

## R SYSTEMS INTERNATIONAL LIMITED

Corporate Identity Number : L74899DL1993PLC053579  
[CMMI Level 5, PCMM Level 5, ISO 9001:2008 & ISO 27001:2005 Company]  
C-40, Sector-59, NOIDA, Distt. Gautam Budh Nagar, U.P. India-201307

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

Email : [rsystems.india@rsystems.com](mailto:rsystems.india@rsystems.com)  
[www.rsystems.com](http://www.rsystems.com)

Regd. Off.: B-104A, Greater Kailash-1,  
New Delhi - 110 048

REF: SECT/04/2018/36

APRIL 28, 2018

To, The Managing Director <b>National Stock Exchange of India Limited</b> Exchange Plaza, Bandra Kurla Complex, Bandra – East, Mumbai – 400 051.  NSE Symbol – RSYSTEMS	To, The General Manager <b>BSE Limited</b> Department of Corporate Services, Rotunda Building, 1 <sup>st</sup> Floor, Mumbai Samachar Marg, Fort, Mumbai - 400 001  BSE Scrip Code - 532735
--	---

Dear Sir,

**SUB: SUBMISSION OF THE NOTICE AND ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED  
DECEMBER 31, 2017**

This is with reference to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) and Uniform Listing Agreement entered into by R Systems International Limited (“Company”). Please find enclosed the Annual Report for the financial year ended December 31, 2017 and the notice of the 24<sup>th</sup> Annual General Meeting scheduled to be held on May 25, 2018 at 9:00 A.M. at Air Force Auditorium, Subroto Park, New Delhi - 110 010.


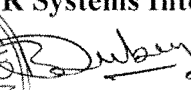
It may be noted that pursuant to Regulation 34(1) of the Listing Regulations, Annual Report for the financial Year ended December 31, 2017 shall also be submitted after it being approved and adopted by the shareholders at the 24<sup>th</sup> Annual General Meeting of the Company scheduled to be held on May 25, 2018.

This is for your information and record.

Thanking you.

Yours faithfully,

For R Systems International Limited



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

Annual Report 2017



ACCELERATING  
**DIGITAL**  
TRANSFORMATION

# CONTENTS

## Corporate Overview

- 01 | Accelerating the Digital Transformation
- 02 | Our Digital Competences
- 06 | From the Desk of the Managing Director
- 09 | Our Digital Success Stories
- 10 | Client Testimonials
- 12 | We are R Systems
- 16 | Financial Highlights
- 18 | Our Digital Work Culture
- 19 | Touching Lives through CSR
- 20 | Corporate Information

## Reports

- 21 | Directors' Report
- 36 | Corporate Governance Report
- 53 | Management Discussion and Analysis
- 84 | Risk Management Report

## Financial Statements

- 90 | Financial Statements (Standalone)
- 134 | Financial Statements (Consolidated)

## AGM Notice

- 181 | Notice of Twenty Fourth Annual General Meeting

### Cautionary Statement Regarding Forward-Looking Statement

This document contains statements about expected future events and financial and operating results of R Systems International Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in R Systems International Limited Annual Report 2017.





# ACCELERATING THE **DIGITAL** **TRANSFORMATION**

Digital technology is reshaping the business environment and triggering significant changes in the way businesses operate i.e., going to the market, interacting with customers and managing internal operations. The globe has aligned itself with digitalization at a rapid pace. This has resulted into a gamut of opportunities and challenges for the IT industry to partner with businesses for their successful digital transformation. The entire ecosystem around digitalization is evolving rapidly. Thus, a successful digital transformation requires a mature strategic partner to navigate businesses into a dynamic and agile digital enterprise, having an edge over its competitor.

R Systems has always lived a transformational life and incorporated agility and innovation in its DNA. We have made thoughtful investments in building right competencies, partnerships and framework around digital technologies like analytics, artificial intelligence, cloud, mobility, Internet of Things (IoT), robotics, etc. Our digital transformation philosophy aims to adapt to the cutting-edge technologies in order to position businesses closer to their customers, empower their employees, and transform their internal business

processes through providing a pleasing user experience. Here, our rich experience around key industrial verticals and product engineering legacy have been paramount in delivering the state-of-the-art digital projects.

We have now moved into another interesting phase of digital transformation where we are delivering tangible ROI to our customers by accelerating their digital transformation. These ROIs are measured in terms of increased user engagements, enhanced user experience, timely access to critical information, and reduction in overall costs, etc. Digital transformation projects are complex, time consuming, and expensive. They affect every aspect of the enterprise. Thus, it becomes essential for the businesses to understand ROI from a successful transformation to allocate their critical resources. Capitalizing on our initial investments, we have been able to demonstrate our digital success stories, ROI derived by our customers and their pleasant experiences. In this next phase of digital transformation, R Systems has positioned itself as a mature strategic partner accelerating the digital transformation journey of our esteemed customers.

# OUR DIGITAL COMPETENCES

## ANALYTICS

R Systems analytics practice gives industry-specific services and solutions, which are of excellent quality and delivers first-rate quantitative actionable insights through data and speech analytics that helps address business challenges. Our expertise lies in collecting, transforming and visualizing these insights and employing cutting-edge methodologies like, organizational case studies, cognitive science, business intelligence, and industry-specific methods to reach the uncharted territories to deliver tangible ROI. Leveraging on the deep domain knowledge across industry verticals, our engagement starts with the particular assessment of an analytics query—build proof of concept—to the deployment of the most scalable model to answer it. Thus, succeeding in creating a rich information pool that encompasses economical, statistical, social media, and speech metrics, providing actionable business insight and real business value.



## Solutions for Data and Speech Analytics

### Data Aggregation & Transformation

- Unified data framework
- Enables rapid deployment of custom advanced analytics solutions
- Simplifies data acquisition, transformation and visualization from any data source

### Analytics Gym

- Consulting Framework
- Discovers and evaluates relevant data, technology and right approach

### Anagram

- Customer Interaction Analytics Platform
- Speech text mining capabilities
- Delivers actionable business insights by analyzing unstructured & semi-structured data
- Integrated capabilities for speech, text, social media, big data & predictive analytics



## CLOUD COMPUTING

Cloud Computing has completely changed the paradigm. The compelling manner in which it manages to expand the technological know-how and delivers internet services has rapidly changed the landscape of information technology. With this technology, the long-held dream of utility computing has been realized. It does not only provide an unconventional means to reach out to the audience but also provides a flexible mode of delivery bearing minimal or no cost. At R Systems, the cloud practice R-Cloud is the premium offering that aids our customers in achieving their defined goal.

R-Cloud includes cloud offerings for the three principal public cloud platforms - Salesforce, Microsoft Azure and Amazon Cloud Services. It offers services like, hosting, consulting, architecture setup, designing, implementation, and monitoring. Our expertise lies in maximizing clients' ROI by incorporating factors such as business agility, IT flexibility, and data security. In addition, we also focus on enhancing our competencies by equipping ourselves with engineering competencies that would help us serve product companies and enterprises opting

for the cloud route more effectively. We boast of core competencies in cloud computing, such as blueprint for introducing cloud environment, proper cloud selection for individual needs, cloud migration, customized SaaS model, provisions for accelerated scalability and optimized development, enabled with audio and video features.

Furthermore, our subsidiaries, IBIZ and ECnet, offer cloud platforms facilitating SMEs and enterprise customers in capitalizing on their ROIs.



## MOBILITY

In recent times, mobility has emerged as one of the key enablers of the digital transformation. In many ways, it has improved the service environment for the end consumer, accelerated the delivery time, added to the qualitative and quantitative experience of the customer. It has also upgraded the quality availability, accessibility, and portability of information. It helps in the frequent engagements of the customer with the software and increases ROI in enterprise software. It also picks up enterprise software and enhances their existing ecosystem. R Systems offers tailor-made service in the field of mobility solution to its clients by actively participating in envisioning, designing, developing, deploying, and supporting it.

In mobile technology, we are well-adept in delivering solution around the leading mobile platforms like Android, iOS, and Hybrid to Web apps. We have also the credit of being an expert in calibrating several mobile applications with enterprise's business goal, thus, creating a new value proposition for our customer.



## INTERNET OF THINGS (IoT)

Undoubtedly, IoT remains the undisputed monarch of digital space today with its capacity to capture insights and real-time data across the assets 24/7. IHS Markit forecasts show that the global installed base of IoT devices will rise to 73 billion in 2025.

R Systems' IoT services include a combination of procedures like enabling seamless data acquisition, processing, and analytics, thus, helping the client to explore the ocean of specific knowledge we possess in terms of design thinking, and technical expertise that aids in speed tracking their business operations. Our IoT expertise focuses on processing intelligence in an innovative manner and designing advanced sensor devices that will come handy in learning mechanical functioning & artificial intelligence.

In today's digital space, Artificial Intelligence has emerged as one of the most potent platforms for deep learning, natural language processing, image recognition and neural-network driven decision-making. IoT solutions need precision, an aggregate of embedded software, and application development that appropriately defines the cloud ecology. And it is

here that R Systems brings in brilliance with its expertise and premium offerings like the unique assortment of IoT consulting, strategy, implementation, and operational support that not only simplifies the procedure but also makes it resilient.

During 2017, R Systems participated in Intel IoT Online DevFest and has presented Insights on AI and Machine Learning for IoT.

### Our IoT Offerings

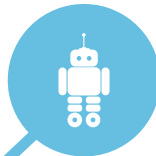
- Conceptualize New IoT Business Opportunity Development
- Proof of Concept Development for IoT
- IoT Edge Security
- Central Data Aggregation for IoT Devices
- IoT Sensor Device Management & Alert Management
- IoT in Factory & Manufacturing Automation Systems
- IoT in Home Automation Systems
- IoT in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



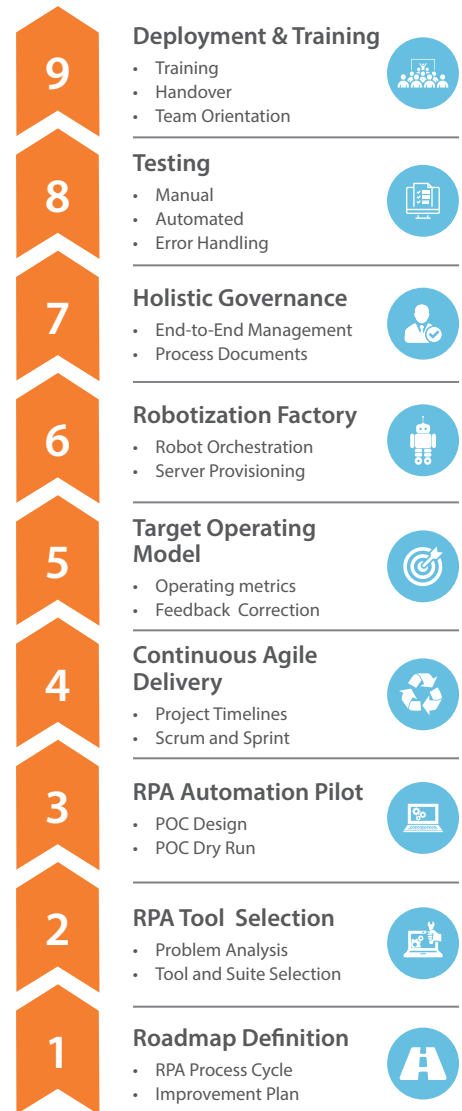


## ROBOTIC PROCESS AUTOMATION (RPA)

Robotic Process Automation has emerged as a critical component of 'Future of the Work' and refers to a style of automation where a machine, or computer, mimics a human's action in completing rules-based tasks. R Systems works at enhancing the productivity, reducing the cycle time and improving the accuracy of any business process through RPA services. Our RPA capabilities assist in overcoming challenges like, navigating towards financial confidence, applying key operational innovations, continually adopting technology-in changing the digital environment, a respite from the burden of repetitive and time-consuming processes, reducing cost, improving delivery and ensuring consistent quality.



## RPA Implementation Methodology



R Systems possess immense experience in all leading RPA tools. Furthermore, we have associated as a partner with Automation Anywhere Enterprise, which provides best front-end UI automation, top security, scalability and usability features. Our RPA offerings include process simplification, workflow management, robotic analytics and IT infrastructure.



## FROM THE DESK OF THE MANAGING DIRECTOR



### ***Dear Fellow Stakeholders,***

A continuous transformation is the only way to survive in the hyper-changing IT ecosystem. Such transformations make a company innovative and agile. In the last 25 years, R Systems has championed this transformation process through practice. We started as an IT consulting company in California in 1993 and later moved to be an offshore based software engineering company. To continue our transformation journey, we aligned ourselves to key industry verticals and it has strengthened our competencies, insights and offerings. In the last few years, we have transformed R Systems into a digital organization where we partner with businesses to transform them into a digital enterprise.

**“During last year, R Systems has positioned itself as an accelerator for digital transformation by effectively delivering digital transformational projects.”**

## “We are making strategic investments in building competencies and partnerships which are critical for leadership in this digital space.”

I am delighted that your company has now moved into the next phase of digital transformation whereby we are accelerating digital transformation of our customers. As we are in an age of digital disruption, the businesses face increasing pressure to improve time to market and ensure their offerings are the best in class. It requires their digital transformation process to be sufficiently agile to consider their fast-changing business requirements. At R Systems, we see digital technologies such as, analytics, artificial intelligence, cloud, mobility, IoT, robotics, etc. as the enabler of digital transformation. We utilize these technologies to acquire customer insight which includes, how they interact with their customer, understanding their business needs, their internal operations, and to some extent their business models. We are leveraging our product engineering DNA and vast transformational experience to accelerate digital transformation for our customers.

### R Systems' 2017 Performance

R Systems reported revenues of ₹ 5,926 million (US\$ 91.01 million) in 2017 as against ₹ 5,882 million (US\$ 87.55 million) in 2016. During 2017, the revenue grew approximately 0.75% (3.96 % in US\$). We had margin challenges as EBITDA for 2017 was ₹ 350 million (US\$ 5.37 million) i.e. 5.9% of revenue, against ₹ 711 million (US\$ 10.58 million) in 2016 i.e. 12.1% of revenue. The net profit for 2017 was ₹ 245 million (US\$ 3.76 million) as against ₹ 537 million (US\$ 7.99 million) in 2016.

Although these numbers reflect a challenging last year, looking beyond the numbers, we concluded an eventful year. Your company has delivered cutting-edge digital transformation projects like, partnering with leading ISVs in telecom, digital media, retail, healthcare and automotive in digitalizing their solutions, as well as, digitalizing the operations of leading enterprises in telecom, education, household appliances, etc. Each of these success stories has contributed to our revenues during 2017 along with yielding a satisfied customer relationship base for the future. Furthermore, these success stories have laid down a robust foundation to showcase R Systems capabilities in accelerating digital transformation.

Since we are transforming from a traditional product engineering company to a digital transformation accelerator, we have been investing to align our resources in areas such as, engineering talent, sales, marketing and other internal infrastructure to market requirements for digital space. This has impacted our margin during the last year coupled with the impact of rupee appreciation. However, we are committed to grow and improve our margins by leveraging our digital success. Furthermore, we concluded last year with a strong balance sheet with a cash reserve of ₹ 1,607 million (US\$ 25.16 million) and R Systems' shareholders fund of ₹ 3,033 million (USD 47.49 million).

During last year, R Systems has positioned itself as an accelerator for digital transformation by effectively delivering digital transformational projects. We have also implemented organizational changes to transform R Systems to take up new challenges in this digital era. These structured investments to some extent impacted our profitability but these have extended the reach of our market from traditional software companies to enterprise customers who are looking to transform into digital businesses. In 2018, we will continue to accelerate digital transformation for our precious customers to get profitable and sustainable growth. We are making strategic investments in building competencies and partnerships which are critical for leadership in this digital space.

I am thankful to R Systems' intellectual capital, i.e., our employees across the globe for their agile thinking, adaptability to newer technologies and relentless dedication. I am equally grateful to their family for their immense support. I also thank all our shareholders, customers, bankers, various government agencies, industry associations and all other organizations for their continued support.

With warm Regards,

**Satinder Singh Rekhi**  
Managing Director

# FROM THE DESK OF **SARTAJ REKHI**

## ***Dear Fellow Stakeholders,***

Digital technology affects every function of an enterprise. It requires a fundamental shift in the way we do business and how we operate. R Systems, over the past 25 years has lived a transformational life whereby we have successfully adapted to the changes in the IT ecosystem to stay relevant and progressive. We have kept our core strengths and culture, i.e. product engineering DNA and customer centric approach together while embracing innovation and learning from digital natives.

As a strong advocator of digitalization and with an aim to fuel transformational growth for businesses, we have realigned our internal organizational functions such as, HR, sales, marketing, and IT infrastructure to live digitally.

Digital talent inspires change in the right structures, leverage technology to create and innovate and to increase speed and agility. R Systems has aligned its people practice to hire, develop, motivate, and retain digital talent. We have nurtured the entrepreneur ecosystem by providing resources and impetus on connecting, transferring, co-developing and co-creating ideas, and business gain.

Today, contemporary digital buyers want to buy from state-of-the-art sellers. They want to interact fluidly across channels and while doing so, they expect to have a consistent brand and engagement experience. Our marketing team has adopted cutting-edge tools to connect with the target audience. Our sales team has



also become smarter and productive by accessing better data and platforms. We have modernized our IT infrastructure to be agile and highly secured to cater to the present digital landscape.

Today, R Systems is accelerating digital transformation by the application of breakthrough technologies like, analytics, artificial intelligence, cloud, mobility, IoT, RPA, etc. It will help to radically reshape businesses and indeed create a broader society. I am confident that all these initiatives will provide us a strong foundation to cultivate a digital enterprise for the future.

Best Regards

**Sartaj Rekhi**

**“We have realigned our internal organizational functions such as, HR, sales, marketing, and IT infrastructure to live digitally.”**

# OUR DIGITAL SUCCESS STORIES



## Optimizing Operational Excellence

We have leveraged our robust speech analytics framework to deliver actionable business insights to a UK-based Technology Company that designs and manufacture household appliances. Our team used advance analytical techniques like Big data mining, machine learning and AI, etc. to empower the client to generate ROI on their investment.



## Transforming Education Ecosystem

We transformed the Digital Ecosystem for a non-profit organization that provide products and services to educational institutions and management students around the world. Our solution enabled the client to bring in a competitive edge to their brand positioning and promote the value of education, around the world.



## Advanced Data Visualization Solution

Our solution empowered the leading Healthcare solution provider in the USA, to transform data into intuitive visual concepts that aid discovery of hidden trends within the data with greater speed, efficiency, and understanding. We improved the analytics experience for business and IT teams by reducing their learning curve.



## Augmenting Omni-Channel Digital Commerce Solution

R Systems has partnered with one of the leading European e-commerce solution provider to design and develop their next generation Commerce Management Suite for every business model and delivered a seamless customer experience across multiple touch points.



## Integrated Digital Solutions for the Automotive Industry

Delivered a highly scalable solution to a leading automotive solution provider in North America. We optimized the client's operations by combating inefficiency with advanced cutting-edge technology. Also, empowered them to engineer next-generation products and services focused on the digital age.



## Innovative Cloud Native Communications Software

Working closely with one of the leading telecom ISVs, we delivered a cloud based communications software and mobile voice mail solution. Our solution helped the client to improve operator business models and helped create new revenue-generation services.



## Boosting Customer Loyalty through Analytics

Delivered unparalleled integrated interaction analytics services to a leading provider of customer experience management software. We used analytics to uncover valuable insights and turned them into loyalty inducing strategies. This helped the client to analyse key drivers of their customers experience and loyalty data to improve loyalty and drive revenue.



## Automating Business Processes

IBIZ, our subsidiary, has delivered a robust ERP system to a Switzerland-based company having presence in South East Asia, to automate their key business processes. Our Solution has enabled insights about cost structure, automated their back end operation and enhanced budgetary control.



## Digitizing Enterprise Solutions

We are providing digital transformation services to one of the largest telecommunication companies in the Europe. We have endowed our client in simplifying and digitizing its practices, while streamlining product offerings and driving efficiencies.



# CLIENT TESTIMONIALS

“

## A Leading Telecom Player

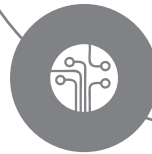


“The analysis your team did and asking the right questions will now result in an optimized solution for all STB platforms. Great job.”

”

“

## A Leading Telecom ISV providing cloud based communication software



“Thanks very much everyone for all the hard work getting this done – it’s a great achievement for the Computaris team to have delivered our first migration tool.”

”

“

## A leading Health Engagement Solution Provider



“Nothing makes management happier than to see a team take ownership of a product and you all have done that. I really appreciate all of your hard work and dedication.”

”

“

## A Leading Customized Technology Solutions Provider



“Thank you so much for your hard work on the cloud. We really appreciate to make my job easier. Giving me a great product to take to market. Thank you so much.”

”

“



**A Leading Learning Solution Provider**

“Thank you for the strong support, and great team work from everyone at RSI – I am very excited about 2018 and beyond, and getting our solution out there in the market.

By the way – one more mention, you and the team may find exciting – The initial Beta deployment was done successfully. Our Client is very happy with the results, and the software – so much so, they are moving forward, even from the Beta experience!!! – Please pass on a ‘Great Job’ from me to the entire team.”

”

“

**A Leading Provider of Enterprise Solutions**

“I’d like to thank the team members for their hard work and dedication throughout the eight-months and for a successful go-live. This go-live was the most seamless, so far. We had no showstopper issues reported in go-live, and turned the upgraded environment over to them in just over 24 hours.”



”

“



**A Leading IT Solution Provider**

“Thank you all so much for your hard work. I appreciate everything you did to make this go live so quickly.

The feedback we are getting from the users as we demo this is AWESOME – it truly gives us a full 360 degree view of our clients. I have been here over 9 years and this integration is something they have been begging the entire time.

Thank you all for making it happen!! Please send thanks to anyone else who may have been involved behind the scenes.”

”

“

**A leading distributor of Oil and gas products**

“We would like to express our thanks and extend our appreciation to ibiz for a job well done.

We are pleased with the technical expertise and domain knowledge exhibited during this period. The whole team has gone the distance to support us on the implementation and support of our Microsoft Dynamics NAV System. IBIZ team made the effort to explain the system and the processes clearly and this has helped our team significantly.”



”

# WE ARE R SYSTEMS

Having laid our foundation in 1993, we have evolved as a principal global provider of IT solutions and services. We have accelerated the digital transformation in many ways and have equipped our customers with the potent tools of IT solutions and services over the last 25 years. In terms of global presence, we have successfully breached the geographical boundaries and have further fortified our position as one of the celebrated players in the fast-growing IT industry. The leading position which we enjoy in the market has been possible by consistent innovation, cutting-edge engineering

and diversifying our offerings. We have been accelerating our progress by bringing together people, technology, and businesses.

Our multi-pronged approach towards bracing technological advancement in IT services and solutions have made us diversify into key verticals like Media & Entertainment, Telecom, Retail & E-commerce, Banking & Finance, Manufacturing & Logistics, Technology, and Healthcare & Life Sciences.



## R Systems in Numbers

25 Years of Serving Satisfied Customers

3 Continents Spread

91 Million US\$ Revenues

47 Million US\$ Share Holder's Fund

2300+ Associates

160+ Clientele across diversified verticals

15 Development & Service Centres

Our clientele comprises a rich assortment of companies from diversified verticals including, leading independent software vendors (ISVs) and large enterprise customers. We are committed towards excellence and innovation to accelerate digital transformation of our customers. We further offer operational efficiencies to our customers through a hybrid delivery model.

Our proficiency and commitment is unmatched and we have received some of the industry's premier quality certifications and standards like CMMI Level 5, PCMM Level 5, ISO 27001:2013 and ISO 9001:2015.

## Our Edge



Our focus on creating tangible value assets throughout the digital value chain through a corroborative approach and ensuring delivery par excellence with tangible ROI has made us establish our foothold in 3 continents. We have succeeded in servicing global clients through 15 development and service centres across India, USA, Romania, Poland, Moldova, Singapore, Malaysia, Indonesia, and Thailand.

## Our Global Presence



PCMM Level 5

Certificates & Standards

ISO 27001: 2013

ISO 9001: 2015



# OUR SERVICES

## iPLM IT Services

With product engineering being engraved in our genes, our efforts always remain focused on delivering futuristic solutions using breakthrough technologies to accelerate digital transformation of our customers. We adopt an unmatched qualitative approach in implementing the integrated product lifecycle management (iPLM) services while creating ideas, developing products and maintaining and supporting products. We have a dedicated team of 1,400+ expert resources in place to attend to the needs of 110+ key customers, providing them a wholesome business solution, which is futuristic, high geared and cutting-edge.



## iPLM Knowledge Services

The array of iPLM knowledge services aid our customers in upgrading their organizational efficiency and effectiveness. Through the help of a team comprising 450+ experts equipped with multi-lingual prowess, global delivery platform and diversified services like, customer care and technical support, back office services, analytics services, and business process transformation, we support our 10+ key customers in leveraging and enhancing their core competencies.



# OUR PACKAGED SOLUTION OFFERINGS

R Systems offers packaged solutions through its subsidiaries ECnet and IBIZ.

## Our Distinct Features



## ECnet

ECnet provides a supply chain solution that aids in handling the multifaceted interaction between an organization and its trading partners by promoting economic supply chain costs, improved collaboration and optimization. Moreover, ECnet also functions as a Gold Channel Partner for Infor to resell, implement and support ERP, WMS, BI, and provides performance management solutions. It mainly addresses the needs of SME and large businesses in the manufacturing and distribution industries. ECnet has also partnered with JDA to offer category management solution suite to retail customers. ECnet

operations are spread across Singapore, Malaysia, Thailand, China, and Japan. ECnet comprises a team of 70+ expert resources serving 20+ key customers.

70+  
Expert Resources

20+  
Key Customers

## IBIZ

A Microsoft Gold-certified partner, IBIZ caters to manufacturing, retail, wholesale distribution, marine and offshore, engineering services, apparel, and textile domain. Its uniqueness lies in being a 'One-Stop Integrated Solutions' provider and having core competency, and technical know-how that provide 'Best-of-Breed' technologies like Microsoft Dynamics NAV (ERP), Microsoft Dynamics CRM, LS Retail Point-of-Sales, QlikView Business Intelligence, Microsoft Power BI, Mobility & RFID, Microsoft

SharePoint, Microsoft Office 365 and Microsoft Azure. IBIZ has spread its wings across Singapore, Malaysia, Indonesia, China, and India with a team strength of 70+ expert resources that serve 25+ key customers.

Our value added services include cloud backup and disaster recovery services accompanied by a learning management system that empowers customers in self-service learning and training through videos and materials.

70+  
Expert Resources

25+  
Key Customers

# FINANCIAL HIGHLIGHTS

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

## FINANCIAL PERFORMANCE

(Figures in million)

Particulars	2017	2016	2015	2014	2013
Revenue (₹)	5,926	5,882	6,050	6,485	5,961
Adjusted Revenue <sup>@</sup> (₹)	5,926	5,882	5,476	5,163	4,751
Adjusted Revenue <sup>@</sup> (US\$)	91	88	85	85	81
EBITDA (₹)	350	711	715	900	786
EAT * (₹)	245	505	438	596	527
Shareholder's Fund (₹)	3,033	2,780	2,429	2,131	2,318
Cash and Bank Balances (₹)	1,607	1,200	922	1,098	1,115

## KEY RATIOS

Particulars	2017	2016	2015	2014	2013
Debt -Equity Ratio	0.01	0.01	0.01	0.00	0.01
Days Sales Outstanding (in days)	55	55	57	55	56
EBITDA / Revenue (%)	5.9	12.1	11.8	13.9	13.2
EAT * / Revenue (%)	4.1	8.6	7.2	9.2	8.8
Earning Per Share					
- Basic (₹)	1.98	4.24	7.70	6.14	4.18
- Diluted (₹)	1.98	4.24	7.70	6.14	4.18
Book Value Per Share (₹)	24.62	22.58	19.25	16.82	18.41
Cash Per Share (₹)	13.04	9.74	7.31	8.67	8.86

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

\* Excluding exceptional items

## NOTES

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

EBT- Earnings before tax;

EAT - Earnings after tax;

Debt Equity ratio = Long Term Debt / Equity;

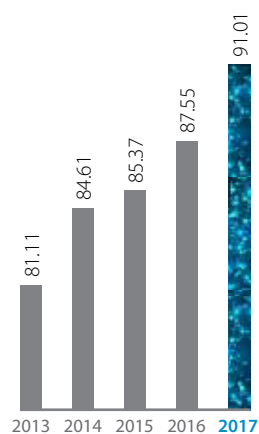
Days Sales Outstanding = Average Trade Receivables / Net Credit Sales\*360;

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

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

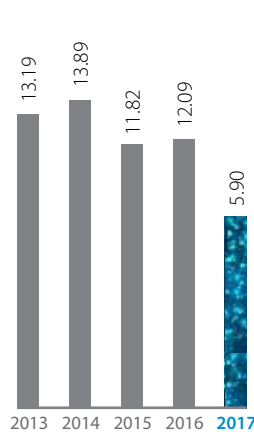
Previous year's figures have been regrouped or reclassified where necessary to confirm to current year classification.

### Adjusted Revenue (US \$ in million)



■ Adjusted Revenue

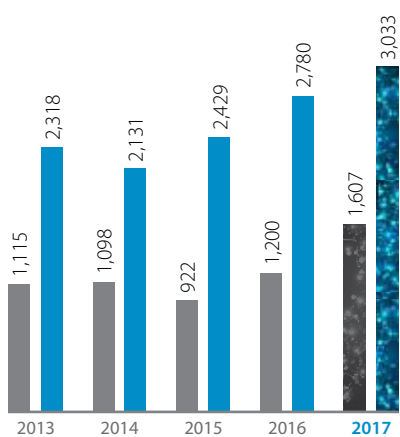
### EBITDA (%)



■ EBITDA (%)

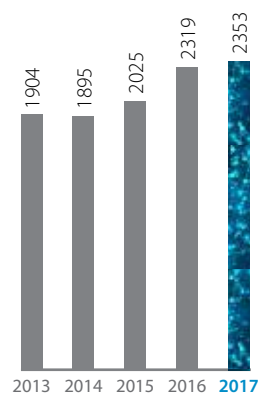
**R Systems is nearly a debt-free company**

### Shareholder's Fund and Cash & Bank Balance (₹ in million)



■ Cash and Bank Balance ■ Shareholder's Fund

### Number of Associates\*



■ No. of Associates \* Excluding associates of businesses hived off

# Graphs not to scale



# OUR DIGITAL WORK CULTURE



If there is one thing that can make or break an organization, it is the work culture. We are an advocator of a healthy work culture, wherein we believe in promoting an ideal environment that is perfect amalgamation of qualitative thought process and action, both by us and our employees. Our work culture is a byproduct of rich history, traditions, values, and vision. We firmly believe in sharing our institutional values, priorities, rewards and success to help nurture a sense of inclusion, value-addition, skill enhancement, encouragement and respect for our employees. Our employees and employer affability have resulted in high performance, commitment towards excellence and diversity in thought and action. Today, we stand at a juncture where human capital has become one of our biggest assets and we are always in the mode of innovation. We emphasize on intellectual stimulation of our employee pool and have several competency development programs that encourage the employees to realize their potential and develop a

winning streak. Our focus on an evolved HR practices mapped to PCMM Level 5 standards have persistently enhanced our people's asset and helped improve our organizational blueprint. In order to instill a feeling of oneness across the organization, we encourage cross-cultural training of our employees across the globe, thus, strengthening our global delivery model. Our global delivery model also encourages the workforce across the globe to work together under agile methodology.

Moreover, we foster a fertile environment where digital technologies like Big Data Analytics, Internet of Things (IoT), Mobile, Cloud, etc. are successfully adopted and brought into practice.

Our 'Centre for Excellence' that spans across digital technologies is the guiding light that encourages them to embrace and learn about the effectiveness of new technologies across the verticals. We also place emphasis on the mental health of our employees and continue organizing

recreational activities such as, RSI Cricket League, table tennis tournaments, cross-functional training programs, festive celebrations, and team building activities.

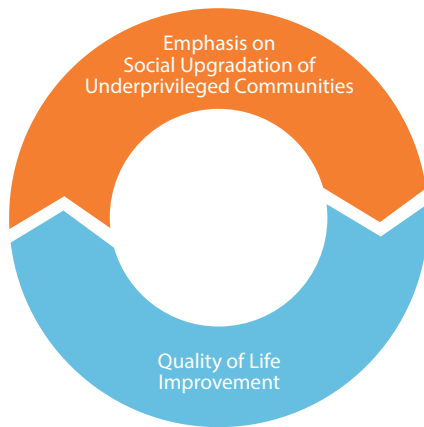
Our European company, Computaris keeps on organizing various team building initiatives like celebrating International Women's day in the Bucharest Office, International Kids day at the Galati office, hosting outdoor employee's trips, First Aid Training and participation in the Eco marathon in Romania. While our Singapore Subsidiary, ECnet and IBIZ hosted several festivals, events and employees get together.

We firmly believe in sharing our institutional values, priorities, rewards and success to help nurture a sense of inclusion, value-addition, skill enhancement, encouragement and respect for our employees.

# TOUCHING LIVES THROUGH CSR

For us, Social welfare goes hand in hand with organizational growth and profit. We are committed to bring positive changes in the society through intervention at grass root level.

## Our CSR initiatives



## Our CSR initiatives during 2017

- The Company continued to contribute for the education and welfare of children from weaker sections.
- R Systems has also associated with Padukone Badminton Academy to encourage young girls in badminton in both national & international levels. It will extend its support by providing coaching and capital for training, and other expenses.
- Our employees have been participating in several blood donation drives organized in collaboration with AIIMS, Delhi.
- Computaris, our European subsidiary, has celebrated a cake day to raise funds for the financially deprived children.
- Continuing the journey of working for the wellbeing of society, R Systems has extended its support to the socially isolated and economically deprived, crippled and homeless children in association with Missionaries of Charity Jeevan Jyoti Home, Delhi.

# CORPORATE INFORMATION

## Board of Directors

(As on April 18, 2018)

1. **Mr. Satinder Singh Rekhi**  
(Managing Director)
2. **Lt. Gen. Baldev Singh (Retd.)**  
(President and Senior Executive Director)
3. **Mr. Avirag Jain** (w.e.f August 03, 2017)  
(Director & Chief Technology Officer)
4. **Mrs. Ruchica Gupta**  
(Non-Executive Independent Director)
5. **Mr. Kapil Dhameja**  
(Non-Executive Independent Director)
6. **Mr. Aditya Wadhwa**  
(Non-Executive Independent Director)

## Chief Financial Officer

Mr. Nand Sardana

## Company Secretary and Compliance Officer

Mr. Ashish Thakur (till February 10, 2018)  
Mr. Bhasker Dubey (w.e.f February 10, 2018)

## Committees of the Board of Directors Audit Committee

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

## Stakeholders Relationship Committee

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

## Nomination & Remuneration Committee

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

## Compensation Committee

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

## Corporate Social Responsibility Committee (CSR Committee)

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

## Registered Office

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

## Corporate Office

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

## Statutory Auditors

M/s Deloitte Haskins & Sells LLP  
Chartered Accountants  
7th Floor, Building 10, Tower B  
DLF Cyber City Complex  
DLF City Phase II Gurgaon

## Registrar & Share Transfer Agent

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

## Bankers to the Company

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

## Listed At

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

## Subsidiaries of R Systems International Limited

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

## Subsidiary of R Systems (Singapore) Pte Limited

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

## Subsidiaries of IBIZ Consulting Pte. Ltd., Singapore

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

## Subsidiaries of ECnet Limited

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

## Subsidiaries of Computaris International Limited

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

## DIRECTORS' REPORT

Dear Shareholders,

Your directors take great pleasure in presenting the Twenty Fourth Annual Report on the business and operations of R Systems International Limited ("R Systems" or the "Company") together with the audited statements of accounts for the year ended December 31, 2017.

### 1. Financial Results

#### a. Standalone financial results of R Systems

(Rs. in Millions)

Particulars	Financial Year ended	
	31.12.2017	31.12.2016
<b>Total Income</b>	<b>2,771.26</b>	<b>2,755.44</b>
Profit before depreciation, exceptional items and tax	430.58	636.71
Less : Depreciation and amortisation expense	73.74	69.30
Add : Exceptional items *	-	46.35
<b>Profit before tax</b>	<b>356.84</b>	<b>613.76</b>
Less : Current tax	127.34	224.95
Less: MAT credit entitlement	-	(15.13)
Less : Deferred tax credit	(9.33)	(8.20)
<b>Profit after tax</b>	<b>238.83</b>	<b>412.14</b>
<b>Surplus in the statement of profit and loss</b>		
<b>Balance as per last financial statements</b>	1,197.94	785.80
Add: Profit for the current year	238.83	412.14
<b>Net surplus in statement of profit and loss</b>	<b>1,436.77</b>	<b>1,197.94</b>

\* Refer Note No. 22 of standalone financial statements.

#### b. Consolidated financial results of R Systems and its Subsidiaries

(Rs. in Millions)

Particulars	Financial Year ended	
	31.12.2017	31.12.2016
<b>Total Income</b>	<b>6,078.85</b>	<b>6,009.44</b>
Profit before depreciation, exceptional items and tax	496.18	825.64
Less : Depreciation and amortisation expense	119.67	115.12
Add : Exceptional items*	-	46.35
<b>Profit before tax</b>	<b>376.51</b>	<b>756.87</b>
Less : Current tax	143.82	244.03
Less: MAT credit entitlement	-	(15.13)
Less : Deferred tax credit	(12.12)	(8.91)
<b>Profit after tax</b>	<b>244.81</b>	<b>536.88</b>
<b>Surplus in the statement of profit and loss</b>		
<b>Balance as per last financial statements</b>	1,559.50	1,022.62
Add: Profit for the current year	244.81	536.88
<b>Net surplus in statement of profit and loss</b>	<b>1,804.31</b>	<b>1,559.50</b>

\* Refer Note No. 23 of consolidated financial statements.



## 2. Results of Operations

### Standalone Accounts

- Total income during the year 2017 was Rs. 2,771.26 mn. as compared to Rs. 2,755.44 mn. during the year 2016.
- Profit after tax was Rs. 238.83 mn. during the year 2017 as compared to Rs. 412.14 mn. during the year 2016.
- Basic earnings per share (of face value of Re. 1/- each) was Rs. 1.93 for the year 2017 as compared to Rs. 3.26 for the year 2016.

### Consolidated Accounts

- Consolidated total income during the year 2017 was Rs. 6,078.85 mn. as compared to Rs. 6,009.44 mn. during the year 2016.
- Profit after tax was Rs. 244.81 mn. during the year 2017 as compared to Rs. 536.88 mn. during the year 2016.
- Basic earnings per share (of face value of Re. 1/- each) was Rs. 1.98 for the year 2017 as compared to Rs. 4.24 for the year 2016.

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

## 3. Appropriations and Reserves

### Dividend

The Board of Directors (the "Board") has not recommended any dividend for the financial year ended December 31, 2017.

### Transfer to Reserves

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

## 4. Business

R Systems is a leading provider of product engineering services, business process outsource services and solutions through its subsidiaries ECnet and IBIZ. R Systems diversified offering includes:

### iPLM Services Group

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

Under iPLM Services, R Systems delivers services and solutions in the area of Information Technology and Knowledge Services. The IT services cover product development, systems integration and support and maintenance. Under the Knowledge Services, we cover technical support, customer care, analytics service, back office services, business process transformation and revenue and claims management.

R Systems competitive advantage in iPLM Services is further enhanced by its industry specific domain expertise, global delivery capabilities, multi-language support capabilities, industry best quality and security certification and agile development methodologies supported by R Systems' proprietary pSuite framework. Further, R Systems iPLM Services have been aligned with latest digital technologies i.e. analytics, artificial intelligence, cloud, mobility, IoT, robotics, etc. as enabler for digital transformation.

### Solution offerings

**ECnet Supply Chain** provide solutions for holistic management of the complex interaction between an organisation and its trading partners. The integrated solution aims to reduce all supply chain costs through improved collaboration and optimisation. The solutions are robust and scalable and give measurable ROI to clients that meet the clients' strategic business goals.

ECnet also operates as Infor Gold-certified channel partner for reselling and implementing several enterprise solutions, including enterprise resource planning, warehouse management, corporate performance management, business intelligence etc. It mainly serves small to medium-sized businesses in the manufacturing and distribution industries. These products present an opportunity to cross and up sell these solutions since these are adjunct to ECnet's own product offerings. Further, ECnet has also partnered with JDA to offer category management solution suite to retail customers.

IBIZ, is a Microsoft Gold Channel Partner and is specialized in deploying Microsoft business management solution suites, including enterprise resource planning, customer relationship management, point of sales, mobility, business intelligence and portals. IBIZ addresses industry vertical like retail, manufacturing and supply chain.

R Systems focused on key verticals i.e. Telecom, Media & Entertainment, Banking & Finance, Healthcare & Life Sciences, Technology, Retail & E-commerce and Manufacturing & Logistics. Telecom and Digital Media is the largest industry vertical which contributes 26 percent of the total consolidated revenue for the year ended December 31, 2017.

Further with the deep expertise in the key vertical like Telecom, Media & Entertainment, Banking & Finance, Healthcare & Life Sciences, Technology, Retail & E-commerce and Manufacturing & Logistics. R Systems have horizontally embraced digital technologies like analytics, artificial intelligence, cloud, mobility, IoT, robotics etc. to further strengthen its product engineering capabilities.

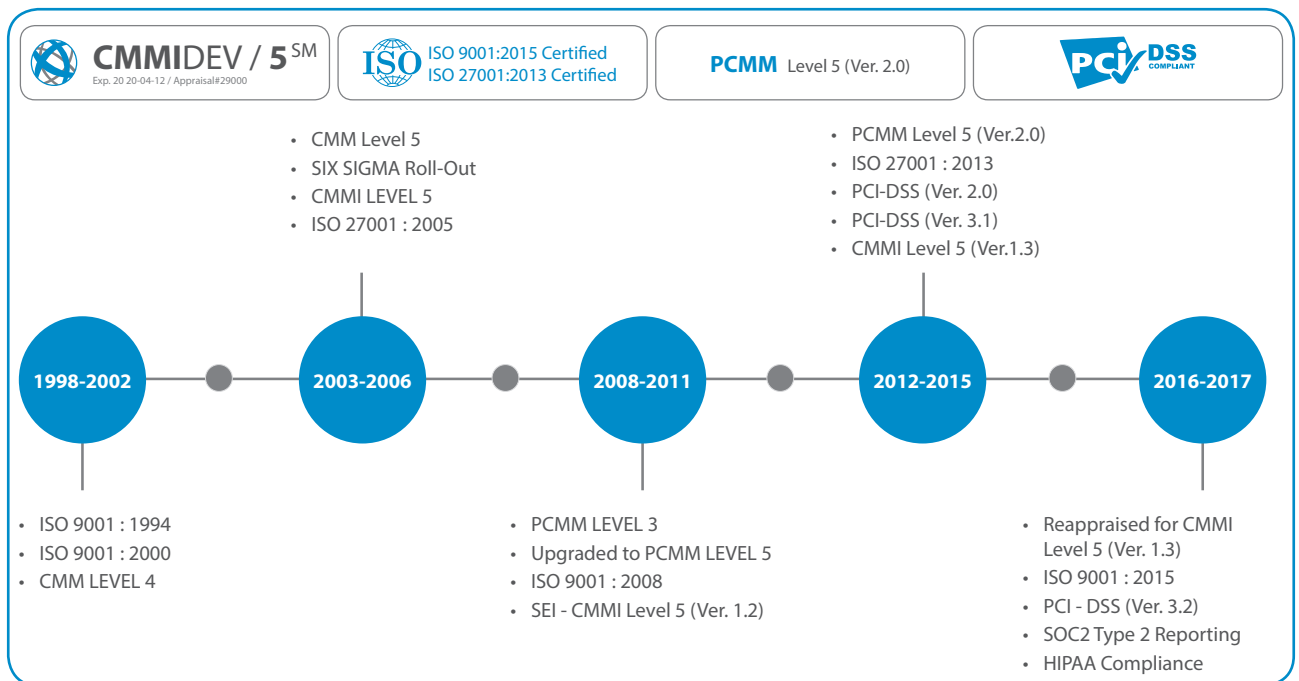
R Systems rapidly growing customer list includes a variety of Fortune 1000, government and mid-sized organizations across a wide range of industry verticals and has served twenty one million dollar plus customer during the year 2017.

**Customers and Delivery Centres**

R Systems rapidly growing customer list includes a variety of Fortune 1000, government and mid-sized organizations across a wide range of industry verticals including Telecom, Media & Entertainment, Banking & Finance, Independent Software Vendors, Healthcare & Life Sciences, Technology, Retail & E-commerce and Manufacturing & Logistics. R Systems maintains fifteen development and service centres to serve customers in USA, Europe and the Far East. There were no changes in the nature of the Company's business and generally in the classes of business in which the Company has an interest and in the business carried on by the subsidiaries during the year under review. For details of Company's subsidiaries please refer note number 13 relating to subsidiaries. During the year under review, the Company has commenced its operation in its SEZ unit located at Greater Noida West (NCR).

**5. Quality**

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



During the year 2017, the IT Division of the Company has been appraised for CMMI Level 5 (Version 1.3) and also certified with new ISO 9001:2015 standard (formal certificate is yet to be received).

In addition, for BPO division, R System has got **SOC2 Type 2** Reporting (SSAE-16) for one of the major healthcare clients. **HIPAA** also has been implemented and tested with zero non-compliance in one of the major clients in Healthcare Domain. The BPO division has migrated their QMS into ISO 9001:2015 version from the existing ISO 9001:2008 version. Apart from that, R Systems IT Infrastructure along with the projects/process/applications in scope has got **PCI DSS** Certification on latest version **V3.2**.

As of the date of this report, Noida IT center is CMMI level 5(Ver.1.3), PCMM Level 5, ISO 9001: 2015, ISO 27001: 2013 certified. Noida BPO center is PCMM Level 5, ISO 9001: 2008, ISO 27001: 2013 certified and also for specific client(s) it is SOC2 Type 2 (SSAE-16), HIPAA compliant and PCI-DSS (ver.3.1) certified for (IT Infrastructure along with the projects/process/applications in scope), SSAE-16.

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

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

## 6. Directors & Key Managerial Personnels (KMP)

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

As per approval of shareholders accorded in the Annual General Meeting of the Company held on May 15, 2017, Mr. Kapil Dhameja and Mr. Aditya Wadhwa were appointed as Independent Directors of the Company for a period of five years commencing from June 29, 2016.

Mr. Avirag Jain was appointed as an Additional Director and subject to Shareholder's approval, he was also appointed as a Whole-time Director (Designated as Director & Chief Technology Officer) for a period of three years commencing from August 03, 2017.

Subsequent to the year ended December 31, 2017, Mr. Ashish Thakur has resigned from the post of Company Secretary & Compliance Officer w.e.f. February 10, 2018. The Board placed on record its appreciation for the contribution made by him during his tenure. The Board of Directors of the Company has appointed Mr. Bhasker Dubey as Company Secretary & Compliance Officer of the Company, w.e.f. February 10, 2018.

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

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

On the recommendation of the Nomination & Remuneration Committee of the Company, Lt. Gen Baldev Singh (Retd.) has been reappointed as President and Senior Executive Director of the Company for a period of three years i.e. w.e.f. April 01, 2018 to March 31, 2021, subject to the approval of the Central Government, if required, and the shareholders at the ensuing Annual General Meeting of the Company.

Further, at the meeting of Board of Directors held on August 03, 2017 Mr. Avirag Jain has been appointed as Additional Director and also Whole-time Director (Designated as Director & Chief Technology Officer) of the Company for a period of three years w.e.f. August 03, 2017, subject to the approval of the Central Government, if applicable and the shareholders at the ensuing Annual General Meeting of the Company.

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

None of the directors of the Company is disqualified as per the provisions of Section 164(2) of the Companies Act, 2013. The directors of R Systems have made necessary disclosures, as required under various provisions of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Hereinafter referred as "Listing Regulations").

As required under Section 149 of the Companies Act, 2013 and Listing Regulations all the Independent Directors of the Company, have submitted declarations that they meet the criteria of independence as laid down therein.

## 7. Employees Stock Option Plans / Schemes

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

- R Systems International Ltd. Employees Stock Option Plan Year 2001 (Formerly known as Indus Software Employees Stock Option Plan - Year 2001): Initially formulated for the employees of Indus Software Private Limited which got amalgamated with R Systems and the plan continued as per the scheme of amalgamation approved by the Hon'ble High Courts of Delhi and Mumbai. As on the date of this report, no stock options are in force under this plan.
- R Systems International Limited Employee Stock Option Scheme 2007: For the employees of R Systems and its subsidiaries.

Details relating to options approved, granted, vested, exercised, lapsed, in force etc. under the prevailing employees stock option plans / schemes during the year ended December 31, 2017 are as follows:

S. No.	Particulars	R Systems International Ltd. Employees Stock Option Plan - Year 2001	R Systems International Limited Employee Stock Option Scheme 2007
		(a) <sup>#</sup>	(b) <sup>##</sup>
a.	Total number of shares covered under the plan/scheme	738,980	6,500,000
b.	Pricing Formula	As approved under the "Scheme of Amalgamation" of Indus Software Private Limited with the Company by the Hon'ble High Courts of Delhi and Mumbai.	Rs. 12.07 per option for 6,350,000 options i.e. latest available closing price, prior to the date of the meeting of the Board of Directors / Compensation Committee, in which options were granted, on the stock exchange. Rs. 12.07 per option for 150,000 options as approved by the Compensation Committee.
c.	Options Outstanding at the beginning of the year	Nil	195,280
d.	Options granted during the year	Nil	Nil
e.	Options vested during the year	Nil	Nil
f.	Options exercised during the year	Nil	82,500
g.	The total number of shares arising as a result of exercise of options during the year	Nil	82,500
h.	Options lapsed during the year	Nil	280
i.	Variation of terms of options during the year	Nil	Nil
j.	Money realised by exercise of options during the year (Rs.)	Nil	995,775
k.	Total number of options in force at the end of the year	Nil	112,500
l.	Employee wise details of options granted to (during the year)		
(i)	Senior managerial personnel	Nil	Nil
(ii)	Any other employee who receives a grant in any one year of options amounting to 5% or more of options granted during that year	Nil	Nil
(iii)	Identified employees who were granted options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	Nil	Nil
m.	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of options	N.A.	1.93*

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

## The details given above for plan (b) are after making the required adjustment in relation to sub-division of each of the equity shares of Rs. 10 each into 10 equity shares of Re. 1/- each as per the record date of February 28, 2014.

\* EPS is Rupees per equity share of Re. 1/- each i.e. after giving into effect sub-division of equity shares of Rs. 10 each into equity shares of Re. 1/- each as per record date of February 28, 2014.

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

All options granted under R Systems International Limited Employees Stock Option Plan - Year 2001 have already been vested and exercised or lapsed and no options were in force as on December 31, 2017.

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

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

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

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

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

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

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

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

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

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

For the purpose of valuation of the options granted during the year ended December 31, 2016 under R Systems International Limited Employee Stock Option Scheme 2007, the year to date compensation cost relating to Employee Stock Options, calculated as per the intrinsic value method is Rs. 2,614,858 (Previous year Rs. 2,589,490).

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

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

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

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

The stock based compensation cost calculated as per the intrinsic value method for the financial year 2017 was Rs. 2,614,858 (Previous year Rs. 2,589,490). If the stock based compensation cost was calculated as per fair value method prescribed by SEBI, the total cost to be recognised in the financial statements for the year 2017 would be Rs. 2,642,059 (Previous year 2,617,180). The effect of adopting the fair value method on the net income and earnings per share is presented below:

#### Pro Forma adjusted Net Income and Earnings per Share

(Amount in Rs.)

Particulars	Year ended December 31, 2017	Year ended December 31, 2016
Profit after tax	238,829,974	412,138,007
Add: Intrinsic Value Compensation Cost	2,614,858	2,589,490
Less: Fair Value Compensation Cost	2,642,059	2,617,180
Adjusted Pro-forma Profit after tax	238,802,773	412,110,317
Weighted average number of equity shares for calculating Basic EPS	123,924,898	126,616,327
Weighted average number of equity shares for calculating Diluted EPS	123,949,330	126,653,124
<b>Earnings Per Share</b>		
<b>Basic [Nominal value of shares Re. 1 (Previous year: Re. 1)]</b>		
- As reported	1.93	3.26
- Pro-forma	1.93	3.25
<b>Diluted [Nominal value of shares Re. 1 (Previous year: Re. 1)]</b>		
- As reported	1.93	3.25
- Pro-forma	1.93	3.25



### Weighted average exercise price of options granted during the year

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

### Weighted average fair value of the options granted during the year

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

Scheme (a): R Systems International Limited Employees Stock Option Plan -Year 2001.

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

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

## 8. Liquidity and Borrowings - Consolidated Financial Statement

The available Cash and bank balance including mutual fund as at December 31, 2017 was Rs. 1,607.21 mn. against Rs. 1,199.70 mn. as of December 31, 2016. The increase was mainly on account cash generated from operations, proceeds from redemption of debenture as offset by purchase of fixed assets and earnout payment for IBIZ acquisition.

The consolidated cash and cash equivalent as at December 31, 2017 were Rs. 925.42 mn. as against Rs. 1,136.05 mn. as on December 31, 2016.

Net cash generated from operating activities were Rs. 374.34 mn. for the year ended December 31, 2017 compared to Rs. 436.24 mn. for the year ended December 31, 2016.

Cash used in investing activities were Rs. 576.87 mn. for the year ended December 31, 2017 comprising of Investment in long term deposit with bank Rs. 567.16 mn. (net), purchase of fixed assets of Rs. 89.97 mn., Investment in mutual fund Rs. 48 mn. and earn out payment for IBIZ Rs. 18.40 mn. as offset by proceeds from redemption of debenture Rs. 87.57 mn., interest income Rs. 49.73 mn., rental income from investment property Rs. 6.40 mn., sale of fixed assets Rs. 2.96 mn.

Cash used in financing activities were Rs. 5.79 mn. for the year ended December 31, 2017 mainly consist of Rs. 3.97 mn (net) for repayment of long term borrowings.

R Systems' policy is to maintain sufficient liquidity to fund the anticipated capital expenditures, operational expenses and investments for strategic initiatives. R Systems has a credit facility from the Axis Bank Limited amounting to Rs. 380 mn. (including non-fund based credit limit of Rs. 180 mn. for currency derivatives). As at December 31, 2017, the total credit balance was nil under fund based line of credit. Loan payable as at December 31, 2017 comprises of loan for motor vehicles purchased amounting to Rs. 9.57 mn. and finance lease obligation of Rs. 10.78 mn. for SEZ premises. R Systems' primary bankers in India are Axis Bank Limited, ICICI Bank Limited, Kotak Mahindra Bank Limited, State Bank of India, HDFC Bank Limited and Oriental Bank of Commerce. In U.S.A., U.K. and Singapore, the primary bankers are California Bank & Trust, Natwest Bank and Citibank N.A. respectively.

## 9. Changes in the Capital Structure

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

At the beginning of the financial year ended December 31, 2017, the issued and paid up share capital of the Company was Rs. 123,870,425/- divided into 123,870,425 equity shares of face value of Re. 1/- each. During the year under review the Company issued 82,500 equity shares of Re. 1/- each pursuant to exercise of stock options granted under the R Systems International Limited Employees Stock Option Scheme - 2007. Consequent to the said allotment the issued and paid up share capital of the Company was enhanced to Rs. 123,952,925/- divided into 123,952,925 equity shares of face value of Re. 1/- each. Further, during the year under review there was no change in the authorised share capital of the Company.

During the financial year ended December 31, 2017, the Company has not issued any shares with differential voting rights or any sweat equity shares. Therefore, disclosure pursuant to Section 43(a) (ii) & Section 54(1)(d) of the Companies Act, 2013 are not applicable. Further, no disclosure is required under Section 67 (3) (c) of the Companies Act, 2013, in respect of voting rights not exercised directly by employees of the Company as the provisions of the said section are not applicable.

## 10. Scheme of Arrangements

- A. The Board of Directors of your Company at its meeting held on May 04, 2017 has passed the Scheme of Arrangement under Section 230 & other applicable provisions of the Companies Act, 2013 between R Systems International Limited and its Shareholders and Creditors. The scheme, as approved by the Board of Directors of the Company, subject to necessary approvals of Shareholders, creditors, Stock Exchanges, National Company Law Tribunal or any other appropriate authority, provides for re-organization and reduction of equity share capital of R Systems International Limited to reflect the correct and true capital structure of R Systems by cancelling the shares held by the R Systems Employees Welfare Trust as there are no ascertain beneficiaries or employees of this trust. The Company has applied to relevant authorities for their necessary directions and sanctions.
- B. Subject to necessary approvals of Shareholders, creditors, Stock Exchanges, National Company Law Tribunal or any other appropriate authority, the Board of Directors of your Company at its meeting held on September 22, 2017 has approved the Scheme of Amalgamation under Section 230-232 and other applicable provisions of the Companies Act, 2013 between GM Solutions Private Limited ("GM Solutions") and R Systems International Limited and their respective shareholders and creditors ("Scheme"). GM Solutions forms part of the promoter group of R Systems. It presently holds 29,746,353 (Two Crore Ninty Seven Lac Forty Six Thousand Three Hundred Forty Three only) of Re. 1/- each constituting about 24% of total paid-up equity share capital of R Systems. As per the proposed Amalgamation, GM Solutions will be Amalgamated into R Systems and equivalent no. of shares will be issued and allotted to the equity shareholders of GM Solutions in the same proportion of their respective equity shareholding in GM Solutions. The Company has applied to relevant authorities for their necessary directions and sanctions.

## 11. Material changes affecting the financial position of the Company

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

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

The particulars as prescribed under Section 134 (1) (m) of the Companies Act, 2013, read with rule 8 of Companies (Accounts) Rules, 2014 for the year ended December 31, 2017 are as follows:

### A. Conservation of Energy

Though Your Company does not have energy intensive operation, every endeavour has been made to ensure the optimal usage of energy, avoid wastage and conserve energy. R Systems constantly evaluates new technologies and makes appropriate investments to be energy efficient.

During the year ended December 31, 2017, R Systems adopted various energy conservation options / technologies and took measures to reduce energy consumption by using energy efficient equipment and devices, replacing existing CFL fittings with LEDs fittings to reduce power consumption, Preventive Maintenance of all major and minor equipments. The air is conditioned with energy efficient compressors for central air conditioning and with split air conditioning for localized areas.

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

### B. Technology absorption

#### 1. Efforts made towards technology absorption

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

#### 2. Benefits derived as a result of the above efforts

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

#### 3. Technology imported during the last 3 years

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

#### 4. Expenditure incurred on Research and development

Digital has provided oceans of opportunity for Research and development. Today we are witnessing breakthrough technologies — big data and advanced analytics, artificial intelligence (AI), the Internet of Things, and robotics, mobility and cloud, that is unprecedented in human history. R Systems possess a product engineering DNA and optimized its capabilities around these technologies to accelerate the digital transformation for the customers. We have invested significantly in focused research and development to partner with customer in delivering robust product and solutions simplifying their operations.

