As at December 31, 2020	As at December 31, 2019
Year 1	25.18	22.54
Year 2	19.07	17.08
Year 3	17.51	15.16
Year 4	15.38	13.93
Year 5	15.71	11.82
Year 6 to 10	56.09	48.24
Year 10 +	206.45	174.12

The major categories of plan assets as a percentage of the fair value of total plan assets:

	As at December 31, 2020	As at December 31, 2019
Investments with Life Insurance Corporation of India	100%	100%

The principal assumptions used in determining gratuity are shown below:

(A) Financial Assumptions

	As at December 31, 2020	As at December 31, 2019
Discount rate	5.74%	6.65%
Increment rate	First year 10%, thereafter 7%	First year 10%, thereafter 7%

(B) Demographic Assumptions

	As at December 31, 2020	As at December 31, 2019
Mortality Rate	IALM (2012-14) Ultimate	IALM (2012-14) Ultimate
Withdrawal Rate	Below Age 30 yrs - 35%	Below Age 30 yrs - 35%
	Age 30 to 34 Yrs - 22%	Age 30 to 34 Yrs - 22%
	Age 34 to 44 Yrs - 17%	Age 34 to 44 Yrs - 17%
	Age 44 to 50 Yrs - 3%	Age 44 to 50 Yrs - 3%
	Age 50 to 54 Yrs - 2%	Age 50 to 54 Yrs - 2%
	Above Age 54 Yrs - 1%	Above Age 54 Yrs - 1%
Retirement age	60 Yrs	60 Yrs

22. Finance costs

(₹ in million)

Particulars	Year ended December 31, 2020	Year ended December 31, 2019
Interest expense on term loans	1.20	1.08
Interest expense on lease liabilities [refer to Note 32(a)]	35.78	3.18
Interest under income tax	0.04	-
	37.02	4.26

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TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

23. Depreciation and amortisation expense

(₹ in million)

Particulars	Year ended December 31, 2020	Year ended December 31, 2019
Depreciation of property, plant and equipment	86.65	82.96
Depreciation on right-of-use assets [refer to Note 32(a)]	44.27	-
Depreciation on investment property	1.47	1.47
Amortisation of intangible assets	2.22	1.48
	134.61	85.91

24. Other expenses

(₹ in million)

Particulars	Year ended December 31, 2020	Year ended December 31, 2019
Power and fuel	30.24	42.22
Rent - premises	13.84	49.27
Software subscription charges	79.70	74.88
Repair and maintenance	45.67	46.20
Commission	15.04	19.03
Travelling and conveyance	61.39	210.90
Communication costs	76.75	58.09
Legal and professional fees (including subcontracting expenses)	129.19	104.52
Auditors' remuneration (refer detail below)	5.69	5.11
Provision for doubtful debts (net)	6.24	-
Contribution towards corporate social responsibility (refer detail below)	5.26	6.52
Miscellaneous expenses	80.89	84.07
	549.90	700.81

(i) Detail of auditors remuneration

(₹ in million)

Particulars	Year ended December 31, 2020	Year ended December 31, 2019
As auditor of the Company:		
Audit fee		
- Statutory audit fee	1.87	1.70
- Quarterly audit fee	2.73	2.56
- Out-of-pocket expenses	0.69	0.65
In other capacity:		
- Certification	0.40	0.20
	5.69	5.11

(ii) Contribution towards corporate social responsibility

(₹ in million)

Particulars	Year ended December 31, 2020	Year ended December 31, 2019
Amount required to be spent by the Company during the year	8.55	8.25
Amount spend by the Company in accordance with its Corporate Social Responsibility Policy	5.26	6.52

25. Income tax

(₹ in million)

Particulars	Year ended December 31, 2020	Year ended December 31, 2019
Current income tax		
In respect of the current year	157.63	130.62
In respect of the prior periods	(7.77)	(26.40)
Deferred tax charge / (credit)	(31.13)	12.41

Particulars	(₹ in million)	
	Year ended December 31, 2020	Year ended December 31, 2019
Income tax expense recognised in the statement of profit and loss	118.73	116.63
Income tax recognised in other comprehensive income		
Deferred tax arising on income and expense recognised in other comprehensive income		
Net loss / (gain) on re-measurement of defined benefit plan	(4.60)	(4.37)
	114.13	112.26

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:

Particulars	(₹ in million)	
	Year ended December 31, 2020	Year ended December 31, 2019
Profit before tax	819.70	631.58
Enacted income tax rate in India	29.12%	29.12%
Computed expected tax expense	238.70	183.92
Tax effect of:		
Income exempt from tax	(113.38)	(57.30)
Temporary differences reversing during the tax holiday period	3.30	(1.70)
Expenses that are not deductible in determining taxable profit	1.55	3.94
Tax pertaining to prior years	(7.77)	(26.40)
Income chargeable at different tax rate	(1.79)	-
Change in corporate tax rate	-	12.35
Others	(1.88)	1.82
Income tax expense recognised in the statement of profit and loss	118.73	116.63

Deferred tax

Deferred tax assets / (liabilities) as at December 31, 2020 in relation to:

Particulars	(₹ in million)				
	As at January 01, 2020	Adjustment due to adoption of Ind AS 116 [refer to Note 32(a)]	Credited / (Charged) to profit and loss	Credited / (Charged) in other comprehensive income	As at December 31, 2020
Difference between accounting base and tax base for depreciable assets	(11.62)	-	(2.64)	-	(14.26)
Provision for doubtful debts	0.68	-	(0.03)	-	0.65
Provision for gratuity	38.79	-	9.03	4.60	52.42
Other employee benefits	32.13	-	7.90	-	40.03
Mark-to-market gain on derivative instruments	(2.55)	-	(7.03)	-	(9.58)
Net gain on fair value of mutual funds	(8.57)	-	3.32	-	(5.25)
Impact of Ind AS 116 (leases)	-	4.48	6.70	-	11.18
MAT credit entitlement	-	-	13.88	-	13.88
Total	48.86	4.48	31.13	4.60	89.07

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Deferred tax assets / (liabilities) as at December 31, 2019 in relation to:

Particulars	As at January 01, 2019	(Charged) / Credited to profit and loss	Credited / (Charged) in other comprehensive income	(₹ in million)
				As at December 31, 2019
Difference between accounting base and tax base for depreciable assets	(10.06)	(1.56)	-	(11.62)
Provision for doubtful debts	4.84	(4.16)	-	0.68
Provision for gratuity	38.54	(4.12)	4.37	38.79
Other employee benefits	33.01	(0.88)	-	32.13
Mark-to-market gain on derivative instruments	(5.40)	2.85	-	(2.55)
Net gain on fair value of mutual funds	(4.03)	(4.54)	-	(8.57)
Total	56.90	(12.41)	4.37	48.86

The Company has two units at Greater Noida registered as Special Economic Zone (SEZ) units which are 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.

26. Earnings per share

Reconciliation of number of equity shares used in the computation of basic and diluted earnings per share is as follows:

Particulars	Year ended	Year ended
	December 31, 2020	December 31, 2019
Net profit after tax (₹ in million)	700.97	514.95
Weighted average number of equity shares for calculating Basic EPS	119,617,859	120,577,253
Weighted average number of equity shares resulting from assumed exercise of employee stock options	-	24,493
Weighted average number of equity shares for calculating Diluted EPS	119,617,859	120,601,747
Earnings per share (Face value of shares ₹ 1)		
Basic (₹)	5.86	4.27
Diluted (₹)	5.86	4.27

27. Financial instruments

The carrying values and fair values of financial instruments by categories are as follows:

Particulars	Note reference	Basis of measurement	(₹ in million)				Fair value hierarchy
			As at December 31 2020		As at December 31 2019		
			Carrying value	Fair value	Carrying value	Fair value	
Assets							
Investments in subsidiaries	4	At cost	1,023.50	1,023.50	995.83	995.83	
Investments in other equity instruments	4	FVTPL	0.03	0.03	0.03	0.03	Level 3
Investments in mutual funds	4	FVTPL	128.02	128.02	342.45	342.45	Level 1

(₹ in million)

Particulars	Note reference	Basis of measurement	As at December 31 2020		As at December 31 2019		Fair value hierarchy
			Carrying value	Fair value	Carrying value	Fair value	
Trade receivables	7	Amortised cost	658.20	658.20	573.57	573.57	
Cash and cash equivalents	8a	Amortised cost	711.85	711.85	447.09	447.09	
Other bank balances	8b	Amortised cost	285.49	285.49	182.90	182.90	
Mark-to-market gain on derivative instruments	9	FVTPL	54.66	54.66	13.29	13.29	Level 2
Other financial assets (Other than derivative instruments)	5,9	Amortised cost	755.70	755.70	447.95	447.95	
Total			3,617.45	3,617.45	3,003.11	3,003.11	
Liabilities							
Borrowings	13	Amortised cost	39.88	39.88	45.19	45.19	
Trade payables		Amortised cost	38.30	38.30	46.24	46.24	
Other financial liabilities	14,16	Amortised cost	569.28	569.28	347.02	347.02	
Total			647.46	647.46	438.45	438.45	

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.

28. 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 minimise 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 or vice versa.

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TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

Derivative financial instruments

The Company holds 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 not applied hedge accounting as these forward contracts do not qualify for hedge accounting. As at December 31, 2020, the Company has recognised mark-to-market asset of ₹ 54.66 million (previous year : ₹ 13.29 million) relating to aforesaid foreign currency forward contracts resulting in to mark-to-market gain of ₹ 41.37 million (previous year mark-to-market loss of ₹ 9.3 million) for the year ended December 31, 2020 recorded as foreign exchange fluctuation.

The following table gives details in respect of outstanding foreign currency forward contracts:

Particular	As at December 31, 2020	As at December 31, 2019
USD		
Foreign currency (million)	26.00	20.30
Average rate	76.97	73.19
Rupees (million)	2,001.21	1,485.69
EURO		
Foreign currency (million)	2.35	4.05
Average rate	88.82	83.63
Rupees (million)	208.72	338.72

The following table analyses Company's foreign currency exposure from non-derivative financial instruments as of December 31, 2020 and December 31, 2019:

As at December 31, 2020	Designated in foreign currency			Total
	USD	EURO	Others [#]	
Trade receivables	478.24	80.38	75.19	633.81
Other financial assets	1.18	-	1.87	3.05
Cash and cash equivalents	250.12	16.60	0.87	267.59
Trade and other payable	67.54	-	15.46	83.00

As at December 31, 2019	Designated in foreign currency			Total
	USD	EURO	Others [#]	
Trade receivables	395.09	82.77	64.64	542.50
Other financial assets	3.20	-	1.57	4.77
Cash and cash equivalents	213.23	7.29	1.98	222.50
Trade and other payable	39.46	-	9.35	48.81

[#] Others include currencies such as SGD, GBP and CAD.

Foreign currency sensitivity analysis

For the year ended December 31, 2020 and December 31, 2019, 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 by approximately 1.57% and 1.67%, respectively.

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	(₹ in million)	
	Year ended December 31, 2020	Year ended December 31, 2019
Revenue from top customer	239.84	372.24
Revenue from top 5 customers	954.35	1,212.12

No customer accounted for more than 10% of the revenue for the year ended December 31, 2020 and December 31, 2019. Further, no customer accounted for more than 10% of the receivable as at December 31, 2020, however one customer account for more than 10% of receivable as at December 31, 2019.

Investments including bank deposits

Credit risk on cash and bank balances is limited as the Company generally invests in deposits with banks. Investments primarily includes investment in liquid mutual funds having good rating. 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, 2020, the Company had a working capital of ₹ 2,026.16 million including cash and cash equivalents and current fixed deposits of ₹ 1,586.48 million and current investments of ₹ 128.02 million. As at December 31, 2019, the Company had a working capital of ₹ 1,351.07 million including cash and cash equivalents and current fixed deposits of ₹ 676.86 million and current investments of ₹ 342.45 million. Accordingly, no liquidity risk is perceived

The table below provides details regarding the contractual maturities of financial liabilities:

Particular	(₹ in million)	
	As at December 31, 2020	As at December 31, 2019
Less than 1 year		
Borrowings	24.64	5.72
Trade payables	38.30	46.24
Other financial liabilities	206.98	343.03
More than 1 year		
Borrowings	15.24	39.47
Other financial liabilities	362.30	3.99

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TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

29. 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 maximise shareholder value. The capital structure is as follows:

Particular	(₹ in million)	
	As at December 31, 2020	As at December 31, 2019
Total equity attributable to the equity share holders of the Company	3,426.82	2,746.92
As percentage of total capital	89.19%	98.38%
Borrowings (including current maturities)	39.88	45.19
Lease liabilities (including current maturities)	375.50	-
Total borrowings and lease liabilities	415.38	45.19
As percentage of total capital	10.81%	1.62%
Total capital (equity, borrowings and lease liabilities)	3,842.20	2,792.11

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.

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 services
- Business process outsourcing services

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, North America, South East Asian countries, Europe and Other areas.

The following table provides required information for reportable segments for the year ended December 31, 2020 and December 31, 2019:

Particulars	(₹ in million)						
	Information technology services		Business process outsourcing services		Corporate and others		Total
	Year ended						
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019	
REVENUE							
External sales	3,700.67	3,199.49	686.48	718.20	4,387.15	3,917.69	
Total revenue	3,700.67	3,199.49	686.48	718.20	4,387.15	3,917.69	
RESULT							
Segment result	745.72	583.37	129.63	57.93	875.35	641.30	
Unallocated corporate expenses				(84.85)	(84.85)	(80.62)	
Operating profit					790.50	560.68	
Finance costs					(37.02)	(4.26)	
Interest income					47.35	50.50	
Other unallocable income					18.87	24.66	
Tax expense					(118.73)	(116.63)	
Profit for the year					700.97	514.94	
Other segment Information							
Depreciation and amortisation	125.50	76.52	7.64	7.78	1.47	1.61	

Refer to Note 19 for geography-wise revenue.

Refer to Note 28 on financial risk management for information on revenue from major customers.

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TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

31. Related Party Disclosures

(i) Names of related parties:

Subsidiaries	<ul style="list-style-type: none">» R Systems (Singapore) Pte Ltd, Singapore» R Systems, Inc., USA» R Systems Technologies Limited, USA» R Systems Consulting Services Limited, Singapore (formerly known as ECnet Ltd, Singapore)» R Systems Computaris International Limited, UK (formerly known as Computaris International Limited, UK)» RSYS Technologies Limited, Canada» IBIZ Consultancy Services India Private Limited, India <p>Following is the subsidiary of R Systems, Inc., USA:</p> <ul style="list-style-type: none">» Innovizant LLC, USA <p>Following are the subsidiaries of R Systems Consulting Services Ltd, Singapore:</p> <ul style="list-style-type: none">» R Systems Consulting Services (M) Sdn. Bhd., Malaysia (formerly known as ECnet (M) Sdn. Bhd. Malaysia)» R Systems Consulting Services (Thailand) Co. Ltd., Thailand (formerly known as ECnet Systems (Thailand) Co. Ltd., Thailand)» ECnet (Shanghai) Co. Ltd., People's Republic of China» R Systems Consulting Services (Hong Kong) Limited, Hong Kong (formerly known as ECnet (Hong Kong) Ltd., Hong Kong)» R Systems Consulting Services Kabushiki Kaisha, Japan (formerly known as ECnet Kabushiki Kaisha, Japan)» ECnet, Inc., USA (liquidated on January 28, 2019) <p>Following are the subsidiaries of R Systems Computaris International Limited, UK:</p> <ul style="list-style-type: none">» R Systems Computaris Europe S.R.L., Romania (formerly known as Computaris Romania Srl, Romania)» R Systems Computaris Poland sp z o.o, Poland (formerly known as Computaris Polska sp z o.o., Poland)» R Systems Computaris S.R.L., Moldova (formerly known as ICS Computaris International Srl, Moldova)» R Systems Computaris Malaysia Sdn. Bhd., Malaysia (formerly known as Computaris Malaysia Sdn. Bhd., Malaysia)» R Systems Computaris Philippines Pte. Ltd. Inc., Philippines (formerly known as Computaris Philippines Pte. Ltd. Inc., Philippines)» R Systems Computaris Suisse Sarl, Switzerland (formerly known as Computaris Suisse Sarl, Switzerland)
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Following are the subsidiaries of R Systems (Singapore) Pte Ltd, Singapore:

- » R Systems IBIZCS Pte. Ltd., Singapore (formerly known as IBIZ Consulting Pte. Ltd., Singapore) with the following step down subsidiaries:
 - IBIZ Consulting Services Pte Ltd, Singapore
 - R Systems IBIZCS Sdn. Bhd., Malaysia (formerly known as IBIZ Consulting Services Sdn. Bhd., Malaysia)
 - PT. RSYSTEMS IBIZCS International, Indonesia (formerly known as PT. IBIZCS Indonesia, Indonesia)
 - IBIZ Consulting (Thailand) Co. Ltd, Thailand (incorporated on June 21, 2019)
 - IBIZ Consulting Services Limited, Hong Kong (IBIZ HK)
 - IBIZ Consulting Services (Shanghai) Co., Ltd, People's Republic of China (wholly owned subsidiary of IBIZ HK)

Names of other related parties with whom transactions have taken place during the year ended December 31, 2020:

Key management personnel	<ul style="list-style-type: none"> a. Satinder Singh Rekhi, Managing Director & Chief Executive Officer b. Lt. Gen. Baldev Singh (Retd.), President & Senior Executive Director c. Avirag Jain, Director & Chief Technology Officer 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 & Compliance Officer
Relatives of Key management Personnel	<ul style="list-style-type: none"> a. Ramneet Singh Rekhi, (related to Satinder Singh Rekhi) President – R Systems b. Mandeep Singh Sodhi, [related to Lt. Gen. Baldev Singh (Retd.)], Chief Operating Officer – R Systems USA Operations c. Kuldeep Baldev Singh [related to Lt. Gen. Baldev Singh (Retd.)] d. Harpreet Rekhi, (related to Satinder Singh Rekhi) e. Sartaj Singh Rekhi, (related to Satinder Singh Rekhi) f. Amrita Kaur Rekhi, (related to Satinder Singh Rekhi) g. Anita Behl, (related to Satinder Singh Rekhi)
Enterprises where key management personnel or their relatives exercise significant influence	<ul style="list-style-type: none"> a. RightMatch Holdings Limited, Mauritius [refer to Note 11(e)] b. Satinder and Harpreet Rekhi Family Trust, USA

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TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

(ii) Details of transactions with related parties for the year ended December 31, 2020 and December 31, 2019:

(₹ in million)

Particulars	Year ended December 31, 2020	Year ended December 31, 2019
Revenue from information technology and BPO services rendered to		
R Systems Consulting Services Limited, Singapore	56.84	52.22
R Systems, Inc., USA	29.51	27.43
Innovizant LLC, USA	-	19.92
RSYS Technologies Limited, Canada	67.17	54.76
R Systems Computaris International Limited, UK	6.97	29.96
R Systems Computaris Europe SRL, Romania	68.52	11.57
R Systems IBIZCS Pte. Ltd., Singapore	16.93	4.58
R Systems Computaris Poland sp z o.o, Poland	0.49	-
PT. RSYSTEMS IBIZCS International, Indonesia	6.93	-
IBIZ Consultancy Services India Private Limited, India	1.29	-
Total	254.65	200.44
Software development and IT enabled services received from		
IBIZ Consultancy Services India Private Limited, India	-	0.57
Total	-	0.57
Sales and support services received from		
RSYS Technologies Limited, Canada	43.74	33.65
Total	43.74	33.65
Travel and other expenses reimbursed by the Company to		
R Systems Consulting Services Limited, Singapore	0.03	0.77
RSYS Technologies Limited, Canada	1.14	5.05
R Systems, Inc., USA	20.19	45.64
R Systems (Singapore) Pte. Ltd, Singapore	9.75	9.95
Innovizant LLC, USA	0.10	0.13
Total	31.21	61.54
Travel and other expenses reimbursed to the Company by		
R Systems Consulting Services Limited, Singapore	1.50	3.40
R Systems, Inc., USA	4.43	3.70
R Systems (Singapore) Pte. Ltd, Singapore	0.15	0.18
RSYS Technologies Limited, Canada	1.31	0.36
R Systems IBIZCS Pte. Ltd., Singapore	0.16	0.22
R Systems Computaris International Limited, UK	0.46	1.26
R Systems Computaris Europe SRL, Romania	0.01	0.12
Innovizant LLC, USA	-	0.60
RightMatch Holdings Ltd, Mauritius	2.31	0.54
Total	10.33	10.38
Reimbursement by the Company for purchase of assets to		
R Systems, Inc., USA	1.75	-
R Systems (Singapore) Pte. Ltd, Singapore	0.06	-
Total	1.81	-
Investment in shares of subsidiary		
RSYS Technologies Limited, Canada	27.67	-
Total	27.67	-

(₹ in million)

Particulars	Year ended December 31, 2020	Year ended December 31, 2019
Purchase of shares of subsidiary		
R Systems IBIZCS Pte. Ltd., Singapore	-	0.47
Total	-	0.47
Remuneration to key management personnel		
Short term employee benefits	121.62	115.66
Post-employment benefits	0.39	0.37
Other long-term employee benefits	0.63	0.19
Share based payments	0.15	0.67
Sitting fee to independent directors	0.68	0.83
Total	123.47	117.72
Shares buyback		
Satinder & Harpreet Rekhi Family Trust, USA	-	21.62
RightMatch Holdings Ltd, Mauritius	-	16.10
Sartaj Singh Rekhi	-	35.12
Ramneet Singh Rekhi	-	29.97
Satinder Singh Rekhi	-	5.58
Mandeep Singh Sodhi	-	1.08
Lt. Gen. Baldev Singh (Retd.)	-	0.21
Harpreet Rekhi	-	2.68
Amrita Kaur Rekhi	-	1.59
Nand Sardana	-	0.22
Total	-	114.17
Dividend Paid#		
Satinder & Harpreet Rekhi Family Trust, USA	17.73	-
RightMatch Holdings Ltd, Mauritius	13.24	-
Sartaj Singh Rekhi	28.89	-
Ramneet Singh Rekhi	24.60	-
Satinder Singh Rekhi	4.59	-
Mandeep Singh Sodhi	0.88	-
Lt. Gen. Baldev Singh (Retd.)	0.15	-
Kuldeep Baldev Singh	0.01	-
Anita Behl	0.00*	-
Harpreet Rekhi	2.20	-
Amrita Kaur Rekhi	1.31	-
Nand Sardana	0.24	-
Avirag Jain	0.00*	-
Total	93.84	-
Rent		
Satinder Singh Rekhi & Harpreet Rekhi	8.78	8.32
Total	8.78	8.32

#This represents interim dividend for the year 2019 declared on December 14, 2019 which was paid to shareholders on January 06, 2020.

*Dividend paid to: (a) Anita Behl ₹ 2,546; (b) Avirag Jain ₹ 150.