The key R&D initiatives undertaken by the Company for the year 2017 are as follows:

- R Systems has continued its investment in building and strengthening robust analytics solutions, accelerators and framework that address the key challenges around data analytics including predictive modeling, machine learning, natural language processing & image analytics. Medley, our unified

data framework enables rapid deployment of custom advance analytics solutions. Medley simplifies data acquisition, transformation & visualization for virtually any data source. Analytics Gym, our consulting framework helps organizations to discover & evaluate relevant data, technology and right approach for their analytics roadmap.

- Anagram, our proprietary customer interaction analytics platform uses speech analytics technology combined with predictive analytics to help businesses glean important business insights and tap into new business opportunities using the big data generated from the entire population of all customer interactions across multiple channels. It helps augment business efficiency by proffering real-time data insights.
- R Systems has partnered with a leading Robotic tools provider to build offerings around process automation and robotic analytics to reduce costs, improve delivery and consistent quality.
- Our new initiatives for IoT covers bringing intelligence to the new edge and futuristic senior devices which use machine learning and artificial intelligence.
- Additionally, your Company has continued its investment building frameworks and proof of concepts in key verticals like Telecom, Media & Entertainment, Banking & Finance, Healthcare & Life Sciences, Technology, Retail & E-commerce and Manufacturing & Logistics Domains.

### C. Foreign Exchange Earnings and Outgo (Accrual Basis)

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

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

(Rs. in Millions)

S. No.	Particulars	Financial Year ended	
		31.12.2017	31.12.2016
(a)	Earnings (Accrual Basis)	2,586.04	2,594.89
(b)	Expenditure (Accrual Basis)	343.98	356.32
(c)	Clf value of imports	26.68	66.53

### 13. Subsidiaries

As on December 31, 2017, R Systems has twenty five subsidiaries. The name and country of incorporation of those subsidiaries are as follows:

S. No.	Name of the Company	Country of Incorporation
1.	R Systems (Singapore) Pte Limited	Singapore
2.	R Systems, Inc.	U.S.A.
3.	R Systems Technologies Limited (Formerly known as Indus Software, Inc.)	U.S.A.
4.	RSYS Technologies Ltd (Formerly Systèmes R. International Ltée)	Canada
5.	ECnet Limited	Singapore
6.	ECnet (M) Sdn. Bhd <sup>#</sup>	Malaysia
7.	ECnet, Inc. <sup>#</sup>	U.S.A.
8.	ECnet (Hong Kong) Ltd. <sup>#</sup>	Hong Kong
9.	ECnet Systems (Thailand) Co. Ltd. <sup>#</sup>	Thailand
10.	ECnet Kabushiki Kaisha <sup>#</sup>	Japan
11.	ECnet (Shanghai) Co. Ltd. <sup>#</sup>	People's Republic of China
12.	Computaris International Limited	U.K.
13.	ICS Computaris International Srl <sup>@</sup>	Moldova
14.	Computaris Malaysia Sdn. Bhd. <sup>@</sup>	Malaysia
15.	Computaris Polska sp z o.o. <sup>@</sup>	Poland
16.	Computaris Romania Srl <sup>@</sup>	Romania
17.	Computaris USA, Inc. <sup>@</sup>	U.S.A.
18.	Computaris Philippines Pte. Ltd. Inc. <sup>@</sup>	Philippines
19.	IBIZ Consulting Pte. Ltd. (Formerly known as IBIZCS Group Pte. Ltd.) <sup>*</sup>	Singapore
20.	IBIZ Consulting Services Pte Ltd <sup>^</sup>	Singapore
21.	IBIZ Consulting Services Sdn. Bhd. <sup>^</sup>	Malaysia
22.	PT. IBIZCS Indonesia <sup>^</sup>	Indonesia
23.	IBIZ Consultancy Services India Private Limited <sup>^</sup>	India
24.	IBIZ Consulting Services Limited <sup>^</sup>	Hong Kong
25.	IBIZ Consulting Services (Shanghai) Co., Ltd <sup>%</sup>	People's Republic of China

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

<sup>@</sup> Wholly owned subsidiaries of Computaris International Limited, U.K. being 100% subsidiary of R Systems.

<sup>\*</sup> Wholly owned subsidiary of R Systems (Singapore) Pte. Limited being 100% subsidiary of R Systems.

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

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

During the year ended December 31, 2017, the Company has invested SGD 350,000 (Singapore Dollar Three Lakhs Fifty Thousand only) in R Systems (Singapore) Pte Limited towards equity contribution.

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

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

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

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

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

#### 14. Particulars of employees

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

#### 15. Directors' responsibility statement

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

- 1) In the preparation of the annual accounts for the financial year ended December 31, 2017, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- 2) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended December 31, 2017 and of the profit and loss of the Company for that period;
- 3) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- 4) the directors had prepared the annual accounts for the financial year ended December 31, 2017 on a going concern basis;
- 5) the directors, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- 6) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### 16. Auditors

M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, [Firm's Registration No. 117366W/ W-100018], were appointed as the Statutory Auditors of your Company in the Annual General Meeting held on May 15, 2017 for a term of five years until the conclusion of the Twenty Eighth AGM of the Company to be held in the year 2022. As per the provisions of Section 139 of the Act, the appointment of the Statutory Auditors is required to be ratified by Members at every Annual General Meeting. Accordingly, the appointment of M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, as Statutory Auditors of the Company, shall be placed for ratification by the Members in the ensuing Annual General Meeting.

Further, the auditors' report being self-explanatory, does not call for any further comments by the Board of Directors as there are no qualifications, reservation or adverse remark or disclaimer made in the audit report for the financial year ended December 31, 2017.

#### 17. Audit committee

R Systems has a qualified and independent Audit Committee. During the year under review there was no change in the composition of Audit Committee.

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

Detailed description of the Audit Committee has been given in Corporate Governance Report. The terms of reference and role

of the Committee are as per the guidelines set out in the Listing Regulations and Section 177 of the Companies Act, 2013 and Rules made thereunder and includes such other functions as may be assigned to it by the Board from time to time.

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

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

At R Systems, it is our desire to promote a healthy and congenial working environment irrespective of gender, caste, creed or social class of the employees. We value every individual and are committed to protect the dignity and respect of every individual. The Company has always endeavored for providing a better and safe environment free of sexual harassment at all its work places. Consequent to the enactment of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules made thereunder, the Management of R Systems International Limited has constituted an Internal Complaints Committee (ICC) to deal with any complaints or issues that may arise, in the nature of sexual harassment of women employees. The Company has also prepared and implemented Policy for Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace. During the year ended December 31, 2017, no cases of sexual harassment against women employees at any of its work place were reported to the ICC.

#### 19. Corporate Governance

As required under Listing Regulations, the detailed report on corporate governance is given as **Annexure C** to this report and the certificate obtained from a Practicing Company Secretary regarding compliance of the conditions of corporate governance as stipulated in the said clause is annexed as **Annexure D** to this report.

#### 20. Deposits

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

#### 21. Customer relations

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

#### 22. Stakeholder's relations

R Systems is inspired by its customers and its employees transform that inspiration and customers' needs into value for

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

#### 23. Management Discussion and Analysis Report

In terms of the Listing Regulations Management Discussion and Analysis Report is given as **Annexure E** to this report.

#### 24. Secretarial Audit Report

M/s Chandrasekaran Associates, Company Secretaries, has been appointed by the Board of Directors of the Company to carry out the Secretarial Audit under the provision of Section 204 of the Companies Act, 2013 for the financial year ended December 31, 2017. The Secretarial Audit report for financial year ended on December 31, 2017 is enclosed as **Annexure F**.

Further, the Secretarial auditors' report being self-explanatory, does not call for any further comments by the Board of Directors as there are no qualifications, reservation or adverse remark or disclaimer made in the Secretarial Audit Report for the financial year ended December 31, 2017.

#### 25. Vigil Mechanism / Whistle Blower Policy

In order to provide a mechanism to employees of the company to disclose any unethical and improper practices or any other alleged wrongful conduct in the Company and to prohibit managerial personnel from taking any adverse action against those employees, the Company has laid down a Vigil Mechanism also known as Whistle Blower Policy to deal with instance of fraud and mismanagement, if any. The details of the Vigil Mechanism or Whistle Blower Policy is explained in the Corporate Governance Report and also posted on the website of the Company.

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

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



## 27. Meetings of the Board

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

## 28. Board Evaluation

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

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

During the year ended December 31, 2017, the Company has invested SGD 350,000 (Singapore Dollar Three Lakhs Fifty Thousand only) in R Systems (Singapore) Pte Limited by way of acquisition of additional shares.

## 30. Related Party Disclosure

All the Related Party Transactions entered during the year were in the ordinary course of business and on arm's length basis. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict of interest with the company at large. All the related party transactions are presented to the Audit Committee and the Board. Omnibus approval is obtained for the transactions which are unforeseen in nature. A statement of all related party transactions is presented before the Audit Committee on quarterly basis, specifying the terms & conditions of the transactions. The policy on Related Party Transactions as approved by the Board is uploaded on the company's website at the weblink as mentioned in the Corporate Governance Report. Details of particulars of contracts or arrangements with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 in form AOC-2 has been enclosed herewith as **Annexure G**.

## 31. Risk Management

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

## 32. Corporate Social Responsibility

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

During the year under review, there was no change in the composition of CSR Committee.

The detailed terms of reference of the CSR Committee has been provided in the Corporate Governance Report. In pursuit

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

## 33. Internal Control System and Internal Financial Controls

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The Internal Auditors and the management monitors and evaluates the efficacy and adequacy of the internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Audit observations of Internal Auditors and corrective actions thereon are presented to the Audit Committee of the Board. To maintain its objectivity and independence, the Internal Auditor reports to the Audit Committee.

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

M/s. Deloitte Haskins & Sells LLP, Chartered Accountants the statutory auditors of the Company, has audited the financial statements included in this annual report and have issued unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

## 34. Extract of Annual Return

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

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

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

## 36. Acknowledgments

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

On behalf of the Board  
For R Systems International Limited

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

Place : CA, U.S.A.  
Date : April 18, 2018

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

Place : NOIDA (U.P.)  
Date : April 18, 2018



Annexure 'A' to the Directors' Report

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

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

Sr. No.	Name of the Director	Category	Ratio of the remuneration to the median remuneration of the employees
1.	Mr. Satinder Singh Rekhi	Executive Director	42.30
2.	Lt. Gen. Baldev Singh (Retd.)	Executive Director	8.29
3.	Mr. Avirag Jain*	Executive Director	8.61
4.	Mrs. Ruchica Gupta	Non-Executive Independent Director	N.A.
5.	Mr. Kapil Dhameja	Non-Executive Independent Director	N.A.
6.	Mr. Aditya Wadhwa	Non-Executive Independent Director	N.A.

\* Mr. Avirag Jain was appointed as Additional Director and subject to shareholders approval, Whole-time Director (Designated as Director & Chief Technology Officer) w.e.f. August 03, 2017.

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

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

Sr. No.	Name of the Director/CFO/CS/Manager	Category	% increase in remuneration in the financial year
1.	Mr. Satinder Singh Rekhi	Executive Director	(8.61)
2.	Lt. Gen. Baldev Singh (Retd.)	Executive Director	(0.21)
3.	Mr. Avirag Jain*	Executive Director	N.A.
4.	Mrs. Ruchica Gupta	Non-Executive Independent Director	N.A.
5.	Mr. Kapil Dhameja	Non-Executive Independent Director	N.A.
6.	Mr. Aditya Wadhwa	Non-Executive Independent Director	N.A.
7.	Mr. Nand Sardana	Chief Financial Officer	29.22
8.	Mr. Ashish Thakur	Company Secretary & Compliance Officer	30.86

\* Mr. Avirag Jain was appointed as Additional Director and subject to shareholders approval, Whole-time Director (Designated as Director & Chief Technology Officer) w.e.f. August 03, 2017.

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

The percentage increase in the median remuneration of the employees in the financial year was 6.67%.

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

Number of permanent employees on the rolls of R Systems International Limited as at December 31, 2017 was 1,658.

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

Average increase in remuneration for employees is 8%-10% (approx.). The average increase in overall managerial remuneration is (0.76%).

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

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

On behalf of the Board  
For R Systems International Limited

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

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

Place : CA, U.S.A.  
Date : April 18, 2018

Place : NOIDA (U.P.)  
Date : April 18, 2018

Annexure 'B' to the Directors' Report  
**Information as per 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Directors' Report for the year ended December 31, 2017**  
**Name of the Top 10 employees employed during the year in terms of remuneration drawn by them**

a. Employed throughout the year

S. No	Name	Designation / nature of duties	Qualification	Age (Years)	Date of Joining	Experience (Years)	Gross Remuneration (Rs.)	Previous employment & designation
1	Ashok Bhatia	Vice President - Client Operations	B.Sc, PGDMM and Certified Project Manager (SAPM) from Stanford University, USA	51	December 11, 2000	26	15,363,499	ACT Inc., Vice President - Marketing
2	Haish Verma	Vice President (Global Innovative Research) & Head, Mobility Solutions	BE (Hons) in Electrical & Electronics Engineering, MS PhD in Computer Science from BITS, Pilani, Executive Mgmt Prog from IIM, Ahmedabad, Post-Doctoral Res Prog, UC Berkeley.	58	February 19, 2007	33	10,156,456	Glocol, Inc., Vice President, R&D
3	Mandeep Singh Sodhi <sup>s</sup>	Vice President - Sales	Bachelors degree in Electronics Engineering from Marathwada University and MBA from University of California, Davis	50	May 14, 1993	25	39,192,138	Sark Synertek, Senior Marketing Engineer
4	Satinder Singh Rekhi	Managing Director	Bachelor of Technology from IIT, Khairagarh; MBA California State University, Sacramento; Senior Management programs from University of Berkeley and Harvard Business School	67	May 14, 1993	35	33,838,497	Digital Information Systems Corporation, Senior Management Personnel
5	Stacey Gann	Engagement Manager	Bachelors of Science in Nursing	49	January 30, 2012	28	8,443,615	Harris Health Plan-Training Manager

B. Employed part of the year

S. No	Name	Designation / nature of duties	Qualification	Age (Years)	Date of Joining	Experience (Years)	Gross Remuneration (Rs.)	Previous employment & designation
1	Adheesh Prabhavalkar <sup>#</sup>	AVP - US Operations	BE Electronics	51	April 06, 2010	26	7,974,120	Siemens Information Systems Ltd, Principal Account Manager
2	Gurpreet Saini <sup>#</sup>	Sales Account Manager	BS Computer Science, MBA - Nagpur University in Marketing and Finance	43	May 02, 2006	20	9,519,775	FCS Software, Sales Manager
3	Damian Clinton	Sr. Sales Director <sup>@</sup>	MBA MSITS and BA Economics	54	August 21, 2017	24	3,452,680	Director Sierraspen, Director Bleum
4	Jeffrey A Johnstone	Director- Client Services <sup>@</sup>	BA - Applied Mathematics, MBA - Marketing Management	55	April 29, 2016	25	10,491,980	TechExcel Inc, Sr. Director of Sales
5	Xhosrow Hassibi	Chief Data Scientist	PhD, ECS (Electrical & Computer Science) UCLA Executive Program, UCLA Anderson School of Management	56	March 1, 2017	25	11,643,589	Altice, Senior Principal, Head of Data Science

<sup>s</sup> Mr. Mandeep Singh Sodhi is related to Lt. Gen. Baldev Singh (Retd.), President & Sr. Executive Director of the Company.

<sup>@</sup> Not a member of the Board of Director of the Company.

<sup>#</sup> Resigned during the year.

**Notes:**

1. None of the employee owns more than 2% of the outstanding shares of the Company as on December 31, 2017.
2. Nature of employment is contractual in all the above cases.

On behalf of the Board

For R Systems International Limited

Sd/-

**Satinder Singh Rekhi**

(DIN: 00006955)

(Managing Director)

Place : CA, U.S.A.

Date : April 18, 2018

Sd/-

**Lt. Gen. Baldev Singh (Retd.)**

(DIN: 00006966)

(President & Senior Executive Director)

Place : NOIDA, (U.P.)

Date : April 18, 2018

## CORPORATE GOVERNANCE

### Report on Corporate Governance

#### 1. Company's Philosophy on Corporate Governance

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

#### 2. Board of Directors

- i. R Systems has an optimum combination of executive and non-executive directors on its Board of Directors ("Board"). As at financial year ended December 31, 2017, the Board

comprised of six directors, i.e. three executive directors out of which one is promoter director designated as Managing Director and three non-executive independent directors. All the existing non-executive independent directors of the Company satisfy the criteria of independence as defined under the provisions of the Companies Act, 2013 ("the Act") and the Listing Regulations. The total number of independent directors has been at least 50% of the total strength of the Board at all times during the year under review.

None of the directors of the Company is a committee member or a chairperson of any committee in any other Company in India. None of the non-executive independent director of the Company hold any shares in the Company. Necessary disclosures regarding directorship and committee positions in other companies and shareholding as on financial year ended December 31, 2017 have been made by the directors.

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

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

Name of Director	Category of Director	Designation	No. of Board Meetings attended out of 08 meetings held during the year	Attendance at the last AGM	No. of Directorship in other Bodies Corporate <sup>#</sup>
Mr. Satinder Singh Rekhi	Promoter & Executive Director	Managing Director	2+6*	Yes	12
Lt. Gen. Baldev Singh (Retd.)	Executive Director	President & Senior Executive Director	8	Yes	Nil
Mr. Avirag Jain <sup>5</sup>	Executive Director	Director & Chief Technology Officer	4	N.A.	Nil
Mrs. Ruchica Gupta	Non- Executive Independent Director	Non-Executive & Independent Director	7	Yes	Nil
Mr. Kapil Dhameja	Non- Executive Independent Director	Non-Executive & Independent Director	8	Yes	1
Mr. Aditya Wadhwa	Non- Executive Independent Director	Non-Executive & Independent Director	7	Yes	Nil

<sup>#</sup> Includes the offices of CEO, President, Managing Member and Partner.

<sup>\*</sup> Attendance by teleconference.

<sup>5</sup> Mr. Avirag Jain was appointed as Additional Director and subject to shareholders approval, Whole-time Director (Designated as Director & Chief Technology Officer) w.e.f. August 03, 2017 and attended all the four meetings held since his appointment.

The expression 'independent director' has the same meaning as defined under Regulation 16 of the Listing Regulations and Section 149 of the Act.

As on financial year ended December 31, 2017, out of total six directors, two directors namely, Mr. Satinder Singh Rekhi, Managing Director and Lt. Gen. Baldev Singh (Retd.), President & Senior Executive Director are relatives of each other as latter is former's sister's husband.

## ii. Board Functioning & Procedures

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

The minutes of the Board meetings and Committee meetings are circulated to all directors and committee members, respectively, in compliance with the Secretarial Standard-1 issued by the Institute of Company Secretaries of India (ICSI) for their review, consideration and records. During the financial year ended December 31, 2017, the Board met eight times i.e. on February 10, 2017, April 06, 2017, May 04, 2017, May 15, 2017, August 03, 2017, September 22, 2017, November 02, 2017 and December 14, 2017. The gap between any two consecutive Board meetings did not exceed one hundred and twenty days. The Board periodically reviews compliance reports in respect of laws and regulations applicable to the Company.

## iii. Code of Conduct

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

The Company has obtained confirmations for the compliance with the said code from all its Board members and senior management personnel for the year ended December 31, 2017.

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

### CODE OF CONDUCT DECLARATION

I, Satinder Singh Rekhi, Managing Director of R Systems International Limited, to the best of my knowledge and belief, hereby declare that all the Board members and senior management personnel have affirmed compliance with the Company's Code of Conduct for the year ended December 31, 2017.

Sd/-

Place: Noida

Date: January 12, 2018

**Satinder Singh Rekhi**  
(Managing Director)

## iv. Appointment / Reappointment of Directors

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

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

Lt. Gen. Baldev Singh (Retd.) (DIN: 00006966), aged about 77 years, has more than 51 years of experience, including handling top managerial, diplomatic and human resource development related assignments. Mr. Singh has a Masters in Military Sciences from the prestigious Madras University in India and attended two short courses at University of California at Berkeley, in Strategic Account Management and Marketing. He joined the Board of R Systems on September 01, 1997. As on the date of this report:-

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

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

Mr. Avirag Jain (DIN: 00004801), aged about 52 years, has more than 25 years of rich experience in managing large on-site, off-site and offshore projects in Banking, Telecom, Healthcare and other domains. Mr. Avirag Jain is a Graduate in Science and an MBA in Finance and International business from IMT, Ghaziabad. He also has a post-graduate diploma in Cyber Law from the Asian School of Cyber Law, Pune, apart from several certifications on diverse technology and management subjects. Mr. Jain is a strong technocrat with blend of managerial, people and customer skills and heading the on-site, off-site and Offshore Delivery of R Systems for more than 20 years. He has been inducted in the Board of Directors of the Company as an Additional Director and subject to shareholders approval he has also been appointed as Whole-time Director (Designated as Director & Chief Technology Officer) w.e.f. August 03, 2017. As on the date of this report:-

- Mr Avirag Jain does not hold any office of director / member in other company's board / committee.
- Mr. Avirag Jain has no outstanding ESOPs under prevailing stock option plans of the Company.
- As on the date of this report, he holds 100 equity shares of Re. 1 each being negligible percentage of the total paid up share capital in R Systems.

- Mr. Avirag Jain is not related to any other director of the Company.

### 3. R Systems has formulated the following committees of its Board of Directors:

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

#### 3.1 Audit Committee

R Systems has a qualified and Independent Audit Committee. During the year under review, there was no change in the constitution of the Audit Committee.

The Audit Committee met six times during the year i.e. on February 10, 2017, April 06, 2017, May 04, 2017, August 03, 2017, September 22, 2017 and November 02, 2017.

#### Composition of the Audit Committee & its meetings and attendance during the financial year ended on December 31, 2017 :

Composition of the Audit Committee	Category of Director	Chairperson /Member	No. of Meetings attended out of 6 meetings held during the year
Mrs. Ruchica Gupta	Non-Executive Independent Director	Chairperson	5
Lt. Gen. Baldev Singh (Retd.)	Executive Director	Member	6
Mr. Kapil Dhameja	Non-Executive Independent Director	Member	6
Mr. Aditya Wadhwa	Non-Executive Independent Director	Member	5

The Audit Committee invites such executives of the Company as it considers appropriate to be present at its meetings. The representatives of the Statutory Auditors and Internal Auditors are also invited to Audit Committee meetings. The Company Secretary of the Company acts as the Secretary to the Audit Committee.

#### Powers of the Audit Committee

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

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

#### Terms of reference of the Audit Committee

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

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

of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;

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

### 3.2. Nomination & Remuneration Committee

#### Brief description and terms of reference

During the year under review, there was no change in the Composition of Nomination & Remuneration Committee and consists only of Non-Executive Independent Directors as per the provisions of Section 178 of the Act and Regulation 19 of SEBI Listing Regulations.

The Terms of reference and role of Nomination & Remuneration Committee covers the area as under:

- formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and senior management employees;
- formulation of criteria for evaluation of performance of independent directors and the board of directors;
- devising a policy on diversity of board of directors;
- identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.
- whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

During the year under review, Nomination & Remuneration Committee met two times i.e. on April 06, 2017 and August 03, 2017.

#### Composition of the Nomination & Remuneration Committee, its meetings and attendance during the year ended December 31, 2017:

Composition of the Nomination & Remuneration Committee	Category of Director	Chairperson/ Member	No. of meetings attended out of 2 meetings held during the year
Mrs. Ruchica Gupta	Non-Executive Independent Director	Chairperson	2
Mr. Kapil Dhameja	Non-Executive Independent Director	Member	2
Mr. Aditya Wadhwa	Non-Executive Independent Director	Member	2



## PERFORMANCE EVALUATION

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

### POLICY FOR SELECTION AND APPOINTMENT OF DIRECTORS, KMPs AND SENIOR MANAGEMENT PERSONNEL AND REMUNERATION POLICY

#### **CRITERIA FOR SELECTION OF CANDIDATES FOR MEMBERSHIP ON THE BOARD OF DIRECTORS, KMPs AND SENIOR MANAGEMENT PERSONNEL**

##### **General Criteria**

A person to be appointed as Director, KMP or at senior management level should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.

Each director should:

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

##### **Specific Criteria**

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

##### **REMUNERATION POLICY**

The remuneration policy of the Company reflects the Company's objectives for good corporate governance as well as sustained long-term value creation for shareholders and guided by a common reward framework and set of principles and objectives as more fully and

particularly envisaged under Section 178 of the Act, inter-alia principles pertaining to determining qualifications, positive attributes, integrity and independence etc. Remuneration policy of R Systems is as follows:

#### **Executive Directors' Remuneration**

1. At the time of appointment or re-appointment, Managing Director and the Executive Directors of the Company i.e. Whole – time Director as defined in the Companies Act, 2013 by whatever name may be called (hereinafter known as Executive Directors) shall be paid such remuneration as may be proposed by Nomination & Remuneration Committee and subsequently approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013.
2. The remuneration shall be subject to the approval of the Members of the Company at its General Meeting, wherever required under the provisions of the Companies Act, 2013 and rules made there under or under the provision of any other laws as may be applicable.
3. The remuneration of the Executive Directors is broadly divided into fixed and variable components. The fixed component comprises salary, allowances, perquisites, amenities and retiral benefits. The variable component comprises performance bonus and may include:
  - Short-term incentives, based on the achievement of a number of individual, pre- defined financial and strategic business targets recommended by the Committee.
  - Long-term incentives in the form of stock options, promoting a balance between short-term achievements and long-term thinking. The Directors shall be eligible to participate in the stock options only subject to the compliance of the conditions under the provisions of the Companies Act, 2013, Listing Regulations and the other Rules/ Regulations as prescribed by the Securities & Exchange Board of India (SEBI) in this regard.
  - Pension contributions, made in accordance with applicable laws and employment agreements.
  - Severance payments in accordance with termination clauses in employment agreements and subject to the provisions of the Companies Act, 2013 and other applicable laws.
4. In determining the remuneration (including the element as defined in clause 3) the Nomination & Remuneration Committee shall ensure / consider the following:
  - I. Remuneration shall be evaluated annually against performance and a benchmark of international companies, which in size and complexity are similar to R Systems.
  - II. Balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals.
  - III. Responsibility required to be shouldered by the Executive Directors, the industry benchmarks and the current trends.
  - IV. The Company's performance vis-à-vis the annual budget achievement and individual performance vis- à-vis the KRAs / KPIs.

## 5. Minimum remuneration to Executive Directors

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

**Remuneration policy for the Key Managerial Personnel and other employees**

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

- I. the relationship of remuneration and performance benchmark is clear;
- II. the balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals;
- III. the remuneration is divided into two components viz. fixed component comprising salaries, perquisites and retirement benefits and a variable component which comprises performance bonus and may include:
  - Short-term incentives, based on the achievement of a number of individual, pre-defined financial and strategic business targets recommended by the Committee.
  - Long-term incentives in the form of stock options, promoting a balance between short-term achievements and long-term thinking, in accordance to various applicable laws.
  - Pension contributions, made in accordance with applicable laws and employment agreements.
  - Severance payments in accordance with termination clauses in employment agreements. Severance payments shall comply with local legal framework.
- IV. the remuneration including annual increment and performance bonus is decided based on the criticality of the roles and responsibilities, the Company's performance vis-à-vis the annual budget achievement, individuals performance vis-à-vis KRAs / KPIs, industry benchmark and current compensation trends in the market. The Benchmark information is obtained from internationally recognized compensation service consultancies, whenever required.

**Remuneration for Non-Executive Directors**

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

**Brief terms of employment and details of remuneration paid to the Executive Directors during the year ended December 31, 2017:**

(Amount in Rs.)

1.	Name of the Director	Mr. Satinder Singh Rekhi
(a)	Salary, benefits and allowances (fixed)	28,874,162
(b)	Incentive (fixed) <sup>†</sup>	4,964,335
(c)	Stock options granted	Nil
(d)	Pension	As per the applicable policy for employees
(e)	Service contract	5 years
(f)	Notice period	36 months
(g)	Severance fees	Compensation in lieu of notice
(h)	Shareholding in R Systems as on December 31, 2017	1,281,556 equity shares of Re. 1/- each in his own name & 12,150,731 equity shares of Re. 1/- each as trustee of Satinder & Harpreet Rekhi Family Trust

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

(Amount in Rs.)

2.	Name of the Director	Lt. Gen. Baldev Singh (Retd.)
(a)	Salary, benefits and allowances (fixed)	3,950,504
(b)	Incentive (fixed) <sup>§</sup>	2,400,000
(c)	Provident fund	277,920
(d)	Stock options granted	Nil
(e)	Pension	As per the applicable policy for employees
(f)	Service contract	3 years
(g)	Notice period	6 months
(h)	Severance fees	Compensation in lieu of notice
(i)	Shareholding in R Systems as on December 31, 2017	111,498 equity shares of Re. 1/- each

§ Incentive is based on the fixed percentage of qualifying revenue and performance of the Company.

(Amount in Rs.)

3.	Name of the Director	Avirag Jain*
(a)	Salary, benefits and allowances (fixed)	1,711,973
(b)	Incentive (fixed) <sup>§</sup>	1,083,677
(c)	Provident fund	75,937
(d)	Stock options granted	Nil
(e)	Pension	As per the applicable policy for employees
(f)	Service contract	3 years
(g)	Notice period	2 months
(h)	Severance fees	Compensation in lieu of notice
(i)	Shareholding in R Systems as on December 31, 2017	100 equity shares of Re. 1/- each

\* Mr. Avirag Jain was appointed as Additional Director and subject to shareholders approval, Whole-time Director (Designated as Director &amp; Chief Technology Officer) w.e.f. August 03, 2017. Hence the above details has been provided from the date of his appointment as Director of the Company.

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

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

#### Details of remuneration paid to the non-executive directors during the year ended December 31, 2017

As per the remuneration policy of R Systems, non-executive members of the Board shall be entitled for sitting fees for attending the meetings of the Board or committees thereof. The sitting fee shall be fixed by the Board of Directors from time to time in accordance with the provisions of the Act, and other applicable provisions, if any. Non-Executive Directors shall not be entitled to any fixed or monthly salary or other remuneration. The sitting fees paid to the non-executive directors during the year ended December 31, 2017 is as follows:

(Amount in Rs.)

S. No.	Name of the Director	Sitting Fees Paid
1.	Mrs. Ruchica Gupta	275,000
2.	Mr. Kapil Dhameja	300,000
3.	Mr. Aditya Wadhwa	250,000
	<b>Total</b>	<b>825,000</b>

As on December 31, 2017, none of the existing non-executive and independent director of the Company holds any shares, options or any other convertible instruments in R Systems.

#### 3.3 Compensation Committee

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

During the year under review, there was no change in the composition of the Compensation Committee. During the year, the Compensation committee met on August 03, 2017.

#### Composition of the Compensation Committee, its meetings and attendance during the year ended December 31, 2017 :

Composition of the Compensation Committee	Category of Director	Chairperson/ Member	No. of meeting attended out of 1 meeting held during the year
Mrs. Ruchica Gupta	Non-Executive Independent Director	Chairperson	1
Mr. Kapil Dhameja	Non-Executive Independent Director	Member	1
Mr. Aditya Wadhwa	Non-Executive Independent Director	Member	1

#### 3.4 Stakeholders' Relationship Committee

As on December 31, 2017, the Stakeholders' Relationship Committee of R Systems comprised of three directors, with Non-Executive Independent Director as its Chairman. Stakeholders' Relationship Committee investigates and provides for redressal of shareholders' and Investors' grievances relating to transfer, transmission, dematerialisation and rematerialisation of shares, issue of duplicate share certificates, non-receipt of annual report, dividend and other matters.

During the year under review, there was no change in the composition of the Stakeholder's Relationship Committee.

During the year under review, Stakeholders' Relationship Committee met four times i.e. on February 10, 2017, May 04, 2017, August 03, 2017 and November 02, 2017.

#### Composition of the Stakeholders' Relationship Committee its meetings and attendance during the year ended December 31, 2017 :

Composition of the Stakeholders' Relationship Committee	Category of Director	Chairperson / Member	No. of meetings attended out of 4 meetings held during the year
Mr. Kapil Dhameja	Non-Executive Independent Director	Chairman	4
Mrs. Ruchica Gupta	Non-Executive Independent Director	Member	4
Lt. Gen. Baldev Singh (Retd.)	Executive Director	Member	4

The Stakeholders Relationship Team ("the Team") has also been constituted and empowered to consider, approve the request for share transfer, remat, split, consolidation etc. The team conducts its meeting as and when required. During the year under review the team met 12 times.

#### Name and designation of the Compliance Officer

Mr. Bhasker Dubey

Company Secretary & Compliance Officer

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

Tel No.: 0120 - 430 3500

Email: [investors@rsystems.com](mailto:investors@rsystems.com)

#### Shareholders grievances / complaints received and resolved during the year

(i)	Number of shareholders' complaints received during the year ended December 31, 2017	3
(ii)	Number of complaints not resolved to the satisfaction of shareholders	Nil
(iii)	Number of pending complaints	Nil

### Share Transfers in Physical Mode

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

### 3.5. Corporate Social Responsibility Committee (CSR Committee)

#### Brief description and terms of reference

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

During the year under review, there was no change in the composition of the CSR Committee

The CSR Committee of the Company shall:

- Formulate and recommend to the Board, Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII of the Companies Act, 2013 and the Rules made thereunder.
- Recommend the amount of expenditure to be incurred on the activities under Corporate Social Responsibilities.
- Monitor Corporate Social Responsibility Policy of the Company.
- To carry out all other duties as may be required under the Companies Act, 2013 and rules made thereunder.

During the year under review, Corporate Social Responsibility Committee met five times i.e. on February 10, 2017, April 06, 2017, August 03, 2017, November 02, 2017 and December 14, 2017.

#### Composition of the Corporate Social Responsibility Committee its meetings and attendance during the year ended December 31, 2017

Composition of the CSR Committee	Category of Director	Chairperson/Member	No. of meetings attended out of 5 meetings held during the year
Mr. Kapil Dhameja	Non-Executive Independent Director	Chairman	5
Lt. Gen. Baldev Singh (Retd.)	Executive Director	Member	5
Mrs. Ruchica Gupta	Non-Executive Independent Director	Member	5

### 4. Separate Meeting of Independent Directors

As stipulated under the Provisions of the Act and Listing Regulations a separate meeting of the Independent Directors was held on November 02, 2017 to review the performance of Non - Independent Directors and the Board as whole. The Independent Directors reviewed the quality, content and timeliness of the flow of information between the Management, the Board and it's Committees which is necessary to effectively and reasonably perform and discharge their duties.

The names of Independent Directors on the Board and their attendance at the meeting of Independent Directors held during the year under review is as follows:

Name of the Director	No. of meetings attended out of 1 meeting held during the year
Mrs. Ruchica Gupta	1
Mr. Kapil Dhameja	1
Mr. Aditya Wadhwa	1

### 5. Subsidiary Companies

During the year under review, the Company has twenty five subsidiaries including step down subsidiaries.

The Audit Committee reviewed the financial statements, in particular, the investments made by it's unlisted subsidiary bodies corporate. The management periodically brings to the attention of the Board of Directors of R Systems, a statement of all transactions and arrangements entered into by the unlisted subsidiary bodies corporate.

R Systems does not have any material listed/unlisted Indian subsidiary company as per the policy drafted by the company in compliance with the Listing Regulations. The said policy is available at the website of the Company at the following link:

<http://www.rsystems.com/investors/corporategovernance.aspx>

## 6. General Body Meetings

### I. Details for the last three Annual General Meetings ("AGM")

AGM Date and Time	Venue	Special Resolutions passed
21 <sup>st</sup> AGM, June 09, 2015 at 09:00 A.M.	Air Force Auditorium, Subroto Park, New Delhi - 110 010	Reappointment and payment of remuneration to Lt. Gen. Baldev Singh (Retd.)(DIN:00006966) as President & Senior Executive Director of the Company.
22 <sup>nd</sup> AGM, June 13, 2016 at 09:00 A.M.	Air Force Auditorium, Subroto Park, New Delhi- 110010	No Special Resolution was Passed*
23 <sup>rd</sup> AGM, May 15, 2017 at 09:00 A.M.	Air Force Auditorium, Subroto Park, New Delhi- 110010	No Special Resolution was Passed

\* Resolutions pertaining to re-appointment of Mr. Raj Kumar Gogia, Mr. Suresh Paruthi, Mr. Gurbax Singh Bhasin and Mr. Amardeep Singh Ranghar as Independent Directors were put to vote as a Special Resolution but were not passed by the requisite majority of members of the Company.

- II. No Extra Ordinary General Meeting of the Company was held during the last three years.
- III. During the year under review, the Company has not passed any resolution through Postal Ballot.
- IV. No special resolution is proposed to be conducted through Postal Ballot at the forthcoming Annual General Meeting.

## 7. Disclosures

### 7.1 Related Party Transactions

Related Party Transactions are defined as transfer of resources, services or obligations between the company and a related party, regardless of whether a price is charged. As per Listing Regulations, there have been no materially significant related party transactions with Company's subsidiaries, promoters, directors or the management or their relatives or companies controlled by them etc., which may have conflict with the interest of the Company at large.

Details on Related Party Transactions are shown in note number 24 in the standalone financial statements and in note number 25 in the consolidated financial statements for the financial year ended December 31, 2017.

The Policy on the Material Subsidiary is available on the website of the Company at the following link:

<http://www.rsystems.com/investors/corporategovernance.aspx>

In compliance of the provisions of Listing Regulations the policy on dealing with Related Party Transactions has been uploaded on the website of the Company at the following link:

<http://www.rsystems.com/investors/corporategovernance.aspx>

### 7.2 Statutory Compliance, Penalties and Strictures

There were no penalties imposed on R Systems for any non-compliance by Stock Exchanges, SEBI or any other statutory authority on matters related to capital markets during the last three years.

### 7.3 Vigil Mechanism / Whistle Blower Policy

Pursuant to Section 177 of the Act and rules made thereunder and the Listing Regulations, R Systems has in place a mechanism for employees to report concerns about unethical behaviour, actual or suspected fraud, violation of Code of Conduct of the Company etc. The mechanism also provides for adequate safeguards against victimisation of employees who avail the mechanism and also provides for direct access to the Whistle Blower to the Chairman of the Audit Committee. We affirm that during the financial year ended December 31, 2017, no employee has been denied access to the Audit Committee. The details of such Whistle Blower policy (also known as Vigil Mechanism) have been available on the website of the Company at the following link:

<http://www.rsystems.com/investors/corporategovernance.aspx>

### 7.4 Risk Management Policy

The Company has formulated a risk management policy to identify the present and potential risks involved in the business. The same is periodically reviewed and considered by the Audit Committee and the Board. The Risk Management Report forms part of the Annual Report and is provided elsewhere.

### 7.5 Training to Board Members

The Company follows a structured orientation and training programme for the Independent Directors to understand and get updated on the business and operations of the Company on continuous basis.



The Board has adopted a structured policy for training of new Independent Directors which shall inter-alia provide: (a) business overview and an outline of corporate plan and annual target (b) operations overview (c) overview of Sales & Marketing (d) comprehensive rolling corporate plan etc. The details of the Familiarization Programme are available on the website of the Company at the following link:

<http://www.rsystems.com/investors/corporategovernance.aspx>

The Company believes that the Board is continuously empowered with the knowledge of the latest developments in the Company's business and the external environment affecting the industry as a whole. Independent Directors are regularly updated on performance of each line of business of the Company, state of the market, business strategy going forward and new initiatives being taken/proposed to be taken by the Company.

#### **7.6 Compliance with mandatory requirements and adoption of non-mandatory requirements of Regulation 27(1) read with Part-E of Schedule-II of the Listing Regulations**

The Company has complied with all the mandatory requirements of Listing Regulations. As required under Regulation 17(8) of the Listing Regulations, a certificate signed by CEO/ Managing Director and CFO of the Company has been placed before the Board and the same has been provided elsewhere in this report.

Further, pursuant to Regulation 34 (3) read with Part E of Schedule V of the Listing Regulations a certificate obtained from the Practicing Company Secretary, certifying compliance with the conditions of Corporate Governance has been annexed with the Directors' Report.

The Company has complied with Corporate Governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of the Listing Regulations.

Disclosures with respect to demat suspense account/unclaimed suspense account is not applicable on the Company as there are no shares which are lying in demat suspense account/unclaimed suspense account. During the year under review, pursuant to Section 124 of the Act read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company has transferred 6,281 shares to the Demat account of the Investor Education and Protection Fund Authority.

Regulation 27(1) also requires disclosures of adoption by the Company of non-mandatory requirements specified in part E of Schedule II of the Listing Regulations the implementation of which is discretionary on the part of the Company. The details of compliance with non-mandatory requirements are as follows:

#### **Shareholders Rights**

The quarterly and half yearly financial performance are published in the newspapers and are also posted on the Company's website.

#### **Audit Qualifications**

During the period under review, there is no audit qualification in the financial statements. The Company continues to adopt best practices to ensure unqualified financial statements.

#### **Reporting of Internal Auditor**

The Internal auditors of the Company reports to the Audit Committee.

### **8. Means of Communication Quarterly results**

- 8.1 The quarterly and year to date audited / unaudited financial results have been published in Business Standard (English and Hindi) for the first quarter ended on March 31, 2017, second quarter ended on June 30, 2017, third quarter ended on September 30, 2017 and fourth quarter and year ended on December 31, 2017, as statutorily required.
- 8.2 The financial results and other corporate information are available on R Systems' website [www.rsystems.com](http://www.rsystems.com). The website also displays official news releases from time to time announced by the Company.
- 8.3 The presentations made to the institutional investors or to the industry analysts are also available on the Company's website [www.rsystems.com](http://www.rsystems.com).
- 8.4 Financial results updates are also sent to all the shareholders whose email address is registered / made available to us.

### **9. General Shareholder Information**

#### **i) Annual General Meeting**

Date and Time : May 25, 2018 at 9.00 A.M.

Venue : Air Force Auditorium, Subroto Park, New Delhi - 110 010

#### **ii) Financial year**

Pursuant to the Company Law Board order dated November 18, 2015, R Systems continues to follow January 01 to December 31 as its financial year. The results for every quarter are declared within forty five days following each quarter, except for the last quarter in which case the results are declared along with the annual financial results within sixty days from the end of the financial year.

#### **iii) Date of Book Closure**

May 24, 2018 to May 25, 2018 (both days inclusive)

#### **iv) Dividend Payment Date - N.A**



## v) Listing on Stock Exchanges

The equity shares of R Systems are listed and traded on the following Stock Exchanges

Name of Stock Exchanges	Stock / Scrip Code
<b>National Stock Exchange of India Limited ("NSE")</b> Exchange Plaza, Bandra Kurla Complex, Bandra - (E), Mumbai - 400 051	RSYSTEMS
<b>BSE Limited ("BSE")</b> Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001	532735

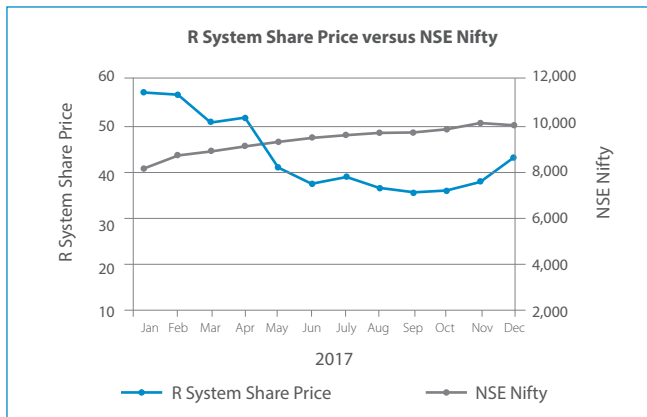
The annual listing fee for the year 2017-18 has been paid within the scheduled time to NSE and BSE. The annual listing fee for the year 2018-19 became due on March 31, 2018 and will be paid in the scheduled time as prescribed under the provision of Listing Regulations.

## vi) Market Price Data: High, Low during each month in financial year ended December 31, 2017

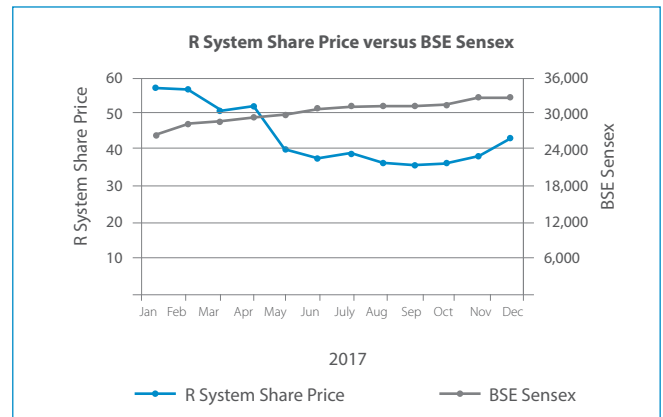
The monthly high and low quotations of R Systems' equity shares traded on NSE and BSE during each month in the financial year ended December 31, 2017, in comparison with NSE Nifty and BSE Sensex, are as follows:

Month 2017	NSE				BSE			
	SHARE PRICE		NIFTY		SHARE PRICE		SENSEX	
	High (Rs.)	Low (Rs.)	High	Low	High (Rs.)	Low (Rs.)	High	Low
Jan	61.65	57.20	8,641.25	8,179.50	61.65	57.15	27,882.46	26,595.45
Feb	59.65	56.75	8,939.50	8,716.40	59.30	56.55	28,892.97	28,141.64
Mar	58.20	50.95	9,173.75	8,897.55	58.60	50.95	29,648.99	28,832.45
Apr	54.70	51.90	9,351.85	9,103.50	54.65	51.70	30,133.35	29,319.10
May	52.55	41.10	9,624.55	9,285.30	52.20	40.40	31,159.40	29,858.80
Jun	42.25	37.50	9,675.10	9,491.25	42.45	37.75	31,311.57	30,834.32
Jul	46.85	38.90	10,077.10	9,613.30	46.85	39.00	32,514.94	31,209.79
Aug	43.75	36.70	10,114.65	9,710.80	44.00	36.55	32,575.17	31,213.59
Sep	41.40	35.55	10,153.10	9,735.75	41.60	35.75	32,423.76	31,159.81
Oct	40.40	36.05	10,363.65	9,859.50	41.15	35.95	33,266.16	31,497.38
Nov	50.35	37.90	10,452.50	10,118.05	50.55	38.40	33,731.19	32,760.44
Dec	47.95	43.00	10,531.50	10,044.10	48.00	43.45	34,056.83	32,597.18

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



The aforesaid chart is based on the monthly low of closing price of the shares of R Systems at NSE and monthly low of closing NSE Nifty.



The aforesaid chart is based on the monthly low of closing price of the shares of R Systems at BSE and monthly low of closing BSE Sensex.

**vii) Registrar and Share Transfer Agent**

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

**viii) Share Transfer System**

Applications for transfer of shares held in physical form are received at the office of the registrar and share transfer agent of the Company, Link Intime India Private Limited. They attend share transfer formalities at least once a week and forward the same to the Company for the approval of Stakeholders Relationship Team which has been delegated with the authority for transfer of shares in Physical form. Stakeholders Relationship team conducts its meetings as and when required.

Shares held in dematerialized form are electronically traded in the depository and the registrar and share transfer agent of R Systems periodically receives from depositories the details of beneficiary holdings so as to update the records for sending all corporate communications and other matters.

Physical shares received for dematerialization are processed and completed within a period of 15 days from the date of receipt, provided they are duly completed. Bad deliveries are immediately returned to the depository participants under advice to the shareholders.

**ix) Transfer of unclaimed dividend to Investor Education and Protection Fund**

Pursuant to Section 124 and other applicable provisions of the Act, dividend which remains unpaid or unclaimed for a period of seven years from the date of its transfer to unpaid dividend account, is required to be transferred by the Company to the Investor Education and Protection Fund ('IEPF'), established by the Central Government under the provisions of Section 125 of the Act. Shareholders are advised to claim the unclaimed dividend lying in the unpaid dividend account of the Company before the due date. Given below are the dates of declaration of dividend and corresponding dates when unclaimed dividend is due for transfer to IEPF:

Date of declaration	Dividend for the year	Due date for transfer to IEPF
20-May-10	2009	June 19, 2017*
25-May-11	2010	June 24, 2018
4-May-12	2011	June 3, 2019
18-May-12	Interim Dividend 2012	June 17, 2019
11-May-13	2012	June 10, 2020
27-Jul-13	1st Interim Dividend 2013	August 26, 2020
25-Oct-13	2nd Interim Dividend 2013	November 24, 2020
10-May-14	2013	June 9, 2021
3-Jun-14	1st Interim Dividend 2014	July 3, 2021
26-Jul-14	2nd Interim Dividend 2014	August 25, 2021
29-Oct-14	3rd Interim Dividend 2014	November 28, 2021
20-Dec-14	4th Interim (Special) Dividend 2014	January 19, 2022
9-Jun-15	2014	July 9, 2022
23-Apr-15	1st Interim Dividend 2015	May 23, 2022
5-Aug-15	2nd Interim (Special) Dividend 2015	September 4, 2022
29-Oct-15	3rd Interim Dividend 2015	November 28, 2022

\* Unpaid dividend for the financial ended December 31, 2009 which was declared on May 20, 2010 has been deposited to the Investor Education and Protection fund on June 23, 2017 i.e. within a period of thirty days of such amounts becoming due to be credited to IEPF.

**x) Distribution of Shareholding as on December 31, 2017**

Shareholding of nominal value of (Rs.)	Shareholders		Share Capital	
	Number	% to total	Amount in Rs.	% to total
1 - 2,500	13,516	95.00	5,589,665	4.51
2,501 - 5,000	378	2.66	1,436,553	1.16
5,001 - 10,000	157	1.10	1,148,370	0.93
10,001 - 20,000	87	0.61	1,248,235	1.01
20,001 - 30,000	25	0.18	616,982	0.50
30,001 - 40,000	18	0.13	641,612	0.52
40,001 - 50,000	9	0.06	421,410	0.34
50,001 - 1,00,000	11	0.08	738,391	0.60
Above 1,00,000	27	0.19	112,111,707	90.45
<b>TOTAL</b>	<b>14,228</b>	<b>100.00</b>	<b>123,952,925</b>	<b>100.00</b>

Note : As per the SEBI circular No. SEBI/HO/CFD/CMD/CIR/P/2017/128 dated December 19, 2017, the shareholding has been clubbed PAN wise.

**xi) Category wise Shareholding as on December 31, 2017**

Sr. No.	Category of Shareholder	No. of shares	Percentage
<b>(A)</b>	<b>Promoters &amp; Promoter Group</b>		
1	Indian	29,754,130	24.00
2	Foreign	33,332,904	26.89
	<b>Sub Total (A)</b>	<b>63,087,034</b>	<b>50.90</b>
<b>(B)</b>	<b>Public Shareholding</b>		
<b>1</b>	<b>Institutions</b>		
(a)	Mutual Funds / UTI	0	0.00
(b)	Financial Institutions / Banks	350	0.00
(c)	Foreign Institutional Investors/ Foreign Portfolio Investors	6,429	0.01
	<b>Sub Total (B)(1)</b>	<b>6,779</b>	<b>0.01</b>
<b>2</b>	<b>Non-institutions</b>		
(a)	Individual shareholders holding nominal share capital up to Rs. 2 lakh	12,207,426	9.85
(b)	Individual shareholders holding nominal share capital in excess of Rs. 2 lakh	46,413,463	37.44
(c)	Any Other ( <b>Clearing Members</b> )	360,962	0.29
(d)	Any Other ( <b>Bodies Corporate</b> )	1,132,000	0.91
(e)	Any Other ( <b>Trust</b> )	738,980	0.60
(f)	Any Other ( <b>Investor Education and Protection Fund</b> )	6,281	0.01
	<b>Sub Total (B)(2)</b>	<b>60,859,112</b>	<b>49.10</b>
	<b>Total Public Shareholding (B)(1) + (B)(2)</b>	<b>60,865,891</b>	<b>49.10</b>
	<b>Grand Total</b>	<b>123,952,925</b>	<b>100.00</b>

Note : As per the SEBI circular No. SEBI/HO/CFD/CMD/CIR/P/2017/128 dated December 19, 2017, the shareholding has been clubbed PAN wise.

**xii) Dematerialisation of shares and liquidity Procedure for dematerialisation of shares:**

Shareholders seeking dematerialisation of their shares need to approach their Depository Participants (DP) with whom they maintain a demat account. The DP will generate an electronic request and will send the physical share certificate along with demat request form to the Registrar and Share Transfer Agent (the "Registrar") of the Company. Upon receipt of the request and share certificate, the Registrar will verify the same and will confirm the demat request. On confirmation, the demat account of the respective shareholder will be credited with equivalent number of shares. In case of rejection of the request, the same shall be communicated to the shareholder through their respective DPs.

About 99.20% of the issued and paid up share capital of the Company has been dematerialised up to financial year ended December 31, 2017. The International Securities Identification Number (ISIN) of the Company is INE411H01032. The equity shares of the Company are traded on NSE and BSE throughout the year under review and were not suspended from trading at any time during the year traded on NSE and BSE throughout the year under review and were not suspended from trading at any time during the year.

**xiii) Outstanding GDRs / ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity**

R Systems has not issued any GDRs / ADRs. There were no outstanding convertible warrants as on financial year ended December 31, 2017, except stock options granted under the prevailing employee stock option plans/schemes, as detailed elsewhere in the Directors' Report.

**xiv) Commodity Price Risk or foreign exchange risk hedging activities**

A large percentage of revenue of the Company is either from export earnings or denominated in Foreign Currency. The Companies tries to minimize the foreign exchange risk by taking forward contracts. It may be noted that the foreign exchange contracts are not intended to be for trading and Speculations purposed but as a measure to hedge the foreign exchange risk.

## xv) Development Centres

1.	<b>Noida Office</b>		
		C - 40 & C - 1, Sector - 59, Noida (U.P.) - 201 307	
		SEZ Unit, Ground Floor, Incubation Centre, Tower No. 2, Plot No. 21, Techzone-IV, Greater Noida West- 201 306	
2.	<b>Chennai Office</b>		
		Plot No NP 1 And 2 , Industrial Estate, SIDCO Industrial Estate, Guindy Chennai -600 032	
<b>Development / Technical Support centres at the offices of R Systems' subsidiaries</b>			
3.	R Systems, Inc.	5000, Windplay Drive, Suite # 5, El Dorado Hills, CA 95762, U.S.A.	
4.	ECnet Limited	16, Jalan Kilang, #04-01 Hoi Hup Building, Singapore – 159 416	
5.	Computaris Romania SRL		
(a)	<b>Bucharest office</b>	5 Gheorghe Manu Str, Groundfloor, 1 <sup>st</sup> floor, 6 <sup>th</sup> Floor, Room 2, Sector 1, Bucharest, 010442, Romania	
(b)	<b>Galati office</b>	23 Logofat Tautu Str.,800009, Galati, Romania	
6.	Computaris Polska sp z o.o.		
(a)	<b>Warsaw office</b>	al. Jana Pawla II 80, 00-175 Warsaw, Poland	
(b)	<b>Bialystok Office</b>	ul. Branickiego 17, 15 -085 Bialystok, Poland	
7.	ICS Computaris International SRL	Vlaicu Pircalab Street, No 63, Et. 8, Oficiu B, MD – 2012, Sky Tower Business Center Chisinau, Republica Moldova	
<b>Other Offices of R Systems and its subsidiaries</b>			
8.	U.S.A. Branch Office	5000, Windplay Drive, Suite #5, El Dorado Hills, CA 95762, U.S.A.	
9.	R Systems Technologies Ltd. (Formerly known as Indus Software, Inc.)	5000, Windplay Drive, Suite #5, El Dorado Hills, CA 95762, U.S.A.	
10.	RSYS Technologies Ltd. (Formerly known as Systèmes R. International Ltée)	(i) 1000, Cathedral Place, 925 West Georgia Street, Vancouver BC V6C 3L2, Canada. (ii) 2425 Matheson Blvg East Unit 778 Mississauga, Ontario L4W 5K4 Canada	
11.	R Systems (Singapore) Pte Limited	#04-01, 16 Jalan Kilang, Hoi Hup Building, Singapore 159416	
12.	ECnet (M) Sdn. Bhd.	Lot No. 5F-1, 5th Floor, Tower 5 @ PFCC, Jalan Puteri 1/2, Bandar Puteri, 47100 Puchong, Selangor Darul Ehsan	
13.	ECnet, Inc.	5000, Windplay Drive, Suite # 5, El Dorado Hills, CA 95762, U.S.A.	
14.	ECnet (Hong Kong) Limited	Rm 1903, 19/F, World-Wide House, 19 Des Voeux Road Central, Hong Kong	
15.	ECnet Systems (Thailand) Co. Ltd.	2/3 Bangna Tower-A, 2nd Floor, Room No. 205-206, Moo 14, Bangna-Trad K.M. 6.5, Tambol Bangkaew, Amphoe Bangplee, Samutprakarn Province 10540	
16.	ECnet Kabushiki Kaisha	Godo Building 6F, Kaji-cho 1-6-17, Chiyoda-ku, Tokyo, Japan 101-0044.	
17.	ECnet (Shanghai) Co. Ltd.	Rm H, 20 Floor, Foresight Mansion, No.768 Xie Tu Rd, Shanghai, China	
18.	Computaris International Limited	11 Queens Road, Brentwood Essex, CM 14 4HE, United Kingdom	
19.	Computaris Malaysia Sdn. Bhd.	Lot No. 5F-1, 5th Floor, Tower 5 @ PFCC, Jalan Puteri 1/2, Bandar Puteri, 47100 Puchong, Selangor Darul Ehsan	
20.	Computaris USA, Inc.	5000, Windplay Drive, Suite #5, El Dorado Hills, CA 95762, U.S.A.	
21.	Computaris Philippines Pte. Ltd. Inc.	21B Rufino Pacific Tower, 6784 Ayala Avenue, corner V.A. Rufino Street, Legaspi Village Makati City,1226 Philippines	
22.	IBIZ Consulting Pte. Ltd. (Formerly known as IBIZCS Group Pte. Ltd.)	2 Jalan Kilang Barat #04-01 Singapore 159346	
23.	IBIZ Consulting Services Pte Ltd.	2 Jalan Kilang Barat #04-01Singapore 159346	
24.	IBIZ Consulting Services Sdn. Bhd.	Lot No. 5F-1, 5th Floor, Tower 5 @ PFCC, Jalan Puteri 1/2, Bandar Puteri, 47100 Puchong, Selangor Darul Ehsan	
25.	PT. IBIZCS Indonesia	Setiabudi Buidling 2, 2nd Floor, Suite 203 Jl. H.R. Rasuna Said Kav. 62 Jakarta Selatan 12920, Indonesia	

26	IBIZ Consultancy Services India Private Limited Plot No NP 1 And 2 , Industrial Estate, Sidco Industrial Estate, Guindy Chennai -600032
27	IBIZ Consulting Services Limited Rooms 2001-2004, 20/F, 69 Jerois Street, Sheung Wang, Hong Kong
28	IBIZ Consulting Services (Shanghai) Co., Ltd Room 1721, 17F, Building A, CCIG International Plaza, No. 331, North Caoxi Road, Xuhui District, Shanghai, China 200030

**xvi) Address for correspondence**

For any assistance regarding dematerialisation of shares, share transfers, transmissions, change of address, non-receipt of dividend or any other query relating to shares:

On behalf of the Board  
For R Systems International Limited

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

Place : CA, U.S.A.  
Date : April 18, 2018

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

Place : NOIDA, (U.P.)  
Date : April 18, 2018

**Registrar and Share Transfer Agent****Link Intime India Private Limited**

44, Community Centre, 2nd Floor,  
Naraina Industrial Area, Phase- I  
Near PVR Naraina,  
New Delhi 110 028  
Phone : 011 - 414 10592, 93, 94  
Fax : 011 - 414 10591  
Email: [delhi@linkintime.co.in](mailto:delhi@linkintime.co.in)

For general correspondence:

**R Systems International Limited****Corporate Office**

C - 40, Sector - 59,  
Noida (U.P.) - 201 307, India  
Phone : 0120 - 430 3500,  
Fax : 0120 - 258 7123  
Email : [investors@rsystems.com](mailto:investors@rsystems.com)

## CERTIFICATION BY THE CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER OF R SYSTEMS INTERNATIONAL LIMITED

We, Satinder Singh Rekhi, Managing Director/Chief Executive Officer and Nand Sardana, Chief Financial Officer, hereby certify that:

- A. We have reviewed the financial statements and the cash flow statement for the year ended on December 31, 2017 and that to the best of our knowledge and belief:
1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  2. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the auditors and the Audit Committee:
1. significant changes in internal control over financial reporting during the year;
  2. significant changes in accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements; and
  3. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**Sd/-**

**Satinder Singh Rekhi**

(Managing Director/ Chief Executive Officer)

Place : Singapore

Date : February 06, 2018

**Sd/-**

**Nand Sardana**

(Chief Financial Officer)

Place : NOIDA, U.P.