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TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

(iii) Outstanding balances of related parties as at December 31, 2020 and December 31, 2019:

(₹ in million)

Balance Outstanding	As at December 31, 2020	As at December 31, 2019
Trade Receivables		
R Systems Consulting Services Limited, Singapore	14.62	15.29
R Systems, Inc., USA	5.37	2.31
RSYS Technologies Limited, Canada	32.70	20.95
R Systems Computaris International Limited, UK	-	1.05
R Systems Computaris Europe SRL, Romania	21.43	2.54
R Systems IBIZCS Pte. Ltd., Singapore	1.39	1.63
IBIZ Consultancy Services India Private Limited, India	0.21	-
PT. RSYSTEMS IBIZCS International, Indonesia	0.45	-
Total	76.17	43.77
Other current financial assets		
R Systems, Inc., USA	0.30	2.00
RSYS Technologies Limited, Canada	0.38	0.02
RightMatch Holdings Limited, Mauritius	-	0.54
Total	0.68	2.56
Other current liabilities		
R Systems Consulting Services Limited, Singapore	0.03	0.33
R Systems, Inc., USA	5.33	12.18
R Systems (Singapore) Pte Ltd, Singapore	2.47	2.54
RSYS Technologies Limited, Canada	12.96	6.48
Innovizant LLC, USA	-	0.21
Total	20.79	21.74
Assets obtained free of cost on returnable basis		
R Systems, Inc., USA	5.37	5.79
Total	5.37	5.79
Balance payable to key management personnel		
Satinder Singh Rekhi	10.96	10.71
Lt. Gen. Baldev Singh (Retd.)	0.60	2.02
Avirag Jain	1.48	1.11
Nand Sardana	0.76	-
Total	13.80	13.84

32. Leases

a. Company as a lessee - Transition to Ind AS 116

Effective January 01, 2020, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on January 01, 2020 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the rate implicit in the lease or Company's incremental borrowing rate at the date of initial application.

The following is the summary of practical expedients elected on initial application:

1. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.

2. Applied the exemption not to recognise right-of-use assets and liabilities for low value leases.
3. Excluded the initial direct costs from the measurement of the right-of-use asset.
4. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

On adoption of Ind AS 116,

- a. The Company has recognised right-of use assets of ₹ 193.48 million and corresponding lease liability ₹ 208.44 million by adjusting retained earnings net of taxes of ₹ 10.49 million (including the impact of deferred tax asset created of ₹ 4.48 million as at January 01, 2020).
- b. Net carrying value of assets procured under the finance lease of ₹ 38.86 million (gross carrying and accumulated depreciation value ₹ 47.58 million and ₹ 8.72 million respectively) have been reclassified from Property, Plant and Equipment to Right- Of-Use assets.
- c. Obligations under Finance leases ₹ 31.99 million (non-current and current obligation under finance leases ₹ 31.35 million and ₹ 0.64 million respectively) have been reclassified to lease liabilities.
- d. Prepaid rent on leasehold land and other assets, which were earlier classified under other assets have been reclassified to right-of-use assets by ₹ 9.66 million.

Reconciliation of operating lease commitments as at December 31, 2019 under Ind AS 17 disclosed under Note 33 of annual standalone financial statements forming part of 2019 Annual Report with the lease liabilities recognised in the Balance Sheet as at January 01, 2020:

Particulars	Amount
Operating lease commitment as on December 31, 2019	360.87
Recognition exemption for low value leases	(1.18)
Impact of discounting future lease payments	(151.25)
Lease liabilities recognized as on January 01, 2020	208.44

Where the rate implicit in the lease is not determinable, the Company has discounted lease payments using the applicable incremental borrowing rate as at January 01, 2020. The weighted average incremental borrowing rate used by the Company is 9.29%.

Movement schedule of right-of-use assets and lease liability as at December 31, 2020:

Particulars	Right-of-use Assets	Lease Liability
Recognised on adoption of Ind AS 116 as at January 01, 2020	193.48	208.44
Add: Reclassified as at January 01, 2020 on adoption of Ind AS 116 (net)	48.52	31.99
Add: Additions during the year	167.01	160.03
Add: Interest accrued on lease liability during the year ended December 31, 2020	-	35.78
Less: Depreciation during the year	(44.27)	-
Less: Lease rent concessions received during year accounted for as per Para 46A of Ind AS 116	-	(11.97)
Less: Actual rent payment during the year	-	(48.92)
Add: Effect of foreign exchange fluctuation	-	0.15
Balance as at December 31, 2020	364.74	375.50

Note: The closing balance of lease liability as at December 31, 2020 has been classified and disclosed under current and non-current financial liabilities.

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TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

b. 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, 2020 and December 31, 2019 is ₹ 6.44 million and ₹ 6.72 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.

(₹ in million)

S. No.	Particulars	Year ended December 31, 2020	Year ended December 31, 2019
A	Total comprehensive income	689.78	506.62
B	Add:		
(i)	Provision / (reversal) for doubtful debts	6.24	(9.92)
(ii)	Tax expense (including tax relating to re-measurements of the defined benefit plans)	114.13	112.26
(iii)	Depreciation and amortisation expense	134.61	85.91
(iv)	Realised gain on sale of liquid mutual funds	23.86	-
		278.84	188.25
C	Less:		
(i)	Profit on sale / discarding of property, plant and equipment	0.04	0.46
(ii)	Depreciation and amortisation expense	134.61	85.91
(iii)	Surplus in profit and loss on measurement of assets/liabilities at fair value	46.09	24.92
(iv)	Bad debts written off	1.17	4.59
(v)	Interest income on financial instruments measured at amortised cost	0.92	0.51
		182.83	116.39
	Net Profit for the year (A+B-C)	785.79	578.48
D	Add:		
	Remuneration paid to the whole time directors	60.29	56.64
E	Net Profit for the purpose of managerial remuneration	846.08	635.12
	Overall maximum remuneration to all managerial personnel at 10% of the net profits as calculated above	84.61	63.51
	Overall maximum remuneration to individual managerial personnel at 5% of the net profits as calculated above	42.30	31.76

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, 2020	As at December 31, 2019
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 the Company at its meeting held on December 14, 2019 had declared an interim dividend for the year 2019 at the rate ₹ 1.50/- per equity share of face value of ₹ 1 each. As at December 31, 2019, the Company transferred the interim dividend amount to a separate bank account. The aforesaid interim dividend was paid on January 06, 2020.

36. Estimation of uncertainties relating to the global health pandemic from COVID-19:

In assessing the recoverability of receivables including unbilled receivables, contract assets and contract costs and certain investments, the Company has considered internal and external information upto the date of approval of these standalone financial statement including credit reports and economic forecasts. The Company has performed sensitivity analysis on the assumption used and based on certain indicators of future economic conditions, the Company expects to recover the carrying amounts of these assets. The impact of the global health pandemic may be different from that estimated as at the date of approval of these standalone financial statement and the Company will continue to closely monitor any material changes to future economic conditions.

37. The financial statements have been approved by the Board of Directors at its meeting held on February 16, 2021.

For and on behalf of the Board of Directors of R SYSTEMS INTERNATIONAL LIMITED

**sd/-
SATINDER SINGH REKHI**
Managing Director &
Chief Executive Officer
DIN: 00006955

Place : Singapore
Date : February 16, 2021

**sd/-
LT. GEN. BALDEV SINGH (RETD.)**
President & Senior Executive
Director
DIN: 00006966

Place : NOIDA
Date : February 16, 2021

**sd/-
NAND SARDANA**
Chief Financial Officer

Place : New Delhi
Date : February 16, 2021

**sd/-
BHASKER DUBEY**
Company Secretary &
Compliance Officer

Place : NOIDA
Date : February 16, 2021

CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF R SYSTEMS INTERNATIONAL LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated financial statements of **R Systems International Limited** ("the Parent") and its subsidiaries, (the Parent and its subsidiaries together referred to as "the Group") which comprise the Consolidated Balance Sheet as at December 31, 2020, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

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 Matter section below, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS') and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at December 31, 2020, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under section 143 (10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group 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 consolidated financial statements under the provisions of the Act and the Rules made 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 and the audit evidence obtained by the other auditors in terms of their reports referred to in Other Matters section below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matter described below to be key audit matter to be communicated in our report.

INDEPENDENT AUDITOR'S REPORT

Key audit matter	Auditor's Response
<p>Adoption of Ind AS 116 – Leases</p> <p>As described in Note 2.1(a) to the consolidated financial statements, the Company has adopted Ind AS 116 “Leases” with effect from January 01, 2020. The standard involves certain key judgements with respect to identification of leases, determination whether there is reasonable certainty that an extension or termination option will be exercised, identification of appropriate discount rate using the interest rate implicit in the lease or lessee's incremental borrowing rate, as applicable, to calculate the lease obligation, measuring any impairment of the 'right of use asset', modification/termination to the leases etc.</p> <p>The new accounting standard additionally requires disclosures together with the information to be provided in the balance sheet, statement of profit and loss, the statement of cash flows and in the explanatory notes (Refer Note 3(b) and 33(a) to the consolidated financial statements) which involve information with regard to right of use assets and liabilities.</p> <p>In addition to the above, there is a risk that the lease data which underpin the Ind AS 116 transition calculation is incomplete or inaccurate.</p> <p>Based on the above factors, the implementation of the new accounting standard on leases has been identified as a key audit matter.</p>	<p>We have performed the following procedures:</p> <ol style="list-style-type: none"> i. Evaluated the design and implementation of the relevant controls over the application of the new lease accounting standard in respect of the data used for transition calculation as well as for the current year, and from a sample of existing lease agreements, tested the operating effectiveness of such internal controls. ii. Reviewed the trial balance as at January 1, 2020 and December 31, 2020 to identify the ledger accounts which would have an operating lease included in them. Also, obtained list of active vendor contracts and on a sample basis, obtained contract copies to confirm on the completeness of all the lease contracts considered for computation and also to verify whether the contract contains any embedded lease element. iii. Selected a sample of contracts from such accounts identified and: <ul style="list-style-type: none"> » Tested if such contracts were considered as lease contracts if they met the condition specified in Ind AS 116. » Verified if the terms and conditions of the contracts identified as lease contracts were considered in the quantification of the lease amounts and disclosures. » Verified the discount rate used to determine lease obligation and measure any impairment of the right of use asset, where applicable. » Verified if necessary adjustments arising from re-measurement of lease liability due to lease modifications/ termination, is appropriately made. » Recomputed and compared the value of the right of use asset and the corresponding liability based on the above lease contracts and the discount rate and reconciled any material differences. iv. Tested the presentation and disclosures (including presentation/disclosures arising consequent to lease modification/ termination) with reference to the requirements of Ind AS.

Information Other than the Financial Statements and Auditor's Report Thereon

» The Parent's Board of Directors is responsible for preparation of the other information. The other information comprises the information included in the Director's Report including Annexures to Director's Report and Risk Management Report, but does not include the consolidated financial statements and our auditor's report thereon.

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

» In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, compare with the financial statements of the subsidiaries audited by the other auditors, to the extent it relates to these entities and, in doing so, place reliance on the work of the

other auditors and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiaries is traced from their financial statements audited by the other auditors.

- » If, based on the work we have performed, 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.

Management's Responsibility for the Consolidated Financial Statements

The Parent's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the Ind AS 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 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 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 Parent, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate or cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 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 consolidated financial statements.

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 consolidated 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 financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Parent has adequate internal financial controls system in place and the operating effectiveness of such controls.
- » Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- » Conclude on the appropriateness of management's 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 Group 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 consolidated 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 auditor's report.

INDEPENDENT AUDITOR'S REPORT

However, future events or conditions may cause the Group to cease to continue as a going concern.

- » Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- » Obtain sufficient appropriate audit evidence regarding the financial information of the branch, entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities or business activities included in the consolidated financial statements of which we are the independent auditors. For the other entities or business activities included in the consolidated financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements 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 consolidated financial statements.

We communicate with those charged with governance of the Parent and such other entities included in the consolidated financial statements of which we are the independent auditors 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

We did not audit the financial statements of 23 subsidiaries, whose financial statements reflect total assets of ₹ 1,917.49 million as at December 31, 2020, total revenues of ₹ 3,212.55 million, total net profit after tax of ₹ 196.99 million and total comprehensive income of ₹ 180.31 million and net cash inflows amounting to ₹ 451.81 million for the year ended on that date, as considered in the consolidated 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 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.

Our opinion on the consolidated 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.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on the separate financial statements/ financial information of the subsidiaries referred to in the Other Matter section 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, returns 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 the 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 financial statements.
- d) In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
- e) On the basis of the written representations received from the directors of the Parent as on December 31, 2020 taken on record by the Board of Directors of the Company and the reports of the statutory auditor of its subsidiary company incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on December 31, 2020 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 Parent and subsidiary companies 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.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Parent to its directors during the year is in accordance with the provisions of section 197 of the Act

- h) 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) 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 Parent and its subsidiary company, incorporated in India.

For DELOITTE HASKINS & SELLS LLP

Chartered Accountants

(Firm's Registration No. 117366W/W-100018)

sd/-

JITENDRA AGARWAL

Partner

(Membership No. 87104)

Place : New Delhi

Date : February 16, 2021 (UDIN:21087104AAAABB3245)

ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph (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, 2020, we have audited the internal financial controls over financial reporting of **R Systems International Limited** (hereinafter referred to as “Parent”) and its subsidiary company, which is a company incorporated in India, as of that date.

Management’s Responsibility for Internal Financial Controls

The respective Board of Directors of the Parent and its subsidiary company, which is a 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 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 Parent and its subsidiary company, which is a company 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 their report referred to in the Other Matter section below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Parent and its subsidiary company, which is a company 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 other auditors referred to in the Other Matter section below, the Parent and its subsidiary company, which is a company 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, 2020, 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 Matter

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 : New Delhi

Date : February 16, 2021 (UDIN:21087104AAAABB3245)

CONSOLIDATED BALANCE SHEET

AS AT DECEMBER 31, 2020

(₹ in million)

	Notes	As At December 31, 2020	As At December 31, 2019
ASSETS			
A. Non-current assets			
(a) Property, plant and equipment	3 (a)	471.67	435.98
(b) Right-of-use assets	3 (b)	470.42	-
(c) Capital work in progress	3 (c)	0.21	19.63
(d) Investment property	3 (d)	20.37	21.84
(e) Goodwill	3 (e)	97.24	195.94
(f) Other intangible assets	3 (f)	49.12	66.56
(g) Financial assets			
(i) Investment	4	0.03	0.03
(ii) Other financial assets	5	79.53	140.37
(h) Deferred tax assets (net)	26	133.44	62.53
(i) Non-current tax assets (net)		67.13	49.26
(j) Other non-current assets	6	18.48	39.53
Total non-current assets (A)		1,407.64	1,031.67
B. Current assets			
(a) Financial assets			
(i) Investments	4	128.02	342.45
(ii) Trade receivables	7	1,312.54	1,323.97
(iii) Cash and cash equivalents	8a	2,132.21	1,103.11
(iv) Other bank balances	8b	370.62	366.08
(v) Other financial assets	9	889.51	501.93
(b) Other current assets	10	251.62	259.31
Total current assets (B)		5,084.52	3,896.85
Total assets (A+B)		6,492.16	4,928.52
EQUITY AND LIABILITIES			
A. Equity			
(a) Equity share capital	11	119.64	119.60
(b) Other equity	12	4,146.51	3,262.74
Total equity attributable to equity shareholders of the Company		4,266.15	3,382.34
Non Controlling Interests		-	-
Total equity (A)		4,266.15	3,382.34
Liabilities			
B. Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	13	83.62	53.08
(ii) Other financial liabilities	14	472.05	120.22
(b) Provisions	15	174.94	133.20
(c) Deferred tax liabilities (net)	26	-	1.32
Total non-current liabilities (B)		730.61	307.82
C. Current liabilities			
(a) Financial liabilities			
(i) Trade payables			
- total outstanding dues of micro enterprises and small enterprises	35	-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises		215.97	253.39
(ii) Other financial liabilities	16	490.03	383.49
(b) Provisions	17	224.01	166.60
(c) Current tax liability (net)		67.14	50.95
(d) Other current liabilities	18	498.25	383.93
Total current liabilities (C)		1,495.40	1,238.36
Total liabilities (B+C)		2,226.01	1,546.18
Total equity and liabilities (A+B+C)		6,492.16	4,928.52

Notes forming integral part of 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. 87104

sd/-
SATINDER SINGH REKHI
Managing Director &
Chief Executive Officer
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 : New Delhi
Date : February 16, 2021

Place : Singapore
Date : February 16, 2021

Place : NOIDA
Date : February 16, 2021

Place : New Delhi
Date : February 16, 2021

Place : NOIDA
Date : February 16, 2021

CONSOLIDATED STATEMENT OF PROFIT & LOSS

FOR THE YEAR ENDED DECEMBER 31, 2020

(₹ in million)

	Notes	Year ended December 31, 2020	Year ended December 31, 2019
A. Income			
(i) Revenue from operations	19	8,805.91	8,093.75
(ii) Other income	20	129.15	153.85
Total income		8,935.06	8,247.60
B. Expenses			
(i) Employee benefits expense	21	6,116.27	5,462.13
(ii) Finance costs	22	56.66	15.65
(iii) Depreciation and amortisation expense	23	256.04	148.86
(iv) Other expenses	24	1,521.33	1,901.61
Total expenses		7,950.30	7,528.25
C. Profit before tax and exceptional items (A-B)		984.76	719.35
D. Exceptional items - net	25	18.65	-
E. Profit before tax (C-D)		966.11	719.35
F. Tax expense	26		
(i) Current tax		206.17	134.84
(ii) Deferred tax charge / (credit)		(61.95)	3.27
Total tax expense		144.22	138.11
G. Profit for the year (E-F)		821.89	581.24
H. Other comprehensive income / (loss)			
Items that will not be reclassified to profit or loss			
Re-measurements of the defined benefit plans		(15.79)	(12.70)
Deferred tax relating to re-measurements of the defined benefit plans		4.60	4.37
Items that will be reclassified to profit or loss			
Foreign currency translation reserve		86.93	35.62
Total other comprehensive income / (loss)		75.74	27.29
I. Total comprehensive income for the year (G+H)		897.63	608.53
J. Profit attributable to			
Equity shareholders to the company		821.89	581.24
Non controlling interest		-	-
		821.89	581.24
K. Total comprehensive income attributable to			
Equity shareholders to the company		897.63	608.53
Non controlling interest		-	-
		897.63	608.53
L. Earnings per share (EPS)	27		
(Face value of shares ₹ 1/- each)			
Basic		6.87	4.82
Diluted		6.87	4.82

Notes forming integral part of 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. 87104

sd/-
SATINDER SINGH REKHI
Managing Director &
Chief Executive Officer
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 : New Delhi
Date : February 16, 2021

Place : Singapore
Date : February 16, 2021

Place : NOIDA
Date : February 16, 2021

Place : New Delhi
Date : February 16, 2021

Place : NOIDA
Date : February 16, 2021

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2020

A. Equity share capital

	(₹ in million)
Balance at January 01, 2019	123.25
Shares issued against ESOP	0.04
Buy-back of shares [refer to Note 11(d)(ii)]	(3.69)
Balance at December 31, 2019	119.60
Balance at January 01, 2020	119.60
Shares issued against ESOP	0.04
Balance at December 31, 2020	119.64

Note:

(1) Equity share capital is net of ₹ Nil (December 31, 2019 : ₹ 0.74 million; January 01, 2019 : ₹ 0.74 million) pertaining to shares held by R Systems Employees Welfare Trust. Also refer to Note 11 (f)(i).

B. Other equity (refer to Note 12)

Particulars	Reserves and Surplus						Other Comprehensive Income		Total other equity
	Securities premium	Capital redemption reserve	Stock options outstanding	General Reserve	Capital Reserve	Retained earnings	Re-measurement of defined benefit plans	Foreign currency translation reserve	
Balance at January 01, 2019	278.24	-	2.92	158.73	0.03	2,432.21	7.54	226.11	3,105.78
Profit for the year						581.24			581.24
Buy-back of shares [refer to Note 11(d)(ii)]	(236.16)	3.69		(3.69)					(236.16)
ESOP provision for the year			0.67						0.67
Shares issued against ESOP	2.29		(1.87)						0.42
Interim dividend (including CDT) (refer to Note 36)						(216.50)			(216.50)
Other comprehensive income for the year							(8.33)	35.62	27.29
Balance at December 31, 2019	44.37	3.69	1.72	155.04	0.03	2,796.95	(0.79)	261.73	3,262.74
Balance at January 01, 2020	44.37	3.69	1.72	155.04	0.03	2,796.95	(0.79)	261.73	3,262.74
Adjustment on adoption of Ind AS 116 [refer to Note 33(a)]						(14.43)			(14.43)
Adjusted balance at January 01, 2020	44.37	3.69	1.72	155.04	0.03	2,782.52	(0.79)	261.73	3,248.31
Profit for the year						821.89			821.89
ESOP provision for the year			0.15						0.15
Shares issued against ESOP	2.29		(1.87)						0.42
Other comprehensive income for the year							(11.19)	86.93	75.74
Balance at December 31, 2020	46.66	3.69	-	155.04	0.03	3,604.41	(11.98)	348.66	4,146.51

Note:

(1) Securities premium account is net of ₹ Nil (December 31, 2019 : ₹ 2.28 million; January 01, 2019 : ₹ 2.28 million) pertaining to shares held by R Systems Employees Welfare Trust. Also refer to Note 11 (f)(i).

Notes forming integral part of 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. 87104

sd/-
SATINDER SINGH REKHI
Managing Director &
Chief Executive Officer
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 : New Delhi
Date : February 16, 2021

Place : Singapore
Date : February 16, 2021

Place : NOIDA
Date : February 16, 2021

Place : New Delhi
Date : February 16, 2021

Place : NOIDA
Date : February 16, 2021

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2020

(₹ in million)

Particulars	Year ended December 31, 2020	Year ended December 31, 2019
A. Cash flows from operating activities		
Profit for the year	821.89	581.24
Adjustments for:		
Tax expense	144.22	138.11
Depreciation and amortisation expense	256.04	148.86
Provision for doubtful debts (net)	2.90	7.73
Provision for doubtful advance (net)	2.60	1.10
Employees' share based payments expense	0.15	0.67
Unrealised foreign exchange loss / (gain)	(8.53)	(9.34)
Unrealised loss / (gain) on derivative instruments	(41.37)	9.30
Interest income	(53.20)	(60.46)
Rental income from investment property	(6.44)	(6.72)
Net gain arising on financial assets measured at FVTPL	(12.43)	(17.94)
Lease rent concession [refer to Note 33 (a)]	(15.51)	-
Impairment of Goodwill (refer to Note 25)	106.68	-
Other fair value gain on contingent consideration (refer to Note 25)	(88.03)	-
Profit on discard of right-of-use assets	(2.32)	-
Loss / (Profit) on sale / discarding of property, plant and equipment(net)	0.19	(0.65)
Interest expenses on fair value of contingent consideration	12.49	10.91
Interest expenses other	44.17	4.74
Operating profit before working capital changes	1,163.50	807.55
Movements in working capital :		
(Increase) / Decrease in trade receivables	44.78	78.97
(Increase) / Decrease in other assets	30.66	(98.79)
Increase / (Decrease) in provision	79.61	33.37
Increase / (Decrease) in trade payables and other liabilities	133.32	(47.97)
Cash generated from operations	1,451.87	773.13
Direct taxes paid, net of refunds	(208.28)	(130.23)
Net cash flows from operating activities (A)	1,243.59	642.90
B. Cash flows from investing activities		
Purchase of property, plant and equipment	(172.04)	(181.08)
Purchase of intangible assets	(7.52)	(8.54)
Proceeds from sale of property, plant and equipment	0.77	2.46
Acquisition of subsidiary (net of cash and cash equivalents acquired amounting to ₹ 16.69 mn)	-	(79.72)
Proceeds from / (Investment in) mutual fund	226.86	(125.00)
Payment of deferred consideration to erstwhile shareholders of subsidiary	-	(22.40)
Proceeds from / (Investment in) fixed deposits (net)	(465.64)	408.15
Interest received	28.61	60.01
Rental income from investment property	6.44	6.72
Net cash from / (used in) investing activities (B)	(382.52)	60.60

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2020

(₹ in million)

Particulars	Year ended December 31, 2020	Year ended December 31, 2019
C. Cash flows used in financing activities		
Proceeds from long-term borrowings	225.19	8.83
Repayment of long-term borrowings - current maturities	(5.08)	(6.73)
Payment of lease liabilities [refer to Note 33(a)]	(117.52)	-
Proceeds from other non-current assets	8.62	0.01
Amount used in buy-back of equity shares	-	(239.85)
Proceeds from issuance of equity shares	0.45	0.45
Interest paid	(1.35)	(4.71)
Interim dividend (refer to Note 37)	-	(180.51)
CDT on interim dividend	-	(37.10)
Net cash from / (used in) financing activities (C)	110.31	(459.61)
Net increase / (decrease) in cash and cash equivalents (A + B + C)	971.38	243.89
Add: Cash and cash equivalents at the beginning of the year	1,103.11	841.17
Add : Effect of exchange rate changes on cash and cash equivalents held in foreign currency	57.72	18.05
Cash and cash equivalents at the end of the year (refer to Note 8a)	2,132.21	1,103.11

Note:

(1) Figures in brackets indicate cash outflow

Notes forming integral part of 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. 87104

sd/-
SATINDER SINGH REKHI
Managing Director &
Chief Executive Officer
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LT. GEN. BALDEV SINGH (RETD.)
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Director
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Chief Financial Officer

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BHASKER DUBEY
Company Secretary &
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Place : New Delhi
Date : February 16, 2021

Place : Singapore
Date : February 16, 2021

Place : NOIDA
Date : February 16, 2021

Place : New Delhi
Date : February 16, 2021

Place : NOIDA
Date : February 16, 2021

NOTES

TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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 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 Group is a leading global provider of technology, artificial intelligence, RPA services and solutions along with knowledge services. The Group delivers its services and solutions to leading technology companies and businesses to enable their digital transformation. The Group's services and solutions span over five major business verticals i.e. Technology, Telecom, Healthcare and Life Science, Finance and Insurance, and Retail & e-commerce.

The Company has following subsidiaries:-

Name	Holding as at December 31, 2020	Holding as at December 31, 2019	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.
R Systems Consulting Services Limited (formerly known as 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. R Systems Consulting Services Limited, Singapore has subsidiaries in Malaysia, Thailand, China, Hong Kong and Japan.
R Systems Computaris International Limited (formerly known as Computaris International Limited), UK	100%	100%	A company registered under the laws of U.K in 2006. The Company has acquired the entire share on January 26, 2011. R Systems Computaris International Limited, U.K. has subsidiaries in Romania, Poland, Moldova, Malaysia, Switzerland and Philippines.
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.
IBIZ Consultancy Services India Private Limited, India	100%	100%	A company registered under the laws of India in 2008 and subsidiary of the Company since April 30, 2015.

*The shareholding by the Company and R Systems (Singapore) Pte Limited is 69.37% and 30.38% respectively.

Innovizant LLC, (100% membership interest held by RSI) is a wholly owned subsidiary of R Systems, Inc. w.e.f. January 1, 2019.

NOTES

TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

R Systems Consulting Services Limited, Singapore has following wholly owned subsidiaries:

Name	Holding as at December 31, 2020	Holding as at December 31, 2019	Country of incorporation
R Systems Consulting Services (M) Sdn. Bhd. (formerly known as ECnet (M) Sdn. Bhd.)	100 %	100 %	Malaysia
R Systems Consulting Services (Thailand) Co., Ltd. (formerly known as ECnet Systems (Thailand) Co. Ltd.)	100 %	100 %	Thailand
ECnet (Shanghai) Co. Ltd.	100 %	100 %	People's Republic of China
R Systems Consulting Services (Hong Kong) Ltd.(formerly known as ECnet (Hong Kong) Ltd.)	100 %	100 %	Hong Kong
R Systems Consulting Services Kabushiki Kaisha (formerly known as ECnet Kabushiki Kaisha)	100 %	100 %	Japan
ECnet, Inc. (Liquidated on January 28, 2019)	-	-	United States of America

R Systems Computaris International Limited, UK has following wholly owned subsidiaries:

Name	Holding as at December 31, 2020	Holding as at December 31, 2019	Country of incorporation
R Systems Computaris Europe SRL (formerly known as Computaris Romania SRL)	100 %	100 %	Romania
R Systems Computaris Poland sp z o.o (Formerly known as Computaris Polska sp z o.o.)	100 %	100 %	Poland
R Systems Computaris S.R.L (formerly known as ICS Computaris International Srl)	100 %	100 %	Moldova
R Systems Computaris Malaysia Sdn. Bhd. (formerly known as Computaris Malaysia Sdn. Bhd.)	100 %	100 %	Malaysia
R Systems Computaris Philippines Pte. Ltd. Inc. (formerly known as Computaris Philippines Pte. Ltd. Inc.)	100 %	100 %	Philippines
R Systems Computaris Suisse Sarl, Switzerland (formerly known as Computaris Suisse Sarl)	100 %	100 %	Switzerland

R Systems IBIZCS Pte. Ltd. (Formerly known as IBIZ Consulting Pte Ltd), 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 as at December 31, 2020	Holding as at December 31, 2019	Country of incorporation
IBIZ Consulting Services Pte Ltd	100 %	100 %	Singapore
R Systems IBIZ Sdn. Bhd. (Formerly known as IBIZ Consulting Services Sdn. Bhd.)	100 %	100 %	Malaysia
PT. R Systems IBIZCS International (formerly known as PT. IBIZCS Indonesia)	100 %	100 %	Indonesia
IBIZ Consulting (Thailand) Co. Ltd. (incorporated w.e.f. June 21, 2019)	100 %	100 %	Thailand
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) prescribed under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standard) Rules as amended from time to time.

The Group has consistently applied accounting policies to all periods except for the following changes in Ind AS.

The Group has adopted Ind AS 116 'Leases' with the date of initial application being January 01, 2020. Ind AS 116 replaces Ind AS 17 – Leases and related interpretation and guidance. The standard sets out principles for recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The Group has applied Ind AS 116 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at January 01, 2020. As a result, the comparative information has not been restated. Refer to Note 33(a) for further details.

For policy and disclosures related to previous year under Ind AS 17 'Leases' refer annual report of the Company for the year ended December 31, 2019.

(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.

Based on the nature of activities of the Group and the normal time between acquisition of assets and their realisation 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.

NOTES

TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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.

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 recognised 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 and investment property less their estimated residual values using the straight line method 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 are as follows:

Category	Useful life up to
Leasehold Land	Lease period
Buildings	30 years
Leasehold improvements	Lower of lease period or useful life
Plant and equipment - 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

(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 amortisation 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 recognised 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 are as follows:

Category	Useful life up to
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 requirements of Ind AS 16 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.

NOTES

TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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 recognised as goodwill. If the excess is negative, a bargain purchase gain is recognised 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.

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.

NOTES

TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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 amortised cost
Financial liabilities such as loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. The change in measurements is recognised 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 statement of profit or loss.

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 amortised 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 recognises 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 Group's non-financial assets, excluding deferred tax assets, 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.

An impairment loss is recognised 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

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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.

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 capitalised 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

Where the Group is a lessee

The Group lease asset classes primarily consist of leases for land, buildings, computer hardware, vehicle and furniture. The Group, at the inception of a contract, assesses whether the contract is a lease or not lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a time in exchange for a consideration. This policy has been applied to contracts existing and entered into on or after January 01, 2020.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment.

The lease liability is initially measured at the present value of the future lease payments. The lease payments are discounted using the rate implicit in the lease or, if not readily determinable, using the incremental borrowing rate. It is remeasured when there is a change in future lease payments arising from a change in an index or rate or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

On 24 July 2020, the MCA has issued amendments to Ind AS 116, "Leases" under which Para 46A read with Para 46B provides lessee an option not to assess COVID-19-related rent concession as a lease modification. The amendments allowed the expedient to be applied to COVID-19-related rent concessions to payments originally due on or before June 30, 2021 and also require disclosure of the amount recognized in profit or loss to reflect changes in lease payments that arise from COVID-19-related rent concessions. The reporting period in which a lessee first applies the amendment, it is not required to disclose certain quantitative information required under Ind AS 8.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the

lease payments associated with these leases as an expense over the lease term.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing activity under cash flows statements.

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 and building which are subject to operating leases are included under non-current assets as investment property and are carried at cost less accumulated depreciation. Lease income on an operating lease is recognised in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognised as an expense in the statement of profit and loss.

(m) Revenue

The Group derives revenue primarily from software development and related services and business process outsourcing services. The Group recognises revenue when the performance obligations as promised have been satisfied with a transaction price and when there is no uncertainty as to measurement or collectability of the consideration.

The Group has applied the guidance in Ind AS 115, "Revenue from Contracts with Customers", by applying the revenue recognition criteria for each distinct performance obligation. The arrangements with customers generally meet the criteria for considering these services as distinct performance obligations. For allocating the transaction price, the Group has measured the revenue in respect of each performance obligation of a contract at its relative standalone selling price. The Group accounts for volume discounts and pricing incentives to customers as a reduction of revenue based on the ratable allocation of the discounts / incentives to each of the underlying performance obligation that corresponds to the progress by the customer towards earning the discount/ incentive.

Contract modifications are accounted for when additions, deletions or changes are approved either to the contract scope or contract price. The accounting for modifications of contracts involves assessing whether the services added to an existing

contract are distinct and whether the pricing is at the standalone selling price. Services added that are not distinct are accounted for on a cumulative catch up basis, while those that are distinct are accounted for prospectively, either as a separate contract, if the additional services are priced at the standalone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the standalone selling price.

The Group collects Goods and Service Tax, value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Group. Hence, they are excluded from revenue.

Arrangements with customers for services are either on a fixed-price, fixed-timeframe or on a time-and-material basis.

Revenue on time-and-material contracts are recognised as the related services are performed and revenue from the end of the last invoicing to the reporting date is recognised as unbilled revenue.

Revenue from fixed-price, fixed-timeframe contracts, where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, is recognised as per the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. Maintenance revenue is recognised ratably over the term of the underlying maintenance arrangement.

Revenue from licenses where the customer obtain a right to use are recognised at the time the licenses is made available to the customers.

Revenues in excess of invoicing are classified as contract assets (referred as unbilled revenue) while invoicing in excess of revenues are classified as contract liabilities (referred as unearned revenues).

Unbilled revenue for fixed price contracts are classified as non-financial asset if the contractual right to consideration is dependent on completion of contractual milestones. Unbilled revenue on contracts other than above is classified as a financial asset.

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(n) Other Income

Other income is comprised primarily of interest income, net gain on foreign exchange fluctuations, rental income and gain on investments. Interest income is recognised on a time proportion basis taking into account the carrying amount and the effective interest rate. Dividend income is recognised when the Group's right to receive dividend is established.

(o) 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 recognised 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, 2020, the rates used were US \$ 1 = ₹ 73.90, Euro 1 = ₹ 84.34, Singapore \$ 1 = ₹ 53.57 and Canadian \$ 1 = ₹ 55.12. For translating assets and liabilities at the year-end, the rates used were US \$ 1 = ₹ 73.07, Euro 1 = ₹ 89.74, Singapore \$ 1 = ₹ 55.26 and Canadian \$ 1 = ₹ 57.31.

For translating income, expense and cash flows items, during the year ended December 31, 2019, the rates used were US \$ 1 = ₹ 70.27, Euro 1 = ₹ 78.66, Singapore \$ 1 = ₹ 51.50 and Canadian \$ 1 = ₹ 52.96. For translating assets and liabilities at the year-end, the rates used were US \$ 1 = ₹ 71.39, Euro 1 = ₹ 80.10, Singapore \$ 1 = ₹ 53.05 and Canadian \$ 1 = ₹ 54.79.

(p) 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 recognised 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 recognised 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 unutilised accumulating compensated absences and utilise 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 recognised 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.

(q) Employee stock compensation expenses

The 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 recognised as employee compensation cost over the vesting period. The cumulative expense recognised 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 recognised in the statement of profit and loss for a year represents the movement in cumulative expense recognised as at the beginning and end of that year and is recognised 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 recognised is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognised 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.

(r) Income taxes

Tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

Current 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.

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The Group off sets current tax assets and current tax liabilities only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Deferred tax

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 recognised 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 recognised 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 recognised only to the extent that sufficient future taxable income will be available against which such deferred tax assets can be realised.

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 recognised 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 recognised 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 realised.

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.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. MAT credit available is recognised 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 recognises 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" under deferred tax assets.

(s) 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.

(t) 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.

(u) 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.

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.

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.

(v) Provisions

A provision is recognised 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.

(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 recognised 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 recognised because it cannot be measured reliably.

(x) 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.

(y) 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 recognised in the period in which the estimates are revised and in any future periods affected.

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TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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 / liabilities 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. Leases

The Group considers all the extension-options under the commercial contract for determining the lease-term which forms the basis for the measurement of right-of-use asset and the corresponding lease-liability.

v. 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.

vi. 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 fair value of contingent consideration and intangible assets.

New standards, interpretations and amendments not yet adopted

a. Amendments to definition of 'business' under Ind AS 103, Business Combinations

On July 24, 2020, Ministry of Corporate Affairs has notified the amendments to Ind AS 103 – Business Combinations in connection with the definition of 'Business'. As per the amended definition, emphasis is given on goods and services provided to customers and reference to an ability to reduce costs has been removed. It is provided that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. The requirement to assess whether market participants are capable of replacing any missing inputs or processes is removed. The presumption that presence of goodwill is an indicator that an integrated set of activities and assets is a business is removed. An optional fair value concentration test has been introduced for simplified assessment of whether an acquired set of activities and assets is not a business.

The amendments are effective for business combinations for which the acquisition date is on or after beginning of the first annual reporting period beginning on or after the April 01, 2020 and to asset acquisitions that occur on or after beginning of that period.

The Group will adopt the standard on January 1, 2021. The effect of this amendment is expected to be insignificant.

b. Amendments to Ind AS 109 and Ind AS 107 in the context of interest rate benchmark reforms

The amendments deal with pre-replacement issues (issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark). The amendment is applicable to all hedging relationships directly affected by interest rate benchmark reforms.

A hedging relationship is directly affected by interest rate benchmark reform only if the reform gives rise to uncertainties about:

- Interest Rate benchmark designated as a hedged risk; and/or
- Timing or the amount of interest rate benchmark –based cash flows of the hedged item or of the hedging instrument.

The term ‘interest rate benchmark reform’ refers to the market-wide reform of an interest rate benchmark, including the replacement of an interest rate benchmark with an alternative benchmark rate such as that resulting from the recommendations set out in the Financial Stability Board’s July 2014 report ‘Reforming Major Interest Rate Benchmarks’.

The amendments are effective for annual periods beginning on or after 1 April 2020. As an exception to the general hedge accounting rule, an entity shall apply the amendments retrospectively in relation to:

- Those hedging relationships that existed at the beginning of the reporting period in which the amendments are first applied (or were designated thereafter), and
- Amount accumulated in the cash flow hedge reserve that existed at the beginning of the reporting period in which the amendments are first applied.

The Group will adopt the standard on January 1, 2021. The effect of this amendment is expected to be insignificant.

c. Amendments to Definition of ‘Material’

Amendments Ind AS 1 and consequential amendments to Ind AS 8, Ind AS 10, Ind AS 34, and Ind AS 37. The new definition clarifies that, information is considered material if omitting, misstating, or obscuring such information, could reasonably be expected to influence the decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The amendments are effective for annual periods beginning on or after 1 April 2020.

The Group will adopt the standard on January 1, 2021. The effect of this amendment is expected to be insignificant.

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3(a) Property, plant and equipment

Particulars	Leasehold land	Buildings and leasehold improvements	Plant and equipment	Electric installation	Furniture and fittings	Computer hardware	Vehicles ²	Office equipment	Total
At cost									
Gross Block									
As at January 01, 2019	14.58	110.71	55.08	21.90	119.59	508.34	62.77	50.59	943.56
Additions	-	0.19	3.50	-	22.45	195.89	18.57	3.15	243.75
Deletions	-	(0.06)	-	(1.70)	(0.38)	(46.19)	(5.46)	(1.22)	(55.01)
Foreign currency translation	-	0.31	-	0.05	0.48	2.89	0.30	0.33	4.36
As at December 31, 2019	14.58	111.15	58.58	20.25	142.14	660.93	76.18	52.85	1,136.66
Reclassified on adoption of Ind AS 116 ¹	(14.58)	-	-	-	(33.00)	(15.40)	-	-	(62.98)
Additions	-	-	-	0.35	1.41	187.18	9.43	6.97	205.34
Deletions	-	-	(1.33)	-	(0.25)	(38.51)	(2.92)	(1.87)	(44.88)
Foreign currency translation	-	1.14	-	0.01	1.47	7.83	0.28	0.60	11.33
As at December 31, 2020	-	112.29	57.25	20.61	111.77	802.03	82.97	58.55	1,245.47
Accumulated Depreciation									
As at January 01, 2019	3.31	45.68	27.47	19.98	92.16	376.47	32.49	39.09	636.65
Charge for the year	0.14	6.48	4.24	0.31	6.98	80.63	7.10	5.53	111.41
Deletions	-	(0.06)	-	(1.70)	(0.32)	(44.34)	(4.00)	(1.22)	(51.64)
Foreign currency translation	-	0.28	-	0.05	0.64	2.81	0.29	0.19	4.26
As at December 31, 2019	3.45	52.38	31.71	18.64	99.46	415.57	35.88	43.59	700.68
Reclassified on adoption of Ind AS 116 ¹	(3.45)	-	-	-	(5.27)	(0.31)	-	-	(9.03)
Charge for the year	-	5.97	4.21	0.30	3.37	90.43	8.38	5.68	118.34
Deletions	-	-	(1.33)	-	(0.26)	(38.63)	(2.30)	(1.83)	(44.35)
Foreign currency translation	-	0.85	-	0.01	0.85	5.60	0.28	0.57	8.16
As at December 31, 2020	-	59.20	34.59	18.95	98.15	472.66	42.24	48.01	773.80
Net Block									
As at December 31, 2019	11.13	58.77	26.87	1.61	42.68	245.36	40.30	9.26	435.98
As at December 31, 2020	-	53.09	22.66	1.66	13.62	329.37	40.73	10.54	471.67

Notes:

- Refer to Note 33(a)
- Gross block of vehicles amounting to ₹ 22.49 million (as at December 31, 2019 : ₹ 25.78 million) are hypothecated against terms loans for vehicle financed from a non-banking financial corporation.
- Capital Commitment

Particulars	(₹ in million)	
	As at December 31, 2020	As at December 31, 2019
Estimated amount of unexecuted capital contracts (A)	14.32	22.22
Capital Advance (B)	-	10.75
Net Capital Commitment (A-B)	14.32	11.47

3(b) Right-of-use assets [refer to Note 33(a)]

(₹ in million)

Particulars	Land Leasehold	Building	Vehicles	Computer hardware	Furniture and fittings	Computer software	Total
Gross Block							
As at January 01, 2020	19.26	294.96	3.58	16.37	33.00	2.54	369.71
Additions	0.73	193.43	-	-	30.00	-	224.16
Deletions	-	(26.70)	-	-	-	-	(26.70)
Foreign currency translation	-	7.49	-	1.56	-	0.26	9.31
As at December 31, 2020	19.99	469.18	3.58	17.93	63.00	2.80	576.48
Accumulated Depreciation							
As at January 01, 2020	3.45	-	-	0.31	5.27	0.08	9.11
Charge for the year	1.91	97.92	1.16	4.15	6.07	0.98	112.19
Deletions	-	(17.37)	-	-	-	-	(17.37)
Foreign currency translation	-	1.81	-	0.26	-	0.06	2.13
As at December 31, 2020	5.36	82.36	1.16	4.72	11.34	1.12	106.06
Net Block							
As at December 31, 2020	14.63	386.82	2.42	13.21	51.66	1.68	470.42

3(c) Capital work in progress

(₹ in million)

Particulars	Amount
As at December 31, 2019	19.63
As at December 31, 2020	0.21

3(d) Investment property

(₹ in million)

Particulars	As at December 31, 2020	As at December 31, 2019
Cost of land and building given on operating lease		
Balance at beginning of the year	35.96	35.96
Additions	-	-
Balance at the end of year	35.96	35.96
Accumulated depreciation		
Balance at beginning of the year	14.12	12.65
Charge for the year	1.47	1.47
Balance at the end of year	15.59	14.12
Net Block	20.37	21.84

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, 2020 was ₹ 92.37 million (Previous year: ₹ 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.

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3(e) Goodwill

(₹ in million)

Particulars	Total
As at January 01, 2019	89.93
Additions through Acquisition (refer to Note 34)	100.73
Foreign currency translation	5.28
As at December 31, 2019	195.94
Impairment of Goodwill (refer to Note 34)	(106.68)
Foreign currency translation	7.98
As at December 31, 2020	97.24

3(f) Other intangible assets

(₹ in million)

Particulars	Software	Non-competete	Customer contract	Total
At cost				
Gross Block				
As at January 01, 2019	245.29	82.20	18.73	346.22
Additions through Acquisition (refer to Note 34)	-	68.62	-	68.62
Additions	11.24	-	-	11.24
Deletions	(34.08)	-	-	(34.08)
Foreign currency translation	0.99	4.47	0.03	5.49
As at December 31, 2019	223.44	155.29	18.76	397.49
Reclassified on adoption of Ind AS 116 ¹	(2.54)	-	-	(2.54)
Additions	7.52	-	-	7.52
Deletions	(93.98)	-	-	(93.98)
Foreign currency translation	5.29	5.19	2.26	12.74
As at December 31, 2020	139.73	160.48	21.02	321.23
Accumulated amortisation				
As at January 01, 2019	239.57	60.28	18.73	318.58
Charge for the year	5.45	30.53	-	35.98
Deletions	(27.43)	-	-	(27.43)
Foreign currency translation	1.13	2.64	0.03	3.80
As at December 31, 2019	218.72	93.45	18.76	330.93
Reclassified on adoption of Ind AS 116 ¹	(0.08)	-	-	(0.08)
Charge for the year	3.78	20.26	-	24.04
Deletions	(94.23)	-	-	(94.23)
Foreign currency translation	5.53	3.66	2.26	11.45
As at December 31, 2020	133.72	117.37	21.02	272.11
Net Block				
As at December 31, 2019	4.72	61.84	-	66.56
As at December 31, 2020	6.01	43.11	-	49.12

Note:

(1) Refer to Note 33(a).