Date : February 06, 2018



Annexure 'D' to the Directors' Report

## CORPORATE GOVERNANCE CERTIFICATE

To,  
The Members  
R Systems International Limited  
B-104A, Greater Kailash-I  
New Delhi-110048  
India

We have examined all relevant records of R System International Limited (the Company) for the purpose of certifying all the conditions of the Corporate Governance under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the financial year ended 31<sup>st</sup> December 2017. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of certification.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof. This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

On the basis of our examination of the records produced explanations and information furnished, we certify that the Company has complied with the conditions of the Corporate Governance under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

For **Chandrasekaran Associates**  
Company Secretaries

**Sd/-**  
**Lakhan Gupta**  
Partner  
Membership No. ACS 36583  
Certificate of Practice No. 13725

Date: April 04, 2018  
Place: New Delhi

Annexure 'E' to the Directors Report

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Overview

The financial statements of the Company have been prepared to comply in all material respects with the accounting standards notified under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India. The management accepts responsibility for the integrity and objectivity of these financial statements, as well as for various estimates and judgments used therein. The estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, so that the financial statements reflect in a true and fair manner the form and substance of transactions, and reasonably present the state of affairs, profits and cash flows for the year.

#### A. Industry Structure and Developments

Digital is a driving force of the present global IT spending as digital transformation is no more an option but must do for every businesses to be relevant. According to IDC, the global

information technology spending will top \$4.8 trillion in 2018, with the U.S. contributing approximately \$1.5 trillion of the market. As per another estimate from IDC, worldwide spending on digital transformation technologies is expected to be nearly \$1.3 trillion in 2018, an increase of 16.8% over the \$1.1 trillion spent in 2017. It forecasts that digital spending to maintain a strong pace of growth with a compound annual growth rate (CAGR) of 17.9%. In 2021, Digital spending will nearly double to more than \$2.1 trillion.

#### B. Company Overview

R Systems International Limited (the 'Company') and its subsidiaries (collectively referred to as 'R Systems') is a leading global provider of IT services and Business Process Outsourcing ("BPO") services. The parent Company is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956, with its Registered Office at New Delhi and has following subsidiaries:

Name of subsidiary	Year of incorporation	Location	Subsidiary since	Holding
R Systems (Singapore) Pte Limited #	1997	Singapore	September 19, 2000	100%
R Systems, Inc.	1993	USA	January 2, 2001	100%
R Systems Technologies Limited, USA	1996	USA	April 1, 2002	100%
ECnet Limited* #	1996	Singapore	January 8, 2004	99.75%
Computaris International Limited #	2006	UK	January 26, 2011	100%
RSYS Technologies Ltd.	2012	Canada	October 29, 2012	100%

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

# the aforesaid subsidiary have following subsidiary.

(a) ECnet Limited, Singapore, has the following wholly- owned subsidiaries:

Name	Holding	Country of incorporation
ECnet (M) Sdn. Bhd.	100%	Malaysia
ECnet Systems (Thailand) Co. Ltd.	100%	Thailand
ECnet (Shanghai) Co. Ltd.	100%	People's Republic of China
ECnet (Hong Kong) Ltd.	100%	Hong Kong
ECnet, Inc.	100%	USA
ECnet Kabushiki Kaisha	100%	Japan

(b) Computaris International Limited, UK, has the following wholly- owned subsidiaries:

Name	Holding	Country of incorporation
Computaris Romania SRL	100%	Romania
Computaris Polska sp z.o.o.	100%	Poland
Computaris USA Inc.	100%	USA
ICS Computaris International Srl	100%	Moldova
Computaris Malaysia Sdn. Bhd.	100%	Malaysia
Computaris Philippines Pte Ltd. Inc.	100%	Philippines

(c) IBIZ Consulting Pte. Ltd., Singapore (formerly known as IBIZCS Group Pte Limited, Singapore), is a wholly- owned subsidiary of R Systems (Singapore) Pte Limited, Singapore w.e.f. April 30, 2015 and has following wholly owned subsidiaries:

Name	Holding	Country of incorporation
IBIZ Consulting Services Pte Ltd	100%	Singapore
IBIZ Consulting Services Sdn. Bhd.	100%	Malaysia
PT. IBIZCS Indonesia	100%	Indonesia
IBIZ Consultancy Services India Private Limited	100%	India
IBIZ Consulting Service Limited (IBIZ HK)	100%	Hong Kong
IBIZ Consulting Service Shanghai Co., Ltd	100% by IBIZ HK	People's Republic of China

As at December 31, 2017, R Systems is maintaining fifteen global development and service centres in India, USA, Romania, Poland, Moldova, Singapore, Malaysia, Indonesia and Thailand. R Systems diversified offering includes:

**iPLM Service**

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

Under iPLM Services, R Systems delivers services and solutions in the area of Information Technology and Knowledge Services. The IT services cover product development, systems integration and support and maintenance. Under the Knowledge Services, we cover technical support, customer care, analytics service, back office services, business process transformation and revenue and claims management.

R Systems competitive advantage in iPLM Services is further enhanced by its industry specific domain expertise, global delivery capabilities, multi-language support capabilities, industry best quality and security certification and agile development methodologies supported by R Systems' proprietary pSuite framework. Further, R Systems iPLM Services have been aligned with latest digital technologies i.e. analytics, artificial intelligence, cloud, mobility, IoT, robotics, etc. as enabler for digital transformation.

**Solution Offerings**

**ECnet Supply Chain** provide solutions for holistic management of the complex interaction between an organisation and its trading partners. The integrated solution aims to reduce all supply chain costs through improved collaboration and optimisation. The solutions are robust and scalable and give measurable ROI to clients that meet the clients' strategic business goals.

ECnet also operates as Infor Gold-certified channel partner for reselling and implementing several enterprise solutions, including enterprise resource planning, warehouse management, corporate performance management, business intelligence etc. It mainly serves small to medium-sized businesses in the manufacturing and distribution industries. These products present an opportunity to cross and up sell these solutions since these are adjunct to ECnet's own product offerings. Further, ECnet has also partnered with JDA to offer category management solution suite to retail customers.

Our Subsidiary IBIZ, is a Microsoft Gold Channel Partner and is specialized in deploying Microsoft business management solution suites, including enterprise resource planning, customer relationship management, point of sales, mobility, business intelligence and portals. IBIZ addresses industry vertical like retail, manufacturing and supply chain.

R Systems focused on key verticals i.e. Telecom, Media & Entertainment, Banking & Finance, Healthcare & Life Sciences, Technology, Retail & E-commerce and Manufacturing & Logistics. Telecom and Digital Media is the largest industry vertical which contributes ~26 percent of the total consolidated revenue for the year ended December 31, 2017.

Further with the deep expertise in the key vertical like Telecom, Media & Entertainment, Banking & Finance, Healthcare & Life Sciences, Technology, Retail & E-commerce and Manufacturing & Logistics. R Systems have horizontally embraced digital technologies like analytics, artificial intelligence, cloud, mobility, IoT, robotics etc. to further strengthen its product engineering capabilities.

R Systems rapidly growing customer list includes a variety of Fortune 1000, government and mid-sized organizations across a wide range of industry verticals and has served twenty one million \$ plus customer during the year 2017.

**C. Opportunities and Threats**

As digital transformation has become a strategic imperative, if companies ignore and go on with their legacy way of doing business, they are in imminent danger of losing their competitive advantage. However, mere bringing technology into the company is not digital transformation. A successful digital transformation requires revamping of business model and alignment of newer technology with the business needs. It gives immense opportunities to product engineering companies to partner legacy as well as digital-born businesses to maximize their potential with technology.

R Systems has continued to navigate its customers to build scalable software products using digital technologies like analytics, artificial intelligence, cloud, mobility, IoT, robotics etc. to simplify their processes and offer enhanced value propositions.

Every opportunity comes up with inherent risk and challenges. However, over the years, R Systems has learnt to reckon with as well as address such risks and challenges including threats from competitors including their disruptive tactics, new technologies,

intensifying demand for global talent, retention of employees and stringent governing norms regarding restrictions on outsourcing services. At R Systems, these threat and uncertainties are managed proactively through our risk mitigation processes and strategies.

**D. Segment-wise and Product-wise Performance**

Detailed information about segment-wise and product-wise performance has been given in the Consolidated Financial Statements and Standalone Financial Statements.

**E. Performance and Outlook**

R Systems' reported consolidated revenue of Rs. 5,926.36 mn

during the year 2017 as against revenue of Rs. 5,882.37 mn for the year 2016. The revenue grew by 0.75% during the year 2017.

Consolidated profit after tax during the year 2017 was Rs. 244.81 mn as against net profit for year 2016 of Rs. 536.88 mn.

The basic earnings per share (based on consolidated financial statement) during the year 2017 was Rs. 1.98 per share as against Rs. 4.24 per share in 2016 of face value of Re. 1 each.

R Systems maintains a strong financial position with shareholder funds of Rs. 3,033.13 mn including cash and bank balance of Rs. 1,607.21 mn as of December 31, 2017 to invest for future growth of business.

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

- Focused key verticals i.e. Telecom, Media & Entertainment, Banking & Finance, Healthcare & Life Sciences, Technology, Retail & E-commerce and Manufacturing & Logistics;
- Strong digital competencies like analytics, cloud, mobility and IoT complement by the experience in delivering complex digital transformation projects.
- Customer centric approach to deliver innovative and cost effective services and solution;
- Long term relationship with marquee clients;
- Global delivering capabilities through fifteen development and service centres;
- Adherence to the highest quality certification for our development processes, delivery models and security infrastructure;

**F. Risk and Concerns**

At R Systems, risk management is a dynamic process with an attempt to constantly identify all the emerging risks and propose solutions to manage these. This is further explained in detail in Risk Management Report.

**G. Internal Control Systems and Their Adequacy**

Internal control systems are a set of policies, processes and procedures put in place to help achieve the strategic objectives of an organization. The Company has an Internal Control System commensurate with the size, scale and complexity of its operations. This has been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorised use, executing transactions with proper authorisation and ensuring compliance of corporate policies.

The CEO/CFO certification provided in this report places responsibility on the CEO and CFO to continuously ensure adequacy of our internal control systems and procedures.

Deloitte Haskins & Sells LLP, the statutory auditors of the Company, have audited the financial statements included in this annual report and have issued a unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

**H. Material Development in Human Resources / Industrial Relations Front, including Number of People Employed**

Our employees are most precious assets and we value their commitment in building R Systems. In the IT industry attracting, developing, deploying and retaining talent is critical. R Systems has also defined and implemented a People Management Initiative which is in line with industry best practices and People CMM. It effectively manages the employee life cycle so that the individuals are committed, have pride and show pro-activeness on the job.

R Systems concluded year 2017 with 2,353 associates including 359 sales and support.

## I. Discussion on Financial Position and Financial Performance with respect to Operational Performance

### Analysis and Discussions of Financial Position as at December 31, 2017

#### 1. Share Capital

(Rs. in million)

Particulars	As at December 31,	
	2017	2016
Authorised share capital	200.00	200.00
Issued, subscribed and paid up capital	123.87	126.87
Less: Buy back of shares	-	3.00
Add: Shares Issued under ESOP Scheme, 2007	0.08	-
	<b>123.95</b>	<b>123.87</b>
Less: advance to R Systems employee welfare trust	0.74	0.74
<b>Total Share Capital</b>	<b>123.21</b>	<b>123.13</b>

The issued, subscribed and paid up capital is Rs. 123.21 mn as at December 31, 2017 and Rs. 123.13 mn as at December 31, 2016. This is after adjusting Rs. 0.74 mn advance to R Systems Employee Welfare Trust in compliance with guidance note issued by the Institute of Chartered Accountants of India.

During the year ended December 31, 2017, the Company has issued 82,500 fully paid-up equity shares of Re. 1 each under ESOP Scheme, 2007.

Detailed information about the movements in ESOP plan has been given in Note no. 31 of notes to the Consolidated Financial Statements.

#### 2. Reserve and Surplus

(Rs. in million)

Particulars	Consolidated		Standalone	
	2017	2016	2017	2016
Capital redemption reserve	16.34	16.34	16.34	16.34
Securities premium account	712.42	709.65	712.42	709.65
General reserve	153.80	153.80	153.80	153.80
Stock Options Outstanding	3.35	2.59	3.35	2.59
Surplus in the statement of profit and loss	1,804.31	1,559.50	1,436.77	1,197.94
Capital reserve	0.03	0.03	-	-
Foreign currency translation reserve	219.67	214.69	-	-
<b>Total</b>	<b>2,909.92</b>	<b>2,656.60</b>	<b>2,322.68</b>	<b>2,080.32</b>

#### 3. Minority Interest

During the year, there is no change in the minority interest in the Consolidated Financial Statement.

#### 4. Long-term borrowings (non-current portion)

(Rs. in million)

Particulars	2017	2016
Against Motor Vehicles	5.24	8.43
Against Financial Lease Obligation	10.61	10.72
<b>Total</b>	<b>15.85</b>	<b>19.15</b>

Finance lease obligation represents furniture and fixtures taken for SEZ unit.

#### 5. Deferred Tax Liability / Assets (net)

Deferred tax reflects the timing differences between financials and tax books arising mainly from provision for gratuity, compensated absence, doubtful debts and advances ( results into deferred tax assets) and differences in books base and tax base of fixed assets (results into deferred tax liability).

Deferred tax assets and deferred tax liabilities across various tax jurisdictions cannot be offset against each other therefore has been presented separately.

(Rs. in million)

Particulars	Consolidated		Standalone	
	2017	2016	2017	2016
Deferred Tax Liability (net)	0.26	-	-	-
Deferred Tax Assets (net)	58.92	46.14	52.99	43.66

## 6. Other long-term liabilities

The liabilities which are due for payment after 12 months from reporting date are considered under the other long-term liabilities.

(Rs. in million)

Particulars	Consolidated		Standalone	
	2017	2016	2017	2016
Security deposits	2.23	10.30	2.23	10.30
Deferred payment compensation to the erstwhile shareholders of subsidiary	-	44.00	-	-
Deferred payable others	0.29	0.58	-	-
<b>Total</b>	<b>2.52</b>	<b>54.88</b>	<b>2.23</b>	<b>10.30</b>

In 2016, deferred payment compensation to the erstwhile shareholders of subsidiary represents the amount payable after 12 months from the reporting date for the acquisition of IBIZ Consulting Pte. Ltd., Singapore (formerly known as IBIZCS Group Pte. Ltd., Singapore).

## 7. Long-term provisions

Long-term provisions represent the provision towards the gratuity liability due after 12 months from the reporting date based on actuarial valuation. The provision amounts to Rs. 91.18 mn as at December 31, 2017 as against Rs. 89.42 mn as at December 31, 2016.

## 8. Other current liabilities

The liabilities which are due for payment within next 12 months from reporting date are considered under other current liabilities.

(Rs. in million)

Particulars	Consolidated		Standalone	
	2017	2016	2017	2016
Trade payables	461.45	438.94	150.58	157.73
Payable to subsidiary companies	-	-	14.17	16.83
Current maturities of long-term borrowing	4.50	5.18	4.50	5.18
Deferred payment compensation to the erstwhile shareholders of subsidiary	45.47	25.38	-	-
Unearned revenues	321.18	167.27	181.35	61.29
Investor education and protection fund (not due) - Unclaimed dividend	2.43	2.58	2.43	2.58
Payable for purchase of fixed assets	0.27	10.78	0.27	10.78
Security deposits received	9.88	2.33	9.88	2.33
Other payables	63.80	59.07	21.56	21.01
<b>Total</b>	<b>908.98</b>	<b>711.53</b>	<b>384.74</b>	<b>277.73</b>

For detailed information about the deferred payment compensation refer Note no. 30(a) of notes to the Consolidated Financial Statements.

## 9. Short-term provisions

(Rs. in million)

Particulars	Consolidated		Standalone	
	2017	2016	2017	2016
Provision for employee benefits				
- Gratuity	3.59	2.54	3.59	2.54
- Compensated absence	135.99	113.59	82.64	75.55
Provision for Income tax	47.27	58.77	36.06	42.39
<b>Total</b>	<b>186.85</b>	<b>174.90</b>	<b>122.29</b>	<b>120.48</b>



## 10. Fixed Assets

Fixed assets includes tangible fixed assets such as land, building, lease hold improvement, computer hardware, furniture & fixture, vehicle, office and electrical equipment etc, intangible assets covering computer software and customer contracts.

(Rs. in million)

Particulars	Consolidated		Standalone	
	2017	2016	2017	2016
Net tangible assets	300.38	289.52	258.45	246.39
Net intangible assets	17.03	32.13	4.44	5.42
Capital work in progress	0.59	26.29	-	26.29
<b>Total</b>	<b>318.00</b>	<b>347.94</b>	<b>262.89</b>	<b>278.10</b>

Details of additions during the year in fixed assets:

(Rs. in million)

Particulars	Consolidated		Standalone	
	2017	2016	2017	2016
Total addition to gross block- tangible assets	104.90	106.38	79.13	82.00
Total addition to gross block-intangible assets	11.36	10.12	6.67	3.48

The additions in gross block - tangible assets were mainly on account of purchases of computer hardware, plant & machinery, office equipment's, vehicles, furniture & fittings etc.

## 11. Goodwill on consolidation

(Rs. in million)

Particulars	As at December 31,	
	2017	2016
Goodwill on Computaris International Ltd acquisition	296.59	277.74
Goodwill on IBIZ Consulting Pte. Ltd. (formerly known as IBIZCS Group Pte. Ltd.) acquisition	171.01	174.47
<b>Total Goodwill on consolidation</b>	<b>467.60</b>	<b>452.21</b>

## 12. Non-current investments

(Rs. in million)

Particulars	Consolidated		Standalone	
	2017	2016	2017	2016
Investment in subsidiaries	-	-	942.22	925.49
Other investment	0.03	0.03	0.03	0.03
8% Redeemable Debentures in Indus Software Technologies Private Limited	87.55	175.12	87.55	175.12
Investment Property – Land and Building in Pune	24.78	26.25	24.78	26.25
<b>Total</b>	<b>112.36</b>	<b>201.40</b>	<b>1,054.58</b>	<b>1,126.89</b>

For detailed information about the non-current investment refer Note no. 11.1 of notes to the Standalone Financial Statements and Note no. 13.1 of notes to the Consolidated Financial Statements

## 13. Long-term loans and advances

(Rs. in million)

Particulars	Consolidated		Standalone	
	2017	2016	2017	2016
Capital advances	0.03	10.29	0.03	10.29
Advances recoverable in cash or in kind or for value to be received	9.50	16.68	9.39	16.33
Security deposit	28.45	27.34	15.32	16.06
Income tax recoverable	34.11	34.80	22.47	28.93
<b>Total</b>	<b>72.09</b>	<b>89.11</b>	<b>47.21</b>	<b>71.61</b>

**14. Other non-current assets**

Other non-current assets includes the long term fixed deposits with banks due for maturity after twelve months from reporting date , margin money deposits and accrued interest there on.

(Rs. in million)

Particulars	Consolidated		Standalone	
	2017	2016	2017	2016
Non-current bank deposits	58.56	56.46	44.95	48.17
Interest accrued on deposits	1.64	5.12	1.64	5.12
<b>Total</b>	<b>60.20</b>	<b>61.58</b>	<b>46.59</b>	<b>53.29</b>

**15. Current investment**

(Rs. in million)

Particulars	2017	2016
8% Redeemable Debentures in Indus Software Technology Private Limited	87.57	87.57
Investment in Liquid Mutual Fund	48.00	-
<b>Total</b>	<b>135.57</b>	<b>87.57</b>

**16. Trade receivables**

(Rs. in million)

Particulars	Consolidated		Standalone	
	2017	2016	2017	2016
Trade receivables (gross)	1,253.93	1,147.10	575.96	501.72
Less : Provision for doubtful debts	45.86	64.88	6.68	0.88
<b>Trade receivables (net)</b>	<b>1,208.07</b>	<b>1,082.22</b>	<b>569.28</b>	<b>500.84</b>
<b>Days Sales Outstanding (DSO in days)</b>	<b>55</b>	<b>55</b>	<b>56</b>	<b>59</b>

**17. Cash and Bank Balance**

(Rs. in million)

Particulars	Consolidated		Standalone	
	2017	2016	2017	2016
Cash on Hand	0.70	0.77	0.07	0.12
<b>Balances with scheduled banks</b>				
On current accounts	39.04	18.16	33.68	16.38
On EEFC accounts	99.32	95.30	99.32	95.30
On deposit accounts	667.59	286.74	619.94	286.74
On unclaimed dividend accounts #	2.43	2.58	2.43	2.58
<b>Balances with other banks</b>				
On current accounts	580.22	771.48	19.87	49.13
On deposit accounts	169.92	24.67	-	-
	1,559.22	1,199.70	775.31	450.25
Less : Non-current bank balances	58.56	56.46	44.96	48.17
<b>Total Cash and Bank Balance</b>	<b>1,500.66</b>	<b>1,143.24</b>	<b>730.35</b>	<b>402.08</b>

# the Company can utilise these balances for respective dividend.

For detailed movement in cash and bank balance, please refer the Consolidated and Standalone Cash Flow Statement.

## 18. Short-term loans and advances

Short-term loans and advances include the amount recoverable in cash and kind or for value to be received within twelve months from reporting date.

(Rs. in million)

Particulars	Consolidated		Standalone	
	2017	2016	2017	2016
Advances recoverable in cash or in kind or for value to be received	110.46	102.47	59.37	39.19
Advances to related parties	-	-	10.48	1.89
Security deposit	2.01	0.81	1.79	0.80
Mark-to-market gains on derivative instruments	16.33	26.42	16.33	26.42
Balances with indirect tax authorities	18.55	21.88	18.55	21.88
<b>Total</b>	<b>147.35</b>	<b>151.58</b>	<b>106.52</b>	<b>90.18</b>

## 19. Other Current Assets

(Rs. in million)

Particulars	Consolidated		Standalone	
	2017	2016	2017	2016
Interest accrued	8.45	5.52	8.14	5.52
Unbilled revenue	149.50	161.10	48.06	60.79
<b>Total</b>	<b>157.95</b>	<b>166.62</b>	<b>56.20</b>	<b>66.31</b>

Unbilled revenue constitutes amounts not billed to customers at year end which is expected to be billed in due course in accordance with the contract with the respective customers.

## 20. Liquidity

The consolidated cash and cash equivalent as at December 31, 2017 were Rs. 925.42 mn as against Rs. 1,136.05 mn as on December 31, 2016.

Net cash generated from operating activities were Rs. 374.34 mn for the year ended December 31, 2017 compared to Rs. 436.24 mn for the year ended December 31, 2016.

Cash used in investing activities were Rs. 576.87 mn for the year ended December 31, 2017 comprised of Investment in long term deposit with bank Rs. 567.16 mn (net), purchase of fixed assets of Rs. 89.97 mn, Investment in Liquid mutual fund Rs. 48 mn and earn out payment to ex-shareholders of IBIZ Rs. 18.40 mn as offset by proceeds from redemption of debenture Rs. 87.57 mn, interest income Rs. 49.73 mn, rental income from investment property Rs. 6.40 mn and sale of fixed assets Rs. 2.96 mn.

Cash used in financing activities were Rs. 5.79 mn for the year ended December 31, 2017 mainly consist of Rs. 3.97 mn (net) for repayment of long term borrowings.

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

**Analysis and Discussions of Operating Performance for the Year Ended December 31, 2017**

The following section discusses in detail the composition of different items in the Consolidated and Standalone Statement of Profit and Loss Account.

**Consolidated Statement of Profit and Loss for the year:**

(Rs. in million)

Particulars	2017	% of Total Revenue	2016	% of Total Revenue	Change %
<b>Revenue</b>					
Revenue from operations	5,926.36	97.49	5,882.37	97.89	0.75
Other income	152.49	2.51	127.07	2.11	20.01
<b>Total Revenue</b>	<b>6,078.85</b>	<b>100.00</b>	<b>6,009.44</b>	<b>100.00</b>	<b>1.15</b>
<b>Expenses</b>					
Employee benefits expense	4,160.83	68.45	3,797.89	63.20	9.56
Operational and other expense	1,410.97	23.21	1,377.99	22.93	2.39
Depreciation and amortisation expense	119.67	1.97	115.12	1.92	3.95
Finance cost	10.87	0.18	7.92	0.13	37.28
<b>Total Revenue</b>	<b>5,702.34</b>	<b>93.81</b>	<b>5,298.92</b>	<b>88.18</b>	<b>7.61</b>
<b>Net profit before tax and exceptional items</b>	<b>376.51</b>	<b>6.19</b>	<b>710.52</b>	<b>11.82</b>	<b>(47.01)</b>
Exceptional items	-	-	46.35	0.77	(100.00)
<b>Net profit before tax</b>	<b>376.51</b>	<b>6.19</b>	<b>756.87</b>	<b>12.59</b>	<b>(50.25)</b>
Tax expense	131.70	2.17	219.99	3.66	(40.13)
<b>Net profit after tax</b>	<b>244.81</b>	<b>4.02</b>	<b>536.88</b>	<b>8.93</b>	<b>(54.40)</b>

**Standalone Statement of Profit and Loss for the year:**

(Rs. in million)

Particulars	2017	% of Total Revenue	2016	% of Total Revenue	Change %
<b>Revenue</b>					
Revenue from operations	2,637.51	95.17	2,631.77	95.51	0.22
Other income	133.75	4.83	123.67	4.49	8.15
<b>Total income</b>	<b>2,771.26</b>	<b>100.00</b>	<b>2,755.44</b>	<b>100.00</b>	<b>0.57</b>
<b>Expenses</b>					
Employee benefits expense	1,856.05	66.97	1,663.18	60.36	11.60
Operational and other expense	478.30	17.26	451.87	16.40	5.85
Depreciation and amortisation expense	73.74	2.66	69.30	2.52	6.40
Finance cost	6.33	0.23	3.68	0.13	71.88
<b>Total expenses</b>	<b>2,414.42</b>	<b>87.12</b>	<b>2,188.03</b>	<b>79.41</b>	<b>10.35</b>
<b>Net profit before tax and exceptional items</b>	<b>356.84</b>	<b>12.88</b>	<b>567.41</b>	<b>20.59</b>	<b>(37.11)</b>
Exceptional items	-	-	46.35	1.68	(100.00)
<b>Net profit before tax</b>	<b>356.84</b>	<b>12.88</b>	<b>613.76</b>	<b>22.27</b>	<b>(41.86)</b>
Tax expense	118.01	4.26	201.62	7.32	(41.47)
<b>Net profit after tax</b>	<b>238.83</b>	<b>8.62</b>	<b>412.14</b>	<b>14.96</b>	<b>(42.05)</b>

**1. Revenue****1.1 Revenue from Operations**

R Systems derives revenue primarily from Information Technology services and Business Process Outsourcing services. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

### 1.1.1 Based on Consolidated Financial Statement

(Rs. in million)

Particulars	Year ended December 31, 2017	%	Year ended December 31, 2016	%	change %
Information technology services	5,461.68	92.16	5,449.12	92.63	0.23
Business process outsourcing services	464.68	7.84	433.25	7.37	7.25
<b>Total</b>	<b>5,926.36</b>	<b>100.00</b>	<b>5,882.37</b>	<b>100.00</b>	<b>0.75</b>

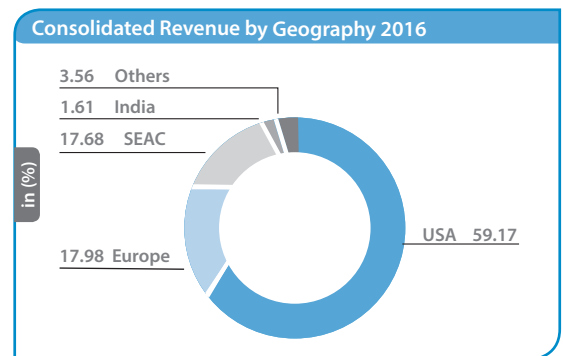
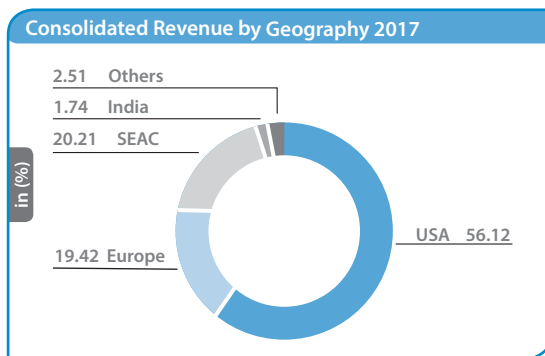
### 1.1.2 Based on Standalone Financial Statement

(Rs. in million)

Particulars	Year ended December 31, 2017	%	Year ended December 31, 2016	%	change %
Information technology services and products	2,153.28	81.64	2,179.51	82.82	(1.20)
Business process outsourcing services	484.23	18.36	452.26	17.18	7.07
<b>Total</b>	<b>2,637.51</b>	<b>100.00</b>	<b>2,631.77</b>	<b>100.00</b>	<b>0.22</b>

### 1.1.3 Consolidated Revenue by Geography

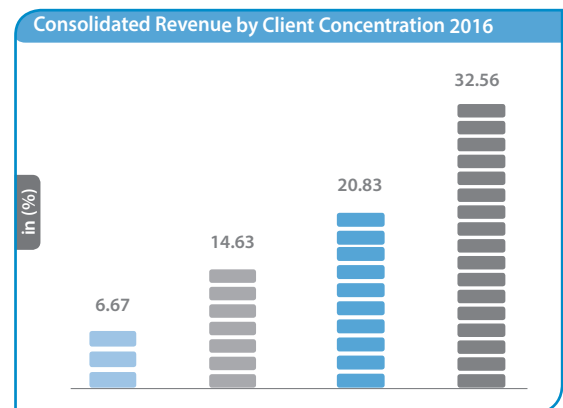
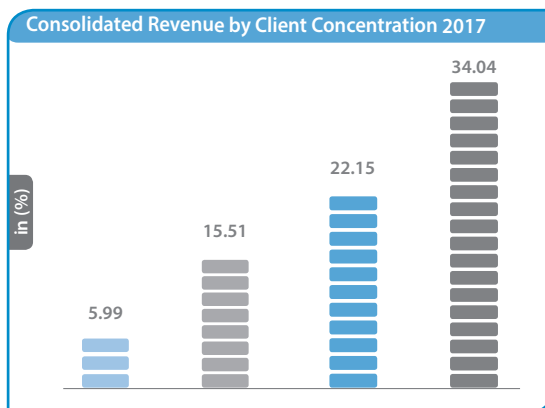
R Systems earns income from five principal geographic territories, namely the United States of America, Europe, South East Asian countries ("SEAC"), India and others. A significant proportion of the revenues were derived from clients located in the United States of America. The geographic break-down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



\* Graphs not to scale

### 1.1.4 Consolidated Revenue by Client Concentration

The breakdown of R Systems consolidated revenue on the basis of client concentration for the year ended December 31, 2017 and 2016 is as follows:



■ The Largest Clients 
 ■ Top 3 Clients 
 ■ Top 5 Clients 
 ■ Top 10 Clients

\* Graphs not to scale

## 1.2 Other Income

(Rs. in million)

Particulars	Consolidated		Standalone	
	2017	2016	2017	2016
Interest income	59.84	56.81	59.27	56.57
Rental income from investment property	6.40	6.40	6.40	6.40
Provision for doubtful debts and advances written back (net)	-	4.39	-	2.31
Profit on sale / discard of fixed assets (net)	0.36	-	0.32	-
Foreign exchange fluctuation (net)	56.71	41.94	64.82	52.38
Excess Provision written back	2.53	5.15	2.53	5.15
Liability no longer required written back	11.01	1.14	-	-
Government Grant	5.32	7.50	-	-
Miscellaneous income	10.32	3.74	0.41	0.86
<b>Total other income</b>	<b>152.49</b>	<b>127.07</b>	<b>133.75</b>	<b>123.67</b>

## 2. Expenditures

### 2.1 Personnel Expenses

Personnel expenses primarily consist of salaries, bonus, commissions, provision for compensated absence, gratuity benefits, contribution towards provident and other funds and staff welfare expenses.

#### 2.1.1 Based on Consolidated Financial Statement:

(Rs. in million)

Particulars	2017	% of Total Revenue	2016	% of Total Revenue	Change %
Salaries and bonus	3,843.38	63.23	3,498.64	58.22	9.85
Gratuity	12.62	0.21	35.76	0.60	(64.72)
Contribution to provident fund and other payments	252.48	4.15	225.47	3.75	11.98
Staff welfare expenses	52.35	0.86	38.02	0.63	37.70
<b>Total</b>	<b>4,160.83</b>	<b>68.45</b>	<b>3,797.89</b>	<b>63.20</b>	<b>9.56</b>

#### 2.1.2 Based on Standalone Financial Statement:

(Rs. in million)

Particulars	2017	% of Total Revenue	2016	% of Total Revenue	Change %
Salaries, wages and bonus	1,738.85	62.74	1,541.01	55.93	12.84
Gratuity	12.62	0.46	35.76	1.30	(64.72)
Contribution to provident fund and other payments	67.76	2.44	56.42	2.05	20.09
Staff welfare expenses	36.82	1.33	29.99	1.08	22.78
<b>Total</b>	<b>1,856.05</b>	<b>66.97</b>	<b>1,663.18</b>	<b>60.36</b>	<b>11.60</b>

### 2.2 Operational and other expenses

Operational and other expenses includes expenses on traveling and conveyance, legal and professional expenses including sub-contractors costs, cost of third party hardware and software, recruitment and training, communication, provision for doubtful debts and advances (net), rent of premises, equipment rental, audit fees, repairs and maintenance, commission, contributions towards corporate social responsibility and other miscellaneous items.



### 2.2.1 Based on Consolidated Financial Statement:

(Rs. In million)

Particulars	2017	% of Total Revenue	2016	% of Total Revenue
Travelling and conveyance	235.82	3.88	243.33	4.05
Legal and professional expenses including audit fees and subcontracting expenses	530.60	8.73	593.77	9.89
Communication costs	74.85	1.23	72.19	1.20
Repair and maintenance	101.64	1.67	90.38	1.51
Recruitment and training expenses	29.15	0.48	24.82	0.41
Power and fuel	44.83	0.74	45.00	0.75
Rent - premises and equipments	112.45	1.85	90.44	1.50
Advertising and sales promotion	30.69	0.51	18.90	0.31
Provision for doubtful debts and advances (net)	8.75	0.14	0.00	0.00
Bad debts and advances written off (net)	0.91	0.01	0.73	0.01
Cost of third party items	156.65	2.58	110.79	1.84
Contributions towards corporate social responsibility	2.46	0.04	1.50	0.02
Others	82.17	1.35	86.14	1.44
<b>Total</b>	<b>1,410.97</b>	<b>23.21</b>	<b>1,377.99</b>	<b>22.93</b>

### 2.2.2 Based on Standalone Financial Statement:

(Rs. in million)

Particulars	2017	% of Total Revenue	2016	% of Total Revenue
Travelling and conveyance	140.26	5.06	145.16	5.27
Legal and professional expenses including audit fees and subcontracting expenses	54.70	1.98	63.37	2.30
Communication costs	56.91	2.05	53.84	1.95
Repair and maintenance	81.19	2.93	72.74	2.64
Recruitment and training expenses	7.92	0.29	8.94	0.32
Power and fuel	40.80	1.47	40.69	1.48
Rent - premises and equipments	34.80	1.26	27.45	1.00
Advertising and sales promotion	7.06	0.25	4.19	0.15
Provision for doubtful debts and advances (net)	6.67	0.24	-	-
Contributions towards corporate social responsibility	2.46	0.09	1.50	0.05
Others	45.53	1.64	33.99	1.24
<b>Total</b>	<b>478.30</b>	<b>17.26</b>	<b>451.87</b>	<b>16.40</b>

### 2.3 Depreciation and Amortisation Expense

(Rs. in million)

Particulars	Consolidated		Standalone	
	2017	2016	2017	2016
Depreciation on tangible assets	90.93	87.74	64.62	64.40
Amortisation on intangible assets	27.27	25.91	7.65	3.43
Depreciation on investment property	1.47	1.47	1.47	1.47
<b>Total</b>	<b>119.67</b>	<b>115.12</b>	<b>73.74</b>	<b>69.30</b>

**2.4 Finance cost**

(Rs. in million)

Particulars	Consolidated		Standalone	
	2017	2016	2017	2016
Interest	3.09	1.36	2.76	1.34
Bank charges	7.78	6.56	3.57	2.34
<b>Total</b>	<b>10.87</b>	<b>7.92</b>	<b>6.33</b>	<b>3.68</b>

**2.5 Exceptional items**

(Rs. in million)

Particulars	2017	2016
Profit on sale of investment	-	37.18
Profit on sale of subsidiaries	-	9.17
<b>Total</b>	<b>-</b>	<b>46.35</b>

For detailed information about exceptional items refer Note no. 30 of notes to the Consolidated Financial Statements and refer Note no. 31 of notes to the Standalone Financial Statements.

**2.6 Tax expense**

Tax expense comprises current tax and deferred tax.

(Rs. in million)

Particulars	Consolidated		Standalone	
	2017	2016	2017	2016
<b>Profit Before Tax</b>	<b>376.51</b>	<b>756.87</b>	<b>356.84</b>	<b>613.75</b>
Current tax	143.82	244.03	127.34	224.95
MAT credit [related to earlier years]	-	(15.13)	-	(15.13)
Deferred tax charge / (credit)	(12.12)	(8.91)	(9.33)	(8.20)
<b>Total Tax Expense</b>	<b>131.70</b>	<b>219.99</b>	<b>118.01</b>	<b>201.62</b>
<b>Effective Tax Rate (%)</b>	<b>34.98</b>	<b>29.07</b>	<b>33.07</b>	<b>32.85</b>

On behalf of the Board  
For R Systems International Limited

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

Place : CA, U.S.A.  
Date : April 18, 2018

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

Place : NOIDA, (U.P.)  
Date : April 18, 2018

## SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON DECEMBER 31, 2017

To,  
The Members  
R SYSTEMS INTERNATIONAL LIMITED  
CIN: L74899DL1993PLC053579  
B 104A, Greater Kailash,  
Part-I, New Delhi-110048

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate governance practices by R Systems International Limited (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit. We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on December 31, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on December 31, 2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder to the extent of Regulation 55A;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

- (d) The Securities and Exchange Board of India (Share Based employee Benefits) Regulations, 2014;
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **Not Applicable**
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client to the extent of securities issued;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **Not Applicable** and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **Not Applicable**
- (vi) The other laws, as informed and certified by the Management of the company which are specifically applicable to the Company based on the Sectors/ Industry are:
  - (a) The Special Economic Zones Act, 2005 and the rules made thereunder;
  - (b) Policy relating to Software Technology Parks of India and its regulations.

We have also examined compliance with the applicable Clauses/ Regulations of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India and notified by Ministry of Corporate Affairs.
- (ii) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes, if any, in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at the Board and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

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

We further report that during the audit period the Company has following specific event which have a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.:

- a) Scheme of Arrangement for re-organization and reduction of equity share capital of the Company under Section 230 of the Act between R Systems International Limited and its Shareholders and Creditors was approved by the Board of Directors of the Company, subject to necessary approvals.
- (b) Scheme of Amalgamation between GM Solutions Private Limited ("Transferor Company") and the Company ("Transferee Company") and their respective Shareholders and Creditors was approved by the Board of Directors of the Company, subject to necessary approvals.

- (c) The Company has allotted 82,500 equity shares of Re. 1 each at an exercise price of Rs. 12.07 per share on 04<sup>th</sup> May, 2017 pursuant to exercise of vested employee stock options under the R Systems International Limited Employee Stock Option Scheme 2007.

For **Chandrasekaran Associates**  
Company Secretaries

**Sd/-**  
**Lakhan Gupta**

Partner

Membership No. 36583

Certificate of Practice No. 13725

Date: April 04, 2018

Place: New Delhi

Note: This report is to be read with our letter of even date which is annexed as Annexure-A and forms an integral part of this report.

To,  
The Members  
R SYSTEMS INTERNATONAL LIMITED  
CIN: L74899DL1993PLC053579  
B 104A, Greater Kailash,  
Part-I, New Delhi-110048

Our Report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the random test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on random test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Chandrasekaran Associates**  
Company Secretaries

Sd/-

**Lakhan Gupta**

Partner

Membership No. 36583

Certificate of Practice No. 13725

Date: April 04, 2018

Place: New Delhi

Annexure 'G' to the Directors Report

**FORM NO. AOC-2****(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)**

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto:

**1. Details of contracts or arrangements or transactions not at arm's length basis**

Sr. No.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts / arrangements/ transaction	Salient terms of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transactions	Date(s) of approval by the Board	Amount paid as advances, if any:	Date on which the special resolution was passed in general meeting as required under first proviso to section 188
	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

**2. Details of material contracts or arrangement or transactions at arm's length basis**

Sr. No.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts / arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advances, if any
	Nil	Nil	Nil	Nil	Nil	Nil

**Note:**

1. The aforesaid disclosure is based on the materiality threshold defined in Policy for related party transactions.
2. For details of other related party transactions, please refer note No. 24 of the standalone financial statements.

On Behalf of the Board  
For R Systems International Limited

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

Place : CA, U.S.A.  
Date : April 18, 2018

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

Place : NOIDA, (U.P.)  
Date : April 18, 2018



## ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY("CSR") ACTIVITIES

For the Financial Year ended December 31, 2017

**1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web link to the CSR policy and projects or programs:**

To support and endeavour to bring about positive difference to communities where we exist. Through the CSR initiatives, the Company strives to provide equitable opportunities for sustainable growth, thereby aligning with our goal to build R Systems International Limited into an organization which maximizes Stakeholders Value. The Company would engage in activities whereby business further contributes to make a positive and distinguishing impact on the environment, customers and other stakeholders.

Core areas as per the CSR Policy – Education, Health & Medical Care, Community at large, Environment, Sports etc.

The Company's CSR policy can be accessed on:

<http://www.rsystems.com/investors/corporategovernance.aspx>

**2. Composition of the CSR Committee (As on December 31, 2017)**

1. Mr. Kapil Dhameja (Non-Executive Independent Director)– Chairman
2. Mrs. Ruchica Gupta (Non-Executive Independent Director) – Member
3. Lt. Gen. Baldev Singh (Retd.) (President & Senior Executive Director) - Member

**3. Average Net Profit of the Company for last three financial year**

Rs. 527,481,880

**4. Prescribed CSR Expenditure (two percent of the amount as in Item 3 above)**

Rs. 10,549,638

**5. Details of CSR spent during the financial year:**

- (a) Total Amount to be spent for the financial year Rs. 10,549,638
- (b) Amount unspent, if any Rs. 8,089,638

(c) Manner in which the amount spent during the financial year is detailed below:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No.	CSR Project or activity identified	Sector in which the project is covered	Project / Programs (1) Local Area / others (2) Specify the State / District where the Project or program was Undertaken	Amount Outlay (budget) Project / Program wise	Amount spent on the project / programs Subheads: <b>(1) Direct expenditure on project / programs</b> <b>(2) Overheads</b>	Cumulative expenditure up to the reporting period	Amount spent Direct or through implementing agency*
1.	School Education Project	Education	Kapurthala-Punjab (Army Public School, Beas)	15 lakhs	15 lakhs	15 lakhs	Expenses incurred directly
2.	Education Project	Education	Jabalpur (Rajya Anand Sansthan)	6 Lakhs	6 Lakhs	6 Lakhs	Expenses incurred directly
3.	Sports Project	Olympic Sports	Bangalore (Prakash Padukone Badminton Academy)	4.20 Lakhs	3.60 Lakhs	3.60 Lakhs	Expenses incurred directly

\* Give details of implementing agency – N.A.

**6. Reason for not spending two percent of the average net Profit of the last three financial years or any part thereof on CSR**

As an integral part of society, the Company is aware of its corporate social responsibility and has been engaged in community and social investment. During the financial year 2017, the Company has spent Rs. 24.60 Lakhs on above mentioned CSR activities. The CSR expenditure incurred for the financial year 2017 has been increased by 64% (Rs. 9.60 lakhs) compared to that of financial year 2016, however, the Company was not able to spend the prescribed amount for the financial year 2017.

As a socially responsible company, the Company is in continuous process of exploring new opportunities which shall align to its CSR policy and is committed to create maximum impact on the society at large over the coming years.

**7. A Responsibility Statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in Compliance with the CSR Objectives and Policy of the Company**

The CSR Committee hereby confirms that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and policy of the Company.

Sd/-  
**Satinder Singh Rekhi**

(DIN: 00006955)  
(Managing Director)

Place: CA, U.S.A  
Date: April 18, 2018

Sd/-  
**Kapil Dhameja**

(DIN: 02889310)  
(Chairman of the CSR Committee)

Place: NOIDA (U.P.)  
Date: April 18, 2018

Annexure 'I' to the Directors Report

## FORM NO. MGT-9

### EXTRACT OF ANNUAL RETURN

as on the financial year ended on December 31, 2017

[Pursuant to section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies  
(Management and Administration) Rules, 2014]

#### I. REGISTRATION AND OTHER DETAILS

CIN	:	L74899DL1993PLC053579
Registration Date	:	May 14, 1993
Name of the Company	:	R Systems International Limited
Category / Sub-Category of the Company	:	Company having Share Capital
Address of the Registered office and contact details	:	B -104A, Greater Kailash, Part-I, New Delhi-110 048 Tel. No.: +91-011-32596619 E-mail: <a href="mailto:rsystems.india@rsystems.com">rsystems.india@rsystems.com</a>
Address of the Corporate office and contact details	:	C-40, Sector-59, NOIDA, District Gautam Budh Nagar, U.P. India-201307 Tel. No.: +91-120-4303500 Fax: +91-120-2587123
Whether listed company	:	Yes
Name, Address and Contact details of Registrar and Transfer Agent, if any	:	<b>Link Intime India Private Limited</b> 44, Community Center, 2nd Floor, Naraina Industrial Area, Phase- I Near PVR Naraina, New Delhi -110 028 Phone: +91- 011- 414 10592, 93, 94 Fax : +91- 011- 414 10591 Email : <a href="mailto:delhi@linkintime.co.in">delhi@linkintime.co.in</a>

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Information technology services and products	620	81.64
2	Business process outsourcing services	620	18.36

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	R Systems (Singapore) Pte Limited	#04-01, 16 Jalan Kilang, Hoi Hup Building, Singapore 159416	Foreign Company	Subsidiary	100%	2(87)
2	R Systems, Inc.	5000, Windplay Drive, Suite #5, El Dorado Hills, CA 95762, U.S.A.	Foreign Company	Subsidiary	100%	2(87)
3	R Systems Technologies Ltd. (Formely known as Indus Software, Inc.)	5000, Windplay Drive, Suite #5, El Dorado Hills, CA 95762, U.S.A.	Foreign Company	Subsidiary	100%	2(87)
4	ECnet Limited	16, Jalan Kilang, #04-01 Hoi Hup Building, Singapore – 159 416	Foreign Company	Subsidiary	99.75%	2(87)

Sl. No.	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
5	RSYS Technologies Ltd. (Formerly known as Systèmes R. International Ltée)	(i) 1000, Cathedral Place, 925 West Georgia Street, Vancouver BC V6C 3L2, Canada.  (ii) 2425 Matheson Bldg East Unit 778 Mississauga, Ontario, L4W 5K4 Canada	Foreign Company	Subsidiary	100%	2(87)
6	Computaris International Limited	11 Queens Road, Brentwood Essex, CM 14 4HE, United Kingdom	Foreign Company	Subsidiary	100%	2(87)
7	ECnet (M) Sdn. Bhd.#	Lot No. 5F-1, 5th Floor, Tower 5 @ PFCC, Jalan Puteri 1/2, Bandar Puteri, 47100 Puchong, Selangor Darul Ehsan	Foreign Company	Step Down Subsidiary	99.75%	2(87)
8	ECnet Systems (Thailand) Co. Ltd.#	2/3 Bangna Tower-A, 2nd Floor, Room No. 205-206, Moo 14, Bangna-Trad K.M. 6.5, Tambol Bangkaew, Amphoe Bangplee, Samutprakarn Province 10540	Foreign Company	Step Down Subsidiary	99.75%	2(87)
9	ECnet (Shanghai) Co. Ltd.#	Rm H,20 Floor, Foresight Mansion, No.768 Xie Tu Rd, Shanghai, China	Foreign Company	Step Down Subsidiary	99.75%	2(87)
10	ECnet (Hong Kong) Ltd#	Rm 1903, 19/F, World-Wide House, 19 Des Voeux Road Central, Hong Kong	Foreign Company	Step Down Subsidiary	99.75%	2(87)
11	ECnet, Inc.#	5000 Wind Play Drive Suite #5, El Dorado Hills, CA 95762, USA	Foreign Company	Step Down Subsidiary	99.75%	2(87)
12	ECnet Kabushiki Kaisha#	Godo Building 6F, Kaji-cho 1-6- 17, Chiyoda-ku, Tokyo, Japan 101-0044.	Foreign Company	Step Down Subsidiary	99.75%	2(87)
13	Computaris Romania SRL*	<b>Bucharest office</b> 5 Gheorghe Manu Str, Groundfloor, 1 <sup>st</sup> floor, 6 <sup>th</sup> Floor, Room 2, Sector 1, Bucharest, 010442, Romania <b>Galati office</b> 23 Logofat Tautu Str., 800009, Galati, Romania	Foreign Company	Step Down Subsidiary	100%	2(87)
14	Computaris Polska sp z o.o.*	<b>Warsaw office</b> al. Jana Pawla II 80, 00-175 Warsaw, Poland <b>Bialystok Office</b> ul. Branickiego 17, 15 -085 Bialystok	Foreign Company	Step Down Subsidiary	100%	2(87)
15	ICS Computaris International Srl*	Vlaicu Pircalab Street, No 63, Et. 8, Oficiu B, MD – 2012, Sky Tower Business Center Chisinau, Republica Moldova	Foreign Company	Step Down Subsidiary	100%	2(87)
16	Computaris Malaysia Sdn. Bhd*	Lot No. 5F-1, 5th Floor, Tower 5 @ PFCC, Jalan Puteri 1/2, Bandar Puteri, 47100 Puchong, Selangor Darul Ehsan	Foreign Company	Step Down Subsidiary	100%	2(87)

Sl. No.	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
17	Computaris USA, Inc <sup>*</sup>	5000, Windplay Drive, Suite #5, El Dorado Hills, CA 95762, U.S.A.	Foreign Company	Step Down Subsidiary	100%	2(87)
18	Computaris Philippines Pte. Ltd. Inc. <sup>*</sup>	21B Rufino Pacific Tower, 6784 Ayala Avenue, corner V.A. Rufino Street, Legaspi Village Makati City, 1226 Philippines.	Foreign Company	Step Down Subsidiary	100%	2(87)
19	IBIZ Consulting Pte. Ltd. <sup>@</sup> (Formerly known as IBIZCS Group Pte. Ltd.)	2 Jalan Kilang Barat #04-01 Singapore 159346	Foreign Company	Step Down Subsidiary	100%	2(87)
20	IBIZ Consulting Services Pte Ltd <sup>^</sup>	2, Jalan Kilang Barat #04-01 Singapore 159346	Foreign Company	Step Down Subsidiary	100%	2(87)
21	IBIZ Consulting Services Sdn. Bhd. <sup>^</sup>	Lot No. 5F-1, 5th Floor, Tower 5 @ PFCC, Jalan Puteri 1/2, Bandar Puteri, 47100 Puchong, Selangor Darul Ehsan	Foreign Company	Step Down Subsidiary	100%	2(87)
22	PT. IBIZCS Indonesia <sup>^</sup>	Setiabudi Buidling 2, 2nd Floor, Suite 203 Jl. H.R. Rasuna Said Kav. 62 Jakarta Selatan 12920, Indonesia	Foreign Company	Step Down Subsidiary	100%	2(87)
23	IBIZ Consultancy Services India Private Limited <sup>^</sup>	Plot No NP 1 And 2 , Industrial Estate, Sidco Industrial Estate, Guindy Chennai -600032	U72200TN 2008PTC070201	Step Down Subsidiary	100%	2(87)
24	IBIZ Consulting Services Limited <sup>^</sup>	Rooms 2001-2004, 20/F, 69 Jervois Street, Sheung Wang, Hong Kong	Foreign Company	Step Down Subsidiary	100%	2(87)
25	IBIZ Consulting Services (Shanghai) Co., Ltd <sup>%</sup>	Room 1721, 17F, Building A, CCIG International Plaza, No. 331, North Caoxi Road, Xuhui District, Shanghai, China 200030	Foreign Company	Step Down Subsidiary	100%	2(87)

# Wholly owned subsidiary of ECnet Limited, Singapore being 99.75% subsidiary of R Systems.

\* wholly owned subsidiaries of Computaris International Limited being 100% subsidiary of R Systems.

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

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

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

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

#### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Categorywise shareholding

Category of Shareholders	No. of Shares held at the beginning of the year- January 01, 2017			No. of Shares held at the end of the year- December 31, 2017			% Change during the year
	Physical	Demat	Total	Physical	Demat	Total	
<b>A. Promoter and Promoter Group</b>							
<b>Indian</b>							
Individuals / Hindu Undivided Family	0	7,777	7,777	0	7,777	7,777	0.01
Central Government	0	0	0	0	0	0	0.00
State Government(s)	0	0	0	0	0	0	0.00
Bodies Corporate	0	29,746,353	29,746,353	0	29,746,353	29,746,353	24.00
Financial Institutions / Banks	0	0	0	0	0	0	0.00
Any Other (Specify)	0	0	0	0	0	0	0.00
<b>Sub Total(A)(1)</b>	<b>0</b>	<b>29,754,130</b>	<b>29,754,130</b>	<b>0</b>	<b>29,754,130</b>	<b>29,754,130</b>	<b>24.00</b>
<b>Foreign</b>							
NRI Individual	0	12,105,955	12,105,955	0	12,105,955	12,105,955	9.77
Other Individual	0	0	0	0	0	0	0.00
Bodies Corporate	0	9,076,218	9,076,218	0	9,076,218	9,076,218	7.32
Banks/ Financial Institutions	0	0	0	0	0	0	0.00
Any Other (Foreign Trust)	0	12,150,731	12,150,731	0	12,150,731	12,150,731	9.80
<b>Sub Total(A)(2)</b>	<b>0</b>	<b>33,332,904</b>	<b>33,332,904</b>	<b>0</b>	<b>33,332,904</b>	<b>33,332,904</b>	<b>26.89</b>
<b>Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)</b>	<b>0</b>	<b>63,087,034</b>	<b>63,087,034</b>	<b>0</b>	<b>63,087,034</b>	<b>63,087,034</b>	<b>50.93</b>
<b>B. Public shareholding</b>							
<b>Institutions</b>							
Mutual Funds / UTI	0	0	0	0	0	0	0.00
Financial Institutions / Banks	0	11,925	11,925	0	350	350	0.01
Central Government	0	0	0	0	0	0	0.00
State Government(s)	0	0	0	0	0	0	0.00
Venture Capital Funds	0	0	0	0	0	0	0.00
Insurance Companies	0	0	0	0	0	0	0.00
Foreign Institutional Investors	0	0	0	0	6,429	6,429	0.01

Category of Shareholders	No. of Shares held at the beginning of the year- January 01, 2017				No. of Shares held at the end of the year- December 31, 2017				% Change during the year
	Physical	Demat	Total	% of Total Shares	Physical	Demat	Total	% of Total Shares	
Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
Any Other (specify)	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-Total (B)(1)</b>	0	11,925	11,925	0.01	0	6,779	6,779	0.01	0.00
<b>Non-institutions</b>									
Bodies Corporate (Indian and Overseas)	0	1,090,919	1,090,919	0.88	0	1,132,000	1,132,000	0.91	0.03
<b>Individuals -</b>									
i. Individual shareholders holding nominal share capital up to Rs. 1 lakh	139,813	9,970,313	10,110,126	8.16	136,579	10,481,870	10,618,449	8.57	(0.40)
ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	114,000	48,560,886	48,674,886	39.30	114,000	47,888,440	48,002,440	38.73	(0.57)
Any Other (Clearing Member)	0	156,555	156,555	0.13	0	360,962	360,962	0.29	0.16
Any Other (Trust)	738,980	0	738,980	0.60	738,980	0	738,980	0.60	0.00
Any Other (IEPF)	0	0	0	0.00	0	6,281	6,281	0.01	0.01
<b>Sub-Total (B)(2)</b>	<b>992,793</b>	<b>59,778,673</b>	<b>60,771,466</b>	<b>49.06</b>	<b>989,559</b>	<b>59,869,553</b>	<b>60,859,112</b>	<b>49.10</b>	<b>0.04</b>
<b>Total Public Shareholding (B) = (B)(1)+(B)(2)</b>	<b>992,793</b>	<b>59,790,598</b>	<b>60,783,391</b>	<b>49.07</b>	<b>989,559</b>	<b>59,876,332</b>	<b>60,865,891</b>	<b>49.10</b>	<b>0.03</b>
<b>TOTAL (A)+(B)</b>	<b>992,793</b>	<b>122,877,632</b>	<b>123,870,425</b>	<b>100.00</b>	<b>989,559</b>	<b>122,963,366</b>	<b>123,952,925</b>	<b>100.00</b>	<b>0.00</b>
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0
<b>TOTAL (C)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>992,793</b>	<b>122,877,632</b>	<b>123,870,425</b>	<b>100.00</b>	<b>989,559</b>	<b>122,963,366</b>	<b>123,952,925</b>	<b>100.00</b>	<b>0.00</b>

**Note:** 1. In addition to changes on account of purchase / sale of shares, evident from the different shareholding positions beginning and end of the year, the change in % of shareholding is consequent to allotment of equity shares pursuant to exercise of options granted under R Systems International Ltd. Employees Stock Option Scheme, 2007.