4. Investments

(₹ in million)

Particulars	As at December 31, 2020	As at December 31, 2019
A. Non-Current Investment		
Unquoted investments (fully paid), measured at FVTPL		
Investment in Saraswat Co-operative Bank Ltd		
2,500 (previous year 2,500) shares of ₹ 10 each fully paid up	0.03	0.03
Total Investment measured at FVTPL	0.03	0.03
Aggregate carrying value of Non-Current unquoted investments	0.03	0.03
B. Current Investment		
Quoted investment in mutual funds, measured at FVTPL		
9,139 (previous year 30,223) units of SBI Premier Liquid Fund	29.05	92.38
7,277 (previous year 22,709) units of HDFC Liquid Fund	29.02	87.17
115,669 (previous year 223,226) units of ICICI Prudential Liquid Fund	34.98	64.65
Nil (previous year 205,428) units of Aditya Birla Sunlife Liquid Fund	-	64.73
15,428 (previous year 15,428) units of Axis Liquid Fund	34.97	33.52
Total investment in mutual funds	128.02	342.45
Total current investment (quoted)	128.02	342.45

5. Other non-current financial assets

(₹ in million)

Particulars	As at December 31, 2020	As at December 31, 2019
Unsecured, considered good		
Security deposits	32.72	33.04
Margin money deposits (refer to Note 8b)	46.05	53.95
Bank deposits to be matured after 12 months from reporting date (refer to Note 8b)	-	51.40
Interest accrued on bank deposits	0.75	1.84
Staff advance	0.01	0.14
	79.53	140.37

6. Other non-current assets

(₹ in million)

Particulars	As at December 31, 2020	As at December 31, 2019
Unsecured, considered good		
Capital advances	-	10.75
Prepaid expenses	18.48	28.78
	18.48	39.53

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7. Trade receivables (Unsecured)

(₹ in million)

Particulars	As at December 31, 2020	As at December 31, 2019
Considered good	1,312.54	1,323.97
Credit impaired	28.93	32.75
Less: Allowance for doubtful debts (expected credit loss allowance)	(28.93)	(32.75)
	1,312.54	1,323.97

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-90 days	0.01% - 0.65%
90-180 days	0.11% - 1.23%
180-365 days	0.32% - 2.00%
More than 365 days	2.00%

* In case of probability of non-collection, credit loss rate is 100%

(₹ in million)

Movement in expected credit loss allowance	Year ended December 31, 2020	Year ended December 31, 2019
Balance at the beginning of the year	32.75	51.85
Provision for doubtful debts (net)	2.90	7.73
Bad debts written off	(8.04)	(26.31)
Effect of foreign exchange fluctuation / translation	1.32	(0.52)
Balance at the end of the year	28.93	32.75

8a. Cash and cash equivalents

(₹ in million)

Particulars	As at December 31, 2020	As at December 31, 2019
(a) Cash on hand	1.07	0.95
(b) Balances with scheduled banks		
(i) in current accounts	46.95	27.16
(ii) in EEFC accounts	210.99	147.89
(iii) in deposit accounts with original maturity of less than 3 months	423.40	204.71
(c) Balances with other banks		
(i) in current accounts	1,383.18	673.46
(ii) in deposit accounts with original maturity of less than 3 months	66.62	48.94
Cash and cash equivalents	2,132.21	1,103.11

8b. Other bank balances

(₹ in million)

Particulars	As at December 31, 2020	As at December 31, 2019
(a) In other deposit accounts		
(i) original maturity more than 12 months	626.36	316.51
(ii) original maturity more than 3 months but less than 12 months	368.48	183.18
(iii) held as margin money	46.05	53.95
Deposits with banks carried at amortised costs	1,040.89	553.64
Less: Bank deposits with original maturity of more than 12 months disclosed under Note 9	(626.36)	(265.11)
Less: Bank deposits to be matured after 12 months from reporting date disclosed under Note 5	-	(51.40)
Less: Margin money deposit disclosed under Note 5	(46.05)	(53.95)
	368.48	183.18
(b) Balances with scheduled banks		
(i) in unclaimed dividend accounts	2.14	2.39
(ii) Bank balance towards interim dividend (refer to Note 36)	-	180.51
Other bank balances	370.62	366.08

Note:

(i) For details of bank wise balances, refer to Note 8c.

8c. Cash and bank balances

(₹ in million)

S. No.	Particulars	As at December 31, 2020	As at December 31, 2019
A	Cash on hand	1.07	0.95
	Balance with scheduled banks		
B	In current accounts		
1	ICICI Bank Limited	29.66	12.36
2	HDFC Bank Limited	4.47	8.35
3	Punjab National Bank	0.86	0.55
4	State Bank of India	1.45	1.00
5	Axis Bank Limited	10.46	4.84
6	Kotak Mahindra Bank Limited	0.05	0.06
		46.95	27.16
C	In cash credit / overdraft accounts*		
1	Axis Bank Limited	-	-
		-	-
D	In EEFC accounts		
1	ICICI Bank Limited	103.43	73.81
2	Axis Bank Limited	107.56	74.08
		210.99	147.89

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TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

(₹ in million)

S. No.	Particulars	As at December 31, 2020	As at December 31, 2019
E	In deposit accounts		
1	State Bank of India	599.04	25.54
2	ICICI Bank Limited	54.47	12.53
3	Axis Bank Limited	289.90	269.38
4	Kotak Mahindra Bank Limited	-	113.75
5	Punjab National Bank	230.41	-
6	HDFC Bank Limited	149.55	60.00
		1,323.37	481.20
F	In unclaimed dividend accounts		
1	HDFC Bank Limited	2.14	2.12
2	Kotak Mahindra Bank Limited	-	0.27
		2.14	2.39
G	Bank balance towards interim dividend		
1	HDFC Bank Limited (refer to Note 36)	-	180.51
		-	180.51
	Balance with other banks		
H	In current accounts		
1	California Bank & Trust	454.78	156.82
2	JP Morgan Chase Bank, N.A.	7.93	16.56
3	Citibank Singapore Ltd	121.12	60.60
4	DBS Bank Ltd	112.77	70.86
5	Malayan Banking Berhad	70.93	59.99
6	Hang Seng Bank Limited	5.07	4.17
7	Siam Commercial Bank	41.56	25.48
8	Bank of China	19.74	13.89
9	Sumitomo Mitsui Banking Corporation	0.56	0.51
10	Mizuho Bank Ltd.	0.31	0.79
11	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	0.42	0.30
12	Natwest Bank	294.89	79.21
13	Santander Bank Polska S.A.	63.07	34.33
14	Mobiasbanca - Groupe Societe Generale SA	1.97	5.20
15	BRD Groupe Societe Generale SA	66.38	51.14
16	CIMB Bank BHD	9.35	0.65
17	Royal Bank of Canada	23.17	1.79
18	ING Bank N.V. Amsterdam	0.41	0.84
20	Trezorerie, Romania	16.73	-
21	PT Bank Permata Tbk	19.12	18.45
22	PT Bank DBS Indonesia	1.51	28.65
23	DBS Bank (China) Ltd.	28.96	25.54
24	Standard Chartered Bank	2.53	1.42
25	Credit Suisse	2.96	2.58
26	BDO Unibank Inc.	17.13	13.69
		1,383.37	673.46

(₹ in million)

S. No.	Particulars	As at December 31, 2020	As at December 31, 2019
	Balance with other banks		
I	In deposit accounts		
1	Mobiasbanca - Groupe Societe Generale SA	0.68	0.67
2	BRD Groupe Societe Generale SA	20.05	4.90
3	ING Bank N.V. Amsterdam	1.48	1.34
4	Citibank Singapore Ltd	1.66	1.60
5	BDO Unibank Inc.	0.33	0.34
6	Natwest Bank	14.64	14.29
7	DBS Bank	1.11	1.06
8	PT Bank DBS Indonesia	47.19	-
8	Luana Savings Bank	17.54	17.13
9	Wells Fargo National Bank West	17.54	17.13
10	Bankunited NA, Miami Lakes	17.54	-
11	Mizuho Bank, USA New York	17.54	-
12	Trust Bank (FKA BB&T)	17.90	-
13	Fifth Third Bank NA	14.61	-
14	Bank of China, New York	17.54	-
15	Banner Bank, Walla Walla	-	17.13
16	Synovus Bank, GA Columbus	-	17.42
17	Santander Bank NA, Wilmington	-	17.70
18	Wells Fargo Bank NA	-	17.78
19	Bank Of America Corporation, Charlotte	-	17.56
20	Morgan Stanley Bank NA	-	17.34
21	Beal Bank, USA Las Vegas	-	17.42
22	U.S. Bank National Association, Cincinnati	-	17.34
23	Bank of India, New York	-	17.35
24	Golman Sachs Bank, USA	-	17.42
25	BMO Harris Bank NA, Chicago	-	17.49
26	Valley National Bank, Wayne NJ	-	14.28
27	Independent Bank Grand Rapids	-	14.28
28	Mizrahi Tefahot Bank	-	14.28
29	Citizens Bank NA, Providence	-	15.71
30	JP Morgan Chase Bank	-	17.13
		207.35	326.09
	Total Cash and bank balances	3,175.24	1,839.65
	Cash and cash equivalents (refer to Note 8a)	2,132.21	1,103.11
	Deposits with banks (refer to Note 8b)	1,040.89	553.64
	Balance in unclaimed dividend accounts (refer to Note 8b)	2.14	2.39
	Bank balance towards interim dividend (refer to Note 8b)	-	180.51
	Total Cash and bank balances	3,175.24	1,839.65

*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.

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9. Other current financial assets

(₹ in million)

Particulars	As at December 31, 2020	As at December 31, 2019
Staff advance	8.85	7.40
Recoverable from related parties (refer to Note 32)	-	0.54
Unbilled revenue (refer to Note 19)	162.55	200.59
Security deposits	11.20	6.32
Bank deposits with original maturity of more than 12 months (refer to Note 8b)	626.36	265.11
Mark-to-market gain on derivative instruments (refer to Note 29)	54.66	13.29
Interest accrued on bank deposits	8.95	4.75
Others	16.94	3.93
	889.51	501.93

10. Other current assets

(₹ in million)

Particulars	As at December 31, 2020	As at December 31, 2019
Balances with indirect tax authorities	44.00	41.98
VAT recoverable	7.15	7.67
Unbilled revenue (refer to Note 19)	59.59	82.74
Prepaid expenses	130.33	111.38
Advance to vendors	10.51	10.24
Tour and travel advance	0.04	5.30
	251.62	259.31

11. Equity share capital

(₹ in million)

Particulars	As at December 31, 2020	As at December 31, 2019
Authorised		
206,000,000 (December 31 2019: 206,000,000) equity shares of ₹ 1 each	206.00	206.00
Issued, subscribed and fully paid up		
119,636,445 (December 31 2019: 120,337,925) equity shares of ₹ 1 each	119.64	120.34
Less: Shares held by R Systems Employees Welfare Trust [refer to Note f (i) below]	-	0.74
	119.64	119.60

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, 2020		Year ended December 31, 2019	
	Number	Amount (₹ in million)	Number	Amount (₹ in million)
At the beginning of the year	120,337,925	120.34	123,990,425	123.99
Buy-back of shares [refer to Note (d)(ii) below]	-	-	(3,690,000)	(3.69)
Shares cancelled pursuant to capital reduction scheme [#]	(738,980)	(0.74)	-	-
Issued during the year*	37,500	0.04	37,500	0.04
Outstanding at the closing of the year	119,636,445	119.64	120,337,925	120.34

[#] Hon'ble National Company Law Tribunal, New Delhi, vide order dated January 28, 2020, has approved the reduction in share capital of the Company under Section 66 of the Companies Act, 2013. Pursuant to the said order 738,980 fully paid up equity shares of ₹1/- each of the Company as held by R Systems Employees Welfare Trust have been cancelled and extinguished. Refer to Note f(i) below.

*The Company has issued 37,500(previous year 37,500) equity shares of ₹ 1 each at an exercise price of ₹ 12.07 per share pursuant to exercise of employee stock options under the R Systems International Limited Employee Stock Option Scheme 2007. Refer to Note f(ii) below.

(b) Terms/rights attached to equity shares:

The Company has only one class of equity shares having par value of ₹ 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:**(i) Shares issued pursuant to merger of GM Solutions Private Limited:**

Pursuant to the scheme of amalgamation approved by Hon'ble National Company Law Tribunal, New Delhi dated December 07, 2018 between GM Solutions Private Limited (GM Solutions) and the Company and their respective shareholders and creditors, 29,746,353 fully paid equity shares of the face value of ₹ 1/- each of the Company were issued and allotted to the equity shareholders of GM Solutions in the proportion of their respective equity shareholding in GM Solutions and equivalent number of shares of the Company as held by GM Solutions were cancelled and extinguished.

(ii) Shares bought back:

During the year ended December 31, 2019, the Company bought back 3.69 million equity shares of ₹ 1 each at a price of ₹ 65/- per equity share, payable in cash for a total consideration of ₹ 239.85 million by utilising the Securities Premium Account to the extent of ₹ 236.16 million and General Reserve to the extent of ₹ 3.69 million. The Capital Redemption Reserve was created out of General Reserve for ₹ 3.69 million being the nominal value of equity shares bought back in terms of Section 68 of the Companies Act, 2013. The equity shares bought back were extinguished on April 15, 2019.

During the year ended December 31 2016, the Company bought back 3 million equity shares of ₹ 1 each for an aggregate amount of ₹ 195 million. The equity shares bought back were extinguished on December 01, 2016.

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(e) Details of shareholders holding more than 5% shares in the Company

Name of shareholder	As at December 31 2020		As at December 31 2019	
	No. of shares held	% of Holding	No. of shares held	% of Holding
RightMatch Holdings Limited*	8,828,489	7.38	8,828,489	7.34
Satinder & Harpreet Rekhi Family Trust (Trustee: Satinder Singh Rekhi & Harpreet Rekhi)	11,818,061	9.88	11,818,061	9.82
Sartaj Singh Rekhi	18,860,269	15.76	19,260,269	16.01
Ramneet Singh Rekhi	16,396,505	13.71	16,396,505	13.63
Bhavook Tripathi#	44,091,982	36.85	44,091,982	36.64

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.

Not having significant influence over the Company.

* The Board of Directors of the Company at its meeting held on October 25, 2019 had approved the Scheme of Amalgamation under Section 230-232, 234 and other applicable provisions of the Companies Act, 2013 between RightMatch Holdings Limited (RightMatch), the company incorporated in Mauritius and the Company and their respective shareholders and creditors ("Scheme"). RightMatch forms part of the promoter and promoter group of the Company. It presently holds 8,828,489 equity shares constituting about 7.38% of total paid-up equity share capital of the Company. As per the proposed Amalgamation, RightMatch will be amalgamated into the Company. 8,828,489 equity shares of the Company as held by RightMatch will get cancelled and equivalent number of equity shares of the Company will be issued and allotted to the equity shareholders of RightMatch in the same proportion of their respective shareholding in RightMatch.

During the year ended December 31, 2020, the scheme has been approved by the shareholders, and creditors of the Company through Postal Ballot and E-voting as directed by the National Company Law Tribunal, New Delhi (NCLT). Subsequent to the year end, NCLT has approved the Scheme. However, the approval from the statutory authorities in Mauritius is still awaited.

(f) Employees Stock Option Plan

(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 ₹ 3.38 million. Consequently, Indus had allotted 21,967 equity shares of ₹ 10 each at a premium of ₹ 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 ₹ 2 each at a premium of ₹ 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 ₹ 2 each into one equity share of ₹ 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 ₹ 10 each into 10 equity shares of ₹ 1 each. Consequently, the total number of shares issued are now 738,980 equity shares of ₹ 1 each, which are treated as Treasury Shares.

The account balances 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. As at December 31, 2019, an amount of ₹ 0.74 million and ₹ 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, 2020 and the year ended December 31, 2019 is set out below:

Particulars	Year ended December 31, 2020	Year ended December 31, 2019
At the beginning		
- Grants outstanding under the plan (₹ 1 per share)	-	-
- Grants pending determination by the Compensation Committee (₹ 1 per share)	738,980	738,980
During the year		
- Options granted (₹ 1 per share)	-	-
- Options exercised (₹ 1 per share)	-	-
- Options/grants lapsed or surrendered (₹ 1 per share) *	(738,980)	-
At the end		
- Grants outstanding under the plan (₹ 1 per share)	-	-
- Grants pending determination by the Compensation Committee (₹1 per share)	-	738,980

*Consequent to the approval of Hon'ble National Company Law Tribunal, New Delhi vide order dated January 20, 2020, 738,980 fully paid up equity shares of ₹1/- each of the Company as held by R Systems Employees Welfare Trust have been cancelled and extinguished and accordingly issued, subscribed and paid-up capital and securities premium account has been reduced by ₹ 0.74 million and ₹ 2.28 million, respectively.

(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 ₹ 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 ₹ Nil. Further, during the year ended December 31, 2014, the Company had sub-divided equity shares of ₹ 10 each into 10 equity shares of ₹ 1 each, the exercise price is accordingly adjusted from ₹ 120.70 per share to ₹ 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 ₹ 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.

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TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

The movement in the options during the year ended December 31, 2020 and year ended December 31, 2019 is set out below:

Particulars	Year ended December 31, 2020	Year ended December 31, 2019
At the beginning		
- Grants outstanding under the plan (₹ 1 per share)	37,500	75,000
- Grants pending determination by the Compensation Committee (₹ 1 per share)	-	-
During the year		
- Options granted (₹ 1 per share)	-	-
- Options exercised (₹ 1 per share)	(37,500)	(37,500)
- Options/grants lapsed or surrendered (₹ 1 per share)	-	-
- Option lapsed for determination by the Compensation Committee on expiry of the effective date	-	-
At the end		
- Grants outstanding under the plan (₹ 1 per share)	-	37,500
- Grants pending determination by the Compensation Committee (₹1 per share)	-	-
Options vested during the year	37,500	37,500

For options exercised during the year, the weighted average share price at the exercise date was ₹ 92.32 (Previous year ₹ 46.68).

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	Outstanding option under ESOP Plan 2001*	Outstanding option under ESOP Plan 2007
Stock option fair value using Black - Scholes option pricing	Nil	49.89
Exercise price	154.00	12.07
Expected volatility (in %)	0.5	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
Exercise period	1 year from the date of grant	10 years from the date of grant
Dividend yield (in %)	15.00	1.32
Risk-free interest rate (in %)	11.30	7.84

*Originally the price was based on ₹ 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 ₹ 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 ₹ 2 each into 1 equity share of ₹ 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 ₹ 10 each into 10 equity shares of ₹ 1 each as per record date of February 28, 2014.

12. Other equity

Particulars	(₹ in million)	
	As at December 31, 2020	As at December 31, 2019
a. Securities premium Securities premium is used to record premium received on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013.	46.66	44.37
b. Capital redemption reserve The capital redemption reserve was created by transfer from general reserve of an amount equal to the nominal value of equity shares bought back by the Company. It is utilised in accordance with the provisions of the Companies Act, 2013.	3.69	3.69
c. Stock options outstanding 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.	-	1.72
d. General Reserve The General Reserve is used from time to time to transfer profits from retained earnings for appropriation purposes.	155.04	155.04
e. Capital Reserve 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
f. Retained earnings Retained earnings comprises the Company's undistributed earnings after taxes.	3,604.41	2,796.95
g. Other comprehensive income		
Re-measurement of defined benefit plans Re-measurement of defined benefit plans consists of re-measurement of net defined benefit liability / assets (net of tax).	(11.98)	(0.79)
Foreign currency translation reserve 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 recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve.	348.66	261.73
Other equity	4,146.51	3,262.74

Note:

(1) Year-wise movement of the individual line items above is given in the Statement of Changes in Equity.

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TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

13. Non-current borrowings (at amortised cost)

(₹ in million)

Particulars	As at December 31, 2020	As at December 31, 2019
Term loans		
- Motor vehicle loan from non banking financial corporation (secured)	8.12	13.20
- PPP forgivable loan	222.05	-
Finance lease obligations (Unsecured)	-	48.88
	230.17	62.08
Less:		
Current maturities of term loans (refer to Note 16)		
- Motor vehicle loan	4.30	5.08
- PPP forgivable loan	142.25	-
Current maturities of finance lease obligation (refer to Note 16)	-	3.92
	83.62	53.08

Notes:

- (1) Motor vehicle loans are secured by hypothecation of underlying motor vehicles and carry interest rate ranging from 8.34% to 10.26% per annum. The term loans are repayable in equated monthly instalments ranging from 35 to 60 months from the date of loan.
- (2) PPP forgivable loan is unsecured and carries interest @ 1% per annum. The loan has been obtained under the Paycheck Protection Program (PPP) by Small Business Administration, United States of America ("SBA"). The aforesaid PPP loan is forgivable subject to certain conditions specified in the agreement. The unforgivable amount if any, is repayable by May 2022.

The Company has applied for the forgiveness as specified in the loan agreement and will account for the same post its confirmation from SBA. This accounting treatment is in accordance with Ind AS-20 "Accounting for Government Grants and Disclosure of Government Assistance".

14. Other non-current financial liabilities

(₹ in million)

Particulars	As at December 31, 2020	As at December 31, 2019
Contingent consideration for business acquisition (Refer to Note 28 b & 34)	44.27	116.23
Security deposit	2.42	3.99
Lease liabilities [refer to Note 33(a)]	425.36	-
	472.05	120.22

15. Provisions

(₹ in million)

Particulars	As at December 31, 2020	As at December 31, 2019
Long-term provision for employee benefits		
- Gratuity	174.94	133.20
	174.94	133.20

Refer to Note 21 for detailed disclosures for gratuity.

16. Other current financial liabilities

(₹ in million)

Particulars	As at December 31, 2020	As at December 31, 2019
Current maturities of term loans (refer to Note 13)		
- Motor vehicle loans	4.30	5.08
- PPP forgivable loan	142.25	-
Current maturities of finance lease obligation (refer to Note 13)	-	3.92
Security deposits received	10.13	9.08
Lease liabilities [refer to Note 33(a)]	62.80	-
Liability for interim dividend (refer to Note 36)	-	179.40
Investor education and protection fund (not due) - Unclaimed dividend	2.14	2.39
Employee benefits payable	225.23	174.92
Capital creditors	3.92	-
Advance from Customer	5.44	4.14
JSS benefit payable *	26.50	-
Other financial liabilities	7.32	4.56
	490.03	383.49

* JSS benefit payable is related to government grant under Job Support Scheme (JSS) received in Singapore for IT consulting operations, which is required to be passed on to the end customers.

17. Provisions

(₹ in million)

Particulars	As at December 31, 2020	As at December 31, 2019
Short-term provision for employee benefits		
- Gratuity	5.07	-
- Compensated absences	218.94	166.60
	224.01	166.60

Refer to Note 21 for detailed disclosures for gratuity.

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TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

18. Other current liabilities

(₹ in million)

Particulars	As at December 31, 2020	As at December 31, 2019
Statutory dues payable		
Tax deducted at source / Withholding tax payable	26.53	24.03
PF / 401 K / other payables	62.29	44.62
GST / Service tax / VAT payable	33.45	28.58
Others	0.43	0.34
Unearned revenues (refer to Note 19)	360.46	286.13
Deferred grant from Government	15.09	0.23
	498.25	383.93

19. Revenue from operations

(₹ in million)

Particulars	Year ended December 31, 2020	Year ended December 31, 2019
Sale of services	8,805.91	8,093.75
	8,805.91	8,093.75

Disaggregate revenue information

The table below presents disaggregated revenues from the Group's contracts with customers by geography and customer's industry type. The Company believes this disaggregation best depicts how the nature, amount, timing and uncertainty of its revenues and cash flows are affected by industry, market and other economic factors.

Revenue by geography:

(₹ in million)

Particulars	Year ended December 31, 2020	Year ended December 31, 2019
India	139.42	121.55
North America	5,989.62	5,278.21
South East Asia	1,430.63	1,373.15
Europe	1,164.27	1,212.10
Others	81.97	108.74
	8,805.91	8,093.75

Revenue by customer's industry type :

(₹ in million)

Particulars	Year ended December 31, 2020	Year ended December 31, 2019
Technology	4,118.90	3,610.88
Telecom	761.08	821.24
Healthcare and life science	506.02	575.35
Finance and insurance	1,235.63	1,076.55
Others	2,184.28	2,009.73
	8,805.91	8,093.75

Trade receivables and contract balances

The company classifies the right to consideration in exchange for deliverables as either receivable or as unbilled revenue.

A receivable is right to consideration that is unconditional upon passage of time. Revenue for time and material contracts are recognised as related service are performed. Revenue for fixed price maintenance contracts is recognised on a straight line basis over the period of contract. Revenue in excess of billing is recorded as unbilled revenue and is classified as a financial asset for these cases as right to consideration is unconditional upon passage of time.

Revenue recognition for fixed price development contracts is based on percentage of completion method. Invoicing to clients is based on milestones as defined in the contract. This would result in timing of revenue recognition being different from the timing of billing the customers. Unbilled revenue for fixed price development contracts is classified as non financial assets as the contractual right to consideration is dependent on completion of contractual milestones.

Invoicing in excess of earnings is classified as unearned revenue.

Trade receivables and unbilled revenues are presented net of impairment in Balance Sheet.

Performance obligations and remaining performance obligations

The remaining performance obligation disclosures provide the aggregate amount of transaction price yet to be recognised as of the end of the reporting period and an explanation as to when the Group expects to recognise these amounts as revenue. Applying the practical expedients as given in IND AS 115, the Group has not disclosed the remaining performance obligations related disclosures where the revenue recognised corresponds directly with the value to customer of the entity's performance completed to date, typically those contracts where invoicing is on the basis of time-and-material basis. Remaining performance obligation estimates are subject to change and are affected by several factors, including terminations, changes in the scope of contracts, periodic revalidations, adjustment of revenue that has not materialised and adjustments for currency.

Disclosure relating to remaining performance obligation relating to fixed bid price contracts require the aggregate amounts of transaction price yet to be recognised as revenue at the reporting date and expected timelines to recognise these amounts. In view of the fact that all outstanding contracts have an original expected duration for completion of less than a year no disclosure is warranted.

20. Other income

Particulars	(₹ in million)	
	Year ended December 31, 2020	Year ended December 31, 2019
Interest income on		
- Bank deposit	52.19	59.95
- Financial instruments measured at amortised cost	0.91	0.51
- Others	0.10	-
Rental income from investment property	6.44	6.72
Foreign exchange fluctuation (net)	33.45	57.08
Profit on sale of property, plant and equipment (net)	-	0.65
Lease rent concession [refer to Note 33 (a)]	15.51	-
Profit on discard of right-of-use assets	2.32	-
Net gain arising on financial assets measured at FVTPL	12.43	17.94
Miscellaneous income	5.80	11.00
	129.15	153.85

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TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

21. Employee benefits expense

(₹ in million)

Particulars	Year ended December 31, 2020	Year ended December 31, 2019
Salaries, wages and bonus	5,640.27	4,989.61
Gratuity expenses	31.63	26.64
Contribution to provident and other funds	285.25	249.95
Employees' share based payments expense	0.15	0.67
Staff welfare expenses	158.97	195.26
	6,116.27	5,462.13

(a) The Code on Social Security, 2020 (the 'Code')

The Code relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

(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 ₹ 2 million (previous year ₹ 2 million).

Amount recognised in the statement of profit and loss in respect of gratuity cost (defined benefit plan) is as follows:

(₹ in million)

Particulars	Year ended December 31, 2020	Year ended December 31, 2019
Service cost	23.52	19.00
Net interest cost	8.11	7.64
Net gratuity expense recognised in profit and loss	31.63	26.64
Remeasurement loss / (gain) recognised in OCI	15.79	12.70
Total Cost Recognised in Comprehensive Income	47.42	39.34

Details of defined benefit gratuity plan:

(₹ in million)

Particulars	As at December 31, 2020	As at December 31, 2019
Defined benefit obligation	200.13	158.81
Fair value of plan assets	20.12	25.61
Net defined benefit obligation	180.01	133.20

Changes in the defined benefit obligation are as follows:

(₹ in million)

Particulars	Year ended December 31, 2020	Year ended December 31, 2019
Opening defined benefit obligation	158.81	130.56
Service cost	23.52	19.00
Interest cost	9.81	8.83
Benefits paid	(7.64)	(12.70)
Actuarial (gains) / losses on obligation	15.63	13.12
Closing defined benefit obligation	200.13	158.81

Changes in the fair value of plan assets are as follows:

(₹ in million)

Particulars	Year ended December 31, 2020	Year ended December 31, 2019
Opening fair value of plan assets	25.61	16.16
Expected return	1.70	1.19
Contributions by the employer	0.61	20.54
Benefits paid	(7.64)	(12.70)
Actuarial gains / (losses) on plan assets	(0.16)	0.42
Closing fair value of plan assets	20.12	25.61

Sensitivity Analysis

Sensitivity analysis for each significant actuarial assumptions namely discount rate and salary assumptions is given below:

(₹ in million)

Defined Benefit Obligation	As at December 31, 2020	As at December 31, 2019
Discount rate		
a. Discount rate - 100 basis points	216.77	172.06
b. Discount rate + 100 basis points	185.72	147.32
Salary increase rate		
a. Rate - 100 basis points	186.97	148.27
b. Rate + 100 basis points	213.80	169.70

Maturity Profile of Defined Benefit Obligation

(₹ in million)

Expected Future Cash flows	As at December 31, 2020	As at December 31, 2019
Year 1	25.18	22.54
Year 2	19.07	17.08
Year 3	17.51	15.16
Year 4	15.38	13.93
Year 5	15.71	11.82
Year 6 to10	56.09	48.24
Year 10 +	206.45	174.12

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TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

The major categories of plan assets as a percentage of the fair value of total plan assets:

	As at December 31, 2020	As at December 31, 2019
Investments with Life Insurance Corporation of India	100%	100%

The principal assumptions used in determining gratuity are shown below:

(A) Financial Assumptions

	As at December 31, 2020	As at December 31, 2019
Discount rate	5.74%	6.65%
Increment rate	First year 10%, thereafter 7%	First year 10%, thereafter 7%

(B) Demographic Assumptions

	As at December 31, 2020	As at December 31, 2019
Mortality Rate	IALM (2012-14) Ultimate	IALM (2012-14) Ultimate
Withdrawal Rate	Below Age 30 yrs - 35%	Below Age 30 yrs - 35%
	Age 30 to 34 Yrs - 22%	Age 30 to 34 Yrs - 22%
	Age 34 to 44 Yrs - 17%	Age 34 to 44 Yrs - 17%
	Age 44 to 50 Yrs - 3%	Age 44 to 50 Yrs - 3%
	Age 50 to 54 Yrs - 2%	Age 50 to 54 Yrs - 2%
	Above Age 54 Yrs -1%	Above Age 54 Yrs -1%
Retirement age	60 Yrs	60 Yrs

22. Finance costs

Particulars	(₹ in million)	
	Year ended December 31, 2020	Year ended December 31, 2019
Interest expense on term loans	2.76	1.08
Interest expense on lease liabilities [refer to Note 33(a)]	41.37	3.66
Interest expenses on fair value of contingent consideration	12.49	10.91
Interest under income tax	0.04	-
	56.66	15.65

23. Depreciation and amortisation expense

Particulars	(₹ in million)	
	Year ended December 31, 2020	Year ended December 31, 2019
Depreciation of property, plant and equipment	118.34	111.41
Depreciation on right-of-use assets [refer to Note 33(a)]	112.19	-
Depreciation on investment property	1.47	1.47
Amortisation of intangible assets	24.04	35.98
	256.04	148.86

24. Other expenses

Particulars	(₹ in million)	
	Year ended December 31, 2020	Year ended December 31, 2019
Power and fuel	41.04	51.56
Rent - premises	37.73	143.20
Software subscription charges	94.44	82.86
Repair and maintenance	60.31	63.63
Commission	15.04	11.67
Travelling and conveyance	120.39	341.37
Communication costs	105.22	82.58
Legal and professional fees (including subcontracting expenses)	682.98	706.13
Cost of third party items	133.93	189.89
Auditors' remuneration (refer detail below)	25.10	22.99
Provision for doubtful debts (net)	2.90	7.73
Provision for doubtful advance (net)	2.60	1.10
Loss on sale / discarding of property, plant and equipment (net)	0.19	-
Contribution towards corporate social responsibility (refer detail below)	5.26	6.52
Miscellaneous expenses	194.20	190.38
	1,521.33	1,901.61

(i) Detail of auditors remuneration

Particulars	(₹ in million)	
	Year ended December 31, 2020	Year ended December 31, 2019
As auditor of the Company:		
Audit fee		
- Statutory audit fee	1.87	1.70
- Quarterly audit / limited review fee	2.73	2.56
- Out-of-pocket expenses	0.69	0.65
In other capacity:		
- Certification	0.40	0.20
Audit & other fees to the subsidiaries auditors	19.41	17.88
	25.10	22.99

(ii) Contribution towards corporate social responsibility

Particulars	(₹ in million)	
	Year ended December 31, 2020	Year ended December 31, 2019
Amount required to be spent by the Company during the year	8.55	8.25
Amount spend by the Company in accordance with its Corporate Social Responsibility Policy	5.26	6.52

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TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

25. Exceptional items - net (refer to Note 34)

(₹ in million)

Particulars	Year ended December 31, 2020	Year ended December 31, 2019
Impairment of Goodwill	106.68	-
Other fair value gain on contingent consideration	(88.03)	-
	18.65	-

26. Income tax

(₹ in million)

Particulars	Year ended December 31, 2020	Year ended December 31, 2019
Current income tax		
In respect of the current year	211.08	160.60
In respect of the prior periods	(4.91)	(25.76)
Deferred tax charge / (credit)	(61.95)	3.27
Income tax expense recognised in the statement of profit and loss	144.22	138.11
Income tax recognised in other comprehensive income		
Deferred tax arising on income and expense recognised in other comprehensive income		
Net loss / (gain) on re-measurement of defined benefit plan	(4.60)	(4.37)
	139.62	133.74

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:

(₹ in million)

Particulars	Year ended December 31, 2020	Year ended December 31, 2019
Profit before tax	966.11	719.35
Enacted income tax rate in India	29.12%	29.12%
Computed expected tax expense	281.33	209.47
Tax effect of:		
Income exempt from tax	(120.29)	(70.22)
Temporary differences not recognised in earlier year	(14.60)	3.25
Expenses that are not deductible in determining taxable profit	6.26	4.96
Different tax rates of other tax jurisdictions	(4.46)	6.30
Tax pertaining to prior years	(4.91)	(25.76)
Change in corporate tax rate	-	12.35
Others	0.89	(2.24)
Income tax expense recognised in the statement of profit and loss	144.22	138.11

Deferred tax assets and liabilities are attributable to the following:

(₹ in million)

Particulars	Deferred tax assets		Deferred tax (Liabilities)	
	As at December 31, 2020	As at December 31, 2019	As at December 31, 2020	As at December 31, 2019
Deferred tax assets				
Provision for doubtful debts	1.89	1.99		
Provision for gratuity	52.42	38.87		
Other employee benefits	60.93	45.23		3.39
Impact of Ind AS 116 (Leases)	12.07	-		
MAT credit entitlement	13.88	-		
Tax Losses	17.77	9.97		
Other Differences	2.78	-		
Total Deferred tax assets (A)	161.74	96.06	-	3.39
Deferred tax liabilities				
Difference on account of Revenue Recognition	(1.60)	-		(4.71)
Difference between accounting base and tax base for depreciable assets	(7.13)	(15.60)		
Net gain on fair value of mutual funds	(5.25)	(8.57)		
Mark-to-market gain on derivative instruments	(9.58)	(2.55)		
Adjustment for change in the tax accounting method	(4.74)	(6.81)		
Total Deferred tax Liabilities (B)	(28.30)	(33.53)	-	(4.71)
Net deferred tax assets / (liabilities) (A+B)	133.44	62.53	-	(1.32)

Deferred tax**Deferred tax assets / (liabilities) as at December 31, 2020 in relation to:**

(₹ in million)

Particulars	As at January 01, 2020	Adjustment due to adoption of Ind AS 116 [refer to Note 33(a)]	Credited / (Charged) to profit and loss	Credited / (Charged) in other comprehensive income	Currency translation	As at December 31, 2020
Difference between accounting base and tax base for depreciable assets	(15.60)		8.65	-	(0.18)	(7.13)
Provision for doubtful debts	1.99		(0.12)	-	0.02	1.89
Difference on account of Revenue Recognition	(4.71)		3.42	-	(0.31)	(1.60)
Provision for gratuity	38.87		8.95	4.60	-	52.42
Other employee benefits	48.62		11.51	-	0.80	60.93
Mark-to-market gain on derivative instruments	(2.55)		(7.03)	-	-	(9.58)
Net gain on fair value of mutual funds	(8.57)		3.32	-	-	(5.25)

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TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

(₹ in million)

Particulars	As at January 01, 2020	Adjustment due to adoption of Ind AS 116 [refer to Note 33(a)]	Credited / (Charged) to profit and loss	Credited / (Charged) in other comprehensive income	Currency translation	As at December 31, 2020
Impact of Ind AS 116 (Leases)	-	5.09	6.92	-	0.06	12.07
MAT credit entitlement	-		13.88	-	-	13.88
Tax Losses	9.97		7.51	-	0.29	17.77
Adjustment for change in the tax accounting method	(6.81)		2.26	-	(0.19)	(4.74)
Other Differences	-		2.68	-	0.10	2.78
Total	61.21	5.09	61.95	4.60	0.59	133.44

Deferred tax assets / (liabilities) as at December 31, 2019 in relation to:

(₹ in million)

Particulars	As at January 01, 2019	Addition through Acquisition (refer to Note 34)	Credited / (Charged) to profit and loss	Credited / (Charged) in other comprehensive income	Currency translation	As at December 31, 2019
Difference between accounting base and tax base for depreciable assets	(11.97)	-	(4.31)	-	0.68	(15.60)
Provision for doubtful debts	6.54	-	(4.58)	-	0.03	1.99
Difference on account of Revenue Recognition	-	-	(4.68)	-	(0.03)	(4.71)
Provision for gratuity	38.54	-	(4.04)	4.37	-	38.87
Other employee benefits	43.53		4.78	-	0.31	48.62
Mark-to-market gain on derivative instruments	(5.40)	-	2.85	-	-	(2.55)
Net gain on fair value of mutual funds	(4.03)	-	(4.54)	-	-	(8.57)
Tax Losses	-	-	9.90	-	0.07	9.97
Adjustment for change in the tax accounting method	-	(8.00)	1.35	-	(0.16)	(6.81)
Total	67.21	(8.00)	(3.27)	4.37	0.90	61.21

The Group has not recognised deferred tax assets on the following:

Particulars	(₹ in million)	
	As at December 31, 2020	As at December 31, 2019
Unused tax losses of foreign jurisdiction *	1,708.60	1,744.48

*The unused tax losses will be expired based on tax laws of the relevant jurisdictions.

The Group has two units at Greater Noida registered as Special Economic Zone (SEZ) units which are 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.

27. Earnings per share

Reconciliation of number of equity shares used in the computation of basic and diluted earnings per share is as follows:

Particulars	Year ended December 31, 2020		Year ended December 31, 2019	
Profit for the year (₹ in million)	821.89		581.24	
Weighted average number of equity shares for calculating Basic EPS	119,617,859		120,577,253	
Weighted average number of equity shares resulting from assumed exercise of employee stock options	-		24,493	
Weighted average number of equity shares for calculating Diluted EPS	119,617,859		120,601,747	
Earnings per share (Face value of shares ₹ 1)				
Basic (₹)	6.87		4.82	
Diluted (₹)	6.87		4.82	

28. a. Financial instruments

The carrying values and fair values of financial instruments by categories are as follows:

Particulars	Note reference	Basis of measurement	(₹ in million)				Fair value hierarchy
			As at December 31 2020		As at December 31 2019		
			Carrying value	Fair value	Carrying value	Fair value	
Assets							
Investments in other equity instruments	4	FVTPL	0.03	0.03	0.03	0.03	Level 3
Investments in mutual funds	4	FVTPL	128.02	128.02	342.45	342.45	Level 1
Trade receivables	7	Amortised cost	1,312.54	1,312.54	1,323.97	1,323.97	
Cash and cash equivalents	8a	Amortised cost	2,132.21	2,132.21	1,103.11	1,103.11	
Other bank balances	8b	Amortised cost	370.62	370.62	366.08	366.08	

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(₹ in million)

Particulars	Note reference	Basis of measurement	As at December 31 2020		As at December 31 2019		Fair value hierarchy
			Carrying value	Fair value	Carrying value	Fair value	
Mark-to-market gain on derivative instruments	9	FVTPL	54.66	54.66	13.29	13.29	Level 2
Other financial assets (Other than derivative instruments)	5,9	Amortised cost	914.38	914.38	629.01	629.01	
Total			4,912.46	4,912.46	3,777.94	3,777.94	
Liabilities							
Borrowings	13	Amortised cost	230.17	230.17	62.08	62.08	
Trade payables		Amortised cost	215.97	215.97	253.39	253.39	
Contingent consideration for business acquisition	14	FVTPL	44.27	44.27	116.23	116.23	Level 3
Other financial liabilities	14,16	Amortised cost	771.26	771.26	378.48	378.48	
Total			1,261.67	1,261.67	810.18	810.18	

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.

b. Fair value measurement using significant Unobservable Inputs (Level 3)

The following table presents the changes in level 3 items for the year ended December 31, 2020 and December 31, 2019

(₹ in million)

Particulars	Investments in other equity instruments	Deferred payment compensation for business acquisition	Contingent consideration for business acquisition
As at January 1, 2019	0.03	22.29	-
Addition through Acquisition (refer to Note 34)	-	-	102.76
Interest expenses on fair value of contingent consideration	-	-	10.91
Amount Paid during the year	-	(22.40)	-

(₹ in million)

Particulars	Investments in other equity instruments	Deferred payment compensation for business acquisition	Contingent consideration for business acquisition
FCTR losses recognised in other comprehensive income	-	0.11	2.56
As at December 31, 2019	0.03	-	116.23
Interest expenses on fair value of contingent consideration	-	-	12.49
Other fair value gain on contingent consideration	-	-	(88.03)
FCTR losses recognised in other comprehensive income	-	-	3.58
As at December 31, 2020	0.03	-	44.27

c. Valuation inputs and relationships to fair value of contingent Consideration

(₹ in million)

Particulars	Fair value		Significant unobservable inputs	Probability-weighted range		Sensitivity
	As at December 31, 2020	As at December 31, 2019		As at December 31, 2020	As at December 31, 2019	
Contingent consideration for business acquisition (refer to Note 34)	44.27	116.23	Expected cash outflows	50.05	135.99	If expected cash flows were 10% lower, the FV would decrease by ₹ 4.43 mn (2019 ₹ 11.62 mn).
			Discount rate	10.40%	10.40%	A change in discount rate by 100 bps would increase / decrease the FV by ₹ 0.50 mn / 0.49 mn (2019 ₹ 1.64 mn / 1.60 mn).

29. 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 minimise 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.

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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' 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 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 not applied hedge accounting as these forward contracts do not qualify for hedge accounting. As at December 31, 2020, the Group has recognised mark-to-market asset of ₹ 54.66 million (previous year : ₹ 13.29 million) relating to aforesaid foreign currency forward contracts resulting in to mark-to-market gain of ₹ 41.37 million (previous year mark-to-market loss of ₹ 9.3 million) for the year ended December 31, 2020 recorded as foreign exchange fluctuation.

The following table gives details in respect of outstanding foreign currency forward contracts:

Particular	As at December 31, 2020	As at December 31, 2019
USD		
Foreign currency (million)	26.00	20.30
Average rate	76.97	73.19
Rupees (million)	2,001.21	1,485.69
EURO		
Foreign currency (million)	2.35	4.05
Average rate	88.82	83.63
Rupees (million)	208.72	338.72

The following table analyses Group's foreign currency exposure from non-derivative financial instruments as of December 31, 2020 and December 31, 2019:

As at December 31, 2020	Designated in foreign currency			Total
	USD	EURO	Others [#]	
Trade receivables	523.31	223.39	59.88	806.58
Other financial assets	1.11	-	1.49	2.60
Cash and cash equivalents and bank balances	464.00	104.99	3.14	572.13
Trade and other payables	99.06	91.21	2.53	192.80
As at December 31, 2019	Designated in foreign currency			Total
	USD	EURO	Others[#]	
Trade receivables	473.24	203.68	26.77	703.69
Other financial assets	1.20	1.56	0.09	2.85
Cash and cash equivalents and bank balances	342.34	43.49	3.39	389.22
Trade and other payables	67.69	17.86	2.10	87.65

[#] Others include currencies such as SGD, GBP, CAD, CHF etc.

Foreign currency sensitivity analysis

For the year ended December 31, 2020 and December 31, 2019, every percentage point depreciation / appreciation in the exchange rate between the Indian rupee and foreign currencies, would decrease / increase Group's profit before tax margin by approximately 0.95% and 1.06%, 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:

Particulars	(₹ in million)	
	Year ended December 31, 2020	Year ended December 31, 2019
Revenue from top customer	675.86	480.61
Revenue from top 5 customers	1,669.25	1,650.54

No customer accounted for more than 10% of the revenue for the year ended December 31, 2020 and December 31, 2019. Further, there is one customer account for more than 10% of the receivable as at December 31, 2020 and no customer had more than 10% of the receivable as at December 31, 2019.

Investments including bank deposits

Credit risk on cash and bank balance is limited as the Group generally invests in deposits with banks. Investments primarily includes investment in liquid mutual funds having good rating. 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.

As at December 31, 2020, the Group had a working capital of ₹ 3,589.12 million including cash and cash equivalents and current fixed deposits of ₹ 3,127.05 million and current investments of ₹ 128.02 million. As at December 31, 2019, the Group had a working capital of ₹ 2,657.38 million including cash and cash equivalents and current fixed deposits of ₹ 1,551.40 million and current investments of ₹ 342.45 million. Accordingly, no liquidity risk is perceived.

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The table below provides details regarding the contractual maturities of significant financial liabilities:

(₹ in million)

Particular	As at December 31, 2020	As at December 31, 2019
Less than 1 year		
Borrowings	146.55	9.00
Trade payables	215.97	253.39
Other financial liabilities	343.48	374.49
More than 1 year		
Borrowings	83.62	53.08
Other financial liabilities	472.05	120.22

30. 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 maximise shareholder value. The capital structure is as follows:

(₹ in million)

Particular	As at December 31, 2020	As at December 31, 2019
Total equity attributable to the equity share holders of the Group	4,266.15	3,382.34
As percentage of total capital	85.59%	98.20%
Borrowings (including current maturities)	230.17	62.08
Lease liabilities (including current maturities)	488.16	-
Total borrowings and lease liabilities	718.33	62.08
As percentage of total capital	14.41%	1.80%
Total capital (equity, borrowings and lease liabilities)	4,984.48	3,444.42

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.

31. 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 services
- Business process outsourcing services

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, North America, South East Asian countries, Europe and Other areas.