2. As per the SEBI circular No. SEBI/HO/CFD/CMD/CIR/P/2017/128 dated December 19, 2017, the shareholding has been clubbed PAN wise.



ii. Shareholding of Promoters

S. No	Shareholder's Name	Share holding at the beginning of the year - January 01, 2017			Share holding at the end of the year - December 31, 2017			% Change during the year
		Number of shares held	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	Number of shares held	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Satinder & Harpreet Rekhi Family Trust (Trustee: Satinder Singh Rekhi & Harpreet Rekhi)	12,150,731	9.81	0.00	12,150,731	9.80	0.00	(0.01)
2	Mr. Satinder Singh Rekhi	1,281,556	1.03	0.00	1,281,556	1.03	0.00	0.00
3	RightMatch Holdings Ltd.	9,076,218	7.33	0.00	9,076,218	7.32	0.00	(0.01)
4	Mrs. Harpreet Rekhi	760	0.00	0.00	760	0.00	0.00	0.00
5	GM Solutions Private Limited*	10,261,150	8.28	0.00	29,746,353	24.00	0.00	15.71
6	GMU Infosoft Private Limited*	9,646,784	7.79	0.00	N.A.	N.A.	0.00	(7.79)
7	U Infosoft Private Limited*	9,838,419	7.94	0.00	N.A.	N.A.	0.00	(7.94)
8	Mr. Sartaj Singh Rekhi	5,864,656	4.73	0.00	5,864,656	4.73	0.00	0.00
9	Mr. Ramneet Singh Rekhi	4,958,983	4.00	0.00	4,958,983	4.00	0.00	0.00
10	Mrs. Kuldeep Baldev Singh	6,080	0.00	0.00	6,080	0.00	0.00	0.00
11	Mrs. Anita Behl	1,697	0.00	0.00	1,697	0.00	0.00	0.00
	<b>TOTAL</b>	<b>63,087,034</b>	<b>50.93</b>	<b>0.00</b>	<b>63,087,034</b>	<b>50.90</b>	<b>0.00</b>	<b>(0.03)</b>

\* Pursuant to the approval of National Company Law Tribunal, New Delhi order dated April 24, 2017, GMU Infosoft Private Limited ("GMU Infosoft") and U Infosoft Private Limited ("U Infosoft") have been amalgamated into GM Solutions Private Limited ("GM Solutions") and 19,485,203 equity shares of R Systems International Limited held by GMU Infosoft and U Infosoft have been transmitted to GM Solutions as per the said order.

**Note:** The change in Percentage of shareholding is consequent to allotment of equity shares upon exercise of Options under R Systems International Limited Employees Stock Option Scheme, 2007.

## iii. Change in Promoter Holding

Sl. No.	Name of the Promoter	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	<b>GM Solutions Private Limited</b>				
	<b>At the beginning of the year -January 01, 2017</b>	<b>10,261,150</b>	<b>8.28</b>	<b>10,261,150</b>	<b>8.28</b>
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):				
	Add: Transfer on May 08, 2017*	19,485,203	15.73	29,746,353	24.00
	<b>At the End of the year-December 31, 2017</b>			<b>29,746,353</b>	<b>24.00</b>
2	<b>GMU Infosoft Private Limited</b>				
	<b>At the beginning of the year -January 01, 2017</b>	<b>9,646,784</b>	<b>7.79</b>	<b>9,646,784</b>	<b>7.79</b>
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):				
	Less: Transfer on May 08, 2017*	9,646,784	7.79	-	0.00
	<b>At the End of the year-December 31, 2017</b>			<b>-</b>	<b>0.00</b>
3	<b>U Infosoft Private Limited</b>				
	<b>At the beginning of the year -January 01, 2017</b>	<b>9,838,419</b>	<b>7.94</b>	<b>9,838,419</b>	<b>7.94</b>
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):				
	Less: Transfer on May 08, 2017*	9,838,419	7.94	-	0.00
	<b>At the End of the year-December 31, 2017</b>			<b>-</b>	<b>0.00</b>

\* Pursuant to the approval of National Company Law Tribunal, New Delhi order dated April 24, 2017, GMU Infosoft Private Limited ("GMU Infosoft") and U Infosoft Private Limited ("U Infosoft") have been amalgamated into GM Solutions Private Limited ("GM Solutions") and 19,485,203 equity shares of R Systems International Limited held by GMU Infosoft and U Infosoft have been transmitted to GM Solutions as per the said order. The said order was filed with RoC on May 08, 2017.

## (iv) (a) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No	Top Ten Share Holders (For Each of the Top 10 Shareholders)	Shareholding at the beginning of the year -January 01, 2017		Shareholding at the end of the year -December 31, 2017	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Bhavook Tripathi	44,330,059	35.79	43,861,539	35.39
2	R Systems Employee Welfare Trust	738,980	0.60	738,980	0.60
3	K Mohan	702,448	0.57	343,382	0.28
4	O' Neil Nalavadi	648,770	0.52	648,770	0.52
5	Mandeep Sodhi	643,263	0.52	602,819	0.49
6	Prabhakarrao Mahableshwar Bantwal	390,878	0.32	390,878	0.32
7	Juzar Feroz Basrai	300,000	0.24	300,000	0.24
8	Mannige Vikram Rao	221,100	0.18	221,100	0.18
9	Mohd Farooq Kamal	192,941	0.16	192,941	0.16
10	Deepak Kishanrao Wagh	190,000	0.15	190,000	0.15
11	Sunita Kantilal Vardhan	115,538	0.09	198,199	0.16

**Note:** As per the SEBI circular No. SEBI/HO/CFD/CMD/CIR/P/2017/128 dated December 19, 2017, the shareholding has been clubbed PAN wise.

(iv) (b) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	Name of Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
A	<b>Mr. Bhavook Tripathi</b>				
	<b>At the beginning of the year -January 01, 2017</b>				
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc)				
	<b>At the End of the year-December 31, 2017</b>				
B	<b>K Mohan</b>				
	<b>At the beginning of the year -January 01, 2017</b>				
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc)				
	<b>At the End of the year-December 31, 2017</b>				
C	<b>Mandeep Sodhi</b>				
	<b>At the beginning of the year -January 01, 2017</b>				
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc)				
	<b>At the End of the year-December 31, 2017</b>				
D	<b>Sunita Kantilal Vardhan</b>				
	<b>At the beginning of the year -January 01, 2017</b>				
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc)				
	<b>At the End of the year-December 31, 2017</b>				

As per Annexure - I

## ANNEXURE - I

Sl. No.	Date of Transaction	Nature of Transaction	Shareholding at the beginning of the Year		Cumulative Shareholding during the Year	
			No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
<b>A</b>	<b>Bhavook Tripathi</b>					
	<b>As at January 01, 2017 (Opening Balance)</b>		44,330,059	35.79	44,330,059	35.79
	January 06, 2017	Sale	42,186	0.03	44,287,873	35.75
	January 13, 2017	Sale	41,481	0.03	44,246,392	35.72
	January 20, 2017	Sale	16,219	0.01	44,230,173	35.71
	February 10, 2017	Sale	2,642	0.00	44,227,531	35.70
	February 17, 2017	Sale	2,000	0.00	44,225,531	35.70
	November 3, 2017	Sale	27,843	0.02	44,197,688	35.66
	November 10, 2017	Sale	42,487	0.03	44,155,201	35.62
	November 17, 2017	Sale	31,645	0.03	44,123,556	35.60
	November 24, 2017	Sale	15,660	0.01	44,107,896	35.58
	December 1, 2017	Sale	134,374	0.11	43,973,522	35.48
	December 8, 2017	Sale	88,556	0.07	43,884,966	35.40
	December 15, 2017	Sale	5,720	0.00	43,879,246	35.40
	December 29, 2017	Sale	17,707	0.01	43,861,539	35.39
	<b>As At December 31, 2017 (Closing Balance)</b>				<b>43,861,539</b>	<b>35.39</b>
<b>B</b>	<b>K Mohan</b>					
	<b>As at January 01, 2017 (Opening Balance)</b>		702,448	0.57	702,448	0.57
	September 8, 2017	Sale	9,729	0.01	692,719	0.56
	December 1, 2017	Sale	182,933	0.15	509,786	0.41
	December 8, 2017	Sale	33,978	0.03	475,808	0.38
	December 15, 2017	Sale	123	0.00	475,685	0.38
	December 22, 2017	Sale	4,010	0.00	471,675	0.38
	December 29, 2017	Sale	116,452	0.09	355,223	0.29
	December 31, 2017	Sale	11,841	0.01	343,382	0.28
	<b>As At December 31, 2017 (Closing Balance)</b>				<b>343,382</b>	<b>0.28</b>
<b>C</b>	<b>Mandeep Sodhi</b>					
	<b>As at January 01, 2017 (Opening Balance)</b>		643,263	0.52	643,263	0.52
	February 17, 2017	Sale	40,444	0.03	602,819	0.49
	<b>As At December 31, 2017 (Closing Balance)</b>				<b>602,819</b>	<b>0.49</b>
<b>D</b>	<b>Sunita Kantilal Vardhan</b>					
	<b>As at January 01, 2017 (Opening Balance)</b>		115,538	0.09	115,538	0.09
	May 19, 2017	Purchase	79,387	0.06	194,925	0.16
	June 23, 2017	Purchase	1,511	0.00	196,436	0.16
	June 30, 2017	Purchase	613	0.00	197,049	0.16
	September 8, 2017	Purchase	1,150	0.00	198,199	0.16
	<b>As At December 31, 2017 (Closing Balance)</b>				<b>198,199</b>	<b>0.16</b>

**Note:** 1. The change in Percentage of shareholding during the year is also consequent to allotment of equity shares pursuant to exercise of options granted under R Systems International Ltd. Employees Stock Option Scheme, 2007.

2. The above information is based on weekly beneficiary position (net purchase/sale) received from depositories .

(v) *Shareholding of Directors and Key Managerial Personnel:*

**Change in Shareholding**

Sl. No.	Name of the Director/ Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	<b>Mr. Satinder Singh Rekhi</b>				
	<b>At the beginning of the year -January 01, 2017</b>	1,281,556	1.03	1,281,556	1.03
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	-	-	-	-
	<b>At the End of the year-December 31, 2017</b>			<b>1,281,556</b>	<b>1.03</b>
2	<b>Lt. Gen. Baldev Singh (Retd.)</b>				
	<b>At the beginning of the year -January 01, 2017</b>	111,498	0.09	111,498	0.09
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	-	-	-	-
	<b>At the End of the year-December 31, 2017</b>			<b>111,498</b>	<b>0.09</b>
3	<b>Mr. Avirag Jain*</b>				
	<b>At the time of Appointment -August 03, 2017</b>	100	0.00	100	0.00
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	-	-	-	-
	<b>At the End of the year-December 31, 2017</b>			<b>100</b>	<b>0.00</b>
4	<b>Mrs. Ruchica Gupta</b>				
	<b>At the beginning of the year -January 01, 2017</b>	-	-	-	-
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	-	-	-	-
	<b>At the End of the year-December 31, 2017</b>			-	-
5	<b>Mr. Kapil Dhameja</b>				
	<b>At the beginning of the year -January 01, 2017</b>	-	-	-	-
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	-	-	-	-
	<b>At the End of the year-December 31, 2017</b>			-	-
6	<b>Mr. Aditya Wadhwa</b>				
	<b>At the beginning of the year -January 01, 2017</b>	-	-	-	-
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	-	-	-	-
	<b>At the End of the year-December 31, 2017</b>			-	-
7	<b>Mr. Nand Sardana</b>				
	<b>At the beginning of the year -January 01, 2017</b>	51,098	0.04	51,098	0.04

Sl. No.	Name of the Director/ Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)				
	Add: Allotment pursuant to exercise of options granted under Employees Stock Option Scheme, 2007 on May 04, 2017	37,500	0.03	88,598	0.07
	<b>At the End of the year-December 31, 2017</b>			<b>88,598</b>	<b>0.07</b>
8	<b>Mr. Ashish Thakur</b>				
	<b>At the beginning of the year -January 01, 2017</b>	-	-	-	-
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	-	-	-	-
	<b>At the End of the year-December 31, 2017</b>			-	-

\* Mr. Avirag Jain was appointed as Additional Director and subject to shareholders approval, Whole-time Director (Designated as Director and Chief Technology Officer) w.e.f. August 3, 2017. Hence, shareholding details of Mr. Avirag Jain have been provided since his appointment as Director.

**Note:** The change in Percentage of shareholding during the year is consequent to allotment of equity shares pursuant to exercise of options granted under R Systems International Ltd. Employees Stock Option Scheme, 2007.

## V. INDEBTEDNESS

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

(Amount in Rs.)

Particulars	Secured Loans excluding deposits	Unsecured Loans <sup>#</sup>	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year-January 01, 2017</b>				
i) Principal Amount	13,441,803	10,880,000	-	24,321,803
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	116,229	53,753	-	169,982
<b>Total (i+ii+iii)</b>	<b>13,558,032</b>	<b>10,933,753</b>	-	<b>24,491,785</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	1,721,000	-	-	1,721,000
Reduction	5,596,961	95,966	-	5,692,927
<b>Net Change</b>	<b>(3,875,961)</b>	<b>(95,966)</b>	-	<b>(3,971,927)</b>
<b>Indebtedness at the end of the financial year-December 31, 2017</b>				
i) Principal Amount	9,565,842	10,784,034	-	20,349,876
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	65,956	-	-	65,956
<b>Total (i+ii+iii)</b>	<b>9,631,798</b>	<b>10,784,034</b>	-	<b>20,415,832</b>

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



## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Amount in Rs.)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
		Mr. Satinder Singh Rekhi* (MD)	Lt. Gen. Baldev Singh (Retd.) (WTD)	Mr. Avirag Jain* (WTD)	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	28,874,162	3,945,772	1,787,910	34,607,844
	(b) Value of perquisites u/s 17(2) of Income-tax Act, 1961	-	282,652	-	282,652
	(c) Profits in lieu of salary under section 17(3) of Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission - as % of profit	4,964,335	-	-	4,964,335
	others (incentive)	-	2,400,000 <sup>§</sup>	1,083,677 <sup>@</sup>	3,483,677
5	Others	-	-	-	-
	<b>Total (A)</b>	<b>33,838,497</b>	<b>6,628,424</b>	<b>2,871,587</b>	<b>43,338,508</b>
	<b>Ceiling as per the Act (5% of Net Profit)</b>	<b>39,825,000<sup>#</sup></b>	<b>20,290,501</b>	<b>20,290,501</b>	

# The remuneration paid during the year ended December 31, 2017 to Mr. Satinder Singh Rekhi, Managing Director of the Company, has been approved by the Central Government.

\* Mr. Avirag Jain was appointed as Additional Director and subject to shareholders approval, Whole-time Director (Designated as Director and Chief Technology Officer) w.e.f. August 3, 2017. Hence his salary details has been taken from August 03, 2017 to Decemebr 31, 2017.

§ Incentive is based on fixed percentage of quaifying revenue and performance of the Comapny.

@ Incentive is based on fixed percentage of quaifying revenue.

#### i. Independent Directors

(Amount in Rs.)

Sr. No.	Particulars of Remuneration	Name of Directors			Total Amount
		Mrs. Ruchica Gupta	Mr. Kapil Dhameja	Mr. Aditya Wadhwa	
1	Fee for attending board / committee meetings	275,000	300,000	250,000	825,000
2	Commission	-	-	-	-
3	Others, please specify	-	-	-	-
	<b>Total(1)</b>	<b>275,000</b>	<b>300,000</b>	<b>250,000</b>	<b>825,000</b>

#### ii. Other Non-Executive Directors

1	Fee for attending board / committee meetings	-	-	-	
2	Commission	-	-	-	
3	Others, please specify	-	-	-	
	<b>Total(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	
	<b>Total B (1+2)</b>	<b>275,000</b>	<b>300,000</b>	<b>250,000</b>	<b>825,000</b>
	<b>Total Managerial Remuneration (A+B)</b>				<b>44,163,508</b>
	Ceiling as per the Act (10% Net Profit of A and 1% Net Profit of B)				44,639,102

#### Note:

- In terms of Section 197(2), (5) of the Companies Act, 2013, sitting fees for attending Board/Committee Meeting(s) amounting to Rs. 825,000/- does not form part of overall managerial remuneration.
- Except sitting fees, no other remuneration was paid to Non- Executive Independent Directors of the Company.

## C. Remuneration To Key Managerial Personnel Other Than MD/Manager/WTD

(Amount in Rs.)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Mr. Nand Sardana	Mr. Ashish Thakur	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	5,255,069	1,155,628	6,410,697
	(b) Value of perquisites u/s 17(2) of Income Tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) of Income Tax Act, 1961	-	-	-
2	Stock Option*	1,489,875	-	1,489,875
3	Sweat Equity	-	-	-
4	Commission			
	as % of profit	-	-	-
	others, specify.....	-	-	-
5	Others, please specify	-	-	-
	<b>Total</b>	<b>6,744,944</b>	<b>1,155,628</b>	<b>7,900,572</b>

\* During the financial year under review, 37,500 Equity Shares were allotted to Mr. Nand Sardana pursuant to exercise of options granted under R Systems International Limited Employee Stock Options Scheme 2007.

**Note:** It may be noted that Mr. Statinder Singh Rekhi is the Managing Director of the Company and the details of the remuneration has already been provided.

## VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
<b>B. DIRECTORS</b>					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil

On behalf of the Board  
For R Systems International Limited

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

Place : CA, U.S.A.  
Date : April 18, 2018

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

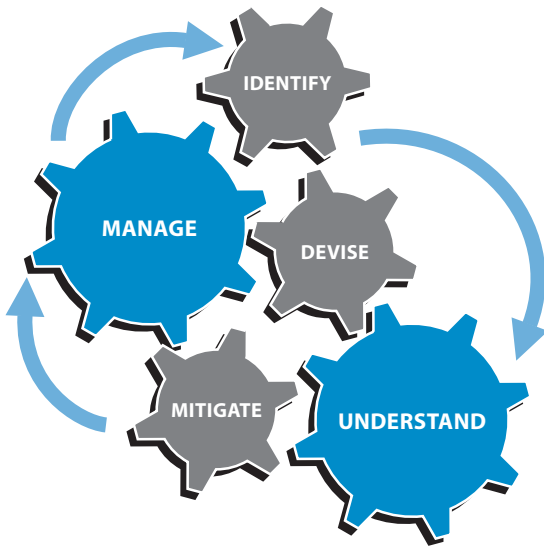
Place : NOIDA, (U.P.)  
Date : April 18, 2018

# RISK MANAGEMENT REPORT

The Management cautions readers that the risks outlined in this report are not exhaustive, are for information purposes only and may contain forward looking statements, the results of which may differ materially from those reflected. Investors and readers are requested to exercise their own judgment in assessing various risks associated with the Company.

## OVERVIEW

Risk Management is a dynamic process which should constantly be able to identify all the emerging risks and propose solutions to manage them. The risk perception also constantly varies depending on the size of the business, business segment, location, scale of business. The essence of risk management strategy at R Systems lies in maximising areas of control over outcome and minimising areas where the Company has no control over outcome. R Systems recognizes that business conditions are constantly changing, evolving and entering into cycles. Following is the model adopted by the Company for managing risk:



## ENTERPRISE RISK MANAGEMENT STRUCTURE

Risk management is an integral part of the charter of the Board of Directors at R Systems. The Board is responsible for monitoring risk levels on various parameters and to suggest measures to address the same. The day to day management of the risk is entrusted to the management team of R Systems. Based on the philosophy of “No risks, No rewards”, our management continuously keeps monitoring the level of our existence on the path of growth and within R Systems management structure, certain personnel are designated with responsibility of managing risks including ensuring compliance with laws, rules and regulations with the assistance of both internal and external resources. Further, formal reporting, escalation of risk events and control mechanisms ensure timely communication, response and proactive management of the risks.

## RISK MANAGEMENT AT R SYSTEMS

### 1. Customer Concentration

R Systems revenues are dependent to a considerable extent upon relationships with a limited number of customers and retaining those customers. The percentage of total consolidated revenues during fiscal year 2017 and 2016 that R Systems derived from contracts with its top line customers is as follows:

Customer	Year Ended	
	December 31, 2017 (%)	December 31, 2016 (%)
Top 10	34.04	32.56
Top 5	22.15	20.83
Top 3	15.51	14.63
The Largest Customer	5.99	6.67

Concentration of revenues from a limited number of customers deepens our relationship with those customers but at the same time imposes a risk of dependence. Customer’s vendor management strategies and business risks radiate on to R Systems through fluctuations in utilization, pricing for services and service level demands. All these factors could potentially impact revenues and profitability of R Systems.

**INITIATIVES:** The business model and strategy followed by R Systems involves serving the customers in a manner that they get measurable tangible benefits. When customers see value in the services / solutions that R Systems provides, we believe that customer’s relationship can be nurtured into the long term. Further, with our proactive strategy of adding new customers, we attempt to reduce our dependency on a smaller number of customer relationships.

### 2. Geographical Concentration

R Systems has traditionally derived most of its revenues from the US, given the technology focus and specialized outsourced product development services offered by it. The geographic break-up of the revenue is given below:

Revenues by Geographies	Year Ended	
	December 31, 2017 (%)	December 31, 2016 (%)
U.S.A.	56.12	59.17
Europe	19.42	17.98
SEAC	20.21	17.68
India	1.74	1.61
Others	2.51	3.56
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

**INITIATIVES:** In order to mitigate the risk of geographical concentration, R Systems has stepped up its business activities in other geographic areas like Europe, South East Asia etc.

### 3. Risks Associated with Fixed Price Contracts


Under our iPLM services most of our assignments are on the basis of time and material task orders, some proportion of the services provided by us is in the nature of fixed bid assignments. Under fixed bid assignments, in the event of cost overruns, our profitability will be adversely affected.

**INITIATIVES:** We have our internal processes to ensure accuracy in the estimation of the time required to execute fixed price projects and processes to implement and monitor the progress of such projects. Further, the experience gained from such projects is also used for new projects. However given the very nature of the fixed price projects, cost overruns and delayed deliveries cannot be ruled out.

### 4. Competition

The IT & ITES sector is a highly competitive sector. Our competitors include IT outsourcing firms in India as well as in other countries, national and multinational consulting and technology firms, Indian IT services firms, software firms and in-house IT departments of large companies. The competition in the IT industry is very intense and our competitors are aggressive in winning new business and customers that may drive a harder bargain.

**INITIATIVES:** We believe that R Systems is well positioned and enjoys following competitive advantages:

- Experience in providing end-to-end solutions and services to customers;
- Unique and proprietary  with best practices, tools and methodologies for flawless execution;
- Investment in processes, talent and methodologies;
- Strong customer franchise consisting of large and mid-sized corporations;
- Strong financial position;
- Proven global delivery model;
- Our vertical focus for services and solutions;
- Industry best human resource practices to attract, develop, deploy and retain talent.

### 5. Disaster Prevention and Recovery

The IT industry is very sensitive to security risk and a real or perceived threat of a risk to the security and integrity of information available to us may adversely affect customer

perception, give rise to litigation and reduce our customer base, thereby negatively affecting R Systems revenues and profit margins. The contracts entered into by R Systems typically hold us solely responsible for maintaining satisfactory standards of personnel competency, conduct and integrity and for taking required disciplinary action.

**INITIATIVES:** R Systems has adopted industry-standard security precautions such as ensuring that our employees and strategic partners enter into non-disclosure and confidentiality agreements with us, verifying that there is no information leakage through test procedures, carrying out background checks and verifications, creating and maintaining data back-ups and maintaining an adequate disaster recovery plan.

R Systems makes continual investments in organisation behavior and management processes to ensure that these certified industry standards are continually adhered to.

During the year 2017, The IT Division has been appraised for CMMI Level 5 (Version 1.3) and also certified with new ISO 9001:2015 standard (formal certificate is yet to be received). In Addition, for BPO division, R System has got **SOC2 Type 2** Reporting (SSAE-16) for one of the major healthcare clients. **HIPAA** also has been implemented and tested with zero non-compliance in one of the major clients in Healthcare Domain. The BPO division has migrated their QMS into ISO 9001:2015 version from the existing ISO 9001:2008 version. Apart from that, R Systems IT Infrastructure along with the projects/process/applications in scope has got **PCI DSS** Certification on latest version V3.2.

As of the date of this report, Noida IT center is CMMI level 5 (Ver.1.3), PCMM Level 5, ISO 9001 : 2015, ISO 27001 : 2013 certified. Noida BPO center is PCMM Level 5, ISO 9001 : 2008, ISO 27001: 2013 certified and also for specific client(s) it is SOC2 Type 2 (SSAE-16), HIPAA compliant and PCI-DSS (ver.3.1) certified for (IT Infrastructure along with the projects/process/applications in scope), SSAE-16.

The continuing compliance with these standards demonstrates the rigor of R Systems processes and differentiates us to keep our competitive edge in service and product offerings.

Further, our distributed offshore and near shore infrastructure is seamlessly connected through a strong infrastructure design and appropriate bandwidth that provides us the capability to initiate and maintain uninterrupted support across the world.

### 6. Talent Acquisition & Retention

The IT and BPO sector is highly competitive in terms of hiring strategy and incentives. R Systems is highly dependent on its employees at various levels of the organisation to provide leadership, manage the business, to provide services and execute

complex projects for the clients. These skilled professionals are in high demand by other organisations and if R Systems is unable to attract and retain the skilled people, it will affect R Systems ability to grow and provide services to its customers.

**INITIATIVES:** At R Systems, we follow industry best human resource practices such as PCMM level 5 to attract, develop, deploy and retain talent. The Company is committed to develop and innovate such programmes that motivates them and develop their potential and also inculcate leadership attributes of the employees, which helps us to retain the best talent in the industry.

## 7. Key Managerial Role & Succession Planning

Succession planning is one of the most critical functions of an organization. This is the process that identifies the critical and core roles of an organization and identifies and assesses the suitable candidates for the same. The process ramps up potential candidates with appropriate skills and experiences in an effort to train them to handle future responsibilities in their respective roles. Succession planning is applicable for all critical roles in any organization. The upper management of each practice or department is responsible for coming up with a suitable succession plan for each core position under his or her department.

**INITIATIVES:** R Systems being a CMMI Level 5 and PCMM Level 5 company has put in practice a well-documented and defined policy on Succession Planning. This applies to all key roles in the organization as agreed upon by the Senior Management. Mission critical and key roles include Chief Executive Officer, Senior Management Team comprising of VPs and other roles critical to business operations continuity. Succession planning at R Systems occurs at least on an annual basis during annual performance appraisal cycle.

Further, R Systems has extensive recruitment teams in the markets that operate to continuously recruit skilled personnel at various levels in the organisation. In addition, R Systems conducts a rigorous training program at the entry level to train new professionals and develop next generation of managers and leaders. R Systems deploys modern HR practices by offering competitive compensation and benefit packages and exciting work environment to attract and retain talent. Further, R Systems tries to mitigate the impact of attrition in the continuity of services to the clients by using its proprietary pSuite Framework that allows the project teams to seamlessly share knowledge and collaborate on projects.

## 8. Technological Obsolescence

The IT and ITES sector is characterised by technological changes at a rapid rate, evolution of existing products and introduction of

new products. R Systems makes investments in R&D with a view to keep pace with the latest developments in the technology space. Further, R Systems regularly hires, trains and nurtures domain and market specialists and continuously evaluates increasing the portfolio of technology alliances and partnerships to enrich our product and service mix. However, this risk cannot be fully mitigated despite the proactive investments made by R Systems.

**INITIATIVES:** While we continuously upgrade our product suite to deliver effectively by keeping our technology up-to-date, in our iPLM business, our technologies are influenced by our client's choice of technology.

## 9. Acquisitions

R Systems' growth strategy involves future strategic acquisitions, partnerships and exploration of mutual interests with other parties. These future acquisitions may not contribute to our profitability, and we may be required to incur or assume debt, or assume contingent liabilities, as part of any acquisition. We could have difficulty in assimilating the personnel, operations, software assets and technology of the acquired company. These difficulties could disrupt our ongoing business, distract our management and employees and increase our expenses.

**INITIATIVES:** R Systems will remain sharply focused on those acquisitions and partnerships that add to the competitive strengths of our business. Specific transactions are evaluated in detail with experienced internal personnel and external advisors, wherever relevant, before consummating any transaction. Deal teams conduct technical, operational, marketing due diligence and build detailed financial model to evaluate the risks and benefits of any transaction. Further, contractual agreements are negotiated with the advice of legal counsel to protect Company's interests.

## 10. Credit Risk

As a matter of business practice, the payment collection process may extend over a period of time. Customers budgeting constraints can impact their ability to make the required payments. In addition, the creditworthiness of our clients may deteriorate and we can be adversely affected by bankruptcies or other business failures of our customers.

**INITIATIVES:** R Systems' credit terms are standard and there is rigorous process in following up with customers for payments as and when the invoices fall due for payment. The Company has suitably streamlined its processes to develop a more focused and aggressive receivables management systems to ensure timely collections as a result of the global liquidity crunch.

## 11. Foreign Currency Rate Fluctuations

Managing an equilibrium state in the light of the unfavourable movements in exchange rates involved in earnings and expenditure in foreign currency continues to be one of the challenges when exposed to global markets. A significantly large percentage of R Systems consolidated revenues are either foreign currency denominated or derived from export earnings. Whereas a major portion of the R Systems expenses in India are incurred in Indian Rupees. As a result, operating profits will be highly impacted by foreign currency rate fluctuations. While depreciation of the Indian Rupee would have a favourable bottom-line impact, an appreciation would affect R Systems profitability adversely.

**INITIATIVES:** R Systems cannot directly influence exchange rates, it is incumbent upon management to follow a well thought out policy to hedge the risk associated with foreign currency without taking speculative positions. R Systems attempts to minimize currency fluctuation risks on export earnings by taking forward covers on Rupee - USD/EURO exchange rate based on anticipated revenues and debtors at periodic intervals. R Systems has laid down appropriate policies and processes for the use of financial derivative instruments consistent with its risk management strategy. The Company does not use the foreign exchange forward contracts for trading or speculation purposes.

## 12. Inflation and Cost Structure

R Systems' cost structure consists of salary and other compensation expenses, overseas travel, and other general selling and administrative costs. Rapid economic development in India and increasing demand for global delivery may have a significant impact on these costs and the rate of inflation as relevant to the IT & ITES services industry. This is compounded by the fact that overseas competitors may treat their India strategy as a cost centre and develop the same regardless of the cost incurred and its impact on their profitability.

**INITIATIVES:** R Systems' major costs are salary and benefit cost that it incurs on employees. These costs may have a tendency to escalate faster than the rate of inflation because of the demand for skilled and experienced professionals. R Systems attempts to mitigate the risks associated with wage inflation by obtaining increased price from clients, increasing bench mark prices for new business, enhancing productivity, increasing utilisation and inducting fresh graduates and training them. Further, R Systems has implemented robust processes and information systems to enable personnel to make the right decisions for revenue realisation and cost optimisation to minimise the risks of changes in salary cost structure.

## 13. Intellectual Property Rights

As a part of R Systems' business, there are risks associated with intellectual property of the Company, intellectual property of R Systems' customers who may be end users or even the intellectual property of the end user.

**INITIATIVES:** R Systems' information security arrangements are managed under international standard ISO 27001 : 2013 series and are being audited by both internal and experts from third parties assessors who periodically audit and certify R Systems compliance.

R Systems has not registered some of its intellectual property under the relevant intellectual property laws and is evaluating for registration for the same. We have applied for the registration of the following marks and their corresponding words as R Systems' trademarks:



PSuite Framework



PRODUCTS FOREMOST



IPLM

Out of the aforesaid trademarks three logo and two words are already registered w.e.f. January 30, 2006 and the word "IPLM" is awaiting approval. Further the Company has registered the word "R SYSTEMS" and logo  as trademark under certain additional classes. During the year 2014, the company has also filed application for  registration as its new corporate logo under relevant classes. The new corporate logo has been registered by the Registrar of Trademark.

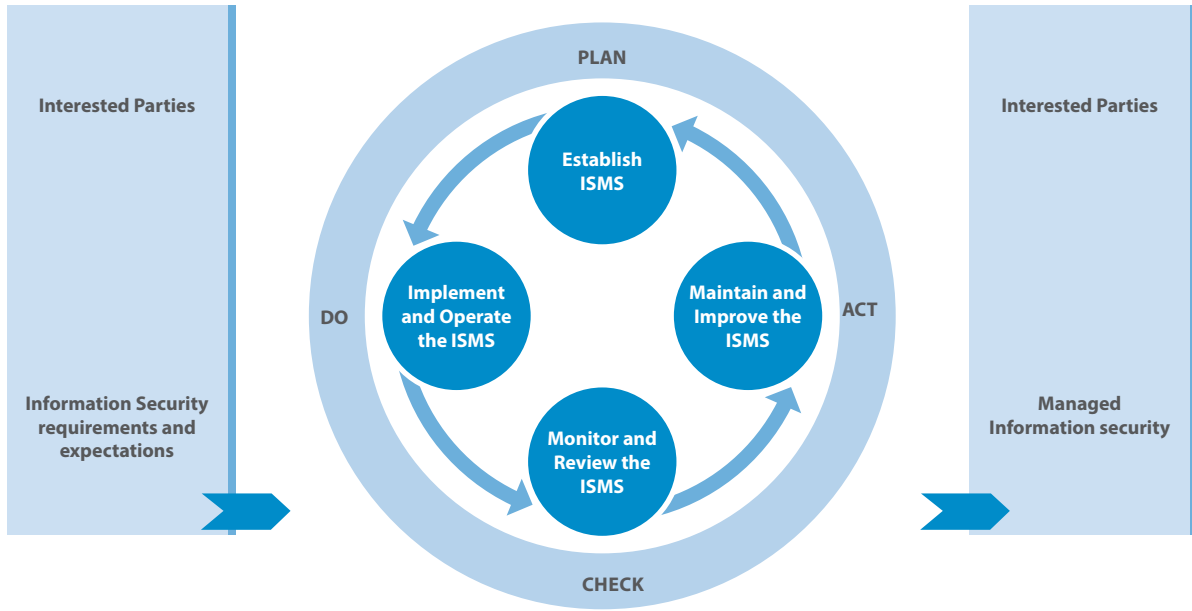
## 14. Information Security Management

R Systems being an IT and Software service provider company focusses on maintaining the confidentiality, integration and availability of business data and information to the exclusive but optimum use for the accomplishment of organizational objective. The task of maintaining the confidentiality of business data and information not only faces threat from outside the organization but also within the organization where the business data and information are put to use.

**INITIATIVES:** For ensuring the effectiveness of Information security, it is important that information security can be effective only if it is addressed at people, process and technology levels and is integrated in the way an organization operates. R Systems has established, documented and implemented Information



Security Management Systems (ISMS) and shall continually improve its effectiveness in accordance with requirements of ISO 27001:2013. The approach applied to the ISMS is given in Figure below:



R Systems security policy provides a framework for protecting confidentiality, integrity and ensuring availability of organization's Information assets. This is to safeguard the interest of customer, business continuity and continual improvement of ISMS at R Systems. The security policy of R Systems has been designed to safeguard the risk associated with information security management.

#### 15. Contractual Risk

The primary contractual risks that R Systems faces pertain to obligations of R Systems to provide services with full adherence to contracted terms of quality, time deadlines, output per hour, protection of confidential information, protection of intellectual property rights, patents and copyrights. R Systems has a rigorous process to evaluate the legal risks involved in a contract, ascertains its legal responsibilities under the applicable law of the contract and tries to restrict its liabilities to the maximum extent possible.

**INITIATIVES:** R Systems attempts to protect itself with “no consequential losses” and “maximum liability” clauses.

R Systems also ensures that risks are protected through various insurances like professional liability, workers compensation, directors’ and officers’ liability insurance. The Company’s past record in this regard has been good and there has been no significant damages awarded against the Company that has resulted in material adverse impact on our financial position. R Systems also has an escalation process to immediately involve

senior management personnel in case R Systems customers or contractors make any assertion of breach of contract.

R Systems has employed professionals with adequate legal expertise who plays handy role in finalizing the various terms under written contracts on behalf of the Company. The experience gained from past contracts and transaction entered into by the Company are also analyzed and implemented for the new contracts envisaged by the Company. As a matter of practice depending upon the criticality of the transactions, contractual agreements are well discussed within the organization in coordination with technical team as well legal professionals and are also negotiated with the advice of legal counsel to protect Company’s interests.

#### 16. Execution Risk

A significant number of R Systems clients are software product, Telecom, Media and Entertainment and manufacturing companies. These clients need high quality and timely delivery of services with very stringent services level agreements. Any failure in delivery, quality, meeting service level bench agreements, product features and functionalities could adversely affect R Systems relationship with its clients, which could potentially impact R Systems revenues and profitability.

**INITIATIVES:** R Systems has continuously invested in processes, people, training, information systems, quality standards, frameworks, tools and methodologies to mitigate the risks associated with execution of projects. Adoption of quality models

and practices such as ISO, Capability Maturity Model (CMM) and Six Sigma have ensured that risks are identified and mitigated at various levels in the planning and execution process. Further, senior management personnel, project managers and process leaders are entrusted with the responsibility to meet the project and service level expectations on various engagements. Planned intervention and escalation systems are further deployed to minimise risks.

#### 17. Directors' and Officers' Liability Risks

The directors and officers of R Systems are required to take material decisions in the best interest of the Company. Such decisions might result in errors and omission and R Systems might be sued by the other counterpart.

**INITIATIVES:** To mitigate this risk, the directors and officers take legal and expert advice when required and have taken various insurance policies outlined earlier including professional liability and directors' and officers' liability insurance. The Company attempts to limit its contractual liability for damages arising from negligent acts, errors, mistakes or omissions by directors and officers in rendering services, there can be no assurance that the limitations of liability set forth in its service contracts will be enforceable in all instances or will otherwise protect the Company from liability for damages. Though the Company maintains general liability insurance coverage, including coverage for errors or omissions, going forward, there can be no assurance that such coverage will be available on reasonable terms and in sufficient amount to cover one or more large claims, or that the insurer will not disclaim coverage as to any future claim. The successful assertion of one or more large claims against the Company could adversely affect the Company's results of operations and financial condition.

#### 18. Statutory Compliance

R Systems has trans-national operations. R Systems operates in various geographies and it has to ensure compliance of various applicable rules and regulations in those countries. R Systems is exposed to penalties and other liabilities related to non-compliance or inadequate compliance in those countries.

**INITIATIVES:** R Systems uses independent legal counsel to advise the Company on compliance issues with respect to the laws of various countries in which the Company has its business

activities and to ensure that R Systems is not in violation of the laws applicable. R Systems has a compliance management system with qualified managers entrusted with compliance of various laws including the listing laws and regulations applicable to public companies in India.

#### 19. Visa Regulations / Restrictions

The majority of employees of R Systems are Indian nationals. The ability of R Systems to render its services in the US, Europe and other countries depends on the ability to obtain visas and work permits. Immigration to US, Europe and other countries are subject to legislative changes as well as variations in standards of application and enforcement due to political forces and economic conditions for example, any major change in immigration policy of USA may put the challenge to Indian IT Companies. It is difficult to predict the political and economic events that could affect immigrations laws or the restrictive impact they could have on obtaining or monitoring work visas. The reliance on visas makes R Systems vulnerable to such changes and variations as it affects the ability of the Company to staff projects with employees who are not citizens of the country where the work is to be performed. As a result, 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.



Caring - Innovating - Transforming

# FINANCIAL STATEMENTS (STANDALONE)

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF R SYSTEMS INTERNATIONAL LIMITED

#### Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **R SYSTEMS INTERNATIONAL LIMITED** ("the Company"), which comprise the Balance Sheet as at December 31, 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers

internal financial control relevant to the Company's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at December 31, 2017, and its profit and its cash flows for the year ended on that date.

#### Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, based on our audit we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards prescribed under section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on December 31, 2017, taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2017, from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company, and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company does not have pending litigations which would impact its financial position;
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company;
- iv. The Company has provided requisite disclosures in the standalone financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the November 8, 2016 of the Ministry of Finance, during

the period from November 8, 2016 to December 30, 2016. Based on audit procedures performed and the representations provided to us by the management, we report that the disclosures are in accordance with the books of accounts maintained by the Company. (Refer note 34 of the standalone financial statements)

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

Noida  
February 09, 2018

**Sd/-**  
**RASHIM TANDON**  
Partner  
(Membership No. 095540)

## ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

**(Referred to in paragraph 1 (f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)**

**Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of **R SYSTEMS INTERNATIONAL LIMITED** (“the Company”) as of December 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

### Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at December 31, 2017, based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

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

Sd/-

**RASHIM TANDON**

Partner

(Membership No. 095540)

Noida

February 09, 2018



## ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

### (Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) In respect of its fixed assets:
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) All fixed assets were physically verified by the management in the previous year in accordance with a planned programme of verifying them once in two years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. 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, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence reporting under clause (iv) of the Order is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits during the year. The Company does not have any unclaimed deposits and accordingly the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 are not applicable to the Company.
- (vi) According to the information and explanations given to us, the maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013 for the services rendered by the Company.
- (vii) According to the information and explanations given to us in respect of statutory dues:
  - (a) The Company has been regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues with appropriate authorities and

there are no undisputed amounts payable in respect of these dues outstanding as at 31 December, 2017 for a period of more than six months from the date they became payable.

- (b) Details of dues of income-tax which have not been deposited as on 31 December, 2017 on account disputes, are given below:

Nature of Statute	Nature of Dues	Amount (in INR)	Period to which amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax Demand	Nil *	A/Y 2008-09	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax Demand	Nil #	A/Y 2009-10	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax Demand	Nil @	A/Y 2010-11	Income Tax Appellate Tribunal

\* Net of Rs. 1,000,000 deposited and Rs. 8,399,040 adjusted by department against refund for A/Y 2011-12 under protest.

# Net of Rs. 1,725,570 adjusted by department against refund for A/Y 2014-15 under protest.

@ Net of Rs. 163,950 adjusted by department against refund for A/Y 2014-15 under protest.

As per records maintained by the Company, there are no dues of Sales Tax, Service Tax, Customs Duty, Excise Duty and Value Added Tax which have not been deposited as on December 31, 2017 on account of disputes.

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions and banks. The Company has not taken any loan or borrowing from Government and has not issued any debentures.
- (ix) In our opinion and according to the information and explanations given to us, the term loans were applied by the Company for the purpose for which those were raised. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

- (xi) In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

**Sd/-**  
**RASHIM TANDON**  
Partner  
(Membership No. 095540)

Noida  
February 09, 2018

## STANDALONE BALANCE SHEET AS AT DECEMBER 31, 2017

	Note No.	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	123,213,945	123,131,445
Reserves and surplus	4	2,322,678,389	2,080,320,282
		<b>2,445,892,334</b>	<b>2,203,451,727</b>
<b>Non-current liabilities</b>			
Long-term borrowings	5	15,847,727	19,146,372
Other long-term liabilities	6	2,232,357	10,298,158
Long-term provisions	7	91,183,552	89,424,532
		<b>109,263,636</b>	<b>118,869,062</b>
<b>Current liabilities</b>			
Trade payables	8	-	-
- Total outstanding dues of micro enterprises and small enterprises		-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises		150,577,235	157,734,337
Other current liabilities	8	234,164,606	119,992,818
Short-term provisions	7	122,286,072	120,481,901
		<b>507,027,913</b>	<b>398,209,056</b>
<b>TOTAL</b>		<b>3,062,183,883</b>	<b>2,720,529,845</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	9	258,449,852	246,386,813
Intangible assets	10	4,439,475	5,419,772
Capital work in progress		-	26,286,794
Non-current investments	11.1	1,054,579,541	1,126,893,363
Deferred tax assets (net)	12	52,989,337	43,657,296
Long-term loans and advances	13	47,208,662	71,606,484
Other non-current assets	14.2	46,597,883	53,289,036
		<b>1,464,264,750</b>	<b>1,573,539,558</b>
<b>Current assets</b>			
Current investments	11.2	135,570,000	87,570,000
Trade receivables	14.1	569,281,049	500,842,978
Cash and bank balances	15	730,349,624	402,079,646
Short-term loans and advances	13	106,520,630	90,184,486
Other current assets	14.2	56,197,830	66,313,177
		<b>1,597,919,133</b>	<b>1,146,990,287</b>
<b>TOTAL</b>		<b>3,062,183,883</b>	<b>2,720,529,845</b>
Summary of significant accounting policies	2.1		
See accompanying notes forming part of the financial statements	1-38		

In terms of our report attached.

For DELOITTE HASKINS & SELLS LLP Chartered Accountants For and on behalf of the Board of Directors of R SYSTEMS INTERNATIONAL LIMITED

**Sd/-**  
**RASHIM TANDON**  
Partner

**Sd/-**  
**SATINDER SINGH REKHI**  
Managing Director  
DIN: 00006955

**Sd/-**  
**LT. GEN. BALDEV SINGH (RETD.)**  
President & Senior Executive Director  
DIN: 00006966

**Sd/-**  
**NAND SARDANA**  
Chief Financial Officer

**Sd/-**  
**ASHISH THAKUR**  
Company Secretary & Compliance Officer

Place : NOIDA  
Date : February 09, 2018

Place : Singapore  
Date : February 09, 2018

Place : NOIDA  
Date : February 09, 2018

Place : NOIDA  
Date : February 09, 2018

Place : NOIDA  
Date : February 09, 2018

**STANDALONE STATEMENT OF PROFIT AND LOSS** FOR THE YEAR ENDED DECEMBER 31, 2017

	Note No.	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
<b>Revenue</b>			
Revenue from operations	16	2,637,512,996	2,631,768,945
Other income	17	133,745,611	123,667,161
<b>Total revenue</b>		<b>2,771,258,607</b>	<b>2,755,436,106</b>
<b>Expenses</b>			
Employee benefits expense	18	1,856,048,840	1,663,178,542
Operational and other expenses	19	478,303,919	451,864,197
Depreciation and amortisation expense	20	73,737,519	69,303,151
Finance costs	21	6,331,616	3,683,637
<b>Total expenses</b>		<b>2,414,421,894</b>	<b>2,188,029,527</b>
<b>Profit before tax and exceptional items</b>		356,836,713	567,406,579
Exceptional items	22	-	46,347,242
<b>Profit before tax</b>		<b>356,836,713</b>	<b>613,753,821</b>
<b>Tax expense</b>			
Current tax [includes provision of Rs. 3,686,161 (Previous year credit of Rs. 3,655,315) related to earlier years]	31 (c)	127,338,780	224,944,371
MAT credit entitlement (related to earlier years)		-	(15,127,231)
Deferred tax credit		(9,332,041)	(8,201,326)
<b>Total tax expense</b>		<b>118,006,739</b>	<b>201,615,814</b>
<b>Profit for the year</b>		<b>238,829,974</b>	<b>412,138,007</b>
<b>Earnings per equity share:</b>			
Basic [Nominal value of shares Re. 1 (Previous year: Re. 1)]	33	1.93	3.26
Diluted [Nominal value of shares Re. 1 (Previous year: Re. 1)]		1.93	3.25
Summary of significant accounting policies	2.1		
See accompanying notes forming part of the financial statements	1-38		

In terms of our report attached.

**For DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants

**For and on behalf of the Board of Directors of R SYSTEMS INTERNATIONAL LIMITED**

**Sd/-**  
**RASHIM TANDON**  
Partner

**Sd/-**  
**SATINDER SINGH REKHI**  
Managing Director  
DIN: 00006955

**Sd/-**  
**LT. GEN. BALDEV SINGH (RETD.)**  
President & Senior  
Executive Director  
DIN: 00006966

**Sd/-**  
**NAND SARDANA**  
Chief Financial Officer

**Sd/-**  
**ASHISH THAKUR**  
Company Secretary &  
Compliance Officer

Place : NOIDA  
Date : February 09, 2018

Place : Singapore  
Date : February 09, 2018

Place : NOIDA  
Date : February 09, 2018

Place : NOIDA  
Date : February 09, 2018

Place : NOIDA  
Date : February 09, 2018

## STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2017

	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
<b>A. Cash flows from operating activities</b>		
<b>Net profit before tax</b>	356,836,713	613,753,821
<b>Adjustments for:</b>		
Depreciation and amortisation expense	73,737,519	69,303,151
Provision for doubtful debts and advances / written back (net)	6,667,621	(2,310,137)
Bad debts and advances written off	-	2,700
Employee stock compensation expenses	2,614,858	2,589,490
Profit on sale of undertaking [refer note 31 (b)]	-	(9,173,022)
Profit on sale of Investment [refer note 31 (a)]	-	(37,174,220)
(Profit) / loss on sale / discard of fixed assets (net)	(324,858)	668,634
Unrealised foreign exchange loss / (gain)	1,791,365	(3,107,191)
Unrealised loss / (gain) on derivative instruments	10,087,496	(10,771,846)
Interest income	(59,266,792)	(56,571,593)
Rental income from investment property	(6,399,996)	(6,399,996)
Liability no longer required written back	(2,526,059)	(5,146,585)
Interest under income tax	382,543	-
Interest expenses	2,378,740	1,341,249
<b>Operating profit before working capital changes</b>	385,979,150	557,004,455
Movements in working capital:		
(Increase) / Decrease in trade receivables	(76,635,855)	100,134
(Increase) / Decrease in other current assets	12,729,325	(30,026,743)
(Increase) / Decrease in loans and advances	(18,844,776)	(7,710,597)
(Increase) / Decrease in other non- current assets	3,150,876	(1,055,803)
Increase / (Decrease) in short-term and long-term provision	9,896,095	40,976,774
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	113,528,724	(27,566,471)
Cash generated from operations	429,803,539	531,721,749
Direct taxes paid, net of refunds	(127,600,016)	(205,418,085)
Interest on income-tax refund	6,109,292	-
<b>Net cash from operating activities (A)</b>	<b>308,312,815</b>	<b>326,303,664</b>
<b>B. Cash flows from investing activities</b>		
Purchase of fixed assets	(59,762,864)	(108,308,365)
Proceeds from sale of fixed assets	2,776,247	2,310,592
Investment in mutual fund	(48,000,000)	-
Proceeds from redemption of debentures	87,570,000	87,570,000
Investment in subsidiary	(16,730,000)	(53,183,060)
Proceeds from sale of Investment [refer note 31 (a)]	-	67,613,026
Interest received	49,449,409	56,214,251
Rental income from investment property	6,399,996	6,399,996
Investment in long term fixed deposits with scheduled banks	(738,500,000)	(7,200,000)
Proceeds from long term fixed deposits with scheduled banks	365,000,000	65,300,000
<b>Net cash from investing activities (B)</b>	<b>(351,797,212)</b>	<b>116,716,440</b>

	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
<b>C. Cash flows used in financing activities</b>		
Proceeds from long-term borrowings	1,721,000	6,264,000
Repayment of long-term borrowings- current maturities	(5,692,927)	(4,397,386)
Proceeds from other non-current assets	62,595	43,856
Proceeds from issuance of equity shares	995,775	-
Amount used in buy back of equity shares	-	(195,000,000)
Interest paid	(2,400,596)	(1,259,079)
Dividends paid	(147,537)	(204,137)
<b>Net cash used in financing activities (C)</b>	<b>(5,461,690)</b>	<b>(194,552,746)</b>
<b>Net increase / (decrease) in cash and cash equivalents (A + B + C)</b>	<b>(48,946,087)</b>	<b>248,467,358</b>
Add: Cash and cash equivalents at the beginning of the year	394,879,646	146,079,570
Add: Effect of exchange differences on cash and cash equivalents held in foreign currency	(855,730)	332,718
<b>Cash and cash equivalents at the end of the year (refer note 15)</b>	<b>345,077,829</b>	<b>394,879,646</b>

**Notes:**

- (1) Figures in brackets indicate cash out flow.
- (2) Cash and cash equivalents includes unclaimed dividend liabilities of Rs. 2,427,477 (Previous year Rs. 2,575,014). The aforesaid amounts are not available for use by the Company.

See accompanying notes forming part of the financial statements 1-38

In terms of our report attached.

**For DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants

**For and on behalf of the Board of Directors of R SYSTEMS INTERNATIONAL LIMITED**

**Sd/-**  
**RASHIM TANDON**  
Partner

**Sd/-**  
**SATINDER SINGH REKHI**  
Managing Director  
DIN: 00006955

**Sd/-**  
**LT. GEN. BALDEV SINGH**  
**(RETD.)**  
President & Senior  
Executive Director  
DIN: 00006966

**Sd/-**  
**NAND SARDANA**  
Chief Financial Officer

**Sd/-**  
**ASHISH THAKUR**  
Company Secretary &  
Compliance Officer

Place : NOIDA  
Date : February 09, 2018

Place : Singapore  
Date : February 09, 2018

Place : NOIDA  
Date : February 09, 2018

Place : NOIDA  
Date : February 09, 2018

Place : NOIDA  
Date : February 09, 2018

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

### 1. Corporate information

R Systems International Limited (the 'Company') is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on National Stock Exchange of India Limited and BSE Limited. The Company is a leading global provider of IT services and Business Process Outsourcing (BPO) services. The Company's primary focus is to provide full service IT solutions, software engineering services, technical support, customer care and other IT enabled services to independent software vendors (ISV's), telecom and digital media technology companies, banking and financial services companies, health care sector, manufacturing and logistics companies and other high technology sectors.

### 2. Basis of preparation

The financial statements comprising of balance sheet, statement of profit and loss, cash flow statement and notes to financial statements have been prepared to comply in all material respects with the accounting standards notified under Section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India. The financial statements have been prepared on an accrual basis and under the historical cost convention except for certain financial instruments which are measured at fair value. The accounting policies have been consistently applied by the Company and are consistent with those used in previous year.

Based on the nature of activities of the Company and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

The Company continues to follow calendar year i.e. 1st day of January to 31st day of December as its financial year vide the Company Law Board approval dated November 18, 2015 under the proviso to Section 2(41) of the Companies Act, 2013.

The previous year financial statements were audited by erstwhile statutory auditor, M/s S.R. Batliboi & Associates LLP, Chartered accountants.

All figures are in Rupees except where expressly stated.

#### 2.1. Summary of significant accounting policies

##### (a) Use of estimates

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

##### (b) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises

the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the assets and are recognised in the statement of profit and loss when the asset is derecognised.

Fixed assets under construction and cost of assets not ready to use before the year end, are disclosed as capital work-in-progress.

##### (c) Depreciation on tangible fixed assets

Depreciation on tangible assets including investment property is provided on the straight line method based on useful lives of respective assets as estimated by the management. The assets residual values and useful lives are reviewed at each financial year end or whenever there are indicators for review, and adjusted prospectively.

The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of fixed assets and are in align with Part C of Schedule II of the Companies Act 2013.

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

Category of tangible fixed assets	Estimated useful life
Buildings	30 years
Land – leasehold	Lease period
Leasehold improvements	Lower of lease period or useful life
Plant and machinery - other than air conditioners	15 years
Air conditioners	5 years
Office Equipment (other than end user devices)	5 years
Computer hardware and network installations (other than end user devices)	6 years
End-user devices such as desktop, laptop, mobile phones etc.	3 years
Furniture and fittings	10 years
Vehicles	8 years
Electrical Installations	10 years

##### (d) Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax



discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

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

#### (e) Intangibles assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Intangible assets are amortised on a straight line basis over the estimated useful economic life and are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortisation period and the amortisation method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortisation method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.

##### *Research and development costs*

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognised as an intangible asset when the company can demonstrate all the following:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- Its intention to complete the intangible asset
- Its ability to use or sell the intangible asset
- How the intangible asset will generate future economic benefits
- The availability of adequate resources to complete the development and to use or sell the intangible asset
- The ability to measure reliably the expenditure attributable to the intangible asset during development.

Following the initial recognition of the development expenditure as an intangible asset, the cost model is applied requiring the intangible asset to be carried at cost less any accumulated amortisation and accumulated

impairment losses. Amortisation of the intangible asset begins when development is complete and the intangible asset is available for use. It is amortised on a straight line basis over the period of expected future benefit from the related project. Amortisation is recognised in the statement of profit and loss. During the period of development, the intangible asset is tested for impairment annually.

A summary of amortisation policies applied to the company's intangible assets are as below:

Category of intangible fixed assets	Estimated useful life
Computer software	Lower of license period or 3 years

#### (f) Leases

##### *Where the company is lessee*

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the lower of the fair value of lease property and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are recognised as finance cost in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs are capitalised.

A leased asset is depreciated on a straight-line basis over the useful life of the asset. However, if there is no reasonable certainty that the company will obtain the ownership by the end of the lease term, the capitalized asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset or the lease term.

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

##### *Where the company is the lessor*

Leases in which the company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets comprising land or building which are subject to operating leases are included under non-current investments as investment property and are carried at cost less accumulated depreciation. Lease income on an operating lease is recognized in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the

statement of profit and loss.

**(g) Investments**

Investments, that are readily realizable and intended to be held for not more than 12 months from the date on which such investments are made, are classified as current investments. All other investments are classified as non-current investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Non-current investments are carried at cost except for investment property which is carried at cost less accumulated depreciation. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the non-current investments.

**(h) Revenue recognition**

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company, there is no uncertainty as to the ultimate collection and the revenue can be reliably measured.

*Rendering of services*

Revenue from software development and maintenance services projects comprise income from time-and-material and fixed-price contracts.

Revenue with respect to time and material basis is recognised when services are rendered. The same is calculated based on man-hours incurred for rendering services.

Fixed-price contracts vary in duration depending on the terms of the work being performed. Revenue from fixed price contracts (including maintenance and support contracts) is recognised using the percentage of completion method, when reasonable progress has been made on the milestones achieved as specified in the contracts. The stage of completion of project is determined by the proportion that contract efforts incurred for work performed up to the balance sheet date bear to the estimated total contract effort. Changes in contract performance, estimated profitability and final contract settlements may result in revision to costs and revenue and are recognised in the period in which the revisions are determined. If a loss is projected on any contract in process, the entire projected loss is recognised immediately.

Revenue from business process outsourcing services is derived from both time based and unit-price contracts. Revenue is recognized as the related services are performed in accordance with the specific terms of the contracts with the customers.

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

*Sale of products*

Revenue from the sale of product (software and hardware) is recognised when the significant risks and rewards associated with the ownership is transferred to the buyer.

*Interest*

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

**(i) Foreign currency translation**

*Foreign currency transactions*

(i) Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

(iii) Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expense in the Period/year in which they arise.

(iv) Forward exchange contracts not intended for trading or speculation purposes

The premium or discount arising at the inception of forward exchange contracts (except outstanding against firm commitments and highly probable forecast transaction) is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

**(v) Translation of Integral foreign operation**

The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation have been those of the Company itself.

**(j) Employee benefits**

(i) Employee benefits include provident fund, employee state insurance scheme, gratuity and compensated absences.

(ii) The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include bonus and performance incentive which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

(iii) The Company's contribution to provident fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

(iv) Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation made at the end of each financial year on projected unit credit method. The gratuity plan is funded. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation, as reduced by the fair value of scheme assets, if any.

(v) Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method. The Company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

(vi) Actuarial gains / losses are immediately taken to statement of profit and loss and are not deferred.

**(k) Income taxes**

Tax expense comprises of current and deferred tax.

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the relevant tax regulations applicable to the Company in India and foreign jurisdiction.

Deferred income tax reflects the impact of current year timing differences between taxable income and accounting income and reversal of timing differences of earlier years. Deferred tax

is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises the unrecognised deferred tax assets to the extent that it has become reasonably certain that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain, that sufficient future taxable income will be available.

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified year. In the year in which the Minimum Alternate Tax (MAT) credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

**(l) Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs incurred in connection with the borrowing of funds.

**(m) Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average numbers of equity shares outstanding during the year are adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders

and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented.