The following table provides required information for reportable segments for the year ended December 31, 2020 and December 31, 2019

(₹ in million)

Particulars	Information technology services		Business process outsourcing services		Eliminations		Corporate and others		Total	
	Year ended		Year ended		Year ended		Year ended		Year ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
REVENUE										
External sales	8,144.49	7,406.43	661.42	687.32					8,805.91	8,093.75
Inter-segment sales			25.06	30.88	25.06	30.88				
Total revenue	8,144.49	7,406.43	686.48	718.20	25.06	30.88			8,805.91	8,093.75
RESULT										
Segment result	926.89	689.98	129.63	57.93					1,056.52	747.91
Unallocated corporate expenses							(124.47)	(98.03)	(124.47)	(98.03)
Operating profit									932.05	649.88
Finance costs							(56.66)	(15.65)	(56.66)	(15.65)
Interest income							53.20	60.46	53.20	60.46
Other unallocable income							18.87	24.66	18.87	24.66
Exceptional items - net (refer to Note 25)							18.65	-	18.65	-
Tax expense							(144.22)	(138.11)	(144.22)	(138.11)
Profit for the year									821.89	581.24
Other segment Information										
Depreciation and amortisation	246.93	139.47	7.64	7.78			1.47	1.61	256.04	148.86

Refer to Note 19 for geography-wise revenue.

Refer to Note 29 on financial risk management for information on revenue from major customers.

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32. 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 & Chief Executive Officer	R Systems International Limited, India
		Director	R Systems, Inc., USA
		Director	R Systems (Singapore) Pte Ltd, Singapore
		Director	R Systems Technologies Ltd. USA
		Director	R Systems Computaris International Limited, UK
		Director	RSYS Technologies Ltd., Canada
		Director	R Systems IBIZCS Pte. Ltd., Singapore
2	Lt. Gen. Baldev Singh (Retd.)	President & Senior Executive Director	R Systems International Limited, India
3	Avirag Jain	Director & Chief Technology Officer	R Systems International Limited, India
4	Ruchica Gupta	Non-Executive Independent Director	R Systems International Limited, India
		Director	R Systems, Inc., USA
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	R Systems Consulting Services Limited, Singapore
		Director	R Systems Technologies Ltd. USA
		Director	R Systems IBIZCS Pte. Ltd., Singapore (w.e.f. October 14, 2020)
		Director	RSYS Technologies Ltd., Canada
8	Chan Kum Ming	Director	R Systems Consulting Services Limited, Singapore
		Director	R Systems (Singapore) Pte Ltd, Singapore
9	Raluca Marina Rusu	Director	R Systems Computaris International Limited, UK
10	Joydeep Sen Chaudhuri	Director	R Systems (Singapore) Pte Ltd, Singapore
11	Gunalan Kalairajan	Director	R Systems IBIZCS Pte. Ltd., Singapore
12	Nand Sardana	Chief Financial Officer	R Systems International Limited, India
13	Bhasker Dubey	Company Secretary & Compliance Officer	R Systems International Limited, India

- (ii) Relatives of Key management personnel
- Ramneet Singh Rekhi, (related to Satinder Singh Rekhi) President – R Systems
 - Mandeep Singh Sodhi, [related to Lt. Gen. Baldev Singh (Retd.)], Chief Operating Officer – R Systems USA Operations
 - Kuldeep Baldev Singh [related to Lt. Gen. Baldev Singh (Retd.)]
 - Amrita Kaur Rekhi, (related to Satinder Singh Rekhi),
 - 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, Mauritius [refer to Note 11(e)]
 - Satinder and Harpreet Rekhi Family Trust, USA

Details of transactions with related parties for the year ended December 31, 2020 and December 31, 2019:

(₹ in million)

Particulars	Year ended December 31, 2020	Year ended December 31, 2019
Remuneration to key management personnel		
Short term employee benefits	196.69	190.98
Post-employment benefits	0.39	0.37
Other long-term employee benefits	1.54	(0.20)
Shared based payments	0.15	0.67
Sitting fee to independent directors	0.68	0.83
Total	199.45	192.65
Shares buyback		
Satinder & Harpreet Rekhi Family Trust, USA	-	21.62
RightMatch Holdings Limited, Mauritius	-	16.10
Sartaj Singh Rekhi	-	35.12
Ramneet Singh Rekhi	-	29.97
Satinder Singh Rekhi	-	5.58
Mandeep Singh Sodhi	-	1.08
Lt. Gen. Baldev Singh (Retd.)	-	0.21
Harpreet Rekhi	-	2.68
Amrita Kaur Rekhi	-	1.59
Nand Sardana	-	0.22
Total	-	114.17

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Particulars	(₹ in million)	
	Year ended December 31, 2020	Year ended December 31, 2019
Dividend paid#		
Satinder Singh Rekhi	4.59	-
Harpreet Rekhi	2.20	-
Satinder & Harpreet Rekhi Family Trust, USA	17.73	-
RightMatch Holdings Limited, Mauritius	13.24	-
Ramneet Singh Rekhi	24.60	-
Sartaj Singh Rekhi	28.89	-
Amrita Kaur Rekhi	1.31	-
Kuldeep Baldev Singh	0.01	-
Anita Behl*	0.00	-
Mandeep Singh Sodhi	0.88	-
Lt. Gen. Baldev Singh (Retd.)	0.15	-
Avirag Jain*	0.00	-
Nand Sardana	0.24	-
Chan Kum Ming	0.01	-
Total	93.85	-
Travel and other expenses reimbursed to the Company by		
RightMatch Holdings Limited, Mauritius	2.31	0.54
Total	2.31	0.54
Rent		
Satinder Singh Rekhi & Harpreet Rekhi	14.63	13.89
Total	14.63	13.89

This represents interim dividend for the year 2019 declared on December 14, 2019 which was paid to shareholders on January 06, 2020.

* Dividend paid to: (a) Anita Behl ₹ 2,546; (b) Avirag Jain ₹ 150.

Outstanding balances of related parties as at December 31, 2020 and December 31, 2019:

Balance outstanding	(₹ in million)	
	As at December 31, 2020	As at December 31, 2019
Other current financial assets		
RightMatch Holdings Limited, Mauritius	-	0.54
Total	-	0.54
Balance payable to key management personnel		
Satinder Singh Rekhi	10.96	10.71
Lt. Gen. Baldev Singh (Retd.)	0.60	2.02
Avirag Jain	1.48	1.11
Raluca Marina Rusu	3.50	2.85
Joydeep Sen Chaudhuri	0.59	0.46
Nand Sardana	0.76	-
Total	17.89	17.15

33. Leases

a. Group as a lessee - Transition to Ind AS 116

Effective January 01, 2020, the Group adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on January 01, 2020 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Group recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the rate implicit in the lease or the incremental borrowing rate at the date of initial application.

The following is the summary of practical expedients elected on initial application:

1. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.
2. Applied the exemption not to recognise right-of-use assets and liabilities for low value leases.
3. Excluded the initial direct costs from the measurement of the right-of-use asset.
4. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

On adoption of Ind AS 116,

- a. The Group has recognised right-of use assets of ₹ 294.53 million and corresponding lease liability ₹ 314.04 million by adjusting retained earnings net of taxes of ₹ 14.43 million (including the impact of deferred tax asset created of ₹ 5.09 million as at January 01, 2020).
- b. Net carrying value of assets procured under the finance lease of ₹ 56.41 million (gross carrying and accumulated depreciation value ₹ 65.52 million and ₹ 9.11 million respectively) have been reclassified from Property, Plant and Equipment and Intangibles assets to Right- Of-Use assets.
- c. Obligations under Finance leases ₹ 48.89 million (non-current and current obligation under finance leases ₹ 44.96 million and ₹ 3.93 million respectively) have been reclassified to lease liabilities.
- d. Prepaid rent on leasehold land and other assets, which were earlier classified under other assets have been reclassified to right-of-use assets by ₹ 9.66 million.

Reconciliation of operating lease commitments as at December 31, 2019 under Ind AS 17 disclosed under Note 33 of annual consolidated financial statements forming part of 2019 Annual Report with the lease liabilities recognised in the Balance Sheet as at January 01, 2020:

	(₹ in million)
Particulars	Amount
Operating lease commitment as on December 31, 2019	483.27
Recognition exemption for low value and short term lease	(12.36)
Impact of discounting future lease payments	(156.88)
Lease liabilities recognized as on January 01, 2020	314.04

Where the rate implicit in the lease is not determinable, the Group has discounted lease payments using the applicable incremental borrowing rate as at January 01, 2020. The weighted average incremental borrowing rate used by the Group is 7.80%.

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Movement schedule of right-of-use assets and lease liability as at December 31, 2020:

Particulars	(₹ in million)	
	Right-of-use Assets	Lease Liability
Recognised on adoption of Ind AS 116 as at January 01, 2020	294.53	314.04
Add: Reclassified as at January 01, 2020 on adoption of Ind AS 116 (net)	66.07	48.89
Add: Additions during the year	224.16	217.91
Add: Interest accrued on lease liability during the year ended December 31, 2020	-	41.37
Less: Depreciation during the year	(112.19)	-
Less: Termination of lease contract	(9.33)	(11.66)
Less: Lease rent concessions received during year accounted for as per Para 46A of Ind AS 116	-	(15.51)
Less: Actual rent payment during the year	-	(117.52)
Add: Effect of foreign exchange fluctuation / translation	7.18	10.64
Balance as at December 31, 2020	470.42	488.16

Note: The closing balance of lease liability as at December 31, 2020 has been classified and disclosed under current and non-current financial liabilities.

b. Group as a lessor

The Group 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, 2020 and December 31, 2019 is ₹ 6.44 million and ₹ 6.72 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. R Systems, Inc. (a wholly owned subsidiary of the Company) had completed the acquisition of 100% interest in Innovizant LLC, (Innovizant) effective January 1, 2019. Innovizant is engaged in providing IT Services focused on advanced analytics, data engineering, and digital connected systems.

In accordance with agreement, the R Systems, Inc. had paid ₹ 69.78 million (USD 1 million) at closing of the transaction and accrued contingent consideration of ₹ 132.92 million (USD 1.91 million) payable over the next three years on fulfillment of certain conditions. Further, R Systems, Inc. had paid an additional amount of ₹ 26.04 million (USD 0.37 million) as working capital adjustment as per the agreement.

Particulars	(₹ in million)	
	Amount	
Initial consideration	69.78	
Adjustment of working capital	26.04	
Contingent consideration*	102.76	
Total purchase consideration (Total A)	198.58	
Assets, liabilities and Intangible Assets recognised on acquisition are as follows:		
Identifiable Assets		
Non-Compete Agreement	68.62	

Particulars	Amount
Cash and cash equivalents	16.66
Trade receivables	33.29
Other current financial assets	3.01
Total Identifiable Assets (Total B)	121.58
Identifiable Liabilities	
Trade payables	3.99
Other current financial liabilities	6.99
Other current liabilities	3.03
Current tax liability (net)	1.72
Deferred tax liabilities (net)	8.00
Total Identifiable Liabilities (Total C)	23.73
Net Identifiable assets acquired D = (B-C)	97.85
Goodwill E = (A-D)	100.73

*Contingent consideration is payable on achievement of pre-determined business target. As at December 31, 2019, Management has estimated that these targets will be achieved and valued the consideration by applying a discount rate of 10.40% p.a.

All profits / losses relating to Innovizant subsequent to the date of acquisition are included in these consolidated financial statements.

During the year ended December 31, 2020, the management has reversed the earn out payable amounting to Rs. 88.03 mn (USD 1.19 mn) which is not due to the ex-shareholder of Innovizant, basis the conditions specified in the agreement. The management has assessed the carrying value of goodwill recognised on acquisition and has impaired Rs. 106.68 mn (USD 1.44 mn) as the expected recoverable value is less than the carrying value of the asset due to non-achievement of thresholds as specified in the agreement.

The impairment charge, net off the reversal of earn out payable has been disclosed as "Exceptional items-net" in the Consolidated Statement of Profit and Loss.

35. 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 Companies incorporated in India under the Group are 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 Companies incorporated in India under the Group, 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, 2020	As at December 31, 2019
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

NOTES

TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006	As at December 31, 2020	As at December 31, 2019
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

- 36.** The Board of Directors of the Company at its meeting held on December 14, 2019 had declared an interim dividend for the year 2019 at the rate ₹ 1.50/- per equity share of face value of ₹ 1 each. As at December 31, 2019, the Company transferred the interim dividend amount to a separate bank account. The aforesaid interim dividend was paid on January 06, 2020.

37. Estimation of uncertainties relating to the global health pandemic from COVID-19:

In assessing the recoverability of receivables including unbilled receivables, contract assets and contract costs, goodwill, intangible assets, and certain investments, the Group has considered internal and external information upto the date of approval of these consolidated financial results including credit reports and economic forecasts. The Group has performed sensitivity analysis on the assumption used and based on certain indicators of future economic conditions, the Group expects to recover the carrying amounts of these assets. The impact of the global health pandemic may be different from that estimated as at the date of approval of these consolidated financial results and the Group will continue to closely monitor any material changes to future economic conditions.

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, 2020	Amount in ₹ (Mn)	December 31, 2020	As % of consolidated profit or loss	December 31, 2020	As % of consolidated other comprehensive income	December 31, 2020	As % of consolidated total comprehensive income
	Parent Entity								
1	R Systems International Limited, India	61.16	3,426.82	74.99	700.97	100.00	(11.19)	74.70	689.78
	Subsidiaries								
	Indian Subsidiaries								
1	IBIZ Consultancy Services India Private Limited., India	0.07	3.76	0.16	1.48	-	-	0.16	1.48
	Foreign Subsidiaries								
1	R Systems (Singapore) Pte Limited, Singapore	8.45	473.27	(0.52)	(4.82)	-	-	(0.52)	(4.82)
2	R Systems, Inc., USA	11.36	636.68	(6.19)	(57.86)	-	-	(6.27)	(57.86)
3	R Systems Technologies Ltd., USA	0.08	4.53	0.95	8.99	-	-	0.97	8.99
4	R Systems Consulting Services Limited, Singapore	2.26	126.36	1.00	9.39	-	-	1.02	9.39
5	R Systems Consulting Services (M) Sdn. Bhd., Malaysia	0.88	49.39	2.25	21.06	-	-	2.28	21.06
6	R Systems Consulting Services (Hong Kong) Ltd, Hong Kong	0.07	3.70	0.16	1.46	-	-	0.16	1.46
7	R Systems Consulting Services (Thailand) Co., Ltd., Thailand	0.02	0.87	1.08	10.09	-	-	1.09	10.09
8	R Systems Consulting Services Kabushiki Kaisha, Japan	(0.63)	(35.17)	0.24	2.26	-	-	0.24	2.26
9	ECnet (Shanghai) Co. Limited, People's Republic of China	(1.04)	(58.21)	(0.15)	(1.40)	-	-	(0.15)	(1.40)
10	R Systems Computaris International limited, UK	7.02	393.33	11.87	110.94	-	-	12.01	110.94
11	R Systems Computaris Europe SRL, Romania	3.88	217.25	4.81	44.92	-	-	4.86	44.92
12	R Systems Computaris Poland Sp. z o.o., Poland	1.19	66.76	1.95	18.19	-	-	1.97	18.19
13	R Systems Computaris S.R.L., Moldova	0.57	31.88	1.03	9.62	-	-	1.04	9.62
14	R Systems Computaris Malaysia Sdn. Bhd., Malaysia	0.17	9.80	0.36	3.36	-	-	0.36	3.36

NOTES

TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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, 2020	Amount in ₹ (Mn)	December 31, 2020	Amount in ₹ (Mn)	December 31, 2020	Amount in ₹ (Mn)	December 31, 2020	Amount in ₹ (Mn)
		As % of consolidated net assets	As % of consolidated profit or loss	As % of consolidated other comprehensive income	As % of consolidated comprehensive income				
15	R Systems Computaris Philippines Pte. Ltd. Inc., Philippines	0.16	(0.03)	-	(0.32)	-	-	(0.03)	(0.32)
16	R Systems Computaris Suisse Sari, Switzerland	0.06	0.06	-	0.52	-	-	0.06	0.52
17	RSYS Technologies Ltd., Canada	1.21	3.05	-	28.47	-	-	3.08	28.47
18	R Systems IBIZCS Pte. Ltd., Singapore	2.02	2.45	-	22.89	-	-	2.48	22.89
19	IBIZ Consulting Services Pte Ltd., Singapore	0.57	0.04	-	0.42	-	-	0.05	0.42
20	R Systems IBIZ Sdn. Bhd., Malaysia	0.05	(0.79)	-	(7.39)	-	-	(0.80)	(7.39)
21	PT. R Systems IBIZCS International, Indonesia	0.96	1.96	-	18.32	-	-	1.98	18.32
22	IBIZ Consulting Service Limited, Hong Kong	0.03	0.00	-	0.02	-	-	0.00	0.02
23	IBIZ Consulting Service Shanghai Co., Ltd., People's Republic of China	(0.82)	0.54	-	5.05	-	-	0.55	5.05
24	IBIZ Consulting (Thailand) Co. Ltd, Thailand	0.09	(0.22)	-	(2.01)	-	-	(0.22)	(2.01)
25	Innovizant LLC, USA (Subsidiary w.e.f. January 01, 2019)	0.16	(1.07)	-	(10.01)	-	-	(1.08)	(10.01)
	Sub total	100.00	100.00	100.00	934.79	100.00	(11.19)	100.00	923.60
	Adjustment arising out of consolidation				(112.90)		86.93		(25.97)
	Total				821.89		75.74		897.63

S. No.	Entity	Net Assets, i.e., total assets minus total liabilities December 31, 2019		Share in profit or loss December 31, 2019		Share in other comprehensive income December 31, 2019		Share in total comprehensive income December 31, 2019	
		As % of consolidated net assets	Amount in ₹ (Mn)	As % of consolidated profit or loss	Amount in ₹ (Mn)	As % of consolidated other comprehensive income	Amount in ₹ (Mn)	As % of consolidated total comprehensive income	Amount in ₹ (Mn)
	Parent Entity								
1	R Systems International Limited, India	59.11	2,746.92	87.85	514.95	100.00	(8.33)	87.68	506.62
	Subsidiaries								
	Indian Subsidiaries								
1	IBIZ Consultancy Services India Private Limited, India	0.05	2.29	1.30	7.63	-	-	1.32	7.63
	Foreign Subsidiaries								
1	R Systems (Singapore) Pte Limited, Singapore	9.88	459.16	(0.43)	(2.53)	-	-	(0.44)	(2.53)
2	R Systems, Inc., USA	14.59	677.94	0.60	3.50	-	-	0.61	3.50
3	R Systems Technologies Ltd., USA	(0.09)	(4.27)	0.82	4.88	-	-	0.84	4.88
4	R Systems Consulting Services Limited, Singapore	2.41	112.02	(7.69)	(45.07)	-	-	(7.79)	(45.07)
5	R Systems Consulting Services (M) Sdn. Bhd., Malaysia	0.57	26.65	1.82	10.66	-	-	1.84	10.66
6	ECnet, Inc., USA (Liquidated on January 22, 2019)	-	-	-	-	-	-	-	-
7	R Systems Consulting Services (Hong Kong) Ltd, Hong Kong	0.05	2.19	0.30	1.75	-	-	0.30	1.75
8	R Systems Consulting Services (Thailand) Co., Ltd., Thailand	(0.20)	(9.41)	1.42	8.34	-	-	1.44	8.34
9	R Systems Consulting Services Kabushiki Kaisha, Japan	(0.75)	(34.89)	0.10	0.56	-	-	0.10	0.56
10	ECnet (Shanghai) Co. Limited, People's Republic of China	(1.12)	(51.96)	(1.66)	(9.72)	-	-	(1.68)	(9.72)
11	R Systems Computaris International limited, UK	5.29	245.72	1.35	7.90	-	-	1.37	7.90
12	R Systems Computaris Europe SRL, Romania	5.08	235.97	8.11	47.55	-	-	8.23	47.55
13	R Systems Computaris Poland Sp. z o.o., Poland	0.99	46.00	1.86	10.88	-	-	1.88	10.88
14	R Systems Computaris S.R.L, Moldova	0.47	21.79	1.15	6.74	-	-	1.17	6.74
15	R Systems Computaris Malaysia Sdn. Bhd., Malaysia	0.13	6.09	0.32	1.90	-	-	0.33	1.90
16	R Systems Computaris Philippines Pte. Ltd. Inc., Philippines	0.21	9.58	(0.13)	(0.79)	-	-	(0.14)	(0.79)

NOTES

TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

S. No.	Entity	Net Assets, i.e., total assets minus total liabilities December 31, 2019		Share in profit or loss December 31, 2019		Share in other comprehensive income December 31, 2019		Share in total comprehensive income December 31, 2019	
		As % of consolidated net assets	Amount in ₹ (Mn)	As % of consolidated profit or loss	Amount in ₹ (Mn)	As % of consolidated other comprehensive income	Amount in ₹ (Mn)	As % of consolidated comprehensive income	Amount in ₹ (Mn)
17	R Systems Computaris Switzerland LLC, Switzerland	0.05	2.28	(0.17)	(1.02)	-	-	(0.18)	(1.02)
18	RSYS Technologies Ltd., Canada	0.19	8.91	(0.02)	(0.12)	-	-	(0.02)	(0.12)
19	R Systems IBIZCS Pte. Ltd., Singapore	1.85	86.18	3.75	21.98	-	-	3.80	21.98
20	IBIZ Consulting Services Pte Ltd., Singapore	0.65	30.21	0.09	0.50	-	-	0.09	0.50
21	R Systems IBIZ Sdn. Bhd., Malaysia	0.22	10.15	(0.15)	(0.87)	-	-	(0.15)	(0.87)
22	PT. R Systems IBIZCS International, Indonesia	0.79	36.62	3.10	18.17	-	-	3.14	18.17
23	IBIZ Consulting Service Limited, Hong Kong	0.03	1.43	(0.02)	(0.13)	-	-	(0.02)	(0.13)
24	IBIZ Consulting Service Shanghai Co., Ltd., People's Republic of China	(1.00)	(46.69)	0.92	5.41	-	-	0.94	5.41
25	IBIZ Consulting (Thailand) Co. Ltd, Thailand (Incorporated on June 21, 2019)	0.15	7.20	-	-	-	-	0.00	0.00
26	Innovizant LLC, USA (Subsidiary w.e.f. January 01, 2019)	0.40	18.46	(4.59)	(26.91)	-	-	(4.66)	(26.91)
	Sub total	100.00	4,646.54	100.00	586.14	100.00	(8.33)	100.00	577.81
	Adjustment arising out of consolidation		(1,264.20)		(4.90)		35.62		30.72
	Total		3,382.34		581.24		27.29		608.53

39. The financial statements have been approved by the Board of Directors at its meeting held on February 16, 2021.

For and on behalf of the Board of Directors of R SYSTEMS INTERNATIONAL LIMITED

sd/-
SATINDER SINGH REKHI
Managing Director &
Chief Executive Officer
DIN: 00006955

Place : Singapore
Date : February 16, 2021

sd/-
LT. GEN. BALDEV SINGH (RETD.)
President & Senior Executive
Director
DIN: 00006966

Place : NOIDA
Date : February 16, 2021

sd/-
NAND SARDANA
Chief Financial Officer

Place : New Delhi
Date : February 16, 2021

sd/-
BHASKER DUBEY
Company Secretary &
Compliance Officer

Place : NOIDA
Date : February 16, 2021

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, 2020	Singapore Dollar	55.26	421.69	51.63	522.58	49.26	-	364.75	(4.98)	-	(4.98)	-	100.00%
2	R Systems, Inc., USA	December 31, 2020	US Dollar	73.07	112.34	524.34	1,015.24	378.56	-	1,726.60	(64.00)	(6.79)	(57.21)	-	100.00%
3	R Systems Technologies Ltd., USA	December 31, 2020	US Dollar	73.07	17.81	(13.28)	38.69	34.16	-	219.88	11.82	2.93	8.89	-	100.00%
4	R Systems Consulting Services Limited, Singapore ⁽¹⁾	December 31, 2020	Singapore Dollar	55.26	4,782.73	(4,656.36)	178.23	51.86	-	191.06	9.79	0.11	9.68	-	99.75%
5	R Systems Consulting Services (M) Sdn. Bhd. Malaysia ⁽²⁾	December 31, 2020	Malaysian Ringgit	18.10	74.21	(24.82)	103.17	53.78	-	282.36	21.70	0.02	21.68	-	99.75%
6	R Systems Consulting Services (Hong Kong) Limited, Hong Kong ^{(2)&(4)}	December 31, 2020	Hong Kong Dollar	9.41	-	3.70	5.95	2.25	-	8.31	1.41	(0.03)	1.44	-	99.75%
7	R Systems Consulting Services (Thailand) Co. Ltd., Thailand ⁽²⁾	December 31, 2020	Thai Baht	2.44	4.88	(4.01)	99.88	99.01	-	165.55	12.20	1.76	10.44	-	99.75%
8	R Systems Consulting Services Kabushiki Kaisha, Japan ⁽²⁾	December 31, 2020	Japanese Yen	0.71	7.10	(42.32)	1.32	36.54	-	1.70	2.34	0.02	2.32	-	99.75%
9	ECNet (Shanghai) Co. Limited, People's Republic of China ⁽²⁾	December 31, 2020	Chinese Yuan	11.16	18.47	(76.68)	26.96	85.17	-	29.11	(1.46)	-	(1.46)	-	99.75%
10	R Systems Computaris International Limited, UK	December 31, 2020	Euro	89.74	0.07	393.27	500.40	107.06	-	273.63	124.15	6.11	118.04	-	100.00%

(₹ 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
11	R Systems Computaris Europe SRL, Romania ⁽³⁾	December 31, 2020	Romanian leu	18.44	52.59	164.66	448.54	231.29	-	1,223.21	58.96	11.49	47.47	-	100.00%
12	R Systems Computaris Poland sp z o.o., Poland ⁽³⁾	December 31, 2020	Polish Zloty	19.64	39.28	27.47	157.46	90.71	-	301.32	18.90	0.10	18.80	-	100.00%
13	R Systems Computaris SRL, Moldova ⁽³⁾	December 31, 2020	Moldovan leu	4.30	0.02	31.86	35.61	3.73	-	115.10	18.32	8.75	9.57	-	100.00%
14	R Systems Computaris Malaysia Sdn. Bhd., Malaysia ⁽³⁾	December 31, 2020	Malaysian Ringgit	18.10	1.74	8.06	11.41	1.61	-	38.30	4.81	1.35	3.46	-	100.00%
15	R Systems Computaris Philippines Pte. Ltd. Inc. Philippines ⁽³⁾	December 31, 2020	Philippine Peso	1.52	15.20	(6.21)	40.97	31.98	-	56.04	(0.47)	(0.14)	(0.33)	-	100.00%
16	R Systems Computaris Switzerland LLC, Switzerland ⁽³⁾	December 31, 2020	Swiss Franc	82.93	4.40	(1.28)	4.66	1.54	-	12.24	0.55	-	0.55	-	100.00%
17	RSYS Technologies Ltd., Canada	December 31, 2020	Canadian Dollar	57.31	91.70	(24.12)	121.65	54.07	-	261.05	32.25	2.64	29.61	-	100.00%
18	R Systems IBIZCS Pte. Ltd., Singapore ⁽⁵⁾	December 31, 2020	Singapore Dollar	55.26	63.60	49.78	266.37	152.99	-	329.54	23.61	-	23.61	-	100.00%
19	IBIZ Consulting Services Pre Ltd., Singapore ⁽⁶⁾	December 31, 2020	Singapore Dollar	55.26	80.13	(48.22)	34.36	2.45	-	64.33	0.47	0.04	0.43	-	100.00%
20	R Systems IBIZCS SDN.BHD., Malaysia ⁽⁶⁾	December 31, 2020	Malaysian Ringgit	18.10	9.05	(6.10)	57.99	55.04	-	63.80	(8.69)	(1.08)	(7.61)	-	100.00%
21	PT. RSYSTEMS IBIZCS International, Indonesia ⁽⁶⁾	December 31, 2020	Indonesia Rupiah	0.01	25.00	82.78	163.60	55.82	-	153.48	45.95	9.30	36.65	-	100.00%
22	IBIZ Consultancy Services India Private Limited., India ^{(6) & (8)}	December 31, 2020	Indian Rupee	1.00	0.50	3.26	4.87	1.11	-	8.05	1.28	(0.20)	1.48	-	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 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
23	IBIZ Consulting Service Limited, Hong Kong ⁽⁶⁾	December 31, 2020	Hong Kong Dollar	9.41	0.09	1.40	59.50	58.01	-	6.66	0.02	-	0.02	-	100.00%
24	IBIZ Consulting Service Shanghai Co., Ltd., People's Republic of China ⁽⁷⁾	December 31, 2020	Chinese Yuan	11.16	5.35	(51.07)	28.95	74.67	-	17.03	5.96	0.70	5.26	-	100.00%
25	IBIZ Consulting (Thailand) Co. Ltd. Thailand ⁽⁶⁾	December 31, 2020	Thai Baht	2.44	7.32	(2.09)	5.74	0.51	-	-	(2.08)	-	(2.08)	-	100.00%
26	Innovizant LLC, USA	December 31, 2020	US Dollar	73.07	30.61	(21.62)	9.34	0.35	-	2.84	(11.76)	(2.04)	(9.72)	-	100.00%

Notes:

- R Systems International Limited holds 69.37% directly in R Systems Consulting Services 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 R Systems Consulting Services Limited, Singapore.
- Wholly owned subsidiary of R Systems Consulting Services Limited, Singapore which is the subsidiary of R Systems International Limited as explained in note no 1.
- Wholly owned subsidiary of R Systems Computaris International Limited, United Kingdom, which is the wholly owned subsidiary of R Systems International Limited.
- The absolute amount of share capital in R Systems Consulting Services (Hong Kong) Limited, Hong Kong is ₹ 12/- (2 ordinary shares of HKD 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 R Systems IBIZCS Pte. Ltd., Singapore which is the wholly-owned subsidiary of R Systems (Singapore) Pte Limited, Singapore as explained in note no. 5
- Wholly owned subsidiary of IBIZ Consulting Service Limited, Hong Kong which is the wholly-owned subsidiary of R Systems IBIZCS Pte. Ltd., Singapore as explained in note no. 6
- 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 & Chief Executive Officer
DIN: 00006955

Place : Singapore
Date : February 16, 2021

sd/-
LT. GEN. BALDEV SINGH (RETD.)
President & Senior Executive Director
DIN: 00006966

Place : NOIDA
Date : February 16, 2021

sd/-
NAND SARDANA
Chief Financial Officer

Place : New Delhi
Date : February 16, 2021

sd/-
BHASKER DUBEY
Company Secretary & Compliance Officer

Place : NOIDA
Date : February 16, 2021

NOTICE

R SYSTEMS INTERNATIONAL LIMITED

NOTICE OF THE TWENTY SEVENTH ANNUAL GENERAL MEETING

[Corporate Identification Number – L74899DL1993PLC053579]

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

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; Email: rsil@rsystems.com

NOTICE is hereby given that Twenty Seventh Annual General Meeting of the shareholders of R SYSTEMS INTERNATIONAL LIMITED (the "Company"/ "R Systems") will be held on Wednesday, May 19, 2021 at 10:00 A.M. through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") to transact the following business:

AS ORDINARY BUSINESS

1. To receive, consider and adopt audited financial statements (including consolidated financial statements) of the Company for the financial year ended December 31, 2020 and the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a director in place of Mr. Avirag Jain (DIN: 00004801), who retires by rotation and being eligible, offers himself for reappointment.

AS SPECIAL BUSINESS

3. To consider and approve the payment of Remuneration to Dr. Satinder Singh Rekhi as Managing Director & Chief Executive 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 the provisions of Sections 196, 197, 198 and other applicable provisions of the Companies Act, 2013 ("Act") and the rules made thereunder read with Schedule V of the Act, and applicable provisions under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") (including any modification or re-enactment thereof for the time being in force) and as per the approval of the members dated December 19, 2018, approval of the members of the Company be and is hereby granted for payment of remuneration to Dr. Satinder Singh Rekhi (DIN: 00006955) as Managing Director & Chief Executive Officer (MD & CEO) of the Company for a period commencing from January 01, 2022 to December 31, 2023 in accordance with the provisions of the Act and applicable R Systems policies on the following terms and conditions:

1. Compensation: He will be paid at the rate of USD 400,000 (USD Four Lakhs only) per annum as base salary by the Company and/or its subsidiaries. This will be payable semi-monthly on the 15th day of each month and again on the last day of the month. Applicable taxes will be deducted from his gross earnings;
2. Automobile: The Company will furnish him with an automobile including maintenance and fuel expenses, comparable to his position, while employed with the Company;
3. Health Insurance: He and his qualified dependents will be eligible to receive health insurance coverage through the Company or its subsidiaries insurance carriers. The terms, conditions and eligibility requirements for such insurance coverage are set forth in the summary plan description(s) describing the coverage;
4. Other benefits: He will be eligible to participate in the Company's or R Systems, Inc.'s retirement plans in accordance with the prevalent policies;
5. Incentive: He will also be entitled for an annual incentive of 2% of the consolidated net profits subject to a maximum of USD 300,000 (USD Three Lakhs only);
6. Annual increment up to 5% on base salary of the immediate previous year.

RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any financial year during the tenure of Dr. Satinder Singh Rekhi as MD & CEO of the Company, the Company shall pay him the remuneration as specified above as minimum remuneration.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to vary, alter and modify the terms and conditions related to remuneration/ remuneration structure of Dr. Satinder Singh Rekhi within the limits set out above.

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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 or any other principal officer of the Company on such conditions as the Board may prescribe.”

4. To consider and approve the re-appointment 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 and other applicable provisions of the Companies Act, 2013 (“Act”) and the rules made thereunder read with Schedule V of the Act and applicable provisions under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) (including any modification or re-enactment thereof for the time being in force) and the Articles of Association of the Company, the approval of the Members of the Company be and is hereby granted for the re-appointment and payment of remuneration of Lt. Gen. Baldev Singh (Retd.) (DIN: 00006966) as Whole-time Director designated as President and Senior Executive Director of the Company, liable to retire by rotation, for a period of two years i.e. w.e.f. April 01, 2021 to March 31, 2023 on the following terms and conditions:

1. Consolidated annual salary of ₹ 8,000,000/- (Rupees Eighty Lakhs Only).
2. Periodic bonus as per the incentive scheme of the Company subject to a maximum of ₹ 2,000,000/- (Rupees Twenty 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 ₹ 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 ₹ 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 ₹ 600,000/- (Rupees Six Lakhs Only) at the end of year 2021 subject to overall customer satisfaction, employee motivation & morale, growth in revenue & profitability with approval of Managing Director & Chief Executive Officer.
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 & Chief Executive Officer.
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 President and Senior Executive Director of the Company, the Company shall pay him the remuneration as specified above as the 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 of the Company be and is hereby authorised to vary, alter and modify the terms and conditions of re-appointment including roles & responsibilities, designation and remuneration structure of Lt. Gen. Baldev Singh (Retd.) President and Senior Executive Director, within the limits set out above.

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 & Chief Executive Officer of the Company on such conditions as the Board may deem fit.”

5. To consider and approve the re-appointment of Mrs. Ruchica Gupta (DIN: 06912329), as Non-Executive Independent 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 149, 150 and 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (the “Act”) read with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) (including any statutory modification(s) or re-enactment thereof for the time being in force), and as per the recommendation of the Nomination & Remuneration Committee, Mrs. Ruchica Gupta (DIN: 06912329) who holds office of Non-Executive Independent Director of the Company up to June 28, 2021 and who has submitted a declaration that she meets the criteria for independence as provided under Section 149(6) of the Act and Regulation 16(1) (b) of the Listing Regulations and in respect of whom the Company has received a notice in writing from a member proposing her candidature for the office of Director, be and is hereby re-appointed as Non-Executive Independent Director of the Company not liable to retire by rotation, for a second term of 5 (five) consecutive years from June 29, 2021 upto June 28, 2026.

RESOLVED FURTHER THAT the Board of Directors of the Company (including its committee thereof), be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution.”

6. To consider and approve the re-appointment of Mr. Kapil Dhameja (DIN: 02889310), as Non-Executive Independent 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 149, 150 and 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (the “Act”) read with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) (including any statutory modification(s) or re-enactment thereof for the time being in force) and as per the recommendation of the Nomination & Remuneration Committee, Mr. Kapil Dhameja (DIN: 02889310) who holds office of Non-Executive Independent Director of the Company up to June 28, 2021 and who has submitted a declaration that he meets the criteria for independence as provided under Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby re-appointed as a Non-Executive Independent Director of the Company, not liable to retire by rotation, for a second term of 5 (five) consecutive years from June 29, 2021 upto June 28, 2026.

RESOLVED FURTHER THAT the Board of Directors of the Company (including its committee thereof), be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution.”

7. To consider and approve the re-appointment of Mr. Aditya Wadhwa (DIN: 07556408), as Non-Executive Independent 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 149, 150 and 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (the “Act”) read with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) (including any statutory modification(s) or re-enactment thereof for the time being in force) and as per the recommendation of the Nomination & Remuneration Committee, Mr. Aditya Wadhwa (DIN: 07556408) who

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holds office of Non-Executive Independent Director of the Company up to June 28, 2021 and who has submitted a declaration that he meets the criteria for independence as provided under Section 149(6) of the Act and Regulation 16(1) (b) of the Listing Regulations and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby re-appointed as a Non-Executive Independent Director of the Company, not liable to retire by rotation, for a second term of 5 (five) consecutive years from June 29, 2021 upto June 28, 2026.

RESOLVED FURTHER THAT the Board of Directors of the Company (including its committee thereof), be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution.”

8. To consider the Payment of performance bonus to Mr. Avirag Jain, 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 the provisions of Section 197,198 and other applicable provisions of the

Companies Act, 2013 and the rules made thereunder (the “Act”) read with Schedule V of the Act, and applicable provisions under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) (including any modification or re-enactment thereof for the time being in force) approval of the members of the Company, be and is hereby granted for payment of performance Bonus of ₹ 800,000/- (Rupees Eight Lakhs Only) for the year 2021 to Mr. Avirag Jain, Director & Chief Technology Officer of the Company in addition to his present remuneration as approved by the Members at the 26th Annual General Meeting of the Company held on June 30, 2020.

RESOLVED FURTHER THAT the Board of Directors of the Company (including its committee thereof), be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution.”

By Order of the Board
For R Systems International Limited

Sd/-

Bhasker Dubey

(Company Secretary & Compliance Officer)

Place : NOIDA

Date : April 20, 2021

NOTES

1. As you are aware, in view of the situation arising due to COVID-19 global pandemic, the Ministry of Corporate Affairs ("MCA") vide its circular dated May 5, 2020 read with circulars dated April 8, 2020, April 13, 2020 and January 13, 2021 (collectively referred to as "MCA Circulars") has permitted the holding of the Annual General Meeting ("AGM") through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and MCA Circulars, the AGM of the Company is being held through VC / OAVM.
2. Since, the AGM is being conducted through VC/ OAVM, there is no provision for appointment of proxies. Accordingly, appointment of proxies by the members will not be available.
3. Corporate members intending to attend the AGM through authorised representatives are requested to send a scanned copy of duly certified copy of the board or governing body resolution authorising the representatives to attend and vote at the AGM. The said Resolution/ Authorization shall be sent to the Scrutinizer by email through its registered email address to sanjaygrover7@gmail.com with a copy marked to investors@rsystems.com.
4. The register of members and share transfer books of the Company shall remain closed from Saturday, May 15, 2021 to Wednesday, May 19, 2021 (both days inclusive) for the purpose of AGM.
5. 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.
6. Members holding shares in physical form, may write to the Company or to the registrar and share transfer agent Link Intime India Private Limited ("RTA") for any change in their addresses and bank mandate.
7. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are therefore requested to submit the PAN to their Depository Participants with whom they are maintaining their Demat accounts. Members holding shares in physical form can submit their PAN details to the Company or to the RTA.
8. The statutory registers maintained under Section 170, 189 of the Act and all documents referred to in the Notice and accompanying explanatory statements will be available for inspection by members in electronic mode. Members can inspect the same by sending an email to investors@rsystems.com.
9. Pursuant to the provisions of Section 72 of the Act, 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 RTA or can be downloaded from the following URL: <https://www.rsystems.com/investors-info/corporate-governance/>.
10. Pursuant to provisions of Section 124 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 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 from the Company's RTA or directly from the Company. It may be noted that once the unclaimed dividend is transferred to IEPF as above, no claim shall lie in respect thereof against the Company.
11. As per Section 124 of the Act 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, from time to time. The same is available on Company's website at the following Link: <https://www.rsystems.com/investors-info/unpaid-and-unclaimed-dividend/>.
12. In compliance with the aforesaid MCA Circulars and SEBI Circular dated May 12, 2020 & January 15, 2021, the Annual Report including audited financial statements for the financial year 2020 including notice of 27th AGM is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Therefore, those Members whose email addresses are not registered with the Company or with their respective Depository Participant/s, and who wish to

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receive the Notice of the 27th AGM and the Annual Report for the year 2020 and all other communication sent by the Company, from time to time, can get their email addresses registered with the RTA at the following link: https://linkintime.co.in/EmailReg/Email_Register.html.

13. The Annual Report for the year December 31, 2020 and Notice for convening the Twenty Seventh AGM of the Company as circulated to the members of the Company are also available on the Company's website: viz. <https://www.rsystems.com/investors-info/annual-reports/>.
14. Members who have not registered their e-mail addresses and holding shares in demat form and physical form can get their e-mail ID registered with the RTA at the following link: https://linkintime.co.in/EmailReg/Email_Register.html.
15. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
16. Additional information, pursuant to Regulation 36 (3), of the Listing Regulations, in respect of directors proposed to be re-appointed at the AGM and Explanatory Statement as required under Section 102 of the Act, in respect of special business under item numbers 03 to 08 of the Notice is appended hereto and forms part of this Notice.
17. In compliance with the provisions of Regulation 44 of the Listing Regulations and Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended, 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 Seventh AGM of the Company through remote e-voting services being provided by Central Depositories Services (India) Limited ("CDSL").

18. THE INTRUCTIONS FOR SHAREHOLDERS FOR REMOTE E-VOTING ARE AS UNDER:

- (i) The Remote e-voting period begins on Saturday, May 15, 2021 at 10:00 a.m. and ends on Tuesday, May 18, 2021 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 i.e. Wednesday, May 12, 2021 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting.

- (iii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iv) Click on "Shareholders" module.
- (v) 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. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:

For Shareholders 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). » Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.
Dividend Bank Details OR Date of Birth (DOB)	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. » 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 (v)

- (ix) After entering these details appropriately, click on "SUBMIT" tab.

- (x) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders 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 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.
- (xi) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the relevant <Company Name> (R Systems International Ltd.) on which you choose to vote.
- (xiii) 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.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) 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.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Shareholders can also cast their vote using CDSL's mobile app "m-Voting". The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.

(xx) PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE

- Members holding the shares in physical and demat form who have not registered their e-mail addresses with the Company/ RTA can obtain the Notice of AGM and Annual Report and/ or can attend the AGM through VC/ OAVM by updating their e-mail address and Bank Account details with the RTA at the following link: https://linkintime.co.in/EmailReg/Email_Register.html.
 - RTA shall co-ordinate with CDSL and provide the login credentials to the above mentioned shareholders.
- (xxi) Any person who acquires shares of the Company after dispatch of this Notice and holds shares as of the Cut-Off Date i.e. as on Wednesday, May 12, 2021, may obtain login ID and password as mentioned above.
- (xxii) Note for Non – Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the "Corporates" module.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

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- Alternatively, Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer viz: sanjaygrover7@gmail.com and to the Company at the email address viz; investors@rsystems.com, if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.
- In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com or contact Mr. Nitin Kunder (022-23058738) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542).

19. INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/ OAVM ARE AS UNDER:

- a) Shareholder will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/ members login where the EVSN of Company will be displayed.
- b) Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
- c) Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
- d) Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
- e) Members who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending their request from their registered email address mentioning their name, DP

ID and Client ID/ folio number, PAN, mobile number at investos@rsystems.com latest by May 17, 2021. Those Members who have registered themselves as a speaker will only be allowed to express their views/ ask questions during the meeting. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

- f) Facility of joining the AGM through VC / OAVM shall open 30 minutes before the time scheduled for the AGM till 15 minutes thereafter and will be available for Members on first come first served basis upto 1000 members. The large shareholders (i.e. shareholders holding 2% or more shareholding), promoters, institutional investors, directors, key managerial personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, auditors, etc. can attend the 27th AGM without any restriction on account of first-come first served principle.

20. INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THE AGM ARE AS UNDER:-

- a) The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
- b) Only those shareholders, who are present in the AGM through VC/ OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
- c) If any Votes are cast by the shareholders through e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/ OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
- d) Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
- e) All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL,) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futorex, Mafatlal Mill

Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or contact Mr. Nitin Kunder (022- 23058738) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542).

21. 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. Wednesday, May 12, 2021.
22. M/s. Sanjay Grover & Associates, Company Secretaries, has been appointed as the Scrutinizer to scrutinize the remote e-voting process and voting during AGM in a fair and transparent manner.
23. The Scrutinizer shall after the conclusion of voting at the AGM, will unblock the votes cast through 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.
24. The results of remote e-voting and voting during AGM 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.
25. The Results shall be declared on or after the AGM of the Company. The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company i.e. www.rsystems.com and on the website of CDSL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the Stock Exchanges i.e. National Stock Exchange of India Limited and BSE Limited.
26. Details as required in Regulation 36 (3) of the Listing Regulations and Secretarial Standard on General Meeting (SS-2) of ICSI, in respect of the Directors seeking re-appointment at the AGM is enclosed as Annexure-A to this notice.

NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 03

Dr. Satinder Singh Rekhi, aged about 70 years, founded R Systems in 1993. Dr. Rekhi is a technocrat with over 38 years of experience in the information technology industry. Prior to R Systems, Dr. Rekhi held senior management positions with HCL Technologies and DISC (now Synergex) in the United States, Singapore and India. Dr. Rekhi received a Bachelor of Technology from IIT, Kharagpur, India and a Masters in Business Administration from California State University, Sacramento. He has also attended several senior management programs from University of Berkeley and Harvard Business School. He also holds an Honorary Doctorate (D.Phil) from Amity University.

In accordance with the provision of the Companies Act, 2013, the shareholders of the Company through Postal Ballot on December 19, 2018 re-appointed Dr. Satinder Singh Rekhi as Managing Director for a period commencing from January 01, 2019 to December 31, 2023 and approved the payment of remuneration of Dr. Rekhi for a period commencing from January 01, 2019 to December 31, 2021. The Board of Directors has re-designated him as Managing Director & Chief Executive Officer of the Company w.e.f. November 03, 2020.

The Board of Directors, on the recommendation of the Nomination and Remuneration Committee and subject to the approval of the members, approved the payment of remuneration to Dr. Satinder Singh Rekhi as Managing Director & Chief Executive Officer of the Company for a period of two years i.e. from January 01, 2022 to December 31, 2023.