**(n) Provision**

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on the best estimate required to settle the obligation at each Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the management's current estimates.

**(o) Segment reporting**

*Identification of segments:*

The Company's operating businesses are organised and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which the major customers of the Company operate and / or the area in which the assets are located.

*Inter segment transfers:*

The Company generally accounts for inter segment sales and transfers as if the sales or transfers were to third parties at current market prices.

*Allocation of common costs:*

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

*Unallocated items:*

The corporate and other segment includes general corporate income and expense items which are not allocated to any business segment.

*Segment Policies:*

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

**(p) Accounting for derivatives (Also refer note 36)**

The Company uses foreign exchange forward contracts

(derivative financial instrument) to hedge its exposure to movements in foreign exchange rates against firm commitment or highly probable forecast transactions. The use of these foreign exchange forward contracts reduces the risk or cost to the Company and the Company does not use the foreign exchange forward contracts or options for trading or speculation purposes.

Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value on a mark-to-market basis at each balance sheet date. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in fair value on derivatives during the year that do not qualify for hedge accounting and the ineffective portion of an effective hedge, are taken directly to the statement of profit and loss.

The mark-to-market is the difference between the forward exchange rate and the contract rate. The forward exchange rate is referenced to current forward exchange rates for contracts with similar maturity profiles.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment (except for foreign currency risk); or
- cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

*Fair value hedges*

The change in the fair value of a hedging derivative is recognised in the statement of profit and loss. The change in the fair value of the hedged item attributable to the risk hedged is recorded

as a part of the carrying value of the hedged item and is also recognised in the statement of profit and loss.

#### *Cash flow hedges*

The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while any ineffective portion is recognised immediately in the statement of profit and loss. Amounts taken to equity are transferred to the statement of profit and loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs.

If the forecast transaction or firm commitment is no longer expected to occur, amounts previously recognised in equity are transferred to the statement of profit and loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction or firm commitment occurs.

#### **(q) Cash and cash equivalents**

Cash and cash equivalents for the purpose of cash flow statement on balance sheet date comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

#### **(r) Cash flow statement**

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature

and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

#### **(s) Employee stock compensation cost**

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The Company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortised over the vesting period of the option on a straight line basis.

#### **(t) Contingent liabilities**

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

### 3. Share capital

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
<b>Authorised shares</b>		
200,000,000 (Previous year 200,000,000) equity shares of Re. 1 each	<b>200,000,000</b>	<b>200,000,000</b>
<b>Issued, subscribed and fully paid up- shares</b>		
123,952,925 (Previous year 123,870,425) equity shares of Re. 1 each	123,952,925	123,870,425
Less: Advance to R Systems Employees Welfare Trust [refer note 32 (a)]	738,980	738,980
<b>Total</b>	<b>123,213,945</b>	<b>123,131,445</b>

#### a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period:

Particulars	As at December 31, 2017		As at December 31, 2016	
	No.	Rs.	No.	Rs.
Shares outstanding at the beginning of the year	123,870,425	123,870,425	126,870,425	126,870,425
Add: Shares issued during the year #	82,500	82,500	-	-
Less: Shares bought back during the year	-	-	3,000,000	3,000,000
<b>Shares outstanding at the end of the year</b>	<b>123,952,925</b>	<b>123,952,925</b>	<b>123,870,425</b>	<b>123,870,425</b>

# The Company has issued 82,500 (previous year Nil) equity shares of Re. 1 each at an exercise price of Rs. 12.07 per share pursuant to exercise of employee stock options under the R Systems International Limited Employee Stock Option Scheme 2007 [refer note 32 (b)].

#### b. Terms / rights attached to the equity share

The Company has only one class of equity shares having a par value of Re. 1 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupee. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

#### c. Shares held by holding / ultimate holding company and / or their subsidiaries / associates

The Company does not have any holding / ultimate holding company.

#### d. Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Aggregate number of shares bought back	3,678,155	3,678,155

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

Particulars	As at December 31, 2017		As at December 31, 2016	
	No.	% holding in the class	No.	% holding in the class
GM Solutions Private Limited*	29,746,353	24.00	29,746,353	24.01
RightMatch Holdings Limited	9,076,218	7.32	9,076,218	7.33
Satinder & Harpreet Rekhi Family Trust (Trustee: Satinder Singh Rekhi & Harpreet Rekhi)	12,150,731	9.80	12,150,731	9.81
Bhavook Tripathi	43,861,539	35.39	44,330,059	35.79

As per secretarial records of the Company, including its register of shareholders / members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

\* GMU Infosoft Private Limited and U Infosoft Private Limited have been amalgamated into GM Solutions Pvt. Ltd. with effect from October 01, 2016 (the appointed date) as per scheme of amalgamation approved by the National Company Law Tribunal, New Delhi vide order dated April 24, 2017.



**f. Shares reserved for issue under options**

For details of shares reserved for issue under the employee stock option plans (ESOP) of the Company, please refer note 32 (a) to 32 (e).

**4. Reserves and surplus**

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
<b>Capital redemption reserve</b>	16,336,355	13,336,355
Add: Amount transferred from general reserve towards shares buy back [refer note 1 below]	-	3,000,000
<b>Closing balance</b>	<b>16,336,355</b>	<b>16,336,355</b>
<b>Securities premium account</b>	711,933,674	903,933,674
Add: Addition on exercise of vested options as per ESOP plan [refer note 32 (b)]	2,765,025	-
Less: Utilisation of securities premium on buy back of shares [refer note 1 below]	-	192,000,000
	714,698,699	711,933,674
Less: Advance to R Systems Employees Welfare Trust [refer note 32 (a)]	2,282,728	2,282,728
<b>Closing balance</b>	<b>712,415,971</b>	<b>709,650,946</b>
<b>Stock Options Outstanding</b>		
Balance as per last financial statements	2,589,490	-
Add: Compensation for option granted during the year [refer note 32 (e)]	2,614,858	2,589,490
Less : Amount transferred to securities premium account on issue of shares against ESOP	1,851,750	-
<b>Closing balance</b>	<b>3,352,598</b>	<b>2,589,490</b>
<b>General reserve</b>		
Balance as per last financial statements	153,803,868	156,803,868
Less: Amount transferred to capital redemption reserve towards shares buy back [refer note 1 below]	-	3,000,000
<b>Closing balance</b>	<b>153,803,868</b>	<b>153,803,868</b>
<b>Surplus in the statement of profit and loss</b>		
Balance as per last financial statements	1,197,939,623	785,801,616
Add: Profit for the current year	238,829,974	412,138,007
<b>Net surplus in the statement of profit and loss</b>	<b>1,436,769,597</b>	<b>1,197,939,623</b>
<b>Total</b>	<b>2,322,678,389</b>	<b>2,080,320,282</b>

**Note:**

- (1) The Company had issued Public Announcement dated September 15, 2016, for buy-back of equity shares of face value of Re. 1/- each from its existing shareholders as on the record date September 30, 2016 on a proportionate basis through "Tender Offer" route in accordance with the applicable provisions of the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998 and the Companies Act, 2013 at a price of Rs. 65/- per equity share, payable in cash for a total consideration not exceeding Rs. 195,000,000. Under the Buy-back offer, the Company had bought back 3,000,000 equity shares for an aggregate amount of Rs. 195,000,000 by utilising the Securities Premium Account to the extent of Rs. 192,000,000 and General Reserve to the extent of Rs. 3,000,000. The Capital Redemption Reserve was created out of General Reserve for Rs. 3,000,000 being the nominal value of equity shares bought back in terms of Section 68 of the Companies Act, 2013. The aforesaid buy-back was completed on November 29, 2016.



## 5. Long-term borrowings

Particulars	Non-current portion		Current maturities	
	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
<b>Term loans for motor vehicles (secured)</b>				
- From non banking financial corporation (refer note 1 below)	5,239,342	8,424,731	4,326,500	5,017,072
<b>Other loans and advances (unsecured)</b>				
- Finance lease obligation (refer note 2 below)	10,608,385	10,721,641	175,649	158,359
<b>Total</b>	<b>15,847,727</b>	<b>19,146,372</b>	<b>4,502,149</b>	<b>5,175,431</b>
<b>The above amount includes</b>				
Secured borrowings	5,239,342	8,424,731	4,326,500	5,017,072
Amount shown under other current liabilities (refer note 8)			(4,326,500)	(5,017,072)
Unsecured borrowings	10,608,385	10,721,641	175,649	158,359
Amount shown under other current liabilities (refer note 8)			(175,649)	(158,359)
<b>Total</b>	<b>15,847,727</b>	<b>19,146,372</b>	<b>-</b>	<b>-</b>

### Notes:

- (1) Term loans for motor vehicles are secured by hypothecation of underlying motor vehicles and carries interest rate ranging from 8.34% to 11.94% per annum. The term loans are repayable in equated monthly instalments ranging from 35 to 60 months from the date of loan.
- (2) Finance lease obligation is unsecured. The interest rate implicit in aforesaid lease is 11.9% per annum. The lease obligation are repayable in 180 months from the date of lease.

## 6. Other long-term liabilities

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Security deposits received	2,232,357	10,298,158
<b>Total</b>	<b>2,232,357</b>	<b>10,298,158</b>

## 7. Provisions

Particulars	Long-term		Short-term	
	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
<b>Provision for employee benefits</b>				
Gratuity (refer note 35)	91,183,552	89,424,532	3,586,274	2,537,775
Compensated absences	-	-	82,636,953	75,548,377
<b>Sub total (A)</b>	<b>91,183,552</b>	<b>89,424,532</b>	<b>86,223,227</b>	<b>78,086,152</b>
<b>Other provisions</b>				
Income tax [net of advance tax amounting to Rs. 347,173,131 (Previous year Rs. 406,871,190)]	-	-	36,062,845	42,395,749
<b>Sub total (B)</b>	<b>-</b>	<b>-</b>	<b>36,062,845</b>	<b>42,395,749</b>
<b>Total (A+B)</b>	<b>91,183,552</b>	<b>89,424,532</b>	<b>122,286,072</b>	<b>120,481,901</b>

## 8. Other current liabilities

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
<b>Trade payables</b>		
Trade payables dues to micro enterprises and small enterprises (refer note 30)	-	-
Trade payables other than dues to micro enterprises and small enterprises	150,577,235	157,734,337
<b>Sub total (A)</b>	<b>150,577,235</b>	<b>157,734,337</b>
<b>Other liabilities</b>		
Payable to subsidiary companies	14,170,074	16,826,929
Current maturities of long-term borrowing (includes current maturity of finance lease obligation) (refer note 5)	4,502,149	5,175,431
Unearned revenues	181,354,076	61,288,020
Investor education and protection fund (not due) - Unclaimed dividend	2,427,477	2,575,014
Payable for purchase of fixed assets	270,000	10,781,503
Security deposits received	9,878,464	2,327,930
Others		
Tax deducted at source	10,306,643	10,809,360
Service tax	-	1,433,623
GST payable	2,196,027	-
PF payable	5,598,752	5,247,182
Others payables	3,460,944	3,527,826
<b>Sub total (B)</b>	<b>234,164,606</b>	<b>119,992,818</b>
<b>Total (A+B)</b>	<b>384,741,841</b>	<b>277,727,155</b>

## 9. Tangible assets

(Amount in Rs.)

Particulars	Land - leasehold	Building - leasehold <sup>(1)</sup>	Plant & Machinery	Computers	Office equipments	Electrical Installations	Furniture and fittings <sup>(3)</sup>	Vehicles <sup>(2)</sup>	Total
<b>Gross block</b>									
As at January 1, 2016	10,005,968	89,165,701	40,393,559	239,672,538	29,349,857	17,745,207	72,817,717	44,830,019	543,980,566
Additions	-	1,908,014	907,875	46,937,095	3,695,975	349,350	16,239,602	11,962,092	82,000,003
Deletions	-	(762,858)	-	(10,652,776)	(1,158,997)	-	(726,929)	(8,579,975)	(21,881,535)
At December 31, 2016	10,005,968	90,310,857	41,301,434	275,956,857	31,886,835	18,094,557	88,330,390	48,212,136	604,099,034
Additions	-	27,140	19,682,504	51,302,499	2,977,533	1,653,210	742,657	2,746,558	79,132,101
Deletions	-	-	(5,887,798)	(9,265,654)	(970,949)	-	-	(4,155,198)	(20,279,599)
<b>At December 31, 2017</b>	<b>10,005,968</b>	<b>90,337,997</b>	<b>55,096,140</b>	<b>317,993,702</b>	<b>33,893,419</b>	<b>19,747,767</b>	<b>89,073,047</b>	<b>46,803,496</b>	<b>662,951,536</b>
<b>Depreciation</b>									
As at January 1, 2016	1,897,461	18,282,637	20,782,616	163,859,033	19,053,450	13,199,686	59,521,521	15,614,814	312,211,218
Charge for the year	164,594	3,803,200	3,682,211	33,488,819	4,169,093	3,208,458	10,134,628	5,752,318	64,403,321
Deletions	-	(11,881)	-	(10,563,428)	(1,158,967)	-	(597,751)	(6,570,291)	(18,902,318)
At December 31, 2016	2,062,055	22,073,956	24,464,827	186,784,424	22,063,576	16,408,144	69,058,398	14,796,841	357,712,221
Charge for the year	164,594	3,826,021	4,299,619	41,591,247	3,888,497	1,050,088	4,068,349	5,729,258	64,617,673
Deletions	-	-	(5,380,012)	(9,265,349)	(952,082)	-	-	(2,230,767)	(17,828,210)
<b>At December 31, 2017</b>	<b>2,226,649</b>	<b>25,899,977</b>	<b>23,384,434</b>	<b>219,110,322</b>	<b>24,999,991</b>	<b>17,458,232</b>	<b>73,126,747</b>	<b>18,295,332</b>	<b>404,501,684</b>
<b>Net block</b>									
<b>At December 31, 2016</b>	<b>7,943,913</b>	<b>68,236,901</b>	<b>16,836,607</b>	<b>89,172,433</b>	<b>9,823,259</b>	<b>1,686,413</b>	<b>19,271,992</b>	<b>33,415,295</b>	<b>246,386,813</b>
<b>At December 31, 2017</b>	<b>7,779,319</b>	<b>64,438,020</b>	<b>31,711,706</b>	<b>98,883,380</b>	<b>8,893,428</b>	<b>2,289,535</b>	<b>15,946,300</b>	<b>28,508,164</b>	<b>258,449,852</b>

### Notes:

- (1) Includes Rs. 21,155,390 (Previous year Rs. 21,155,390) paid towards land and building under a composite lease taken in earlier year for which no separate values are assignable.
- (2) Vehicles amounting to Rs. 23,772,215 (Previous year Rs. 27,735,119) are hypothecated against terms loans for vehicle finance from non banking financial corporation.
- (3) Furniture and fittings includes assets on finance lease : Gross block as at December 31, 2017 Rs. 11,000,000 (previous year Rs. 11,000,000), Depreciation charge for the year Rs. 1,095,417 (previous year Rs. 45,833), Accumulated depreciation as at December 31, 2017 Rs. 1,141,250 (previous year Rs. 45,833) and Net book value as at December 31, 2017 Rs. 9,858,750 (previous year Rs. 10,954,167).

## 10. Intangible assets

(Amount in Rs.)

Particulars	Softwares
<b>Gross block</b>	
As at January 1, 2016	129,968,325
Additions	3,484,177
Deletions	(5,246,802)
At December 31, 2016	128,205,700
Additions	6,665,727
Deletions	-
<b>At December 31, 2017</b>	<b>134,871,427</b>
<b>Amortisation</b>	
As at January 1, 2016	124,606,713
Charge for the year	3,426,008
Deletions	(5,246,793)
At December 31, 2016	122,785,928
Charge for the year	7,646,024
Deletions	-
<b>At December 31, 2017</b>	<b>130,431,952</b>
<b>Net block</b>	
<b>At December 31, 2016</b>	<b>5,419,772</b>
<b>At December 31, 2017</b>	<b>4,439,475</b>

## 11. Non-current investments

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
<b>Non-trade, unquoted (valued at cost unless stated otherwise)</b>		
(i) 2,500 (Previous year 2,500) equity shares of Rs. 10 each fully paid up in The Saraswat Co-operative Bank Limited	25,000	25,000
(ii) 8,755 (Previous Year 17,512) 8% compulsorily redeemable debentures of Rs. 10,000 each in Indus Software Technologies Private Limited [refer note 31 (a)]	87,550,000	175,120,000
<b>Investment property (at cost less accumulated depreciation)</b>		
Cost of land and building given on operating lease	35,963,972	35,963,972
Less: Accumulated depreciation	(11,179,838)	(9,706,016)
<b>Sub total (A)</b>	<b>112,359,134</b>	<b>201,402,956</b>
<b>In subsidiary companies:</b>		
<b>Trade, unquoted, fully paid up (valued at cost unless stated otherwise)</b>		
(i) Investment in R Systems (Singapore) Pte. Ltd., Singapore 5,780,768 (Previous year 5,570,925) ordinary shares of "no par" value	274,564,210	257,834,210
(ii) Investment in R Systems, Inc., USA 2,150 (Previous year 2,150) shares of "no par" value	281,174,980	281,174,980
(iii) Investment in R Systems Technologies Limited, USA 243,750 (Previous year 243,750) common stock of US\$1 each fully paid up	10,785,738	10,785,738
Less: Provision for diminution in the value of investment	(10,784,738)	(10,784,738)

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
(iv) Investment in ECnet Limited, Singapore 63,891,260 (Previous year 63,891,260) ordinary shares of "no par" value Less: Provision for diminution in the value of investment	36,333,962 (5,525,000) 30,808,962	36,333,962 (5,525,000) 30,808,962
(v) Investment in Computaris International Limited, UK 66,500 (Previous year 66,500) ordinary shares of GBP 0.01 each fully paid up	350,631,695	350,631,695
(vi) Investment in RSYS Technologies Limited, Canada 200 (Previous year 200) Class A common shares of CAD 1 each fully paid up 25 (Previous year 25) Class B preferred shares of CAD 3,992 each fully paid up	5,039,560	5,039,560
<b>Sub total (B)</b>	<b>942,220,407</b>	<b>925,490,407</b>
<b>Total (A+B)</b>	<b>1,054,579,541</b>	<b>1,126,893,363</b>
Aggregate amount of unquoted investments (net of provision)	1,054,579,541	1,126,893,363
Aggregate provision for diminution in value of investments	16,309,738	16,309,738

## 11.2 Current investments

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
<b>A. Current portion of non-current investments</b>		
<b>Non-trade, unquoted (valued at cost unless stated otherwise)</b> 8,757 (Previous year 8,757) 8% compulsorily redeemable debentures of Rs. 10,000 each in Indus Software Technologies Private Limited [refer note 31 (a)]	87,570,000	87,570,000
<b>B. Other current investments</b>		
<b>Non-trade, quoted mutual funds (valued at cost or fair value, which ever is lower)#</b>		
Investment in SBI Premier Liquid Fund [9,237 units (Previous year Nil) of Rs. 2,598.25 each]	24,000,000	-
Investment in HDFC Liquid Fund [7,349 units (Previous year Nil) of Rs. 3,265.75 each]	24,000,000	-
<b>Total</b>	<b>135,570,000</b>	<b>87,570,000</b>

# Aggregate amount of quoted investments [Market value of Rs. 49,306,283 (Previous year Rs. Nil)].

## 12. Deferred tax assets (net)

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
<b>Deferred tax assets</b>		
Provision for gratuity	32,797,941	31,826,315
Provision for compensated absences	28,598,997	26,145,782
Provision for doubtful debts and advances	2,367,622	305,104
Other timing differences	4,697,442	4,697,442
<b>Gross deferred tax assets</b>	<b>68,462,002</b>	<b>62,974,643</b>
<b>Deferred tax liability</b>		
Differences in depreciation / amortisation and other differences in block of fixed assets as per tax books and financial books	15,472,665	19,317,347
<b>Gross deferred tax liability</b>	<b>15,472,665</b>	<b>19,317,347</b>
<b>Deferred tax assets (net)</b>	<b>52,989,337</b>	<b>43,657,296</b>

## 13. Loans and advances

Particulars	Non-current		Current	
	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
<b>Capital advances</b>				
Unsecured, considered good	30,200	10,289,873		
<b>Sub total (A)</b>	<b>30,200</b>	<b>10,289,873</b>		
<b>Advances recoverable in cash or in kind or for value to be received</b>				
Unsecured, considered good	9,390,897	16,328,984	59,375,874	39,191,152
<b>Sub total (B)</b>	<b>9,390,897</b>	<b>16,328,984</b>	<b>59,375,874</b>	<b>39,191,152</b>
<b>Loans and advances to related parties</b>				
Unsecured, considered good				
Advance recoverable from subsidiaries:				
R Systems, Inc., USA			9,891,151	1,470,498
ECnet Limited, Singapore			120,488	67,925
R Systems (Singapore) Pte Ltd, Singapore			94,812	-
RSYS Technologies Limited, Canada			44,486	358,093
IBIZ Consulting Pte Ltd, Singapore			93,856	-
Computaris International Limited, U.K.			233,631	-
<b>Sub total (C)</b>			<b>10,478,424</b>	<b>1,896,516</b>
<b>Security deposits</b>				
Unsecured, considered good	15,314,178	16,060,028	1,789,911	799,676
<b>Sub total (D)</b>	<b>15,314,178</b>	<b>16,060,028</b>	<b>1,789,911</b>	<b>799,676</b>
<b>Other loans and advances</b>				
Unsecured, considered good				
Mark-to-market gain on derivative instruments (refer note 36)	-	-	16,330,171	26,417,667
Balances with indirect tax authorities	-	-	18,546,250	21,879,475
Advance fringe benefit tax [net of provisions amounting to Rs. 7,082,336 (Previous year Rs. 7,082,336)]	167,664	167,664	-	-
Advance income taxes [net of provisions amounting to Rs. 371,132,578 (Previous year Rs. 435,878,188)]	22,305,723	28,759,935	-	-
<b>Sub total (E)</b>	<b>22,473,387</b>	<b>28,927,599</b>	<b>34,876,421</b>	<b>48,297,142</b>
<b>Total (A+B+C+D+E)</b>	<b>47,208,662</b>	<b>71,606,484</b>	<b>106,520,630</b>	<b>90,184,486</b>

## 14. Trade receivables and other assets

### 14.1 Trade receivables

Particulars	Current	
	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
<b>Outstanding for a period exceeding six months from the date they are due for payment</b>		
Unsecured, considered good	11,959,188	135,850
Unsecured, considered doubtful	5,294,982	-
	17,254,170	135,850
Provision for doubtful receivables	(5,294,982)	-
<b>Sub total (A)</b>	<b>11,959,188</b>	<b>135,850</b>
<b>Other trade receivables</b>		
Unsecured, considered good	557,321,861	500,707,128
Unsecured, considered doubtful	1,387,876	881,673
	558,709,737	501,588,801
Provision for doubtful receivables	(1,387,876)	(881,673)
<b>Sub total (B)</b>	<b>557,321,861</b>	<b>500,707,128</b>
<b>Total (A+B)</b>	<b>569,281,049</b>	<b>500,842,978</b>

#### Trade receivables include:

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
From subsidiary companies		
R Systems, Inc., USA	5,422,860	7,569,562
ECnet Limited, Singapore	9,904,551	13,880,797
Computaris International Limited, U.K.	1,914,196	6,394,787
RSYS Technologies Limited, Canada	658,468	-

### 14.2 Other assets

Particulars	Non-current		Current	
	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Non-current bank balances (refer note 15)	44,956,828	48,170,299		
Interest accrued				
Fixed deposits	1,641,055	5,118,737	4,930,243	555,458
Compulsorily redeemable debentures (refer note 11.1 & 11.2)	-	-	3,204,323	4,965,130
Unbilled revenues	-	-	48,063,264	60,792,589
<b>Total</b>	<b>46,597,883</b>	<b>53,289,036</b>	<b>56,197,830</b>	<b>66,313,177</b>



## 15. Cash and bank balances

Particulars	Non-current		Current	
	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
<b>Cash and cash equivalents</b>				
Cash on hand			66,893	118,081
Balances with scheduled banks:				
On current accounts			33,682,638	16,381,515
On EEFC accounts			99,324,522	95,304,632
On deposit accounts with original maturity of less than 3 months			189,708,954	231,371,395
On unclaimed dividend			2,427,477	2,575,014
Balance with other banks:				
On current account with California Bank & Trust			19,867,345	49,129,009
			<b>345,077,829</b>	<b>394,879,646</b>
<b>Other bank balances</b>				
Deposits with original maturity for more than 12 months	-	-	8,261,218	7,200,000
Deposits with original maturity for more than 3 months but less than 12 months	-	-	377,010,577	-
Margin money deposits (refer details below)	44,956,828	48,170,299	-	-
	<b>44,956,828</b>	<b>48,170,299</b>	<b>385,271,795</b>	<b>7,200,000</b>
Amount disclosed under non-current assets (refer note 14.2)	(44,956,828)	(48,170,299)	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>730,349,624</b>	<b>402,079,646</b>

## Detail of margin money deposits

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Margin money deposits against performance guarantees	24,351,822	27,502,698
Margin money deposits against credit / derivative facilities	20,605,006	20,667,601
<b>Total</b>	<b>44,956,828</b>	<b>48,170,299</b>

## 16. Revenue from operations

Particulars	For the year ended	
	December 31, 2017 Rs.	December 31, 2016 Rs.
Sale of services (refer note 23)	2,637,512,996	2,631,768,945
<b>Total</b>	<b>2,637,512,996</b>	<b>2,631,768,945</b>

**Note:** Revenue amounting to Rs. 24,001,962 (previous year Rs. 12,299,968) has been deferred till the time the realisation becomes reasonably certain.

## 17. Other income

Particulars	For the year ended	
	December 31, 2017 Rs.	December 31, 2016 Rs.
Interest income		
- on bank deposits	35,654,507	24,651,372
- on debenture (refer note 11.1 & 11.2)	17,502,993	24,686,191
- on others	6,109,292	7,234,030
Rental income from investment property (refer note 11.1)	6,399,996	6,399,996
Provision for doubtful debts and advances written back (net)	-	2,310,137
Foreign exchange fluctuation (net)	64,822,802	52,383,308
Profit on sale / discard of fixed assets (net)	324,858	-
Liability no longer required written back	2,526,059	5,146,585
Miscellaneous income	405,104	855,542
<b>Total</b>	<b>133,745,611</b>	<b>123,667,161</b>

## 18. Employee benefits expense

Particulars	For the year ended	
	December 31, 2017 Rs.	December 31, 2016 Rs.
Salaries, wages and bonus	1,738,853,306	1,541,007,455
Gratuity (refer note 35)	12,614,224	35,758,695
Contribution to provident fund and other funds	67,758,035	56,421,518
Staff welfare expenses	36,823,275	29,990,874
<b>Total</b>	<b>1,856,048,840</b>	<b>1,663,178,542</b>

## 19. Operational and other expenses

Particulars	For the year ended	
	December 31, 2017 Rs.	December 31, 2016 Rs.
Power and fuel	40,801,081	40,689,672
Rent - premises	31,443,661	23,790,777
Rent - equipments	3,361,055	3,662,365
Rates and taxes	802,324	975,348
Insurance	7,195,746	6,845,699
Repair and maintenance		
- Buildings	1,075,776	1,059,370
- Software	47,524,790	39,415,285
- Others	32,585,271	32,265,029
Advertising and sales promotion	7,064,951	4,191,121
Commission	14,191,894	6,039,509
Traveling and conveyance	140,264,161	145,164,676
Communication costs	56,905,046	53,835,738
Printing and stationery	2,938,347	3,066,766
Legal and professional fees	51,000,461	58,217,743
Directors' sitting fee	825,000	700,000
Auditors' remuneration (refer detail below)	3,704,649	5,146,848
Provision for doubtful debts and advances (net)	6,667,621	-
Bad debts and advances written off [net of Rs. 707,964 (previous year Rs. 11,389,741) utilisation from provision for doubtful debts and advances]	-	2,700
Loss on sale / discard of fixed assets (net)	-	668,634
Recruitment and training expenses	7,915,364	8,942,786
Security expenses	7,497,994	6,873,456
Membership and subscription	9,999,261	7,434,256
Contributions towards corporate social responsibility (refer note 25)	2,460,000	1,500,000
Miscellaneous expenses	2,079,466	1,376,419
<b>Total</b>	<b>478,303,919</b>	<b>451,864,197</b>

**Detail of auditors remuneration**

Particulars	For the year ended	
	December 31, 2017 <sup>#</sup> Rs.	December 31, 2016 Rs.
As auditor:		
- Audit fee		
- Statutory audit fee	1,380,000	1,942,500
- Quarterly audit / limited review fee	2,025,000	1,845,000
- Out-of-pocket expenses	259,649	191,848
In other capacity:		
- Certification	40,000	1,167,500
<b>Total</b>	<b>3,704,649</b>	<b>5,146,848</b>

<sup>#</sup> includes Rs. 728,819 pertaining to erstwhile statutory auditors of the Company.

**20. Depreciation and amortisation expense**

Particulars	For the year ended	
	December 31, 2017 Rs.	December 31, 2016 Rs.
Depreciation on tangible assets	64,617,673	64,403,321
Amortisation on intangible assets	7,646,024	3,426,008
Depreciation on investment property	1,473,822	1,473,822
<b>Total</b>	<b>73,737,519</b>	<b>69,303,151</b>

**21. Finance costs**

Particulars	For the year ended	
	December 31, 2017 Rs.	December 31, 2016 Rs.
Interest expenses	2,378,740	1,341,249
Interest under income tax	382,543	-
Bank charges	3,570,333	2,342,388
<b>Total</b>	<b>6,331,616</b>	<b>3,683,637</b>

**22. Exceptional items**

Particulars	For the year ended	
	December 31, 2017 Rs.	December 31, 2016 Rs.
Profit on sale of investment [refer note 31 (a)]	-	37,174,220
Profit on sale of undertaking [refer note 31 (b)]	-	9,173,022
<b>Total</b>	<b>-</b>	<b>46,347,242</b>

**23. Segment information***Business segments:*

The Company considers business segment as the basis for primary segmental reporting. The Company is organised into two business segments – Information technology services and Business process outsourcing services. Costs and expenses which cannot be allocated to any business segment are reflected in the column 'corporate and others'. Segments have been identified and reported based on the nature of the services, the risks and returns, the organisation structure and the internal financial reporting system.

*Geographical segments:*

The Company reports secondary segment information on the basis of the geographical location of the customers / assets. Although the Company's major operating divisions are managed on a worldwide basis, they operate in five principal geographical areas of the world which are: India, United States of America, South East Asian countries, Europe and Other areas.

The following table provides required information for the primary segments for the year ended December 31, 2017 and December 31, 2016:

Particulars	Information technology services		Business process outsourcing services		Corporate and others		Total	
	Year ended December 31,		Year ended December 31,		Year ended December 31,		Year ended December 31,	
	2017	2016	2017	2016	2017	2016	2017	2016
<b>REVENUE</b>								
External sales	2,153,278,083	2,179,514,470	484,234,913	452,254,475			2,637,512,996	2,631,768,945
<b>Total revenue</b>	<b>2,153,278,083</b>	<b>2,179,514,470</b>	<b>484,234,913</b>	<b>452,254,475</b>			<b>2,637,512,996</b>	<b>2,631,768,945</b>
<b>RESULT</b>								
Segment result	308,750,517	516,357,505	40,198,634	48,843,023			348,949,151	565,200,528
Unallocated corporate expenses					(55,017,943)	(59,424,289)	(55,017,943)	(59,424,289)
<b>Operating profit</b>							<b>293,931,208</b>	<b>505,776,239</b>
Interest expenses					(2,761,283)	(1,341,249)	(2,761,283)	(1,341,249)
Interest income					59,266,792	56,571,593	59,266,792	56,571,593
Other unallocable income					6,399,996	6,399,996	6,399,996	6,399,996
Exceptional items (refer note 22)					-	46,347,242	-	46,347,242
Income taxes					(118,006,739)	(201,615,814)	(118,006,739)	(201,615,814)
<b>Net profit</b>							<b>238,829,974</b>	<b>412,138,007</b>

The following table provides required information for the primary segments As At December 31, 2017 and December 31, 2016:

Particulars	Information technology services		Business process outsourcing services		Elimination		Corporate and others		Total	
	December 31,		December 31,		December 31,		December 31,		December 31,	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
<b>OTHER INFORMATION</b>										
Segment assets	865,545,145	808,211,426	229,455,102	187,688,246	74,749,456	31,675,243			1,020,250,791	964,224,429
Unallocated corporate assets							1,966,470,368	1,683,720,521	1,966,470,368	1,683,720,521
Income tax assets							75,462,724	72,584,895	75,462,724	72,584,895
<b>Total assets</b>	<b>865,545,145</b>	<b>808,211,426</b>	<b>229,455,102</b>	<b>187,688,246</b>	<b>74,749,456</b>	<b>31,675,243</b>	<b>2,041,933,092</b>	<b>1,756,305,416</b>	<b>3,062,183,883</b>	<b>2,720,529,845</b>
Segment liabilities	588,227,609	444,200,636	54,609,679	49,868,567	74,749,456	31,675,243			568,087,832	462,393,960
Unallocated corporate liabilities							12,140,872	12,288,409	12,140,872	12,288,409
Income tax liabilities							36,062,845	42,395,749	36,062,845	42,395,749
<b>Total liabilities</b>	<b>588,227,609</b>	<b>444,200,636</b>	<b>54,609,679</b>	<b>49,868,567</b>	<b>74,749,456</b>	<b>31,675,243</b>	<b>48,203,717</b>	<b>54,684,158</b>	<b>616,291,549</b>	<b>517,078,118</b>
Capital expenditures	48,058,701	120,736,776	1,192,660	808,186					49,251,361	121,544,962
Depreciation and amortisation	67,919,153	62,625,714	5,818,366	6,677,437					73,737,519	69,303,151
Other non-cash expenses / (written back)	9,020,615	950,687	(62,995)	-					8,957,620	950,687

*Geographical segments:*

The Company reports secondary segment information on the basis of the geographical location of the customers / assets. The management views the domestic and export markets as distinct geographical segments.

The following is the distribution of the Company's revenue by geographical area in which customers are located:

	For the year ended December 31,	
	2017 Rs.	2016 Rs.
India	86,498,868	76,185,907
USA	1,823,189,994	1,837,929,751
South East Asia	36,558,594	41,650,328
Europe	635,672,677	551,824,690
Others	55,592,863	124,178,269
<b>Total</b>	<b>2,637,512,996</b>	<b>2,631,768,945</b>

Assets and additions to fixed assets by geographical area:

The following table shows the carrying amount of assets and additions to fixed assets (including capital advances) by geographical area in which assets are located:

	Carrying amount of assets as at December 31,		Additions to fixed assets for the year ended December 31	
	2017 Rs.	2016 Rs.	2017 Rs.	2016 Rs.
India	1,518,565,866	1,222,026,127	49,006,280	121,252,476
USA	702,007,176	712,768,996	245,081	292,486
South East Asia	316,866,608	304,798,051	-	-
Europe	514,565,384	456,327,425	-	-
Others	10,178,849	24,609,246	-	-
<b>Total</b>	<b>3,062,183,883</b>	<b>2,720,529,845</b>	<b>49,251,361</b>	<b>121,544,962</b>

## 24. Related Party Disclosures

### (i) Names of related parties:

Names of related parties where control exists:

Subsidiaries	R Systems (Singapore) Pte Ltd, Singapore R Systems, Inc., USA R Systems Technologies Limited, USA ECnet Ltd, Singapore Computaris International Limited, U.K. RSYS Technologies Limited, Canada
	<b>Following are the subsidiaries of ECnet Ltd, Singapore</b> <ul style="list-style-type: none"> <li>• ECnet (M) Sdn Bhd, Malaysia</li> <li>• ECnet Systems (Thailand) Co. Ltd., Thailand</li> <li>• ECnet (Shanghai) Co. Ltd., People's Republic of China</li> <li>• ECnet (Hong Kong) Ltd., Hong Kong</li> <li>• ECnet, Inc., USA</li> <li>• ECnet Kabushiki Kaisha, Japan</li> </ul>
	<b>Following are the subsidiaries of Computaris International Limited, U.K.</b> <ul style="list-style-type: none"> <li>• Computaris Romania Srl, Romania</li> <li>• Computaris Polska sp z o.o., Poland</li> <li>• ICS Computaris International Srl, Moldova</li> <li>• Computaris Malaysia Sdn. Bhd., Malaysia</li> <li>• Computaris USA, Inc., USA</li> <li>• Computaris Philippines Pte. Ltd. Inc., Philippines (incorporated on May 23, 2016)</li> </ul>
	<b>Following are the subsidiaries of R Systems (Singapore) Pte Ltd, Singapore</b> <ul style="list-style-type: none"> <li>• IBIZ Consulting Pte. Ltd., Singapore (formerly known as IBIZCS Group Pte Ltd) with the following step down subsidiaries <ul style="list-style-type: none"> <li>➢ IBIZ Consulting Services Pte Ltd, Singapore</li> <li>➢ IBIZ Consulting Services Sdn. Bhd., Malaysia</li> <li>➢ PT. IBIZCS Indonesia., Indonesia</li> <li>➢ IBIZ Consultancy Services India Private Limited, India</li> <li>➢ IBIZ Consulting Services Limited, Hong Kong</li> <li>➢ IBIZ Consulting Services (Shanghai) Co., Ltd, People's Republic of China</li> </ul> </li> </ul>
Names of other related parties with whom transactions have taken place during the year:	
Key management personnel	Satinder Singh Rekhi, Managing Director Lt. Gen. Baldev Singh (Retd.), President and Senior Executive Director Avirag Jain*, Director & Chief Technology Officer (appointed as director w.e.f. August 3, 2017) Nand Sardana, Chief Financial Officer Ashish Thakur, Company Secretary & Compliance Officer
* Avirag Jain joined the Company on September 15, 1997.	
Entity having significant influence over the Company	GM Solutions Private Limited* U Infosoft Private Limited* GMU Infosoft Private Limited*
* GMU Infosoft Private Limited and U Infosoft Private Limited have been amalgamated into GM Solutions Pvt. Ltd. with effect from October 01, 2016 (the appointed date) as per scheme of amalgamation approved by the National Company Law Tribunal, New Delhi vide order dated April 24, 2017.	
Relatives of Key management Personnel	Harpreet Rekhi, (related to Satinder Singh Rekhi) Sartaj Singh Rekhi, (related to Satinder Singh Rekhi) Amrita Kaur, (related to Satinder Singh Rekhi), Assistant Manager – Business Development Ramneet Singh Rekhi, (related to Satinder Singh Rekhi) Mandeep Singh Sodhi, [related to Lt. Gen. Baldev Singh (Retd.)], Vice President – Sales
Enterprises where key management personnel or their relatives exercise significant influence	RightMatch Holdings Limited Satinder and Harpreet Rekhi Family Trust

(ii) Details of transactions with related parties for the year ended December 31, 2017 and December 31, 2016:

(Amount in Rs.)

	Year ended December 31,	
	2017	2016
<b>Revenue from information technology and BPO services rendered to</b>		
ECnet Ltd, Singapore	36,558,594	41,206,651
R Systems, Inc., USA	41,009,531	51,656,564
RSYS Technologies Limited, Canada	656,762	-
IBIZ Consulting Services Pte Ltd, Singapore	-	288,061
Computaris International Limited, U.K.	30,354,268	32,590,211
<b>Total</b>	<b>108,579,155</b>	<b>125,741,487</b>
<b>Commission on sales and marketing services received from</b>		
RSYS Technologies Limited, Canada	7,087,808	-
<b>Total</b>	<b>7,087,808</b>	<b>-</b>
<b>Travel and other expenses reimbursed by the Company to</b>		
ECnet Ltd, Singapore	523,220	1,376,972
R Systems, Inc., USA	39,085,426	34,155,370
R Systems (Singapore) Pte Ltd, Singapore	9,764,445	11,339,887
<b>Total</b>	<b>49,373,091</b>	<b>46,872,229</b>
<b>Travel and other expenses reimbursed to the Company by</b>		
ECnet Ltd, Singapore	3,455,382	2,362,175
R Systems, Inc., USA	7,617,786	7,823,606
R Systems (Singapore) Pte Ltd, Singapore	247,582	315,000
RSYS Technologies Limited, Canada	91,388	413,788
IBIZ Consulting Pte Ltd, Singapore	93,835	-
IBIZ Consulting Services Pte Ltd, Singapore	133,139	125,000
Computaris International Limited, U.K.	951,630	2,206,572
<b>Total</b>	<b>12,590,742</b>	<b>13,246,141</b>
<b>Reimbursement to the Company for purchase of assets on behalf of</b>		
R Systems, Inc., USA	190,073	116,745
Computaris International Limited, U.K.	-	354,129
<b>Total</b>	<b>190,073</b>	<b>470,874</b>
<b>Reimbursement by the Company for purchase of assets to</b>		
R Systems, Inc., USA	39,774	219,424
<b>Total</b>	<b>39,774</b>	<b>219,424</b>
<b>Investment in shares of subsidiary</b>		
R Systems (Singapore) Pte Ltd, Singapore	16,730,000	48,155,136
RSYS Technologies Limited, Canada	-	5,027,924
<b>Total</b>	<b>16,730,000</b>	<b>53,183,060</b>
<b>Remuneration*</b>		
Satinder Singh Rekhi	33,838,497	37,027,495
Lt. Gen. Baldev Singh (Retd.)	6,628,424	6,642,053
Avirag Jain (Effective August 03, 2017)	2,871,587	-
Mandeep Singh Sodhi	39,192,138	36,409,934
Nand Sardana	6,744,944	5,219,880
Ashish Thakur	1,155,628	883,124
Amrita Kaur	160,000	480,000
<b>Total</b>	<b>90,591,218</b>	<b>86,662,486</b>



	Year ended December 31,	
	2017	2016
<b>Rent</b>		
Satinder Singh Rekhi	7,742,364	7,968,654
<b>Total</b>	<b>7,742,364</b>	<b>7,968,654</b>
<b>Shares buyback</b>		
Satinder Singh Rekhi	-	1,796,860
Lt. Gen. Baldev Singh (Retd.)	-	189,605
Sartaj Singh Rekhi	-	8,234,460
Ramneet Singh Rekhi	-	6,964,555
Nand Sardana	-	71,630
Mandeep Singh Sodhi	-	962,390
GM Solutions Private Limited	-	40,876,290
RightMatch Holdings Ltd	-	12,725,830
Satinder and Harpreet Rekhi Family Trust	-	17,891,185
<b>Total</b>	<b>-</b>	<b>89,712,805</b>

\* As the future liability for gratuity and long-term compensated absences is provided on an actuarial basis, the amount pertaining to the key management personnel is not ascertainable and, therefore, not included above.

(Amount in Rs)

Balance outstanding	As at December 31,	
	2017	2016
<b>Trade Receivables</b>		
ECnet Ltd, Singapore	9,904,551	13,880,797
R Systems, Inc., USA	5,422,860	7,569,562
RSYS Technologies Limited, Canada	658,468	-
Computaris International Limited, UK	1,914,196	6,394,787
<b>Total</b>	<b>17,900,075</b>	<b>27,845,146</b>
<b>Short-term loans and advances</b>		
ECnet Ltd, Singapore	120,488	67,925
R Systems, Inc., USA	9,891,151	1,470,498
RSYS Technologies Limited, Canada	44,486	358,093
IBIZ Consulting Pte Ltd, Singapore	93,856	-
R Systems (Singapore) Pte Ltd, Singapore	94,812	-
Computaris International Limited, UK	233,631	-
<b>Total</b>	<b>10,478,424</b>	<b>1,896,516</b>
<b>Other current liabilities</b>		
ECnet Ltd, Singapore	261,962	85,798
R Systems, Inc., USA	11,551,779	14,044,305
R Systems (Singapore) Pte Ltd, Singapore	2,356,333	2,696,826
<b>Total</b>	<b>14,170,074</b>	<b>16,826,929</b>
<b>Assets obtained free of cost on returnable basis</b>		
R Systems, Inc., USA	11,273,954	21,558,962
R Systems (Singapore) Pte Ltd, Singapore	137,241	137,241
<b>Total</b>	<b>11,411,195</b>	<b>21,696,203</b>
<b>Balance payable to key management personnel</b>		
Satinder Singh Rekhi	4,964,335	7,038,750
Lt. Gen. Baldev Singh (Retd.)	1,408,122	1,278,448
Avirag Jain	1,083,677	-
<b>Total</b>	<b>7,456,134</b>	<b>8,317,198</b>

**25. Corporate Social Responsibility (CSR)**

As per the requirements of Section 135 of the Companies Act, 2013, the Company is required to spend an amount of Rs. 10,549,638 (Previous year Rs. 10,608,333) on CSR expenditure for the year December 31, 2017. Out of this, the Company has disbursed Rs. 2,460,000 (Previous year Rs. 1,500,000) in accordance with its Corporate Social Responsibility Policy.

**26. Capital and other commitments**

	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
<b>(i) Capital commitments:</b>		
Estimated amount of unexecuted capital contracts [net of advances of Rs. 30,200 (previous year Rs. 10,289,873)]	1,450,015	6,152,320
<b>(ii) Other commitments:</b>		
For commitments relating to lease arrangements, refer note 28.		

**27. Contingent liabilities**

	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Performance guarantees given to Department of Telecommunication for Domestic and International 'Other Service Provider' licenses	20,000,000	20,000,000
<b>Total</b>	<b>20,000,000</b>	<b>20,000,000</b>

**28. Leases****a) Finance Lease - Company as lessee**

The Company has finance leases for furniture and fixture. Each renewal is at the option of the lessee. Future minimum lease payments (MLP) under finance leases together with the present value of the net MLP are as follows:

	Year ended December 31, 2017 Rs.		Year ended December 31, 2016 Rs.	
	MLP	Present value of MLP	MLP	Present value of MLP
Not later than one year	1,440,000	175,649	1,440,000	158,359
After one year but not more than five years	7,567,500	1,690,302	5,775,000	873,187
More than five years	13,905,000	8,918,071	17,077,500	9,848,454
Total minimum lease payments	22,912,500	10,784,022	24,292,500	10,880,000
Less: amounts representing finance charges	12,128,478	-	13,412,500	-
<b>Present value of minimum lease payments</b>	<b>10,784,022</b>	<b>10,784,022</b>	<b>10,880,000</b>	<b>10,880,000</b>

**b) Operating Lease - Company as lessee**

The Company has operating lease for office premises. The future minimum rentals payable under non-cancellable operating leases period as at year-end are as follows:

	Year ended December 31, 2017 Rs.	Year ended December 31, 2016 Rs.
Lease payments for the year	31,443,661	23,790,777
Non-cancellable operating lease obligation:		
Not later than one year	29,170,599	26,573,526
Later than one year but not later than five years	62,396,414	68,617,281
Later than five years	-	-

The operating lease arrangements extend for a maximum period of 5 years from their respective dates of inception. Some of the operating lease arrangements have price escalation and option of renewal clause as mutually agreed between the parties and there are no restrictions imposed on lease arrangements.

### c) Operating Lease - Company as lessor

The Company has entered into an operating lease arrangement for its surplus land and building which has been classified under investment property. The future minimum rentals receivable under non-cancellable operating lease period as at year-end are as follows:

	Year ended December 31, 2017 Rs.	Year ended December 31, 2016 Rs.
Lease payments for the year	6,399,996	6,399,996
Non-cancellable operating lease		
Not later than one year	3,320,440	6,399,996
Later than one year but not later than five years	-	3,320,440

The operating lease arrangement extends for a maximum period of 3 years from their respective dates of inception and has price escalation clause of 5% for every subsequent 3 years of the extended term. There are no restrictions imposed on lease agreements.

## 29. Supplementary statutory information

### 29.1 (a) Directors' remuneration

	Year ended December 31, 2017 Rs.	Year ended December 31, 2016 Rs.
Salaries, wages and bonus	42,984,651	43,391,628
Contribution to provident fund	353,857	277,920
<b>Total</b>	<b>43,338,508</b>	<b>43,669,548</b>

#### Note:

As the future liability for gratuity and long term compensated absences is provided on an actuarial basis for the Company as a whole, the amount pertaining to the directors is not ascertainable and, therefore, not included above.

### 29.1 (b) Computation of net profit under Section 198 of the Companies Act, 2013 for calculation of managerial remuneration under Section 197 of the Companies Act, 2013.

(Amount in Rs.)

Sl. No.	Particulars	Year ended December 31, 2017	Year ended December 31, 2016
	<b>Profit after tax and before appropriation</b>	238,829,974	412,138,007
	<b>Add:</b>		
(i)	Loss on fixed assets sold / discarded	-	668,634
(ii)	Provision for doubtful debts / advances (net)	6,667,621	-
(iii)	Tax for the year	118,006,739	201,615,814
(iv)	Depreciation and amortisation as per books of accounts	73,737,519	69,303,151
	<b>Less:</b>		
(i)	Depreciation and amortisation	73,737,519	69,303,151
(ii)	Provision for doubtful debts / advances written back (net)	-	2,310,137
(iii)	Profit on sale of undertaking	-	9,173,022
(iv)	Profit on sale of Investment	-	37,174,220
(v)	Bad debts and advances written off	707,964	11,392,441
(vi)	Profit on fixed assets sold / discarded	324,858	-
	Net Profit for the year	362,471,512	554,372,635
	<b>Add:</b>		
	Remuneration paid to the whole time directors	43,338,508	43,669,548
	<b>Net Profit for the purpose of managerial remuneration</b>	<b>405,810,020</b>	<b>598,042,183</b>
	Overall maximum remuneration to all managerial personnel at 10% of the net profits as calculated above	40,581,002	59,804,218
	Overall maximum remuneration to individual managerial personnel at 5% of the net profits as calculated above	20,290,501	29,902,109

#### Notes:

- Figures for the year ended December 31, 2017 and December 31, 2016 are as per provisions of the Companies Act, 2013.
- The remuneration paid during the year ended December 31, 2017 and December 31, 2016, in excess of the limits specified in 29.1 (b) above has been approved by the Central Government.

**29.2 Earnings in foreign currency (on accrual basis)**

Particulars	Year ended December 31, 2017 Rs.	Year ended December 31, 2016 Rs.
Sale of product and services	2,551,014,127	2,555,583,038
Interest income	-	6,300,600
Reimbursement of travel, communication and other costs*	35,021,891	33,010,310
<b>Total</b>	<b>2,586,036,018</b>	<b>2,594,893,948</b>

\* Out of this Rs. 34,819,456 (previous year Rs. 29,746,845) is reimbursement for expenses and balance Rs. 202,435 (previous year Rs. 3,263,465) is reimbursement for purchase of fixed assets.

**29.3 Expenditure in foreign currency (on accrual basis)**

Particulars	Year ended December 31, 2017 Rs.	Year ended December 31, 2016 Rs.
Traveling and conveyance	75,011,171	100,028,281
Commission-others	14,191,894	4,691,519
Employee benefits expense	176,692,052	174,700,539
Communication expenses	18,578,779	18,580,504
Income tax	13,545,346	15,429,453
Cost of reimbursable capital assets	-	642,927
Other miscellaneous expenses	45,959,174	42,249,451
<b>Total</b>	<b>343,978,416</b>	<b>356,322,674</b>

**29.4 Value of imports calculated on CIF basis**

Particulars	Year ended December 31, 2017 Rs.	Year ended December 31, 2016 Rs.
Capital goods	25,603,039	62,281,965
Equipment received free of cost on returnable basis	1,077,621	4,246,878
<b>Total</b>	<b>26,680,660</b>	<b>66,528,843</b>

30. During the year ended December 31, 2006, Government of India has promulgated an Act namely The Micro, Small and Medium Enterprises Development Act, 2006 which comes into force with effect from October 2, 2006. As per the Act, the Company is required to identify the Micro, Small and Medium suppliers and pay interest to micro and small enterprises on overdue beyond the specified period irrespective of the terms agreed with the suppliers. For the purpose of identification of such suppliers, the Company has sent confirmations to all its suppliers. Based upon the confirmations received so far and the supplier profile available with the Company, the management believes that there are no dues to such suppliers.

Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	Nil	Nil
The amount of interest paid by the buyer in terms of Section 16 of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	Nil	Nil
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	Nil	Nil
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro Small and Medium Enterprise Development Act, 2006	Nil	Nil

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

The Company had entered into 'Business Transfer Agreement' (BTA) with RSPTPL on June 27, 2015 for the aforesaid transfer on a going concern basis by way of slump sale, for consideration of Rs. 783,900,000 to be discharged by RSPTPL through issuance of 60,000,003 equity shares of Re. 1/- each at a premium of Rs. 6.227333 per share and 35,026 compulsorily redeemable debentures of Rs. 10,000 each to be redeemed over a period of 4 years, on the terms and conditions agreed in BTA and Debenture Subscription Agreement.

The Company had also entered into 'Share Purchase Agreement' (SPA) with BD Capital Partners Ltd. ("BDC"), a Mauritius based company on June 27, 2015 to sell 93% of its equity share in RSPTPL to BDC for a consideration of Rs. 443,170,000 (USD 7 million). The closing (as defined in the agreements) under the BTA and SPA occurred on July 07, 2015. The name of RSPTPL was changed to Indus Software Technologies Private Limited (ISPTPL) w.e.f. August 19, 2015.

Subject to the satisfaction of certain conditions, BDC had also agreed to purchase the balance 7% equity shares for a consideration up to USD 1 million. During the year ended December 31, 2016, the Company had received consideration for the sale of balance 7% share in ISPTPL. The gain on sale of aforesaid equity shares amounts to Rs. 37,174,220 is disclosed as 'Exceptional items' in the financial statements for the year ended December 31, 2016.

- (b)** The Company had realized additional amounts of Rs. 9,173,022 towards the sale of Indus Business unit and disclosed as 'Exceptional items' in the financial statements for the year ended December 31, 2016.
- (c)** The consequent tax expense of aforesaid 'Exceptional items' amounting to Rs. 14,800,621 is included in the 'Current tax' in the financial statements for the year ended December 31, 2016.

- 32. (a)** R Systems International Limited Employees Stock Option Plan – Year 2001 ('the plan')

Indus Software Private Limited ('Indus') had outstanding options aggregating 21,967 equity shares as on March 31, 2002, to be issued to the eligible employees under the R Systems International Limited Employees Stock Option Plan – Year 2001 under various vesting periods as specified in the said Plan, duly approved by the erstwhile shareholders. Indus had established "R Systems Employees Welfare Trust" ('the R Systems Trust') (formerly known as Indus Software Employees Welfare Trust") to administer the plan, as approved by the members, for the benefits of the Company's employees and had provided an interest free loan of Rs. 3,382,792. Consequently, Indus had allotted 21,967 equity shares of Rs. 10 each at a premium of Rs. 144 per equity share to the R Systems Trust to be further issued to the Indus' eligible employees on the exercise of the underlying options granted to them.

As a result of the merger of Indus with the Company, all employees had surrendered their options in favour of the R Systems Trust to enable them to obtain options for shares in R Systems International Limited after the merger. Also, the Company had issued 206,822 equity shares of Rs. 2 each at a premium of Rs. 113.42 per share to the R Systems Trust in exchange of 21,967 equity shares of Indus, apropos to the agreed swap ratio. During the earlier years out of the said 206,822 shares 22,079 shares were issued to the employees on exercise of options.

The Company had consolidated each of its five equity shares of Rs. 2 each into one equity share of Rs. 10 each on January 30, 2006 and then issued 1:1 bonus share to each of the then existing shareholder by utilisation of Securities Premium Account in terms of the provisions of Section 78 of the Companies Act, 1956 and further sub-division of each of the equity shares of Rs. 10 each into 10 equity shares of Re. 1 each as per record date of February 28, 2014, consequently the total number of shares issued are now 738,980 equity shares of Re. 1 each. Accordingly an amount of Rs. 738,980 and Rs. 2,282,728 is shown as deduction from Issued, subscribed and paid-up capital and Securities Premium Account respectively as suggested by the "Guidance Note on Accounting for Employee Share-based Payments" issued by The Institute of Chartered Accountants of India.

The movement in the options (in equivalent number of shares of the Company) held by the Trust during the year ended December 31, 2017 and the year ended December 31, 2016 is set out below:

	Year ended December 31, 2017 (Nos.)	Year ended December 31, 2016 (Nos.)
<u>At the beginning</u>		
- Grants outstanding under the plan (Re. 1 per share)	-	-
- Grants pending determination by the Compensation Committee (Re. 1 per share)	738,980	738,980
<u>During the year</u>		
- Options granted (Re. 1 per share)	-	-
- Options exercised (Re. 1 per share)	-	-
- Options/grants lapsed or surrendered (Re. 1 per share)	-	-
<u>At the end</u>		
- Grants outstanding under the plan (Re. 1 per share)	-	-
- Grants pending determination by the Compensation Committee (Re.1 per share)	738,980	738,980

The Board of Directors at their meeting held on May 04, 2017, subject to the approval of National Company Law Tribunal, Delhi, have approved a Scheme of Arrangement for capital reduction of shares held by the R Systems Trust. The Scheme is under consideration before the relevant authorities.

**(b) R Systems International Limited Employee Stock Option Scheme 2007 ('the plan')**

During the year 2007, the Company had instituted the plan for all eligible employees as specified in the rules in pursuance of the special resolution duly approved by the shareholders. The plan provides for the issuance of 650,000 options to eligible employees as recommended by the Compensation Committee constituted for this purpose.

The plan is administered by a Compensation Committee and exercise price in respect of 632,500 options granted on July 11, 2007 is Rs. 120.70 being the latest available closing price, prior to the date of the meeting of the Board of Directors / Compensation Committee, on the stock exchange on which the shares of the Company are listed. Accordingly, the intrinsic value of Employee Stock Option is taken as Rs. Nil. Further, during the year ended December 31, 2014, the Company had sub-divided equity shares of Rs. 10 each into 10 equity shares of Re. 1 each, the exercise price is accordingly adjusted from Rs. 120.70 per share to Rs. 12.07 per share.

On the recommendation of the Compensation Committee and Nomination and Remuneration Committee, the Board of Directors at its meeting held on April 30, 2016, had further granted 150,000 options at an exercise price of Rs. 12.07/- per option under R Systems International Limited Employee Stock Option Scheme 2007.

The vesting period is 4 years (25% in each year) commencing from the date of grant under the plan. The eligible employees have an option to exercise it over a period of 10 years from the date of grant under the plan. The movement in the options during the year ended December 31, 2017 and year ended December 31, 2016 is set out below:

	Year ended December 31, 2017 (Nos.)	Year ended December 31, 2016 (Nos.)
<u>At the beginning</u>		
- Grants outstanding under the plan (Re. 1 per share)	195,280	80,280
- Grants pending determination by the Compensation Committee (Re. 1 per share)	1,925,000	2,040,000
<u>During the year</u>		
- Options granted (Re. 1 per share)	-	150,000
- Options exercised (Re. 1 per share)	(82,500)	-
- Options/grants lapsed or surrendered (Re. 1 per share)	-	(35,000)
- Option lapsed for determination by the Compensation Committee on expiry of the effective date	(1,925,280)	-
<u>At the end</u>		
- Grants outstanding under the plan (Re. 1 per share)	112,500	195,280
- Grants pending determination by the Compensation Committee (Re.1 per share)	-	1,925,000

For options exercised during the year 2017, the weighted average share price at the exercise date was Rs. 50.40.

The weighted average remaining contractual life for the stock options as at December 31, 2017 is 100 months (Previous year 13 months).

- (c) For the purpose of valuation of the options granted before year ended December 31, 2004, the management obtained fair value of the options at the date of grant under respective schemes from a firm of Chartered Accountants to determine accounting impact, if any, of options granted over the periods. In the considered opinion of the valuer, the fair value of option determined using 'Black Scholes Valuation Model' under each of above schemes [except R Systems International Limited Employee Stock Option Scheme 2007 refer 32 (b) above] is "Nil" and thus no accounting thereof is required.

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

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

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

The details given above for plan are before making the required adjustments in relation to consolidation of each of the 5 equity shares of Rs. 2 each into 1 equity share of Rs. 10 each as approved by the shareholders in the year ended December 31, 2006 and further sub-division of each of the equity shares of Rs. 10 each into 10 equity shares of Re. 1 each as per record date of February 28, 2014.

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

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

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

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

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

- (e) For the purpose of valuation of the options granted during the year ended December 31, 2016 under R Systems International Limited Employee Stock Option Scheme – 2007, the current year compensation cost relating to Employee Stock Options, calculated as per the intrinsic value method is Rs. 2,614,858 (Previous year Rs. 2,589,490).

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



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

Assumptions	Unit	Scheme	Comments by the valuer
Strike price	Rs.	12.07	
Current share price	Rs.	61.45	Price on the date of grant by Board of Directors i.e. closing price on April 30, 2016
Expected option life	No. of Years	4 years i.e. 25% vesting at the end of each year from the date of grant	Being the vesting period.
Volatility	%	55.32-55.83	On the basis of industry average.
Risk free return	%	7.84	The yield on a Treasury bond by Government of India (Source: RBI) on the valuation date with the tenor matching the remaining term of the stock options.
Expected dividend Yield	%	1.32	Assuming that Company will continue declaring at similar rate, consistent with the past years.

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

In March 2005 the ICAI has issued a guidance note on "Accounting for Employees Share Based Payments" applicable to 'employee share based plan' the grant date in respect of which falls on or after April 1, 2005. The said guidance note requires the Proforma disclosures of the impact of the fair value method of accounting of employee stock compensation in the financial statements. Since the Company used the intrinsic value method the impact on the reported net profit and earnings per share by applying the fair value based method is as follows:

(Amount in Rs.)

Particulars	Year ended December 31, 2017	Year ended December 31, 2016
Profit after tax	238,829,974	412,138,007
Add: Intrinsic Value Compensation Cost	2,614,858	2,589,490
Less: Fair Value Compensation Cost	2,642,059	2,617,180
<b>Adjusted Pro-forma Profit after tax</b>	<b>238,802,773</b>	<b>412,110,317</b>
Weighted average number of equity shares for calculating Basic EPS	123,924,898	126,616,327
Weighted average number of equity shares for calculating Diluted EPS	123,949,330	126,653,124
<b>Earnings Per Share</b>		
<b>Basic [Nominal value of shares Re. 1 (Previous year: Re. 1)]</b>		
- As reported	1.93	3.26
- Pro-forma	1.93	3.25
<b>Diluted [Nominal value of shares Re. 1 (Previous year: Re. 1)]</b>		
- As reported	1.93	3.25
- Pro-forma	1.93	3.25

### 33. Earnings per share (EPS)

Particulars	Year ended December 31, 2017	Year ended December 31, 2016
Net profit after tax (Rs.)	238,829,974	412,138,007
Weighted average number of equity shares for calculating Basic EPS	123,924,898	126,616,327
Weighted average number of equity shares for calculating Diluted EPS	123,949,330	126,653,124
Basic [Nominal value of shares Re. 1 (Previous year: Re. 1)] (Rs.)	1.93	3.26
Diluted [Nominal value of shares Re. 1 (Previous year: Re. 1)] (Rs.)	1.93	3.25

34. During the year company has Specified Bank Notes (SBNs) or other denomination notes as defined in the MCA Notification, G.S.R. 308(E) dated 31st March 2017. The details of SBNs held and transacted during the period from November 8, 2016 to December 30, 2016, the denomination-wise SBNs and other notes as per the notification are as follows:

(Amount in Rs.)

Particulars	SBNs*	Other denomination notes	Total
Closing Cash on Hand as on November 8, 2016	534,500	2,047	536,547
Add: Permitted Receipts	-	1,439,299	1,439,299
Less: Permitted Payments	-	1,323,265	1,323,265
Less: Amount Deposited in Banks	534,500	-	534,500
Closing Cash in Hand as on December 30, 2016	-	118,081	118,081

\* For the purpose of this note, the term "Specified Bank Notes" shall have the same meaning provided in the notification of the Government of India, in Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated November 8, 2016.

### 35. Post-employment benefits

The Company has funded defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on separation equal to 15 days salary (last drawn salary) for each completed year of continuous service or part thereof in excess of six months subject to a maximum of Rs. 1,000,000.

The following table summarizes the components of net employee benefits expense recognised in the statement of profit and loss.

(Amount in Rs.)

Particulars	Year ended December 31, 2017	Year ended December 31, 2016
Current service cost	18,873,611	12,414,237
Interest cost on benefit obligation	6,064,527	4,627,859
Expected return on plan assets	(232,622)	(234,942)
Net actuarial (gain) / loss recognised in the year	(12,091,292)	18,951,541
Net employee benefits expense (refer note 18)	12,614,224	35,758,695
Actual return on plan assets	1,390,744	224,202

Details of defined benefit gratuity plan

(Amount in Rs.)

Particulars	As at December 31, 2017	As at December 31, 2016
Defined benefit obligation	99,095,728	94,598,935
Fair value of plan assets	4,325,902	2,636,628
<b>Plan liability / (asset)</b>	<b>94,769,826</b>	<b>91,962,307</b>

Changes in the present value of the defined benefit gratuity plan are as follows:

(Amount in Rs.)

Particulars	Year ended December 31, 2017	Year ended December 31, 2016
Opening defined benefit obligation	94,598,935	68,174,622
Interest cost	6,064,527	4,627,859
Current service cost	18,873,611	12,414,237
Benefits paid	(9,508,175)	(9,558,584)
Actuarial (gains) / losses on obligation	(10,933,170)	18,940,801
<b>Closing defined benefit obligation</b>	<b>99,095,728</b>	<b>94,598,935</b>

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

(Amount in Rs.)

Particulars	Year ended December 31, 2017	Year ended December 31, 2016
Opening fair value of plan assets	2,636,628	2,957,688
Expected return	232,622	234,942
Contributions by the employer	9,806,705	8,000,000
Benefits paid	(9,508,175)	(8,545,262)
Actuarial gains / (losses) on obligation	1,158,122	(10,740)
<b>Closing fair value of plan assets</b>	<b>4,325,902</b>	<b>2,636,628</b>

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

Particulars	Year ended December 31, 2017	Year ended December 31, 2016
Investments with Life Insurance Corporation of India	100%	100%

The principal assumptions used in determining defined benefit gratuity plan obligations is shown below:

Particulars	Year ended December 31, 2017	Year ended December 31, 2016
Discount rate	7.70% p.a.	6.75% p.a.
Expected rate of return on plan assets	8.35% p.a.	8.35% p.a.
Salary Escalation Rate	10% for 1st year & 7% thereafter	10% for 1st year & 7% thereafter
Attrition rate:	As per table below	As per table below

Attrition rate used for the year ended December 31, 2017 and year ended December 31, 2016 are as per the table below:

Age (Years)	Rates
Below Age 30	15%
Age 30 to 34	10%
Age 35 to 44	5%
Age 45 to 50	3%
Age 51 to 54	2%
Age above 54	1%

The estimates of future salary increases takes into account the inflation, seniority, promotion and other relevant factors.

Amounts for the current and previous four years are as follows:

(Amount in Rs.)

	Gratuity				
	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014	December 31, 2013
Defined benefit obligation	99,095,728	94,598,935	68,174,622	102,262,322	81,424,215
Plan assets	4,325,902	2,636,628	2,957,688	3,681,619	4,549,747
Surplus / (deficit)	(94,769,826)	(91,962,307)	(65,216,934)	(98,580,703)	(76,874,468)
Experience (Gains)/Losses adjustments on plan liabilities	885,862	3,555,113	(3,130,164)	(4,196,352)	(3,130,879)
Experience adjustments on plan assets	1,158,122	(10,740)	(570,122)	16,304	14,859

### 36. Particulars of Derivative Instruments and Unhedged Foreign Currency Exposure as at December 31, 2017 and December 31, 2016

As of December 31, 2017, the Company has derivative financial instruments to sell USD 10,250,000 (Previous year USD 14,700,000), EURO 2,950,000 (Previous year EURO 1,400,000). The Company has not applied hedge accounting as these instruments do not qualify for hedge accounting. The Company has recognised mark-to-market gain of Rs. 16,330,171 (Previous year gain of Rs. 26,417,667) relating to such derivative financial instruments in the statement of profit and loss for the year ended December 31, 2017.

The particulars of Unhedged Foreign Currency Exposure as at December 31, 2017 and December 31, 2016 are as below:

	Currency	Foreign Currency amount		Closing foreign exchange rate		Amount (in Rs.)	
		December 31,		December 31,		December 31,	
		2017	2016	2017	2016	2017	2016
<b>Liabilities</b>							
Trade payables	USD	424,624	663,976	63.88	67.93	27,122,887	45,100,586
	SGD	54,762	59,195	47.81	47.01	2,618,295	2,782,624
	NZD	350	1,025	45.48	47.29	15,919	48,487
<b>Assets</b>							
Trade receivables (Gross)	USD	5,581,724	4,948,562	63.88	67.93	356,532,628	336,541,733
	EURO	2,015,436	1,028,568	76.53	71.66	154,231,211	73,704,618
	GBP	77,826	257,315	86.28	83.46	6,715,005	21,476,115
	SGD	207,154	295,289	47.81	47.01	9,904,551	13,880,798
	CAD	12,920	254,128	50.97	50.39	658,468	12,805,510
Loans and advances	USD	156,266	26,993	63.88	67.93	9,981,512	1,833,512
	SGD	35,195	26,777	47.81	47.01	1,682,741	1,258,719
	GBP	-	942	86.28	83.46	-	78,655
	EURO	3,053	-	76.53	71.66	233,631	-
	CAD	873	7,106	50.97	50.39	44,486	358,093
	NZD	512	244	45.48	47.29	23,294	11,522
Bank balances	USD	1,811,876	2,016,595	63.88	67.93	115,733,552	136,977,244
	EURO	31,985	93,221	76.53	71.66	2,447,677	6,680,014
	GBP	10,511	5,488	86.28	83.46	906,915	458,042
	CAD	2,035	6,318	50.97	50.39	103,724	318,341
	NZD	8,092	10,271	45.48	47.29	368,012	485,647

The below table shows the detail of different currencies:

Sl. No.	Currency Abbreviation	Name of Currency	Country
1	GBP	Great Britain Pound	United Kingdom
2	EURO	Euro	European Union
3	USD	US Dollar	United States
4	SGD	Singapore Dollar	Singapore
5	CAD	Canadian Dollar	Canada
6	NZD	New Zealand Dollar	New Zealand

## 37. Cash and bank balances

(Amount in Rs.)

Sl.No.	Particulars	As at December 31, 2017	As at December 31, 2016
	<b>Cash on hand (A)</b>	<b>66,893</b>	<b>118,081</b>
	<b>Balance with scheduled banks</b>		
	<b>On current accounts</b>		
1	Axis Bank Limited	20,396,221	8,242,997
2	ICICI Bank Limited	6,859,303	3,240,748
3	HDFC Bank Limited	2,998,927	1,456,410
4	Oriental Bank of Commerce	1,112,700	531,873
5	State Bank of India	1,134,801	2,115,306
6	Kotak Mahindra Bank Limited	812,674	308,534
7	Bank of Baroda	368,012	485,647
	<b>Total (B)</b>	<b>33,682,638</b>	<b>16,381,515</b>
	<b>On cash credit / overdraft accounts*</b>		
1	Axis Bank Limited	-	-
	<b>Total (C)</b>	<b>-</b>	<b>-</b>
	<b>On EEFC accounts</b>		
1	ICICI Bank Limited- USD	24,759,990	14,538,630
2	State Bank of India - USD	319	340
3	Kotak Mahindra Bank Limited - USD	6	10,576,352
4	Axis Bank Limited-USD	71,105,891	62,732,913
5	Axis Bank Limited-EURO	2,447,677	6,680,014
6	Axis Bank Limited-GBP	906,915	458,042
7	Axis Bank Limited-CAD	103,724	318,341
	<b>Total (D)</b>	<b>99,324,522</b>	<b>95,304,632</b>
	<b>On deposit accounts</b>		
1	State Bank of India	24,048,609	34,399,485
2	ICICI Bank Limited	147,503,213	303,213
3	Axis Bank Limited	298,794,488	153,038,996
4	Kotak Mahindra Bank Limited	149,591,267	88,000,000
5	HDFC Bank Limited	-	11,000,000
	<b>Total (E)</b>	<b>619,937,577</b>	<b>286,741,694</b>
	<b>On unclaimed dividend accounts</b>		
1	HDFC Bank Limited	2,320,088	2,466,715
2	Kotak Mahindra Bank Limited	107,389	108,299
	<b>Total (F)</b>	<b>2,427,477</b>	<b>2,575,014</b>
	<b>Balance with other banks on current accounts</b>		
1	California Bank & Trust, USA	19,867,345	49,129,009
	<b>Total (G)</b>	<b>19,867,345</b>	<b>49,129,009</b>
	<b>Less: Margin money deposits (refer note 15)</b>	<b>44,956,828</b>	<b>48,170,299</b>
	<b>Total cash and bank balances (refer note 15)</b>	<b>730,349,624</b>	<b>402,079,646</b>

\* Cash credit limit / Bank guarantee / Loan equivalent risk / Letter of credit is secured by first charge by way of hypothecation of entire current assets and collateral over an immovable property situated in Noida.

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

## For and on behalf of the Board of Directors of R SYSTEMS INTERNATIONAL LIMITED

**Sd/-**  
**SATINDER SINGH REKHI**  
Managing Director  
DIN: 00006955

Place : Singapore  
Date : February 09, 2018

**Sd/-**  
**LT. GEN. BALDEV SINGH (RETD.)**  
President & Senior Executive Director  
DIN: 00006966

Place : NOIDA  
Date : February 09, 2018

**Sd/-**  
**NAND SARDANA**  
Chief Financial Officer

Place : NOIDA  
Date : February 09, 2018

**Sd/-**  
**ASHISH THAKUR**  
Company Secretary &  
Compliance Officer

Place : NOIDA  
Date : February 09, 2018



Caring - Innovating - Transforming

# FINANCIAL STATEMENTS (CONSOLIDATED)

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF R SYSTEMS INTERNATIONAL LIMITED

#### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **R SYSTEMS INTERNATIONAL LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at December 31, 2017, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

#### Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated

financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by other auditors in terms of their reports referred to in Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of the subsidiaries referred to in the Other Matters paragraph below, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at December 31, 2017, and their consolidated profit and their consolidated cash flows for the year ended on that date.

#### Other Matter

We did not audit the financial information of 23 subsidiaries, whose financial statements reflect total assets of Rs. 1,134.63 Million as at December 31, 2017, total revenues of Rs. 2,219.12 Millions, net cash flows amounting to Rs. 17.38 Million for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management. The financial results of these 23 subsidiaries have been prepared under generally accepted auditing standards applicable in their respective countries. The Holding Company's Management has converted the financials information of these subsidiaries, from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited the adjustments that were applied to prepare the consolidated financial results for the year ended December 31, 2017 made by the Holding Company's Management to convert the financials information of these subsidiaries, from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of subsection (3) of Section 143 of the Act, in



so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors and the financial statements and other financial information certified by the Management.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below is not modified in respect of the above matter with respect to our reliance on the work done and the reports of other auditors and the financial statements and other financial information certified by the Management.

#### **Report on Other Legal and Regulatory Requirements**

As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of other auditors on separate financial statements and the other financial information of subsidiaries, referred in the Other Matters paragraph above, we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards prescribed under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors of the Holding Company as on December 31, 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on December 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of

such controls, refer to our separate Report in "Annexure A", which is based on the auditors' reports of the Holding company and subsidiary companies, incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial controls over financial reporting of the Holding company and its subsidiary companies incorporated in India.

- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
  - i. There were no pending litigations which would impact the consolidated financial position of the Group.
  - ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company;
  - iv. The Holding Company has provided requisite disclosures in the consolidated financial statements as regards the holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the November 8, 2016 of the Ministry of Finance, during the period from November 8, 2016 to December 30, 2016 of the Group entities as applicable. Based on the audit procedures performed and the representations provided to us by the management, we report that the disclosures are in accordance with the relevant books of accounts maintained by the Group entities (Refer Note 33 of the consolidated financial statements)

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

**Sd/-**  
**RASHIM TANDON**

Noida  
February 09, 2018

Partner  
(Membership No. 095540)

## ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

**(Referred to in paragraph 1 (f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)**

**Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended December 31, 2017, we have audited the internal financial controls over financial reporting of **R SYSTEMS INTERNATIONAL LIMITED** (hereinafter referred to as “the Holding Company”) and its subsidiary company which are companies incorporated in India, as of that date.

### Management’s Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company and its subsidiary company which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### Auditor’s Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Holding Company and its subsidiary company, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by other auditors of the subsidiary company, which are companies incorporated in India, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls

system over financial reporting of the Holding Company and its subsidiary company, which are companies incorporated in India.

### Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion to the best of our information and according to the explanations given to us, the Holding Company and its subsidiary company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at December 31, 2017, based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

### Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting, in so far as it relates to the subsidiary company, which are companies incorporated in India, is based solely on the corresponding report of the auditors of such companies incorporated in India.

**For DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

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

Sd/-

**RASHIM TANDON**

Partner

(Membership No. 095540)

Noida

February 09, 2018

## CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2017

	Note No.	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	123,213,945	123,131,445
Reserves and surplus	4	2,909,915,856	2,656,598,493
		<b>3,033,129,801</b>	<b>2,779,729,938</b>
<b>Minority Interest</b>			
	5	-	-
<b>Non-current liabilities</b>			
Long-term borrowings	6	15,847,727	19,146,372
Deferred tax liabilities (net)	7.1	256,586	-
Other long-term liabilities	8	2,524,048	54,876,549
Long-term provisions	9	91,183,552	89,424,532
		<b>109,811,913</b>	<b>163,447,453</b>
<b>Current liabilities</b>			
Trade payables	10	-	-
- Total outstanding dues of micro enterprises and small enterprises		-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises		461,444,910	438,940,026
Other current liabilities	10	447,534,366	272,590,429
Short-term provisions	9	186,845,271	174,904,575
		<b>1,095,824,547</b>	<b>886,435,030</b>
<b>TOTAL</b>		<b>4,238,766,261</b>	<b>3,829,612,421</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	11	300,378,767	289,520,717
Intangible assets	12	17,032,360	32,136,167
Capital work in progress		584,417	26,286,794
Goodwill on consolidation		467,603,708	452,207,042
Non-current investments	13.1	112,359,134	201,402,956
Deferred tax assets (net)	7.2	58,916,763	46,138,925
Long-term loans and advances	14	72,088,229	89,105,959
Other non-current assets	15.2	60,197,942	61,577,008
		<b>1,089,161,320</b>	<b>1,198,375,568</b>
<b>Current assets</b>			
Current investments	13.2	135,570,000	87,570,000
Trade receivables	15.1	1,208,074,039	1,082,220,270
Cash and bank balances	16	1,500,657,915	1,143,245,150
Short-term loans and advances	14	147,352,746	151,578,763
Other current assets	15.2	157,950,241	166,622,670
		<b>3,149,604,941</b>	<b>2,631,236,853</b>
<b>TOTAL</b>		<b>4,238,766,261</b>	<b>3,829,612,421</b>
Summary of significant accounting policies	1.1		

See accompanying notes forming part of the consolidated financial statements. 1-38

In terms of our report attached.

For DELOITTE HASKINS & SELLS LLP  
Chartered Accountants

For and on behalf of the Board of Directors of R SYSTEMS INTERNATIONAL LIMITED

Sd/-  
**RASHIM TANDON**  
Partner

Sd/-  
**SATINDER SINGH REKHI**  
Managing Director  
DIN: 00006955

Sd/-  
**LT. GEN. BALDEV SINGH (RETD.)**  
President & Senior  
Executive Director  
DIN: 00006966

Sd/-  
**NAND SARDANA**  
Chief Financial Officer

Sd/-  
**ASHISH THAKUR**  
Company Secretary &  
Compliance Officer

Place : NOIDA  
Date : February 09, 2018

Place : Singapore  
Date : February 09, 2018

Place : NOIDA  
Date : February 09, 2018

Place : NOIDA  
Date : February 09, 2018

Place : NOIDA  
Date : February 09, 2018

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS** FOR THE YEAR ENDED DECEMBER 31, 2017

	Note No.	For the year ended December 31, 2017 Rs.	For the year ended December 31, 2016 Rs.
<b>Revenue</b>			
Revenue from operations	17	5,926,356,074	5,882,372,553
Other income	18	152,491,378	127,068,314
<b>Total revenue</b>		<b>6,078,847,452</b>	<b>6,009,440,867</b>
<b>Expenses</b>			
Employee benefits expense	19	4,160,830,821	3,797,891,930
Operational and other expenses	20	1,410,967,162	1,377,984,741
Depreciation and amortisation expense	21	119,668,751	115,119,736
Finance costs	22	10,869,052	7,917,445
<b>Total expenses</b>		<b>5,702,335,786</b>	<b>5,298,913,852</b>
<b>Profit before tax and exceptional items</b>		376,511,666	710,527,015
Exceptional items	23	-	46,347,242
<b>Profit before tax</b>		<b>376,511,666</b>	<b>756,874,257</b>
<b>Tax expense</b>			
Current tax [includes provision of Rs. 7,464,889 (Previous year credit of Rs. 3,842,921) related to earlier years]	30 (d)	143,821,650	244,027,930
MAT credit entitlement (related to earlier years)		-	(15,127,231)
Deferred tax credit		(12,119,454)	(8,910,306)
<b>Total tax expense</b>		<b>131,702,196</b>	<b>219,990,393</b>
<b>Profit for the year</b>		<b>244,809,470</b>	<b>536,883,864</b>
<b>Earnings per equity share:</b>			
Basic [Nominal value of shares Re. 1 (Previous year: Re. 1)]	32	1.98	4.24
Diluted [Nominal value of shares Re. 1 (Previous year: Re. 1)]		1.98	4.24
Summary of significant accounting policies	1.1		
See accompanying notes forming part of the consolidated financial statements.	1-38		

In terms of our report attached.

**For DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants

**For and on behalf of the Board of Directors of R SYSTEMS INTERNATIONAL LIMITED**

**Sd/-**  
**RASHIM TANDON**  
Partner

**Sd/-**  
**SATINDER SINGH REKHI**  
Managing Director  
DIN: 00006955

**Sd/-**  
**LT. GEN. BALDEV SINGH**  
**(RETD.)**  
President & Senior  
Executive Director  
DIN: 00006966

**Sd/-**  
**NAND SARDANA**  
Chief Financial Officer

**Sd/-**  
**ASHISH THAKUR**  
Company Secretary &  
Compliance Officer

Place : NOIDA  
Date : February 09, 2018

Place : Singapore  
Date : February 09, 2018

Place : NOIDA  
Date : February 09, 2018

Place : NOIDA  
Date : February 09, 2018

Place : NOIDA  
Date : February 09, 2018

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2017

	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
<b>A. Cash flows from operating activities</b>		
<b>Net profit before taxation</b>	376,511,666	756,874,257
<b>Adjustments for:</b>		
Depreciation and amortisation expense	119,668,751	115,119,736
Debts and advances provided / written off (net)	9,659,074	(3,660,273)
Employee stock compensation expenses	2,614,858	2,589,490
Profit on sale of subsidiaries [refer note 30 (c)]	-	(9,173,022)
Profit on sale of investment [refer note 30 (b)]	-	(37,174,220)
Rental income from investment property	(6,399,996)	(6,399,996)
(Profit) / Loss on sale / discard of fixed assets (net)	(359,872)	585,136
Unrealised foreign exchange loss / (gain)	(12,639,727)	(731,518)
Unrealised loss / (gain) on derivative instruments	10,087,496	(10,771,846)
Interest income	(59,844,602)	(56,810,860)
Excess provisions written back	(2,526,059)	(5,146,585)
Interest under income tax	382,543	-
Interest on loans	2,702,232	1,363,266
<b>Operating profit before working capital changes</b>	439,856,364	746,663,565
Movements in working capital :		
(Increase) / Decrease in trade receivables	(118,412,422)	(40,527,012)
(Increase) / Decrease in other current assets	15,426,267	(37,497,173)
(Increase) / Decrease in loans and advances	(19,094,952)	(20,187,056)
(Increase) / Decrease in other non-current assets	1,944,719	15,419,982
Increase / (Decrease) in short-term and long-term provision	22,585,992	45,380,568
Increase / (Decrease) in trade payables, other current liabilities and other long-term liabilities	178,362,342	(50,499,686)
Cash generated from operations	520,668,310	658,753,188
Direct taxes paid, net of refunds	(152,434,157)	(222,517,887)
Interest on income-tax refund	6,109,292	-
<b>Net cash flows from operating activities (A)</b>	<b>374,343,445</b>	<b>436,235,301</b>
<b>B. Cash flows from investing activities</b>		
Purchase of fixed assets	(89,966,649)	(140,076,018)
Proceeds from sale of fixed assets	2,961,067	2,534,056
Proceeds from redemption of debentures	87,570,000	87,570,000
Proceeds from sale of Investment [refer note 30 (b)]	-	67,613,026
Investment in mutual fund	(48,000,000)	-
Payment of deferred consideration to erstwhile shareholders of subsidiary	(18,398,640)	(37,104,511)
Rental income from investment property	6,399,996	6,399,996
Interest received	49,727,325	56,453,518
Investment in long term fixed deposits with banks	(932,163,906)	(7,200,000)
Proceeds from long term fixed deposits with banks	365,000,000	65,300,000
<b>Net cash from investing activities (B)</b>	<b>(576,870,807)</b>	<b>101,490,067</b>

	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
<b>C. Cash flows used in financing activities</b>		
Proceeds from long-term borrowings	1,721,000	6,264,000
Repayment of long-term borrowings - current maturities	(5,692,927)	(4,397,386)
Proceeds from other non-current assets	62,595	43,856
Proceeds from issuance of equity share	995,775	-
Amount used in buy back of equity shares	-	(195,000,000)
Interest paid	(2,723,946)	(1,281,096)
Dividends paid	(147,537)	(204,137)
<b>Net cash used in financing activities (C)</b>	<b>(5,785,040)</b>	<b>(194,574,763)</b>
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>	<b>(208,312,402)</b>	<b>343,150,605</b>
Add: Cash and cash equivalents at the beginning of the year	1,136,045,150	786,166,867
Add : Effect of exchange rate changes on cash and cash equivalents	(2,310,878)	6,727,678
<b>Cash and cash equivalents at the end of the year (also refer note 16)</b>	<b>925,421,870</b>	<b>1,136,045,150</b>

**Notes:**

- (1) Figures in brackets indicate cash out flow.
- (2) Cash and cash equivalents includes unclaimed dividend liabilities of Rs. 2,427,477 (Previous year Rs. 2,575,014). The aforesaid amounts are not available for use by the Company.

See accompanying notes forming part of the consolidated financial statements. 1-38

In terms of our report attached.

**For DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants

**For and on behalf of the Board of Directors of R SYSTEMS INTERNATIONAL LIMITED**

**Sd/-**  
**RASHIM TANDON**  
Partner

**Sd/-**  
**SATINDER SINGH REKHI**  
Managing Director  
DIN: 00006955

**Sd/-**  
**LT. GEN. BALDEV SINGH (RETD.)**  
President & Senior  
Executive Director  
DIN: 00006966

**Sd/-**  
**NAND SARDANA**  
Chief Financial Officer

**Sd/-**  
**ASHISH THAKUR**  
Company Secretary &  
Compliance Officer

Place : NOIDA  
Date : February 09, 2018

Place : Singapore  
Date : February 09, 2018

Place : NOIDA  
Date : February 09, 2018

Place : NOIDA  
Date : February 09, 2018

Place : NOIDA  
Date : February 09, 2018



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

### 1. Basic of Preparation

The consolidated financial statements of R Systems International Limited (the 'Company') and its subsidiaries (collectively referred to as 'R Systems Group' or the 'Group') have been prepared to comply in all material respects with the accounting standards notified under Section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India. The financial statements have been prepared on an accrual basis and under the historical cost convention except for certain financial instruments which are measured at fair value. The accounting policies have been consistently applied by the Company and are consistent with those used in previous year.

Based on the nature of activities of the Group and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Group has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

Further, the Company continues to follow calendar year i.e 1st day of January to 31st day of December as its financial year vide the Company Law Board approval dated November 18, 2015 under the proviso to Section 2(41) of the Companies Act, 2013.

The previous year financial statements were audited by erstwhile statutory auditor, M/s S.R. Batliboi & Associates LLP, Chartered accountants.

All figures are in Rupees except where expressly stated.

#### 1.1. Summary of significant accounting policies

##### (a) Principles of consolidation

The consolidated financial statements are prepared in accordance with the principles and procedures for the preparation and presentation of consolidated financial statements as laid down under Accounting Standard 21 "Consolidated Financial Statements".

The consolidated financial statements include the financial statements of R Systems International Limited and its subsidiaries (as explained in note 2 below). These accounts do not include enterprises, which are set-up for the benefit of employees like ESOP trusts (explained in note 31 (a) below) as not required to be consolidated as per Accounting Standard 21 "Consolidated Financial Statements".

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Company's standalone financial statements. The Group follows uniform accounting year i.e. January to December.

The financial statements of the Company and its subsidiaries have been consolidated on a line-by-line basis by adding together the book values of like items of

assets, liabilities, income and expenses after eliminating intra-group balances / transactions.

Minority Interest's share in the net income of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company. In case the losses applicable to consolidated minority are in excess of minority interest in the equity of the subsidiary, the excess, and any further losses applicable to the minority are adjusted against majority interest except to the extent minority has a binding obligation to, and is able to, make good losses. If the subsidiary subsequently reports profit, all such profits are allocated to the majority interest until the minority's share of losses previously absorbed by the majority has been recovered.

##### (b) Use of estimates

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

##### (c) Tangible fixed assets

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

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the assets and are recognised in the statement of profit and loss when the asset is derecognised.

Fixed assets under construction and cost of assets not ready to use before the year end, are disclosed as capital work-in-progress.

##### (d) Depreciation on tangible fixed assets

Depreciation on tangible assets including investment property is provided on the straight line method based on useful lives of respective assets as estimated by the management. The assets residual values and useful lives are reviewed at each financial year end or whenever there are indicators for review, and adjusted prospectively.

The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of fixed assets and are in align with Part C of Schedule II of the Companies Act 2013.



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

Category of tangible fixed assets	Estimated useful life
Land leasehold	Lease period
Building	30 years
Leasehold improvements	Lower of lease period or useful life
Plant and machinery - other than air conditioners	15 years
Air conditioners	5 years
Office Equipment (other than end user devices)	5 years
Computer hardware and network installations (other than end user devices)	6 years
End-user devices such as desktop, laptop, mobile phones etc.	3 years
Furniture and fittings	10 years
Vehicles	8 years
Electrical Installations	10 years

#### (e) Intangibles assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Intangible assets are amortised on a straight line basis over the estimated useful economic life and are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortisation period and the amortisation method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortisation method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.

#### *Research and development costs*

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognised as an intangible asset when the company can demonstrate all the following:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- Its intention to complete the intangible asset
- Its ability to use or sell the intangible asset
- How the intangible asset will generate future economic benefits
- The availability of adequate resources to complete the development and to use or sell the intangible asset
- The ability to measure reliably the expenditure attributable to the intangible asset during development.

Following the initial recognition of the development expenditure as an intangible asset, the cost model is applied requiring the intangible asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the intangible asset begins when development is complete and the intangible asset is available for use. It is amortised on a straight line basis over the period of expected future benefit from the related project. Amortisation is recognised in the statement of profit and loss. During the period of development, the intangible asset is tested for impairment annually.

A summary of amortisation policies applied to intangible assets are as below:

Category of intangible fixed assets	Estimated useful life
Computer software	Lower of license period or 3 to 5 Years
Customer contract	Over the period of contract

#### (f) Goodwill / capital reserve

Goodwill / capital reserve represents the cost to the parent of its investment in subsidiaries over / under the parent's portion of equity of the subsidiary, at the date on which the investment in the subsidiaries is made.

#### (g) Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

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

The Group evaluates the carrying value of its goodwill whenever events or changes in circumstances indicate that its carrying value may be impaired. Impairment is recognised in the year / period of such determination. Management also ascertains the future revenue and earnings of the acquired entities and analyses sustainability thereof to determine impairment. For ascertaining impairment, consideration is given to fair value of the acquired entities.

#### (h) Leases

*Where the Group is the lessee*

Finance leases, which effectively transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the lower of the fair value of lease property and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are recognised as finance cost in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs are capitalised.

A leased asset is depreciated on a straight-line basis over the useful life of the asset. However, if there is no reasonable certainty that the group will obtain the ownership by the end of the lease term, the capitalized asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset or the lease term.

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

*Where the Group is the lessor*

Leases in which the company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets comprising land or building which are subject to operating leases are included under non-current investments as investment property and are carried at cost less accumulated depreciation. Lease income on an operating lease is recognized in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the statement of profit and loss.

#### (i) Investments

Investments that are readily realizable and intended to be held for not more than 12 months from the date on which

such investments are made, are classified as current investments. All other investments are classified as non-current investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Non-current investments are carried at cost except for investment property which is carried at cost less accumulated depreciation. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the non-current investments.

#### (j) Revenue recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Group, there is no uncertainty as to the ultimate collection and the revenue can be reliably measured.

*Rendering of services*

Revenue from software development and maintenance services projects comprise income from time-and-material and fixed-price contracts.

Revenue with respect to time and material basis is recognised when services are rendered. The same is calculated based on man-hours incurred for rendering services.

Fixed-price contracts vary in duration depending on the terms of the work being performed. Revenue from fixed price contracts (including maintenance and support contracts) is recognised using the percentage of completion method, when reasonable progress has been made on the milestones achieved as specified in the contracts. The stage of completion of project is determined by the proportion that contract efforts incurred for work performed up to the balance sheet date bear to the estimated total contract effort. Changes in contract performance, estimated profitability and final contract settlements may result in revision to costs and revenue and are recognised in the period in which the revisions are determined. If a loss is projected on any contract in process, the entire projected loss is recognised immediately.

Revenue from business process outsourcing services is derived from both time based and unit-price contracts. Revenue is recognized as the related services are performed in accordance with the specific terms of the contracts with the customers.

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

*Sale of products*

Revenue from the sale of product (software and hardware) is recognised when the significant risks and rewards associated with the ownership is transferred to the buyer.

*Interest*

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

**(k) Foreign currency translation***Foreign currency transactions***(i) Initial recognition**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

**(ii) Conversion**

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

**(iii) Exchange differences**

Exchange differences arising on the settlement of monetary items or on reporting Group monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expense in the year in which they arise except those arising from investments in non-integral operations.

**(iv) Forward exchange contracts not intended for trading or speculation purposes**

The premium or discount arising at the inception of forward exchange contracts (except outstanding against firm commitments and highly probable forecast transaction) is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

**(v) Translation of non-integral foreign operations**

In translating the financial statements of a non-integral foreign operation for incorporation in consolidated financial statements, the assets and liabilities, both monetary and non-monetary, of the non-integral foreign operation are translated at the closing rate; income and expense items of the non-integral foreign operations are translated at yearly average exchange rates; and all resulting exchange differences are accumulated in a foreign

currency translation reserve until the disposal of net investment. On the disposal of a non-integral foreign operation, the cumulative amount of the exchange differences which have been deferred and which relate to that operation are recognised as income or as expenses in the same period in which the gain or loss on disposal is recognised.

For translating income, expense and cash flows items, during the year ended December 31, 2017, the rates used were US \$ 1 = Rs. 65.12, Euro 1 = Rs. 73.55, Singapore \$ 1 = Rs. 47.18 and Canadian \$ 1 = Rs. 50.20. For translating assets and liabilities at the year-end, the rates used were US \$ 1 = Rs. 63.88, Euro 1 = Rs. 76.53, Singapore \$ 1 = Rs. 47.81 and Canadian \$ 1 = Rs. 50.97.

For translating income, expense and cash flows items, during the year ended December 31, 2016, the rates used were US \$ 1 = Rs. 67.19, Euro 1 = Rs. 74.36, Singapore \$ 1 = Rs. 48.68 and Canadian \$ 1 = Rs. 50.75. For translating assets and liabilities at the year-end, the rates used were US \$ 1 = Rs. 67.93, Euro 1 = Rs. 71.66, Singapore \$ 1 = Rs. 47.01 and Canadian \$ 1 = Rs. 50.39.

**(vi) Translation of Integral foreign operation**

The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation have been those of the Company itself.

**(l) Employee benefits**

**(i)** Employee benefits include provident fund, employee state insurance scheme, gratuity and compensated absences.

**(ii)** The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include bonus and performance incentive which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

**(iii)** Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation made at the end of each financial year on projected unit credit method. The gratuity plan is funded. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation, as reduced by the fair value of scheme assets, if any.

**(iv)** Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method. The Group presents the entire leave as a current liability

in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

- (v) Actuarial gains / losses are immediately taken to statement of profit and loss and are not deferred.

**(m) Income taxes**

Tax expense comprises of current and deferred tax.

Current income tax expense comprises of taxes on income from operations in India and in foreign jurisdictions. Income tax payable in India is determined in accordance with the provisions of the Income Tax Act, 1961. Tax expense relating to overseas operations is determined in accordance with tax laws applicable in countries where such operations are domiciled.

Deferred income tax reflects the impact of current year timing differences between taxable income and accounting income and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities across various countries of operation are not set off against each other as the Group does not have a legal right to do so. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

If the Group has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

At each balance sheet date the Group re-assesses unrecognised deferred tax assets. It recognises the unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Group writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain, that sufficient future taxable income will be available.

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified year. In the year in which the Minimum Alternate Tax (MAT)

credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

The companies in the Group are subject to tax legislation as applicable in the respective country of incorporation. Accordingly, the calculations do not represent tax liability / income attributable to Group results, if these were to be analysed under the local legislation of the Company.

**(n) Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs incurred in connection with the borrowing of funds.

**(o) Cash and cash equivalents**

Cash and cash equivalents for the purpose of cash flow statement on balance sheet date comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

**(p) Cash flow statement**

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

**(q) Government grants and subsidies**

Grants and subsidies from the government are recognised when there is reasonable assurance that the grant / subsidy will be received and all attaching conditions will be complied with.

When the grant or subsidy relates to an expense item, it is deducted in reporting the related expenses over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate.

**(r) Provision**

A provision is recognised when the Group has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value

and are determined based on the best estimate required to settle the obligation at each balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the management's current estimates.

**(s) Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average numbers of equity shares outstanding during the year are adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented.

**(t) Segment reporting**

*Identification of segments :*

The Group's operating businesses are organised and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which the major customers of the Group operate and / or the area in which the assets are located

*Inter segment transfers :*

The Group generally accounts for inter segment sales and transfers as if the sales or transfers were to third parties at current market prices.

*Allocation of common costs :*

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

*Unallocated items :*

The corporate and other segment includes general corporate income and expense items which are not allocated to any business segment.

*Segment Policies :*

The Group prepares its segment information in conformity with the accounting policies adopted for preparing and

presenting the financial statements of the Group as a whole.

**(u) Employee stock compensation cost**

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The Company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortised over the vesting period of the option on a straight line basis.

**(v) Accounting for derivatives (Also refer note 35)**

The Group uses foreign exchange forward contracts (derivative financial instrument) to hedge its exposure to movements in foreign exchange rates against firm commitment or highly probable forecast transactions. The use of these foreign exchange forward contracts reduces the risk or cost to the Group and the Group does not use the foreign exchange forward contracts or options for trading or speculation purposes.

Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value on a mark-to-market basis at each balance sheet date. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in fair value on derivatives during the year that do not qualify for hedge accounting and the ineffective portion of an effective hedge, are taken directly to the statement of profit and loss.

The mark-to-market is the difference between the forward exchange rate and the contract rate. The forward exchange rate is referenced to current forward exchange rates for contracts with similar maturity profiles.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment (except for foreign currency risk); or
- cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the



hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

#### *Fair value hedges*

The change in the fair value of a hedging derivative is recognised in the statement of profit and loss. The change in the fair value of the hedged item attributable to the risk hedged is recorded as a part of the carrying value of the hedged item and is also recognised in the Statement of profit and loss.

#### *Cash flow hedges*

The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while any ineffective portion is recognised immediately in the Statement of profit and loss. Amounts taken to equity are transferred to the Statement of profit and loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs.

If the forecast transaction or firm commitment is no longer expected to occur, amounts previously recognised in equity are transferred to the Statement of profit and loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction or firm commitment occurs.

#### **(w) Contingent liabilities**

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

## **2. Description of the Group**

The Company is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956 with its Registered Office at New Delhi. Its shares are listed on National Stock Exchange of India Limited and BSE Limited. R Systems Group is a leading global provider of IT services and Business Process Outsourcing (BPO) services. The Group's primary focus is to provide IT services and solutions, software engineering services, technical support, customer care and other IT enabled services to independent software vendors (ISV's), telecom and digital media technology companies, banking and financial services companies, health care sector, manufacturing and logistics companies and other high technology sectors. R Systems' Subsidiary Computaris provides software development, system integration and technical consultancy services for the telecommunication industry.

Further, R Systems Group through its subsidiary ECnet develops and markets its proprietary supply chain solution under the brand name "ECnet", primarily to the high technology sector. ECnet also operates as Infor channel partner for reselling and implementing several enterprise solutions. R Systems' subsidiary IBIZ is also a channel partner for reselling and implementing Microsoft enterprise solutions.

The Company has following subsidiaries during the year ended December 31, 2017:-

Subsidiary	Holding	Country of incorporation and other particulars
R Systems, Inc., USA	100% (Previous year 100%)	A company registered under the laws of California, USA in 1993 and subsidiary of the Company since January 2, 2001.
R Systems (Singapore) Pte Limited, Singapore	100% (Previous year 100%)	A company registered under the laws of Singapore in 1997 and subsidiary of the Company since September 19, 2000.
R Systems Technologies Limited, USA	100% (Previous year 100%)	A company registered under the laws of Delaware, USA in 1996 and subsidiary of the Company since April 1, 2002.
ECnet Limited, Singapore *	99.75% (Previous year 99.75%)	A company registered under the laws of Singapore in 1996. The Company has acquired majority share on January 8, 2004. ECnet Limited, Singapore has subsidiaries in Malaysia, Thailand, China, Hong Kong, USA and Japan.
Computaris International Limited, U.K.	100% (Previous year 100%)	A company registered under the laws of U.K in 2006. The Company has acquired the entire share on January 26, 2011. Computaris International Limited, U.K. has subsidiaries in Romania, Poland, Moldova, Malaysia, Philippines and USA.
RSYS Technologies Ltd., Canada	100% (Previous year 100%)	A company registered under the laws of Canada in 2012 and subsidiary of the Company since October 29, 2012.

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

ECnet Limited, Singapore has following wholly owned subsidiaries:

Name	Holding	Country of incorporation
ECnet (M) Sdn Bhd	100 % (Previous year 100%)	Malaysia
ECnet Systems (Thailand) Co. Ltd.	100 % (Previous year 100%)	Thailand
ECnet (Shanghai) Co. Ltd.	100 % (Previous year 100%)	People's Republic of China
ECnet (Hong Kong) Ltd.	100 % (Previous year 100%)	Hong Kong
ECnet, Inc.	100 % (Previous year 100%)	United States of America
ECnet Kabushiki Kaisha	100 % (Previous year 100%)	Japan

Computaris International Limited, UK has following wholly owned subsidiaries:

Name	Holding	Country of incorporation
Computaris Romania SRL	100% (Previous year 100%)	Romania
Computaris Polska sp z o.o.	100% (Previous year 100%)	Poland
Computaris USA, Inc.	100% (Previous year 100%)	United States of America
ICS Computaris International Srl	100% (Previous year 100%)	Moldova
Computaris Malaysia Sdn. Bhd.	100 % (Previous year 100%)	Malaysia
Computaris Philippines Pte. Ltd. Inc.	100% (Previous year 100%)	Philippines (incorporated on May 23, 2016)

IBIZ Consulting Pte Ltd, Singapore (Formerly known as IBIZCS Group Pte Limited) is a wholly owned subsidiary of R Systems (Singapore) Pte Limited, Singapore w.e.f. April 30, 2015 and has following wholly owned subsidiaries [refer note 30 (a)]:

Name	Holding	Country of incorporation
IBIZ Consulting Services Pte Ltd	100 % (Previous year 100%)	Singapore
IBIZ Consulting Services Sdn. Bhd.	100 % (Previous year 100%)	Malaysia
PT. IBIZCS Indonesia	100 % (Previous year 100%)	Indonesia
IBIZ Consultancy Services India Private Limited	100 % (Previous year 100%)	India
IBIZ Consulting Service Limited (IBIZ HK)	100 % (Previous year 100%)	Hong Kong
IBIZ Consulting Service Shanghai Co., Ltd	100% by IBIZ HK (Previous Year 100% by IBIZ HK)	People's Republic of China



### 3. Share capital

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
<b>Authorised shares</b>		
200,000,000 (Previous year 200,000,000) equity shares of Re. 1 each	<b>200,000,000</b>	<b>200,000,000</b>
<b>Issued, subscribed and fully paid up- shares</b>		
123,952,925 (Previous year 123,870,425) equity shares of Re. 1 each	123,952,925	123,870,425
Less: Advance to R Systems Employees Welfare Trust [refer note 31 (a)]	738,980	738,980
<b>Total</b>	<b>123,213,945</b>	<b>123,131,445</b>

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

Particulars	As at December 31, 2017		As at December 31, 2016	
	No.	Rs.	No.	Rs.
Shares outstanding at the beginning of the year	123,870,425	123,870,425	126,870,425	126,870,425
Add: Shares issued during the year #	82,500	82,500	-	-
Less: Shares bought back during the year	-	-	3,000,000	3,000,000
<b>Shares outstanding at the end of the year</b>	<b>123,952,925</b>	<b>123,952,925</b>	<b>123,870,425</b>	<b>123,870,425</b>

# The Company has issued 82,500 (previous year Nil) equity shares of Re. 1 each at an exercise price of Rs. 12.07 per share pursuant to exercise of employee stock options under the R Systems International Limited Employee Stock Option Scheme 2007 [Refer note 31 (b)].

#### b. Terms / rights attached to the equity share

The Company has only one class of equity shares having a par value of Re. 1 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupee. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

#### c. Shares held by holding / ultimate holding company and / or their subsidiaries / associates

The Company does not have any holding / ultimate holding company.

#### d. Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Aggregate number of shares bought back	3,678,155	3,678,155

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

Particulars	As at December 31, 2017		As at December 31, 2016	
	No.	% holding in the class	No.	% holding in the class
GM Solutions Private Limited*	29,746,353	24.00	29,746,353	24.01
Rightmatch Holdings Limited	9,076,218	7.32	9,076,218	7.33
Satinder & Harpreet Rekhi Family Trust (Trustee: Satinder Singh Rekhi & Harpreet Rekhi)	12,150,731	9.80	12,150,731	9.81
Bhavook Tripathi	43,861,539	35.39	44,330,059	35.79

As per secretarial records of the Company, including its register of shareholders / members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

\* GMU Infosoft Private Limited and U Infosoft Private Limited have been amalgamated into GM Solutions Pvt. Ltd. with effect from October 01, 2016 (the appointed date) as per scheme of amalgamation approved by the National Company Law Tribunal, New Delhi vide order dated April 24, 2017.

**f. Shares reserved for issue under options**

For details of shares reserved for issue under the employee stock option plans (ESOP) of the Company, please refer note 31 (a) to 31 (e).

**4. Reserves and surplus**

Particulars	As at December 31, 2017 Rs	As at December 31, 2016 Rs
<b>Capital redemption reserve</b>	16,336,355	13,336,355
Add: Amount transferred from general reserve towards shares buy back [refer note 1 below]	-	3,000,000
<b>Closing balance</b>	<b>16,336,355</b>	<b>16,336,355</b>
<b>Securities premium account</b>	711,933,674	903,933,674
Add: Addition on exercise of vested options as per ESOP plan [refer note 31 (b)]	2,765,024	-
Less: Utilisation of securities premium on buy back of shares [refer note 1 below]	-	192,000,000
	714,698,698	711,933,674
Less: Advance to R Systems Employees Welfare Trust [refer note 31 (a)]	2,282,728	2,282,728
<b>Closing balance</b>	<b>712,415,970</b>	<b>709,650,946</b>
<b>Capital reserve</b>	<b>31,726</b>	<b>31,726</b>
<b>Stock Options Outstanding</b>		
Balance as per last financial statements	2,589,490	-
Add: Compensation for option granted during the year [refer note 31 (e)]	2,614,858	2,589,490
Less : Amount transferred to securities premium account on issue of shares against ESOP	1,851,750	-
<b>Closing balance</b>	<b>3,352,598</b>	<b>2,589,490</b>
<b>General reserve</b>		
Balance as per last financial statements	153,803,868	156,803,868
Less: Amount transferred to capital redemption reserve towards shares buy back [refer note 1 below]	-	3,000,000
<b>Closing balance</b>	<b>153,803,868</b>	<b>153,803,868</b>
<b>Surplus in the statement of profit and loss</b>		
Balance as per last financial statements	1,559,495,318	1,022,611,454
Add: Profit for the current year	244,809,470	536,883,864
<b>Net surplus in the statement of profit and loss</b>	<b>1,804,304,788</b>	<b>1,559,495,318</b>
<b>Foreign currency translation reserve</b>		
Balance as per last account	214,690,790	207,999,108
Add: Current year translation differences	4,979,761	6,691,682
<b>Closing balance</b>	<b>219,670,551</b>	<b>214,690,790</b>
<b>Total</b>	<b>2,909,915,856</b>	<b>2,656,598,493</b>

**Note:**

- (1) The Company had issued Public Announcement dated September 15, 2016, for buy-back of equity shares of face value of Re. 1/- each from its existing shareholders as on the record date September 30, 2016 on a proportionate basis through "Tender Offer" route in accordance with the applicable provisions of the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998 and the Companies Act, 2013 at a price of Rs. 65/- per equity share, payable in cash for a total consideration not exceeding Rs. 195,000,000. Under the Buy-back offer, the Company had bought back 3,000,000 equity shares for an aggregate amount of Rs. 195,000,000 by utilising the Securities Premium Account to the extent of Rs. 192,000,000 and General Reserve to the extent of Rs. 3,000,000. The Capital Redemption Reserve was created out of General Reserve for Rs. 3,000,000 being the nominal value of equity shares bought back in terms of Section 68 of the Companies Act, 2013. The aforesaid buy-back was completed on November 29, 2016.

## 5. Minority interest

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Minority interest in ECnet Limited at the time of acquisition	149,585	149,585
Less: Minority interest in post acquisition losses to the extent allocable	149,585	149,585
<b>Total</b>	-	-

## 6. Long-term borrowings

Particulars	Non-current portion		Current maturities	
	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
<b>Term loans for motor vehicles (secured)</b>				
- From non banking financial corporation (refer note 1 below)	5,239,342	8,424,731	4,326,500	5,017,072
<b>Other loans and advances (unsecured)</b>				
- Finance lease obligation (refer note 2 below)	10,608,385	10,721,641	175,649	158,359
<b>Total</b>	<b>15,847,727</b>	<b>19,146,372</b>	<b>4,502,149</b>	<b>5,175,431</b>
<b>The above amount includes</b>				
Secured borrowings	5,239,342	8,424,731	4,326,500	5,017,072
Amount shown under other current liabilities (refer note 10)			(4,326,500)	(5,017,072)
Unsecured borrowings	10,608,385	10,721,641	175,649	158,359
Amount shown under other current liabilities (refer note 10)			(175,649)	(158,359)
<b>Total</b>	<b>15,847,727</b>	<b>19,146,372</b>	-	-

### Notes:

- Term loans for motor vehicles are secured by hypothecation of underlying motor vehicles and carries interest rate ranging from 8.34% to 11.94% per annum. The term loans are repayable in equated monthly instalments ranging from 35 to 60 months from the date of loan.
- Finance lease obligation is unsecured. The interest rate implicit in aforesaid lease is 11.9% per annum. The lease obligation are repayable in 180 months from the date of lease.

## 7.1 Deferred tax liability (net)

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
<b>Deferred tax liability</b>		
Timing differences on unrealised foreign exchange	256,586	-
<b>Deferred tax liability (net)</b>	<b>256,586</b>	-

## 7.2 Deferred tax assets (net)

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
<b>Deferred tax assets</b>		
Provision for gratuity	32,797,941	31,826,315
Provision for compensated absences	28,598,997	26,145,782
Provision for doubtful debts and advances	2,367,622	305,104
Other timing differences	4,697,442	4,697,442
Other timing differences of subsidiaries	6,184,044	5,260,202
<b>Gross deferred tax assets</b>	<b>74,646,046</b>	<b>68,234,845</b>
<b>Deferred tax liability</b>		
Differences in depreciation / amortisation and other differences in block of fixed assets as per tax books and financial books	15,472,665	19,317,347
Other timing differences of subsidiaries	256,618	2,778,573
<b>Gross deferred tax liability</b>	<b>15,729,283</b>	<b>22,095,920</b>
<b>Deferred tax assets (net)</b>	<b>58,916,763</b>	<b>46,138,925</b>

## 8. Other long-term liabilities

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Security deposits received	2,232,357	10,298,158
Deferred payment compensation to the erstwhile shareholders of subsidiary [refer note 30 (a)]	-	43,999,488
Deferred payable others	291,691	578,903
<b>Total</b>	<b>2,524,048</b>	<b>54,876,549</b>

## 9. Provisions

Particulars	Long-term		Short-term	
	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
<b>Provision for employee benefits</b>				
Gratuity (refer note 34)	91,183,552	89,424,532	3,586,274	2,537,775
Compensated absences	-	-	135,986,102	113,593,595
<b>Sub total (A)</b>	<b>91,183,552</b>	<b>89,424,532</b>	<b>139,572,376</b>	<b>116,131,370</b>
<b>Other provisions</b>				
Income tax [net of advance tax amounting to Rs. 349,994,077 (Previous year Rs. 410,834,644)]	-	-	47,272,895	58,773,205
<b>Sub total (B)</b>	<b>-</b>	<b>-</b>	<b>47,272,895</b>	<b>58,773,205</b>
<b>Total (A+B)</b>	<b>91,183,552</b>	<b>89,424,532</b>	<b>186,845,271</b>	<b>174,904,575</b>

## 10. Other current liabilities

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
<b>Trade payables</b>		
Trade payables dues to micro enterprises and small enterprises	-	-
Trade payables other than dues to micro enterprises and small enterprises	461,444,910	438,940,026
<b>Sub total (A)</b>	<b>461,444,910</b>	<b>438,940,026</b>
<b>Other liabilities</b>		
Current maturities of long-term borrowing (includes current maturity of finance lease obligation) (refer note 6)	4,502,149	5,175,431
Deferred payment compensation to the erstwhile shareholders of subsidiary [refer note 30 (a)]	45,470,163	25,384,320
Unearned revenues	321,180,451	167,267,970
Investor education and protection fund (not due) - Unclaimed dividend	2,427,477	2,575,014
Payable for purchase of fixed assets	270,000	10,781,503
Security deposits received	9,878,464	2,327,930
Others:		
Tax deducted at source	10,306,643	10,809,360
Service tax / GST / VAT	18,142,555	15,335,257
PF / 401 K / other payables	22,332,341	20,738,726
Others payables	13,024,123	12,194,918
<b>Sub total (B)</b>	<b>447,534,366</b>	<b>272,590,429</b>
<b>Total (A+B)</b>	<b>908,979,276</b>	<b>711,530,455</b>

11. Tangible assets

(Amount in Rs.)

Particulars	Land - leasehold	Building - leasehold <sup>(1)</sup>	Leasehold improvements	Plant & Machinery	Computers	Office equipments	Electrical Installation	Furniture and fittings <sup>(3)</sup>	Vehicles <sup>(2)</sup>	Total
<b>Gross block</b>										
As at January 1, 2016	10,005,968	89,165,701	15,655,658	40,393,558	400,499,966	54,835,353	17,989,540	94,401,388	64,236,663	787,183,795
Additions	-	1,908,014	314,967	907,875	69,868,059	3,847,673	349,350	17,225,327	11,962,092	106,383,357
Deletions	-	(762,858)	(215,820)	-	(44,338,545)	(1,540,361)	-	(1,520,540)	(8,579,975)	(56,958,099)
Adjustments	-	-	184,083	-	1,224,737	355,092	(2,485)	259,611	520,383	2,541,421
At December 31, 2016	10,005,968	90,310,857	15,938,888	41,301,433	427,254,217	57,497,757	18,336,405	110,365,786	68,139,163	839,150,474
Additions	-	27,140	2,778,978	19,682,504	69,736,411	6,695,829	1,653,210	1,579,550	2,746,558	104,900,180
Deletions	-	-	-	(5,887,798)	(49,062,514)	(3,508,597)	(103,457)	(2,454,093)	(8,563,707)	(69,580,166)
Adjustments	-	-	(259,655)	-	(1,805,346)	(678,245)	6,458	(424,261)	(1,188,452)	(4,349,501)
<b>At December 31, 2017</b>	<b>10,005,968</b>	<b>90,337,997</b>	<b>18,458,211</b>	<b>55,096,139</b>	<b>446,122,768</b>	<b>60,006,744</b>	<b>19,892,616</b>	<b>109,066,982</b>	<b>61,133,562</b>	<b>870,120,987</b>
<b>Depreciation</b>										
As at January 1, 2016	1,897,461	18,282,637	10,641,337	20,949,956	305,189,287	34,815,949	13,209,216	74,601,876	34,280,362	513,868,081
Charge for the year	164,594	3,803,200	1,846,467	3,682,211	48,480,555	8,378,137	3,222,558	11,880,988	6,280,247	87,738,957
Deletions	-	(11,881)	(215,820)	-	(44,118,667)	(1,540,331)	-	(1,386,828)	(6,570,291)	(53,843,818)
Adjustments	-	-	122,525	-	938,127	170,142	(2,425)	131,844	506,324	1,866,537
At December 31, 2016	2,062,055	22,073,956	12,394,509	24,632,167	310,489,302	41,823,897	16,429,349	85,227,880	34,496,642	549,629,757
Charge for the year	164,594	3,826,021	1,878,838	4,299,619	59,797,377	8,150,588	1,050,088	5,808,659	5,947,080	90,922,864
Deletions	-	-	-	(5,380,012)	(49,017,685)	(3,489,729)	(59,522)	(2,370,714)	(6,639,276)	(66,956,938)
Adjustments	-	-	(246,004)	-	(1,621,153)	(558,847)	5,929	(254,320)	(1,179,068)	(3,853,463)
<b>At December 31, 2017</b>	<b>2,226,649</b>	<b>25,899,977</b>	<b>14,027,343</b>	<b>23,551,774</b>	<b>319,647,841</b>	<b>45,925,909</b>	<b>17,425,844</b>	<b>88,411,505</b>	<b>32,625,378</b>	<b>569,742,220</b>
<b>Net block</b>										
<b>At December 31, 2016</b>	<b>7,943,913</b>	<b>68,236,901</b>	<b>3,544,379</b>	<b>16,669,266</b>	<b>116,764,915</b>	<b>15,673,860</b>	<b>1,907,056</b>	<b>25,137,906</b>	<b>33,642,521</b>	<b>289,520,717</b>
<b>At December 31, 2017</b>	<b>7,779,319</b>	<b>64,438,020</b>	<b>4,430,868</b>	<b>31,544,365</b>	<b>126,474,927</b>	<b>14,080,835</b>	<b>2,466,772</b>	<b>20,655,477</b>	<b>28,508,184</b>	<b>300,378,767</b>

Notes:

- (1) Includes Rs. 21,155,390 (Previous year Rs. 21,155,390) paid towards land and building under a composite lease taken in earlier year for which no separate values are assignable.
- (2) Vehicles amounting to Rs. 23,772,215 (Previous year Rs. 27,735,119) are hypothecated against terms loans for vehicle finance from non banking financial corporation.
- (3) Furniture and fittings includes assets on finance lease : Gross block as at December 31, 2017 Rs. 11,000,000 (previous year Rs. 11,000,000), Depreciation charge for the year Rs. 10,95,417 (previous year Rs. 45,833), Accumulated depreciation as at December 31, 2017 Rs. 11,41,250 (previous year Rs. 45,833) and Net book value as at December 31, 2017 Rs. 9,858,750 (previous year Rs. 10,954,167).