As on the date of this notice, Dr. Rekhi holds 7,476,452 equity shares (being 6.25% of the total paid up share capital) of the Company in his own name and 11,818,061 equity shares (being 9.88 % of the total paid up share capital) of the Company as trustee of Satinder & Harpreet Rekhi Family Trust. Further, the offices of R Systems International Limited U.S.A. Branch and R Systems, Inc., a wholly owned subsidiary of R Systems International Limited (hereinafter referred to as "R Systems") based in United States of America is jointly owned by Dr. Satinder Singh Rekhi and his wife, Mrs. Harpreet Rekhi and the said office is obtained on lease from them on a monthly rental of USD 16,500/-.

Further, Dr. Rekhi is holding the office of director in the following ten bodies corporate, which are incorporated and based outside India as on the date of this notice namely: R Systems, Inc., R Systems Technologies Ltd., R SYS Technologies Ltd., R Systems (Singapore) Pte. Ltd., IBIZ Consulting (Thailand) Co. Ltd., R Systems Consulting Services (Thailand) Company Limited (Formerly known as ECnet Systems (Thailand) Company Limited), R Systems Computaris International Limited (Formerly known as Computaris International Limited) R Systems IBIZCS Pte. Ltd. (Formerly known as IBIZ Consulting Pte. Limited), IBIZ Consulting Services Pte Ltd., IBIZ Consulting Services Limited.

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. 03 OF THE NOTICE FOR THE TWENTY SEVENTH ANNUAL GENERAL MEETING OF R SYSTEMS INTERNATIONAL LIMITED

I GENERAL INFORMATION

1) Nature of Industry:

The Company is engaged in the business of providing software engineering, information technology related services and knowledge 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:

(₹ in million)

Particulars	Financial year ended		
	December 31, 2020	December 31, 2019	December 31, 2018
Total revenue	4,387.15	3,917.69	3,172.13
Profit before depreciation, exceptional items and tax	954.31	717.49	478.45
Less : Depreciation & amortisation [#]	134.61	85.91	73.01
Profit before tax	819.70	631.58	405.44
Less : Current tax	149.86	104.22	99.35
Less : Deferred tax charge / (credit)	(31.13)	12.41	(4.05)
Profit after tax	700.97	514.95	310.14
Other comprehensive income	(11.19)	(8.33)	(0.50)
Total comprehensive income for the year	689.78	506.62	309.64
Statement of change in Retained Earnings			
Opening Balance	2,423.29	2,124.85	1,900.20
Adjustment for adoption of Ind As 116	(10.49)	-	-
Adjusted opening balance	2,412.80	2,124.85	1,900.20
Add: Profit for the year	700.97	514.95	310.14
Less: Appropriation	-	216.51	85.49
Closing Balance	3,113.77	2,423.29	2,124.85

[#]Depreciation and Amortisation expense for the year 2018 and 2019 were Pre- Ind As 116 Adoption.

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 of this notice, R Systems has following subsidiaries:

- R Systems, Inc. ("RSI") (wholly owned subsidiary of Company), has one subsidiary.
- R Systems Technologies Limited (wholly owned subsidiary of the Company).
- RSYS Technologies Ltd. (wholly owned subsidiary of the Company).
- R Systems Computaris International Limited (Formerly known as Computaris International Limited) (wholly owned subsidiary of the Company), has six subsidiaries.
- R Systems Consulting Services Limited (Formerly Known as ECnet Limited) (subsidiary of the Company), has five subsidiaries.
- R Systems (Singapore) Pte Limited (wholly owned subsidiary of the Company), has one subsidiary which has further six step down subsidiaries.
- IBIZ Consulting Services India Private Limited (wholly owned subsidiary of the Company).

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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:

(₹ in million)

Particulars	Financial year ended		
	December 31, 2020	December 31, 2019	December 31, 2018
(a) Earnings (Accrual Basis)	4,272.28	3,837.70	3,104.51
(b) Expenditure (Accrual Basis)	515.27	537.80	456.94
(b) CIF (Accrual Basis)	61.78	84.90	54.65

II INFORMATION ABOUT THE APPOINTEE

1) Background details:

Dr. Satinder Singh Rekhi aged about 70 years founded R Systems in 1993. Dr. Rekhi is a technocrat with over 38 years of experience in the information technology industry. Prior to R Systems, Dr. Rekhi held senior management positions with HCL Technologies and DISC (now Synergex) in the United States, Singapore and India. Dr. Rekhi received a Bachelor of Technology from IIT, Kharagpur, India and a Masters in Business Administration from California State University, Sacramento. He has also attended several senior management programs from University of Berkeley and Harvard Business School. He also holds an Honorary Doctorate (D.Phil) from Amity University.

2) Past remuneration:

Remuneration paid during the last three financial year

(₹ in million)

For the year ended	Remuneration
December 31, 2020	42.52
December 31, 2019	40.57
December 31, 2018	39.74

3) Recognition or awards:

Dr. Satinder Singh Rekhi was awarded with a Bachelor of Technology from IIT, Kharagpur, India and a Masters in Business Administration from California State University, Sacramento. He also holds an Honorary Doctorate (D.Phil) from Amity University.

4) Job profile and his suitability:

Dr. Satinder Singh Rekhi, being the Managing Director & Chief Executive Officer of the Company is entrusted with substantial powers of Management in relation to the normal business matters. Dr. Rekhi is the founder of the Company and since then he is continuously providing his guidance and support on the Board. His presence is crucial for the effective and efficient operations of the business. R Systems will be benefited from his capabilities.

5) Remuneration proposed:

Following remuneration is proposed for Dr. Satinder Singh Rekhi, Managing Director & Chief Executive Officer of the Company:

- Compensation: He will be paid at the rate of USD 400,000/- (USD Four Lakhs only) per annum as base salary by the Company and/or its subsidiaries. This will be payable semi-monthly on the 15th day of each month and again on the last day of the month. Applicable taxes will be deducted from his gross earnings;
- Automobile: The Company will furnish him with an automobile including maintenance and fuel expenses, comparable to his position, while employed with the Company;

- c. Health Insurance: He and his qualified dependents will be eligible to receive health insurance coverage through the Company or its subsidiaries insurance carriers. The terms, conditions and eligibility requirements for such insurance coverage are set forth in the summary plan description(s) describing the coverage;
 - d. Other benefits: He will be eligible to participate in the Company's or R Systems, Inc.'s retirement plans in accordance with the prevalent policies;
 - e. Incentive: He will also be entitled for an annual incentive of 2% of the consolidated net profits subject to a maximum of USD 300,000/- (USD Three Lakhs only);
 - f. Annual increment up to 5% on base salary of the immediate previous year.
- 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 in U.S.A.
- 7) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any:
As on the date of this notice, Dr. Rekhi holds 7,476,452 equity shares (being 6.25% of the total paid up share capital) of the Company in his own name and 11,818,061 equity shares (being 9.88 % of the total paid up share capital) of the Company as trustee of Satinder & Harpreet Rekhi Family Trust. Further, the offices of R Systems International Limited U.S.A. Branch and R Systems, Inc., a wholly owned subsidiary of R Systems International Limited based in United States of America is jointly owned by Dr. Satinder Singh Rekhi and his wife, Mrs. Harpreet Rekhi and the said office is obtained on lease from them on a monthly rental of USD 16,500/-.

Except Dr. Satinder Singh Rekhi, being the appointee and Lt. Gen. Baldev Singh (Retd.), being the relative of Dr. Satinder Singh Rekhi, none of the Directors or Key Managerial Personnel of your Company or any of their relatives is concerned or interested, financially or otherwise, in the said Resolution, but to the extent of their shareholding in 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, 2020. R Systems total revenue increased to ₹ 4,387.15 mn. as against ₹ 3,917.69 mn. during the previous year. Profit after tax for the year ended on December 31, 2020 was ₹ 700.97 mn. as against ₹ 514.95 mn. during 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) Disclosures in the Board of Directors' report under the heading 'Corporate Governance' has been attached to the 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;

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- (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.

The Board recommends the resolution at Item No. 03 in relation to the payment of remuneration to Dr. Satinder Singh Rekhi as Managing Director & Chief Executive Director of the Company for the approval by the shareholders by way of Special Resolution.

Item No. 04

Lt. Gen. Baldev Singh (Retd.), aged about 80 years, has more than 54 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. Baldev Singh joined the Board of R Systems International Limited” (“R Systems”/ “Company”) 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 re-appointed as President and Senior Executive Director of the Company for a term of three years i.e. from April 01, 2018 to March 31, 2021. 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 re-appointed him for a further period of two years i.e. w.e.f. April 01, 2021 to March 31, 2023.

As on the date of this notice, Lt. Gen. Baldev Singh (Retd.) holds 8,322 equity shares of ₹ 1/- each being 0.01% 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 Companies Act, 2013 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 Dr. 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 8.

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 SEVENTH ANNUAL GENERAL MEETING OF R SYSTEMS INTERNATIONAL LIMITED

I GENERAL INFORMATION

1) Nature of Industry:

The Company is engaged in the business of providing software engineering, information technology related services and knowledge 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:

(₹ in million)

Particulars	Financial year ended		
	December 31, 2020	December 31, 2019	December 31, 2018
Total revenue	4,387.15	3,917.69	3,172.13
Profit before depreciation, exceptional items and tax	954.31	717.49	478.45
Less : Depreciation & amortisation [#]	134.61	85.91	73.01
Profit before tax	819.70	631.58	405.44
Less : Current tax	149.86	104.22	99.35
Less : Deferred tax charge / (credit)	(31.13)	12.41	(4.05)
Profit after tax	700.97	514.95	310.14
Other comprehensive income	(11.19)	(8.33)	(0.50)
Total comprehensive income for the year	689.78	506.62	309.64
Statement of change in Retained Earnings			
Opening Balance	2,423.29	2,124.85	1,900.20
Adjustment for adoption of Ind As 116	(10.49)	-	-
Adjusted opening balance	2,412.80	2,124.85	1,900.20
Add: Profit for the year	700.97	514.95	310.14
Less: Appropriation	-	216.51	85.49
Closing Balance	3,113.77	2,423.29	2,124.85

[#]Depreciation and Amortisation expense for the year 2018 and 2019 were Pre- Ind As 116 Adoption.

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 of this notice, R Systems has following subsidiaries:

- a. R Systems, Inc. ("RSI") (wholly owned subsidiary of Company), has one subsidiary.
- b. R Systems Technologies Limited (wholly owned subsidiary of the Company).

NOTICE

- c. RSYS Technologies Ltd. (wholly owned subsidiary of the Company).
 - d. R Systems Computaris International Limited (Formerly known as Computaris International Limited) (wholly owned subsidiary of the Company) has six subsidiaries.
 - e. R Systems Consulting Services Limited (Formerly Known as ECnet Limited) (subsidiary of the Company) has five subsidiaries.
 - f. R Systems (Singapore) Pte Limited (wholly owned subsidiary of the Company), has one subsidiary which has further six step down subsidiaries.
 - g. IBIZ Consulting Services India Private Limited (wholly owned subsidiary of the Company).
- 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:

(₹ in million)

Particulars	Financial year ended		
	December 31, 2020	December 31, 2019	December 31, 2018
(a) Earnings (Accrual Basis)	4,272.28	3,837.70	3,104.51
(b) Expenditure (Accrual Basis)	515.27	537.80	456.94
(c) CIF value of imports	61.78	84.90	54.65

II INFORMATION ABOUT THE APPOINTEE

1) Background details:

Lt. Gen. Baldev Singh (Retd.) has more than 54 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 Dr. Satinder Singh Rekhi.

2) Past remuneration:

Remuneration paid during the last three financial years

(₹ in million)

For the year ended	Remuneration
December 31, 2020	8.43
December 31, 2019	8.19
December 31, 2018	7.50

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.) has more than 54 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 re-appoint him as the President and Senior Executive Director of the Company.

5) Remuneration proposed:

Lt. Gen. Baldev Singh (Retd.) is proposed to be re-appointed on the following remuneration:

- i) Consolidated annual salary of ₹ 8,000,000/- (Rupees Eighty Lakhs Only).
- ii) Periodic bonus as per the incentive scheme of the Company subject to a maximum of ₹ 2,000,000/- (Rupees Twenty Lakhs Only) per annum.
- iii) A chauffeur driven car for official purpose only and reimbursement of fuel and maintenance expenses subject to a maximum of ₹ 150,000/- (Rupees One Lakh Fifty Thousand Only) per annum.
- iv) Reimbursement of telephone bills and internet bills for his residence subject to a maximum of ₹ 50,000/- (Rupees Fifty Thousand Only) per annum.
- v) He will also be eligible for the reimbursement of Medical Expenses incurred, for himself and his family only on actual incurred basis.
- vi) 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.
- vii) He will be entitled to participate in Company's stock options plan approved by the board from time to time.
- viii) He will be entitled for payment of gratuity as per the policy of the Company.
- ix) He will be entitled for a bonus up to ₹ 600,000/- (Rupees Six Lakhs Only) at the end of year 2021 subject to overall customer satisfaction, employee motivation & morale, growth in revenue & profitability with approval of Managing Director & Chief Executive Officer.
- x) 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 & Chief Executive Officer.
- xi) 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 8,322 equity shares of ₹ 1/- each being 0.01% 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 Dr. Satinder Singh Rekhi, Managing Director & Chief Executive Officer of the Company.

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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, 2020. R Systems total revenue increased to ₹ 4,387.15 mn. as against ₹ 3,917.69 mn. during the previous year. Profit after tax for the year ended on December 31, 2020 was ₹ 700.97 mn. as against ₹ 514.95 mn. during 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) Disclosures in the Board of Directors' report under the heading 'Corporate Governance' has been attached to the 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.

The Board recommends the resolution at Item No. 04 in relation to the re-appointment and payment of remuneration to Lt. Gen. Baldev Singh (Retd.) as President & Senior Executive Director of the Company for the approval by the shareholders by way of Special Resolution.

Item No. 05, 06 and 07

Pursuant to the provisions of Sections 149,150,152 of the Companies Act, 2013 and the rules made thereunder read with Articles of Association of the Company, Mrs. Ruchica Gupta (DIN: 06912329), Mr. Kapil Dhameja (DIN: 02889310) and Mr. Aditya Wadhwa (DIN: 07556408) were appointed as Non-Executive Independent Director of the Company for a term of five years, commencing from June 29, 2016 to June 28, 2021.

The present term of their appointment is about to be completed and considering their overall performance and output, the Board of Directors, upon recommendation of Nomination & Remuneration Committee based on performance evaluation, has approved the re-appointment of Mrs. Ruchica Gupta, Mr. Kapil Dhameja and Mr. Aditya Wadhwa for their second term commencing from June 29, 2021 till June 28, 2026, subject to approval of the shareholders.

Mrs. Ruchica Gupta, Mr. Kapil Dhameja and Mr. Aditya Wadhwa, have given their respective declarations to the Board that they meet the criteria of independence as provided under Section 149 of the Companies Act, 2013 and the rules made thereunder and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). In the opinion of the Board, Mrs. Ruchica Gupta, Mr. Kapil Dhameja and Mr. Aditya Wadhwa fulfil the conditions specified in the Companies Act, 2013 and the Listing Regulations for their re-appointment as Independent Directors of the Company and they are independent of the management.

Mrs. Ruchica Gupta, Mr. Kapil Dhameja and Mr. Aditya Wadhwa are not disqualified from being re-appointed as a Director in terms of Section 164 of the Companies Act, 2013 and they have given their consent to act as Director. The Company has also received notices from Members under Section 160 of the Companies Act, 2013, signifying their intention to propose the candidatures of Mrs. Ruchica Gupta, Mr. Kapil Dhameja and Mr. Aditya Wadhwa for the office of Non-Executive Independent Director of the Company.

A brief profile of Independent Directors to be re-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 re-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 8.

Except these Directors, being appointees, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolutions set out at item Nos. 05 and 06 and 07.

The Board recommends the resolutions at Item Nos. 05 and 06 and 07 in relation to the re-appointment of Mrs. Ruchica Gupta, Mr. Kapil Dhameja and Mr. Aditya Wadhwa as Non-Executive Independent Directors for the approval by the shareholders of the Company by way of Special Resolutions.

Item No. 08

The Shareholders of the Company in their meeting held on June 30, 2020 have approved the appointment and remuneration of Mr. Avirag Jain, Director & Chief Technology Officer of R Systems International Limited ("R Systems"/"Company").

In recognition to the contribution of Mr. Avirag Jain towards achieving Company's objectives, it is proposed by the Board of Directors, upon recommendation of the Nomination & Remuneration Committee to grant him a Performance Bonus upto ₹ 800,000/- (Rupees Eight Lakhs only) for the financial year 2021 in addition to the remuneration as approved by the members of the Company at the 26th AGM of the Company held on June 30, 2020.

As on the date of this notice, Mr. Avirag Jain holds 100 equity shares of ₹ 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.

Except Mr. Avirag Jain, being appointee, none of the Directors and Key Managerial Personnel of the Company or any of their relatives are concerned or interested, financially or otherwise, but to the extent of their shareholding in the Company, in the resolutions set out at item No. 08.

NOTICE

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. 08 OF THE NOTICE FOR THE TWENTY SEVENTH ANNUAL GENERAL MEETING OF R SYSTEMS INTERNATIONAL LIMITED

I GENERAL INFORMATION

(1) Nature of Industry:

The Company is engaged in the business of providing software engineering, information technology related services and knowledge 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:

(₹ in million)

Particulars	Financial year ended		
	December 31, 2020	December 31, 2019	December 31, 2018
Total revenue	4,387.15	3,917.69	3,172.13
Profit before depreciation, exceptional items and tax	954.31	717.49	478.45
Less : Depreciation & amortisation [#]	134.61	85.91	73.01
Profit before tax	819.70	631.58	405.44
Less : Current tax	149.86	104.22	99.35
Less : Deferred tax charge / (credit)	(31.13)	12.41	(4.05)
Profit after tax	700.97	514.95	310.14
Other comprehensive income	(11.19)	(8.33)	(0.50)
Total comprehensive income for the year	689.78	506.62	309.64
Statement of change in Retained Earnings			
Opening Balance	2,423.29	2,124.85	1,900.20
Adjustment for adoption of Ind As 116	(10.49)	-	-
Adjusted opening balance	2,412.80	2,124.85	1,900.20
Add: Profit for the year	700.97	514.95	310.14
Less: Appropriation	-	216.51	85.49
Closing Balance	3,113.77	2,423.29	2,124.85

[#]Depreciation and Amortisation expense for the year 2018 and 2019 were Pre- Ind As 116 Adoption.

(5) Foreign investments or collaborators, if any:

R Systems has investments from non-residents and foreign bodies corporates and R Systems has made investments outside India. As on date of this notice, R Systems has following subsidiaries:

- a. R Systems, Inc. ("RSI") (wholly owned subsidiary of Company), has one subsidiary.

- b. R Systems Technologies Limited (wholly owned subsidiary of the Company).
 - c. RSYS Technologies Ltd. (wholly owned subsidiary of the Company).
 - d. R Systems Computaris International Limited (Formerly known as Computaris International Limited) (wholly owned subsidiary of the Company), has six subsidiaries.
 - e. R Systems Consulting Services Limited (Formerly Known as ECnet Limited) (subsidiary of the Company) has five subsidiaries.
 - f. R Systems (Singapore) Pte Limited (wholly owned subsidiary of the Company) has one subsidiary which has further six step down subsidiaries.
 - g. IBIZ Consulting Services India Private Limited (wholly owned subsidiary of the Company).
- (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:

(₹ in million)

Particulars	Financial year ended		
	December 31, 2020	December 31, 2019	December 31, 2018
(a) Earnings (Accrual Basis)	4,272.28	3,837.70	3,104.51
(b) Expenditure (Accrual Basis)	515.27	537.80	456.94
(c) CIF value of imports	61.78	84.90	54.65

II INFORMATION ABOUT THE APPOINTEE

- 1) Background details:

Mr. Avirag Jain has more than 28 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 23 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 Laws from the Asian School of Cyber Laws, Pune, apart from several certifications on diverse technology and management subjects.

- 2) Past remuneration:

Remuneration paid during the last three financial years

(₹ in million)

For the year ended	Remuneration
December 31, 2020	9.34
December 31, 2019	7.88
December 31, 2018	7.59

- 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 Laws from the Asian School of Cyber Laws, Pune, apart from several certifications on diverse technology and management subjects.

NOTICE

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 23 years. Mr. Avirag Jain has more than 28 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 Laws from the Asian School of Cyber Laws, 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.

5) Remuneration proposed:

In recognition to the contribution of Mr. Avirag Jain towards achieving Company's objectives it is proposed by the Board of Directors, upon recommendation of the Nomination & Remuneration Committee to grant him a Performance Bonus upto ₹ 800,000/- (Rupees Eight Lakhs only) for the year 2021 in addition to the remuneration as approved by the members of the Company at the 26th AGM of the Company held on June 30, 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 ₹ 1/- each (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 notice, he has no Stock Options.

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, 2020. R Systems total revenue increased to ₹ 4,387.15 mn. as against ₹ 3,917.69 mn. during the previous year. Profit after tax for the year ended on December 31, 2020 was ₹ 700.97 mn. as against ₹ 514.95 mn. during 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) Disclosures in the Board of Directors' report under the heading 'Corporate Governance' has been attached to the 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.

The Board recommends the resolution at Item No. 08 in relation to the payment of Performance Bonus to Mr. Avirag Jain, Director & Chief Technology Officer of the Company, for the approval by the shareholders by way of Special Resolution.

By Order of the Board
For R Systems International Limited

Place : NOIDA
Date : April 20, 2021

Sd/-
Bhasker Dubey
(Company Secretary & Compliance Officer)

Details of Directors seeking appointment/ re-appointment at the Annual General Meeting to be held on May 19, 2021 (Pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Name of Director	Lt. Gen. Baldev Singh (Retd.)	Mr. Avirag Jain	Mrs. Ruchica Gupta	Mr. Kapil Dhameja	Mr. Aditya Wadhwa
Date of Birth	September 21, 1940	March 28, 1966	April 21, 1970	November 8, 1976	February 21, 1987
Initial Date of Appointment	September 1, 1997	August 3, 2017	July 7, 2014	June 29, 2016	June 29, 2016
Qualifications	Masters in Military Sciences- Madras University	Graduate in Science and an MBA in Finance and International business from IMT, Ghaziabad. Postgraduate diploma in Cyber Laws from the Asian School of Cyber Law, Pune, apart from several certifications on diverse technology and management subjects.	M.Phil University of Delhi	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 54 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 28 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.	Mrs. Ruchica Gupta, aged about 50 years, had been associated as a lecturer in University of Delhi for more than 15 years. She is a leading corporate trainer in the areas of Organization Development, Change Management, and Leadership, and Motivation.	Mr. Kapil Dhameja, aged about 44 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 34 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	Nil	Bizbox Publishing Private Limited, R Systems Inc, USA	Kapsa Wellness Private Limited	Nil
Membership/ Chairmanship in Committees of other companies as on date	Nil	Nil	Nil	Nil	Nil
Number of shares held in Company#	8,322 equity shares	100 equity shares	Nil	Nil	Nil
Relationships between Directors inter-se	Lt. Gen. Baldev Singh (Retd.) is related to Dr. Satinder Singh Rekhi, Managing Director & Chief Executive Officer of the Company.	Nil	Nil	Nil	Nil

As on April 20, 2021



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)

www.rsystems.com