## 12. Intangible assets

(Amount in Rs.)

Particulars	Softwares	Customer contract	Non compete fee	Goodwill on business acquisition	Total
<b>Gross block</b>					
As at January 1, 2016	219,707,295	24,647,892	8,055,445	19,283,144	271,693,776
Additions	10,119,733	-	-	-	10,119,733
Deletions	(9,452,919)	(7,961,936)	(8,055,445)	(19,283,144)	(44,753,444)
Adjustments	573,633	99,931	-	-	673,564
At December 31, 2016	220,947,742	16,785,887	-	-	237,733,629
Additions	11,363,210	-	-	-	11,363,210
Deletions	(2,976,426)	-	-	-	(2,976,426)
Adjustments	1,717,988	1,140,095	-	-	2,858,083
<b>At December 31, 2017</b>	<b>231,052,514</b>	<b>17,925,982</b>	<b>-</b>	<b>-</b>	<b>248,978,496</b>
<b>Amortisation</b>					
As at January 1, 2016	183,186,886	14,302,819	8,055,445	19,283,144	224,828,294
Charge for the year	19,186,757	6,720,200	-	-	25,906,957
Deletions	(9,452,910)	(7,961,936)	(8,055,445)	(19,283,144)	(44,753,435)
Adjustments	(86,458)	(297,896)	-	-	(384,354)
At December 31, 2016	192,834,275	12,763,187	-	-	205,597,462
Charge for the year	25,207,730	2,064,335	-	-	27,272,065
Deletions	(2,976,426)	-	-	-	(2,976,426)
Adjustments	1,102,552	950,483	-	-	2,053,035
<b>At December 31, 2017</b>	<b>216,168,131</b>	<b>15,778,005</b>	<b>-</b>	<b>-</b>	<b>231,946,136</b>
<b>Net block</b>					
<b>At December 31, 2016</b>	<b>28,113,467</b>	<b>4,022,700</b>	<b>-</b>	<b>-</b>	<b>32,136,167</b>
<b>At December 31, 2017</b>	<b>14,884,383</b>	<b>2,147,977</b>	<b>-</b>	<b>-</b>	<b>17,032,360</b>

## 13.1 Non-current investments

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
<b>Non-trade, unquoted (valued at cost unless stated otherwise)</b>		
(i) 2,500 (Previous year 2,500) equity shares of Rs. 10 each fully paid up in The Saraswat Co-operative Bank Limited	25,000	25,000
(ii) 8,755 (Previous Year 17,512) 8% compulsorily redeemable debentures of Rs. 10,000 each in Indus Software Technologies Private Limited [refer note 30 (b)]	87,550,000	175,120,000
<b>Investment property (at cost less accumulated depreciation)</b>		
Cost of land and building given on operating lease	35,963,972	35,963,972
Less: Accumulated depreciation	(11,179,838)	(9,706,016)
<b>Total</b>	<b>112,359,134</b>	<b>201,402,956</b>
Aggregate amount of unquoted investments	112,359,134	201,402,956

## 13.2 Current investments

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
<b>A. Current portion of non-current investments</b>		
<b>Non-trade, unquoted (valued at cost unless stated otherwise)</b>		
8,757 (Previous year 8,757) 8% compulsorily redeemable debentures of Rs. 10,000 each in Indus Software Technologies Private Limited [refer note 30 (b)]	87,570,000	87,570,000
<b>B. Other current investments</b>		
<b>Non-trade, quoted mutual funds (valued at cost or fair value, which ever is lower)#</b>		
Investment in SBI Premier Liquid Fund [9,237 units (Previous year Nil) of Rs.2,598.25 each ]	24,000,000	-
Investment in HDFC Liquid Fund [7,349 units (Previous year Nil) of Rs.3,265.75 each ]	24,000,000	-
<b>Total</b>	<b>135,570,000</b>	<b>87,570,000</b>

# Aggregate amount of quoted investments [Market value of Rs. 49,306,283 (Previous year Rs. Nil)].



## 14. Loans and advances

Particulars	Non-current		Current	
	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
<b>Capital advances</b>				
Unsecured, considered good	30,200	10,289,873		
<b>Sub total (A)</b>	<b>30,200</b>	<b>10,289,873</b>		
<b>Advances recoverable in cash or in kind or for value to be received</b>				
Unsecured, considered good	9,503,871	16,678,791	110,464,186	102,475,085
Unsecured, considered doubtful	-	-	-	3,296,352
	9,503,871	16,678,791	110,464,186	105,771,437
Provision for doubtful advances	-	-	-	(3,296,352)
<b>Sub total (B)</b>	<b>9,503,871</b>	<b>16,678,791</b>	<b>110,464,186</b>	<b>102,475,085</b>
<b>Security deposit</b>				
Unsecured, considered good	28,444,836	27,340,672	2,012,139	806,536
<b>Sub total (C)</b>	<b>28,444,836</b>	<b>27,340,672</b>	<b>2,012,139</b>	<b>806,536</b>
<b>Other loans and advances</b>				
Unsecured, considered good				
Mark-to-market gain on derivative instruments (refer note 35)	-	-	16,330,171	26,417,667
Balances with indirect tax authorities	-	-	18,546,250	21,879,475
Advance fringe benefit tax [net of provisions amounting to Rs. 7,082,336 (Previous year Rs. 7,082,336)]	167,664	167,664	-	-
Advance income taxes [net of provisions amounting to Rs. 373,911,714 (Previous year Rs. 436,206,720)]	33,941,658	34,628,959	-	-
<b>Sub total (D)</b>	<b>34,109,322</b>	<b>34,796,623</b>	<b>34,876,421</b>	<b>48,297,142</b>
<b>Total (A+B+C+D)</b>	<b>72,088,229</b>	<b>89,105,959</b>	<b>147,352,746</b>	<b>151,578,763</b>

## 15. Trade receivables and other assets

## 15.1 Trade receivables

Particulars	Current	
	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
<b>Outstanding for a period exceeding six months from the date they are due for payment</b>		
Unsecured, considered good	21,739,895	4,142,449
Unsecured, considered doubtful	32,033,925	61,957,339
	53,773,820	66,099,788
Provision for doubtful receivables	(32,033,925)	(61,957,339)
<b>Sub total (A)</b>	<b>21,739,895</b>	<b>4,142,449</b>
<b>Other trade receivables</b>		
Unsecured, considered good	1,186,334,144	1,078,077,821
Unsecured, considered doubtful	13,829,962	2,920,019
	1,200,164,106	1,080,997,840
Provision for doubtful receivables	(13,829,962)	(2,920,019)
<b>Sub total (B)</b>	<b>1,186,334,144</b>	<b>1,078,077,821</b>
<b>Total (A+B)</b>	<b>1,208,074,039</b>	<b>1,082,220,270</b>

## 15.2 Other assets

Particulars	Non-current		Current	
	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Non-current bank balances (refer note 16)	58,556,887	56,458,271		
Interest accrued				
Fixed deposits	1,641,055	5,118,737	5,247,901	555,458
Compulsorily redeemable debentures (refer note 13.1 & 13.2)	-	-	3,204,323	4,965,130
Unbilled revenues	-	-	149,498,017	161,102,082
<b>Total</b>	<b>60,197,942</b>	<b>61,577,008</b>	<b>157,950,241</b>	<b>166,622,670</b>

## 16. Cash and bank balances

Particulars	Non-current		Current	
	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
<b>Cash and cash equivalents</b>				
Cash on hand			702,490	765,905
Balances with scheduled banks:				
On current accounts			39,042,441	18,160,450
On EEFC accounts			99,324,522	95,304,632
On deposit accounts with original maturity of less than 3 months			189,708,954	231,371,395
On unclaimed dividend			2,427,477	2,575,014
Balance with other banks:				
On current accounts			580,212,729	771,480,403
On deposit accounts			14,003,257	16,387,351
			<b>925,421,870</b>	<b>1,136,045,150</b>
<b>Other bank balances</b>				
Deposits with original maturity for more than 12 months	-	-	8,261,218	7,200,000
Deposits with original maturity for more than 3 months but less than 12 months	-	-	566,974,827	-
Margin money deposits (refer detail below)	58,556,887	56,458,271	-	-
	<b>58,556,887</b>	<b>56,458,271</b>	<b>575,236,045</b>	<b>7,200,000</b>
Amount disclosed under non-current assets (refer note 15.2)	(58,556,887)	(56,458,271)	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>1,500,657,915</b>	<b>1,143,245,150</b>

### Detail of margin money deposits

Particulars	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Margin money deposits against performance guarantees	37,951,881	35,790,670
Margin money deposits against credit / derivative facilities	20,605,006	20,667,601
<b>Total</b>	<b>58,556,887</b>	<b>56,458,271</b>

**17. Revenue from operations**

Particulars	For the year ended	
	December 31, 2017 Rs.	December 31, 2016 Rs.
Sale of services (refer note 24)	5,926,356,074	5,882,372,553
<b>Total</b>	<b>5,926,356,074</b>	<b>5,882,372,553</b>

**Note:** Revenue amounting to Rs. 24,001,962 (previous year Rs. 12,299,968) has been deferred till the time the realisation becomes reasonably certain.

**18. Other income**

Particulars	For the year ended	
	December 31, 2017 Rs.	December 31, 2016 Rs.
Interest income		
- on bank deposits	36,232,317	24,890,639
- on debenture (refer note 13.1 & 13.2)	17,502,993	24,686,191
- on others	6,109,292	7,234,030
Rental income from investment property (refer note 13.1)	6,399,996	6,399,996
Provision for doubtful debts and advances written back (net)	-	4,389,228
Profit on sale / discard of fixed assets (net)	359,872	-
Foreign exchange fluctuation (net)	56,711,165	41,941,667
Excess provisions written back	2,526,059	5,146,585
Liability no longer required written back	11,016,236	1,142,247
Government grant	5,316,429	7,497,920
Miscellaneous income	10,317,019	3,739,811
<b>Total</b>	<b>152,491,378</b>	<b>127,068,314</b>

**19. Employee benefits expense**

Particulars	For the year ended	
	December 31, 2017 Rs.	December 31, 2016 Rs.
Salaries, wages and bonus	3,843,379,025	3,498,637,692
Gratuity (refer note 34)	12,614,224	35,758,695
Contribution to provident fund and other funds	252,484,092	225,476,479
Staff welfare expenses	52,353,480	38,019,064
<b>Total</b>	<b>4,160,830,821</b>	<b>3,797,891,930</b>

## 20. Operational and other expenses

Particulars	For the year ended	
	December 31, 2017 Rs.	December 31, 2016 Rs.
Contract cost	-	2,968,710
Power and fuel	44,834,506	45,003,727
Rent - premises	108,100,251	85,447,065
Rent - equipments	4,350,684	4,994,222
Rates and taxes	6,129,343	6,811,665
Insurance	16,095,858	23,953,446
Repair and maintenance	101,636,190	90,377,480
Advertising and sales promotion	30,689,900	18,894,380
Commission	7,127,453	6,039,509
Traveling and conveyance	235,818,682	243,333,642
Communication costs	74,849,621	72,187,879
Printing and stationery	8,220,888	10,233,814
Legal and professional fees	526,894,067	588,626,113
Cost of third party items	156,655,014	110,792,992
Directors' sitting fee	870,977	700,000
Auditors' remuneration (refer detail below)	3,704,649	5,146,848
Provision for doubtful debts and advances (net)	8,748,578	-
Bad debts and advances written off [net of Rs. 28,863,631 (previous year Rs. 12,694,473) utilisation from provision for doubtful debts and advances]	910,496	728,955
Loss on sale / discard of fixed assets (net)	-	585,136
Recruitment and training expenses	29,146,364	24,816,017
Security expenses	7,744,787	7,127,612
Membership and subscription	17,528,159	12,027,381
Contributions towards corporate social responsibility (refer note 26)	2,460,000	1,500,000
Miscellaneous expenses	18,450,695	15,688,148
<b>Total</b>	<b>1,410,967,162</b>	<b>1,377,984,741</b>

### Detail of auditors remuneration (excluding remuneration of subsidiaries' auditors)

Particulars	For the year ended	
	December 31, 2017 <sup>#</sup> Rs.	December 31, 2016 Rs.
As auditor:		
- Audit fee		
- Statutory audit fee	1,380,000	1,942,500
- Quarterly audit / limited review fee	2,025,000	1,845,000
- Out-of-pocket expenses	259,649	191,848
In other capacity:		
- Certification	40,000	1,167,500
<b>Total</b>	<b>3,704,649</b>	<b>5,146,848</b>

<sup>#</sup> includes Rs. 728,819 pertains to erstwhile statutory auditors of the Company.

**21. Depreciation and amortisation expense**

Particulars	For the year ended	
	December 31, 2017 Rs.	December 31, 2016 Rs.
Depreciation on tangible assets	90,922,864	87,738,957
Amortisation on intangible assets	27,272,065	25,906,957
Depreciation on investment property	1,473,822	1,473,822
<b>Total</b>	<b>119,668,751</b>	<b>115,119,736</b>

**22. Finance costs**

Particulars	For the year ended	
	December 31, 2017 Rs.	December 31, 2016 Rs.
Interest expenses	2,702,232	1,363,266
Interest under income tax	382,543	-
Bank charges	7,784,277	6,554,179
<b>Total</b>	<b>10,869,052</b>	<b>7,917,445</b>

**23. Exceptional items**

Particulars	For the year ended	
	December 31, 2017 Rs.	December 31, 2016 Rs.
Profit on sale of investment [refer note 30 (b)]	-	37,174,220
Profit on sale of subsidiaries [refer note 30 (c)]	-	9,173,022
<b>Total</b>	<b>-</b>	<b>46,347,242</b>

**24. Segment information**

Business segments:

R Systems Group is a leading global provider of IT solutions and Business Process Outsourcing (BPO) services. The Group considers business segment as the basis for primary segmental reporting. The Group is organised into two business segments – Information technology services and Business process outsourcing services. Costs and expenses which cannot be allocated to any business segment are reflected in the column 'corporate and others'. Segments have been identified and reported based on the nature of the services, the risks and returns, the organisation structure and the internal financial reporting system.

Geographical segments:

The Group reports secondary segment information on the basis of the geographical location of the customers / assets. Although the Group's major operating divisions are managed on a worldwide basis, they operate in five principal geographical areas of the world which are: India, United States of America, South East Asian countries, Europe and Other areas.

The following table provides required information for the primary segments for the year ended December 31, 2017 and December 31, 2016:

Particulars	Information technology services		Business process outsourcing services		Eliminations		Corporate and others		Total	
	Year ended December 31,		Year ended December 31,		Year ended December 31,		Year ended December 31,		Year ended December 31,	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
<b>REVENUE</b>										
External sales	5,461,672,767	5,449,120,272	464,683,307	433,252,281					5,926,356,074	5,882,372,553
Inter-segment sales	-	-	19,551,606	19,002,194	19,551,606	19,002,194			-	-
<b>Total revenue</b>	<b>5,461,672,767</b>	<b>5,449,120,272</b>	<b>484,234,913</b>	<b>452,254,475</b>	<b>19,551,606</b>	<b>19,002,194</b>			<b>5,926,356,074</b>	<b>5,882,372,553</b>
<b>RESULT</b>										
Segment result	340,782,440	677,481,089	40,198,634	48,843,023					380,981,074	726,324,112
Unallocated corporate expenses							(67,629,231)	(77,644,687)	(67,629,231)	(77,644,687)
<b>Operating profit</b>									<b>313,351,843</b>	<b>648,679,425</b>
Interest expenses							(3,084,775)	(1,363,266)	(3,084,775)	(1,363,266)
Interest income							59,844,602	56,810,860	59,844,602	56,810,860
Other Unallocable income							6,399,996	6,399,996	6,399,996	6,399,996
Exceptional items (refer note 23)							-	46,347,242	-	46,347,242
Income taxes expense							(131,702,196)	(219,990,393)	(131,702,196)	(219,990,393)
<b>Net profit</b>									<b>244,809,470</b>	<b>536,883,864</b>

The following table provides required information for the primary segments as at December 31, 2017 and December 31, 2016:

Particulars	Information technology services		Business process outsourcing services		Eliminations		Corporate and others		Total	
	Year ended December 31,		Year ended December 31,		Year ended December 31,		Year ended December 31,		Year ended December 31,	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
<b>OTHER INFORMATION</b>										
Segment assets	2,124,991,938	2,202,721,084	376,247,102	334,480,246	78,537,117	34,870,436			2,422,701,923	2,502,330,894
Unallocated corporate assets							1,723,038,253	1,246,345,979	1,723,038,253	1,246,345,979
Income tax assets							93,026,085	80,935,548	93,026,085	80,935,548
<b>Total assets</b>	<b>2,124,991,938</b>	<b>2,202,721,084</b>	<b>376,247,102</b>	<b>334,480,246</b>	<b>78,537,117</b>	<b>34,870,436</b>	<b>1,816,463,230</b>	<b>1,327,281,527</b>	<b>4,238,766,261</b>	<b>3,829,612,421</b>
Segment liabilities	1,124,423,385	900,838,930	54,609,679	49,868,567	78,537,117	34,870,436			1,100,495,947	915,837,061
Unallocated corporate liabilities							57,611,032	75,272,217	57,611,032	75,272,217
Income tax liabilities							47,529,481	58,773,205	47,529,481	58,773,205
<b>Total liabilities</b>	<b>1,124,423,385</b>	<b>900,838,930</b>	<b>54,609,679</b>	<b>49,868,567</b>	<b>78,537,117</b>	<b>34,870,436</b>	<b>105,539,405</b>	<b>134,045,422</b>	<b>1,205,636,460</b>	<b>1,049,882,483</b>
Capital expenditures	79,108,680	151,743,164	1,192,660	808,186					80,301,340	152,551,350
Depreciation and amortization	113,850,385	108,442,299	5,818,366	6,677,437					119,668,751	115,119,736
Other non-cash expenses / (written back)	11,977,055	(485,647)	(62,995)	-					11,914,060	(485,647)

*Geographical segments:*

The Group reports secondary segment information on the basis of the geographical location of the customers / assets. The management views the domestic and export markets as distinct geographical segments.

The following is the distribution of the Group's revenue by geographical area in which customers are located:

	For the year ended December 31,	
	2017 Rs.	2016 Rs.
India	102,902,045	94,525,830
USA	3,325,981,194	3,480,641,540
South East Asia	1,197,954,036	1,040,190,056
Europe	1,150,928,765	1,057,514,573
Others	148,590,034	209,500,554
<b>Total</b>	<b>5,926,356,074</b>	<b>5,882,372,553</b>

Assets and additions to fixed assets by geographical area:

The following table shows the carrying amount of assets and additions to fixed assets (including capital advances) by geographical area in which assets are located:

	Carrying amount of assets as at December 31,		Additions to fixed assets for the year ended December 31	
	2017 Rs.	2016 Rs.	2017 Rs.	2016 Rs.
India	1,531,984,871	1,230,432,767	49,006,279	121,786,761
USA	1,097,385,040	1,068,704,456	5,418,210	8,384,825
South East Asia	727,659,151	543,112,730	5,344,615	4,888,170
Europe	808,627,592	916,920,470	20,532,236	17,324,454
Others	73,109,607	70,441,998	-	167,140
<b>Total</b>	<b>4,238,766,261</b>	<b>3,829,612,421</b>	<b>80,301,340</b>	<b>152,551,350</b>



## 25. Related Party Disclosures

Names of related parties (refer note 2 for 'R Systems Group')

### (i) Key management personnel

Sl. No.	Name of person	Designation	Company
1	Satinder Singh Rekhi	Managing Director	R Systems International Limited, India
		Director	R Systems, Inc., USA (RSI)
		Director	R Systems (Singapore) Pte Ltd, Singapore
		Director	R Systems Technologies Ltd. USA
		Director	Computaris International Limited, UK
		Director	RSYS Technologies Ltd., Canada
		Director	IBIZ Consulting Pte. Ltd, Singapore (Formerly known as IBIZCS Group Pte. Ltd, Singapore)
2	Lt. Gen. Baldev Singh (Retd.)	President and Senior Executive Director	R Systems International Limited, India
3	Avirag Jain @	Director & CTO (Appointed on August 03, 2017)	R Systems International Limited, India
4	Sartaj Singh Rekhi	Director	R Systems, Inc., USA
		Director	ECnet Ltd, Singapore
		Director	R Systems Technologies Ltd. USA
		Director	RSYS Technologies Ltd., Canada
5	Chan Kum Ming	Director	ECnet Limited, Singapore
		Director	R Systems (Singapore) Pte Ltd, Singapore
6	Raluca Marina Rusu	Director	Computaris International Limited, UK
7	Joydeep Sen Chaudhuri	Director	R Systems (Singapore) Pte Ltd, Singapore
8	Ramasubramanian Balasubramanian	Director	IBIZ Consulting Pte. Ltd, Singapore (Formerly known as IBIZCS Group Pte. Ltd, Singapore)
9	Ramneet Singh Rekhi	Vice President	R Systems, Inc., USA
10	Nand Sardana #	Chief Financial Officer	R Systems International Limited, India
11	Ashish Thakur #	Company Secretary & Compliance Officer	R Systems International Limited, India

# Pursuant to the Companies Act, 2013

@ Avirag Jain joined R Systems International Limited on Sep 15, 1997.

### (ii) Entities which have significant influence over the Holding Company:

U Infosoft Private Limited\*

GM Solutions Private Limited\*

GMU Infosoft Private Limited\*

\* GMU Infosoft Private Limited and U Infosoft Private Limited have been amalgamated into GM Solutions Pvt. Ltd. with effect from October 01, 2016 (the appointed date) as per scheme of amalgamation approved by the National Company Law Tribunal, New Delhi vide order dated April 24, 2017.

### (iii) Relatives of Key management personnel

Mandeep Singh Sodhi [related to Lt. Gen. Baldev Singh (Retd.)], Vice President – Sales

Harpreet Rekhi (related to Satinder Singh Rekhi)

Amrita Kaur (related to Satinder Singh Rekhi), Assistant Manager – Business Development

### (iv) Enterprises where key management personnel or their relatives exercise significant influence

RightMatch Holdings Limited

Satinder and Harpreet Rekhi Family Trust

Details of transactions with related parties for the year ended December 31, 2017 and December 31, 2016:

(Amount in Rs.)

	For the year ended December 31, 2017	For the year ended December 31, 2016
<b>Remuneration*</b>		
Satinder Singh Rekhi	33,838,497	37,027,495
Lt. Gen. Baldev Singh (Retd.)	6,628,424	6,642,053
Avirag Jain (Effective August 03, 2017)	2,871,587	-
Sartaj Singh Rekhi	10,341,510	9,547,113
Mandeep Singh Sodhi	39,192,138	36,409,934
Chan Kum Ming	9,035,767	9,308,354
Raluca Marina Rusu	8,150,330	7,933,375
Ramasubramanian Balasubramanian	11,899,674	12,280,052
Amrita Kaur	160,000	480,000
Ramneet Singh Rekhi	5,038,784	5,715,847
Joydeep Sen Chaudhuri	9,043,975	8,168,980
Nand Sardana	6,744,944	5,219,880
Ashish Thakur	1,155,628	883,124
<b>Total</b>	<b>144,101,258</b>	<b>139,616,207</b>
<b>Rent</b>		
Satinder Singh Rekhi	12,899,789	13,290,181
<b>Total</b>	<b>12,899,789</b>	<b>13,290,181</b>
<b>Share buyback</b>		
Satinder Singh Rekhi	-	1,796,860
Lt. Gen. Baldev Singh (Retd.)	-	189,605
Sartaj Singh Rekhi	-	8,234,460
Ramneet Singh Rekhi	-	6,964,555
Nand Sardana	-	71,630
Mandeep Singh Sodhi	-	962,390
GM Solutions Private Limited	-	40,876,290
RightMatch Holdings Ltd	-	12,725,830
Satinder and Harpreet Rekhi Family Trust	-	17,891,185
<b>Total</b>	<b>-</b>	<b>89,712,805</b>

\* As the future liability for gratuity and long term compensated absences is provided on an actuarial basis, the amount pertaining to the key management personnel is not ascertainable and, therefore, not included above.

(Amount in Rs.)

Balance payable to key management personnel	As at December 31,	
	2017	2016
Satinder Singh Rekhi	4,964,335	7,038,750
Lt. Gen. Baldev Singh (Retd.)	1,408,122	1,278,448
Avirag Jain	1,083,677	-
Raluca Marina Rusu	-	1,017,544
Joydeep Sen Chaudhuri	339,472	-
<b>Total</b>	<b>7,795,606</b>	<b>9,334,742</b>

## 26. Corporate Social Responsibility (CSR)

As per the requirements of Section 135 of the Companies Act, 2013, the Company is required to spend an amount of Rs. 10,549,638 (Previous year Rs. 10,608,333) on CSR expenditure for the year December 31, 2017. Out of this, the Company has disbursed Rs. 2,460,000 (Previous year Rs. 1,500,000) in accordance with its Corporate Social Responsibility Policy.

## 27. Capital and other commitments

	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
<b>(i) Capital commitments:</b>		
Estimated amount of unexecuted capital contracts [net of advances Rs. 30,200 (previous year Rs. 10,289,873)]	1,450,015	6,152,320
<b>(ii) Other commitments:</b>		
For commitments relating to lease arrangements, refer note 29.		

## 28. Contingent liabilities

	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Performance guarantees given to Department of Telecommunication for Domestic and International 'Other Service Provider' licenses	20,000,000	20,000,000
<b>Total</b>	<b>20,000,000</b>	<b>20,000,000</b>

## 29. Leases

### a) Finance Lease - Company as lessee

The Group has finance leases for furniture and fixture. Each renewal is at the option of the lessee. Future minimum lease payments (MLP) under finance leases together with the present value of the net MLP are as follows:

	Year ended December 31, 2017 Rs.		Year ended December 31, 2016 Rs.	
	MLP	Present value of MLP	MLP	Present value of MLP
Not later than one year	1,440,000	175,649	1,440,000	158,359
After one year but not more than five years	7,567,500	1,690,302	5,775,000	873,187
More than five years	13,905,000	8,918,071	17,077,500	9,848,454
Total minimum lease payments	22,912,500	10,784,022	24,292,500	10,880,000
Less: amounts representing finance charges	12,128,478	-	13,412,500	-
<b>Present value of minimum lease payments</b>	<b>10,784,022</b>	<b>10,784,022</b>	<b>10,880,000</b>	<b>10,880,000</b>

### b) Operating Lease- Company as lessee

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

	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Lease payments for the year	110,764,332	103,078,517
Non-cancellable operating lease obligation :		
Not later than one year	89,270,150	71,829,281
Later than one year but not later than five years	136,136,903	118,672,114
Later than five years	1,322,582	2,645,193

The operating lease arrangements extend for a maximum of 7 years from their respective dates of inception. Some of the operating lease arrangements have price escalation and option of renewal clause as mutually agreed between the parties and there are no restrictions imposed on lease arrangements.

**c) Operating Lease - Company as lessor**

The Company has entered into an operating lease arrangement for its surplus land and building which has been classified under investment property. The future minimum rentals receivable under non-cancellable operating lease period as at year-end are as follows:

	As at December 31, 2017 Rs.	As at December 31, 2016 Rs.
Lease payments for the year	6,399,996	6,399,996
Non-cancellable operating lease :		
Not later than one year	3,320,440	6,399,996
Later than one year but not later than five years	-	3,320,440

The operating lease arrangement extends for a maximum period of 3 years from their respective dates of inception and has price escalation clause of 5% for every subsequent 3 years of the extended term. There are no restrictions imposed on lease agreements.

- 30. (a)** On April 30, 2015, R Systems (Singapore) Pte. Limited, a wholly owned subsidiary of the Company, had acquired 100% share of IBIZ Consulting Pte Ltd, Singapore (Formerly known as IBIZCS Group Pte Limited) (IBIZ) for maximum consideration of SGD 7.50 million including the earn-outs over the next three years on fulfilment of certain conditions by the erstwhile shareholder of IBIZ. IBIZ is a Microsoft Gold-certified partner specialized in Microsoft Business Management Solution suites, including Enterprise Resource Planning (ERP), Customer Relationship Management (CRM), Point of Sales (POS), Mobility, Business Intelligence (BI) and Portals having subsidiaries in Singapore, Malaysia, Indonesia, India, Hong Kong and China.

Basis the conditions specified in the Share Purchase Agreement and subsequent amendment thereof, the management has assessed the investment value at Rs. 157,710,346 which represents the consideration assessed as probable to be paid over the period and consequently the goodwill arising on acquisition is Rs. 198,475,020.

As at December 31, 2016, the management had re-assessed the investment value at Rs. 141,172,075 which represents the consideration assessed as probable to be paid over the period and the goodwill arising on acquisition is Rs. 174,473,718 (reinstated as at December 31, 2016).

During year ended December 31, 2017, the management, basis the conditions specified in the Share Purchase Agreement and subsequent amendment thereof has re-assessed the aforesaid investment value at Rs. 137,134,856 which represents the consideration assessed as probable to be paid over the period and the goodwill arising on acquisition is Rs. 171,006,780.

As at December 31, 2017 amount payable within one year from the year-end is shown under 'other current liabilities' of Rs. 45,470,163.

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

The Company had entered into 'Business Transfer Agreement' (BTA) with RSPTPL on June 27, 2015 for the aforesaid transfer on a going concern basis by way of slump sale, for consideration of Rs. 783,900,000 to be discharged by RSPTPL through issuance of 60,000,003 equity shares of Re. 1/- each at a premium of Rs. 6.227333 per share and 35,026 compulsorily redeemable debentures of Rs. 10,000 each to be redeemed over a period of 4 years, on the terms and conditions agreed in BTA and Debenture Subscription Agreement.

The Company had also entered into 'Share Purchase Agreement' (SPA) with BD Capital Partners Ltd. ("BDC"), a Mauritius based company on June 27, 2015 to sell 93% of its equity share in RSPTPL to BDC for a consideration of Rs. 443,170,000 (USD 7 million). The closing (as defined in the agreements) under the BTA and SPA occurred on July 07, 2015. The name of RSPTPL was changed to Indus Software Technologies Private Limited (ISPTPL) w.e.f. August 19, 2015.

Subject to the satisfaction of certain conditions, BDC had also agreed to purchase the balance 7% equity shares for a consideration up to USD 1 million. During the year ended December 31, 2016, the Company had received consideration for the sale of balance 7% share in ISPTPL. The gain on sale of aforesaid equity share amounts to Rs. 37,174,220 is disclosed as 'Exceptional items' in the consolidated financial statements for the year ended December 31, 2016.

- (c) The Company had realized additional amounts of Rs. 9,173,022 towards the sale of Indus Business unit and disclosed as 'Exceptional items' in the consolidated financial statements for the year ended December 31, 2016.
- (d) The consequent tax expense of aforesaid 'Exceptional items' amounting to Rs. 14,800,621 is included in the 'Current tax' in the consolidated financial statements for the year ended December 31, 2016.

**31. (a) R Systems International Limited Employees Stock Option Plan – Year 2001 ('the plan')**

Indus Software Private Limited ('Indus') had outstanding options aggregating 21,967 equity shares as on March 31, 2002, to be issued to the eligible employees under the R Systems International Limited Employees Stock Option Plan – Year 2001 under various vesting periods as specified in the said Plan, duly approved by the erstwhile shareholders. Indus had established "R Systems Employees Welfare Trust" ('the R Systems Trust') (formerly known as Indus Software Employees Welfare Trust") to administer the plan, as approved by the members, for the benefits of the Company's employees and had provided an interest free loan of Rs. 3,382,792. Consequently, Indus had allotted 21,967 equity shares of Rs. 10 each at a premium of Rs. 144 per equity share to the R Systems Trust to be further issued to the Indus' eligible employees on the exercise of the underlying options granted to them.

As a result of the merger of Indus with the Company, all employees had surrendered their options in favour of the R Systems Trust to enable them to obtain options for shares in R Systems International Limited after the merger. Also, the Company had issued 206,822 equity shares of Rs. 2 each at a premium of Rs. 113.42 per share to the R Systems Trust in exchange of 21,967 equity shares of Indus, apropos to the agreed swap ratio. During the earlier years out of the said 206,822 shares 22,079 shares were issued to the employees on exercise of options.

The Company had consolidated each of its five equity shares of Rs. 2 each into one equity share of Rs. 10 each on January 30, 2006 and then issued 1:1 bonus share to each of the then existing shareholder by utilisation of Securities Premium Account in terms of the provisions of Section 78 of the Companies Act, 1956 and further sub-division of each of the equity shares of Rs. 10 each into 10 equity shares of Re. 1 each as per record date of February 28, 2014, consequently the total number of shares issued are now 738,980 equity shares of Re. 1 each. Accordingly an amount of Rs. 738,980 and Rs. 2,282,728 is shown as deduction from Issued, subscribed and paid-up capital and Securities Premium Account respectively as suggested by the "Guidance Note on Accounting for Employee Share-based Payments" issued by The Institute of Chartered Accountants of India.

The movement in the options (in equivalent number of shares of the Company) held by the Trust during the year ended December 31, 2017 and the year ended December 31, 2016 is set out below:

	Year ended December 31, 2017 (Nos.)	Year ended December 31, 2016 (Nos.)
<u>At the beginning</u>		
- Grants outstanding under the plan (Re. 1 per share)	-	-
- Grants pending determination by the Compensation Committee (Re. 1 per share)	738,980	738,980
<u>During the year</u>		
- Options granted (Re. 1 per share)	-	-
- Options exercised (Re. 1 per share)	-	-
- Options/grants lapsed or surrendered (Re. 1 per share)	-	-
<u>At the end</u>		
- Grants outstanding under the plan (Re. 1 per share)	-	-
- Grants pending determination by the Compensation Committee (Re.1 per share)	738,980	738,980

The Board of Directors at their meeting held on May 04, 2017, subject to the approval of National Company Law Tribunal, Delhi, has approved a Scheme of Arrangement for capital reduction of shares held by the R Systems Trust. The Scheme is under consideration before the relevant authorities.

**(b) R Systems International Limited Employee Stock Option Scheme 2007 ('the plan')**

During the year 2007, the Company had instituted the plan for all eligible employees as specified in the rules in pursuance of the special resolution duly approved by the shareholders. The plan provides for the issuance of 650,000 options to eligible employees as recommended by the Compensation Committee constituted for this purpose.

The plan is administered by a Compensation Committee and exercise price in respect of 632,500 options granted on July 11, 2007 is Rs. 120.70 being the latest available closing price, prior to the date of the meeting of the Board of Directors / Compensation Committee, on the stock exchange on which the shares of the Company are listed. Accordingly, the intrinsic value of Employee Stock Option is taken as Rs. Nil. Further, during the year ended December 31, 2014, the Company had sub-divided equity shares of Rs. 10 each into 10 equity shares of Re. 1 each, the exercise price is accordingly adjusted from Rs. 120.70 per share to Rs. 12.07 per share.

On the recommendation of the Compensation Committee and Nomination and Remuneration Committee, the Board of Director at its meeting held on April 30, 2016, had further granted 150,000 options at an exercise price of Rs. 12.07 /- per option under R Systems International Limited Employee Stock Option Scheme 2007.

The vesting period is 4 years (25% in each year) commencing from the date of grant under the plan. The eligible employees have an option to exercise it over a period of 10 years from the date of grant under the plan. The movement in the options during the year ended December 31, 2017 and year ended December 31, 2016 is set out below :

	Year ended December 31, 2017 (Nos.)	Year ended December 31, 2016 (Nos.)
<u>At the beginning</u>		
- Grants outstanding under the plan (Re. 1 per share)	195,280	80,280
- Grants pending determination by the Compensation Committee (Re. 1 per share)	1,925,000	2,040,000
<u>During the year</u>		
- Options granted (Re. 1 per share)	-	150,000
- Options exercised (Re. 1 per share)	(82,500)	-
- Options/grants lapsed or surrendered (Re. 1 per share)	-	(35,000)
- Option lapsed for determination by the Compensation Committee on expiry of the effective date	(1,925,280)	-
<u>At the end</u>		
- Grants outstanding under the plan (Re. 1 per share)	112,500	195,280
- Grants pending determination by the Compensation Committee (Re.1 per share)	-	1,925,000

For options exercised during the year 2017, the weighted average share price at the exercise date was Rs. 50.40.

The weighted average remaining contractual life for the stock options as at December 31, 2017 is 100 months (Previous year 13 months).

- (c)** For the purpose of valuation of the options granted before year ended December 31, 2004, the management obtained fair value of the options at the date of grant under respective schemes from a firm of Chartered Accountants to determine accounting impact, if any, of options granted over the periods. In the considered opinion of the valuer, the fair value of option determined using 'Black Scholes Valuation Model' under each of above schemes [except R Systems International Limited Employee Stock Option Scheme 2007 refer 31 (b) above] is "Nil" and thus no accounting thereof is required.

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

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

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

The details given above for plan are before making the required adjustments in relation to consolidation of each of the 5 equity shares of Rs. 2 each into 1 equity share of Rs. 10 each as approved by the shareholders in the year ended December 31, 2006 and further sub-division of each of the equity shares of Rs. 10 each into 10 equity shares of Re. 1 each as per record date of February 28, 2014.

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

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

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

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

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

- (e) For the purpose of valuation of the options granted during the year ended December 31, 2016 under R Systems International Limited Employee Stock Option Scheme – 2007, the current year compensation cost relating to Employee Stock Options, calculated as per the intrinsic value method is Rs. 2,614,858 (Previous year Rs. 2,589,490).

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



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

Assumptions	Unit	Scheme	Comments by the valuer
Strike price	Rs.	12.07	
Current share price	Rs.	61.45	Price on the date of grant by Board of Directors i.e. closing price on April 30, 2016
Expected option life	No. of Years	4 years i.e. 25% vesting at the end of each year from the date of grant	Being the vesting period.
Volatility	%	55.32-55.83	On the basis of industry average.
Risk free return	%	7.84	The yield on a Treasury bond by Government of India (Source: RBI) on the valuation date with the tenor matching the remaining term of the stock options.
Expected dividend Yield	%	1.32	Assuming that Company will continue declaring at similar rate, consistent with the past years.

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

In March 2005 the ICAI has issued a guidance note on "Accounting for Employees Share Based Payments" applicable to 'employee share based plan' the grant date in respect of which falls on or after April 1, 2005. The said guidance note requires the Proforma disclosures of the impact of the fair value method of accounting of employee stock compensation in the financial statements. Since the Company used the intrinsic value method the impact on the reported net profit and earnings per share by applying the fair value based method is as follows:

(Amount in Rs.)

Particulars	Year ended December 31, 2017	Year ended December 31, 2016
Profit after tax	244,809,470	536,883,864
Add: Intrinsic Value Compensation Cost	2,614,858	2,589,490
Less: Fair Value Compensation Cost	2,642,059	2,617,180
<b>Adjusted Pro-forma Profit after tax</b>	<b>244,782,269</b>	<b>536,856,174</b>
Weighted average number of equity shares for calculating Basic EPS	123,924,898	126,616,327
Weighted average number of equity shares for calculating Diluted EPS	123,949,330	126,653,124
<b>Earnings Per Share</b>		
<b>Basic [Nominal value of shares Re. 1 (Previous year: Re. 1)]</b>		
- As reported	1.98	4.24
- Pro-forma	1.98	4.24
<b>Diluted [Nominal value of shares Re. 1 (Previous year: Re. 1)]</b>		
- As reported	1.98	4.24
- Pro-forma	1.98	4.24

### 32. Earnings per share (EPS)

Particulars	Year ended December 31, 2017	Year ended December 31, 2016
Net profit after tax (Rs.)	244,809,470	536,883,864
Weighted average number of equity shares for calculating Basic EPS	123,924,898	126,616,327
Weighted average number of equity shares for calculating Diluted EPS	123,949,330	126,653,124
Basic [Nominal value of shares Re. 1 (Previous year: Re. 1)] (Rs.)	1.98	4.24
Diluted [Nominal value of shares Re. 1 (Previous year: Re. 1)] (Rs.)	1.98	4.24

33. During the year Indian entities of the Group has Specified Bank Notes (SBNs) or other denomination notes as defined in the MCA Notification, G.S.R. 308(E) dated 31st March 2017. The details of SBNs held and transacted during the period from November 8, 2016 to December 30, 2016, the denomination-wise SBNs and other notes as per the notification are as follows:

(Amount in Rs.)

Particulars	SBNs*	Other denomination notes	Total
Closing Cash in Hand as on November 8, 2016	534,500	10,174	544,674
Add: Permitted Receipts	-	1,464,299	1,464,299
Less: Permitted Payments	-	1,350,369	1,350,369
Less: Amount Deposited in Banks	534,500	-	534,500
Closing Cash in Hand as on December 30, 2016	-	124,104	124,104

\* For the purpose of this note, the term "Specified Bank Notes" shall have the same meaning provided in the notification of the Government of India, in Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated November 8, 2016.

### 34. Post-employment benefits

The Company has funded defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on separation equal to 15 days salary (last drawn salary) for each completed year of continuous service or part thereof in excess of six months subject to a maximum of Rs. 1,000,000.

The following table summarizes the components of net employee benefits expense recognised in the statement of profit and loss.

(Amount in Rs.)

Particulars	Year ended December 31, 2017	Year ended December 31, 2016
Current service cost	18,873,611	12,414,237
Interest cost on benefit obligation	6,064,527	4,627,859
Expected return on plan assets	(232,622)	(234,942)
Net actuarial (gain) / loss recognised in the year	(12,091,292)	18,951,541
Net employee benefits expense (refer note 19)	12,614,224	35,758,695
Actual return on plan assets	1,390,744	224,202

Details of defined benefit gratuity plan

(Amount in Rs.)

Particulars	Year ended December 31, 2017	Year ended December 31, 2016
Defined benefit obligation	99,095,728	94,598,935
Fair value of plan assets	4,325,902	2,636,628
<b>Plan liability / (asset)</b>	<b>94,769,826</b>	<b>91,962,307</b>

Changes in the present value of the defined benefit gratuity plan are as follows:

(Amount in Rs.)

Particulars	Year ended December 31, 2017	Year ended December 31, 2016
Opening defined benefit obligation	94,598,935	68,174,622
Interest cost	6,064,527	4,627,859
Current service cost	18,873,611	12,414,237
Benefits paid	(9,508,175)	(9,558,584)
Actuarial (gains) / losses on obligation	(10,933,170)	18,940,801
<b>Closing defined benefit obligation</b>	<b>99,095,728</b>	<b>94,598,935</b>

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

(Amount in Rs.)

Particulars	Year ended December 31, 2017	Year ended December 31, 2016
Opening fair value of plan assets	2,636,628	2,957,688
Expected return	232,622	234,942
Contributions by the employer	9,806,705	8,000,000
Benefits paid	(9,508,175)	(8,545,262)
Actuarial gains / (losses) on obligation	1,158,122	(10,740)
<b>Closing fair value of plan assets</b>	<b>4,325,902</b>	<b>2,636,628</b>

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

Particulars	Year ended December 31, 2017	Year ended December 31, 2016
Investments with Life Insurance Corporation of India	100%	100%

The principal assumptions used in determining defined benefit gratuity plan obligations is shown below:

Particulars	Year ended December 31, 2017	Year ended December 31, 2016
Discount rate	7.70% p.a.	6.75% p.a.
Expected rate of return on plan assets	8.35% p.a.	8.35% p.a.
Salary Escalation Rate	10% for 1st year & 7% thereafter	10% for 1st year & 7% thereafter
Attrition rate:	As per table below	As per table below

Attrition rate used for the year ended December 31, 2017 and year ended December 31, 2016 are as per the table below:

Age (Years)	Rates
Below Age 30	15%
Age 30 to 34	10%
Age 35 to 44	5%
Age 45 to 50	3%
Age 51 to 54	2%
Age above 54	1%

The estimates of future salary increases takes into account the inflation, seniority, promotion and other relevant factors.

Amounts for the current and previous four years are as follows:

(Amount in Rs.)

	Gratuity				
	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014	December 31, 2013
Defined benefit obligation	99,095,728	94,598,935	68,174,622	102,262,322	81,424,215
Plan assets	4,325,902	2,636,628	2,957,688	3,681,619	4,549,747
Surplus / (deficit)	(94,769,826)	(91,962,307)	(65,216,934)	(98,580,703)	(76,874,468)
Experience (Gains)/Losses adjustments on plan liabilities	885,862	3,555,113	(3,130,164)	(4,196,352)	(3,130,879)
Experience adjustments on plan assets	1,158,122	(10,740)	(570,122)	16,304	14,859

### 35. Particulars of Derivative Instruments and Unhedged Foreign Currency Exposure as at December 31, 2017 and December 31, 2016

As of December 31, 2017, the Company has derivative financial instruments to sell USD 10,250,000 (Previous year USD 14,700,000), EURO 2,950,000 (Previous year EURO 1,400,000). The Company has not applied hedge accounting as these instruments do not qualify for hedge accounting. The Company has recognised mark-to-market gain of Rs. 16,330,171 (Previous year gain of Rs. 26,417,667) relating to such derivative financial instruments in the statement of profit and loss for the year ended December 31, 2017.

The particulars of Unhedged Foreign Currency Exposure as at December 31, 2017 and December 31, 2016 are as below :

	Currency	Foreign Currency amount		Closing foreign exchange rate		Amount (in Rs.)	
		December 31,		December 31,		December 31,	
		2017	2016	2017	2016	2017	2016
<b>Liabilities</b>							
Trade payables	USD	969,649	1,060,647	63.88	67.93	61,936,348	72,044,424
	EURO	977,708	977,863	76.53	71.66	74,819,092	70,071,718
	NZD	350	1,025	45.48	47.29	15,919	48,487
	INR	84,000	84,000	1.00	1.00	84,000	84,000
	GBP	18,775	80,886	86.28	83.46	1,619,963	6,750,988
	SGD	500	-	47.81	-	23,900	-
	RON	34,595	-	16.43	-	568,327	-
	BGN	-	1,713	-	36.37	-	62,308
<b>Assets</b>							
Trade receivables (Gross)	USD	6,559,074	5,786,604	63.88	67.93	418,960,870	393,055,065
	EURO	2,378,352	1,371,679	76.53	71.66	182,003,350	98,291,791
	GBP	77,826	325,570	86.28	83.46	6,715,044	27,173,011
	SGD	-	10,253	-	47.01	-	481,980
	MYR	5,886	19,600	15.77	15.15	92,840	296,920
	CAD	-	254,128	-	50.39	-	12,805,510
	RON	-	15,830	-	15.71	-	248,673
Loans and advances	USD	4,370	5,344	63.88	67.93	279,113	363,014
	SGD	28,729	25,332	47.81	47.01	1,373,603	1,190,807
	NZD	512	244	45.48	47.29	23,294	11,522
	GBP	49,128	942	86.28	83.46	4,238,911	78,656
	EURO	755	-	76.53	-	57,747	-
Cash and bank balances	USD	2,339,513	2,599,745	63.88	67.93	149,436,370	176,587,671
	EURO	685,115	378,939	76.53	71.66	52,428,417	27,153,990
	GBP	58,613	56,581	86.28	83.46	5,057,305	4,722,420
	CHF	2,313	3,103	65.50	66.67	151,520	206,856
	CAD	2,035	6,318	50.97	50.39	103,724	318,341
	NZD	8,092	10,271	45.48	47.29	368,012	485,647

Above is on the basis of unhedged foreign currency exposures outstanding as at reporting date in the Company and its subsidiaries

The below table shows the detail of different currencies:

Sl. No.	Currency Abbreviation	Name of Currency	Country
1	GBP	Great Britain Pound	United Kingdom
2	EURO	Euro	European Union
3	CHF	Swiss Franc	Switzerland
4	USD	US Dollar	United States
5	SGD	Singapore Dollar	Singapore
6	BGN	Bulgarian Lev	Bulgaria
7	MYR	Malaysian Ringgit	Malaysia
8	INR	Indian Rupee	India
9	NZD	New Zealand Dollar	New Zealand
10	CAD	Canadian Dollar	Canada
11	RON	Romanian Leu	Romania

## 36. Additional Information pursuant to para 2 of general instruction for the preparation of consolidated financial statements

S. No.	Name of the entity	Net Assets, i.e., total assets minus total liabilities as at			Share in profit or loss for the year ended				
		December 31, 2017		December 31, 2016		December 31, 2017		December 31, 2016	
		As % of consolidated net assets	Amount in Rs.	As % of consolidated net assets	Amount in Rs.	As % of consolidated profit or loss	Amount in Rs.	As % of consolidated profit or loss	
	<b>Parent Entity</b>								
1	R Systems International Limited, India	70.22	2,445,892,334	67.94	2,203,451,727	110.09	238,829,974	69.23	412,138,007
	<b>Subsidiaries</b>								
	<b>Indian Subsidiaries</b>								
1	IBIZ Consultancy Services India Private Limited., India	(0.10)	(3,509,762)	(0.20)	(6,358,562)	1.31	2,848,800	0.11	678,045
	<b>Foreign Subsidiaries</b>								
1	R Systems (Singapore) Pte Limited, Singapore	10.41	362,535,202	10.26	332,677,146	3.38	7,327,553	2.81	16,715,945
2	R Systems, Inc., USA	15.92	554,549,693	17.07	553,594,894	15.96	34,624,140	10.31	61,367,038
3	R Systems Technologies Ltd., USA	(0.40)	(13,989,550)	(0.50)	(16,350,737)	0.65	1,413,281	0.57	3,418,716
4	ECnet Limited, Singapore	2.75	95,756,514	2.02	65,483,490	13.26	28,763,257	(1.07)	(6,347,909)
5	ECnet (M) Sdn. Bhd., Malaysia	(1.18)	(41,071,745)	(1.21)	(39,094,140)	(0.16)	(355,249)	(2.88)	(17,138,050)
6	ECnet, Inc., USA	(5.82)	(202,644,980)	(6.64)	(215,468,318)	(0.01)	(24,337)	(0.00)	(29,144)
7	ECnet (Hong Kong) Limited, Hong Kong	0.38	13,144,109	0.38	12,324,272	0.63	1,362,444	0.47	2,771,241
8	ECnet Systems (Thailand) Co. Limited, Thailand	(0.41)	(14,416,186)	(0.30)	(9,872,982)	(1.90)	(4,118,744)	(1.44)	(8,600,189)
9	ECnet Kabushiki Kaisha, Japan	(0.93)	(32,245,662)	(1.00)	(32,526,051)	(0.21)	(457,628)	0.39	2,314,689
10	ECnet (Shanghai) Co. Limited, People's Republic of China	(0.97)	(33,757,384)	(0.85)	(27,567,685)	(2.77)	(6,013,574)	(0.33)	(1,965,748)
11	Computaris International limited, UK	6.47	225,421,149	7.93	257,320,008	(21.87)	(47,453,221)	12.96	77,144,913
12	Computaris Romania Srl, Romania	3.49	121,657,291	2.64	85,698,863	14.47	31,384,670	3.93	23,378,658
13	Computaris Polska Sp. z o.o., Poland	(2.62)	(91,352,821)	(0.04)	(1,145,546)	(39.07)	(84,765,495)	0.25	1,483,203
14	ICS Computaris International Srl, Moldova	0.49	17,172,877	0.52	16,931,736	(0.64)	(1,381,586)	(0.26)	(1,549,284)
15	Computaris Malaysia Sdn. Bhd., Malaysia	0.07	2,370,105	0.05	1,755,358	0.24	521,111	0.12	690,124
16	Computaris USA, Inc., USA	0.27	9,391,161	0.45	14,460,280	(1.98)	(4,288,866)	0.06	375,932
17	Computaris Philippines Pte. Ltd. Inc., Philippines (refer note 1 below)	0.39	13,524,794	0.42	13,730,554	0.34	744,291	(0.00)	(18,443)
18	RSYS Technologies Ltd., Canada	(0.73)	(25,554,549)	(0.37)	(11,904,999)	(6.14)	(13,311,908)	(0.95)	(5,676,886)

S. No.	Name of the entity	Net Assets, i.e., total assets minus total liabilities as at				Share in profit or loss for the year ended			
		December 31, 2017		December 31, 2016		December 31, 2017		December 31, 2016	
		As % of consolidated net assets	Amount in Rs.	As % of consolidated net assets	Amount in Rs.	As % of consolidated profit or loss	Amount in Rs.	As % of consolidated profit or loss	Amount in Rs.
19	IBIZ Consulting Pte. Ltd., Singapore (formerly known as IBIZCS Group Pte Limited)	1.54	53,639,367	1.58	51,081,577	0.77	1,660,608	(0.21)	(1,269,019)
20	IBIZ Consulting Services Pte Ltd., Singapore	0.74	25,745,034	0.62	19,964,876	2.47	5,365,809	3.80	22,633,510
21	IBIZ Consulting Services Sdn. Bhd., Malaysia	0.24	8,312,604	0.22	7,231,944	(1.40)	(3,034,947)	1.08	6,439,356
22	PT. IBIZCS Indonesia., Indonesia	1.22	42,616,429	0.96	31,263,541	6.28	13,627,688	1.80	10,742,731
23	IBIZ Consulting Service Limited. Hong Kong	0.02	559,249	0.02	610,759	(0.00)	(10,490)	0.06	344,329
24	IBIZ Consulting Service Shanghai Co., Ltd., People's Republic of China	(1.45)	(50,356,848)	(1.97)	(64,125,114)	6.31	13,678,567	(0.81)	(4,754,210)
	<b>Sub total</b>	<b>100.00</b>	<b>3,483,388,425</b>	<b>100.00</b>	<b>3,243,166,892</b>	<b>100.00</b>	<b>216,936,148</b>	<b>100.00</b>	<b>595,287,555</b>
	Adjustment arising out of consolidation		(450,258,624)		(463,436,954)		27,873,322		(58,403,691)
	<b>Total</b>		<b>3,033,129,801</b>		<b>2,779,729,938</b>		<b>244,809,470</b>		<b>536,883,864</b>

**Note :**

1. Incorporated w.e.f. May 23, 2016

## 37. Cash and bank balances

(Amount in Rs.)

Sl. No.	Particulars	As at December 31, 2017	As at December 31, 2016
	<b>Cash on hand (A)</b>	<b>702,490</b>	<b>765,905</b>
	<b>Balance with scheduled banks</b>		
	<b>On current accounts</b>		
1	ICICI Bank Limited	6,885,352	3,266,774
2	HDFC Bank Limited	8,332,681	3,209,319
3	Oriental Bank of Commerce	1,112,700	531,873
4	State Bank of India	1,134,801	2,115,306
5	Axis Bank Limited	20,396,221	8,242,997
6	Kotak Mahindra Bank Limited	812,674	308,534
7	Bank of Baroda	368,012	485,647
	<b>Total (B)</b>	<b>39,042,441</b>	<b>18,160,450</b>
	<b>On cash credit / overdraft accounts*</b>		
1	Axis Bank Limited	-	-
	<b>Total (C)</b>	<b>-</b>	<b>-</b>
	<b>On EEFC accounts</b>		
1	ICICI Bank Limited- USD	24,759,990	14,538,630
2	State Bank of India – USD	319	340
3	Axis Bank Limited-USD	71,105,891	62,732,913
4	Axis Bank Limited-EURO	2,447,677	6,680,014
5	Axis Bank Limited-GBP	906,915	458,042
6	Axis Bank Limited-CHF	103,724	318,341
7	Kotak Mahindra Bank Limited -USD	6	10,576,352
	<b>Total (D)</b>	<b>99,324,522</b>	<b>95,304,632</b>
	<b>On deposit accounts</b>		
1	State Bank of India	24,048,609	34,399,485
2	ICICI Bank Limited	147,503,213	303,213
3	Axis Bank Limited	298,794,488	153,038,996
4	Kotak Mahindra Bank Limited	149,591,267	88,000,000
5	HDFC Bank Limited	-	11,000,000
6	State Bank of India, New York	15,904,875	-
7	Bank of Baroda, New York	15,904,875	-
8	Bank of India, New York	15,841,000	-
	<b>Total (E)</b>	<b>667,588,327</b>	<b>286,741,694</b>
	<b>On unclaimed dividend accounts</b>		
1	Kotak Mahindra Bank Limited	107,389	108,299
2	HDFC Bank Limited	2,320,088	2,466,715
	<b>Total (F)</b>	<b>2,427,477</b>	<b>2,575,014</b>
	<b>Balance with other banks on current accounts</b>		
1	California Bank & Trust, USA	210,531,975	443,277,739
2	Citibank Singapore Ltd, Singapore	100,519,855	30,646,811
3	DBS Bank Ltd, Singapore	5,131,372	22,595,217
4	Malayan Banking Berhad, Malaysia	22,145,614	16,863,266
5	Hang Seng Bank Limited, Hong Kong	6,859,393	6,419,140
6	Citibank NA, Thailand	3,965,728	2,736,610
7	Bank of China, China	20,534,750	17,899,759
8	Sumitomo Mitsui Banking Corporation, Japan	252,100	307,636
9	Mizuho Bank Ltd, Japan	77,046	207,761
10	The Bank of Tokyo-Mitsubishi UFJ, Ltd., Japan	319,636	412,224
11	Natwest Bank	80,008,475	152,659,720
12	Bank Zachodni WBK SA	15,197,505	27,411,998



(Amount in Rs.)

Sl. No.	Particulars	As at December 31, 2017	As at December 31, 2016
13	Mobiasbanca - Groupe Societe Generale SA	2,472,187	2,110,334
14	BRD Groupe Societe Generale SA	36,575,391	2,307,097
15	CIMB Bank BHD	1,640,084	1,844,553
16	Royal Bank of Canada	4,445,894	6,579,679
17	ING Bank N.V. Amsterdam - Bucharest	865,375	362,646
18	Overseas-Chinese Banking Corporation Limited	-	3,484
19	Standard Chartered Bank, Singapore	10,901,449	-
20	Bank Permata Tbk, PT	25,848,865	23,715,647
21	DBS Bank (China) Ltd.	17,235,081	8,605,260
22	Standard Chartered Bank, Hong Kong	365,985	3,072,165
23	Citibank N.A., USA	1,044,911	1,137,054
24	BDO UNIBANK Inc.	13,274,058	304,603
	<b>Total (G)</b>	<b>580,212,729</b>	<b>771,480,403</b>
	<b>On deposit accounts</b>		
1	Mobiasbanca - Groupe Societe Generale SA	593,535	543,388
2	BRD Groupe Societe Generale SA	15,502,676	6,143,322
3	ING Bank N.V. Amsterdam - Bucharest	1,315,751	-
4	Citibank Singapore Ltd, Singapore	2,393,546	5,172,999
5	BDO UNIBANK Inc.	7,797,808	12,815,614
6	Discover Bank Greenwood, De	15,841,000	-
7	Goldman Sachs Bk Usa New York, Ny	15,841,000	-
8	Bank Of China New York, Ny	15,904,875	-
9	Bmo Harris Bank Na Chicago, Il	15,904,875	-
10	Sallie Mae Bank Salt Lake City, Ut	15,841,000	-
11	Compass Bank (Cd9css)	15,777,125	-
12	Bankunited, National Association	15,777,125	-
13	Beal Bank Usa	15,713,250	-
14	Morgan Stanley Bank, National As	15,713,250	-
	<b>Total (H)</b>	<b>169,916,816</b>	<b>24,675,323</b>
	<b>Less: Margin money deposits (refer note 16)</b>	<b>(58,556,887)</b>	<b>(56,458,271)</b>
	<b>Total cash and bank balance (refer note 16)</b>	<b>1,500,657,915</b>	<b>1,143,245,150</b>

\* Cash credit limit / Bank guarantee / Loan equivalent risk / Letter of credit is secured by first charge by way of hypothecation of entire current assets and collateral over an immovable property situated in Noida

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

**For and on behalf of the Board of Directors of R SYSTEMS INTERNATIONAL LIMITED**

**Sd/-  
SATINDER SINGH REKHI**

Managing Director  
DIN: 00006955

Place : Singapore  
Date : February 09, 2018

**Sd/-  
LT. GEN. BALDEV SINGH (RETD.)**

President & Senior Executive Director  
DIN: 00006966

Place : NOIDA  
Date : February 09, 2018

**Sd/-  
NAND SARDANA**

Chief Financial Officer

Place : NOIDA  
Date : February 09, 2018

**Sd/-  
ASHISH THAKUR**

Company Secretary &  
Compliance Officer

Place : NOIDA  
Date : February 09, 2018

## FORM NO. AOC-1

## Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

## List of Subsidiaries

(Rs. in million, except exchange rate)

S. No.	Name of the Subsidiary	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Reporting currency for the relevant Financial year in the case of foreign subsidiaries	Exchange rate as on the last date of the relevant Financial year	Share Capital	Reserves & Surplus	Total assets	Total Liabilities	Investments (other than subsidiary and fellow associates)	Turnover	Profit before taxation	Provision for taxation	Profit after taxation	Proposed Dividend	% of Share-holding
1	R Systems (Singapore) Pte Limited, Singapore	December 31, 2017	Singapore Dollar	47.81	27632	8622	44276	8022	-	363.81	7.87	0.54	7.33	-	100.00%
2	R Systems, Inc, USA	December 31, 2017	US Dollar	63.88	85.62	468.93	660.93	106.38	-	1,354.55	34.70	0.08	34.62	-	100.00%
3	R Systems Technologies Ltd., USA	December 31, 2017	US Dollar	63.88	10.79	(24.78)	12.52	26.51	-	105.97	1.46	0.05	1.41	-	100.00%
4	ECnet Limited, Singapore <sup>(1)</sup>	December 31, 2017	Singapore Dollar	47.81	2,438.89	(2,343.14)	166.95	71.20	-	272.75	28.76	-	28.76	-	99.75%
5	ECnet (M) Sdn. Bhd., Malaysia <sup>(2)</sup>	December 31, 2017	Malaysian Ringgit	15.77	7.35	(48.42)	45.63	86.70	-	100.88	(0.36)	-	(0.36)	-	99.75%
6	ECnet, Inc., USA <sup>(2)</sup>	December 31, 2017	US Dollar	63.88	0.09	(202.73)	1.50	204.14	-	-	(0.02)	-	(0.02)	-	99.75%
7	ECnet (Hong Kong) Limited, Hong Kong <sup>(2)&amp;(4)</sup>	December 31, 2017	Hong Kong Dollar	8.17	0.00	13.14	13.99	0.85	-	7.11	1.44	0.07	1.36	-	99.75%
8	ECnet Systems (Thailand) Co. Limited, Thailand <sup>(2)</sup>	December 31, 2017	Thai Baht	1.96	2.34	(16.76)	11.91	26.33	-	37.84	(4.12)	-	(4.12)	-	99.75%
9	ECnet Kabushiki Kaisha, Japan <sup>(2)</sup>	December 31, 2017	Japanese Yen	0.57	4.29	(36.53)	0.66	32.90	-	1.46	(0.46)	-	(0.46)	-	99.75%
10	ECnet (Shanghai) Co. Limited, People's Republic of China <sup>(2)</sup>	December 31, 2017	Chinese Yuan	9.81	9.12	(42.88)	24.35	58.11	-	26.97	(6.01)	-	(6.01)	-	99.75%
11	Computaris International limited, UK	December 31, 2017	Euro	76.53	0.05	225.37	323.20	97.78	-	632.08	(50.74)	(3.29)	(47.45)	-	100.00%
12	Computaris Romania Srl, Romania <sup>(3)</sup>	December 31, 2017	Romania leu	16.43	0.02	121.63	153.82	32.17	-	502.58	38.03	6.65	31.38	-	100.00%
13	Computaris Polska Sp. z o.o., Poland <sup>(3)</sup>	December 31, 2017	Polish Zloty	18.36	0.80	(92.16)	68.36	159.72	-	214.44	(79.77)	5.00	(84.77)	-	100.00%
14	ICS Computaris International Srl, Moldova <sup>(3)</sup>	December 31, 2017	Moldovan leu	3.74	0.02	17.15	18.44	1.27	-	45.23	(1.38)	-	(1.38)	-	100.00%
15	Computaris Malaysia Sdn. Bhd., Malaysia <sup>(3)</sup>	December 31, 2017	Malaysian Ringgit	15.77	0.01	2.36	3.25	0.88	-	13.42	0.82	0.30	0.52	-	100.00%
16	Computaris USA, Inc., USA <sup>(3)&amp;(5)</sup>	December 31, 2017	US Dollar	63.88	0.00	9.39	36.35	26.96	-	108.71	(8.28)	(3.99)	(4.29)	-	100.00%
17	Computaris Philippines Pte. Ltd., Inc., Philippines <sup>(3)</sup>	December 31, 2017	Philippine Peso	1.28	14.48	(0.96)	64.12	50.60	-	43.20	1.10	0.36	0.74	-	100.00%

S. No.	Name of the Subsidiary	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Reporting currency for the relevant Financial year in the case of foreign subsidiaries	Exchange rate as on the last date of the Financial year	Share Capital	Reserves & Surplus	Total assets	Total Liabilities	Investments (other than subsidiary and fellow associates)	Turnover	Profit before taxation	Provision for taxation	Profit after taxation	Proposed Dividend	% of Share-holding
18	RSYS Technologies Ltd., Canada	December 31, 2017	Canadian Dollar	50.97	5.04	(30.59)	7.59	33.14	-	16.48	(13.31)	-	(13.31)	-	100.00%
19	IBIZ Consulting Pte. Ltd., Singapore (formerly known as IBIZCS Group Pte Limited) <sup>(6)</sup>	December 31, 2017	Singapore Dollar	47.81	54.09	(0.45)	283.96	230.32	-	282.34	4.46	2.80	1.66	-	100.00%
20	IBIZ Consulting Services Pte Ltd., Singapore <sup>(7)</sup>	December 31, 2017	Singapore Dollar	47.81	68.98	(43.24)	25.83	0.09	-	68.28	6.10	0.73	5.37	-	100.00%
21	IBIZ Consulting Services Sdn. Bhd., Malaysia <sup>(7)</sup>	December 31, 2017	Malaysian Ringgit	15.77	7.77	0.54	33.49	25.18	-	60.26	(2.98)	0.05	(3.03)	-	100.00%
22	PT. IBIZCS Indonesia, Indonesia <sup>(7)</sup>	December 31, 2017	Indonesia Rupiah	0.01	11.13	31.49	60.75	18.13	-	52.94	17.19	3.56	13.63	-	100.00%
23	IBIZ Consultancy Services India Private Limited., India <sup>(7) &amp; (9)</sup>	December 31, 2017	Indian Rupee	1.00	0.50	(4.01)	19.55	23.06	-	30.02	3.33	0.48	2.85	-	100.00%
24	IBIZ Consulting Service Limited, Hong Kong <sup>(7)</sup>	December 31, 2017	Hong Kong Dollar	8.17	0.08	0.48	54.04	53.48	-	6.75	(0.01)	-	(0.01)	-	100.00%
25	IBIZ Consulting Service Shanghai Co., Ltd., People's Republic of China <sup>(8)</sup>	December 31, 2017	Chinese Yuan	9.81	4.98	(55.34)	22.39	72.75	-	31.39	13.68	-	13.68	-	100.00%

**Notes :**

- R Systems International Limited holds 69.37% directly in ECnet Limited, Singapore and 30.38% shares through its wholly owned subsidiary i.e. R Systems (Singapore) Pte Limited, Singapore and thus together it holds 99.75% of total capital of ECnet Limited, Singapore.
- Wholly owned subsidiary of ECnet Limited, Singapore which is the subsidiary of R Systems International Limited as explained in note no 1.
- Wholly owned subsidiary of Computaris International Limited, United Kingdom, which is the wholly owned subsidiary of R Systems International Limited.
- The absolute amount of share capital in ECnet (Hong Kong) Limited, Hong Kong is Rs. 12 /- (2 ordinary shares of HKD 1 each).
- The absolute amount of share capital in Computaris USA, Inc., USA is Rs. 4,558 /- (100 ordinary shares of USD 1 each).
- Wholly owned subsidiary of R Systems (Singapore) Pte Ltd., Singapore which is the wholly-owned subsidiary of R Systems International Limited.
- Wholly owned subsidiary of IBIZ Consulting Pte. Ltd., Singapore which is the wholly-owned subsidiary of R Systems (Singapore) Pte Limited, Singapore as explained in note no. 6.
- Wholly owned subsidiary of IBIZ Consulting Service Limited, Hong Kong which is the wholly-owned subsidiary of IBIZ Consulting Pte. Ltd., Singapore as explained in note no. 7
- Reporting period for all the subsidiaries is financial year i.e. January to December except for IBIZ Consultancy Services India Private Limited which follows April to March as its financial year.

**For and on behalf of the Board of Directors of R Systems International Limited**

**Sd/-**  
**SATINDER SINGH REKHI**  
 Managing Director  
 DIN: 00006955  
 Place : Singapore  
 Date : February 09, 2018

**Sd/-**  
**LT. GEN. BALDEV SINGH (RETD.)**  
 President & Senior Executive Director  
 DIN: 00006966  
 Place : NOIDA  
 Date : February 09, 2018

**Sd/-**  
**NAND SARDANA**  
 Chief Financial Officer  
 Place : NOIDA  
 Date : February 09, 2018

**Sd/-**  
**ASHISH THAKUR**  
 Company Secretary & Compliance Officer  
 Place : NOIDA  
 Date : February 09, 2018

## NOTICE

### R SYSTEMS INTERNATIONAL LIMITED

#### NOTICE OF THE TWENTY FOURTH ANNUAL GENERAL MEETING

[Corporate Identification Number – L74899DL1993PLC053579]

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

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

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

Website: [www.rsystems.com](http://www.rsystems.com); Email: [investors@rsystems.com](mailto:investors@rsystems.com)

NOTICE is hereby given that Twenty Fourth Annual General Meeting of the shareholders of R SYSTEMS INTERNATIONAL LIMITED (the “Company”/ “R Systems”) will be held on Friday, May 25, 2018 at 9:00 A. M. at Air Force Auditorium, Subroto Park, New Delhi - 110 010 for transacting the following business:

#### AS ORDINARY BUSINESS

- To receive, consider, approve and adopt audited financial statements of the Company for the financial year ended December 31, 2017 and the reports of the Board of Directors and the Auditors thereon and the consolidated financial statements for the year ended on that date together with the reports of Auditors.
- To appoint a director in place of Lt. Gen. Baldev Singh (Retd.) (DIN: 00006966), who retires by rotation and being eligible, offers himself for re-appointment.
- Ratification of Appointment of Auditors

To consider and, if thought fit, to pass with or without modification(s) the following resolution as an **ORDINARY RESOLUTION**:

“**RESOLVED THAT** pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, as amended from time to time and the rules made thereunder and resolution passed by the members in their twenty third Annual General Meeting held on May 15, 2017, the Company hereby ratifies the appointment of M/s Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration No. 117366W/W-100018), as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the twenty fifth Annual General Meeting of the Company and that the Board of Directors of the Company on the recommendation of the Audit Committee, be and is hereby authorised to fix the remuneration payable to Statutory Auditors for the financial year ending December 31, 2018.”

#### AS SPECIAL BUSINESS

- To consider and approve the reappointment and remuneration of Lt. Gen. Baldev Singh (Retd.) (DIN: 00006966) as President and Senior Executive Director

of the Company and if thought fit, to pass with or without modification(s), the following resolution as a **SPECIAL RESOLUTION**:

“**RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 198, Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory amendment, modification or re-enactment thereof for the time being in force) (“the Act”), subject to the approval of the Central Government and other authorities, if applicable, the consent of the Members of the Company be and is hereby granted for the reappointment and remuneration of Lt. Gen. Baldev Singh (Retd.) (DIN: 00006966) as President and Senior Executive Director of the Company liable to retire by rotation for a period of three years i.e. w.e.f April 01, 2018 to March 31, 2021 on the following terms and conditions:

- Consolidated annual salary of Rs. 4,205,000/- (Rupees Forty Two Lakhs Five Thousand only).
- Periodic bonus as per the incentive scheme of the Company subject to a maximum of Rs. 30 lakhs (Rupees Thirty Lakhs only) per annum.
- A chauffeur driven car for official purpose only and reimbursement of fuel and maintenance expenses subject to a maximum of Rs. 150,000 (Rupees one lakh fifty thousand only) per annum.
- Reimbursement of telephone bills and internet bills for his residence subject to a maximum of Rs. 50,000 (Rupees fifty thousand only) per annum.
- He will also be eligible for the reimbursement of Medical Expenses incurred, for himself and his family only on actual incurred basis.
- 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.
- He will be entitled to participate in Company’s stock options plan approved by the board from time to time.
- He will be entitled for payment of gratuity as per the policy of the Company.

9. He will be entitled for a bonus up to Rs. 600,000 (Rupees Six lakh only) at the end of the every year subject to overall customer satisfaction, employee motivation & morale, growth in revenue & profitability with approval of the Managing Director.
10. He will be entitled to a maximum annual increment of 15% per annum on his consolidated annual salary of the immediate preceding year at the discretion of the Managing Director.
11. The revised compensation plan replaces all existing compensation plans, benefits and perquisites.

**RESOLVED FURTHER THAT** in the event of absence or inadequacy of profits in any financial year during the tenure of Lt. Gen. Baldev Singh (Retd.) as the President and Senior Executive Director of the Company, the Company shall pay him the remuneration as specified above as minimum remuneration.

**RESOLVED FURTHER THAT** Lt. Gen. Baldev Singh (Retd.) shall work under the superintendence and control of the Board of Directors and shall be responsible for the management of all Noida operations and is also empowered to do all such acts, deeds, matters and things as deemed necessary or expedient for carrying on the business of the Company, including power to appoint, suspend and dismiss any officer, staff or workman of the Company, to incur capital or revenue expenditure on behalf of the Company, to sell any old or used assets of the Company in compliance with the applicable internal checks and control systems, entering into contracts, taking suitable legal actions, operating of bank accounts, making investments and such other subjects as may be assigned to him by the Board of Directors.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary, proper or expedient, to give effect to this resolution and the Board may, by a resolution delegate the aforementioned power to any committee of Directors, Managing Director or any other principal officer of the Company on such conditions as the Board of Directors may prescribe."

5. To consider and approve the appointment and remuneration of Mr. Avirag Jain (DIN: 00004801) as Director & Chief Technology Officer of the Company and if thought fit, to pass with or without modification(s), the following resolution as a **SPECIAL RESOLUTION**:

**RESOLVED THAT** pursuant to applicable provisions of the Companies Act, 2013 and rules made thereunder (including any statutory modification or re-enactment(s) thereof, for the time being in force) (the "Act") and the Articles of Association of the Company, Mr. Avirag Jain (DIN: 00004801) who was appointed as Additional Director and Whole-time Director of the Company by the Board of Directors of the Company for three years w.e.f. August 03, 2017 and who holds the office until the date of the next Annual General Meeting in terms of section 161 of the Act, and in respect of whom the Company has received a notice in writing from a member under section 160 of the Companies

Act, 2013 signifying his intension to propose Mr. Avirag Jain as a candidate for the office of a Director of the Company, be and is hereby appointed as a Director of the Company liable to retire by rotation.

**RESOLVED FURTHER THAT** pursuant to the provisions of Section 196, 197, 198 read with Schedule V, and other applicable provisions, if any, of the Act and applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the Articles of Association of the Company, subject to the approval of the Central Government and other authorities, if applicable, the consent of the Members of the Company be and is hereby accorded for appointment and remuneration of Mr. Avirag Jain (DIN: 00004801) as a Whole-time Director (Designated as Director & Chief Technology Officer) of the Company, for a period of three years w.e.f. August 03, 2017 on the following remuneration:

1. Fixed Gross annual salary of Rs. 5,140,740/- (Rupees Fifty One Lakhs Forty Thousand Seven Hundred Forty Only).
2. He will be entitled for a variable performance incentive up to a maximum of Rs. 2,860,000 (Rupees Twenty Eight Lakhs Sixty Thousand Only) as per laid down criteria by the Company.
3. He will be eligible for Company maintained car, Group Mediclaim, Personal Accident Insurance, Term Insurance and other employment benefits as per the policy of the Company.
4. He will be entitled up to a maximum annual increment of 10% per annum on his gross annual salary of the immediate preceding year with the approval of the Managing Director falling due on January 01, 2018, January 01, 2019 and January 01, 2020.

**RESOLVED FURTHER THAT** in the event of absence or inadequacy of profits in any financial year during the tenure of Mr. Avirag Jain as Director & Chief Technology Officer of the Company, the Company shall pay him the remuneration as specified above as minimum remuneration.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary, proper or expedient, to give effect to this resolution and the Board may, by a resolution delegate the aforementioned power to any committee of Directors, the Managing Director, Director or any other principal officer of the Company on such conditions as the Board of Directors may prescribe."

By Order of the Board  
For R Systems International Limited

Sd/-

**Bhasker Dubey**

Place : NOIDA (U.P.)

Date : April 18, 2018

(Company Secretary & Compliance Officer)

## NOTES

- (i) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY SO APPOINTED NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES IN ORDER TO BE EFFECTIVE SHOULD BE DULY COMPLETED, STAMPED AND SIGNED AND MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE AFORESAID MEETING.**
- (ii) Pursuant to Section 105 of Companies Act, 2013 and rules made thereunder, a person shall not act as a proxy for more than 50 members and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. However, a member holding more than ten percent of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person.
- (iii) Corporate members intending to send their authorised representatives are requested to send a duly certified copy of the board or governing body resolution authorising the representatives to attend and vote at the Annual General Meeting.
- (iv) Members / proxies attending the meeting are requested to:
- bring their copies of annual report sent to the members, as copies of the annual report shall not be distributed at the Annual General Meeting;
  - note that no gift coupons shall be distributed at the Annual General Meeting; and
  - quote their Folio / Client ID and DP ID number in all correspondences.
- (v) The register of members and share transfer books of the Company shall remain closed from May 24, 2018 to May 25, 2018 (both days inclusive) for the purpose of Annual General Meeting.
- (vi) Members holding shares in electronic form are advised to notify the changes, if any, in their address / bank details / mandate to their respective depository participants.
- (vii) Any query proposed to be raised at the Annual General Meeting may be sent to the Company at its registered office or Corporate Office at least seven days prior to the date of the meeting to enable the management to compile the relevant information to respond to the query in the meeting. The envelope may please be superscribed "Attention: Mr. Bhasker Dubey, Company Secretary & Compliance Officer".
- (viii) Members holding shares in physical form, may write to the Company or to the registrar and share transfer agent Link Intime India Private Limited for any change in their addresses and bank mandate. Members holding shares in electronic form may write to their depository participants for immediate updation.
- (ix) The statutory register maintained under Section 189 of the Companies Act, 2013 and Section 170 of the Companies Act, 2013, the certificate of the auditors of the Company certifying the implementation of the Company's stock option plans / schemes in accordance with the SEBI (Share Based Employee Benefits) Regulations, 2014 as amended and the resolutions passed by the members in the general meeting, will be available at the venue of the Annual General Meeting for inspection by members.
- (x) All documents referred to in the Notice and accompanying explanatory statements as well as the annual accounts of the subsidiaries etc., are open for inspection at the registered office/ corporate office of the Company on all working days between 11:00 A.M. to 02:00 P.M. up to the date of the Annual General Meeting.
- (xi) Members / proxies are requested to bring the attendance slips duly filled in and signed for attending the Meeting.
- (xii) Pursuant to the provisions of Section 72 of the Companies Act, 2013, shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in Form SH-13 (which will be made available on request) to the registrar and share transfer agent Link Intime India Private Limited or can be downloaded from the following URL [http://www.rsystems.com/investors/download\\_index.aspx](http://www.rsystems.com/investors/download_index.aspx).
- (xiii) Pursuant to provisions of Section 124 of the Companies Act, 2013, dividend which remains unpaid or unclaimed for a period of seven years from the date of its transfer to unpaid dividend account, is required to be transferred by the Company to Investor Education and Protection Fund ('IEPF'), established by the Central Government under the provisions of Section 125 of the Companies Act, 2013. Shareholders are advised to claim the unclaimed dividend lying in the unpaid dividend account from the Company's registrar and share transfer agent Link Intime India Private Limited or directly from the Company. It may be noted that once the unclaimed dividend is transferred to IEPF of the Central Government as above, no claim shall lie in respect thereof against the Company.
- (xiv) As per Section 124 of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, shares on which dividend remains unpaid / unclaimed for seven consecutive years are required to be compulsorily transferred to IEPF. The Company has individually sent notices to such members whose shares are required to be transferred to the demat Account of IEPF Authority. An advertisement to this effect was also published in leading English and Hindi Newspapers on March 23, 2017. The Company has also uploaded the details of such members and the shares due for transfer to the demat account of IEPF Authority on its website at the following link: [http://www.rsystems.com/investors/InvestorEducation/investoreducation\\_details2010.aspx](http://www.rsystems.com/investors/InvestorEducation/investoreducation_details2010.aspx).
- (xv) As a part of its green initiative in Corporate Governance, the Ministry of Corporate Affairs, Government of India had allowed



companies to send various notices/documents to their Members through electronic mail. In terms of the provisions of the Companies Act, 2013, a company can serve Notice of the General Meeting of Members, Annual Report through electronic mode to the shareholders who have registered their e-mail address either with the Company or with the Depository Participant. Accordingly, the Annual Report of the Company comprising of Directors' Report, Auditors' Reports, Financial Statement, Notice, etc. are being sent on the email addresses of the members made available to the Company by the Depositories (NSDL/CDSL) or as registered by the Members with the Company or RTA of the Company.

(xvi) The Annual Report for the year ended December 31, 2017 and Notice for convening the Twenty Fourth Annual General Meeting of the Company being circulated to the members of the Company is available on the Company's website, viz. [http://www.rsystems.com/investors/Annual\\_reports.aspx](http://www.rsystems.com/investors/Annual_reports.aspx).

(xvii) Members who have not registered their e-mail addresses so far are requested to register their e-mail addresses to their Depository Participant for receiving all communications including Annual Report, Notices etc. from the Company in electronic mode.

(xviii) Additional information, pursuant to Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015 ("Listing Regulations") in respect of directors recommended for approval of appointment/reappointments at the Annual General Meeting and Explanatory Statement as required under Section 102 of the Companies Act, 2013, in respect of special business under item numbers 04 and 05 of the Notice is appended hereto and forms part of this Notice.

(xix) In compliance with the provisions of Regulations 44 of the Listing Regulations and Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 the Company is pleased to provide electronic voting facility to its members for transacting all the businesses as stated in the Notice for the Twenty Fourth Annual General Meeting of the Company through remote e-voting services being provided by Central Depository Services (India) Limited (CDSL).

**The instructions for shareholders for remote e-voting are as under:**

1. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.
2. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
3. The remote e-voting period shall begins on Tuesday, May 22, 2018 at 10:00 a.m. and ends on Thursday, May 24, 2018 at 05:00 p.m. During this period shareholders' of the Company, holding shares either in physical form or

in dematerialized form, as on the cut-off date of Friday May 18, 2018, may cast their vote electronically. The remote e-voting module shall be disabled by CDSL for voting thereafter.

4. The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
5. Click on Shareholders.
6. Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
7. Next enter the Image Verification as displayed and Click on Login.
8. If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
9. If you are a first time user follow the steps given below:

**For Members holding shares in Demat Form and Physical Form**

PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>• Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on the attendance slip indicated in the PAN field.</li> </ul>
Dividend Bank Details or Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the Company records in order to login.</p> <ul style="list-style-type: none"> <li>• if both the details are not recorded with the depository or Company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction 6.</li> </ul>

10. After entering these details appropriately, click on "SUBMIT" tab.
11. Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly



note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for remote e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

12. For Members holding shares in physical form, the details can be used only for remote e-voting on the resolutions contained in this Notice.
  13. Click on the EVSN for the relevant <Company Name> (R Systems International Limited) on which you choose to vote.
  14. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
  15. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
  16. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
  17. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
  18. You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
  19. If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
  20. Note for Non – Individual Shareholders and Custodians
    - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
    - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
    - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
    - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
  21. Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows Phone users can download the app from the APP store and the Windows phone store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
  22. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- (xx) The voting rights of Shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date i.e. Friday, May 18, 2018.
  - (xxi) Members are requested to notify the change in the address, if any, in case of shares held in electronic form to the concerned Depository Participant quoting their Client ID and in case of Physical shares to the Registrar and Transfer Agent.
  - (xxii) Mr. Sanjay Grover, Company Secretary in whole time practice (C.P No. 3850), has been appointed as the Scrutinizer to scrutinize the remote voting process in a fair and transparent manner.
  - (xxiii) The Scrutinizer shall after the conclusion of voting at the AGM, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than forty eight hours of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
  - (xxiv) The results of remote e-voting and poll on the resolutions shall be aggregated and declared on or after the AGM of the Company. Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the AGM.
  - (xxv) The Results shall be declared on or after the AGM of the Company. The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company i.e. [www.rsystems.com](http://www.rsystems.com) and on the website of CDSL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the Stock Exchanges i.e. National Stock Exchange of India Limited and BSE Limited.
  - (xxvi) Route map of the venue of the Twenty Fourth Annual General Meeting is enclosed.

## EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

### **Item No. 04**

Lt. Gen. Baldev Singh (Retd.) aged about 77 years has more than 51 years of experience, including handling top managerial, diplomatic and human resource development related assignments. Mr. Singh has a Masters in Military Sciences from the prestigious Madras University in India and attended two short courses at University of California at Berkeley, in Strategic Account Management and Marketing. Lt. Gen. Baldev Singh (Retd.) joined the Board of R Systems on September 01, 1997. Since then he is continuously providing his guidance and support on the Board. Presently, Mr. Singh is heading the entire Noida IT and BPO Operations and his presence is crucial for the effective and efficient operations of the business. Lt. Gen. Baldev Singh (Retd.) was reappointed as President and Senior Executive Director of the Company for a term of three years i.e. from April 01, 2015 to April 01, 2018. The present term of his appointment has completed and considering continued need of his services for the success of the Company, the Board on the recommendation of the Nomination & Remuneration Committee and subject to the approval of the Members, Central Government and other authorities, if applicable, has reappointed him for a further period of three years i.e. w.e.f. April 01, 2018 to March 31, 2021.

As on the date of this notice, Lt. Gen. Baldev Singh (Retd.) holds 111,498 equity shares of Re. 1/- each being 0.09% of the total paid up share capital of the Company. Apart from the employment benefits as President and Senior Executive Director of R Systems, he does not have any pecuniary or other relationship with the Company. Further, he does not hold any office of director / member in other company's board / committee.

Lt. Gen. Baldev Singh (Retd.) is not disqualified from being re-appointed as a Director in terms of Section 164 of the Act and he has given consent to act as President and Senior Executive Director of the Company.

None of the directors, KMPs and their relatives except Lt. Gen. Baldev Singh (Retd.) being appointee and Mr. Satinder Singh Rekhi being the relative of Lt. Gen. Baldev Singh (Retd.) is concerned or interested, financially or otherwise in the proposed resolution.

A brief profile of Lt. Gen. Baldev Singh (Retd.) including nature of his expertise and other disclosure as required under Regulation 36(3) of the Listing Regulations, is provided at "Annexure A" of this Notice. Terms & conditions of re-appointment of Lt. Gen. Baldev Singh (Retd.) as President and Senior Executive Director are open for inspection without any fee by any member at the registered office of the Company as per the details mentioned in note x.

The Board recommends the resolution at Item No. 04 in relation to the reappointment and remuneration of Lt. Gen. Baldev Singh (Retd.) as President and Senior Executive Director of the Company for the approval by the shareholders by way of Special Resolution.

### **Statement as required under Section II, Part II of the Schedule V of the Companies Act, 2013 with reference to the Resolution at Item No. 04 of the notice for the Twenty Fourth Annual General Meeting of R Systems International Limited**

#### **I. GENERAL INFORMATION**

1) Nature of Industry:

The Company is engaged in the business of providing software engineering, information technology services and business process outsourcing services.

2) Date or expected date of commencement of commercial production:

The Company is already in existence and is in operation since May 14, 1993.

3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:

Not Applicable.

## 4) Financial performance based on given indicators:

Financial performance of the Company for last 3 years is as follows:

(Rs. in million)

Particulars	Financial Year ended		
	31.12.2017	31.12.2016	31.12.2015
<b>Total revenue</b>	<b>2,771.26</b>	<b>2,755.44</b>	<b>2,988.83</b>
Profit before depreciation, exceptional items and tax	430.58	636.71	625.70
Less : Depreciation & amortisation	73.74	69.30	95.81
Add : Exceptional items*	-	46.35	648.07
<b>Profit before tax</b>	<b>356.84</b>	<b>613.76</b>	<b>1,177.96</b>
Less : Current tax (net of MAT credit)	127.34	209.82	262.82
Less : Deferred tax charge / (credit)	(9.33)	(8.20)	8.70
<b>Profit after tax (A)</b>	<b>238.83</b>	<b>412.14</b>	<b>906.44</b>
<b>Balance as per last financial statement</b>	<b>1,197.94</b>	<b>785.80</b>	<b>494.41</b>
<b>Add: Profit for the current year</b>	<b>238.83</b>	<b>412.14</b>	<b>906.44</b>
Less: Appropriation			
Interim Dividend Paid	-	-	501.10
Tax on Interim Dividend	-	-	102.27
Adjustment on account of aligning the useful life of fixed asset in accordance with Schedule II of the Companies Act, 2013 (net of tax)	-	-	12.45
Proposed dividend written back on buy back (including CDT)	-	-	(0.77)
<b>Total Appropriation</b>	<b>-</b>	<b>-</b>	<b>615.05</b>
<b>Net surplus in the statement of profit and loss</b>	<b>1,436.77</b>	<b>1,197.94</b>	<b>785.80</b>

## \* Exceptional Item

(Rs. in million)

Particulars	For the year ended		
	31.12.2017	31.12.2016	31.12.2015
Profit on sale of investment	-	37.18	-
Profit on sale of undertaking	-	9.17	564.43
Profit on sale of subsidiaries	-	-	26.63
Deferred compensation payable written back	-	-	12.61
Provision for diminution in the value of investment written back	-	-	44.40
<b>Total</b>	<b>-</b>	<b>46.35</b>	<b>648.07</b>

## 5) Foreign investments or collaborators, if any:

R Systems has investments from non-residents and foreign bodies corporate and R Systems has made investments outside India. As on date, R Systems has six subsidiaries which are incorporated and based outside India and one step down subsidiary incorporated and based in India. Out of the said six overseas subsidiaries, ECnet Limited, based in Singapore has six subsidiaries, Computaris International Limited, based in United Kingdom has six subsidiaries and R Systems (Singapore) Pte Limited has one subsidiary which further has six down subsidiaries. So, R Systems has in aggregate of twenty four subsidiaries incorporated outside India and one step down subsidiary incorporated and based in India.

6) Export performance and net foreign exchange collaborations:

R Systems has investments from non-residents and foreign bodies corporate. Foreign exchange earnings and outgo of the Company for last 3 years is as follows:

(Rs. in million)

	Financial Year ended		
	31.12.2017	31.12.2016	31.12.2015
Earnings (Accrual Basis)	2,586.04	2,594.89	2,638.34
Expenditure (Accrual Basis)	343.98	356.32	423.67
CIF value of imports	26.68	66.53	39.73

II. INFORMATION ABOUT THE APPOINTEE

1) Background details:

Lt. Gen. Baldev Singh (Retd.) aged about 77 years has more than 51 years of experience, including handling top managerial, diplomatic and human resource development related assignments. Mr. Singh has a Masters in Military Sciences from the prestigious Madras University in India and attended two short courses at University of California at Berkeley, in Strategic Account Management and Marketing.

Lt. Gen. Baldev Singh (Retd.) joined the Board of R Systems on September 01, 1997. Since then he is continuously providing his guidance and support on the Board. Presently, Lt. Gen. Baldev Singh (Retd.) is heading the entire Noida IT and BPO Operations and his presence is crucial for the effective and efficient operations of the business. Lt. Gen. Baldev Singh (Retd.) is related to Mr. Satinder Singh Rekhi.

2) Past remuneration:

Remuneration paid during the last three financial year

(Amount in Rs.)

For the year ended	Total Cost to the Company	Per Month
December 31, 2017	6,628,424	552,369
December 31, 2016	6,642,053	553,504
December 31, 2015	6,265,670	522,140

3) Recognition or awards:

Lt. Gen. Baldev Singh (Retd.) has a Masters in Military Sciences from the prestigious Madras University in India and attended two short courses at University of California at Berkeley, in Strategic Account Management and Marketing.

4) Job profile and his suitability:

Lt. Gen. Baldev Singh (Retd.), being the President and Senior Executive Director of R Systems is heading the entire Noida IT and BPO Operations. Lt. Gen. Baldev Singh (Retd.) aged about 77 years has more than 51 years of experience, including handling top managerial, diplomatic and human resource development related assignments. Mr. Singh has a Masters in Military Sciences from the prestigious Madras University in India and attended two short courses at University of California at Berkeley, in Strategic Account Management and Marketing.

He had joined the Board of R Systems on September 01, 1997. Since then he is continuously providing his guidance and support on the Board and his presence is crucial for the effective and efficient operations of the business. R Systems will benefit from his capabilities and therefore the Board wishes to reappoint him as the President and Senior Executive Director of the Company.

5) Remuneration proposed:

Lt. Gen. Baldev Singh (Retd.) is proposed to be reappointed on the following remuneration:

- Consolidated annual salary of Rs. 4,205,000/- (Rupees Forty Two Lakhs Five Thousand Only).
- Periodic bonus as per the incentive scheme of the Company subject to a maximum of Rs. 30 lakhs (Rupees Thirty Lakhs Only) per annum.
- A chauffeur driven car for official purpose only and reimbursement of fuel and maintenance expenses subject to a maximum of Rs. 150,000 (Rupees One Lakh Fifty Thousand Only) per annum.

- d) Reimbursement of telephone bills and internet bills for his residence subject to a maximum of Rs. 50,000 (Rupees Fifty Thousand Only) per annum.
  - e) He will also be eligible for the reimbursement of Medical Expenses incurred, for himself and his family only on actual incurred basis.
  - f) Leave travel assistance amounting to one ticket to USA once in a year. This may be in the form of one US ticket for any person to either accompany him on a business trip or just independent of his business trip.
  - g) He will be entitled to participate in Company's stock options plan approved by the board from time to time.
  - h) He will be entitled for payment of gratuity as per the policy of the Company.
  - i) He will be entitled for a bonus up to Rs. 600,000 (Six Lakhs Only) at the end of the every year subject to overall customer satisfaction, employee motivation & morale, growth in revenue & profitability with approval of the Managing Director.
  - j) He will be entitled to a maximum annual increment of 15% per annum on his consolidated annual salary of the immediate preceding year at the discretion of the Managing Director.
  - k) The revised compensation plan replaces all existing compensation plans, benefits and perquisites.
- 6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin):

The proposed remuneration is reasonably justified in comparison with the general market trends and remuneration package of top-level managerial persons having comparable qualification and experience.

- 7) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any:

As on the date of this notice, Lt. Gen. Baldev Singh (Retd.) holds 111,498 equity shares of Re. 1/- each being 0.09% of the total paid up share capital in R Systems. Apart from the employment benefits as President and Senior Executive Director of R Systems, he does not have any pecuniary or other relationship with the Company. As on the date of this report, he had no Stock Options in force.

Lt. Gen. Baldev Singh (Retd.) is related to Mr. Satinder Singh Rekhi, Managing Director of the Company.

### III. OTHER INFORMATION

- (1) Reasons of loss or inadequate profits:

The Company has made a reasonable profit during the last financial year ended on December 31, 2017. During the year under review R Systems total income was Rs. 2,771.26 mn. as against Rs. 2,755.44 mn. during the same period in the previous year. Profit after tax for the year ended on December 31, 2017 was Rs. 238.83 mn. as against Rs. 412.14 mn. during the same period in the previous year.

- (2) Steps taken or proposed to be taken for improvement:

R Systems management process involves taking continuous steps to improve performance through growth in revenues, managing costs and improving productivity. The financial strategy involves maintaining a secure financial position, managing risks and ensuring accurate and timely reporting of performance.

- (3) Expected increase in productivity and profits in measurable terms:

Barring unforeseen circumstances, R Systems expects to close the current financial year with improved sales and profitability.

### IV. DISCLOSURES

- (1) Remuneration package of the managerial person: Same is fully described in the respective Resolution and/or Explanatory Statement;
- (2) Following disclosures in the Board of Directors' report under the heading 'Corporate Governance' has been attached to this Annual Report in respect of the:
  - (i) All elements of remuneration package such as salary, benefits, stock options, pension etc. of all the directors;
  - (ii) Details of fixed component and performance linked incentives along with the performance criteria;
  - (iii) Service contracts, notice period, severance fees;
  - (iv) Stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable.

## Item No. 05

The Board, upon recommendation of Nomination & Remuneration Committee, at its meeting held on August 03, 2017 appointed Mr. Avirag Jain, as an Additional Director and subject to shareholders approval appointed him Whole-time Director (Designated as Director & Chief Technology Officer) for a period of three years w.e.f. August 03, 2017.

Mr. Avirag Jain aged about 52 years has more than 25 years of rich experience in managing large on-site, off-site and offshore projects in Banking, Telecom, Healthcare and other domains. He is heading the on-site, off-site and Offshore Delivery of R Systems for more than 20 years. Mr. Jain is a strong technocrat with blend of managerial, people and customer skills. Mr. Avirag Jain is a Graduate in Science and an MBA in Finance and International business from IMT, Ghaziabad. He also has a post-graduate diploma in Cyber Law from the Asian School of Cyber Law, Pune, apart from several certifications on diverse technology and management subjects.

The Company has received notice in writing under the provisions of section 160 of the Companies Act, 2013, from a member proposing the candidature of Mr. Avirag Jain for the office of Director.

As on the date of this notice, Mr. Avirag Jain holds 100 equity shares of Re. 1/- each being negligible percentage of the total paid up share capital of the Company. Apart from the employment benefits as Director & Chief Technology Officer of R Systems, he does not have any pecuniary or other relationship with the Company. Further, he does not hold any office of director / member in other company's board / committee.

Mr. Jain is not disqualified from being appointed as a Director in terms of Section 164 of the Act and he has given consent to act as Director & Chief Technology Officer.

A brief profile of Mr. Avirag Jain including nature of his expertise and other disclosure as required under Regulation 36(3) of the Listing Regulations, is provided at "Annexure A" of this Notice. Terms & conditions of appointment of the Mr. Avirag Jain as Director & Chief Technology Officer are open for inspection without any fee by any member at the registered office of the Company as per the details mentioned in note x.

Except Mr. Jain, being appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolution set out at item No. 05.

The Board recommends the resolution at Item No. 05 in relation to the appointment and remuneration of Mr. Avirag Jain as Director & Chief Technology Officer of the Company for the approval by the shareholders by way of Special Resolution.

## Statement as required under Section II, Part II of the Schedule V of the Companies Act, 2013 with reference to the Resolution at Item No. 05 of the notice for the Twenty Fourth Annual General Meeting of R Systems International Limited

### I GENERAL INFORMATION

1) Nature of Industry:

The Company is engaged in the business of providing software engineering, information technology services and business process outsourcing services.

2) Date or expected date of commencement of commercial production:

The Company is already in existence and is in operation since May 14, 1993.

3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:

Not Applicable.

4) Financial performance based on given indicators:

Financial performance of the Company for last 3 years is as follows:

(Rs. in million)

Particulars	Financial Year ended		
	31.12.2017	31.12.2016	31.12.2015
<b>Total revenue</b>	<b>2,771.26</b>	<b>2,755.44</b>	<b>2,988.83</b>
Profit before depreciation, exceptional items and tax	430.58	636.71	625.70
Less : Depreciation & amortisation	73.74	69.30	95.81
Add : Exceptional items*	-	46.35	648.07
<b>Profit before tax</b>	<b>356.84</b>	<b>613.76</b>	<b>1,177.96</b>
Less : Current tax (net of MAT credit)	127.34	209.82	262.82

Particulars	Financial Year ended		
	31.12.2017	31.12.2016	31.12.2015
Less : Deferred tax charge / (credit)	(9.33)	(8.20)	8.70
<b>Profit after tax (A)</b>	<b>238.83</b>	<b>412.14</b>	<b>906.44</b>
<b>Balance as per last financial statement</b>	<b>1,197.94</b>	<b>785.80</b>	<b>494.41</b>
<b>Add: Profit for the current year</b>	<b>238.83</b>	<b>412.14</b>	<b>906.44</b>
Less: Appropriation			
Interim Dividend Paid	-	-	501.10
Tax on Interim Dividend	-	-	102.27
Adjustment on account of aligning the useful life of fixed asset in accordance with Schedule II of the Companies Act, 2013 (net of tax)	-	-	12.45
Proposed dividend written back on buy back (including CDT)	-	-	(0.77)
<b>Total Appropriation</b>	<b>-</b>	<b>-</b>	<b>615.05</b>
<b>Net surplus in the statement of profit and loss</b>	<b>1,436.77</b>	<b>1,197.94</b>	<b>785.80</b>

## \* Exceptional Item

(Rs. in million)

Particulars	For the year ended		
	31.12.2017	31.12.2016	31.12.2015
Profit on sale of investment	-	37.18	-
Profit on sale of undertaking	-	9.17	564.43
Profit on sale of subsidiaries	-	-	26.63
Deferrerd compensation payable written back	-	-	12.61
Provision for diminution in the value of investment written back	-	-	44.40
<b>Total</b>	<b>-</b>	<b>46.35</b>	<b>648.07</b>

## 5) Foreign investments or collaborators, if any:

R Systems has investments from non-residents and foreign bodies corporate and R Systems has made investments outside India. As on date, R Systems has six subsidiaries which are incorporated and based outside India and one step down subsidiary incorporated and based in India. Out of the said six overseas subsidiaries, ECnet Limited, based in Singapore has six subsidiaries, Computaris International Limited, based in United Kingdom has six subsidiaries and R Systems (Singapore) Pte Limited has one subsidiary which further has six down subsidiaries. So, R Systems has in aggregate of twenty four subsidiaries incorporated outside India and one step down subsidiary incorporated and based in India.

## 6) Export performance and net foreign exchange collaborations:

R Systems has investments from non-residents and foreign bodies corporate. Foreign exchange earnings and outgo of the Company for last 3 years is as follows:

(Rs. in million)

	Financial Year ended		
	31.12.2017	31.12.2016	31.12.2015
Earnings (Accrual Basis)	2,586.04	2,594.89	2,638.34
Expenditure (Accrual Basis)	343.98	356.32	423.67
CIF value of imports	26.68	66.53	39.73

## II INFORMATION ABOUT THE APPOINTEE

## 1) Background details:

Mr. Avirag Jain has more than 25 years of rich experience in managing large on-site, off-site and offshore projects in Banking, Telecom, Healthcare and other domains. He is heading the on-site off-site and Offshore Delivery of R Systems for more than 20 years. Mr. Jain is a



strong technocrat with blend of managerial, people and customer skills. Mr. Avirag Jain is a Graduate in Science and an MBA in Finance and International business from IMT, Ghaziabad. He also has a post-graduate diploma in Cyber Law from the Asian School of Cyber Law, Pune, apart from several certifications on diverse technology and management subjects.

2) Past remuneration:

Remuneration paid during the last three financial year

(Amount in Rs.)

For the year ended	Total Cost to the Company	Per Month
December 31, 2017	6,722,231	560,186
December 31, 2016	6,104,880	508,740
December 31, 2015	5,678,387	473,199

It may be noted that Mr. Avirag Jain was appointed as Additional Director and subject to shareholders approval was also appointed as Whole-time Director (designated as Director & Chief Technology Officer) w.e.f. August 03, 2017. Therefore, the details of remuneration paid to Mr. Avirag Jain prior to August 03, 2017 was given in the capacity of employee of the Company and not in the capacity of Director.

3) Recognition or awards:

Mr. Avirag Jain is a Graduate in Science and an MBA in Finance and International business from IMT, Ghaziabad. He also has a post-graduate diploma in Cyber Law from the Asian School of Cyber Law, Pune, apart from several certifications on diverse technology and management subjects.

4) Job profile and his suitability:

Mr. Avirag Jain, being the Director & Chief Technology Officer of R Systems is heading the on-site, off-site and Offshore Delivery of R Systems for more than 20 years. Mr. Avirag Jain has more than 25 years of rich experience in managing large on-site, off-site and offshore projects in Banking, Telecom, Healthcare and other domains. Mr. Avirag Jain is a Graduate in Science and an MBA in Finance and International business from IMT, Ghaziabad. He also has a post-graduate diploma in Cyber Law from the Asian School of Cyber Law, Pune, apart from several certifications on diverse technology and management subjects.

He is with R Systems since 1997. Since then he is continuously providing his guidance and support to the Company and his presence is crucial for the effective and efficient operations of the business. R Systems will benefit from his capabilities and therefore the Board wishes to appoint him as the Director & Chief Technology Officer of the Company.

5) Remuneration proposed:

Mr. Avirag Jain is proposed to be appointed on the following remuneration:

- Fixed Gross annual salary of Rs. 5,140,740/- (Rupees Fifty One Lakhs Forty Thousand Seven Hundred Forty Only).
- He will be entitled for a variable performance incentive up to a maximum of Rs. 2,860,000 (Rupees Twenty Eight Lakhs Sixty Thousand Only) as per laid down criteria by the Company.
- He will be eligible for Company maintained car, Group Mediclaim, Personal Accident Insurance, Term Insurance and other employment benefits as per the policy of the Company.
- He will be entitled up to a maximum annual increment of 10% per annum on his gross annual salary of the immediate preceding year with the approval of the Managing Director falling due on January 01, 2018, January 01, 2019 and January 01, 2020.

6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin):

The proposed remuneration is reasonably justified in comparison with the general market trends and remuneration package of top-level managerial persons having comparable qualification and experience.

7) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any:

As on the date of this notice, Mr. Avirag Jain holds 100 equity shares of Re. 1/- each being negligible percentage of the total paid up share capital in R Systems. Apart from the employment benefits as Director & Chief Technology Officer of R Systems, he does not have any pecuniary or other relationship with the Company. As on the date of this report, he has no Stock Options in force.

**III. OTHER INFORMATION****(1) Reasons of loss or inadequate profits:**

The Company has made a reasonable profit during the last financial year ended on December 31, 2017. During the year under review R Systems total income was Rs. 2,771.26 mn. as against Rs. 2,755.44 mn. during the same period in the previous year. Profit after tax for the year ended on December 31, 2017 was Rs. 238.83 mn. as against Rs. 412.14 mn. during the same period in the previous year.

**(2) Steps taken or proposed to be taken for improvement:**

R Systems management process involves taking continuous steps to improve performance through growth in revenues, managing costs and improving productivity. The financial strategy involves maintaining a secure financial position, managing risks and ensuring accurate and timely reporting of performance.

**(3) Expected increase in productivity and profits in measurable terms:**

Barring unforeseen circumstances, R Systems expects to close the current financial year with improved sales and profitability.

**IV. DISCLOSURES**

- (1) Remuneration package of the managerial person: Same is fully described in the respective Resolution and/or Explanatory Statement;
- (2) Following disclosures in the Board of Directors' report under the heading 'Corporate Governance' has been attached to this Annual Report in respect of the:
  - (i) All elements of remuneration package such as salary, benefits, stock options, pension etc. of all the directors;
  - (ii) Details of fixed component and performance linked incentives along with the performance criteria;
  - (iii) Service contracts, notice period, severance fees;
  - (iv) Stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable.

By Order of the Board  
For R Systems International Limited

Place : NOIDA (U.P.)  
Date : April 18, 2018

**Sd/-**  
**Bhasker Dubey**  
(Company Secretary & Compliance Officer)

Annexure A

**Details of Directors seeking appointment/ re-appointment at the Annual General Meeting to be held on May 25, 2018**

(Pursuant to Regulation 36(3) of the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015

Name of Director	Lt. Gen. Baldev Singh (Retd.)	Mr. Avirag Jain
Date of Birth	September 21, 1940	March 28, 1966
Date of Appointment	September 1, 1997	August 3, 2017
Qualifications	Masters in Military Sciences- Madras University	Graduate in Science and an MBA in Finance and International business from IMT, Ghaziabad. Post-graduate diploma in Cyber Law from the Asian School of Cyber Law, Pune, apart from several certifications on diverse technology and management subjects.
Expertise in specific functional area	Lt. Gen. Baldev Singh (Retd.) has more than 51 years of experience, including handling top managerial, diplomatic and human resource development related assignments. Mr. Singh has a Masters in Military Sciences from the prestigious Madras University in India and attended two short courses at University of California at Berkeley, in Strategic Account Management and Marketing.	Mr. Avirag Jain has more than 25 years of rich experience in managing large on-site, off-site and Offshore projects in Banking, Telecom, Healthcare and other domains. He is heading the on site, off site and Offshore Delivery of R Systems since 1997. Mr. Jain is a strong technocrat with blend of managerial, people and customer skills.
Directorship held in other Companies as on date	Nil	Nil
Membership/ Chairmanship in Committees of other companies as on date	Nil	Nil
Number of shares held in Company as on December 31, 2017	111,498 equity shares	100 equity shares
Relationships between Directors inter-se	Lt. Gen. Baldev Singh (Retd.) is related to Mr. Satinder Singh Rekhi, Managing Director of the Company	Nil



# R SYSTEMS INTERNATIONAL LIMITED

[Corporate Identification Number – L74899DL1993PLC053579]  
 Registered Office: B-104 A, Greater Kailash – I, New Delhi – 110 048  
 Corporate Office: C-40, Sector -59, NOIDA, Distt. Gautam Budh Nagar, U.P. – 201 307, India  
 Tel.: +91 – 120- 4303500; Fax: +91 – 120 – 2587123  
 Website: [www.rsystems.com](http://www.rsystems.com); Email: [investors@rsystems.com](mailto:investors@rsystems.com)  
 Twenty Fourth Annual General Meeting to be held on Friday, May 25, 2018 at 9:00 A.M. at  
 Air Force Auditorium, Subroto Park, New Delhi - 110 010

## PROXY FORM (Form no. MGT-11)

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies  
(Management and Administration) Rules, 2014]

Name of the member (s).....

Registered address .....

E-mail Id..... Folio No. .... DP ID..... Client Id.....

I/We, being the member (s) of ..... shares of the R Systems International Limited, hereby appoint

1. Name :.....

Address :.....

E-mail Id :.....

Signature :.....or failing him

2. Name :.....

Address :.....

E-mail Id :.....

Signature :.....or failing him

3. Name :.....

Address :.....

E-mail Id :.....

Signature :.....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Twenty Fourth Annual General Meeting of the Company, to be held on Friday, May 25, 2018 at 9:00 A.M. at Air Force Auditorium, Subroto Park, New Delhi - 110 010 and at any adjournment thereof in respect of such resolutions as are indicated below:

### Ordinary business:

1. Adoption of Financial Statements.
2. Re-appointment of Lt. Gen. Baldev Singh (Retd.) (DIN: 00006966) who retires by rotation.
3. Ratification of Appointment of Statutory Auditors.

### Special Business:

4. Re-appointment and remuneration of Lt. Gen. Baldev Singh (Retd.) (DIN: 00006966) as President and Senior Executive Director of the Company.
5. Appointment and remuneration of Mr. Avirag Jain (DIN: 00004801) as Director & Chief Technology Officer of the Company.

Signed this.....day of..... 2018.

Signature of Shareholder

Signature of Proxy Holder(s)

Affix  
Revenue  
Stamp

**Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.**





# R SYSTEMS INTERNATIONAL LIMITED

[Corporate Identification Number – L74899DL1993PLC053579]  
Registered Office: B-104 A, Greater Kailash – I, New Delhi – 110 048  
Corporate Office: C-40, Sector -59, NOIDA, Distt. Gautam Budh Nagar, U.P. – 201 307, India  
Tel.: +91 – 120- 4303500; Fax: +91 – 120 – 2587123  
Website: [www.rsystems.com](http://www.rsystems.com); Email: [investors@rsystems.com](mailto:investors@rsystems.com)  
Twenty Fourth Annual General Meeting to be held on Friday, May 25, 2018 at 9:00 A.M. at  
Air Force Auditorium, Subroto Park, New Delhi - 110 010

## ATTENDANCE SLIP

Registered Folio No..... (or)

Demat Account No..... D.P. ID. No .....

Name of shareholder(s).....

I / We certify that I am / we are Member(s) / Proxy of the Member(s) of the Company holding..... shares.

I hereby record my presence at the Twenty Fourth Annual General Meeting of the Company to be held on Friday, May 25, 2018 at 9:00 A.M. at Air Force Auditorium, Subroto Park, New Delhi - 110 010

.....  
Signature of Member / Proxy

### Notes:

1. A member or his duly appointed Proxy wishing to attend the meeting must complete this Attendance Slip and hand it over at the entrance.
2. Name of the Proxy in Block letters ..... (in case the Proxy attends the meeting.)
3. Those who hold shares in Demat form to quote their Demat Account No. and Depository Participant (D.P.) ID. No.



### Electronic voting particulars

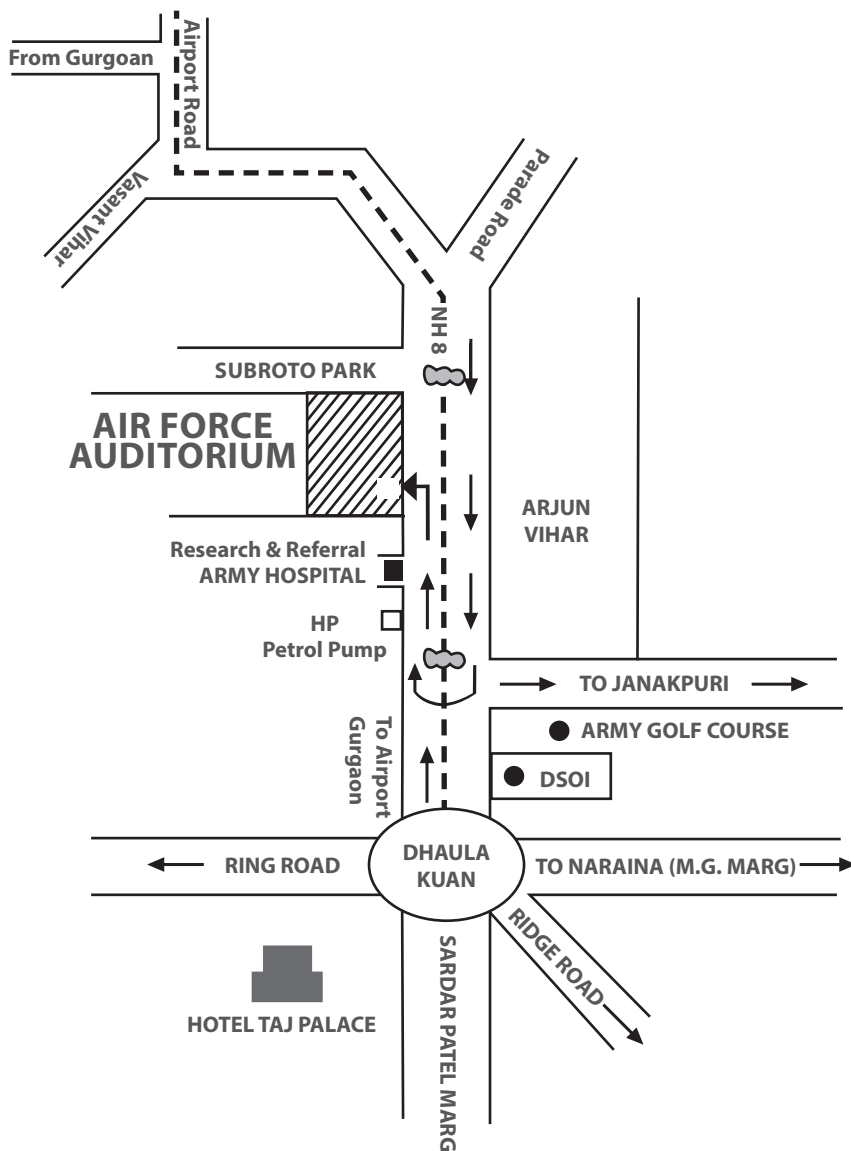
Electronic Voting Sequence No.	User ID	Sequence Number

**Note:** Please read the instructions printed under the Note No. xix to the Notice dated April 18, 2018 of the Twenty Fourth Annual General Meeting. The remote e-voting period starts from 10:00 a.m. (IST) on Tuesday, May 22, 2018 and ends at 05:00 p.m. (IST) on Thursday May 24, 2018. The voting module shall be disabled by CDSL for voting thereafter.





## Route map of the venue of 24<sup>th</sup> Annual General Meeting of R Systems International Limited



**Venue:** Air Force Auditorium, Subroto Park, New Delhi - 110 010

**Landmark:** Adjacent to Research & Referral, Army Hospital





*R Systems' journey of the last 25 years is similar to the journey of an oyster through the oceans of opportunities. An oyster travels across the oceans of opportunities and endures the challenges of the ocean currents in order to deliver value in the form of a pearl.*

*Similarly, we at R Systems, have grown in depth and expanded globally the scale of our operations by overcoming various odds and challenges in the last 25 years. In doing so, we have been delivering exceptional value to each of our stakeholders through our unstinted dedication, diligence and hard work.*



**R SYSTEMS INTERNATIONAL LIMITED**

**Registered Office**

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

**Corporate Office**

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

[www.rsystems.com](http://www.rsystems.com)